



Control Number: 51382



Item Number: 1

Addendum StartPage: 0



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

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

Sale, Transfer, or Merger (STM) Application Instructions

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

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

FAQ:

Who can use this form?

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

Who is required to use this form?

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

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Rick L. Brown dba Dogwood Estates Water Company

(selling entity)

CCN No.s: 10823

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

Transferee: Sentry Title Company, Inc. dba Lakeshore Utility Company

(acquiring entity)

CCN No.s: 10843

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

County(ies): Henderson

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Please mark the items included in this filing

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

Part A: General Information

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

The purpose of this transaction is for Sentry Title Company, Inc. d.b.a. Lakeshore Utility Company to purchase the water assets of Rick L. Brown d.b.a. Dogwood Estates Water Company and to transfer its service area to Certificate of Convenience and Necessity Number 10843. This application is only for the sale and transfer of the existing water service area of the transferred system. No additional service area is being requested nor is any service area being amended as a part of this application.
(See Attached Asset Purchase Agreement)

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

For **Transferee** (Purchaser) CCN:

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

For **Transferor** (Seller) CCN:

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

Part B: Transferor Information

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

3. A. Name: Rick L. Brown dba Dogwood Estates Water Company
(individual, corporation, or other legal entity)
☒ Individual ☐ Corporation ☐ WSC ☐ Other: _____

B. Mailing Address: P.O Box 387, Athens, TX 75751

Phone: (903) 675-6894

Email: dogwoodwater 1230@gmail.com

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

Name: Rick L. Brown

Title: Owner

Mailing Address: P.O Box 387, Athens, TX 75751

Phone: (903) 675-6894

Email: dogwoodwater 1230@gmail.com

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

A. Effective date for most recent rates: June 5, 2017

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

☐ No

☒ Yes

Application or Docket Number: 46958

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

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

☐ There are no customers that will be transferred

☐ # of customers without deposits held by the transferor _____

☒ # of customers with deposits held by the transferor* 134

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

Part C: Transferee Information

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

6. A. Name: Sentry Title Company, Inc. dba Lakeshore Utility Company

(individual, corporation, or other legal entity)

☐ Individual ☒ Corporation ☐ WSC ☐ Other:

B. Mailing Address: 106 E. Corsicana, Athens, TX 75751

Phone: (903) 675-4316 Email: lakeshoreutility@embarqmail.com

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

Name: Tim Whatley Title: President

Address: 106 E. Corsicana, Athens, TX 75751

Phone: (903) 675-4316 Email: lakeshoreutility@embarqmail.com

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

☐ No ☒ Yes ☐ N/A

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

☐ No ☒ Yes ☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

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

☒ Corporation |
Charter number (as recorded with the Texas Secretary of State): 0030295200

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____

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

☐ Municipally-owned utility

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

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): _____

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

Name: Lakeshore Utility Company, Inc.

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

Name: Alan D Whatley

Position: Director Ownership % (if applicable): 50.00%

Address: 106 E Corsicana, Athens, TX 75751

Phone: (903) 675-4316 Email: _____

Name: Tim Whatley

Position: President Ownership % (if applicable): 50.00%

Address: 106 E. Corsicana, Athens, TX 75751

Phone: (903) 675-4316 Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

10. **Financial Information**

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

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

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

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

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

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 1,012,000.00

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

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

☐ No ☒ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ 822,288.00

Accumulated Depreciation: \$ 626,333.00

Net Book Value: \$ 195,955.00

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

☒ No ☐ Yes

Total Customer CIAC: \$

Accumulated Amortization: \$

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

☒ No ☐ Yes

Total developer CIAC: \$

Accumulated Amortization: \$

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

☒ No ☐ Yes

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

N/A

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

Lakeshore Utility Company is a wholly owned subsidiary of Sentry Title Company, Inc.

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

Utility Plant in Service:	\$	822,288.00
Accumulated Depreciation of Plant:	\$	626,333.00
Cash:	\$	354,195.00
Notes Payable:	\$	662,000.00
Mortgage Payable:	\$	0.00
(Proposed) Acquisition Adjustment*:	\$	111,850.00

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

Other (NARUC account name & No.):

Other (NARUC account name & No.):

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

None

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

N/A

Part E: CCN Obtain or Amend Criteria Considerations

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

The quality of utility service will remain at the same high level as the applicant has been operating this water systems through an operating agreement.

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.

The applicant operates and maintains other water systems in the region. The applicant will maintain this system in compliance with the rules and regulations of the PUC and TCEQ, as well as federal and local laws, rules and regulations.

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 See Attached Agreed Order

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

The service area affected by this transaction will continue to receive water service. This eliminates the need for land owners to use individual wells. Thus, protecting the environment in the area from potential sources of contamination and encouraging rationalization of water service.

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

This transaction will be in the well-being and welfare of the public as the utility will be able to provide continuous and adequate water service to the customers of the transferred system.

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:

(See Attached List of neighboring utilities within 2 miles)

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

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

22. A. For Public Water System (PWS):TCEQ PWS Identification Number: 1070043 (7 digit ID)Name of PWS: Dogwood Estates Water

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

Subdivisions served: Dogwood Estates, Oak Manor & Wagontree**B. For Sewer service:**TCEQ Water Quality (WQ) Discharge Permit Number: WQ - _____ (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

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

Subdivisions served: _____

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

Water				Sewer	
	Non-metered		2"		Residential
441	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
1	1 1/2"		Other		Other
Total Water Connections:			442	Total Sewer Connections:	0

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

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

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

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

Water: _____ Sewer: _____

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

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

Capacity is purchased from: _____

Water: _____

Sewer: _____

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

☒ No ☐ Yes

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

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

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

☐ No ☐ Yes:

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

☐ No ☒ Yes:

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

Name (as it appears on license)	Class	License No.	Water or Sewer
Thomas Joe Whatley	C	WG0007950	Water

Part G: Mapping & Affidavits

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

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

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

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

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

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

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

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

Part H: Notice Information

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

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

The total acreage of the requested area is approximately: 8,033.00

Number of customer connections in the requested area: 442

Affected subdivision : Dogwood Estates, Oak Manor & Wagontree

The closest city or town: Athens, TX

Approximate mileage to closest city or town center: 2

Direction to closest city or town: northeast

The requested area is generally bounded on the North by: West Corsicana Street

on the East by: West Cayuga Drive

on the South by: Farm to Market Road 753

on the West by: Farm to Market Road 753

31. A copy of the proposed map will be available at: 106 E. Corsicana, Athens, TX 75751

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

- ☒ All of the customers will be charged the same rates they were charged before the transaction.
- ☐ All of the customers will be charged different rates than they were charged before the transaction.
- ☐ higher monthly bill ☐ lower monthly bill
- ☐ Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)
- ☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF

TEXAS

COUNTY OF

HENDERSON

I,

RICK BROWN

being duly sworn, file this application for sale,
transfer,

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

OWNER

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

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

Rick Brown

AFFIANT

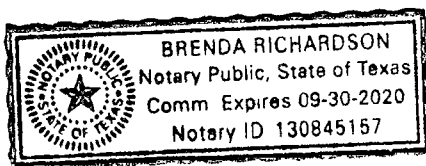
(Utility's Authorized Representative)

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

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

this day the 24th of September, 2020

SEAL



Brenda Richardson

**NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS**

Brenda Richardson

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

Oath for Transferee (Acquiring Entity)

STATE OF

Texas

COUNTY OF

Henderson

I, Tim Whatley
merger, consolidation, acquisition, lease, or rental, as

being duly sworn, file this application for sale, transfer,

President

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

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



AFFIANT

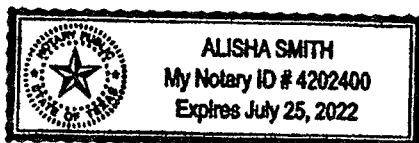
(Utility's Authorized Representative)

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

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

this day the 24 of September, 2020

SEAL



Alisha Smith
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Alisha Smith
PRINT OR TYPE NAME OF NOTARY

My commission expires:

7.25.22

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**"), dated as of this 26 day of March, 2019 (the "**Effective Date**"), is made and entered into by and between DOGWOOD ESTATES WATER COMPANY, a Texas corporation ("**Seller**"), and SENTRY TITLE COMPANY, a Texas corporation ("**Buyer**"). Seller and Buyer may each be referred to individually herein as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. Seller owns and operates a water system known as Dogwood Estates Water System, including all associated real property, water system improvements and assets in connection with the operation (the "**Business**").

B. Seller desires to sell to Buyer the Business and all assets related to or used in or in connection with the Business, as described in this Agreement, and Buyer desires to purchase the Business and such assets upon the terms and conditions hereinafter set forth.

AGREEMENT

In consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1 **SALE OF ASSETS**

1.1 **Sale of Purchase of the Assets.** Subject to the terms and conditions of this Agreement, Seller agrees to sell, convey, transfer, assign and deliver to Buyer, and Buyer agrees to purchase as of the effective time of Closing (as hereinafter defined), substantially all of the assets, real, personal and mixed, tangible or intangible, owned or used by Seller and associated with, related to or employed in the operations of the Business, which assets shall include, without limitation, the following items (collectively, other than the Excluded Assets, the "**Assets**"):

(a) good and indefeasible fee simple title in and to the real property described in Exhibit A hereto (the "**Premises**"), and all easements and rights of way (associated with the ongoing operations of the Business), other improvements (water plants, etc.), buildings and fixtures located thereon or therein, together with all minerals, less and except all oil, gas and other minerals previously reserved or conveyed of record and subject to those restrictions and easements of record, existing zoning ordinances and other matters to be set forth in the Title Policy and/or the Title Commitment (as defined below);

(b) personal property, including major, minor or other equipment related to the Business (whether movable or attached to the Premises, including but not limited to water distribution system, including all pipe, valves, fittings and meters), and used in connection with the operations of the Business, including a 2005 Chevrolet utility truck;

(c) Seller's State of Texas Certificate of Convenience and Necessity (CCN) in connection with operation of the Business, subject to Texas Public Utility Commission ("PUC") approval (hereafter "PUC Approval");

(d) Files, computer system information, information as to customers of Business and anything similar used in operation of Business; and

(e) Seller's interest in all property described in (a) through (d) above, arising or acquired in the ordinary course of Seller's Business, between the date of this Agreement and Closing.

Subject to the terms and conditions of this Agreement, at the Closing Seller shall convey good and marketable fee simple title to all of the Assets and all parts thereof to Buyer free and clear of all agreements, liabilities, claims, assessments, security interests, liens, restrictions and encumbrances.

1.2 **Excluded Assets.** Notwithstanding anything to the contrary contained in this Agreement, the following assets are excluded and retained by Seller: Cash, bank accounts, account receivables, the proceeds from this transaction, and the following personal properties:

- a. 2011 Chevrolet truck;
- b. 2001 Toyota Tacoma truck;
- c. 2012 Polaris Ranger 500 4x4 UTV;
- d. 2006 Polaris Ranger 2x4 UTV;
- e. 3 trailer, one 10', one 14', and one 18'; and,
- f. Office computer.

1.3 **Liabilities Assumed by Buyer.** None.

ARTICLE 2

FINANCIAL ARRANGEMENTS

2.1 **Purchase Price.** Subject to the terms and conditions hereof, in reliance upon the representations and warranties of Seller set forth herein and as consideration for the sale and purchase of the Assets as herein contemplated and for all other duties, obligations and performances by Seller hereunder, Buyer shall pay to Seller the Purchase Price ("Purchase Price"), which shall be the sum of **ONE MILLION AND NO/100 DOLLARS (\$1,012,000.00)**, payable as follows:

2.1.1 **\$25,000.00** payable to Escrow Agent, designated hereafter, upon execution of this Agreement, which shall be Earnest Money to bind the Agreement and to be applied to Purchase Price, or returned to Buyer, as per the terms of the Escrow Agreement.

2.1.2 **\$325,000.00** payable to Escrow Agent within 10 days after expiration of the Inspection Period.

2.1.3 **\$662,000.00** in the form of a Promissory Note ("Note") executed at Closing by Buyer in favor of Seller and payable on the following terms: 5 year note, bearing interest at 6.5%, note to be structured with monthly interest only payments, but minimum monthly payments of \$12,952.79, including principal and interest.

2.2 **Escrow Arrangement.** Seller and Buyer have this day entered into Escrow Agreement, copy of which is attached hereto as Exhibit "B".

ARTICLE III. TITLE AND SURVEY.

3.1 **Title Insurance.** Seller shall deliver or cause Attorney's Title Co. (the "**Title Company**") to deliver to Buyer, within fifteen (15) days after the date of this Agreement (or as soon thereafter as reasonably possible), at Buyer's sole cost and expense:

(a) commitment to issue the Owner Policy of Title Insurance ("**Title Policy**") to be delivered pursuant to Section 4.3(c) hereof ("**Title Commitment**") from the Title Company, showing all liens, claims, encumbrances, easements, rights-of-way, encroachments, reservations, restrictions, and all other matters of record affecting the Premises;

(b) true, complete, and legible (to the extent available) copies of all documents referred to in the Title Commitment ("**Title Commitment Documents**").

3.2 **Survey.** Seller shall provide to Buyer, within ten (10) days after the date of this Agreement copy of existing surveys of the real property which is the subject of this Agreement and described on Exhibit "A" (the "**Survey**").

3.3 **Title and Survey Review.** Buyer shall have ten (10) days following the later of (i) Buyer's receipt of the Title Commitment and the Title Commitment Documents, and (ii) Buyer's receipt of the Survey (the "**Title and Survey Review Period**"), to object in writing to any liens, encumbrances or other matters reflected by the Title Commitment and/or the Survey. All liens, encumbrances and/or other matters (other than the Permitted Encumbrances (defined below)) to which Buyer so objects are hereinafter referred to as the "**Non-Permitted Encumbrances**." All liens, encumbrances and/or other matters reflected by the Title Commitment and/or the Survey and not timely objected to by Buyer, the Restrictions (as such term is defined below), and all other matters set forth in the Deed or otherwise permitted pursuant to the terms of this Agreement, shall be deemed "**Permitted Encumbrances**." If no such written notice of objection is given during the Title and Survey Review Period, then it shall be deemed that all matters reflected by the Title Commitment and Survey are Permitted Encumbrances. Notwithstanding anything herein to the contrary, in all events, regardless of whether Buyer has given notice of objection as stated above, Seller shall be obligated to satisfy and otherwise remove all monetary and financial liens and encumbrances in existence as of the Effective Date or incurred by Seller on or before Closing hereunder (other than current taxes not yet due). Seller shall terminate all leases, possessory agreements, licenses, and operating agreements that affect the Premises and cause all parties-in-possession title exceptions shown on the Title Commitment, if any, to be deleted. Buyer need not object to any such matters but shall be deemed to have objected to all such matters pursuant to this Agreement. In the event Seller is unable or unwilling to cure any such objection prior to Closing, Buyer may, as its sole and exclusive remedy with respect to such title matter and Seller's failure to cure same, either terminate Buyer's obligation to purchase the Assets or accept title subject to such defect or encumbrance.

3.4 **Due Diligence Material.** The Parties acknowledge that Seller has previously delivered Due Diligence material as requested and needed by Buyer for review.

3.5 **Right of Inspection; Contingency Period; As Is Transaction.**

(a) During the period commencing with the Effective Date and ending thirty (30) days thereafter (the "**Inspection Period**"), Buyer and its representatives, shall have the right to enter onto the Premises to make such examinations, studies, appraisals, on-site inspections as Buyer deems necessary (the "**Inspections**"). Buyer shall make all Inspections in good faith and with due diligence. All inspection fees, appraisal fees, engineering fees and other expenses of any kind incurred by Buyer relating to the inspection of the Premises and the Facility will be solely Buyer's expense, and Buyer will keep the Premises free and clear of any mechanic's or materialmen's liens in connection with the Inspections. In the event the transactions contemplated hereby shall fail to close for any reason, Buyer agrees to provide Seller with copies of all reports or other information provided to or obtained by Buyer in connection with or as a result of the Inspections. Buyer's obligations under this section shall survive the Closing or termination of this Agreement.

(b) If for any reason Buyer, in its sole and absolute discretion, chooses not to purchase the Business for any reason whatsoever, and Buyer timely provides the termination notice required by the next sentence, then Buyer shall not be obligated or required to purchase the Assets. Accordingly, Buyer may terminate this Agreement by delivering written notice thereof to Seller, the Title Company and Escrow Agent prior to 5:00 p.m., Dallas, Texas time on the third business day following the last day of the Inspection Period ("**Inspection Deadline**"). Buyer's failure to deliver written notice of termination of this Agreement to Seller and the Title Company prior to the Inspection Deadline shall constitute Buyer's agreement to accept and purchase the Assets in accordance with the terms of this Agreement and shall constitute a waiver by Buyer of Buyer's right to terminate this Agreement under the terms of this section.

(c) Notwithstanding anything to the contrary herein, Buyer shall be deemed to have accepted the Premises and Assets "AS IS AND WITH ALL FAULTS," and without any representation or warranties of Seller, express or implied, except for warrant of title. Without limiting the foregoing, all implied warranties, including the implied warranties of merchantability, habitability and fitness for a particular purpose are disclaimed.

ARTICLE 4
CLOSING

4.1 **Closing.** Subject to the satisfaction or waiver by the appropriate Party of all of the conditions precedent to Closing, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place at the offices of the Escrow Agent, at 10:00 a.m. on or before fifteen (15) days after PUC Approval, or at such later date or at such other location as the Parties hereto may mutually designate in writing (the "**Closing Date**").

4.2 **Closing Costs.** Buyer shall pay, at Closing, the basic premium for the Title Policy (except as hereinafter provided). Seller shall pay the cost of preparing the Deed, the recording

fees for releases of any liens granted by Seller against the Premises, and one-half of any escrow fee charged by the Title Company. Buyer shall pay, at or prior to Closing, any financing costs, the recording fee for the Deed, the additional premium for the amendment of the survey exception in the Title Policy (if such amendment is desired by Buyer) and any other special endorsements and/or coverages desired by Buyer, and one half of any escrow fee charged by the Title Company. Each Party shall be responsible for its own attorney's fees in connection with the Closing.

4.3 Actions of Seller at Closing. At the Closing on the Closing Date and unless otherwise waived in writing by Buyer, Seller shall deliver to Buyer the following:

(a) A special warranty deed ("Deed") fully executed by Seller in recordable form, conveying to Buyer good and indefeasible fee simple title in and to the Premises free and clear of all liens, security interests, claims, liabilities and other encumbrances, except for the matters set forth in the Title Policy;

(b) A General Bill of Sale and Assignment conveying to Buyer title to all other Assets, free and clear of all liens, security interests, claims, liabilities and other encumbrances;

(c) The Title Policy;

(d) Copies of resolutions duly adopted by the officers of Seller authorizing and approving Seller's performance of the transactions contemplated hereby and the execution and delivery of this Agreement, certified as true and of full force as of Closing by an appropriate officer of Seller.

It is further understood and agreed to by the Parties that Lakeshore Utility Co. is a subsidiary of Buyer, and Buyer reserves the right to designate assets which will be transferred to Lakeshore Utility Co. as a part of this transaction. The Parties further agreed to a mutually agreeable allocation of the Purchase Price at or before Closing.

4.4 Actions of Buyer at Closing. At the Closing on the Closing Date and unless otherwise waived in writing by Seller, Buyer shall deliver to Seller the following:

(a) The Purchase Price and Note (together with Deed of Trust and Security Agreement securing the Note), as set forth in Section 2.1 hereinabove;

(b) Copies of resolutions duly adopted by the officers of Buyer authorizing and approving Buyer's performance of the transactions contemplated hereby and the execution and delivery of this Agreement, certified as true and of full force as of Closing by an appropriate officer of Buyer;

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Seller's Representations. Seller represents and warrants to Buyer that: (i) it has authority to enter into this Agreement; and (ii) it has good and indefeasible fee simple title to the Premises and Assets, and no other person has any interests in or claims against the Premises (other

than as reflected by the Title Commitment) or other Assets, and Seller will not hereafter grant to any person any interest in the Premises or Assets.

5.2 **Buyers' Representations.** Buyer represents that it has authority to enter into this Agreement.

5.3 **Brokers / Finders.** Buyer and Seller each represent to the other that there are no brokerage or finder's fees or commissions or similar charges which will be payable in connection with the transactions contemplated hereby as a result of any agreements or arrangements entered into by the Buyer or Seller.

5.4 **Survival of Representations and Warranties.** The only representations made by either Party concerning the Assets and this Agreement are as set out in this Agreement and in the deed and other documents delivered at Closing. All of Seller's representations and warranties under this Agreement shall survive the Closing for a period of two years. Buyer's obligations under this Agreement are subject to the condition that all representations and warranties made by Seller under this Agreement shall be true and correct as of the Closing Date. If such representations are not true and correct as of the Closing Date, then Buyer may terminate this Agreement by written notice to Seller on or before the Closing Date.

ARTICLE 6

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to be performed as of the Closing Date hereunder and to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing Date, of the following conditions, unless waived in writing by Buyer:

6.1 **Representations/Warranties.** The representations and warranties of Seller contained in the this Agreement shall be true and correct when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed.

6.2 **Regulatory Consents.** PUC Approval.

6.3 **Adverse Change.** There shall have been no material adverse change in the business, operations, financial condition or prospects of the Business or Assets, whether or not covered by insurance, from that heretofore represented to Seller and the facts and circumstances of the Business and Assets are not materially different from those previously represented to Buyer.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to be performed as of the Closing Date hereunder and to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing Date, of the following conditions, unless waived in writing by Seller:

7.1 **Representations/Warranties.** The representations and warranties of Buyer contained in this Agreement shall be true and correct when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Buyer on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed.

ARTICLE 8 **OPERATIONS**

8.1 **Operations through Closing:** Seller shall maintain operation of the Business in the ordinary course of business until expiration of the Inspection Period, at which time Buyer will assume operation of the Business until Closing ("Change of Control"), under the terms of an Operation Agreement to be entered into by the Parties prior to the expiration of the Inspection Period, which will contemplate Buyer assuming control of the operations, including establishing an operating account to handle processing of payments, etc. and Buyer to receive monthly compensation in the sum of \$13,000.00 as remuneration for operating the Business. The funds remaining in the operating account, after deduction of normal expenses and remuneration to Buyer, shall be paid to Seller in the event Closing does not occur; otherwise, the funds will belong to Buyer upon Closing.

ARTICLE 9 **INDEMNIFICATION**

9.1 **Indemnity by Buyer.** From and after Change of Control, Buyer shall indemnify, defend and hold harmless Seller and its officers, directors, employees, agents and controlling persons (collectively, "**Seller Indemnified Parties**") from and against any and all liabilities, losses, damages, demands, claims, suits, actions, judgments, causes of action, assessments, costs and expenses, including, without limitation, interest, penalties, reasonable attorneys' fees, any and all reasonable expenses incurred in investigating, preparing and defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation (collectively, "**Damages**"), asserted against, resulting to, imposed upon, or incurred or suffered by any of them, directly or indirectly, as a result or arising from any of the following:

- (a) any breach of any of the representations and warranties made by Buyer in this Agreement or any of the other agreements contemplated hereby to be executed and delivered by Buyer;
- (b) any breach or nonfulfillment of any covenants or agreements made by Buyer in this Agreement or any of the other agreements contemplated hereby to be executed and delivered by Buyer;
- (c) any liability imposed on any Buyer Indemnified Party to the extent such liability has been expressly assumed by Buyer pursuant to this Agreement;
- (d) Any liability arising out of Buyer's inspection of the Property; or
- (e) any liability arising out of the ownership or operation of the Business or

the other Assets after the Change of Control which is imposed on any Buyer Indemnified Party, except to the extent such liability arises out of (i) a liability of Seller that has not been expressly assumed by Buyer pursuant to this Agreement; or (ii) any act or omission of Seller.

To be entitled to such indemnification, the Seller Indemnified Party shall give Buyer prompt written notice (not later than thirty (30) days after Seller obtains actual knowledge of any such claim) of any breach or of the assertion by a third party of any claim with respect to which the Seller Indemnified Party may bring a claim for indemnification hereunder, and in all events must have supplied such notice to Buyer within the applicable period for the defense of such claims by Buyer.

9.2 **Indemnity by Seller.** From and after the Change of Control, Seller shall indemnify, defend and hold harmless Buyer, and their respective, officers, members, directors, employees, agents and controlling persons (collectively, the "**Buyer Indemnified Parties**") from and against any and all Damages asserted against, resulting to, imposed upon, or incurred or suffered by any of them, directly or indirectly, as a result or arising from the following:

(a) any breach of any of the representations and warranties made by Seller in this Agreement or any of the other agreements contemplated hereby to be executed and delivered to Seller;

(b) any liability of Seller arising out of the ownership or operation of the Business or the other Assets on or prior to the Change of Control which is imposed on any Seller Indemnified Party.

To be entitled to such indemnification, the Buyer Indemnified Party shall give Seller prompt written notice (not later than thirty (30) days after Buyer obtains actual knowledge of any such claim) of any breach or the assertion by a third party of any claim with respect to which a Buyer Indemnified Party may bring a claim for indemnification hereunder, and in all events must have supplied such notice to Seller within the applicable period for defense of such claims by Seller.

9.3 **Cooperation of Indemnified Parties.** Each indemnified party shall cooperate in all reasonable respects with the reasonable requests of its applicable indemnifying party in the conduct of litigation involving a third party, the making of settlements involving a third party and the enforcement of any right of contribution to which the indemnified parties may be entitled from any person or entity in connection with the subject matter of any litigation subject to indemnification hereunder. An indemnified party shall not compromise or settle any claim without the indemnifying party's consent. In addition, the indemnified parties shall, upon the reasonable requests by their applicable indemnifying parties or counsel selected by such indemnifying parties and at no expense to the indemnifying party, attend hearings and trials, assist in the securing and giving of evidence, assist in obtaining the presence or cooperation of witnesses, make available its own personnel, and cooperate in efforts to effect settlements (provided that any such settlements shall be at the expense of the indemnifying party and shall not impose any liability on the indemnified party); and shall take such action as is reasonably necessary and appropriate in connection with such litigation. Each indemnified party shall be entitled to reimbursement for its reasonable costs and expenses incurred to comply with this Section 9.3, including without limitation reimbursement for all reasonable fees and expenses of counsel and all other unrelated third party out-of-pocket expenses. In the event a claim is filed against Seller and Seller needs medical records in Buyer's possession to defend such claim, then Buyer shall give Seller access to

such medical records during normal business hours and allow Seller to copy the relevant records.

ARTICLE 10 **DEFAULT**

10.1 **Default.** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may terminate this contract and receive the \$25,000.00 in earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract for any other reason, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.

10.2 **Event of Default.** It shall be considered an event of default if Buyer shall not terminate this Agreement within the Inspection Period, and thereafter refuse to close this transaction for a reason other than the PUC Approval not being provided.

ARTICLE 11 **MISCELLANEOUS**

11.1 **Schedules and Other Instruments.** Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

11.2 **Additional Assurances.** From time to time after Closing, Seller shall execute and deliver such other instruments of conveyance and transfer, and take such other actions as Buyer reasonably may request, to more effectively convey and transfer full right, title and interest to, vest in, and place Buyer in legal and actual possession of, any and all of the Assets. Seller shall also furnish Buyer with such information and documents in their possession or under their control, or which they can execute or cause to be executed, as will enable Buyer to prosecute any and all petitions, applications, claims and demands relating to or constituting a part of the Assets. Additionally, Seller shall cooperate and use their respective best efforts to have Seller's directors, officers and employees cooperate with Buyer on and after Closing in furnishing information, evidence, testimony and other assistance in connection with any action, proceeding, arrangement or dispute of any nature with respect to matters pertaining to all periods prior to Closing in respect of the items subject to this Agreement.

11.3 **Legal Fees and Costs.** If a Party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing Party will be entitled to recover such legal expenses, including, without limitation, reasonable attorney's fees, costs and necessary disbursements, in addition to any other relief to which such Party shall be entitled.

11.4 **Choice of Law.** This Agreement shall be governed by and construed in accordance with the substantive law of the State of Texas without giving effect to the principles of conflicts of law thereof.

11.5 **Benefit/Assignment.** This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives, successors and assigns; provided,

however, that no Party may assign this Agreement without the prior written consent of the other Party hereto.

11.6 **Public Announcements.** The Parties hereto agree that no Party shall release, publish or otherwise make available to the public or private parties in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the other Party hereto, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws. The Parties agree to consult with each other prior to issuing any press release or otherwise making any public or private statement with respect to the transactions contemplated hereby.

11.7 **Waiver of Breach.** The waiver by any Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof.

11.8 **Notice.** All notices or other communications provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person or by reputable overnight courier to the office of such Party; by facsimile with electronic confirmation of receipt (provided if notice is given by facsimile it will be followed, sent no later than the next business day, with a notice under one of the other methods allowed herein); or by prepaid telegram or telex. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the Parties shall be as follows:

If to Seller to:

Rick Brown
Dogwood Estates Water Company
3100 FM 317
Athens, TX 75752

with a copy to
(but which shall not
constitute notice hereunder):

Kugle Skelton & Bennett, PC
130 E. Corsicana, Ste. 302
Athens, TX 75751
Attn: Martin R. Bennett

If to Buyer to:

Tim Whatley
Lakeshore Utility Co.
106 E. Corsicana
Athens, TX 75751

with a copy to
(but which shall not

constitute notice hereunder):

Gillen & Gillen
2381 Oak Alley
Tyler, TX 75703
Attn: Jim Gillen

11.9 **Severability**. If any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason or in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

11.10 **Divisions and Headings**. The divisions of this Agreement into articles, sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

11.11 **Survival**. All of the representations, warranties, covenants and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument or document shall survive the consummation of the transactions described herein, and may be fully and completely relied upon by the Parties hereto, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at Closing.

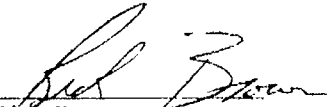
11.12 **Entire Agreement/Amendment**. The Agreement and the documents and instruments contemplated hereby to be executed and delivered by the Parties hereto constitute the entire agreement, and supersede all other prior agreements and understandings, both oral and written, among the Parties or any of them, with respect to the subject matter hereof, and neither this Agreement or any document or instrument contemplated hereby to be executed and delivered by the Parties hereto is intended to confer upon any person not a Party hereto any rights or remedies hereunder except as specifically provided herein. This Agreement and the documents and instruments contemplated hereby to be executed and delivered by the Parties hereto may not be amended except by an instrument in writing signed by the Parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed either by them or by their duly authorized representatives, officers or managing members, as the case may be, all as of the day and year first above written.

SELLER:

Dogwood Estates Water Company

By: 
Rick Brown
Its: Authorized Representative

BUYER:

Sentry Title Company

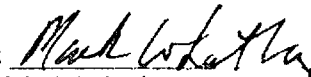
By: 
Mark Whatley
Its: President

EXHIBIT "A"
Legal Description

EXHIBIT "A"

Legal Descriptions

Plant 1: 7131 Dogwood Trail, John Izard Survey, AB383, Track 1J, 1.744 Acres

Plant 2: 1091 Blossom Lane, John Izard Survey, AB383, Track 1H, 1.417 Acres

Plant 3: 7420 FM 2494, Samuel Moss Survey, AB477, Track 79, 1.115 Acres

Plant 4: 6300 FM 2494, Dogwood Estates Section I, LT 79, 1.071 Acres

Wagontree Lot: Landgrant Trail, Wagontree Section 3 Lot 18, 0.313 Acres

EXHIBIT "B"

Escrow Agreement

ESCROW AGREEMENT

Date: MARCH 26, 2019

Escrow Agent: JAMES B. GILLEN, JR., Attorney at Law

Depositing Party: SENTRY TITLE COMPANY and its subsidiary, LAKESHORE UTILITY CO.

Seller: DOGWOOD ESTATES WATER COMPANY

1. Escrow Agent, Depositing Party, and Seller are entering into this Escrow Agreement ("Agreement").

2. Depositing Party is depositing in escrow with Escrow Agent the following: The sum of **THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00)**, of which **\$25,000.00 shall be deposited upon execution of the Asset Purchase Agreement between Seller and Depositing Party, as Buyer, relative to the purchase of the Dogwood Estates Water System ("Purchase Agreement")**, and the balance of **\$325,000.00 to be deposited within 10 days after the expiration of the Inspection Period provided for in the Purchase Agreement.**

3. Escrow Agent is hereby instructed to hold the Escrow funds in trust and to disburse the funds as follows: (a) Upon Closing under the terms of the Purchase Agreement, Escrow Agent shall deliver the funds to Seller as the cash portion due Seller under the Purchase Agreement, (b) in the event Closing fails to occur due to PUC approval is not granted, then in that event Escrow Agent shall return the funds to Depositing Party, (c) if the Purchase Agreement is terminated by the Buyer during the Inspection Period, then in that event Escrow Agent shall return the funds to Depositing Party, or (d) if Buyer fails terminate the Purchase Agreement during the Inspection Period and thereafter fails to proceed to Closing of the Purchase Agreement the \$25,000.00 earnest money shall be paid to the Seller, and the \$325,000.00 shall be paid to Buyer.

4. Escrow Agent agrees to hold the funds in accordance with the provisions of this Agreement.

5. Escrow Agent shall charge no fee for the performance of the services called for under this Agreement.

6. Depositing Party and Performing Party agree that Escrow Agent will have no responsibility under this Agreement except for the safekeeping and handling of the funds deposited with Escrow Agent by Depositing Party. Escrow Agent will not be liable for any act or thing done by Escrow Agent relating to this Agreement, except for the negligence or willful misconduct of Escrow Agent. If conflicting demands are made on Escrow Agent by Depositing Party and Performing Party, Escrow Agent may withhold his performance under the terms of this Agreement until the conflicting demands are withdrawn or the rights of the parties making the demands are settled by a court of competent jurisdiction.

EXECUTED: MARCH 26, 2019.

DEPOSITING PARTY:

SENTRY TITLE COMPANY

Mark Whatley

BY: MARK WHATLEY, PRESIDENT

SELLER:

BY: *Rick Brown*

RICK BROWN, Authorized Representative

ESCROW AGENT:

BY: *James B. Gillen, Jr.*

JAMES B. GILLEN, JR.

Current Tariff



WATER UTILITY TARIFF

Docket Number 46958

Rick Brown dba Dogwood Estates Water Company
(Utility Name)

P.O. Box 1230
(Business Address)

Athens, Texas 75751
(City, State, Zip Code)

(903) 675-6894
(Area Code/Telephone)

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

10823

This tariff is effective in the following county:

Henderson

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

None

This tariff is effective in the following subdivisions or systems:

Dogwood Estates, Oak Manor, Wagontree and adjacent subdivisions: PWS ID: 1070043

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND REGULATIONS	5
SECTION 3.0 -- EXTENSION POLICY	12

APPENDIX A -- DROUGHT CONTINGENCY PLAN
APPENDIX B -- APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates**Phase I: Effective June 5, 2017**

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	<u>\$34.00</u> (Includes 0 gallons all meters)	<u>\$2.75</u> per 1,000 gallons
1"	<u>\$85.00</u>	
1½"	<u>\$170.00</u>	
2"	<u>\$272.00</u>	
3"	<u>\$510.00</u>	
4"	<u>\$850.00</u>	
6"	<u>\$1700.00</u>	

Pass Through Fee Applied to Gallage Charge \$0.03 per 1,000 gallons

Phase II: Effective June 5, 2019

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	<u>\$39.00</u> (Includes 0 gallons all meters)	<u>\$2.75</u> per 1,000 gallons
1"	<u>\$97.50</u>	
1½"	<u>\$195.00</u>	
2"	<u>\$312.00</u>	
3"	<u>\$585.00</u>	
4"	<u>\$975.00</u>	
6"	<u>\$1950.00</u>	

Pass Through Fee Applied to Gallage Charge \$0.03 per 1,000 gallons

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

Cash X, Check X, Money Order X, Credit Card _____, Other (Specify) _____
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS
 MADE USING MORE THAN \$1 00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH
 PAYMENTS.

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

Section 1.02 – Miscellaneous Fees

TAP FEE \$350.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
 RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
 LISTED ON THIS TARIFF.

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

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

Docket No. 46958

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER RELOCATION FEE.....Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00

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

RECONNECTION FEE

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

- a) Nonpayment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$35.00

TRANSFER FEE \$15.00

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

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

A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE..... \$20.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF [16 TAC 24.21(b)(2)(F)] AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B/(1-L),$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

Customer Deposit List

12:59:16PM

DEPOSITS**Dogwood Estates Water Company**

ACCT #	NAME	DEPOSITS	DATE	DATE REFUND	CERT #	DEPOSIT 2	DATE	DATE REFUND	CERT #	MEMBER
1025-05	Henkel, Shirley Henry	\$50 00	2/6/17			\$0 00			0	
1035-06	Momreal, Blanca	\$50 00	4/24/14			\$0.00			0	JAMES LOOKABAUG
1080-01	Cotter, James	\$50 00	4/17/19			\$0 00			0	
1100-02	Aldaco, Felicia	\$50.00	1/17/19			\$0 00			0	
1105-21	Pagitt, Jordan	\$50 00	4/30/19			\$0.00			0	
1130-03	Milone, Michaela	\$50 00	4/6/17			\$0 00			0	
1145-05	Garcia, Jose/maria	\$50 00	11/21/11			\$0 00			0	
1175-11	Collins, Desmme	\$50 00	6/7/19			\$0 00			0	
1245-03	Records, Karen	\$50 00	4/17/19			\$0 00			0	
1250-03	Brown, Harvey	\$50 00	6/15/09			\$0 00			0	TIM HESTER
1310-04	Paul, Stephanie	\$50 00	11/1/18			\$0 00			0	
1385-03	Brown, Harvey	\$50 00	5/28/09			\$0 00			0	
1390-16	Cain, Jordan	\$50 00	8/11/17			\$0.00			0	
1400-03	Groom, Danny	\$50 00	9/14/17			\$0 00			0	
1405-02	Hughes, Brian	\$50 00	10/29/18			\$0 00			0	
1430-06	Holder, Carol	\$50 00	6/30/14			\$0.00			0	
1455-01	Martin, Bryan	\$50 00	7/3/17			\$0 00			0	
1525-05	Inestroza, Miriam	\$50 00	10/25/18			\$0 00			0	
1560-01	Boyd, Samantha	\$50 00	6/22/12			\$0 00			0	
1595-05	Gonzalez, Marlen	\$50 00	12/21/17			\$0 00			0	
1600-01	Vargas, Katie	\$50 00	8/26/16			\$0 00			0	
1620-04	Myers, Elasha	\$50 00	5/3/18			\$0 00			0	
2007-04	Carroll, Pamela	\$50.00	10/10/18			\$0.00			0	
2025-01	Lewis, Shane	\$50 00	6/22/15			\$0 00			0	
2105-02	Rogers, Kari	\$50 00	9/1/16			\$0 00			0	
2150-01	Murphy, Glen	\$50.00	11/17/17			\$0 00			0	
2165-04	Cunniff, Nona	\$50 00	1/8/19			\$0 00			0	
3060-03	Mccurley, Scott	\$50.00	4/20/09			\$0 00			0	
4030-02	Garcia, Gilberto	\$50 00	3/24/16			\$0 00			0	
4045-02	Loden, Aaron	\$50.00	6/26/17			\$0 00			0	
4165-01	Smith, Jeremy	\$50 00	2/20/15			\$0 00			0	
4230-04	Carter, Patty	\$50 00	3/28/19			\$0 00			0	
4235-01	Fuller, Stephanie	\$50 00	8/24/18			\$0 00			0	
4345-01	Cornelius, David/pam	\$50 00	6/1/11			\$0 00			0	
4375-02	Huynh, Hanh	\$50 00	10/24/16			\$0 00			0	
4400-06	Smith, Amber	\$50 00	7/3/18			\$0 00			0	
4425-03	Planeta, Amanda	\$50 00	3/21/18			\$0 00			0	
4460-03	Garrison, Misty	\$50 00	5/30/18			\$0 00			0	
4475-03	Pace, Cynthia	\$50 00	7/28/16			\$0 00			0	
4480-02	Hargrove, Justin	\$50 00	6/7/16			\$0 00			0	
4510-01	Sullivan, Matthew Megan	\$50 00	3/28/16			\$0 00			0	
4545-02	Noel, Virginia, bowshierj	\$50 00	5/7/19			\$0 00			0	
4565-01	Nall, Jonathan	\$50 00	5/13/11			\$0 00			0	
4570-03	Sanchez, Mark & jennifer	\$50 00	4/18/17			\$0 00			0	
4670-14	Govea, Juan	\$50 00	2/24/17			\$0 00			0	
4765-01	Carbajal, Herachio	\$50.00	12/5/18			\$0 00			0	
4770-02	Utt, Duane/julie	\$50.00	3/4/19			\$0 00			0	
4780-02	Quigg, George	\$50 00	3/7/19			\$0 00			0	
4790-01	Bishop, Clarisa	\$50.00	10/8/13			\$0 00			0	
4870-01	Hilton, Luke	\$50 00	11/2/17			\$0 00			0	
4900-00	Adair, Harlon	\$50 00	3/10/20			\$0 00			0	
4915-08	Middleton, Sara	\$50 00	1/31/18			\$0 00			0	

12:59:16PM

DEPOSITS**Dogwood Estates Water Company**

ACCT #	NAME	DEPOSITS	DATE	DATE REFUND	CERT #	DEPOSIT 2	DATE	DATE REFUND	CERT #	MEMBER
4960-01	Rodriguez, Rafael	\$50 00	9/26/17			\$0 00			0	
5001-03	Mugavero, Mike	\$50 00	2/5/19			\$0.00			0	PASSMORE
5011-04	Semkoski, Julie	\$50.00	6/5/18			\$0 00			0	
5014-02	McKey, Brenda	\$50 00	1/10/19			\$0 00			0	
5018-00	Carroll, Chris	\$50 00	8/18/08			\$0.00			0	
5027-03	Downey, John	\$50 00	10/26/15			\$0 00			0	
5034-02	Hernandez, Courtney	\$50.00	9/4/18			\$0 00			0	
5037-01	Cody, William	\$50 00	10/25/11			\$0 00			0	
5038-02	Marrs, Sharon	\$50 00	11/24/14			\$0 00			0	
5046-00	Bell, Lisa	\$50 00	5/28/14			\$0 00			0	
5050-03	Memicheal, Lindsey	\$50 00	5/21/19			\$0 00			0	
5054-00	Sawyer, Amanda	\$50 00	11/28/16			\$0 00			0	
5057-00	Boyd, Jimmy	\$50.00	2/23/17			\$0.00			0	
5059-03	Freeman, Matthew	\$50.00	4/5/19			\$0 00			0	
5060-01	Myers, Jessica	\$50 00	4/10/19			\$0 00			0	
5063-00	Balser, David	\$50 00	8/31/17			\$0 00			0	
5068-00	Phillips, Daniel	\$50 00	6/27/18			\$0 00			0	
5070-00	Carroll, Chris	\$50 00	10/23/18			\$0 00			0	
5071-00	Sweet, Richard	\$50 00	2/15/19			\$0 00			0	
5072-00	Slaughter, Troy	\$50 00	3/29/19			\$0 00			0	
5073-00	Dollison, Shana	\$50 00	5/28/19			\$0 00			0	
6002-00	Rasco, Tasha	\$50 00	6/11/19			\$0 00			0	
6003-00	Skiles, Rachel	\$50 00	6/18/19			\$0 00			0	
6004-00	Willingham, Jennifer & Al	\$50 00	7/1/19			\$0 00			0	
6005-00	Moss, Ashley	\$50 00	7/1/19			\$0 00			0	
6006-00	Wilbanks, John	\$50 00	7/3/19			\$0 00			0	
6007-00	Moore, Kevin	\$50 00	7/10/19			\$0.00			0	
6008-00	Scott, John	\$50.00	7/22/19			\$0 00			0	
6009-00	Mosley, James	\$50 00	7/22/19			\$0 00			0	
6012-00	Boyd, James and Stacey	\$50 00	8/1/19			\$0.00			0	
6013-00	Edwards, Boyce	\$50 00	8/5/19			\$0 00			0	
6014-00	Schroeder, Amanda	\$50 00	8/8/19			\$0.00			0	
6015-00	Page, Duane and Paige	\$50 00	8/9/19			\$0.00			0	
6017-00	Mullens, Mercedes	\$50 00	8/26/19			\$0.00			0	GARY OTTS
6018-00	Gastauer, David Kaileah	\$50 00	8/27/19			\$0 00			0	
6019-00	Castillo, Aiasah &	\$50 00	9/4/19			\$0 00			0	
6021-00	Scott, Michael	\$50 00	9/20/19			\$0 00			0	MICHELLE LYONS
6022-00	Langford, Linda	\$50 00	9/23/19			\$0 00			0	
6023-00	Ray Brandi	\$50 00	9/25/19			\$0 00			0	
6024-00	Surls, Cole	\$50 00	9/25/19			\$0 00			0	
6027-00	Pagard, Richard	\$50 00	10/14/19			\$0 00			0	
6028-00	Fulmer, David	\$50 00	10/24/19			\$0 00			0	
6030-00	Baker, Angela	\$50 00	11/6/19			\$0 00			0	
6031-00	Dunn, Amy	\$50 00	11/6/19			\$0 00			0	BRUCE PORTER
6032-00	Key, Christina	\$50 00	11/7/19			\$0.00			0	
6037-00	Fraizer, Greg	\$50 00	11/25/19			\$0.00			0	
6040-00	Rojas, Juan	\$50 00	12/6/19			\$0.00			0	
6042-00	McNellis, Tony	\$50 00	12/12/19			\$0 00			0	
6043-00	Cumby, Arthur & Joy	\$50 00	12/13/19			\$0 00			0	
6045-00	Polk, David	\$50 00	12/30/19			\$0 00			0	
6046-00	Thompson, Cameron	\$50 00	12/30/19			\$0 00			0	
6047-00	Cox II, John David	\$50 00	1/8/20			\$0 00			0	

12:59:16PM

DEPOSITS**Dogwood Estates Water Company**

ACCT #	NAME	DEPOSITS	DATE	DATE REFUND	CERT #	DEPOSIT 2	DATE	DATE REFUND	CERT #	MEMBER
6048-00	Fullingim, Scott	\$50 00	2/13/20			\$0 00			0	
6049-00	Groom, Danny	\$50 00	1/20/20			\$0 00			0	
6050-00	Auclair, Sarah	\$50 00	1/20/20			\$0 00			0	
6051-00	Baker, Sara	\$50.00	1/27/20			\$0.00			0	
6052-00	Ramirez, Chasity	\$50 00	2/7/20			\$0 00			0	
6053-00	Houston, Melony	\$50 00	2/7/20			\$0 00			0	
6054-00	Grubbs, Theresa	\$50 00	2/12/20			\$0 00			0	
6055-00	Weston, Jerry and Wendy	\$50 00	2/14/20			\$0.00			0	
6056-00	Leon, Amber	\$50 00	2/19/20			\$0 00			0	
6057-00	Swan, David	\$50 00	2/20/20			\$0 00			0	
6058-00	Dykman, Travis	\$50 00	2/26/20			\$0 00			0	
6059-00	Phillips, Daniel	\$50 00	3/3/20			\$0 00			0	
6060-00	Parker, Brandie	\$50 00	3/3/20			\$0 00			0	
6062-00	Velasquez, Maria	\$50 00	3/17/20			\$0 00			0	
6063-00	Fullingim, Scott	\$50 00	3/17/20			\$0 00			0	
6064-00	Morgan, Britney	\$50.00	3/18/20			\$0 00			0	
6065-00	Emerine, Kyla	\$50 00	3/27/20			\$0 00			0	
6066-00	Mingus, Mike	\$50 00	3/27/20			\$0 00			0	
6067-00	Skaggs, Kristopher	\$50 00	4/2/20			\$0 00			0	SANDRA SANDERS
6068-00	Black, Kimberly	\$50 00	4/9/20			\$0 00			0	
6069-00	Carter, Ty	\$50 00	4/27/20			\$0 00			0	DARLENE MAGNESS
6070-00	Webb, Tina	\$50 00	4/27/20			\$0 00			0	
6072-00	Hornbuckle, Demond	\$50 00	5/4/20			\$0 00			0	
6073-00	Sullivan, Barbara	\$50 00	5/5/20			\$0 00			0	
6074-00	Ramirez, Chasity	\$50 00	5/12/20			\$0 00			0	
6075-00	Fleming, Michael	\$50 00	5/21/20			\$0 00			0	
6076-00	Chamberlain, Allen	\$50 00	6/2/20			\$0 00			0	
6077-00	Fullingim, Scott	\$50 00	6/2/20			\$0 00			0	
6078-00	Fullingim, Scott	\$50 00	6/2/20			\$0 00			0	
6079-00	Royall, Nathan	\$50 00	6/3/20			\$0 00			0	

134 Accounts listed**Total amount of Deposit 1: \$6,700.00****Total amount of Deposit 2: \$0.00**

All Customers

Lakeshore Utility Company

Certificate of Account Status

Sentry Title Company, Inc. owns water and sewer assets and CCN certificates under its subsidiary Lakeshore Utility Company.

Sentry Title Company is a corporation formed on March 1, 1972. Attached is a copy of the utility's account status.

Sentry Title Company, Inc. does not have any parent company nor is any percentage of the utility owned by any other corporation.



Franchise Tax Account Status

As of : 06/30/2020 09:35:57

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

SENTRY TITLE COMPANY, INCORPORATED

Texas Taxpayer Number 17513799480

Mailing Address 106 E CORSICANA ST ATHENS, TX 75751-2502

? Right to Transact Business in FORFEITED
Texas File missing reports, information reports and/or payments

State of Formation TX

Effective SOS Registration Date 03/01/1972

Texas SOS File Number 0030295200

Registered Agent Name MARK A WHATLEY

Registered Office Street Address 106 E CORSICANA ST. ATHENS, TX 75751

Public Information Report

Public Information Report
SENTRY TITLE COMPANY, INCORPORATED
Report Year :2017

formation on this site is obtained from the most recent Public Information Report (PIR) processed by the Secretary of State (SOS).
PIRs filed with annual franchise tax reports are forwarded to the SOS. After processing, the SOS sends the Comptroller an electronic
copy of the information, which is displayed on this web site. The information will be updated as changes are received from the SOS.

You may order a copy of a Public Information Report from open.records@cpa.texas.gov or Comptroller of Public Accounts, Open
Records Section, PO Box 13528, Austin, Texas 78711.

Title	Name and Address
PRESIDENT	ALAN D WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751
TREASURER	ALAN D WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751
DIRECTOR	ALAN D WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751
PRESIDENT	TIM WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751
TREASURER	TIM WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751
DIRECTOR	TIM WHATLEY 106 E CORSICANA ST. ATHENS, TX 75751

Financial Information

SENTRY TITLE CO INC
Balance Sheet
As of December 31, 2019

ASSETS

CURRENT ASSETS

Cash in Bank-Prosperity Bank	\$ 211,846.11
Cash in Bank-Citizens State Bank	142,349.55
Accounts Receivable-Lakeshore Util Inc	455,678.00
Accounts Receivable-Uticor Corp	93,000.00
Escow-Gillen & Gillen/Dogwood	<u>350,000.00</u>

Total Current Assets	<u>1,252,873.66</u>
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PROPERTY AND EQUIPMENT

Land Rental-Lakeshore Utility Inc	17,500.00
Rental Property-Lakeshore Utility Inc	3,322,057.00
Less: Accum. Depreciation	<u>(1,024,893.00)</u>

Net Property and Equipment	<u>2,314,664.00</u>
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OTHER ASSETS

Note Receivable-Terri Whatley	6,548.34
Note Receivable-Alisha Smith	442.68
Investment-Lakeshore Utility Inc	350,085.55
Investment-Pro Star Capital LLC	<u>211,590.00</u>

Total Other Assets	<u>568,666.57</u>
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TOTAL ASSETS	<u><u>\$ 4,136,204.23</u></u>
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No assurance is provided on these financial statements.
Substantially all disclosures and cash flow statements are not included.

SENTRY TITLE CO INC
Balance Sheet
As of December 31, 2019

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

LONG-TERM LIABILITIES

STOCKHOLDERS' EQUITY

Common Stock	3,000.00
Paid in Capital	3,537,448.34
Retained Earnings-Prior	475,688.55
Dividends-Shrhldr	(12,000.00)
Current Income/(Loss)	<u>132,067.34</u>

Total Stockholders' Equity	<u><u>4,136,204.23</u></u>
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 4,136,204.23</u></u>
---	-------------------------------

No assurance is provided on these financial statements.
Substantially all disclosures and cash flow statements are not included.

SENTRY TITLE CO INC
Statement of Income
December 31, 2019

Sales		
Facilities Lease & Rents	\$ 270,000.00	94.13
Income-Rental	<u>16,845.00</u>	<u>5.87</u>
Total Sales	<u>286,845.00</u>	<u>100.00</u>
Cost of Goods Sold		
Cost of Services-Mngmnt Fees	<u>54,422.42</u>	<u>18.97</u>
Total Cost of Goods Sold	<u>54,422.42</u>	<u>18.97</u>
Gross Profit	<u>232,422.58</u>	<u>81.03</u>
Operating Expenses		
Advertising & Promotion	2,482.91	0.87
Depreciation & Amortization	88,554.00	30.87
Insurance-Liability	2,666.00	0.93
Legal & Professional Fees	3,891.44	1.36
License, Bonds, & Fees	52.00	0.02
Repairs & Maintenance	300.00	0.10
Supplies-Office	1,563.17	0.54
Taxes-Property	<u>2,559.98</u>	<u>0.89</u>
Total Operating Expenses	<u>102,069.50</u>	<u>35.58</u>
Operating Income (Loss)	<u>130,353.08</u>	<u>45.44</u>
Other Income		
Investment-Pro Star Capital LP	1,000.00	0.35
Income-Interest	<u>714.26</u>	<u>0.25</u>
Total Other Income (Loss)	<u>1,714.26</u>	<u>0.60</u>
Net Income (Loss)	<u>\$ 132,067.34</u>	<u>46.04</u>

Enforcement Action Correspondence

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
LAKESHORE UTILITY COMPANY
RN102674587

§
§
§
§
§

BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2019-0228-PWS-E

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding LAKESHORE UTILITY COMPANY (the "Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent presented this Order to the Commission.

The Respondent understands that it has certain procedural rights at certain points in the enforcement process, including the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Order, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated agreement of the parties. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Order are binding upon the Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

1. The Respondent owns and operates a public water supply located at 216 Lakeview Circle near Eustace, Henderson County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 42 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71).
2. During a record review conducted on January 14, 2019 through February 8, 2019, an investigator documented that:
 - a. The Respondent did not collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and submit the results to the Executive Director for the January 1, 2015 through December 31, 2015, January 1, 2017 through December 31, 2017, and January 1, 2018 through December 31, 2018 monitoring periods.
 - b. The Respondent did not timely collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and submit the results to

the Executive Director for the January 1, 2016 through December 31, 2016 monitoring period. Specifically, samples were collected outside of the sampling period.

- c. The Respondent did not provide a consumer notification of lead tap water monitoring results to persons served at the sites (taps) that were tested, and did not mail a copy of the consumer notification of tap results to the Executive Director along with certification that the consumer notification was distributed for the January 1, 2012 through December 31, 2014 monitoring period.
- d. The Respondent did not mail or directly deliver one copy of the Consumer Confidence Report ("CCR") to each bill paying customer by July 1 for each year, and did not submit to the TCEQ by July 1 for each year a copy of the annual CCR and certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data for calendar years 2016 and 2017.

II. CONCLUSIONS OF LAW

1. As evidenced by Finding of Fact No. 1, the Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ.
2. As evidenced by Finding of Fact No. 2.a, the Respondent failed to collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and submit the results to the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.117(c)(2)(B), (h), and (i)(1).
3. As evidenced by Finding of Fact No. 2.b, the Respondent failed to timely collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and submit the results to the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.117(c)(2)(B), (h), and (i)(1).
4. As evidenced by Finding of Fact No. 2.c, the Respondent failed to provide a consumer notification of lead tap water monitoring results to persons served at the sites (taps) that were tested, and failed to mail a copy of the consumer notification of tap results to the Executive Director along with certification that the consumer notification was distributed, in violation of 30 TEX. ADMIN. CODE § 290.117(i)(6) and (j).
5. As evidenced by Finding of Fact No. 2.d, the Respondent failed to mail or directly deliver one copy of the CCR to each bill paying customer by July 1 for each year, and failed to submit to the TCEQ by July 1 for each year a copy of the annual CCR and certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data, in violation of 30 TEX. ADMIN. CODE §§ 290.271(b) and 290.274(a) and (c).
6. Pursuant to TEX. HEALTH & SAFETY CODE § 341.049(a), the TCEQ has the authority to assess an administrative penalty against the Respondent for violations of state statutes

within the TCEQ's jurisdiction, for violations of rules adopted under such statutes, or for violations of orders or permits issued under such statutes.

7. An administrative penalty in the amount of \$1,430 is justified by the facts recited in this Order, and considered in light of the factors set forth in TEX. HEALTH & SAFETY CODE § 341.049(b). The Respondent paid the \$1,430 penalty.

III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. The Respondent is assessed a penalty as set forth in Conclusion of Law No. 7 for violations of state statutes and rules of the TCEQ. The payment of this penalty and the Respondent's compliance with all the requirements set forth in this Order resolve only the matters set forth by this Order in this action. The Commission shall not be constrained in any manner from requiring corrective actions or penalties for violations that are not raised here. Penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: LAKESHORE UTILITY COMPANY, Docket No. 2019-0228-PWS-E" to:

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

2. The Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Order:
 - i. Implement improvements to the Facility's process procedures, guidance, training, and/or oversight to ensure that all future lead and copper tap samples are collected during the approved sampling period, analyzed, and the results reported to the Executive Director within ten days following the end of each monitoring period, in accordance with 30 TEX. ADMIN. CODE § 290.117;
 - ii. Collect the required number of lead and copper tap samples, have the samples analyzed, and report the results to the Executive Director within ten days of the month following the end of the monitoring period, in accordance with 30 TEX. ADMIN. CODE § 290.117. This provision will be satisfied upon one compliant monitoring period;
 - iii. Provide consumer notification of lead tap water monitoring results to persons served at all sites (taps) that were tested during the January 1, 2012 through December 31, 2014 monitoring period or the most recent

monitoring period, and submit to the Executive Director a sample copy of the consumer notification and certification that consumer notification was distributed, in accordance with 30 TEX. ADMIN. CODE § 290.117; and

- iv. Mail one copy of the CCR prepared using adequate compliance data for 2017 or the most recent calendar year to each bill paying customer and make good faith effort to deliver the CCR to non-bill paying customers, in accordance with 30 TEX. ADMIN. CODE §§ 290.271 and 290.274.
- b. Within 45 days after the effective date of this Order:
- i. Submit written certification as described in Ordering Provision No. 2.d below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 2.a.i, 2.a.iii, and 2.a.iv; and
 - ii. Submit to the Commission a copy of the CCR provided to customers of the Facility and certification that the CCR has been distributed to customers of the Facility and that the information in the CCR is correct and consistent with the compliance monitoring data, in accordance with 30 TEX. ADMIN. CODE §§ 290.271 and 290.274. The copy of the CCR and certification shall be mailed to:
- Drinking Water Special Functions Section
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
- c. Within 60 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.d below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.b.ii.
 - d. Within 225 days after the effective date of this Order, submit written certification, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a.ii. The certification shall be signed by the Respondent and shall include the following certification language:

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

information, including the possibility of 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:

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

3. All relief not expressly granted in this Order is denied.
4. The duties and provisions imposed by this Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Facility operations referenced in this Order.
5. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director. Extension requests shall be sent to the Order Compliance Team at the address listed above.
6. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms in this Order.
7. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later.
8. This Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.

9. This Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms: electronic transmission, owner, person, writing, and written, shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
10. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

The TCEQ is committed to accessibility.

To request a more accessible version of this report, please contact the TCEQ Help Desk at (512) 239-4357.



Compliance History Report

Compliance History Report for CN601356306, RN102674587, Rating Year 2018 which includes Compliance History (CH) components from September 1, 2013, through August 31, 2018.

Customer, Respondent, or Owner/Operator: CN601356306, LAKESHORE UTILITY COMPANY
Classification: UNCLASSIFIED **Rating:** -----
Regulated Entity: RN102674587, LAKE VISTA VILLAGE
Classification: NOT APPLICABLE **Rating:** N/A
Complexity Points: N/A **Repeat Violator:** N/A
CH Group: 14 - Other
Location: 216 LAKEVIEW CIRCLE NEAR EUSTACE, HENDERSON COUNTY, TEXAS
TCEQ Region: REGION 05 - TYLER

ID Number(s):

PUBLIC WATER SYSTEM/SUPPLY REGISTRATION 1070181

Compliance History Period: September 01, 2013 to August 31, 2018 **Rating Year:** 2018 **Rating Date:** 09/01/2018

Date Compliance History Report Prepared: April 10, 2019

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: April 10, 2014 to April 10, 2019

TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History.

Name: Michaelle Garza

Phone: (210) 403-4076

Site and Owner/Operator History:

- 1) Has the site been in existence and/or operation for the full five year compliance period? YES
2) Has there been a (known) change in ownership/operator of the site during the compliance period? NO

Components (Multimedia) for the Site Are Listed in Sections A - J

A. Final Orders, court judgments, and consent decrees:

- 1 Effective Date: 05/25/2016 ADMINORDER 2014-1469-PWS-E (Findings Order-Agreed Order Without Denial)
Classification: Moderate
Citation: 30 TAC Chapter 290, SubChapter F 290.110(e)(4)(A)
30 TAC Chapter 290, SubChapter F 290.110(f)(3)
Description: DLQOR MR 2Q2014 - The system failed to monitor and/or report distribution disinfectant residuals to the TCEQ for the second quarter of 2014 within the required timeline.
Classification: Moderate
Citation: 30 TAC Chapter 290, SubChapter F 290.110(e)(4)(A)
30 TAC Chapter 290, SubChapter F 290.110(f)(3)
Description: DLQOR MR 1Q2014 - The system failed to monitor and/or report distribution disinfectant residuals to the TCEQ for the first quarter of 2014 within the required timeline.
Classification: Moderate
Citation: 30 TAC Chapter 290, SubChapter F 290.110(e)(4)(A)
30 TAC Chapter 290, SubChapter F 290.110(f)(3)
Description: DLQOR MR 4Q2013 - The system failed to monitor and/or report distribution disinfectant residuals to the TCEQ for the fourth quarter of 2013 within the required timeline.
Classification: Moderate
Citation: 30 TAC Chapter 290, SubChapter F 290.110(e)(4)(A)
30 TAC Chapter 290, SubChapter F 290.110(f)(3)
Description: DLQOR MR 3Q2013 - The system failed to monitor and/or report distribution disinfectant residuals to the TCEQ for the third quarter of 2013 within the required timeline.
Classification: Moderate
Citation: 30 TAC Chapter 290, SubChapter H 290.271(b)
30 TAC Chapter 290, SubChapter H 290.274(a)
30 TAC Chapter 290, SubChapter H 290.274(c)

Description: CCR 2013 - The system failed to provide the Consumer Confidence Report (CCR) for 2013 to its bill-paying customers and/or the TCEQ by July 1st of the following year.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter H 290.271(b)

30 TAC Chapter 290, SubChapter H 290.274(a)

30 TAC Chapter 290, SubChapter H 290.274(c)

Description: CCR 2012 - The system failed to provide the Consumer Confidence Report (CCR) for 2012 to its bill-paying customers and/or the TCEQ by July 1st of the following year.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.122(c)(2)(A)

30 TAC Chapter 290, SubChapter F 290.122(f)

Description: DLQOR MR PN 1Q2014 Posting and Reporting Violation - Failure to submit a signed certificate of delivery to the Executive Director certifying that public notice was issued pursuant to 30 Tex. Admin. Code §290.122 during the time period that public notice was required for a disinfectant monitoring and reporting violation during the first quarter of 2014.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.122(c)(2)(A)

30 TAC Chapter 290, SubChapter F 290.122(f)

Description: DLQOR MR PN 4Q2013 Posting and Reporting Violation - Failure to submit a signed certificate of delivery to the Executive Director certifying that public notice was issued pursuant to 30 Tex. Admin. Code §290.122 during the time period that public notice was required for a disinfectant monitoring and reporting violation during the fourth quarter of 2013.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.122(c)(2)(A)

30 TAC Chapter 290, SubChapter F 290.122(f)

Description: DLQOR MR PN 3Q2013 Posting and Reporting Violation - Failure to submit a signed certificate of delivery to the Executive Director certifying that public notice was issued pursuant to 30 Tex. Admin. Code §290.122 during the time period that public notice was required for a disinfectant monitoring and reporting violation during the third quarter of 2013.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.122(c)(2)(A)

30 TAC Chapter 290, SubChapter F 290.122(f)

Description: DLQOR MR PN 1Q2013 Posting and Reporting Violation - Failure to submit a signed certificate of delivery to the Executive Director certifying that public notice was issued pursuant to 30 Tex. Admin. Code §290.122 during the time period that public notice was required for a disinfectant monitoring and reporting violation during the first quarter of 2013.

B. Criminal convictions:

N/A

C. Chronic excessive emissions events:

N/A

D. The approval dates of investigations (CCEDS Inv. Track. No.):

Item 1 May 23, 2016 (1335346)

Item 2 April 03, 2019 (1552914)

E. Written notices of violations (NOV) (CCEDS Inv. Track. No.):

A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.

1 Date: 01/07/2019 (1541323)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.117(c)(2)(B)

30 TAC Chapter 290, SubChapter F 290.117(h)

30 TAC Chapter 290, SubChapter F 290.117(l)(1)

Description: LCR RD MR YR2018 - The system failed to monitor and/or report distribution lead and copper levels to the TCEQ for the annual reduced monitoring period from 01/01/2018 to 12/31/2018 within the required timeline.

2 Date: 01/18/2019 (1541323)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter H 290.271(b)

30 TAC Chapter 290, SubChapter H 290.274(a)

30 TAC Chapter 290, SubChapter H 290.274(c)

Description: CCR 2017 - The system failed to provide the Consumer Confidence Report (CCR) for 2017 to its bill-paying customers and/or the TCEQ by July 1st of the following year.

F. Environmental audits:

N/A

G. Type of environmental management systems (EMSs):

N/A

H. Voluntary on-site compliance assessment dates:

N/A

I. Participation in a voluntary pollution reduction program:

N/A

J. Early compliance:

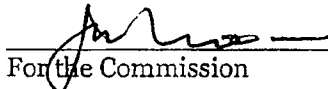
N/A

Sites Outside of Texas:

N/A

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



For the Commission

2/14/20

Date



For the Executive Director

12/20/19

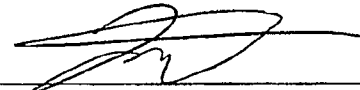
Date

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

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

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

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



Signature

6-20-19

Date

Tim Whalley

Name (Printed or typed)
Authorized Representative of
LAKESHORE UTILITY COMPANY

President

Title

☐ If mailing address has changed, please check this box and provide the new address below:

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 16, 2019

Via Certified Mail, Return Receipt Requested, Article Number 7013 2250 0001 0228 0270
Tim Whatley, Registered Agent and President
LAKESHORE UTILITY COMPANY
106 Corsicana Street
Athens, Texas 75751

Re: LAKESHORE UTILITY COMPANY; RN102673712;
TCEQ Docket No. 2019-0531-PWS-E

Dear Mr. Whatley:

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

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

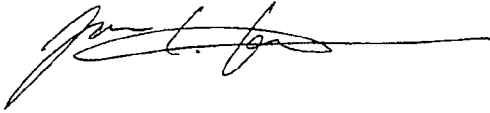
YOUR FAILURE TO ACCEPT OR PICK UP CERTIFIED MAIL WILL NOT RELIEVE YOU OF YOUR RESPONSIBILITY IN THIS MATTER.

To request a hearing, send a written hearing request referencing TCEQ Docket No. 2019-0531-PWS-E to the persons listed below via e-mail, regular mail, fax, or e-filing:

September 16, 2019
Page 3

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime Garcia", with a long horizontal flourish extending to the right.

Jaime Garcia, Staff Attorney
Office of Legal Services, Litigation Division
Texas Commission on Environmental Quality
jaime.garcia@tceq.texas.gov

Enclosure

cc:

Marla Waters, Enforcement Division
Ross Morgan, Tyler Regional Office
Garrett Arthur, TCEQ Office of Public Interest Counsel

approximately 126 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71).

6. During a record review conducted March 25, 2019 through April 5, 2019, an investigator documented that Respondent:
 - a. Failed to submit a Disinfectant Level Quarterly Operating Report ("DLQOR") to the Executive Director by the tenth day of the month following the end of each quarter for the fourth quarter of 2018, in violation of 30 TEX. ADMIN. CODE § 290.110(e)(4)(A) and (f)(3);
 - b. Failed to collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and report the results to the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.117(c)(2)(B), (h), and (i)(1). Specifically, the required actions were not completed for the January 1, 2015 through December 31, 2015, January 1, 2016 through December 31, 2016, January 1, 2017 through December 31, 2017, and January 1, 2018 through December 31, 2018 monitoring periods;
 - c. Failed to provide a consumer notification of lead tap water monitoring results to persons served at the sites (taps) that were tested, and failed to mail a copy of the consumer notification of tap results to the Executive Director along with certification that the consumer notification was distributed in a manner consistent with TCEQ requirements, in violation of 30 TEX. ADMIN. CODE § 290.117(i)(6) and (j). Specifically, the required notifications and certifications were not completed for the January 1, 2012 through December 31, 2014 monitoring period.
 - d. Failed to mail or directly deliver one copy of the Consumer Confidence Report ("CCR") to each bill paying customer by July 1 for each year, and failed to submit to the TCEQ by July 1 for each year a copy of the annual CCR and certification that the CCR was distributed to the customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data for the 2017 calendar year, in violation of 30 TEX. ADMIN. CODE §§ 290.271(b) and 290.274(a) and (c).

IMPOSITION OF PENALTY

7. Based on the facts supporting the violations, the Executive Director recommends that an administrative penalty be imposed pursuant to TEX. HEALTH & SAFETY CODE § 341.049. The Commission has the authority to assess an administrative penalty up to \$1,000.00 for each day of each violation under TEX. HEALTH & SAFETY CODE § 341.049.

- certified DLQORs in accordance with 30 TEX. ADMIN. CODE § 290.110;
- ii. Implement improvements to the Facility's process procedures, guidance, training, and/or oversight to ensure that all future lead and copper tap samples are collected, analyzed, and the results are reported to the Executive Director within ten days following the end of each monitoring period, in accordance with 30 TEX. ADMIN. CODE § 290.117;
 - iii. Collect the required number of lead and copper tap samples, have the samples analyzed, and report the results to the Executive Director within ten days following the end of the monitoring period, in accordance with 30 TEX. ADMIN. CODE § 290.117. This provision will be satisfied upon timely delivery of all lead and copper tap sampling results to the Executive Director for one compliant monitoring period;
 - iv. Provide consumer notification of lead tap water monitoring results to persons served at all sites (taps) that were tested during the January 1, 2012 through December 31, 2014 monitoring period. Submit to the Executive Director a sample copy of the consumer notification and certification that consumer notification was distributed in a manner consistent with 30 TEX. ADMIN. CODE § 290.117; and
 - v. Mail or directly deliver, one copy of the CCR prepared using the compliance data for the most recent calendar year to each bill paying customer and make a good faith effort to deliver the CCR to non-bill paying customers, in accordance with 30 TEX. ADMIN. CODE §§ 290.271 and 290.274.
- b. Within 45 days after the effective date of the Commission Order:
- i. Submit written certification in accordance with Corrective Action Ordering Provision No 13.g below, to demonstrate compliance with Corrective Action Ordering Provisions Nos. 13.a.i, 13.a.ii, 13.a.iv, and 13.a.v; and
 - ii. Submit to the Commission a copy of the CCR provided to customers of the Facility and the certification that the CCR has been provided to the customers of the Facility and that the information in the CCR is correct and consistent with the compliance monitoring data, in accordance with 30 TEX. ADMIN. CODE § 290.274. The copy of the CCR and certification shall be mailed to:

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

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

RESPONDENT'S RIGHTS AND RESPONSIBILITIES

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

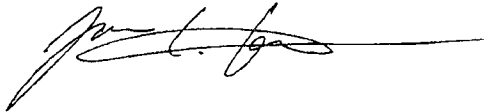
CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of September, 2019, the original of the foregoing "Executive Director's Preliminary Report and Petition Recommending that the Texas Commission on Environmental Quality Enter an Enforcement Order Assessing an Administrative Penalty Against and Requiring Certain Actions of LAKESHORE UTILITY COMPANY" ("EDPRP") was filed with the Chief Clerk, Texas Commission on Environmental Quality, Austin, Texas.

I further certify that on this day a true and correct copy of the foregoing EDPRP was mailed via Certified Mail, Return Receipt Requested Article No. 7013 2250 0001 0228 0270, postage prepaid, to:

Tim Whatley, Registered Agent and President
LAKESHORE UTILITY COMPANY
106 Corsicana Street
Athens, Texas 75751

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



Jaime Garcia, Staff Attorney
Office of Legal Services
Litigation Division
Texas Commission on Environmental Quality

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 8, 2019

Via First Class Mail, Postage Prepaid

Tim Whatley, President
LAKESHORE UTILITY COMPANY
106 East Corsicana Street
Athens, Texas 75751

Re: TCEQ Enforcement Action
LAKESHORE UTILITY COMPANY
Docket No. 2019-0531-PWS-E
FOR SETTLEMENT PURPOSES ONLY

Dear Mr. Whatley:

Enclosed is a proposed Order regarding LAKESHORE UTILITY COMPANY's alleged violations of TCEQ rules and state statutes. Please sign the enclosed Order and return it to me with a check in the amount of one thousand seven hundred thirty-six dollars (\$1736.00), made payable to the Texas Commission on Environmental Quality. To ensure that the payment is credited properly, please write the docket number, as listed above, in the "memo" line of the check.

After you sign the enclosed Order, please fax the executed signature page and a copy of the check to my attention to (512) 239-3434, or e-mail a copy of the executed signature page and check to me at my e-mail address listed below. In order to have this matter settled promptly, please mail the original signature page and check within seven days of the date of this letter to:

Texas Commission on Environmental Quality
Litigation Division, MC 175
Attn: Jaime Garcia
P.O. Box 13088
Austin, Texas 78711-3088

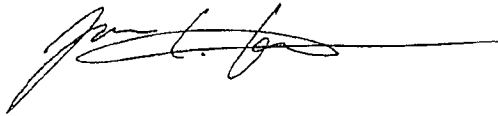
If the executed signature page and check are not received by the TCEQ within ten days of the date of this letter, a default order may be issued.

You will be notified approximately two (2) weeks prior to the date this Order is scheduled to be considered for approval by the Commission. After this Order is approved you will receive a signed copy via certified mail.

Tim Whatley
October 8, 2019
Page 2

If you have any questions please do not hesitate to contact me at (512) 239-3400 or at my e-mail address listed below. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime Garcia", followed by a long horizontal line.

Jaime Garcia, Attorney
Office of Legal Services, Litigation Division
Texas Commission on Environmental Quality
jaime.garcia@tceq.texas.gov

Enclosure

cc: Marla Waters, Enforcement Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
LAKESHORE UTILITY COMPANY;
RN102673712**

§
§
§
§
§
§

**BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY**

AGREED ORDER

DOCKET NO. 2019-0531-PWS-E

On _____, the Texas Commission on Environmental Quality ("Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding LAKESHORE UTILITY COMPANY ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ and Respondent, presented this Order to the Commission.

Respondent understands that it has certain procedural rights at certain points in the enforcement process, including the right to formal notice of violations, to request an evidentiary hearing, receive notice of an evidentiary hearing, and a right to appeal. By entering into this Order, Respondent agrees to waive all notice and procedural rights which might otherwise be authorized or required in this action.

It is further understood and agreed that this Order represents the complete and fully-integrated agreement of the parties. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Order are binding upon Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Respondent owns and operates a public water system located at Joyce Street and Shady Trail Circle near Athens, Henderson County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 126 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71).
2. During a record review conducted on March 25, 2019 through April 5, 2019, an investigator documented that Respondent:
 - a. Failed to submit a Disinfectant Level Quarterly Operating Report ("DLQOR") to the Executive Director by the tenth day of the month following the end of each quarter for the fourth quarter of 2018;

- b. Failed to collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and report the results to the Executive Director. Specifically, the required actions were not completed for the January 1, 2015 through December 31, 2015, January 1, 2016 through December 31, 2016, January 1, 2017 through December 31, 2017, and January 1, 2018 through December 31, 2018 monitoring periods;
- c. Failed to provide a consumer notification of lead tap water monitoring results to persons served at the sites (taps) that were tested, and failed to mail a copy of the consumer notification of tap results to the Executive Director along with certification that the consumer notification was distributed in a manner consistent with TCEQ requirements. Specifically, the required notifications and certifications were not completed for the January 1, 2012 through December 31, 2014 monitoring period; and
- d. Failed to mail or directly deliver one copy of the Consumer Confidence Report ("CCR") to each bill paying customer by July 1 for each year, and failed to submit to the TCEQ by July 1 for each year a copy of the annual CCR and certification that the CCR was distributed to the Customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data for the 2017 calendar year.

CONCLUSIONS OF LAW

- 1. As evidenced by Finding of Fact No. 1, Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ.
- 2. As evidenced by Finding of Fact No. 2.a., Respondent failed to submit a DLQOR by the tenth day of the month following the end of each quarter, in violation of 30 TEX. ADMIN. CODE § 290.110(e)(4)(A) and (f)(3).
- 3. As evidenced by Finding of Fact No. 2.b, Respondent failed to collect lead and copper tap samples at the required five sample sites, have the samples analyzed, and report the results to the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.117(c)(2)(B), (h), and (i)(1).
- 4. As evidenced by Finding of Fact No. 2.c, Respondent failed to provide a consumer notification of lead tap water monitoring results to persons served at the sites (taps) that were tested, and failed to mail a copy of the consumer notification of tap results to the Executive Director along with certification that the consumer notification was distributed in a manner consistent with TCEQ requirements, in violation of 30 TEX. ADMIN. CODE § 290.117(i)(6) and (j).
- 5. As evidenced by Finding of Fact No. 2.d, Respondent failed to mail or directly deliver one copy of the CCR to each bill paying customer by July 1 for each year, and failed to submit to the TCEQ by July 1 for each year a copy of the annual CCR and certification that the CCR was distributed to the Customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data in violation of 30 TEX. ADMIN. CODE §§ 290.271(b) and 290.274(a) and (c).

6. Pursuant to TEX. HEALTH & SAFETY CODE § 341.049, TCEQ has the authority to assess an administrative penalty against Respondent for violations of state statutes within TCEQ's jurisdiction, for violations of rules adopted under such statutes, or for violations of orders or permits issued under such statutes.
7. An administrative penalty in the amount of one thousand seven hundred thirty-six dollars (\$1,736.00) is justified by the facts recited in this Order, and considered in light of the factors set forth in TEX. HEALTH & SAFETY CODE § 341.049(b). Respondent paid one thousand seven hundred thirty-six dollars (\$1,736.00) of the penalty.

ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. Respondent is assessed an administrative penalty as set forth in Conclusion of Law No. 7 for violations of state statutes and rules of the TCEQ. The payment of this penalty and Respondent's compliance with all requirements set forth in this Order resolve only the matters set forth by this Order in this action. The Commission shall not be constrained in any manner from requiring corrective actions or penalties for violations which are not raised here. Penalty payments shall be made payable to TCEQ and shall be sent with the notation "Re: LAKESHORE UTILITY COMPANY, Docket No. 2019-0531-PWS-E" to:

Financial Administration Division
Revenue Operations Section
Texas Commission on Environmental Quality
Attention: Cashier's Office, MC 214
P.O. Box 13088
Austin, Texas 78711-3088
2. Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Order:
 - i. Update the Facility's operational guidance and conduct employee training to ensure that self-reporting requirements are properly accomplished, including the timely submission of signed and certified DLQORs in accordance with 30 TEX. ADMIN. CODE § 290.110;
 - ii. Implement improvements to the Facility's process procedures, guidance, training, and/or oversight to ensure that all future lead and copper tap samples are collected, analyzed, and the results are reported to the Executive Director within ten days following the end of each monitoring period, in accordance with 30 TEX. ADMIN. CODE § 290.117;
 - iii. Collect the required number of lead and copper tap samples, have the samples analyzed, and report the results to the Executive Director within ten days following the end of the monitoring period,

in accordance with 30 TEX. ADMIN. CODE § 290.117. This provision will be satisfied upon timely delivery of all lead and copper tap sampling results to the Executive Director for one compliant monitoring period;

- iv. Provide consumer notification of lead tap water monitoring results to persons served at all sites (taps) that were tested during the January 1, 2012 through December 31, 2014 monitoring period. Submit to the Executive Director a sample copy of the consumer notification and certification that consumer notification was distributed in a manner consistent with 30 TEX. ADMIN. CODE § 290.117; and
 - v. Mail or directly deliver, one copy of the CCR prepared using the compliance data for the most recent calendar year to each bill paying customer and make a good faith effort to deliver the CCR to non-bill paying customers, in accordance with 30 TEX. ADMIN. CODE §§ 290.271 and 290.274.
- b. Within 45 days after the effective date of this Order:
- i. Submit written certification in accordance with Ordering Provision No 2.g. below, to demonstrate compliance with Corrective Action Ordering Provisions Nos. 2.a.i., 2.a.ii., 2.a.iv., and 2.a.v.; and
 - ii. Submit to the Commission a copy of the CCR provided to customers of the Facility and the certification that the CCR has been provided to the customers of the Facility and that the information in the CCR is correct and consistent with the compliance monitoring data, in accordance with 30 TEX. ADMIN. CODE § 290.274. The copy of the CCR and certification shall be mailed to:

CCR Coordinator
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
- c. Within 60 days after the effective date of this Order, submit written certification, in accordance with Ordering Provision No. 2 below, to demonstrate compliance with Ordering Provision No. 2.b.ii.
- d. Within 90 days after the effective date of this Order, begin submitting DLQORs to the Executive Director each quarter by the tenth day of the month following the end of the quarter, in accordance with 30 TEX. ADMIN. CODE § 290.110. The provision will be satisfied upon one quarter of compliant reporting. DLQORs shall be submitted to:

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

- e. Within 195 days after the effective date of this Order, submit written certification, in accordance with Ordering Provision No. 2.g below, to demonstrate compliance with Ordering Provision No. 2.d.
- f. Within 225 days after the effective date of this Order, submit written certification, in accordance with Ordering Provision No. 2.g below, to demonstrate compliance with Ordering Provision No. 2.a.iii.
- g. The certifications required by these Ordering Provisions shall be accompanied by detailed supporting documentation, including photographs, receipts, and/or other records, shall be signed by Respondent, and shall include the following certification language:

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

The written certifications and supporting documentation necessary to demonstrate compliance with these Ordering Provisions shall be sent to:

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

and:

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

- 3. All relief not expressly granted in this Order is denied.
- 4. The duties and provisions imposed by this Order shall apply to and be binding upon Respondent. Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Facility operations referenced in this Order.

5. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by Respondent shall be made in writing to the Executive Director. Extensions are not effective until Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director. Extension requests shall be sent to the Order Compliance Team at the address listed above.
6. This Order, issued by the Commission, shall not be admissible against Respondent in a civil proceeding, unless the proceeding is brought by the Office of the Attorney General of the State of Texas ("OAG") to: (1) enforce the terms of this Order, or (2) pursue violations of a statute within TCEQ's jurisdiction, or of a rule adopted or an order or permit issued by TCEQ under such a statute. The Executive Director may, without further notice or hearing, refer this matter to the OAG for further enforcement proceedings if the Executive Director determines that Respondent has not complied with one or more of the terms or conditions in this Order.
7. The provisions of this Order are deemed severable, and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable.
8. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later.
9. This Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms: electronic transmission, owner, person, writing, and written, shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
10. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date

For the Executive Director

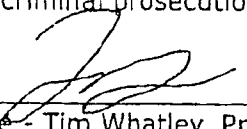
Date

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

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

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

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



Signature - Tim Whatley, President
LAKESHORE UTILITY COMPANY
106 East Corsicana Street
Athens, Texas 75751

Date

11-15-19

☐ If mailing address has changed, please check this box and provide the new address below:

List of Assets to be Transferred

Dogwood Estates Water, Co.

Test Period Ends:		31-Dec-19					
Item Description	Installation Date	Original Cost	Expected Service Life	Remaining Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value
PLANT & EQUIPMENT							
Well #1 - Depth: 495 Ft.	15-May-70	\$4,509	50	0	\$90	\$4,491	\$18
Well #1 - Depth: 495 Ft.	23-Jul-73	\$5,207	50	3	\$104	\$4,853	\$354
Well #2 - Depth: 508 Ft.	11-Jun-74	\$16,653	50	4	\$333	\$15,225	\$1,428
Rebuilt Booster Pump	28-Jul-10	\$1,190	10	1	\$119	\$1,126	\$64
Booster Pump - 15 HP, Plant #2	25-Jul-15	\$1,916	10	6	\$192	\$853	\$1,063
Booster Pump - 7.5 HP, Plant #1	23-May-16	\$1,226	10	6	\$123	\$444	\$782
20,000 Gal. GST - Plant #1	7-Jun-10	\$1,964	10	0	\$196	\$1,885	\$79
20,000 Gal. GST - Plant #3	27-Sep-93	\$17,256	50	24	\$345	\$9,094	\$8,162
66,000 Gal. GST & Line Extension	15-May-70	\$4,509	50	0	\$90	\$4,491	\$18
50,000 Gal. GST - Plant #4	19-Apr-85	\$128,892	50	15	\$2,578	\$89,757	\$39,135
DISTRIBUTION SYSTEM							
2" PVC Line	22-Aug-94	\$11,836	50	25	\$237	\$6,023	\$5,813
Bear Woods 3" Line Installed	23-Aug-07	\$2,939	50	38	\$59	\$729	\$2,210
Redbud Ct. 4" Line Installed	21-Feb-08	\$5,680	50	38	\$114	\$1,352	\$4,328
MISC. EQUIPMENT							
SCADA System	2-May-16	\$74,864	20	16	\$3,743	\$13,759	\$61,105
Chlorine System	2-May-16	\$9,555	10	6	\$956	\$3,512	\$6,043
SCADA System Software	2-May-16	\$2,995	20	16	\$150	\$550	\$2,445
SCADA System Site Equipment	2-May-16	\$4,500	20	16	\$225	\$827	\$3,673
100 kW Generator	2-May-16	\$38,187	20	16	\$1,909	\$7,018	\$31,169
Auxiliary Generator	2-May-16	\$10,500	20	16	\$525	\$1,930	\$8,570
2009 Kubota Backhoe	12-May-15	\$23,906	10	5	\$2,391	\$11,125	\$12,781
Water Utility Plant Totals:		\$368,284			\$14,478	\$179,044	\$189,240

List of Neighboring Utilities

List of Neighboring Utilities

City of Athens, Texas
508 E. Tyler Street
Athens, TX 75751

Henderson County Judge
125 N. Prairieville Street, Room 100
Athens, TX 75751

Neches & Trinity Valley Groundwater
Conservation District
501 Devereux Street, Suite 201
Jacksonville, TX 75766

CCN No. 10827
Crescent Heights WSC
P.O. Box 375
Athens, TX 75751

CCN No. 10852
Virginia Hill WSC
707 E. College Street
Athens, TX 75751

CCN No. 13201
Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, TX 78723-2476

CCN No. 12983
Monarch Utilities I, LP
12535 Reed Road
Sugarland, TX 77478-2837

TCEQ Compliance Correspondence

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 10, 2019

Mr. Rick Brown, Owner
Dogwood Estates Water Co.
P.O. Box 1230
Athens, Texas 75751

Re: Comprehensive Compliance Investigation at:
Dogwood Estates, located on FM 317 and SH 31 NE of Athens,
(Henderson County), Texas
RN101189132; PWS ID No.: 1070043; Investigation No. 1582324

Dear Mr. Brown:

On July 30, 2018, Ms. Angela Hicks of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water systems. There was an alleged violation documented during the investigation, which was resolved within 14 days and resolved as an Areas of Concern. No further documentation is required. Please see the enclosed Summary of Investigation Findings.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Hicks in the Tyler Region Office at (903) 535-5122.

Sincerely,

A handwritten signature in black ink, appearing to read "Cara C. Fisher".

Ms. Cara C. Fisher
Team Leader, Water Program
Tyler Region Office

CCF/ALH

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

DOGWOOD ESTATES WATER

Investigation #

1582324

Investigation Date: 07/30/2019

, HENDERSON COUNTY,

Additional ID(s): 1070043

AREA OF CONCERN

Track No: 723855

30 TAC Chapter 290.43(c)(4)

Alleged Violation:

Investigation: 1582324

Comment Date: 08/10/2019

Failure to have a gauge on the pressure tank at plant 4.

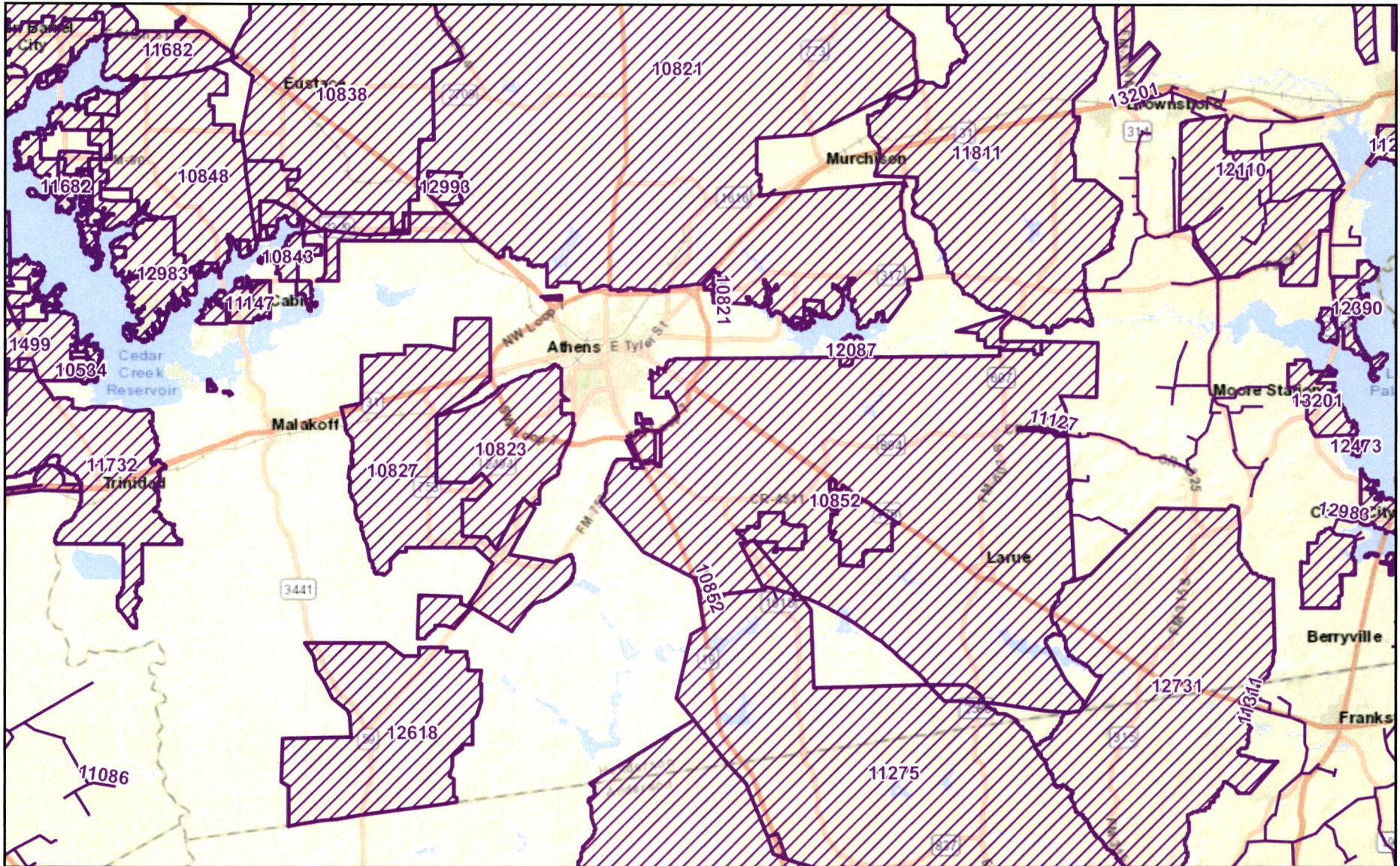
During the CCI on 7/30/2019, the investigator observed that the pressure tank at plant 4 did not have a gauge. The operator stated that the pressure is checked via Supervisory Control and Data Acquisition (SCADA). However, the tank must still have a physical gauge in case of power and/or equipment failures. According to Title 30 TAC Subchapter §290.43(c)(4) All clearwells and water storage tanks shall have a liquid level indicator located at the tank site. Pressure gauges must not be less than three inches in diameter and calibrated at not more than two-foot intervals. Remote reading gauges at the owner's treatment plant or pumping station will not eliminate the requirement for a gauge at the tank site unless the tank is located at the plant or station.

Resolution:

On 8/09/2019, the Tyler Regional Office received documentation via email from Mr. Rick Brown. The documentation photographs showed that a pressure gauge was installed at plant 4. The alleged violation will be resolved as an Area of concern.

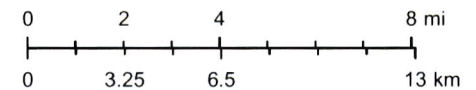
Maps

Requested Service Area CCN No. 10823



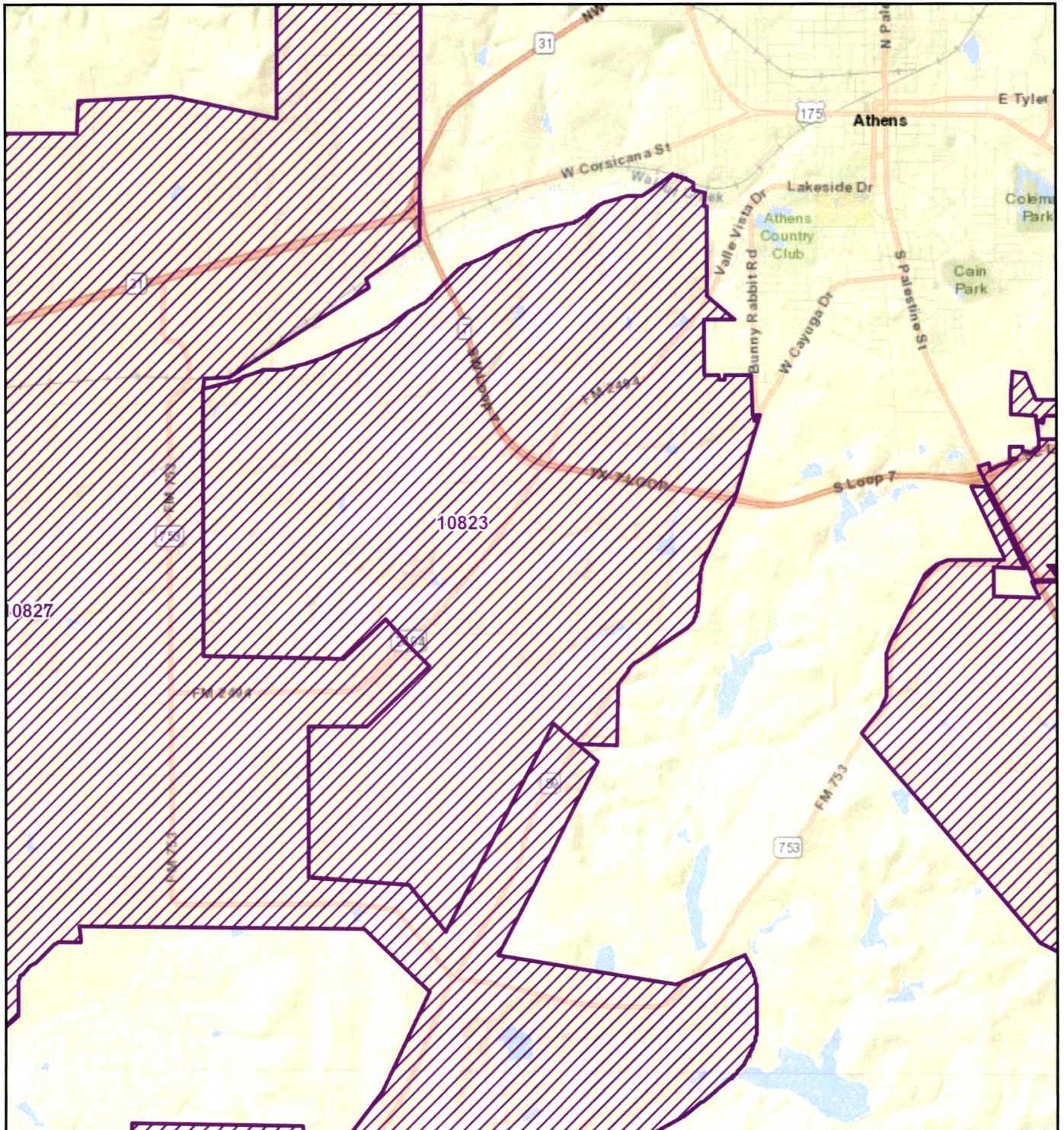
July 6, 2020

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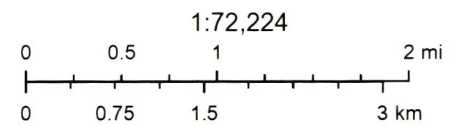


Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,

Requested Service Area CCN No. 10823



July 6, 2020



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community