

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 28, 2018

Mr. Shannon Marsh, President
UTILITIES INVESTMENT COMPANY, INC.
P.O. Box 279
New Waverly, Texas 77358

Re: Proposed Agreed Order
UTILITIES INVESTMENT COMPANY, INC.
RN101186179; Public Water Supply ID No. 1012995
Docket No. 2018-0965-PWS-E; Enforcement Case No. 56402
FOR SETTLEMENT PURPOSES ONLY

Dear Mr. Marsh:

The Executive Director of the Texas Commission on Environmental Quality ("Commission" or "TCEQ") is pursuing an enforcement action against UTILITIES INVESTMENT COMPANY, INC. for violations of the Texas Health & Safety Code and Commission Rules. These violations were discovered during an investigation conducted on May 16, 2018, and documented in a letter dated June 22, 2018, from the TCEQ Houston Regional Office.

Please find enclosed a proposed agreed order which we have prepared in an attempt to expedite this enforcement action. The order assesses an administrative penalty of \$200. We are proposing a one-time offer to defer \$40 of the administrative penalty if you satisfactorily comply with all the ordering provisions within the time frames listed. Therefore, the administrative penalty to be paid is \$160. The order also identifies the violations that we are addressing and identifies specific technical requirements necessary to resolve them.

If you have any questions regarding this matter, we are available to discuss them in a conference in Corpus Christi or over the telephone. If we reach agreement in a timely manner, the TCEQ will then proceed with the remaining procedural steps to settle this matter. These steps include publishing notice of the proposed order in the *Texas Register*, and scheduling the matter for approval by the Commission. We believe that handling this matter expeditiously could save UTILITIES INVESTMENT COMPANY, INC. and the TCEQ a significant amount of time, as well as the expense associated with litigation.

Enclosed for your convenience is a return envelope. If you agree with the order as proposed, please sign and return the original order **and** the penalty payment (check payable to "TCEQ" and referencing UTILITIES INVESTMENT COMPANY, INC., Docket No. 2018-0965-PWS-E) to:

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-230-1000 • tceq.texas.gov

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Mr. Shannon Marsh
Page 2
September 28, 2018

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

Should you believe you are unable to pay the proposed administrative penalty, you may claim financial inability to pay part or all of the penalty amount. In order to qualify for financial inability to pay, the penalty must exceed \$3,600 and be greater than 1% of annual gross revenues. If this is the case, please contact us immediately to obtain a list of financial disclosure documents that must be submitted within 30 days of the receipt of this letter. These documents, once properly completed and submitted, will be thoroughly reviewed to determine if we agree with the claim of financial inability. Please be aware that if financial inability is proven to the satisfaction of staff, discussions pertaining to the penalty amount adjustment will focus only on deferral and not on waiver of the penalty amount.

You may be able to perform or contribute to a Supplemental Environmental Project ("SEP"), which is a project that benefits the environment, to offset a portion of your penalty. **If you are interested in performing an SEP, you must agree to the penalty amount and submit an SEP proposal within 30 days of receipt of this proposed order.**

For additional information about the types of SEPs available and eligibility criteria, please go to the TCEQ's web site link at <http://www.tceq.texas.gov/legal/sep/> or contact the Enforcement Coordinator listed below.

Please note that any agreements we reach are subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).

If we cannot reach a settlement of this enforcement action or you do not wish to participate in this expedited process, we will proceed with enforcement under the Commission's Enforcement Rules, 30 TEX. ADMIN. CODE ch. 70. Specifically, if the signed order and penalty are not mailed and postmarked within 60 days from the date of this letter, your case will be forwarded to the Litigation Division and this settlement offer, including the penalty deferral, will no longer be available. The enforcement process described in 30 TEX. ADMIN. CODE ch. 70 requires the staff to prepare and issue an Executive Director's Preliminary Report and Petition to the Commission. If you would like to obtain a copy of 30 TEX. ADMIN. CODE ch. 70, or any other TCEQ rules, the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI-032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from the Central Office Publications Ordering Team at (512) 239-0028.

Mr. Shannon Marsh
Page 3
September 28, 2018

For any questions or comments about this matter or to arrange a meeting, please contact Ms. Ronica Rodriguez of my staff at (361) 825-3425.

Sincerely,

Megan Hamilton, Manager
Enforcement Division
Texas Commission on Environmental Quality

MH/rr

Enclosures: Proposed Agreed Order, Return Envelope, Penalty Calculation Worksheet, Site Compliance History

cc: Ms. Tracy Marsh, Director, UTILITIES INVESTMENT COMPANY, INC., 10724
Blackland Road, Willis, Texas 77378

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
UTILITIES INVESTMENT
COMPANY, INC.
RN101186179

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

AGREED ORDER DOCKET NO. 2018-0965-PWS-E

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding UTILITIES INVESTMENT COMPANY, INC. (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 together stipulate that:

1. The Respondent owns and operates a public water supply located at 8126 South Laura Circle in Baytown, Harris 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. The Executive Director and the Respondent agree that the TCEQ has jurisdiction to enter this Order pursuant to TEX. WATER CODE § 7.002 and TEX. HEALTH & SAFETY CODE § 341.049, and that the Respondent is subject to TCEQ's jurisdiction. The TCEQ has jurisdiction in this matter pursuant to TEX. WATER CODE § 5.013 and TEX. HEALTH & SAFETY CODE § 341.031 because it alleges violations of TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ.
3. The occurrence of any violation is in dispute and the entry of this Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
4. An administrative penalty in the amount of \$200 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$160 of the penalty and \$40 is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Order. The deferred amount shall be waived only upon full compliance with all the terms and conditions contained in this Order. If the Respondent fails to timely and satisfactorily comply with any of the terms or requirements contained in this Order, the Executive Director may demand payment of all or part of the deferred penalty amount.

5. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a). Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
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 or conditions in this Order.
7. 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.
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.

II. ALLEGATIONS

During an investigation conducted on May 16, 2018, an investigator documented that the Respondent:

1. Failed to provide sufficient power to meet capacity requirements in accordance with the affected utility's approved emergency preparedness plan ("EPP"), in violation of 30 TEX. ADMIN. CODE § 290.45(h)(1)(D). Specifically, the quick-connect system for the portable generator had not been installed.
2. Failed to notify the Executive Director prior to making any significant change or addition where the change in the existing distribution system results in an increase or decrease in production, treatment, storage, and/or pressure maintenance capacity, in violation of 30 TEX. ADMIN. CODE § 290.39(j)(1)(A) and TEX. HEALTH & SAFETY CODE § 341.0351(a). Specifically, the Facility added a transfer pump to the well to increase the capacity without approval.

III. DENIALS

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

IV. ORDERING PROVISIONS

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

1. The Respondent is assessed a penalty as set forth in Section I, Paragraph 4. The payment of this penalty and the Respondent's compliance with all of the requirements set forth in this Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Penalty payments shall be made payable to "TCEQ"

and shall be sent with the notation "Re: UTILITIES INVESTMENT COMPANY, INC.,
Docket No. 2018-0965-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 90 days after the effective date of this Order, provide a quick-connect system which allows a portable generator capable of serving multiple facilities to be used at the Facility, in accordance with 30 TEX. ADMIN. CODE § 290.15.
 - b. Within 105 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.d and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a.
 - c. Within 180 days after the effective date of this Order, provide notification and obtain approval of significant changes in the existing system or supplies, including but not limited to the distribution system, in accordance with 30 TEX. ADMIN. CODE § 290.39.
 - d. Within 195 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.c. 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:

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

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. 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.
7. 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.
8. 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, 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.

S

Signature

11/6/18

Date

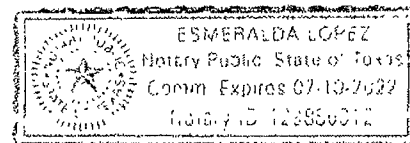
Shirley Marshall

Name (Printed or typed)
Authorized Representative of
UTILITIES INVESTMENT COMPANY, INC.

President

Title

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



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



Penalty Calculation Worksheet (PCW)

Policy Revision 4 (April 2014)

PCW Revision March 26, 2014

TCEQ

DATES

Assigned

25-Jun-2018

PCW

9-Jul-2018

Screening

9-Jul-2018

EPA Due

RESPONDENT/FACILITY INFORMATION

Respondent

UTILITIES INVESTMENT COMPANY, INC.

Reg. Ent. Ref. No.

RN101186179

Facility/Site Region

12-Houston

Major/Minor Source

Minor

CASE INFORMATION

Enf./Case ID No.

56402

Docket No.

2018-0965-PWS-E

Media Program(s)

Public Water Supply

Multi-Media

No. of Violations

2

Order Type

1660

Government/Non-Profit

No

Enf. Coordinator

Ronica Rodriguez

EC's Team

Enforcement Team B

Admin. Penalty \$ Limit Minimum

\$50

Maximum

\$1,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties)

Subtotal 1

\$200

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History

0.0%

Adjustment

Subtotals 2, 3, & 7

\$0

Notes

Deferral offered for expedited settlement.

Culpability

No

0.0%

Enhancement

Subtotal 4

\$0

Notes

The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments

Subtotal 5

\$0

Economic Benefit

Total EB Amounts

\$1,659

Estimated Cost of Compliance

\$10,000

0.0% Enhancement*

*Capped at the Total EB \$ Amount

Subtotal 6

\$0

SUM OF SUBTOTALS 1-7

Final Subtotal

\$200

OTHER FACTORS AS JUSTICE MAY REQUIRE

0.0%

Adjustment

\$0

Reduces or enhances the Final Subtotal by the indicated percentage

Notes

Final Penalty Amount

\$200

STATUTORY LIMIT ADJUSTMENT

Final Assessed Penalty

\$200

DEFERRAL

20.0%

Reduction

Adjustment

-\$40

Reduces the Final Assessed Penalty by the indicated percentage.

Notes

Deferral offered for expedited settlement.

PAYABLE PENALTY

\$160

Screening Date 9-Jul-2018

Docket No. 2018-0965-PWS-F

PCW

Respondent UTILITIES INVESTMENT COMPANY, INC.

Policy Revision 4 (April 2014)

Case ID No. 56402

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN101186179

Media [Statute] Public Water Supply

Enf. Coordinator Ronica Rodriguez

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

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

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

N/A

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

Deferral offered for expedited settlement.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7) 0%

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 0%

Screening Date 9-14-2018

Docket No. 2018-0965-PWS-E

PCW

Respondent UTILITIES INVESTMENT COMPANY, INC.

Policy Revision 4 (April 2014)

Case ID No. 56402

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN101186179

Media [Statute] Public Water Supply

Enf. Coordinator Ronica Rodriguez

Violation Number 1

Rule Cite(s)

30 Tex. Admin. Code § 290.45(h)(1)(D)

Violation Description

Failed to provide sufficient power to meet capacity requirements in accordance with the affected utility's approved emergency preparedness plan ("EPP"). Specifically, the quick-connect system for the portable generator had not been installed.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR

	Major	Moderate	Minor
Release			
Actual			
Potential	x		

Percent 15.0%

>> Programmatic Matrix

	Major	Moderate	Minor
Falsification			

Percent 0.0%

Matrix Notes

Failure to provide emergency power at the Facility could cause water outages and expose persons served by the Facility to contaminants which would exceed levels protective of human health.

Adjustment \$850

\$150

Violation Events

Number of Violation Events

1

54

Number of violation days

daily	
weekly	
monthly	x
quarterly	
semiannual	
annual	
single event	

Violation Base Penalty \$150

One monthly event is recommended, calculated from the investigation date (May 16, 2018) to the screening date (July 9, 2018).

Good Faith Efforts to Comply

0.0%

Reduction \$0

Before NOE/NOV NOE/NOV to CDPRP/Settlement Offer

Extraordinary	
Ordinary	
N/A	x

Notes

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

Violation Subtotal \$150

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$932

Violation Final Penalty Total \$150

This violation Final Assessed Penalty (adjusted for limits) \$150

Economic Benefit Worksheet

Respondent UTILITIES INVESTMENT COMPANY, INC.
 Case ID No. S6102
 Reg. Ent. Reference No. RN101186179
 Media Public Water Supply
 Violation No. 1

Percent Interest 5.0
 Years of Depreciation 15

Item Cost Date Required Final Date Yrs Interest Saved Costs Saved EB Amount

Item Description

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction	\$5,000	21-Sep-2016	21-May-2019	2.66	\$44	\$888	\$932
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The delayed cost includes the estimated amount to install a quick-connect system for the portable generator, calculated from the date the violation was initially documented to the estimated date of compliance.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$5,000

TOTAL

\$932

Screening Date 9-Jul-2018 Docket No. 2019-0965-PWS-E PCW
 Respondent UTILITIES INVESTMENT COMPANY, INC. Policy Revision 4 (April 2014)
 Case ID No. 56402 PCW Revision March 26, 2014
 Reg. Ent. Reference No. RN101186179
 Media [Statute] Public Water Supply
 Enf. Coordinator Ronica Rodriguez

Violation Number 2
 Rule Cite(s) 30 Tex. Admin. Code § 290.39(j)(1)(A) and Tex. Health & Safety Code § 341.0351(a)
 Violation Description Failed to notify the Executive Director prior to making any significant change or addition where the change in the existing distribution system results in an increase or decrease in production, treatment, storage, and/or pressure maintenance capacity. Specifically, the Facility added a transfer pump to the well to increase the capacity without approval.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR
 Release Major Moderate Minor
 Actual
 Potential Percent 0.0%

>> Programmatic Matrix

Falsification Major Moderate Minor
 Percent 5.0%
 Matrix Notes 100% of the rule requirement was not met.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 1 54 Number of violation days

daily
 weekly
 monthly
 quarterly
 semi-annual
 annual
 single event X

Violation Base Penalty \$50

One single event is recommended.

Good Faith Efforts to Comply

0.0%
 Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer
 Extraordinary
 Ordinary
 N/A X

Reduction \$0

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

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Estimated EB Amount \$727

Statutory Limit Test

Violation Final Penalty Total \$50

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

Economic Benefit Worksheet

Respondent UTILITIES INVESTMENT COMPANY, INC.
 Case ID No. 56402
 Reg. Ent. Reference No. RN101186179
 Media Public Water Supply
 Violation No. 2

Percent Interest 5.0
 Years of Depreciation 5

Item Cost Date Required Final Date Yrs Interest Saved Costs Saved EB Amount

Item Description

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$5,000	21-Sep-2016	19-Aug-2019	2.91	\$727	n/a	\$727

Notes for DELAYED costs

The delayed cost includes the estimated amount to develop and submit as-built plans and specifications for review and approval, calculated from the date the violation was initially documented to the estimated date of compliance.

Avoided Costs

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

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assistance				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

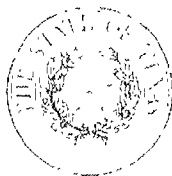
Approx. Cost of Compliance

\$5,000

TOTAL

\$727

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 27, 2017

CERTIFIED MAIL 9171 9690 0935 0135 4163 91
RETURN RECEIPT REQUESTED

Shannon Marsh, President
Utilities Investment Company Inc.
PO Box 279
New Waverly, TX 77358

Re: Failure to Submit Compliance Documentation for:
McGee Place, 8126 South Laura Circle, Baytown PWS ID No. 1012995
Harris County, TX
RN 101186179; CN 600633093 Investigation No. 1420993

Dear Mr. Marsh:

By letter dated November 2, 2016, the Texas Commission on Environmental Quality (TCEQ) Houston Regional Office requested that you submit information to them by January 21 2017, verifying that the outstanding alleged violations referenced in the letter have been corrected. The alleged violations were noted during the investigation of the above-referenced facility conducted on September 21, 2016. As of this date, TCEQ has not received from you a written description of corrective action taken and the required compliance documentation for these alleged violations. **Please submit this information to the Houston Regional Office by no later than July 27, 2017.**

The Texas Commission on Environmental Quality appreciates your assistance in this matter and looks forward to receiving your response. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements.

If you or members of your staff have any questions, please feel free to contact LaTrichia Spikes in the Houston Regional Office at (713) 767-3617 or myself, Cara Fisher, at the Tyler Regional Office at (903) 535-5144.

Sincerely,

A handwritten signature in black ink, appearing to read "Cara C. Fisher", is written over a circular stamp.

Cara C. Fisher, Water Work Leader
Tyler Region Office

CCF/RPC

Enclosure: Summary of Investigation Findings

TCEQ Region 5 • 2916 Teague Dr. • Tyler, Texas 75701-3734 • 903-535-5100 • Fax 903-595-1562

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Summary of Investigation Findings

MCGEE PLACE

8126 S LAURA CIR

BAYTOWN, HARRIS COUNTY, TX 77521

Investigation #

1420993

Investigation Date: 06/12/2017

Additional ID(s): 1012995

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

Track No: 620783

Compliance Due Date: 07/27/2017

30 TAC Chapter 290.45(h)(1)

Alleged Violation:

Investigation: 1358928

Comment Date: 10/12/2016

Emergency Preparedness Plan

Failure to meet the requirements of the affected utilities' Emergency Preparedness Plan (EPP) by providing the option selected in the EPP. The affected utility selected option D from the rule and has not implemented it in accordance with its approved EPP.

Note : At the time of the investigation the quick connect had not been installed.

Investigation: 1420993

Comment Date: 06/13/2017

Failure to meet the requirement of the affected utilities's Emergency Preparedness Plan (EPP) by providing the option selected in the EPP. The affected utility selected option D from the rule and has not implemented it in accordance with its approved EPP.

Recommended Corrective Action: Submit a photo, invoice, or receipt to verify compliance.

Track No: 620791

Compliance Due Date: 07/27/2017

30 TAC Chapter 290.39(e)(1)

Alleged Violation:

Investigation: 1358928

Comment Date: 10/12/2016

Examination of Plans and Specifications

Failure to secure the services of a registered professional engineer to assist in the preparation of plans and specifications prior to the construction of any major improvements to the regulated entity's facilities.

Please be aware that all plans must be submitted to Austin in writing for approval and that the system may apply for an exception by writing to the:

Texas Commission on Environmental Quality, Utilities Technical Review Team (MC-159),
P.O. Box 13087, Austin, Texas 78711-3087, phone (512)239-4691.

Note: A transfer pump was added to the well to increase the GPM with approval.

Investigation: 1420993

Comment Date: 06/13/2017

Failure to secure the services of a registered professional engineer to assist in the preparation of plans and specifications prior to the construction of any major improvements to the regulated entity's facilities.

Recommended Corrective Action: Submit a copy of the Approval to Use letter to verify compliance.

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 30, 2018

Mr. Shannon Marsh
President
Utilities Investment Company Inc
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Comprehensive Compliance Investigation at:
Orchard Crossing Subdivision, 325 Bartlett Bend Drive, Highland, Harris County, Texas
Regulated Entity No.: 102690450 TCEQ ID No.: 1012450 Investigation No.: 1511169

Dear Mr. Marsh:

On August 2, 2018, Mr. David Livings and Mr. Erskine Gittens of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Livings in the Houston Region Office at (713) 767-3526.

Sincerely,

A handwritten signature in cursive script, appearing to read "Latrichia Spikes".

Latrichia Spikes
Team Leader
Public Water Supply
Houston Region Office

LS/DL/tj

cc: Harris County Public Health and Environmental Services
101 South Richey Street, Suite G
Pasadena, Texas 77506-1023

TCEQ Region 12 • 5425 Polk St., Ste. H • Houston, Texas 77023-1452 • 713-767-3500 • Fax 713-767-3520

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From: Nicole.Morris@tceq.texas.gov,
To: marshwaterman@aol.com,
Cc: Kimberly.Rhodes@tceq.texas.gov,
Subject: Summary Transmittal Letter
Date: Tue, Dec 1, 2020 8:52 am

Attachments:

Dear Mr. Shannon Marsh,

Good morning! TCEQ is in receipt of the Summary Transmittal letter dated November 25, 2020. TCEQ's Plans and Specifications (P&S) team must review the letter. A file record review will be conducted by either myself or someone else in the Office of Compliance and Enforcement to determine compliance after the P&S review is complete.

Respectfully Sent,



Nicole Morris

Pretreatment Coordinator

Region 12 • Water Section (Wastewater)

5425 Polk Ave • Suite H • Houston TX 77023

Phone: 713-767-3716 • Fax: 713-767-3691

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

November 24, 2020

CERTIFIED MAIL #91 7199 9991 7038 7441 6723
ELECTRONIC RETURN RECEIPT REQUESTED

Mr. Shannon D. Marsh
President
Utilities Investment Company, Inc.
Post Office Box 279
New Waverly, Texas, 77358-0279

Via email

Re: Additional Compliance Documentation Needed for:
Orchard Crossing Wastewater Treatment Plant, 209 Courtland Court, Highlands (Harris County), Texas
TCEQ ID No.: WQ0012863001, EPA ID No.: TX0094650, Inv. No. 1669806

Dear Mr. Marsh:

The Texas Commission on Environmental Quality (TCEQ) Houston Region Office has received the compliance documentation that you submitted August 4, 2020 and September 9, 2020 for the alleged violation noted during the investigation of the above-referenced facility conducted on September 6, 2018. The compliance documentation contained in your response appears to indicate that some of the problems documented during the investigation have been corrected. However, information is still needed for the alleged violation listed in the enclosed summary. Please submit to our office by 60 days from the date of this letter a written description of corrective action taken and the required compliance documentation demonstrating that this remaining alleged violation has been resolved.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to protect the State's environment. We look forward to receiving your response for the remaining alleged violation. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements.

If you or members of your staff have any questions, please feel free to contact Ms. Nicole Morris in the Houston Region Office at (713) 767-3716.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Rhodes".

Kimberly Rhodes
Water Section Team Leader
Houston Region Office

KR/NM/pac

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Mr. Marsh
Page 2
November 24, 2020

Texas Commission on Environmental Quality

Enclosure: Summary of Unresolved Investigation Findings

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 30, 2018

Mr. Shannon Marsh
President
Utilities Investment Company Inc
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Comprehensive Compliance Investigation at:
Orchard Crossing Subdivision, 325 Bartlett Bend Drive, Highland, Harris County, Texas
Regulated Entity No.: 102690450 TCEQ ID No.: 1012450 Investigation No.: 1511169

Dear Mr. Marsh:

On August 2, 2018, Mr. David Livings and Mr. Erskine Gittens of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Livings in the Houston Region Office at (713) 767-3526.

Sincerely,

A handwritten signature in cursive script, reading "Latrichia Spikes".

Latrichia Spikes
Team Leader
Public Water Supply
Houston Region Office

LS/DL/tj

cc: Harris County Public Health and Environmental Services
101 South Richey Street, Suite G
Pasadena, Texas 77506-1023

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

April 16, 2020

Mr. Shannon Marsh
President
Utilities Investment Company Inc
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Notice of Compliance with Notice of Violation (NOV) dated August 16, 2019:
Peterson Place Subdivision Water System, 2732 County Road 603, Dayton, Liberty County,
Texas
Regulated Entity No.: 101199339 TCEQ ID No.: 1460086 Investigation No.: 1631070

Dear Mr. Marsh:

On February 19, 2020, the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received adequate compliance documentation to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on May 21, 2019. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Mr. Curtis Cagle in the Houston Region Office at (713) 767-3602.

Sincerely,

A handwritten signature in black ink, appearing to read "NBN" followed by a stylized flourish.

Nichole Batista Nunes
Team Leader
Public Water Supply
Houston Region Office

NBN/CC/tj

Enclosure: Summary of Investigation Findings

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



*Completed
2/1/18*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 30, 2018

Mr. Shannon Marsh, President
Utilities Investment Company Inc.
PO Box 279
New Waverly, Texas 77358-0279

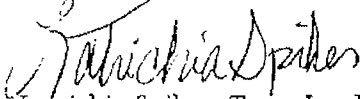
Re: Unresolved Alleged Violation for Comprehensive Compliance Investigation at:
Peterson Place Subdivision Water System, 2732 County Road 603, Dayton, Liberty County,
Texas Regulated Entity No.: 101199339 TCEQ ID No.: 1460086 Investigation No.: 1455485

Dear Mr. Marsh:

The Texas Commission on Environmental Quality (TCEQ) Houston Region Office has previously requested that you submit compliance documentation for the alleged violation noted during the investigation of the above-referenced facility conducted on December 6, 2017. We have not received acceptable compliance documentation from you for all of the alleged violations except for the violation listed as outstanding in the enclosed Summary of Investigation Findings. Please be advised that you are responsible for correcting this remaining problem. This unresolved alleged violation will be placed in your file to be evaluated during any subsequent investigation. Continuation of this outstanding violation at a future inspection may result in enforcement action.

If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Maytham Faris in the Houston Region Office at (713) 767-3509.

Sincerely,


Latrichia Spikes, Team Leader
Public Water Supply
Houston Region Office

I.S/MF/sam

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

PETERSON PLACE SUBDIVISION WATER SYSTEM

2732 COUNTY ROAD 603

DAYTON, LIBERTY COUNTY, TX 77535

Investigation #

1455485

Investigation Date: 12/06/2017

Additional ID(s): 1460086

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

Track No: 570099

Compliance Due Date: 09/28/2015

30 TAC Chapter 290.41(c)(1)(F)

Alleged Violation:

Investigation: 1248014

Comment Date: 05/12/2015

Failure by Peterson Place Subdivision to maintain a sanitary control easement or deed and map for all of the land located within 150 feet of the well.

During the investigation, it was noted that the water system could not provide a sanitary control easement or deed and map for all of the land located within 150 feet of the well

Investigation: 1322948

Comment Date: 03/31/2016

Failure by Peterson Place Subdivision to maintain a sanitary control easement or deed and map for all of the land located within 150 feet of the well. As of the date of this investigation no compliance documentation has been submitted.

Investigation: 1307504

Comment Date: 09/23/2016

Failure by Peterson Place Subdivision to maintain a sanitary control easement or deed and map for all of the land located within 150 feet of the well.

On September 14, 2016 the regulated entity submitted an email stating that an engineer has been hired to request the sanitary control easement exception.

Investigation: 1455485

Comment Date: 12/29/2017

Failure by Peterson Place Subdivision to maintain a sanitary control easement or deed and map for all of the land located within 150 feet of the well.

On November 17, 2017 the regulated entity submitted an email which included additional information that had been sent to Technical Review and Oversight Team in TCEQ Austin for review. The sanitary control easement exception has not been granted yet.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

2/7/2018

Peterson Place PWS1460086

From: Shannon Marsh <marshwaterina@aol.com>

To: latrichia.spikes <latrichia.spikes@tceq.texas.gov>

Subject: Peterson Place PWS1460086

Date: Wed, Feb 7, 2018 1:32 pm

Attachments: Exception Reply.pdf (1496K)

Ms. Spikes,

This e-mail was written in response to your NOV regarding the above mentioned PWS. I have included copies of correspondence with the Austin branch of TCEQ requesting authorization to drill a new well and plug the existing well along with exception request for the SCE. If you need additional information, please let me know.
Thanks,

Shannon Marsh

Aqua Pure

PO Box 279. New Waverly TX 77358

Office:: 281.590.4359

Fax 936.344.9838

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



PWS_1460086_CO_20180130_Exception

Texas Commission on Environmental Quality

Protecting Texas by Reducing and Preventing Pollution

January 30, 2018

Mr. Nathaniel Lail, E.I.T.
WaterEngineers, Inc.
17230 Huffmeister Road, Suite A
Cypress, Texas 77429-1643

Re: Peterson Place Subdivision Water System- PWS ID No. 1460086
Request for an Exception to the Well Setback to an Inadequately Constructed
Water Well Requirement
Request for an Exception to the Well Setback to a Drainage Ditch Requirement
Request for an Exception to the Sanitary Control Easement Requirement
Request for an Exception to the to the Pressure Cementing Method Requirement
Request for an Exception to the Well Casing Material Requirement
Request for an Exception to the Well Log/Completion Data Requirement
Request for an Exception to the Record Keeping-Well Completion Data
Requirement
Well No. 1 (TCEQ Well ID G1460086A)
Proposed Well No. 2 (TCEQ Well ID Unassigned)
Liberty County, Texas
RN 101199339 | CN 600633093

Dear Mr. Lail,

On October 6, 2017, the Texas Commission on Environmental Quality (TCEQ) received your letter dated October 6, 2017, requesting exceptions to the requirement that all public water supply wells have properly recorded sanitary control easements (SCEs) as specified in Title 30 of the Texas Administrative Code (30 TAC) §290.41(c)(1)(F) for Well No. 1 (TCEQ Well ID: G1460086A) and proposed Well No. 2 (TCEQ Well ID: Unassigned), and for a well setback to a drainage ditch containing storm water runoff as specified in 30 TAC §290.41(c)(1)(F) for proposed Well No. 2. On November 13, 2017, the TCEQ received additional requests for an exception to the requirement that all public water supply wells be constructed with a proper pressure cementing method as specified in 30 TAC §290.41(c)(3)(C), to the well log/completion data exception as specified in 30 TAC §290.41(c)(3)(A), well casing material as specified in 30 TAC §290.41(c)(3)(C) and to the record keeping-well completion data requirement per 30 TAC §290.46(n)(3) for Well No. 1. In an email on January 23, 2018, you requested an exception to the well setback to an improperly constructed water well requirement for proposed Well No. 2, as required in 30 TAC §290.41(c)(3)(A). These requests were submitted on behalf of the Peterson Place Subdivision Water System, public water system (PWS ID 1460086) for existing Well No. 1 (G1460086A) and proposed Well No. 2 (TCEQ Well ID: Unassigned). The TCEQ notes that Well No. 1 was not previously approved for use and proposed Well No. 2 is planned for construction to replace Well No. 1. Each exception request is addressed by well, and separately below.

Well No. 1 (TCEQ Well ID G1460086A)

Sanitary Control Easement Requirement – 30 TAC §290.41(c)(1)(F) – Well No. 1

The submittal indicated that the PWS was unable to secure SCE agreements for Well No. 1 from the owners of property that is located within 150-feet of the well. The TCEQ requires that a PWS control the usage of property, either by ownership or by SCE, within 150-feet of a PWS well in order to prevent the placement of improvements or activities that may pose a hazard to the PWS well. The TCEQ has determined that the inability to secure sanitary control easements indicates that this groundwater source may be susceptible to fecal contamination and may result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if it has been impacted by lack of sanitary control, the TCEQ is **granting a temporary exception** to the sanitary control easement requirement for Well No. 1 under the conditions listed below.

This temporary exception to all portions of the following properties tabulated below that are located within 150-feet of Well No. 1.

Owner's Name	Legal Description
Liberty County	Egg Colony Road/C.R. 6021 Right of Way
Cody J. Wyrick	1 Ac. Tract 4 in the Stilson-Hill Sec.
Jimmy and Margie Michalsky	20.48 Ac. Tract 6, 7 in the Stilson Hill Sec.
William W. Summers, Jr.	1.365 Ac. Tract 1 in the Peterson Place Lot 1

Condition 1:

- The PWS must comply with all requirements and conditions in the exception request to the Pressure Cementing Method Requirement – 30 TAC §290.41(c)(3)(C) – Well No. 1 discussed below.

Condition 2:

- This temporary exception will expire when Well No. 1 is plugged or 36 months from the date of this letter (January 30, 2021), whichever occurs first.

The PWS must maintain a copy of the plugging report as a part of its records, and provide a copy of the report upon request of a TCEQ representative.

Pressure Cementing Method Requirement – 30 TAC §290.41(c)(3)(C) – Well No. 1

The submittal indicated that the PWS had no records to verify that the method used to cement the annular space of Well No. 1 complies with the requirement in 30 TAC §290.41(c)(3)(C). The TCEQ has requirements for the cementing method used to seal a PWS well's annular space in order to eliminate the possibility that the well's annular space could convey contaminated rainfall runoff or subsurface plumes of undesirable water to the well's groundwater source, and to provide strength and protection to the well casing. The TCEQ has determined that the inability to verify the method used to cement the annular space of Well No. 1 indicates that this groundwater source may be susceptible to fecal contamination and may result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if it has been impacted by deficiencies in the method used to seal the well's annular space, the TCEQ is **granting a temporary exception** to the pressure cementing requirement for Well No. 1. In accordance with 30 TAC §290.46(b) and §290.109(d)(4)(E), the PWS is required to fulfill the conditions of approval outlined below.

Condition 1:

- Beginning on the date of this letter, the PWS must collect one raw water sample per month from Well No. 1 (G1460086A). The PWS must submit the sample for

Mr. Nathaniel Lail, E.I.T.
Page 3 of 7
January 30, 2018

bacteriological analysis at a TCEQ-accredited laboratory with a current National Environmental Laboratory Accreditation Program (NELAP) certification, and maintain these records on site.

Please note that by the TCEQ requiring monthly raw water sampling, the PWS should not assume that Well No. 1 has been approved as a public water source. Continued use of Well No. 1 as a water source can only continue after submittal by the PWS of as-built documents and well completion data for review and approval by the TCEQ Plan Review Team. Use of Well No.1 as a public water source without the approval of the TCEQ may subject the PWS to violations and possible enforcement action.

The sampling procedure should be the same as the one used when collecting routine distribution samples. Please ensure that the sample is delivered to the laboratory clearly labeled with the proper TCEQ Well ID (G1460086A) and marked "RAW."

For a list of TCEQ-accredited laboratories see our website at:

www.tceq.texas.gov/assets/public/compliance/compliance_support/qa/txnelap_lab_list.pdf

These samples are in addition to the normally required monthly distribution bacteriological samples and must be collected at a point prior to the disinfectant injection point. The sample results should be submitted in the same manner as the results of the monthly distribution bacteriological samples.

Once twelve (12) consecutive monthly bacteriological sample results have been received and reviewed, the TCEQ will evaluate the results and reissue, if appropriate, an exception without an expiration date. Based on the results of the raw water bacteriological samples the TCEQ may continue or modify the current monthly monitoring requirement, require a more stringent disinfection protocol, or require treatment.

If any of the samples come back positive, please follow the instructions in Enclosure 1: *Instructions for Positive Bacteriological Samples*.

Please update your system's monitoring plan to reflect the monitoring requirements outlined in this letter and mail to the TCEQ Monitoring Plan Coordinator at the following address:

Monitoring Plan Coordinator (MC 155)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Additional information is available in TCEQ's Regulatory Guidance No. 384 (RG-384), *How to Develop a Monitoring Plan for a Public Water System*, or on our website at:

www.tceq.texas.gov/permitting/water_supply/pdw/monitoring_plans/monitoring_plans.html

All public water system monitoring plans are required to be kept up-to-date and on file at the system at all times and must be presented to TCEQ staff upon request.

Condition 2:

- This temporary exception will expire when Well No. 1 is plugged or 36 months from the date of this letter (January 30, 2021), whichever occurs first.

The PWS must maintain a copy of the plugging report as a part of its records, and provide a copy of the report upon request of a TCEQ representative.

Well Casing Material Requirement – 30 TAC §290.41(c)(3)(B) - Well No. 1

On November 21, 2017, the TCEQ received signed correspondence from Mr. Shannon Marsh, President and operator of the PWS, agreeing to plug existing Well No. 1 within 60 days following the TCEQ approving Well No. 2 for use as a public supply well, and withdrawing the exception request. Based on the exception withdrawal, the TCEQ has cease reviewing the exception and no further action will be taken.

Well Log/Completion Data Requirement – 30 TAC §290.41(c)(3)(A) - Well No. 1

On November 21, 2017, the TCEQ received signed correspondence from Mr. Shannon Marsh, President and operator of the PWS, agreeing to plug existing Well No. 1 within 60 days following the TCEQ approving Well No. 2 for use as a public supply well, and withdrawing the exception request. Based on the exception withdrawal, the TCEQ has cease reviewing the exception and no further action will be taken.

Record Keeping-Well Completion Data Requirement - 30 TAC §290.46(n)(3) - Well No. 1

On November 21, 2017, the TCEQ received signed correspondence from Mr. Shannon Marsh, President and operator of the PWS, agreeing to plug existing Well No. 1 within 60 days following the TCEQ approving Well No. 2 for use as a public supply well, and withdrawing the exception request. Based on the exception withdrawal, the TCEQ has cease reviewing the exception and no further action will be taken.

Well No. 2 (TCEQ Well ID Unassigned)

Setback to an Improperly Constructed Water Well Requirement – 30 TAC §290.41(c)(1)(A) - Well No. 2

The submittal indicated that proposed Well No. 2 is to be installed approximately 50-feet from existing Well No. 1. The TCEQ has no record of approving the plans and specifications, or the well completion data for Well No. 1. Base on the lack of this information, the TCEQ assumes that Well No. 1 is an improperly constructed water well. The TCEQ has determined that the groundwater source of an improperly constructed water wells may be at risk of contamination due to construction deficiencies, resulting in a potential for cross-contamination of any nearby PWS well groundwater sources. Based on this concern, and in order to allow monitoring of Well No. 2 groundwater source to determine if it has been impacted by the improper construction of Well No. 1, the TCEQ is **granting a temporary exception** to the setback requirement to an improperly constructed water well requirement under the conditions listed below.

Condition 1:

- The PWS must comply with all requirements and conditions for its exception request to the **Sanitary Control Easement Requirement – 30 TAC §290.41(c)(1)(F) -Well No. 2** discussed below.

Condition 2:

- This temporary exception will expire 36 months from the date of this letter (January 30, 2021).

Well Setback Requirement to Drainage Ditch – 30 TAC §290.41(c)(1)(E) – Well No. 2

A review of the pollution hazard statement confirmed the existence of a drainage ditch located within 60 feet of proposed Well No. 2. A review of the area topography indicates that the area is flat with a slight slope to the south. Review of satellite photos indicates that areas upstream

from the ditch is comprised of fairly dense residential development that utilize on-site sewage facilities (OSSFs) for wastewater treatment and disposal. While soil types in the area are generally acceptable for on-site disposal of domestic wastewater, groundwater in the area is at a depth of 40 to 65-inches below ground surface, and this condition, in conjunction with the flat terrain may cause malfunction of poorly sized or OSSFs, particularly under wet climatic conditions. Malfunctioning OSSFs may result in surfacing of partially treated wastewater, resulting in runoff of contaminated storm water into the drainage ditch. The TCEQ has determined that the inability to maintain a minimum well setback distance from a drainage ditch which may contain stormwater from malfunctioning OSSFs in the area indicates that this groundwater source may be susceptible to fecal contamination, and may result in a risk to public health. Based on this concern, and in order to allow monitoring of proposed Well No. 2, the TCEQ is **granting a temporary exception** to the well setback requirement between public water supply wells and a drainage ditch which may convey partially treated wastewater under the conditions listed below.

Condition 1:

- The PWS must comply with all requirements and conditions for its exception request to the Sanitary Control Easement Requirement - 30 TAC §290.41(c)(1)(F) - Well No. 2 discussed below.

Condition 2:

- This temporary exception will expire 36 months from the date of this letter (January 30, 2021).

Sanitary Control Easement Requirement - 30 TAC §290.41(c)(1)(F) - Well No. 2

The submittal indicated that the PWS was unable to secure SCE agreements for proposed Well No. 2 from the owners of property that is located within 150-feet of the well. The TCEQ requires that a PWS control the usage of property, either by ownership or by SCE, within 150-feet of a PWS well in order to prevent the placement of improvements or activities that may pose a hazard to the PWS well. The TCEQ has determined that the inability to secure sanitary control easements indicates that this groundwater sources may be susceptible to fecal contamination and may result in a risk to public health. Based on this concern, and in order to allow monitoring of the well to determine if it has been impacted by lack of sanitary control, the TCEQ is **granting a temporary exception** to the sanitary control easement requirement for proposed Well No. 2 under the conditions listed below.

This temporary exception to all portions of the following properties tabulated below that are located within 150-feet of Well No. 2.

Owner's Name	Legal Description
Liberty County	Egg Colony Road/C.R. 6021 Right of Way
Cody J. Wyrick	1 Ac. Tract 4 in the Stilson-Hill Sec.
Jimmy and Margie Michalsky	20.48 Ac. Tract 6, 7 in the Stilson-Hill Sec.
William W. Summers, Jr.	1.365 Ac. Tract 1 in the Peterson Place Lot 1
Bryan and Amy Sterling	22.13 Ac. Tract 2, 26 in the Stilson-Hill Sec.

In accordance with 30 TAC §290.46(b) and §290.109(d)(4)(E), the PWS is required to fulfill the conditions of approval outlined below.

Condition 1:

- After receiving approval from the TCEQ to use the well as a source, and upon placing the well into service, the PWS must collect one raw water sample per month from Well No. 2 and submit the samples for bacteriological analysis at a TCEQ-accredited laboratory with a current NELAP certification.

Please note that this monitoring requirement does not imply approval to use this well as a source. The PWS must receive approval to use the well from the TCEQ Plan Review Team. Upon approval of Well No. 2, a TCEQ Source ID will be assigned to it by the TCEQ Drinking Water Special Functions Section. If for any reason the well is put in use prior to a TCEQ Source ID being assigned, the PWS may be subject to enforcement action.

The sampling procedure should be the same as the one used when collecting routine distribution samples. Please ensure that the sample is delivered to the laboratory clearly labeled with the proper TCEQ Well ID (when assigned) and marked "RAW."

For a list of TCEQ-accredited laboratories see our website at:

www.tceq.texas.gov/assets/public/compliance/compliance_support/qa/txnelap_lab_list.pdf

These samples are in addition to the normally required monthly distribution bacteriological samples and must be collected at a point prior to the disinfectant injection point. The sample results should be submitted in the same manner as the results of the monthly distribution bacteriological samples.

Once twelve (12) consecutive monthly bacteriological sample results have been received and reviewed, the TCEQ will evaluate the results and reissue, if appropriate, an exception without an expiration date. Based on the results of the raw water bacteriological samples the TCEQ may continue or modify the current monthly monitoring requirement, require a more stringent disinfection protocol, or require treatment.

If any of the samples come back positive, please follow the instructions in Enclosure 1: *Instructions for Positive Bacteriological Samples*.

Please update your system's monitoring plan to reflect the monitoring requirements outlined in this letter and mail to the TCEQ Monitoring Plan Coordinator at the following address:

Monitoring Plan Coordinator (MC 155)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Additional information is available in TCEQ's Regulatory Guidance No. 384 (RG-384), *How to Develop a Monitoring Plan for a Public Water System*, or on our website at:

www.tceq.texas.gov/permitting/water_supply/pdw/monitoring_plans/monitoring_plans.html

All public water system monitoring plans are required to be kept up-to-date and on file at the system at all times and must be presented to TCEQ staff upon request.

Condition 2:

- This temporary exception will expire in 36 months from the date of this letter (January 30, 2021).

The following documentation was provided as a part of this submittal:

Mr. Nathaniel Lail, E.I.T.
Page 7 of 7
January 30, 2018

- Cover letter;
- Site map indicating the location of Well No. 1 and proposed Well No. 2;
- Recorded general warranty deed and assignment for the portion of the property owned by the PWS;
- State of Texas Well Reports Nos. 202621 and 187301;
- Copies of correspondence, certified mail receipts, and denial responses documenting attempts to secure the SCEs from the adjacent property owners; and
- Well pollution hazard survey, dated October 6, 2017, indicating that no pollution hazards are located within the required setback distances except for the noted drainage ditch containing potential pollution hazards.

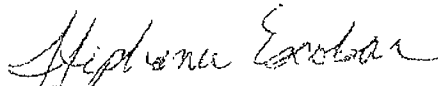
A copy of this letter and all related monitoring data must be maintained with the water system's records for as long as these exceptions are in effect. These records must be made available to TCEQ staff upon request. If contamination of a well occurs which is not remediated through treatment, a new properly constructed well may be required at another location and abandonment, proper plugging, and sealing of the abandoned well will be required.

All exceptions are subject to periodic review and may be revoked or amended if warranted as specified in 30 TAC §290.39(i)(2) or evidence is found that granting of an exception results in a degradation of water quality or water supply. Noncompliance with any condition stated in this exception letter may result in enforcement action as specified in 30 TAC §290.39(i)(5). These exceptions are not intended to waive compliance with any other TCEQ requirement in 30 TAC Chapter 290. These exceptions cannot be used as a defense in any enforcement action resulting from noncompliance with any other requirement of 30 TAC Chapter 290.

If you have questions concerning this letter, or if we can be of additional assistance, please contact Mr. Michael McDevitt, P.E. by email at mike.mcdevitt@tceq.texas.gov, by telephone at (512) 239-4675, or by correspondence at the following address:

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

Sincerely,



Stephanie Escobar, Team Leader
Technical Review and Oversight Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

SJE/MPM

Enclosure 1: *Instructions for Positive Bacteriological Samples*

cc: Mr. Shannon Dwayne Marsh, Post Office Box 279, New Waverly, TX 77358-0279

Enclosure 1 - Instructions for Positive Bacteriological Samples

If multiple raw water samples are found to be **positive** for total coliform and **negative** for *E. coli* and other fecal indicators, additional treatment may be required and the conditions established in the exception letter may be revised. TCEQ personnel recommend reviewing the sample collection protocol to ensure proper sample collection methods are in place. Personnel also recommend well disinfection according to American Water Works Association (AWWA) well disinfection standards.

If a raw water sample is found to be **positive** for total coliform and **positive** for *E. coli* or other fecal indicators, Ground Water Rule requirements include:

- A. Issuance of a Public Notice to water system customers in accordance with 30 TAC §290.122(a) within 24 hours of being notified of the positive result.
- B. Notification to all consecutive systems served by the well within 24 hours of being notified of the positive result.
- C. Notification to TCEQ Drinking Water Assessment Team personnel at 512-239-4691 or GWRdata@tceq.texas.gov within 24 hours of being notified of the positive result.
- D. Implementation of one or more of the Corrective Actions described in 30 TAC §290.116 as indicated by TCEQ Drinking Water Assessment Team personnel.

Additionally, the exception may be revoked or the conditions established in the exception letter may be revised.

Information on the Ground Water Rule can be found by calling 512-239-4691 and asking to speak to a member of the Drinking Water Assessment Team or at the following website:

http://www.tceq.texas.gov/drinkingwater/microbial/gwr_main.html

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

June 22, 2020

CERTIFIED MAIL #91 7199 9991 7038 7439 6827
ELECTRONIC RECEIPT REQUESTED

Mr. Shannon Marsh, President
Utilities Investment Company Inc.
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Failure to Submit Compliance Documentation for:
Rollan Heights Subdivision, 11008 David Lane, Crosby, Harris, Texas
Regulated Entity No.: 102694247 TCEQ ID No.: 1010640 Investigation No.: 1644579

Dear Mr. Marsh:

By letter dated September 25, 2018 and September 19, 2019, the Texas Commission on Environmental Quality (TCEQ) Houston Region Office requested that you submit information to us by December 24, 2018 and November 21, 2019, verifying that the outstanding alleged violations referenced in the letter have been corrected. The alleged violations were noted during the investigation of the above-referenced facility conducted on July 27, 2018. Enclosed for your information is a copy of the letter. As of this date, we have not received from you a written description of the corrective actions taken and the required compliance documentation for these alleged violations. Please submit this information to us by no later than sixty days of this letter date. Corrective action must be completed so that your public water supply may be operated and maintained in accordance with the requirements for an approved system.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and looks forward to receiving your response. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. If you or members of your staff have any questions, please feel free to contact Ms. Angelika Ortiz in the Houston Region Office at (713) 767-3713.

Sincerely,

A handwritten signature in black ink, appearing to read "Nichole Batista Nunes".

Nichole Batista Nunes, Team Leader
Public Water Supply
Houston Region Office

NBN/AO/pac

cc: Harris County Public Health and Environmental Services, 101 South Richey Street, Suite G, Pasadena, Texas 77506-1023
Tel: (713) 274-6300 Fax: (713) 274-6475

Enclosures: Copies of Previous Letters
Summary of Investigation Findings

TCEQ Region 12 • 5425 Polk St., Ste. H • Houston, Texas 77023-1452 • 713-767-3500 • Fax 713-767-3520
Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customersurvey
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ROLLAN HEIGHTS SUBDIVISION
11008 DAVID LN
CROSBY, HARRIS COUNTY, TX 77532
Additional ID(s): 1010640

Investigation #
1644579
Investigation Date: 04/15/2020

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

Track No: 688224 Compliance Due Date: 12/24/2018
30 TAC Chapter 290.46(n)(3)

Alleged Violation:

Investigation: 1505556

Comment Date: 08/31/2018

OPERATION AND MAINTENANCE

Failure to maintain a record of well approval data in the file pursuant to §290.46(n).

At the time of the investigation on July 27, 2018, the regulated entity was unable to provide copies of well completion data as defined in §290.46(c)(3)(A). If the regulated entity is unable to locate or be provided with the documentation, a request for an exception must be requested by writing to:

Technical Review and Oversight Team (mc-159)
Texas Commission on Environmental Quality
P.O. Box 13087, Austin, TX 78711-3087; Phone 512-239-4691
Investigation: 1580603

Comment Date: 08/09/2019

OPERATION AND MAINTENANCE

Failure to maintain a record of well approval data in the file pursuant to §290.46(n).

As of July 27, 2019, no compliance documentation has been received. If the regulated entity is unable to locate or be provided with the documentation, a request for an exception must be requested by writing to:

Technical Review and Oversight Team (mc-159)
Texas Commission on Environmental Quality
P.O. Box 13087, Austin, TX 78711-3087; Phone 512-239-4691
Investigation: 1644579

Comment Date: 06/12/2020

OPERATION AND MAINTENANCE

Failure to maintain a record of well approval data in the file pursuant to §290.46(n).

At the time of the investigation on July 27, 2018, the regulated entity was unable to provide copies of well completion data as defined in §290.46(c)(3)(A). If the regulated entity is unable to locate or be provided with the documentation, a request for an exception must be requested by writing to:

Technical Review and Oversight Team (mc-159)
Texas Commission on Environmental Quality
P.O. Box 13087, Austin, TX 78711-3087; Phone 512-239-4691

At the time of the record review on August 8, 2019, no compliance documentation had been received.

As of June 12, 2020, no compliance documentation has been received for violation no.688224.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 688229 Compliance Due Date: 10/25/2018
30 TAC Chapter 290.48(m)

Alleged Violation:

Investigation: 1505556

Comment Date: 08/31/2018

OPERATION AND MAINTENANCE

Failure to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment. These practices should include keeping the well and pressure tank free of vegetative overgrowth.

At the time of the investigation on July 27, 2018, vegetative overgrowth was noted along the system's southern fence line in close proximity to and overhanging the well and one of the pressure tanks.

Investigation: 1580603

Comment Date: 08/09/2019

OPERATION AND MAINTENANCE

Failure to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment. These practices should include keeping the well and pressure tank free of vegetative overgrowth.

OPERATION AND MAINTENANCE

Failure to maintain a record of well approval data in the file pursuant to §290.46(n).

As of July 27, 2019, no compliance documentation has been received.

Investigation: 1644579

Comment Date: 06/12/2020

OPERATION AND MAINTENANCE

Failure to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment. These practices should include keeping the well and pressure tank free of vegetative overgrowth.

At the time of the investigation on July 27, 2018, vegetative overgrowth was noted along the system's southern fence line in close proximity to and overhanging the well and one of the pressure tanks.

At the time of the record review on August 8, 2019, no compliance documentation had been received.

As of June 12, 2020, no compliance documentation has been received for violation no.688229.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 688404 Compliance Due Date: 12/24/2018
30 TAC Chapter 290.42(b)(6)

Alleged Violation:

Investigation: 1505556

Comment Date: 08/31/2018

WATER TREATMENT

Failure to provide a sampling tap at a point representing water entering the distribution system at the entry point, pursuant to §290.42(b)(6).

At the time of the investigation on July 27, 2018, a sample tap was not provided at the entry point after treatment.

Investigation: 1580603

Comment Date: 08/09/2019

WATER TREATMENT

Failure to provide a sampling tap at a point representing water entering the distribution system at the entry point, pursuant to §290.42(b)(6).

OPERATION AND MAINTENANCE

Failure to maintain a record of well approval data in the file pursuant to §290.46(n).

As of July 27, 2019, no compliance documentation has been received.

Investigation: 1644579

Comment Date: 06/12/2020

WATER TREATMENT

Failure to provide a sampling tap at a point representing water entering the distribution system at the entry point, pursuant to §290.42(b)(8).

At the time of the investigation on July 27, 2018, a sample tap was not provided at the entry point after treatment.

At the time of the record review on August 8, 2019, no compliance documentation had been received.

As of June 12, 2020, no compliance documentation has been received for violation no.688404.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 9, 2015

CERTIFIED MAIL 7012 1640 0001 7339 4817
RETURN RECEIPT REQUESTED

Mr. Shannon Marsh, Owner
Aqua Pure
P.O. Box 279
New Waverly, Texas 77358

Re: Notice of Violation for the Compliance Evaluation Investigation at:
Utilities Investment Company - Spring Cypress Wastewater Treatment Plant
~ 17932 Spring Cypress, Cypress (Harris County), Texas
TPDES Permit No.: 14172-001, EPA ID No.: TX0121126

Dear Mr. Marsh:

On November 13, 2014, Mr. Bruce Miebs, of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable water quality requirements. Enclosed is a summary which lists the investigation findings. During the investigation, some concerns were noted as alleged noncompliances. Through subsequent corrective actions, the noncompliances have been either resolved as an Area of Concern or Noted and Resolved. No further response is necessary concerning this investigation.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. Self-reported violations may be subject to enforcement, including penalties, upon review by the Enforcement Division.

If you or members of your staff have any questions, please feel free to contact Mr. Miebs in the Houston Region Office at (713) 767-3569.

Sincerely,

A handwritten signature in dark ink, appearing to read "BSS" followed by a stylized flourish.

Barbara Sullivan
Team Leader
Water Quality Management
Region 12 Houston

BSS/BPM/ci

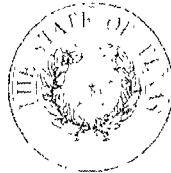
Enclosures: Summary of Investigation Findings

TCEQ Region 12 • 5425 Polk St., Ste. H • Houston, Texas 77023-1452 • 713-767-3500 • Fax 713-767-3520

Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customersurvey

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Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 8, 2009

CERTIFIED MAIL #7007 0710 0004 7392 5239
RETURN RECEIPT REQUESTED

Mr. Shannon Marsh, President
Utilities Investment Company, Inc.
P.O. Box 279
New Waverly, Texas 77358

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Target Center Water Plant, 17922 Spring Cypress, Harris County, Texas
TCEQ ID No: 1013316, Investigation No. 761990.

Dear Mr. Marsh:

On July 15, 2009, Mr. Miguel Galvan of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with the applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation, the investigator resolved two apparent instances of noncompliance noted during the previous investigation dated September 12, 2007. In addition, an outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by October 8, 2009, a written description of the corrective actions taken and the required documentation demonstrating that compliance has been achieved for this outstanding alleged violation.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violation as required in order to protect the State's environment.

If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, Leticia De Leon, Team Leader, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter OR specified date at specific time*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of the contested violation.

REPLY TO: REGION 12 • 5425 POLK ST., STE. 11 • HOUSTON, TEXAS 77023-1452 • 713-767-3500 • FAX 713-767-3520

P.O. Box 13087 • Austin, Texas 78711 3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

Mr. Shannon Marsh, President

October 8, 2009

Page 2

If you or members of your staff have any questions, please feel free to contact Mr. Miguel Galvan in the Houston Region Office at 713/767-3650

Sincerely,

A handwritten signature in cursive script that reads "Leticia De Leon".

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

LD/MG/ra

cc: Harris Co. Public Health and Environmental Services.

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

TARGET CENTER WATER PLANT

Investigation # 761990

, HARRIS COUNTY,

Investigation Date: 07/15/2009

Additional ID(s): 1013316

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

Track No: 372540 Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 761990

Comment Date: 08/05/2009

Failure to properly maintain the regulated entities by not calibrating the flow meter at Well No. 1.

Recommended Corrective Action: Repair or replace the flow meter and submit a copy of the work order or invoice. Additionally, provide the correct (actual) flow reading for Well No. 1, after fixing the flow meter.

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

Track No: 288967

30 TAC Chapter 290.46(m)(4)

Alleged Violation:

Investigation: 593680

Comment Date: 09/13/2007

Water Leakage

Failure to maintain all related appurtenances in a watertight condition. In this connection, the leaking valve located on the well #2 discharge line must be repaired or replaced as necessary.

At the time of the investigation the capped pop-off valve was leaking on Well #2 nearest the pressure tank.

Investigation: 761990

Comment Date: 07/21/2009

Failure to repair or replace the leaking valve located on the well #2 discharge line

Recommended Corrective Action: Submit a photo, invoice, or work order showing that the leaking valve located on the well #2 discharge has been repaired or replaced to verify compliance.

Resolution: At the time of the investigation, Well # 2 was operating properly, no leaks observed.

Track No: 288999

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 593680

Comment Date: 09/14/2007

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not filling in the gaps at the bottom front fence of the well site.

Track No: 289004

30 TAC Chapter 290.42(e)(4)(A)

Alleged Violation:

Investigation: 593680

Comment Date: 09/14/2007

Disinfection

Failure to provide a small bottle of fresh ammonia solution which must be readily accessible outside the chlorinator room, to test for possible chlorine leakage.

At the time of the investigation no ammonia solution bottle was provided.

Investigation: 761990

Comment Date: 07/22/2009

Failure to provide a small bottle of fresh ammonia solution which must be readily accessible outside the chlorinator room, to test for possible chlorine leakage.

Recommended Corrective Action: Submit a photo, invoice, receipt or work order showing that the ammonia solution bottle has been obtained and made readily accessible outside the chlorinator room to verify compliance.

Resolution: During the investigation, an ammonia solution bottle was readily accessible outside the chlorination room.

UTILITIES INVESTMENT CO. / AQUA PURE

P.O. BOX 279

NEW WAVERLY, TX 77358

OPERATIONS PHONE: 281-590-4359

WATER SUPPLY PHONE: 1-800-224-4035

FAX: 936-344-9838

FAX

TO:

L. DeLeon

FAX#:

713-767-3691

FROM:

Shannon

DATE:

10/11/10

SUBJECT:

Nov. Response

PAGES:

3

NOTES:

AQUA PURE

October 11, 2010

TCEQ
Ms. Leticia De Leon
5425 Polk Ave., Ste H
Houston, Tx 77023-1452

RE: Target Center Water Plant
PWS No. 1013316


Mr. Livings,

This letter was written in response to your notice of violation for the above mentioned water system. The following corrective actions have been taken since our annual compliance inspection.

1. Both meters were replaced with new meters following the inspection. (see work order)

If you have any questions or need additional information regarding this letter, please don't hesitate to call.

Sincerely,



Shannon Marsh

CUSTOMER'S ORDER NO.		DEPARTMENT		DATE 10/11/10	
NAME Target Wtr Plant					
ADDRESS					
CITY, STATE, ZIP					
SOLD BY		CASH	C.O.D.	CHARGE	ON ACCT.
QUANTITY	DESCRIPTION			PRICE	AMOUNT
1					
2	Replace Water Meter's				
3	on well's				
4					
5					
6					
7					
8					
9					
10					
11	COMPLETE!				
12					
13					
14					
15					
16					
17					
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19					
20					
RECEIVED BY					



KEEP THIS SLIP FOR REFERENCE
DUPLICATE

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

September 18, 2019

Mr. Shannon Marsh
President
Utilities Investment Company Incorporated
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Notice of Compliance with Notice of Violation (NOV) dated May 13, 2016:
Spring Cypress Center, 17928 Spring Cypress Road, Cypress, Harris County, Texas
Regulated Entity No.: 101450369 TCEQ ID No.: 1013172 Investigation No.: 1580563

Dear Mr. Marsh:

On July 25, 2019, the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received adequate compliance documentation to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on March 30, 2016. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Latrichia Spikes in the Houston Region Office at (713) 767-3660.

Sincerely,

A handwritten signature in cursive script that reads "Latrichia Spikes".

Latrichia Spikes
Team Leader
Public Water Supply
Houston Region Office

LS/DB/es

Enclosure: Summary of Investigation Findings

cc: Harris County Public Health and Environmental Services
101 South Richey Street, Suite G, Pasadena, Texas 77506-1023

Utilities Investment Co., Inc

March 3, 2019

Ms. Nicole Batista Nunes
TCEQ
5425 Polk Ave., Ste H
Houston, Tx 77023

RE: Glenwood
PWS No. 1011492

Mrs. Nunes,

This letter is written in response to your notice of violation for the above mentioned water system. The following is a list of corrective actions that have been taken since our annual compliance inspection.

1. Water Engineers was retained to submit plans for a new water plant including a new 5" water well. The addition of these facilities will bring the system back into compliance under the 85% rule.
2. The new plant will be equipped with a quick connect for a generator.
3. As built plans are being submitted for the existing Well.
4. New flush valves were installed as requested. (see photo)
5. A new meter will be installed on the well during the remodeling process.

We hope that these corrective actions satisfy your office. If you have any questions or comments, please don't hesitate to call.

Sincerely,



Shannon Marsh

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 15, 2019

CERTIFIED MAIL #91 7199 9991 7038 7382 7032
ELECTRONIC RECEIPT REQUESTED

Mr. Shannon Marsh
President
Utilities Investment Company, Incorporated
Post Office Box 279
New Waverly, Texas 77358-0279

Re: Notice of Violation for the Modified Comprehensive Compliance Investigation at:
Glenwood Mobile Home Subdivision, 10225 Glenwood Drive, Crosby, Harris County,
Texas
Regulated Entity No.: 102951662 TCEQ ID No.: 1011492 Investigation No.: 1539226

Dear Mr. Marsh:

On January 18, 2019, Ms. Landry Nash of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for Public Water Supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by the compliance due date listed on the Summary of Investigation Findings enclosure, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

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

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, PWS Team Leader, Ms. Nichole Batista Nunes, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

TCEQ Region 12 • 5425 Polk St., Ste. H • Houston, Texas 77023-1452 • 713-767-3500 • Fax 713-767-3520

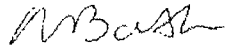
Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customersurvey

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Mr. Shannon Marsh, President
Page 2
February 15, 2019

If you or members of your staff have any questions, please feel free to contact Ms. Landry Nash in the Houston Region Office at (713) 767-3692.

Sincerely,



Nichole Batista Nunes
Team Leader
Public Water Supply
Houston Region Office

NBN/LN/sh

cc: Harris County Public Health and Environmental Services
101 South Richey Street, Suite G
Pasadena, Texas 77506-1023

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

GLENWOOD MOBILE HOME SUBDIVISION

10225 GLENWOOD DR
CROSBY, HARRIS COUNTY, TX 77532

Investigation #

1539226
Investigation Date: 01/18/2019

Additional ID(s): 1011492

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

Track No: 704262 Compliance Due Date: 05/16/2019
30 TAC Chapter 291.93(3)

Alleged Violation:

Investigation: 1539226

Comment Date: 02/04/2019

Certificate of Convenience and Necessity

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area.

At the time of the investigation, the system was at 92% of its production capacity and 86% of its pressure storage capacity.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 704263 Compliance Due Date: 05/16/2019
30 TAC Chapter 290.45(h)(1)(D)

Alleged Violation:

Investigation: 1539226

Comment Date: 02/13/2019

Emergency Preparedness Plan

Failure to meet the requirements of the affected utility's Emergency Preparedness Plan (EPP) by providing the option selected in the EPP. The affected utility selected option D, quick connect, from the rule and has not implemented it in accordance with its approved EPP.

At the time of the investigation, the system had a quick connect; however, it was not wired into the system's new electrical box.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 704265 Compliance Due Date: 05/16/2019
30 TAC Chapter 290.46(n)(3)

Alleged Violation:

Investigation: 1539226

Comment Date: 02/04/2019

Ground Water Sources and Development

Failure to maintain copies of well completion data for Well Number 1, G1011492A as per 30 TAC §290.46(n)(3).

The well completion data as defined in 30 TAC §290.41(c)(3)(A) includes the following:

1. an executed sanitary control easement or other documentation demonstrating compliance with 30 TAC, §290.41(c)(1)(F) for all property located within 150 feet of the

GLENWOOD MOBILE HOME SUBDIVISION

Investigation # 1539226

- well head,
2. the well Driller's Log (geological log and material setting report)
 3. the cementing certificate,
 4. the results of a 36-hour pump test which shows the steady state capacity of the well,
 5. the results of chemical analysis performed by an accredited laboratory,
 6. three consecutive daily coliform-free raw water bacteriological analyses conducted by a TCEQ accredited laboratory, and
 7. an original or legible copy of a U.S. Geological Survey 7.5 minute topographical quadrangle map showing the accurate well location.

At the time of the investigation, the regulated entity only provided a copy of the sanitary control easement for the well.

Please be aware you may apply for an exception to this regulation or if you have the well completion data please submit all requests to:
Texas Commission on Environmental Quality, Utilities Review and Oversight Team (MC-159),
P.O. Box 13087, Austin, Texas 78711-3087; phone (512)239-4691.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 704266 Compliance Due Date: 05/16/2019

30 TAC Chapter 290.44(d)(5)

Alleged Violation:

Investigation: 1539226

Comment Date: 02/04/2019

Water Distribution:

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

At the time of the investigation, there were no flush valves in the Glenwood Mobile Home Subdivision distribution system.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

Track No: 704267 Compliance Due Date: 05/16/2019

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1539226

Comment Date: 02/13/2019

Failure to properly maintain the regulated entity by not keeping the well meter in good working condition.

Specifically, the well meter was not functional at the time of the investigation.

Recommended Corrective Action: Submit compliance documentation demonstrating corrective measures have been taken to resolve the alleged violation.

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



PWS_1011492_CO_20200130_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 30, 2020

Mr. Nathaniel C. Lail, P.E.
Water Engineers, Inc.
17230 Huffmeister Road
Cypress, Texas 77429

Re: Glenwood Mobile Home Subdivision - Public Water System ID No. 1011492
Proposed Well No. 3 and Water Plant Modifications
Engineer Contact Telephone: (281) 373-0500
Plan Review Log No. P-12022019-008
Harris County, Texas

CN: 600633093; RN: 102951662

Dear Mr. Lail:

On December 2, 2019, the Texas Commission of Environmental Quality (TCEQ) received planning material with your letter dated November 26, 2019 for the proposed Well No. 3 and water plant modifications for the above referenced public water system.

Per your submittal, the water system has an emergency interconnection with Fairview Acres Mobile Home Subdivision (PWS # 1010706). Both water system have the same owner - Utilities Investment Co., Inc. In addition to the modifications of the Water Plant of Glenwood Mobile Home Subdivision, the system also proposed to deconstruct and remove the existing well and plant located at Fairview Acres Mobile Home Subdivision (PWS #101706). The subdivision will be served by Glenwood Mobile Home Subdivision (PWS 1011492) once the modifications are completed.

Based on our review of the information submitted, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems and is **conditionally approved for construction** if the project meets the following requirements:

1. Three corrosive indices (Langelier Saturation Index, Ryznar Stability Index and the Aggressive Index) will be used to calculate corrosivity of the water from new source(s). Corrosive or aggressive water could result in aesthetic problems, increased levels of toxic metals, and deterioration of household plumbing and fixtures. **If the water appears to be corrosive**, the system will be required to conduct a study and submit an engineering report that addresses corrosivity issues or may choose to install corrosion control treatment **before use may be granted**. All changes in treatment require submittal of plans and specifications for approval by TCEQ.
2. The conditions listed in TCEQ' exception approval letter (enclosed) dated October 28, 2019 regarding the requirement of sanitary control easement within 150 feet of the well, well setback to storm sewer and improperly constructed water well shall remain in effect.

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3. The water system shall contact TCEQ Inventory and Protection Team at 512-239-4691 (main line) or email at pwsinven@tceq.texas.gov to deactivate the Fairview Acres Mobile Home Subdivision (PWS # 1010706) to be served by Glenwood Mobile Home Subdivision.

Texas Water Code Section 36.0015 allows for the creation of groundwater conservation districts (GCDs) as the preferred method of groundwater management. GCDs manage groundwater in many counties and are authorized to regulate production and spacing of water wells. **Public water systems drilling wells within an existing GCD are responsible for meeting the GCD's requirements.** The authorization provided in this letter does not affect GCD authority to manage groundwater or issue permits.

The design engineer or water system representative is required to notify the Plan Review Team in writing by fax at (512) 239-6972 or by emailing priteshtripathi@tceq.texas.gov and cc: vera.poe@tceq.texas.gov at least 48 hours before the well casing pressure cementing begins. If pressure cementing is to begin on Monday, then they must give notification on the preceding Thursday. If pressure cementing is to begin on Tuesday, then they must give notification on the preceding Friday.

The TCEQ does not approve this well for use as a public water supply at this time. We have enclosed a copy of the "Public Well Completion Data Checklist for Interim Approval (Step 2)". We provide this checklist to help you in obtaining approval to use this well.

The submittal consisted of 11 sheets of engineering drawings, technical specifications and an engineering design report. The proposed project consists of:

- One (1) public water supply well drilled to 345 feet with 320 linear feet (lf) of 5-inch outside diameter (od) pressure cemented SDR 17 PVC casing;
- 20 lf of 2½-inch od stainless steel slot screen, 20 lf of 2½-inch od blank liner;
- The well is rated for 52 gallons per minute (gpm) yield with a 5 horsepower, submersible pump set at 252 feet below ground level. The design capacity of the pump is 52 gpm at 240 feet (approx.) total dynamic head (TDH);
- Intruder resistances fences;
- One 16,919-gallon AWWA D 120 Standard fiber glass reinforced plastic ground storage tank;
- Removal of existing 900-gallon pressure tank and 525-gallon pressure tank;
- Two 7.5 horsepower booster pumps, each rated 120 gpm at 115 feet TDH;
- 2,958-gallon American Society of Mechanical Engineers code hydropneumatic water pressure tank;
- One additional hypochlorite feed pump for Well No. 3;
- Well sealing block; and
- Related valves, fittings, controls, well discharge piping and related appurtenances.

The removal project of Fairview Acres Mobile Home Subdivision (PWS # 1010706) consists of:

- Plugging and abandoning existing Well No. 2;
- Relocation of an existing 900-gallon hydropneumatic tank to Glenwood Mobile Home Subdivision (PWS 1011492);
- Removal of an existing 315- & 525-gallon pressure tanks and hypochlorite system;
- Abandoning existing 3-inch interconnection waterline.

This approval is for construction/removal of the above listed items only.

The Glenwood Mobile Home Subdivision public water system provides water treatment.

The project is located at 10255 Glenwood Dr., Crosby in Harris County, Texas and Well No. is located approximately 30 ft. east of the existing Well No. 1.

An appointed engineer must notify the TCEQ's Region 12 Office in Houston at (713) 767-3500 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Please refer to the Plan Review Team's Log No. P-12022019-008 in all correspondence for this project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ's website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

For future reference, you can review part of the Plan Review Team's database to see if we have received your project. This is available on TCEQ's website at the following address:

<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

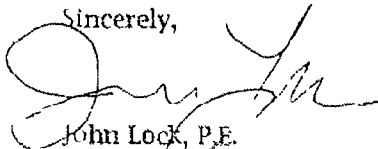
You can download the latest revision of 30 TAC Chapter 290 – Rules and Regulations for Public Water Systems from this site.

Mr. Nathaniel C. Lail, P.E.
Page 4
January 30, 2020

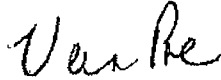
If you have any questions concerning this letter or need further assistance, please contact Pritesh Tripathi at (512)239-3794 or by email at pritesh.tripathi@tceq.texas.gov or by correspondence at the following address:

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

Sincerely,



John Lock, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality



Vera Poe, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/JL/PT/sg

Enclosure: "Public Well Completion Data Checklist for Interim Approval (Step 2)"

cc: Glenwood Mobile Home Subdivision, Attn: Mr. Shannon Marsh, President, P.O. Box 279,
New Waverly, Texas 77358-0279

Attachment 12
Transferor TCEQ Permits



TPDES PERMIT NO.
WQ0013882001
[For TCEQ office use only - EPA I.D.
No. TX0070769]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
P.O. Box 13087
Austin, Texas 78711-3087

This is a renewal that replaces TPDES
Permit No. WQ0013882001 issued on
December 14, 2012.

PERMIT TO DISCHARGE WASTES
under provisions of
Section 402 of the Clean Water Act
and Chapter 26 of the Texas Water Code

UIC 13, L.L.C.

whose mailing address is

P.O. Box 279
New Waverly, Texas 77358

is authorized to treat and discharge wastes from the Aldine Village Wastewater Treatment Facility, SIC
Code 4952

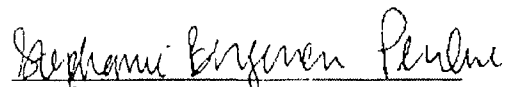
located at 813 Hollyvale Drive, in the City of Houston, Harris County, Texas 77060

to Harris County Flood Control Drainage Ditch No. P138-00-00; thence to Greens Bayou Above Tidal in
Segment No. 1016 of the San Jacinto River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the
State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the
permittee the right to use private or public property for conveyance of wastewater along the discharge
route described in this permit. This includes, but is not limited to, property belonging to any individual,
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **five years from the date of issuance.**

ISSUED DATE: June 14, 2018


For the Commission



TPDES PERMIT NO. WQ0014172001
[For TCEQ office use only - EPA I.D.
No. TX0121126]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
P.O. Box 13087
Austin, Texas 78711-3087

This is a renewal that replaces TPDES
Permit No. WQ0014172001 issued on
September 5, 2014.

PERMIT TO DISCHARGE WASTES
under provisions of
Section 402 of the Clean Water Act
and Chapter 26 of the Texas Water Code

Utilities Investment Company, Inc.

whose mailing address is

P.O. Box 279
New Waverly, Texas 77358

is authorized to treat and discharge wastes from the Spring Cypress Shopping Center Wastewater
Treatment Facility, SIC Code 4952

located at 17932 Spring Cypress Road, in Harris County, Texas 77429

to a drainage swale; thence to Harris County Flood Control District (HCFCD) Ditch K145-02-00; thence
to Dry Creek; thence to Cypress Creek in Segment No. 1009 of the San Jacinto River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the
State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the
permittee the right to use private or public property for conveyance of wastewater along the discharge
route described in this permit. This includes, but is not limited to, property belonging to any individual,
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **five years from the date of issuance.**

ISSUED DATE: September 14, 2018

09/14/23


For the Commission



TPDES PERMIT NO.

WQ0012863001

[For TCEQ office use only - EPA I.D.
No. TX0094650]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

P.O. Box 13087

Austin, Texas 78711-3087

This is a renewal that replaces TPDES
Permit No. WQ0012863001 issued on
September 20, 2013.

PERMIT TO DISCHARGE WASTES

under provisions of

Section 402 of the Clean Water Act
and Chapter 26 of the Texas Water Code

Utilities Investment Company, Inc.

whose mailing address is

P.O. Box 279

New Waverly, Texas 77358

is authorized to treat and discharge wastes from the Orchard Crossing Wastewater Treatment Facility,
SIC Code 4952

located at 209 Courtland Court, Highlands, in Harris County, Texas 77562

to an unnamed ditch; thence to Bluff Gully (Harris County Flood Control District Ditch G103-03-00);
thence to San Jacinto River Tidal in Segment No. 1001 of the San Jacinto River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **five years from the date of issuance.**

ISSUED DATE: January 18, 2019


For the Commission

Attachment 13

Transferor Customer Deposit List (CONFIDENTIAL)

will be filed separately under seal

Attachment 14
Question 30 Mapping Information

Harris County - Water

System Name	ID No.	Connects	CCN	County	Affected Subdivisions	North Bound	East Bound	South Bound	West Bound	Nearest City	Distance (m)	Direction	Acreage
Aldine Village Subdivision	PWS1010931	385	13242	Harris	Aldine Village	Branding Iron Lane	Henry Road	Charriton St	Lillja Road	Houston	9 5	N of	44
Orchard Crossing	PWS1012450	121	12671	Harris	Orchard Crossing	Burwell Rd	Highlands Reservoir	Fig Orchard Rd	N Crosby Lynchburg Rd	Highlands	1	N of	42
Fairview Acres MHP	PWS1010706	50	12671	Harris	Fairacres Section 1	Danek Rd	Farm to Market Road 1942	Barbers Hill Rd	Danek Rd	Crosby	5 6	SE of	64*
Glenwood Mobile Home Subd	PWS1011492	30	12671	Harris	Fairacres Section 2	Danek Rd	Farm to Market Road 1942	Barbers Hill Rd	Danek Rd	Crosby	5 6	SE of	
Rollan Heights	PWS1010640	19	12671	Harris	Rollan Heights	Farm to Market Road 1942	Farm to Market Road 1942	Danek Ln	Gralla Rd	Crosby	4 8	SE of	77 5
Cypress Hill	PWS1011792	30	13242	Harris	Cypress Hill	Juergen Rd	Cypress Rosehill Rd	KZ Rd	Hanberry Ln	Cypress	4 3	NW of	86 4
Azalea Estates	PWS1011253	19	13242	Harris	Azalea Estates	Juniper Breeze Lane	Valka Road	Spring Cypress Rd	Woolf Rd and Highclere Park Dr	Tomball	5 6	SE of	19 3
Cedar Oaks	PWS1011556	68	12671	Harris	Cedar Oaks	Kleb Rd	Kleb Rd	Spring Cypress Rd	Scoresby Manor Dr	Tomball	5 6	SE of	45 4
Homestead Oaks	PWS1011734	26	12671	Harris	Homestead Oaks	Laxey Glen Dr	Vivian Ct	Spring Cypress Rd	Highclere Park Dr	Tomball	5 6	SE of	12 1
Cedar Bayou Estates	PWS1012174	20	12671	Harris	Cedar Bayou Estates	Needlepoint Rd	Cedar Bayou	E Cedar Bayou Lynchburg Rd	Sjolander Rd	Baytown	5 3	NE of	643*
Cedar Bayou Park	PWS1010112	98	12671	Harris	Cedar Bayou Park West	Needlepoint Rd	Cedar Bayou	E Cedar Bayou Lynchburg Rd	Sjolander Rd	Baytown	5 3	NE of	
McGee Place	PWS1012995	42	12671	Harris	McGee Place	Needlepoint Rd	Cedar Bayou	E Cedar Bayou Lynchburg Rd	Sjolander Rd	Baytown	5 3	NE of	
Spring Cypress Center	PWS1013172	98	12671	Harris	Spring Cypress Shopping Center	Swansbury Dr	Skinner Rd	U S HWY 290W	Hempstead Rd	Cypress	1	W of	246 6*
Target Center Water Plant	PWS1013316	35	12671	Harris		Swansbury Dr	Skinner Rd	U S HWY 290W	Hempstead Rd	Cypress	1	W of	
Cottonwood Park	PWS1010283	57	13242	Harris	Airline Link Addition	W Mt Houston Rd	Braunston Ln and Burford Ln	Rainy Riv	Rosslyn Rd	Houston	10 5	NW of	32 3

Harris County - Wastewater

System Name	ID No.	Connects	CCN	County	Affected Subdivisions	North Bound	East Bound	South Bound	West Bound	Nearest City	Distance (m)	Direction	Acreage
Aldine Village	WQ13882001	385	21091	Harris	Aldine Village	Branding Iron Lane	Henry Road	Charriton St	Lillja Road	Houston	9 5	N of	44
Orchard Crossing	WQ12863001	121	20765	Harris	Orchard Crossing	Burwell Rd	Highlands Reservoir	Fig Orchard Rd	N Crosby Lynchburg Rd	Highlands	1	N of	40 4
Spring Cypress Center	WQ14172001	98	20765	Harris	Spring Cypress Shopping Center	Swansbury Dr	Skinner Rd	U S HWY 290W	Hempstead Rd	Cypress	1	W of	246 6

Chambers County - Water

System Name	ID No.	Connects	CCN	County	Affected Subdivisions	North Bound	East Bound	South Bound	West Bound	Nearest City	Distance (m)	Direction	Acreage
Greenbriar Estates	PWS0360111	35	12671	Chambers	Greenbriar Estates	Farm to Market Road 2354	Tri City Beach Road	Dutton Lake Drainage Canal	Grand Parkway	Baytown	7 5	E of	57 6

Liberty County - Water

System Name	ID No.	Connects	CCN	County	Affected Subdivisions	North Bound	East Bound	South Bound	West Bound	Nearest City	Distance (m)	Direction	Acreage
Peterson Place	PWS1460086	35	12671	Liberty	Stilson-Hill	County Road 6022	County Road 6021	County Road 602	West Prong Old River	Dayton	3 5	SW of	59

*In these instances, the distinct areas served by multiple systems are not distinguishable on a CCN map

Attachment 15

Summary of Transferee Enforcement Action Status

Enforcement Action Status

Part E: Q 18, Part D, Q 12

System	Docket No.	Water/Wastewater	Violation	Date AO Signed by TCEQ	Original TCEQ Compliance Date	Extension Request Compliance Date	SWWC Compliance Achieved	Notice of Compliance Rec'd by SWWC	Comments
Governors Point	2020-1182-PWS-E	Water	Plan Review & Pressure Tank Capacity	Awaiting TCEQ Signature	TBD	NA	8/28/2020		Original Pressure tank returned to service Aug 2020
Cherokee Shores	2021-0040-MWD-E	Wastewater	Effluent Violations	Awaiting TCEQ Signature	TBD	NA	WWTP in compliance		Plant has been in compliance since Aug 2020
Windermere	2019-1625-MWD-E	Wastewater	Effluent Violations / Fish Kill	Awaiting TCEQ Signature	TBD	NA	WWTP in compliance		Plant has been in compliance since Dec 2019
Indian Hills Harbor	2019-0429-PWS-E	Water	Plan Review & Booster Pump Capacity	Awaiting TCEQ Signature	TBD	NA	Currently out of compliance		Pressure readings submitted to TCEQ Regional office awaiting response Engineering Report submitted to TROT and the regional office Exemption revoked Will begin placing PT back into service

Attachment 16

Fair Market Valuation Reports (CONFIDENTIAL and Voluminous)

will be filed separately under seal in electronic format on CD

Attachment 17

FMV Expert Fees (CONFIDENTIAL)

will be filed separately under seal

Attachment 18

Question 14 Proposed Accounting Entries (CONFIDENTIAL)

will be filed separately under seal

Attachment 19
Question 22 System Information

Harris County - Water

System Name	ID No.	Last TCEQ Inspection	Subdivisions Served	Seller
Aldine Village Subdivision	PWS1010931	1/4/2019	Aldine Village	UIC 13
Orchard Crossing	PWS1012450	10/30/2018	Orchard Crossing	UIC
Fairview Acres MHP	PWS1010706	9/18/2019	Fairacres Section 1	UIC
Glenwood Mobile Home Subd	PWS1011492	2/15/2019	Fairacres Section 2	UIC
Rollan Heights	PWS1010640	6/22/2020	Rollan Heights	UIC
Cypress Hill	PWS1011792	2/13/2019	Cypress Hill	UIC 13
Azalea Estates	PWS1011253	8/13/2018	Azalea Estates	UIC 13
Cedar Oaks	PWS1011556	7/13/2017	Cedar Oaks	UIC
Homestead Oaks	PWS1011734	4/5/2019	Homestead Oaks	UIC
Cedar Bayou Estates	PWS1012174	1/31/2020	Cedar Bayou Estates	UIC
Cedar Bayou Park	PWS1010112	1/10/2019	Cedar Bayou Park West	UIC
McGee Place	PWS1012995	9/28/2018	McGee Place	UIC
Spring Cypress Center	PWS1013172	9/18/2019	Spring Cypress Shopping Center	UIC
Target Center Water Plant	PWS1013316	9/8/2009		UIC
Cottonwood Park	PWS1010283	9/17/2015	Airline Link Addition	UIC 13

Harris County - Wastewater

System Name	ID No.	Last TCEQ Inspection	Affected Subdivisions	Name of Permittee
Aldine Village	WQ13882001	3/2/2015	Aldine Village	UIC13
Orchard Crossing	WQ12863001	11/24/2020	Orchard Crossing	UIC
Spring Cypress Center	WQ14172001	1/9/2015	Spring Cypress Shopping Center	UIC

Chambers County - Water

System Name	ID No.	Last TCEQ Inspection	Affected Subdivisions	Seller
Greenbriar Estates	PWS 0360111	6/7/2019	Greenbriar Estates	UIC

Liberty County - Water

System Name	ID No.	Last TCEQ Inspection	Affected Subdivisions	Seller
Peterson Place	PWS1460086	4/16/2020	Stilson-Hill	UIC

Attachment 20
Connections by Meter Size

Water Meters										
System	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Rollan Heights	18	0	0	0	0	0	0	0	0	18
Fairview Acres MHP	33	0	0	0	0	0	0	0	0	33
Glenwood	43	0	1	0	0	0	0	0	0	44
Cedar Bayou Estates	19	0	0	0	0	0	0	0	0	19
Cedar Bayou Park	186	0	1	0	0	0	0	0	0	187
Peterson Place	44	0	0	0	0	0	0	0	0	44
McGee	48	0	0	0	0	0	0	0	0	48
Orchard Crossing	120	0	2	0	0	0	0	0	0	122
Greenbriar	41	0	0	0	1	0	0	0	0	42
Cedar Oaks	67	0	0	0	0	0	0	0	0	67
Homestead Oaks	23	0	0	0	0	0	0	0	0	23
Spring Cypress	0	0	32	0	108	0	0	2	0	142
Azalea Estates	22	0	1	0	0	0	0	0	0	23
Cypress Hill	39	0	0	0	0	0	0	0	0	39
Aldine Village	315	0	4	0	11	1	2	0	0	333
Cottonwood	54	0	1	0	0	0	0	0	0	55
Total	1,072	0	42	0	120	1	2	2	0	1,239

Sewer Meters										
System	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	Total
Rollan Heights	0	0	0	0	0	0	0	0	0	0
Fairview Acres MHP	0	0	0	0	0	0	0	0	0	0
Glenwood	0	0	0	0	0	0	0	0	0	0
Cedar Bayou Estates	0	0	0	0	0	0	0	0	0	0
Cedar Bayou Park	0	0	0	0	0	0	0	0	0	0
Peterson Place	0	0	0	0	0	0	0	0	0	0
McGee	0	0	0	0	0	0	0	0	0	0
Orchard Crossing	120	0	1	0	0	0	0	0	0	121
Greenbriar	0	0	0	0	0	0	0	0	0	0
Cedar Oaks	0	0	0	0	0	0	0	0	0	0
Homestead Oaks	0	0	0	0	0	0	0	0	0	0
Spring Cypress	0	0	7	0	82	0	0	1	0	90
Azalea Estates	0	0	0	0	0	0	0	0	0	0
Cypress Hill	0	0	0	0	0	0	0	0	0	0
Aldine Village	304	0	2	0	9	1	2	0	0	318
Cottonwood	0	0	0	0	0	0	0	0	0	0
Total	424	0	10	0	91	1	2	1	0	529

Attachment 21
Purchased Water Contract

FILE COPY

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BAYTOWN AREA
WATER AUTHORITY AUTHORIZING A WATER SUPPLY CONTRACT –
TREATED WATER WITH CINDY RILEY, D/B/A C&R WATER SUPPLY,
SUBJECT TO THE APPROVAL OF THE CITY OF HOUSTON AND THE CITY
OF BAYTOWN; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BAYTOWN AREA
WATER AUTHORITY:

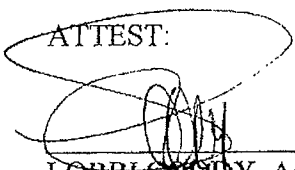
Section 1: That subject to the approval of the City of Houston and the City of Baytown,
the Board of Directors of the Baytown Area Water Authority hereby authorizes a Water Supply
Contract – Treated Water with Cindy Riley, d/b/a C&R Water Supply. A copy of said contract is
attached hereto as Exhibit “A” and incorporated herein for all intents and purposes.

Section 2: This resolution shall take effect immediately from and after its passage by the
Board of Directors of the Baytown Area Water Authority.


INTRODUCED, READ and PASSED, by the affirmative vote of the Board of Directors of
the Baytown Area Water Authority this the 19th day of April, 2006.


ROBERT L. GILLETTE, President

ATTEST:


LORRI COODY, Assistant Secretary

APPROVED AS TO FORM:


IGNACIO RAMIREZ, SR., General Counsel

Water Supply Contract -- Treated Water Cindy Riley d/b/a C&R Water Supply

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This Water Supply Contract -- Treated Water, hereinafter referred to as the "Contract," is made and entered into on the date herein after last specified by and between the Baytown Area Water Authority, a governmental agency and a body politic and corporate of the State of Texas, created pursuant to Chapter 600, Acts of the 63rd Legislature, Regular Session, 1973, hereinafter referred to as "BAWA," and the Cindy Riley d/b/a C&R Water Supply, situated in Harris County Texas, having a mailing address of P.O. Box 8384, Baytown, TX 77522, hereinafter referred to as the "District."

WHEREAS, BAWA has the right under a contract with the City of Houston to buy untreated waters from the City of Houston; and

WHEREAS, BAWA has constructed certain facilities to treat and deliver the aforementioned untreated water to the DISTRICT as treated water at several points of delivery; and DISTRICT has constructed or caused to be constructed certain facilities to enable DISTRICT to receive the aforementioned treated water; and

WHEREAS, BAWA is desirous of selling large quantities of treated water from such source or sources to DISTRICT, and DISTRICT, subject to the terms hereof, is desirous of purchasing from BAWA its treated water requirements; and

WHEREAS, BAWA and DISTRICT have found, and do hereby find, that BAWA and DISTRICT are authorized by the laws of the State of Texas to enter into a contract for the sale of water upon such terms and for the period of time hereinafter set forth; and

WHEREAS, DISTRICT is authorized to enter into a contract for the purchase of treated water from BAWA;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do hereby mutually agree as follows:

ARTICLE I **DEFINITIONS**

Unless a different meaning or intent clearly appears from the context, the following words and terms shall have the meanings specified in this Article, respectively:

1.01 "Act" means Chapter 600, Acts of the 63rd Legislature, Regular Session, 1973.

1.02 “BAWA Contract” means the Water Supply Contract and the Contract Amendment between the City of Houston and Baytown Area Water Authority, dated October 24, 1994, and January 3, 2005, respectively. Copies of such contract and amendment are attached hereto and incorporated herein for all intents and purposes as Exhibit “A” and “B” respectively.

1.03 “Beginning Date” shall mean the date that DISTRICT begins receiving treated water from BAWA under this Contract or the effective date hereof, whichever is later. Such date may occur after the effective date of this Contract as defined in Article IX. Provided, however, that if DISTRICT does not begin receiving treated water within one year of the effective date hereof, BAWA shall be under no further obligation to supply DISTRICT with treated water.

1.04 “DISTRICT's Facilities” shall mean facilities constructed by DISTRICT to enable DISTRICT to receive treated water.

1.05 “Contract Quantity” shall mean the maximum quantity of treated water that BAWA agrees to reserve and sell to DISTRICT pursuant to Section 2.01 herein.

1.06 “Contract Term” is defined in Article IX.

1.07 “General Manager” shall mean the General Manager of the Baytown Area Water Authority or any successor agency and all persons designated by the General Manager to administer the sale and delivery of water to DISTRICT.

1.08 “MGD” is an abbreviation for million gallons of water per day. As used in this contract, “MGD” refers to a quantity of water during a period of time expressed for convenience in terms of an average daily quantity during a calendar month (unless a different period of time is specified). The volume of two MGD for a calendar month, for example, is calculated as follows: Two million gallons multiplied by the number of days in such calendar month.

1.09 “Point of Delivery” shall mean those delivery points as indicated on Exhibit “C,” which is attached hereto and incorporated herein for all intents and purposes, to which BAWA agrees to deliver treated water to DISTRICT.

1.10 “Point of Measurement” shall mean the location of the meter at which DISTRICT's consumption of water is measured, more particularly described in Exhibit “C.”

1.11 “Project” means the property, works, facilities and improvements, whether previously existing or to be made, constructed or acquired, within or without the boundaries of BAWA, necessary

- (a) to acquire surface water supplies from sources both within and without the boundaries of BAWA, including particularly the sources provided by BAWA's Contract (herein defined),

- (b) to conserve, store, transport, treat and purify untreated water purchased by BAWA pursuant to BAWA's Contract, and
- (c) to distribute, sell and deliver treated water to DISTRICT pursuant to the terms of the Contract.

1.12 "Service Area" shall mean the area within the boundaries more particularly described in Exhibit "D," which is attached hereto and incorporated herein for all intents and purposes.

1.13 "TCEQ" shall mean the Texas Commission on Environmental Quality or its successor.

1.14 "Water" shall mean potable water meeting the minimum drinking water standards prescribed by Texas Department of Health Resources and Texas Commission on Environmental Quality, and their successor agencies.

ARTICLE II

SALE AND DELIVERY OF WATER

2.01 Subject to the terms and conditions of this Contract, during the Contract Term, BAWA agrees to sell and deliver (or cause to be delivered) to DISTRICT, all of DISTRICT's water requirements of treated water at the Points of Delivery at daily rates of delivery; and DISTRICT agrees to purchase from BAWA, all of DISTRICT's treated water requirements for resale at the Points of Delivery during the term of this Contract. It is expressly agreed to and understood that BAWA shall not be obligated to deliver to DISTRICT treated water in excess of the Contract Quantity which shall be the monthly average per day of 0.0500 MGD.

2.02 The Points of Delivery for treated water sold under this contract shall be designated in writing by DISTRICT; provided, however, BAWA reserves the right to reject any Point of Delivery designated by DISTRICT which would affect, interfere with or increase the cost of any other facilities or operations which BAWA might wish to construct or implement, or plan to construct or implement, or which would adversely affect BAWA's ability to provide treated water to any of its customers. Both BAWA and DISTRICT agree that the Points of Delivery shall be those indicated on Exhibit "C," which is attached hereto and incorporated herein for all intents and purposes. Additionally, DISTRICT may give BAWA notice in writing of any additional or change in Point(s) of Delivery designated by DISTRICT, and BAWA agrees to accept or reject such Point(s) of Delivery by a response in writing within thirty (30) days after BAWA's receipt of the notice.

2.03 Treated water may be delivered to DISTRICT from any source or combination of sources available to BAWA.

2.04 The treated water to be delivered shall meet minimum standards prescribed by the State of Texas for municipal purposes (as such term is defined by the TCEQ in its rules) and shall be only used by DISTRICT within the Service Area.

2.05 If DISTRICT wishes to reserve for itself additional monthly quantities of treated water, DISTRICT must notify BAWA in writing of DISTRICT's desire to do so. The General Manager may, at his discretion after considering the treated water requirements of DISTRICT and BAWA's obligations and commitments, increase the quantity of treated water supplied to DISTRICT; provided, however, that BAWA shall be under no obligation to deliver treated water in excess of Contract Quantity. BAWA may, at its discretion, discontinue delivery of such additional monthly requirements of treated water by giving DISTRICT thirty (30) days' written notice.

2.06 DISTRICT shall own and be responsible for all lines connected to BAWA's transmission line, beginning at the point where the metering device is installed to meter sales to DISTRICT.

ARTICLE III

CONSTRUCTION OF THE PROJECT

3.01 DISTRICT agrees to proceed promptly with the acquisition and construction of the Project with monies lawfully available for such purpose after obtaining written approval of the plans and specifications from BAWA. However, such approval shall not be deemed to be for the benefit of DISTRICT, but rather just for the protection of BAWA's system.

3.02 If DISTRICT desires to materially revise the scope of or the plans and specifications for the Project, such proposed revisions shall be submitted to BAWA for approval. If BAWA approves such revisions, the Project shall be modified.

ARTICLE IV

RATES AND PRICES

4.01 DISTRICT agrees to pay BAWA's costs through the establishment of rates for the purchase of treated water and by payments to BAWA based on such established rates. BAWA shall periodically establish rates for the purchase of treated water. Billing at the rate for water as specified hereinbelow shall not commence until the effective date of this Contract.

4.02 Whenever DISTRICT's consumption shall exceed Contract Quantity by ten percent (10%), a five percent (5%) surcharge shall be charged against that portion of the consumption that exceeds the Contract Quantity. Provided, however, this surcharge shall not apply to any increase in the quantity of treated water granted by the General Manager pursuant to Section 2.05 hereof.

4.03 All water sold and delivered by BAWA to DISTRICT for which DISTRICT is obligated to pay hereunder shall be sold to DISTRICT at the rate of \$1.29 per one thousand gallons.

4.04 The amount of water delivered to DISTRICT shall be measured by the metering equipment located at the point of delivery.

4.05 Additionally, DISTRICT understands and agrees that BAWA may at any time, by order duly enacted, increase or change the price or prices for treated water as set forth in this article; provided, however that except where an independent rate analysis conducted by a qualified concern indicates that certain rate increase is required, the price or prices for treated water shall not be increased percentagewise to DISTRICT during any twelve (12) month period of this contract in excess of the percentage rate increase in BAWA's water rates to other purchasers of treated water during the same period.

ARTICLE V **REPORTS**

5.01 Within fifteen (15) days after the end of each quarterly period during the term of this Contract, DISTRICT shall furnish BAWA with a statement under oath showing the quantities and sources of all water for use or resale by DISTRICT.

ARTICLE VI **MEASURING EQUIPMENT**

6.01 At its own cost and expense, DISTRICT shall furnish and install at the Point of Delivery hereunder, measuring equipment properly equipped with meters, totalizers and devices of standards type for measuring and recording accurately the quantity of water delivered under this Contract. The meters shall have a capacity for measuring the quantity of water delivered within an accuracy tolerance of two percent (2%) plus or minus for a given rate of flow. Such measuring equipment shall be approved by BAWA and after BAWA's approval of the installation, same shall become property of BAWA. All measuring equipment shall be owned by BAWA, even when purchased by DISTRICT, and all measuring equipment shall be located at the Point of Delivery as shown on Exhibit "C." At its own cost and expense, DISTRICT shall also install, operate and maintain as required by BAWA, pressure regulating devices and equipment. These pressure regulating devices and equipment shall remain the property of the DISTRICT, but shall be approved by BAWA.

6.02 During all reasonable hours as determined by the General Manager in his sole discretion, BAWA, the City of Houston, and the Coastal Water Authority of Texas shall have access to the measuring equipment. DISTRICT may have access to all records pertinent to determining the measurement and quantity of treated water actually delivered hereunder, but the reading of the measuring equipment for purposes of billing shall be done by BAWA.

6.03 After approved installation thereof, BAWA shall maintain the measuring equipment within the accuracy tolerance specified in Section 6.04 by periodic tests. BAWA shall conduct such tests at least once every twelve (12) months and shall notify DISTRICT at least forty-eight (48) hours in advance of the time and location at which tests are to be made. BAWA agrees to properly test said measuring equipment at BAWA's cost when requested to do so by DISTRICT once every

twelve (12) months. If DISTRICT requests an additional test within twelve (12) months, BAWA shall charge DISTRICT an amount equal to BAWA's costs to perform such test unless the test reveals that the equipment registers one hundred two percent (102%) or more for a given flow rate. In addition, DISTRICT shall have the right to independently check, at its own cost, said measuring equipment at any time upon forty-eight (48) hours' notification to the General Manager and opportunity for the General Manager to witness such tests.

6.04 Should any test of the measuring equipment in question show that the equipment registers either more than one hundred two percent (102%) or less than ninety-five percent (95%) of the water delivered for a given flow rate, the total quantity of water delivered to DISTRICT will be deemed to be the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be calibrated to the manufacturer's specifications (in the case of Venturi meters) or the AWWA specifications (for all other types of meters) for the given rate of flow, or replaced by BAWA with accurate measuring equipment that is tested before it is placed in service. The adjustment shall be for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or one hundred twenty (120) days, whichever is shorter. If, for any reason, the measuring equipment is out of service or out of repair and the amount of treated water delivered cannot be ascertained or computed from the reading thereof, water delivered during the period shall be estimated and agreed upon by the parties hereto on the basis of the best data available.

As used in this section, the expression "given rate of flow" means one of the following selected by the General Manager:

- (a) the total quantity of water delivered during the preceding period (usually a calendar month) as reflected by the totalizer, converted to gallons per minute;
- (b) high, low and intermediate rates of flow in the flow rate, as reflected by the flow recording devices;
- (c) the applicable Contract Quantity for the current period, usually a calendar month, converted to gallons per minute; or
- (d) AWWA-specified test flow rates for that size and type of meter.

6.05 In the event of a dispute between BAWA and DISTRICT as to the accuracy of the testing equipment used by BAWA to conduct the accuracy test, an independent check may be mutually agreed upon between DISTRICT and BAWA and shall be conducted by an independent measuring equipment company suitable to both DISTRICT and BAWA. The cost of such test shall be at DISTRICT's sole expense.

6.06 DISTRICT may install, at its own cost and expense, such check meters in DISTRICT's pipeline or canal as may be deemed appropriate, but BAWA shall have the right of ingress and egress to such check meters during all reasonable hours; provided, however, that billing computations shall be on the basis of the results of the measuring equipment set forth above.

ARTICLE VII BILLING AND PAYMENT

7.01 As used in this Article VII, the term "day" shall mean a period of twenty-four (24) consecutive hours beginning at a mutually agreed-upon time on one calendar day and ending at the same time on the next succeeding calendar day, and the term "month" shall mean a period beginning at a mutually agreed-upon time on the first day of a calendar month and ending at the same time on the first day on the next succeeding calendar month.

7.02 The measuring equipment shall be read on the day at the end of each month (or at such period of frequency arranged between the parties) and at a mutually agreed upon time, or as near thereto as practicable.

7.03 The quantities of treated water for which payment is due by DISTRICT hereunder in any month shall be the total quantity of treated water delivered to DISTRICT in such month determined by the measuring equipment described in Article VI hereof.

7.04 BAWA shall bill DISTRICT at DISTRICT's address within ten (10) days after the read date by a statement showing the quantity of water used during the preceding month. Payment shall be due and payable to BAWA at its offices in Baytown, Harris County, Texas, on or before the twentieth day after receipt of such statement.

7.05 Should DISTRICT fail to tender payment of any amount when due, interest thereon shall accrue at the rate of ten percent per annum from the date when due until paid and DISTRICT shall be deemed to be in default.

ARTICLE VIII TITLE TO AND RESPONSIBILITY FOR WATER

8.01 As between BAWA and DISTRICT, BAWA shall be in exclusive control and possession of, and solely responsible for, all treated water deliverable hereunder and solely responsible for any damage or injury caused thereby until the same shall pass through the Point of Delivery and thereafter, DISTRICT shall be in exclusive control and possession thereof and solely responsible for any injury or damage caused thereby.

8.02 BAWA MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF TREATED WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8.03 With respect to all water handling facilities located between the Point of Delivery and the Point of Measurement, BAWA and DISTRICT specifically agree:

- (a) that all such facilities, other than the measurement equipment itself, shall be and remain the property of DISTRICT subject to the terms of this Contract;

- (b) that DISTRICT shall take all reasonable steps to maintain such facilities and to prevent leaks or discharges from such facilities;
- (c) that DISTRICT shall repair any such leak or discharge at once upon receiving notice thereof and pay BAWA the price of any water lost by reason of such a leak or discharge;
- (d) that DISTRICT shall correct or repair any damage caused by any such leak or discharge and shall hold BAWA harmless from and against any such damage and claims therefore;
- (e) that DISTRICT shall alter or relocate, at its sole cost, any such facilities whenever BAWA shall reasonably request in writing that the same be done; and
- (f) that DISTRICT shall promptly remove such facilities and restore their locations to their pre-existing conditions whenever this Contract is no longer in effect and BAWA so requests in writing.

ARTICLE IX TERM

This Contract shall be in force and effect beginning on the date of execution by BAWA until December 31, 2025, at 8:00 a.m.

ARTICLE X PERFORMANCE BY BAWA AND DISTRICT

10.01 BAWA covenants and agrees that it will not contract for the sale of water to other users to such an extent or for such quantities as to impair BAWA's ability to perform fully and punctually its obligations to DISTRICT under this Contract. In case of temporary shortage of water, notwithstanding BAWA's compliance with the portions of this Article X, BAWA shall distribute the available supply as provided by the laws of the State of Texas, particularly Section 11.039(a) of the Texas Water Code, as amended.

10.02 Pursuant to the Amendatory Contract entered into by the City of Houston and the San Jacinto River Authority, which is incorporated herein by this reference, DISTRICT covenants and agrees that it shall take treated water for the purpose of distribution through its system, and such water shall be used for municipal purposes (as such term is defined by TCEQ Rules, currently in effect or as hereinafter amended) and for no other purposes. DISTRICT covenants and agrees that such treated water shall be sold, distributed or used and ultimately consumed only for residential household or other strictly municipal purposes exclusively within the Service Area. No extension of these boundaries may be made by DISTRICT without written consent of BAWA as well as the written consent of the San Jacinto River Authority and City of Houston, when required pursuant to

the Water Supply Contract between the City of Houston and BAWA, dated October 24, 1994. DISTRICT agrees to include covenants similar to those contained in this Section 10.02 in any sales or contracts for sale of water by DISTRICT to any other entity. DISTRICT agrees to submit the wording of such covenants to BAWA for the written approval of BAWA and all other required entities prior to entering into such contracts.

DISTRICT understands and agrees that BAWA, the City of Houston and/or the San Jacinto River Authority may enforce the covenants contained in Section 10.02 herein by an action brought directly against DISTRICT. In the event that BAWA and/or the City of Houston maintains any legal proceeding to enforce such covenants, DISTRICT agrees to indemnify BAWA and/or the City of Houston in the amount of all expenses relating to the legal proceeding, including, but not limited to, costs of court and reasonable attorneys' fees.

10.03 DISTRICT acknowledges that according to the terms of the contract between BAWA and the City of Houston, BAWA may be liable to the City of Houston and/or the San Jacinto River Authority for monetary damages in the event that DISTRICT (or any purchaser of water from or through DISTRICT) fails to comply with the restrictions and limitations on the sale of water set out in Section 10.02 herein. DISTRICT acknowledges that such monetary damages would amount to seventy-five percent (75%) of the consideration or revenue received by BAWA for the estimated amount of water distributed, sold or used in violation of such restrictions or limitations, plus all litigation expenses, reasonable attorney's fees, and all other remedies available to the City of Houston and/or the San Jacinto River Authority. DISTRICT hereby agrees to totally indemnify, defend, and save BAWA harmless from and against any such expenses and liability which BAWA might incur or any loss BAWA might suffer, as a result of any failure by DISTRICT, or any purchaser of water from or through DISTRICT, to comply with such restriction and limitation. DISTRICT agrees that in the event that DISTRICT furnishes or sells water or water services to a third party that in turn will furnish water to the ultimate consumer, DISTRICT shall include covenants in any such sales or contracts for sale of water to such third party(ies) to ensure that said other entity(ies) will likewise indemnify, hold harmless, and defend BAWA. DISTRICT agrees to submit the wording of such covenants for the approval of BAWA prior to entering into such contracts.

DISTRICT acknowledges that according to the terms of the contract between the City of Houston and the San Jacinto River Authority, the City of Houston may be liable to the San Jacinto River Authority for monetary damages in the event that DISTRICT (or any purchaser of water from or through DISTRICT) fails to comply with the restrictions and limitations on the sale of water set out in Section 10.02 herein. DISTRICT acknowledges that such monetary damages would amount to seventy-five percent (75%) of the consideration or revenue received by the City of Houston for the estimated amount of water distributed, sold or used in violation of such restrictions or limitations, plus all litigation expenses, reasonable attorney's fees, and all other remedies available to the San Jacinto River Authority. DISTRICT hereby agrees to fully indemnify, defend, and save the City of Houston harmless from and against any such expenses and liability which the City of Houston might incur or any loss the City of Houston might suffer, as a result of any failure by DISTRICT, or any purchaser of water from or through DISTRICT, to comply with such restrictions and limitations. DISTRICT agrees that in the event that DISTRICT furnishes or sells water or water services to a third party that in turn will furnish water to the ultimate consumer, DISTRICT shall

include covenants in any such sales or contracts for sale of water to such third party(ies) to ensure that said other entity(ies) will likewise indemnify, hold harmless, and defend the City of Houston. DISTRICT agrees to submit the wording of such covenants for the approval of BAWA and the City of Houston prior to entering into such contracts.

10.04 DISTRICT agrees to maintain, at its sole expense, its water wells, if any, in good repair and working order to facilitate the use of such water wells as an emergency source of supply, if required, should BAWA be unable to deliver the Contract Quantity of water for any reason. DISTRICT shall bear all costs of maintaining and supplying such emergency sources of supply.

ARTICLE XI ENVIRONMENTAL CONSIDERATIONS

11.01 On or before the first anniversary of the effective date of this contract, DISTRICT shall approve, implement and throughout the term hereof remain in full compliance with a water conservation program, including, but not limited to, a drought contingency plan, in accordance with the requirements of the TCEQ. Such plan (and any amendments thereto) shall be submitted to the appropriate authority as required by state law for review and approval. In the event that the TCEQ adopts new requirements, DISTRICT shall adopt an amended plan and submit the same to the appropriate authority for review and approval.

11.02 DISTRICT agrees that in the event that DISTRICT furnishes or sells water or water services to a third party that in turn will furnish water to the ultimate consumer, the requirements of this Contract relative to water conservation shall be met through contractual agreements between DISTRICT and the third party, providing for the implementation and continued compliance with a water conservation program consistent with the requirements of the TCEQ.

ARTICLE XII REMEDIES UPON DEFAULT

12.01 In the event of any default by DISTRICT in the performance of any of DISTRICT's obligations hereunder which shall continue for a period of thirty (30) days or more, BAWA shall give written notice to DISTRICT specifying the matter with respect to which DISTRICT is in default and requesting that the same be remedied with promptness and dispatch. In the event DISTRICT, within forty-five (45) days after the mailing of such notice by BAWA, has failed to remedy the matter in default, BAWA may suspend further delivery of treated water to DISTRICT hereunder; and in the event such default on the part of DISTRICT continues for an additional thirty (30) days, BAWA may, by an additional written notice to DISTRICT, cancel and terminate this contract, whereupon all rights of DISTRICT and all obligations of BAWA hereunder shall terminate and be at an end. The exercise of such rights shall be in addition to any other remedies available to BAWA under the laws of the State of Texas.

12.02 During any monthly period in which BAWA is unable to deliver to DISTRICT, DISTRICT's daily requirements of water, whether as a result of temporary curtailments resulting

from temporary shortages as provided in Section 10.01 hereof or of force majeure as provided in Article XIII hereof, DISTRICT shall be obligated to pay BAWA only for the quantities of treated water actually delivered to DISTRICT under this contract during such month. During any, such period, DISTRICT shall be free to obtain treated water from other sources.

12.03 The failure of either party to insist in any one or more instance upon performance of any of the terms, covenants or conditions of this Contract, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by the other party hereto, but the obligation of such other party with respect to future performance shall continue in full force and effect.

ARTICLE XIII FORCE MAJEURE

13.01 In the event either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Contract other than the payment of money, or in the event DISTRICT is rendered unable, wholly or in part, by force majeure to operate DISTRICT's facilities, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telefax or telegraph to the other party as soon as possible after the occurrence of the cause relied upon, then the obligations of the party given such notice, to the extent it is affected by force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused as to the extent provided but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch.

13.02 The term "force majeure" as used herein, shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lighting, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, equipment, pipelines or canals, and any other inability of either party whether similar to those enumerated or otherwise and not within the control of the party claiming such inability which by the exercise of due diligence and care such party could not have avoided.

13.03 It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty and the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

13.04 DISTRICT shall not be guaranteed any specific quantity or pressure of water whenever BAWA's treated water supply is limited or when BAWA's equipment may become inoperative due to unforeseen breakdown or scheduled maintenance and repairs, and BAWA is in no case to be held to any liability for failure to furnish any specific amount or pressure of water. BAWA agrees that it will attempt to make any necessary repairs or adjustments to its equipment

within reasonable times mutually agreeable to both parties. It is further agreed that BAWA may, without liability of default, interrupt its services hereunder to make necessary alterations to or repairs in its facilities, but only if such interruption cannot otherwise reasonably be avoided. BAWA shall schedule interruptions in advance after consultation with DISTRICT.

ARTICLE XIV ADDRESS AND NOTICES

14.01 Until DISTRICT is otherwise notified in writing by BAWA, the address of BAWA is and shall remain as follows:

Baytown Area Water Authority
Attn: General Manager
P.O. Box 424
Baytown, Texas 77522

Until BAWA is otherwise notified in writing by DISTRICT, the address of DISTRICT is and shall remain as follows:

Cindy Riley, d/b/a C&R Water Supply
P.O. Box 8384
Baytown, TX 77522

14.02 All written notices, statements, and payments required or permitted to be given under this Contract from one party to the other shall be deemed given by telefax or the deposit in a United States Postal Service mailbox or receptacle of certified or registered mail, with proper postage affixed thereto, addressed to the respective other party at the address set forth above or at such other address as the parties respectively shall designate by written notice.

ARTICLE XV MISCELLANEOUS PROVISIONS

15.01 This contract shall bind and benefit the respective parties and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining the written consent of the other; provided, however, that DISTRICT shall have the right, without any consent of BAWA to pledge or otherwise assign DISTRICT's rights hereunder to the extent required by any mortgage, deed of trust or other similar agreement to which DISTRICT may be, or hereafter become a party; provided that, DISTRICT's successor or assignee, as the case may be, is a responsible person or entity and shall (by operation of law or otherwise) expressly assume DISTRICT's obligations hereunder; and provided, further, however, that no successor or assignee of DISTRICT shall be entitled to receive water or sell water to a third party under this Contract unless and until the City of Houston and the San Jacinto River Authority give their written consent to such assignment.

15.02 This Contract shall be for the sole and exclusive benefit of BAWA and DISTRICT and shall not be construed to confer any rights upon any third party, except as expressly provided in Article X. BAWA shall never be subject to any liability in damages to any customer of DISTRICT for any failure to perform under this Contract.

15.03 This Contract shall be subject to all present and future valid laws, orders, rules and regulations of the United States of America and the State of Texas and of any regulatory body having jurisdiction.

15.04 This instrument contains all the agreements made between the parties concerning the sale and delivery of water by BAWA to DISTRICT at the Point of Delivery set out in this Contract. This Contract supersedes any prior negotiations, agreements, or understandings relating to the subject matters hereof, including the Wholesale Water Supply Contract dated December 14, 1989, and assigned on February 19, 2002, and all amendments thereto.

15.05 The construction, interpretation and performance of this Contract shall be governed by the laws of the State of Texas, and venue shall lie in Harris County, Texas.

15.06 All parties agree that should any provision of this Contract be determined to be invalid or unenforceable, such determination shall not affect any other term of this Contract, which shall continue in full force and effect. The parties agree that this Agreement shall not be construed in favor of or against any party on the basis that the party did or did not authorize this Agreement.

15.07 Each party has the full power and authority to enter into and perform this Contract, and the person signing this Contract on behalf of each party has been properly authorized and empowered to enter into this Contract. The persons executing this Contract hereby represent that they have authorization to sign on behalf of their respective entities.

15.08 The parties acknowledge that they have read, understand and intend to be bound by the terms and conditions of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the ____ day of _____, 2006, in multiple copies each of which shall be deemed to be an original, but all of which shall constitute but one and the same contract.

BAYTOWN AREA WATER AUTHORITY

ROBERT L. GILLETTE, President

ATTEST:

PETER R. BUENZ, Secretary

CINDY RILEY, D/B/A C&R WATER SUPPLY

Signature

Printed Name

Title

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

Before me, _____, the undersigned notary public, on this day
personally appeared _____ in his/her capacity as _____ of C&R
Water Supply

_____ known to me

_____ proved to me on the oath of _____ or

_____ proved to me through his/her current _____
{description of identification card or other document issued by the federal
government or any state government that contains the photograph and signature of
the acknowledging person}

(check one)

to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that
he/she executed that instrument for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____ day of _____, 2006.

Notary Public in and for the State of Texas

My commission expires: _____

APPROVED TO CONFORMING TO
REQUIREMENTS OF CONTRACT
NO. 34739, SECTIONS 9.2 AND 9.3:

ANTHONY HALL, City Attorney
CITY OF HOUSTON

August 8, 1994

**WATER SUPPLY CONTRACT BETWEEN
THE CITY OF HOUSTON AND
BAYTOWN AREA WATER AUTHORITY**

34739

94-1013

THE STATE OF TEXAS §

COUNTY OF HARRIS §

THIS CONTRACT (this "Contract") made and entered into by and between the City of Houston, Texas a municipal corporation and home-rule city, which is principally situated and has its City Hall in Harris County, Texas (hereinafter called "Seller"), and the Baytown Area Water Authority, a governmental entity and a body politic and corporate which is situated and has its principal office at Baytown, Harris County, Texas (hereinafter called "Buyer"),

W I T N E S S E T H:

WHEREAS, Seller has the right under certain water permits to divert waters from the Trinity River Basin, the Lake Livingston Reservoir, and the Wallisville Reservoir, and may acquire water rights in other basins and reservoirs; and

WHEREAS, Seller has constructed and is constructing certain facilities to enable delivery of the aforementioned water to Buyer at a single point of delivery and Buyer has constructed certain facilities to enable Buyer to receive the aforementioned water, treat it so as to make it potable, and distribute it; and

WHEREAS, Seller desires to sell large quantities of Untreated Water from such source or sources to Buyer and Buyer intends to purchase its Untreated Water requirements from Seller for treatment and resale; and

WHEREAS, Seller and Buyer have found, and do hereby find, that Seller and Buyer are authorized by the Laws of the State of Texas to enter into contracts for the sale of water upon such terms and for the period of time as are hereinafter set forth, and Seller and Buyer specifically

EXHIBIT A

contemplate the provisions of Tex. Rev. Civ. Stat. Ann. art. 4413(32c) and Tex. Loc. Gov't Code Ann. 402.021, as they have been enacted to the date of this Contract, in making these findings; and

WHEREAS, Seller has entered an amendatory contract with the San Jacinto River Authority, which grants Seller conditional permission to sell water to Buyer upon payment to the San Jacinto River Authority the sum of Fifty (\$50.00) Dollars per day during the term of this Contract.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do hereby mutually agree as follows:

ARTICLE I.

Definitions

As used in this Contract, the following terms are intended and used herein and shall be construed to have meanings as follows:

- (1) The term "Beginning Date" shall mean the date that Buyer begins receiving Untreated Water from Seller under this Contract or the effective date hereof, whichever is later. Such date may occur after the effective date of this Contract as defined in Article VIII. Provided, however, that if Buyer does not begin receiving Untreated Water within one year of the effective date hereof, Seller shall be under no further obligation to supply Buyer with Untreated Water.
- (2) The term "Buyer's Facilities" shall mean facilities constructed by Buyer to enable Buyer to receive Untreated Water.
- (3) The term "Contract Quantity" shall mean the maximum quantity of Untreated Water that the Seller agrees to reserve and sell to Buyer pursuant to Section 2.1 herein.
- (4) The term "Contract Term" is defined in Article VIII.
- (5) The term "Director" shall mean the Director of the Department of Public Works and Engineering of the City of Houston or any successor department and all persons designated by the Director to administer the sale and delivery of Untreated Water to Buyer.

(6) The term "MGD" is an abbreviation for million gallons of water per day. As used in this Contract, "MGD" refers to a quantity of water during a period of time expressed for convenience in terms of an average daily quantity during a calendar month (unless a different period of time is specified). The volume of two MGD for a calendar month, for example, is calculated as follows: Two million gallons multiplied by the number of days in such calendar month.

(7) The term "Point of Delivery" shall mean the location, in Texas coordinates, to which Seller agrees to deliver Untreated Water to Buyer more particularly described in Exhibit "A" attached hereto and incorporated herein for all purposes.

(8) The term "Point of Measurement" shall mean the location, in Texas coordinates, of the meter at which Buyer's consumption of water is measured more particularly described in Exhibit "A" attached hereto and incorporated herein for all purposes.

(9) The term "Surface Water Source" shall mean those water rights in reservoirs, basins, and other facilities now owned or hereinafter acquired by Seller and shall be modified by any water rights hereinafter acquired or deleted at the sole discretion of the Seller.

(10) The term "Surface Water System" shall mean all facilities and Surface Water Sources now owned or hereinafter acquired or constructed by Seller for the purpose of supplying Untreated Water.

(11) The term "Surface Water System Costs" shall mean all costs budgeted for expenditure by Seller in Seller's annual budget as approved by Seller's governing body or actually incurred by Seller in acquiring, constructing, financing, administering, operating, and maintaining the Surface Water System and a reasonable allowance for depreciation and replacement of the Surface Water System.

(12) The term "TNRCC" shall mean the Texas Natural Resource Conservation Commission and its successor.

(13) The term "Untreated Water" shall mean water supplied to Buyer from basins and reservoirs, whatever the source, which has not been treated in any manner.

ARTICLE II.

Sale and Delivery of Water

2.1 Subject to the terms and conditions of this Contract, during the Contract Term Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to purchase from Seller Untreated Water at the Point of Delivery shown in attached Exhibit "A" at daily rates of delivery as may be needed by Buyer; provided, however, that under no circumstances shall the Seller be obligated to deliver to Buyer Untreated Water in excess of the Contract Quantity of 11.9 MGD.

2.2 Buyer agrees to purchase at least 90% of its water requirements from Seller as required under the Code of Ordinances. Any change to the location or existing connection facilities must be approved both by Buyer and the Director.

2.3 Regardless of the Surface Water Source as defined by the Seller at any time, Untreated Water may be delivered to Buyer from any source or combination of sources available to the Seller.

2.4 Untreated Water delivered by Seller to Buyer shall be used only for municipal purposes (as such term is defined by the TNRCC in its rules), and such Untreated Water shall be used only within Buyer's service area shown on Exhibit "B."

2.5 If Buyer wishes to reserve for itself additional monthly quantities of Untreated Water, Buyer must notify Seller in writing of Buyer's desire to do so. The Director may, at its discretion after considering the Untreated Water requirements of the Seller and its obligations and commitments, increase the quantity of Untreated Water supplied to Buyer; provided, however, that Seller shall be under no obligation to deliver Untreated Water in excess of the Contract Quantity. Seller may, at its discretion, discontinue delivery of such additional monthly requirements of Untreated Water by giving Buyer 30 days written notice.

ARTICLE III.

Rates and Prices

3.1 (a) The charge for all Untreated Water sold and delivered by Seller to Buyer shall be calculated in accordance with the rates for untreated water customers as set forth in Article II, Division 2, entitled "Untreated Water," of Chapter 47 of the Code of Ordinances of the City of Houston, as amended, and as such provisions may be amended in the future, incorporated by reference as fully and completely as if copied herein in full.

(b) Billing at the rate for Untreated Water shall not commence until the Beginning Date of service on or after the effective date of this Contract.

(c) Whenever Buyer's consumption shall exceed the Contract Quantity by 10%, a 5% surcharge shall be charged against that portion of the consumption that exceeds the Contract Quantity. Provided, however, this surcharge shall not apply to any increase in the quantity of Untreated Water granted by the Director under Section 2.5.

3.2 Additionally, Buyer understands and agrees that Seller may at any time by ordinance duly enacted, increase or change the price or prices for Untreated Water as set forth in the Code of Ordinances.

3.3 Buyer recognizes Seller owns and operates an extensive surface water system and will continue to add capacity to such system by acquisition and construction of new facilities and water rights and agrees that the cost of providing Untreated Water shall be recalculated periodically by Seller, taking into account all Surface Water System Costs, regardless of the point of delivery.

ARTICLE IV.

Reports

Within thirty days after the end of each quarterly period during the term of this Contract, Buyer shall furnish Seller with a statement under oath showing the quantities and sources of all water (1) used or sold by Buyer to its customers and (2) all Untreated Water received from Seller during such quarterly period.

ARTICLE V.

Measuring Equipment

5.1 All measuring equipment shall be owned by Seller, even when purchased by Buyer, and shall be located at The Point of Measurement as shown on Exhibit "A".

5.2 During all reasonable hours, Seller, Buyer and the Coastal Water Authority of Texas shall have access to the measuring equipment. Buyer may have access to all records pertinent to determining the measurement and quantity of Untreated Water actually delivered hereunder, but the reading of the measuring equipment for purposes of billing shall be done by Seller.

5.3 Seller shall maintain the measuring equipment within the accuracy tolerance specified in Section 5.4 by periodic tests. Seller shall conduct such tests at least once every twelve (12) months and shall notify Buyer at least forty-eight (48) hours in advance of the time and location at which tests are to be made. Seller agrees to properly test said measuring equipment at Seller's cost when requested to do so by Buyer once every twelve (12) months. If Buyer requests an additional test within twelve (12) months, Seller shall charge Buyer an amount equal to Seller's cost to perform such test unless the test reveals that the equipment registers one hundred and two (102%) percent or more for a given flow rate. In addition, Buyer shall have the right to independently check, at its own cost, said measuring equipment at any time upon 48 hours notification to the Director and opportunity for the Director to witness such tests.

5.4 Should the test of the measuring equipment in question show that the equipment registers either more than one hundred two percent (102%) or less than ninety-five percent (95%) of the water delivered for a given flow rate, the total quantity of Untreated Water delivered to Buyer will be deemed to be the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be calibrated to the manufacturer's specifications (in the case of Venturi meters) or the AWWA specifications (for all other types of meters) for the given rate of flow, or replaced by Seller with accurate measuring equipment that is tested before it is placed in service. This adjustment shall be for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or one hundred twenty (120) days, whichever is shorter.

As used in this paragraph, the expression "given rate of flow" means one of the following selected by the Director for each calibration or test:

- 1) the total quantity of Untreated Water delivered during the preceding period (usually a calendar month) as reflected by the totalizer, converted to gallons per minute;
- 2) high, low, and intermediate rates of flow in the flow range, as reflected by the flow recording devices;
- 3) the applicable Contract Quantity for the current period, usually a calendar month, converted to gallons per minute; or
- 4) AWWA-specified test flow rates for that size and type of meter.

5.5 In the event of dispute between Seller and Buyer as to the accuracy of the testing equipment used by the Seller to conduct the accuracy test, an independent check may be mutually agreed upon between Buyer and Seller to be conducted by an independent measuring equipment company suitable to both Buyer and the Director. The cost of such test will be at Buyer's sole expense.

5.6 Buyer may install, at its own cost and expense, such check meters in Buyer's pipe line or canal as may be deemed appropriate, but Seller shall have the right of ingress and egress to such check meters during all reasonable hours; provided, however, that billing computations shall be on the basis of the results of the measuring equipment set forth above.

ARTICLE VI.

Billing and Payment

6.1 As used in this Article VI, the term "day" shall mean a period of twenty-four consecutive hours beginning at a mutually agreed-upon time on one calendar day and ending at the same time on the next succeeding calendar day, and the term "month" shall mean a period beginning at a mutually agreed-upon time on the first day of a calendar month and ending at the same time on the first day on the next succeeding calendar month.

6.2 The measuring equipment shall be read on the day at the end of each month (or at such other period of frequency arranged between the parties) and at a mutually agreed upon time, or as near thereto as practicable.

6.3 The quantity of Untreated Water for which payment is due by Buyer hereunder in any month shall be the total quantity of Untreated Water delivered to Buyer in such month as determined by the measuring equipment described in Article V hereof.

6.4 Seller shall bill Buyer at Buyer's address within ten days after the read date by a statement showing the quantity of Untreated Water used during the preceding month. Payment shall be due and payable to Seller at its offices in Houston, Harris County, Texas, on or before the twentieth day after receipt of such statement.

6.5 Should Buyer fail to tender payment of any amount when due, interest thereon shall accrue at the rate of ten percent per annum from the date when due until paid and Buyer shall be deemed to be in default.

ARTICLE VII.

Title to and Responsibility for Water

7.1 As between Buyer and Seller, Seller shall be in exclusive control and possession of, and solely responsible for, all Untreated Water deliverable hereunder and solely responsible for any damage or injury caused thereby until the same shall pass through the Point of Delivery and thereafter, Buyer shall be in exclusive control and possession thereof and solely responsible for any injury or damage caused thereby.

7.2 SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF UNTREATED WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7.3 With respect to all water handling facilities located between the Point of Delivery and Point of Measurement, Buyer and Seller specifically agree:

- 1) that all such facilities, other than the measurement equipment itself, shall be and remain the property of Buyer, subject to the terms of this Contract;
- 2) that Buyer shall take all reasonable steps to maintain such facilities and to prevent leaks or discharges from such facilities;
- 3) that Buyer shall repair any such leak or discharge at once upon receiving notice thereof and pay Seller the price of any water lost by reason of such a leak or discharge;
- 4) that Buyer shall correct or repair any damage caused by any such leak or discharge and shall hold Seller harmless from and against any such damage and claims therefore;
- 5) that Buyer shall alter or relocate, at its sole cost, any such facilities whenever Seller shall reasonably request in writing that the same be done; and

- 6) that Buyer shall promptly remove such facilities and restore their locations to their pre-existing conditions whenever this Contract is no longer in effect and the Seller so requests.

ARTICLE VIII.

Term

This Contract shall be in force and effect beginning on the date of countersignature shown below until December 31, 2020 at 8:00 a.m.

ARTICLE IX.

Performance by Seller and Buyer

9.1 Seller covenants and agrees that it will not contract for the sale of Untreated Water to other users to such an extent or for such quantities as to impair Seller's ability to perform fully and punctually its obligations to Buyer under this Contract. In case of temporary shortage of water, notwithstanding Seller's compliance with the provisions of this Article IX, Seller shall distribute the available supply as provided by the laws of the State of Texas, particularly Section 11.039 (a) of the Texas Water Code, as amended.

9.2 Pursuant to the Amendatory Contract entered by Seller and the San Jacinto River Authority, a copy of which is attached hereto as Exhibit "C" and incorporated herein for all purposes, and notwithstanding any other provision of this Contract to the contrary, Buyer covenants and agrees that it takes the Untreated Water under this Contract from Seller for the limited purpose of treating and selling the same as potable treated water to the City of Baytown and other local governmental entities; such water to be used for municipal purposes (as such term is defined by TNRCC Rules) and for no other purposes, and such treated Water shall be sold, distributed or used only for residential household and other strictly municipal purposes within the area shown in Exhibit "B." No extension of these boundaries may be made by Buyer without the written consent of the San Jacinto River Authority and Seller. Buyer agrees to include covenants similar to those contained in this Section 9.2 in any sales or contracts for sale of water by Buyer

to any other entity. Buyer agrees to submit the wording of such covenants for the written approval of Seller prior to entering into such contracts.

9.3 Buyer understands and agrees that either Seller or the San Jacinto River Authority, or both, may enforce the covenants contained in Section 9.2 herein by an action brought directly against Buyer. In the event that Seller maintains any legal proceeding to enforce such covenants, Buyer agrees to indemnify Seller in the amount of all expenses relating to the legal proceeding, including, but not limited to, costs of court and reasonable attorney's fees.

9.4 Buyer acknowledges that Seller may be liable to the San Jacinto River Authority for monetary damages in the event that Buyer (or any purchaser of water from or through Buyer) fails to comply with the restrictions and limitations on the sale of water set out in Section 9.2 herein. Buyer acknowledges that such monetary damages would amount to seventy-five percent (75%) of the consideration or revenue received by Seller for the estimated amount of water distributed, sold, or used in violation of such restrictions or limitations, plus all litigation expenses, reasonable attorney fees, and all other remedies available to the San Jacinto River Authority. Buyer hereby agrees to fully indemnify and save Seller harmless from and against any such expenses and liability which Seller might incur, or any loss Seller might suffer, as a result of any failure by Buyer, or any purchaser of water from or through Buyer, to comply with such restrictions and limitations. Buyer further agrees to include covenants in any sales or contracts for sale of water by Buyer to any other entity to insure that said other entity will likewise indemnify and save Seller harmless. Buyer agrees to submit the wording of such covenants for the approval of Seller prior to entering into such contracts.

9.5 Buyer agrees to maintain, at its sole expense, its water wells, if any, in good repair and working order to facilitate the use of such water wells as an emergency source of supply, if required, should Seller be unable to deliver the Contract Quantity of Untreated Water for any reason. Buyer shall bear all costs of maintaining and supplying such emergency sources of supply.

ARTICLE X.

Environmental Considerations

10.1 On or before the first anniversary of the effective date of this Contract, Buyer shall approve and implement and throughout the term hereof remain in full compliance with a water conservation program in accordance with requirements of the TNRCC. Such plan (and any amendments thereto) shall be submitted to the appropriate authority as required by state law for review and approval. In the event that the TNRCC adopts new requirements, Buyer shall adopt an amended plan and submit same to the appropriate authority for review and approval.

10.2 Buyer agrees that in the event that Buyer furnishes or sells water or water services to a third party that in turn will furnish water to the ultimate consumer, the requirements of this Contract relative to water conservation shall be met through contractual agreements between the Buyer and the third party, providing for the implementation and continued compliance with a water conservation program consistent with the requirements of the TNRCC.

ARTICLE XI.

Remedies Upon Default

11.1 In the event of any default by Buyer in the performance of any of Buyer's obligations hereunder which shall continue for a period of thirty days or more, the Seller shall give written notice to Buyer specifying the matter with respect to which Buyer is in default and requesting that the default be remedied with promptness and dispatch. In the event Buyer, within forty-five days after the mailing of such notice by Seller, has failed to remedy the matter in default, Seller may suspend further delivery of Untreated Water to Buyer hereunder; and in the event such default on the part of Buyer continues for an additional thirty days, Seller may, by an additional written notice to Buyer, cancel and terminate this Contract, whereupon all rights of Buyer and all obligations of Seller hereunder shall terminate and be at an end. The exercise of such rights shall be in addition to any other remedies available to Seller under the laws of the State of Texas.

11.2 The failure of either party to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Contract shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such party with respect to future performance shall continue in full force and effect.

ARTICLE XII.

Force Majeure

12.1 In the event either party is rendered unable, wholly or in part, by force majeure, to carry out any of its obligations under this Contract, or in the event Buyer is rendered unable, wholly or in part, by force majeure to operate Buyer's Facilities, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telefax or telegraph to the other party as soon as possible after occurrence of the cause relied upon, then the obligations of the party giving such notice, to the extent it is affected by force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused as to the extent provided, but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch.

12.2 The term "force majeure", as used herein, shall include, but not be limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, equipment pipelines or canals and any other inability of either party, whether similar to those enumerated or otherwise and not within the control of the party claiming such inability, which by the exercise of due diligence and care such party could not have avoided.

12.3 It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty and the above requirement that any

force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

12.4 It is understood and agreed that Seller receives its supply of water from others, and such water must be transported over long distances before it is received by Seller. Accordingly, it is agreed that stoppage or diminution of the water received by the Seller from one or more of its Surface Water Sources (other than by reason of the Seller's failure to make payments due to its suppliers) shall be deemed a force majeure, and that the Seller cannot and does not guarantee constant availability of water hereunder but does agree to use its best efforts to maintain such availability. It is further agreed that the Seller may, without liability or default, interrupt its service hereunder to make necessary alterations to or repairs in its facilities, but only if such interruption cannot otherwise reasonably be avoided. The Seller shall give reasonable prior notice of any such interruption to Buyer and, to the extent possible, the Seller shall schedule interruptions in advance after consultation with Buyer.

ARTICLE XIII.

Addresses and Notices

13.1 Until Buyer is otherwise notified in writing by Seller, the address of Seller is and shall remain as follows:

City of Houston Utility Customer Service Division
Contract Water Accounting Section
P. O. Box 1560
Houston, Texas 77251

Until Seller is otherwise notified in writing by Buyer, the address of Buyer is and shall remain as follows:

Baytown Area Water Authority
P.O. Box 424
Baytown, Texas 77522-0424

13.2 All written notices required or permitted to be given under this Contract from one party to the other shall be deemed given by telefax or the deposit of certified or registered mail in a United States Postal Service mail box or receptacle, with proper postage affixed thereto and addressed to the respective other party at the address set forth above or at such other address as the parties respectively shall designate by written notice.

ARTICLE XIV.

Miscellaneous Provisions

14.1 This Contract shall bind and benefit the respective parties and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining the written consent of the other; provided, however, that Buyer shall have the right, without any consent of Seller, to pledge or otherwise assign Buyer's rights hereunder to the extent required by any mortgage, deed of trust or other similar agreement to which Buyer may now be, or hereafter become, a party or to otherwise assign Buyer's rights and obligations hereunder in connection with any merger or consolidation or any sale of all or substantially all of Buyer's facilities, provided that Buyer's successor or assignee, as the case may be, is a responsible person and shall (by operation of law or otherwise) expressly assume Buyer's obligations hereunder; and provided, further, however, that no successor or assignee of Buyer shall be entitled to receive Untreated Water or sell such Untreated Water to a third party under this Contract unless and until the San Jacinto River Authority gives its written consent to such assignment.

14.2 This Contract shall be for the sole and exclusive benefit of Buyer and Seller and shall not be construed to confer any rights upon any third party. Seller shall never be subject to any liability in damages to any customer of Buyer for any failure to perform under this Contract.

14.3 This Contract shall be subject to all present and future valid laws, orders, rules and regulations of the United States of America, the State of Texas and of any regulatory body having jurisdiction.

14.4 This instrument contains all the agreements made between the parties concerning the sale and delivery of Untreated Water by the Seller to the Buyer at the Point of Delivery set out in this Contract.

14.5 With respect to any prior agreements between the parties or their predecessors for the sale of Untreated Water to Buyer at any Point of Delivery hereunder, the future obligations of both parties to perform under any such prior agreement are terminated effective as of the effective date hereof, except as follows:

Any obligations which arise prior to such effective date, including specifically the obligations of Buyer to pay money to Seller for time periods or deliveries prior to such effective date, are not terminated.

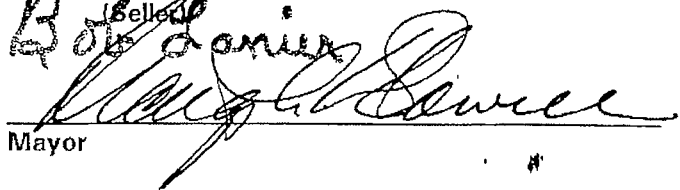
IN WITNESS WHEREOF, the parties hereto to have signed this Contract in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same contract, as of the date of countersignature.

ATTEST:

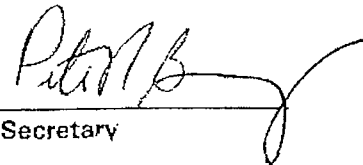


City Secretary


CITY OF HOUSTON, TEXAS

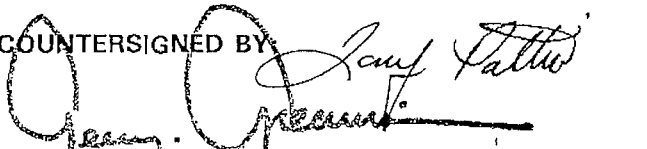

Mayor

ATTEST:


By: 
Title: Secretary

BAYTOWN AREA WATER AUTHORITY
BAYTOWN, HARRIS COUNTY, TEXAS
(Buyer)

By: 
Title: President

COUNTERSIGNED BY: 
City Controller

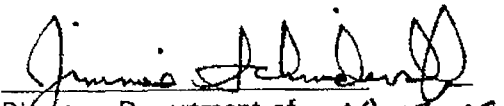
APPROVED AS TO FORM:


Sr. Assistant City Attorney

DATE OF COUNTERSIGNATURE:


10/24/99

APPROVED:


Director, Department of Public Works & Engineering 10-17-99

APPROVED AS TO CONFORMITY WITH PARAGRAPH 2 OF THE CONTRACT
BETWEEN THE CITY OF HOUSTON AND THE SAN JACINTO RIVER
AUTHORITY DATED JUNE 22, 1976:

SAN JACINTO RIVER AUTHORITY

By: James R. Adams
General Manager

Date: 8/23/94

BUYER'S ACKNOWLEDGMENT

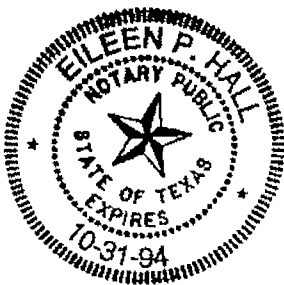
THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on

8-17-94 by Robert L. Gillette,
(date) (name)

President _____ of Baytown Area Water Authority.



Glenn P. Hall
Notary Public in and for the
State of Texas

Commission Expires: October 31, 1994

WATER SUPPLY CONTRACT
CITY OF HOUSTON
BAYTOWN AREA WATER AUTHORITY

TABLE OF CONTENTS

ARTICLE I.	Definitions	2
ARTICLE II.	Sale and Delivery of Water	4
ARTICLE III.	Rates and Prices	5
ARTICLE IV.	Reports	5
ARTICLE V.	Measuring Equipment	6
ARTICLE VI.	Billing and Payment	7
ARTICLE VII.	Title to and Responsibility for Water	8
ARTICLE VIII.	Term	9
ARTICLE IX.	Performance by Seller and Buyer	9
ARTICLE X.	Environmental Considerations	11
ARTICLE XI.	Remedies Upon Default	12
ARTICLE XII.	Force Majeure	12
ARTICLE XIII.	Addresses and Notices	14
ARTICLE XIV.	Miscellaneous Provisions	14

EXHIBIT "A"

Point of delivery to the Baytown Area Water Authority:

Approximate Texas coordinates:

North East $x=3,258,560$ $y=738,120$

South East $x=3,258,560$ $y=735,840$

South West $x=3,255,730$ $y=735,890$

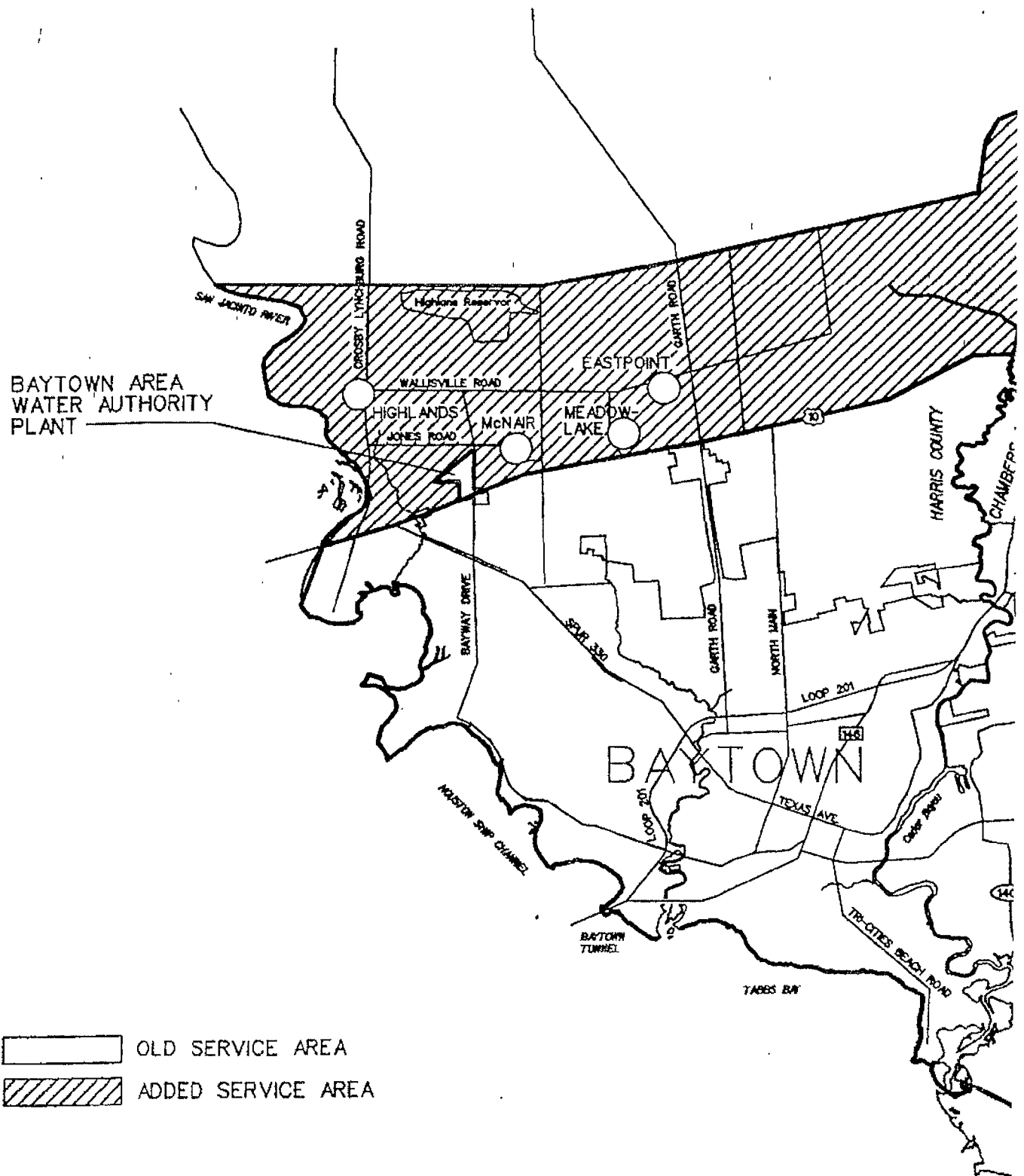
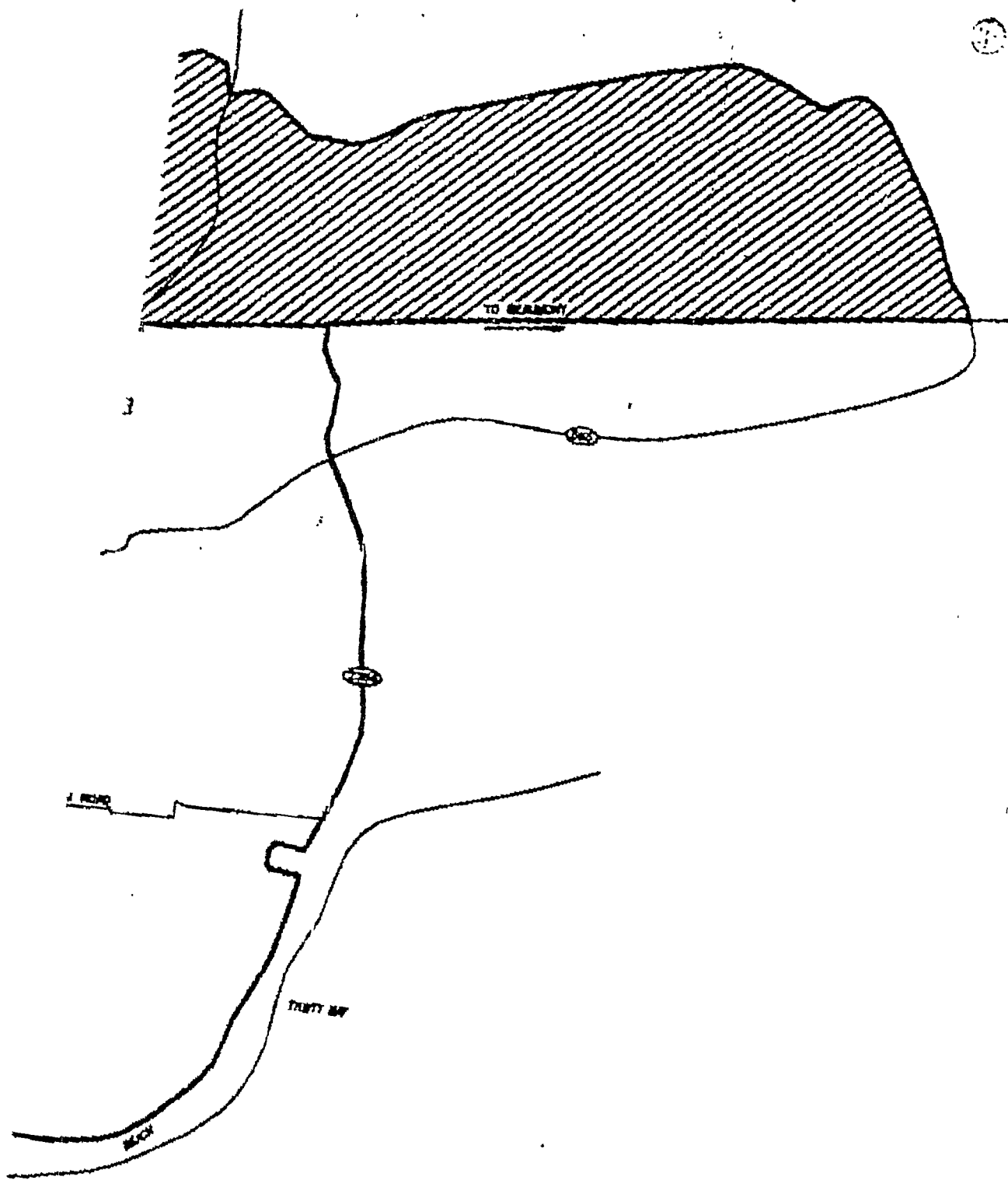


EXHIBIT B

BAYTOWN AREA WATER



THORITY SERVICE AREA

JUNE 22 '76

AMENDATORY CONTRACT BETWEEN
SAN JACINTO RIVER AUTHORITY
AND

THE CITY OF HOUSTON, TEXAS

THE STATE OF TEXAS }
COUNTY OF HARRIS }

THIS CONTRACT executed as of the 22nd day of June, 1976, by and between the SAN JACINTO RIVER AUTHORITY, ("SJRA") a conservation and reclamation district and political subdivision of the State of Texas, and the CITY OF HOUSTON, TEXAS, ("the City") a municipal corporation:

1.

The provisions of Section VII of the contract between the parties dated March 27, 1944, shall have no application to sales of Trinity River raw water by the City to the Baytown Area Water Authority ("BAWA"), a municipal corporation created by Ch. 600, p. 641, Sixty-Third legislature, Regular Session, 1973, for the limited purpose of treating and selling the same as potable treated water to the City of Baytown and other local governmental entities for distribution through the municipal water systems of such local governmental entities, such water to be used for municipal purposes, as defined by Rule 129.01.15001-.041, promulgated by the Texas Water Rights Commission on December 1, 1975, and for no other purposes, and only within the boundaries of BAWA as such boundaries exist on the date of this contract; PROVIDED, that no such water shall be sold, distributed or used other than for residential household and other strictly domestic purposes within the area bounded by Interstate Highway No. 10 on the north, Sjolander Road on the west, Archer Road on the south, and Cedar Bayou on the east, without written consent of SJRA.

2.

The City shall insure that all instruments relating to the sale of water to BAWA include appropriate covenants on

EXHIBIT C

the part of BAWA to observe the limitations and restrictions imposed on the City by the contract dated March 27, 1944, as modified by this contract, and to include covenants in all sales and contracts for the sale of water by BAWA insuring compliance with such restrictions and limitations. The wording of the covenants giving effect to such restrictions and limitations shall be submitted to the General Manager of the SJRA for approval as to conformity to this paragraph prior to any sale by the City subject to this contract. The City shall be responsible for the enforcement of such covenants, but they shall also be enforceable by SJRA directly.

3.

In the event any water delivered by the City to BAWA under this contract is used in violation of such restrictions or limitations, SJRA shall be entitled to recover from the City as liquidated damages an amount equal to seventy-five percent (75%) of the consideration or revenue received by the City for the estimated amount distributed, sold or used in violation of such restrictions or limitations, plus all litigation expenses and reasonable attorney's fees. The recovery of such liquidated damages shall be in addition to all other remedies available to SJRA.

4.

In consideration of the foregoing limited waiver by SJRA of the restrictions and limitations imposed by the contract dated March 27, 1944, the City shall pay to the SJRA an amount equal to \$50 per day during such period that the City receives payment from BAWA for water sold under this waiver, but such payments to SJRA shall not extend beyond a period of 20 years. Payment shall be made on a quarterly basis on or before the 10th day of the month following each calendar quarter.

5.

The contract shall not be assignable by either party without the written consent of the other; however the obligations imposed hereunder shall be binding on their successors or assigns. The waiver provided herein shall be applicable only to sales by the City to BAWA and shall not be applicable to any sale by the City to any other entity, including any successors or assigned entity to BAWA, without the written consent of SJRA.

6.

Except as amended by this contract and the contracts between the parties dated July 19, 1955, May 9, 1968 and the contract dated September 1, 1971, the provisions of the March 27, 1944, contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this contract to be executed on this 22 day of June, 1976 in duplicate originals, each of which shall constitute an original

SAN JACINTO RIVER AUTHORITY

ATTEST:

By Heinie Blalock
Secretary

By W. F. McQuinn, Jr.
Vice-President

CITY OF HOUSTON

ATTEST:

By Ann Russell
City Secretary

By Lee H. Packer
Mayor

COUNTERSIGNED:

Donald G. Bunt
City Controller

APPROVED AS TO FORM:

James L. Day
City Attorney
City of Houston

CONTRACT AMENDMENT

C24789
04-1324

This **CONTRACT AMENDMENT** ("the Amendment") is made and entered into by and between the City of Houston, Texas a municipal corporation and home-rule City, which is principally situated and has its City Hall in Harris County, Texas ("City"), and the Baytown Area Water Authority, a governmental entity and body politic and corporate, which is situated and has its principal office at Baytown, Harris County, Texas ("Authority").

WITNESSETH

WHEREAS, the City and the Authority entered into the Water Supply Contract on or about October 24, 1994; and

WHEREAS, the Authority desires to extend the term of the Contract and increase the Contract Quantity; and

WHEREAS, the City is agreeable to these changes;

NOW, THEREFORE, for and in consideration of the premises and mutual covenants and agreements herein contained, the parties hereby agree as follows:

I.

Section 2.1 of the Water Supply Contract is amended by increasing the Contract Quantity (as defined therein) to 15.8 million gallons per day.

II.

Article VIII of the Water Supply Contract is amended by extending the termination date to December 31, 2040.

EXHIBIT B

III.

The Director of Public Works and Engineering ("Director") is authorized to reduce the Contract Quantity upon 30 days' notice to the Authority as follows:

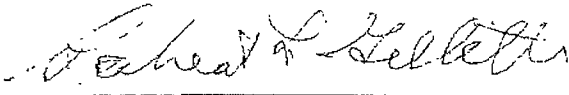
If the Authority has failed to take at least 25% of the Contract Quantity for each of 18 consecutive months, the Director may decrease the Contract Quantity to the average monthly consumption by the Authority during the latest 18 month period. In calculating the 18 month period, the Director shall disregard any month where a force majeure prevented the Authority from taking at least 25% of the Contract Quantity.

IV.

The Water Supply Contract and this Amendment are the entire agreement of the parties. In the event of any conflict between a provision of the Water Supply Contract and this Amendment, the provision of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have signed this Amendment in multiple copies each of which shall be deemed to be an original, but all of which shall constitute but one and the same contract, as of the date of countersignature.

**BAYTOWN AREA WATER AUTHORITY
BAYTOWN, HARRIS COUNTY, TEXAS
("Buyer")**



ROBERT L. GILLETTE
President

ATTEST:




GARY W. SMITH
Assistant Secretary

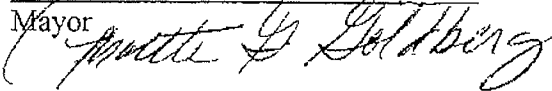
APPROVED AS TO FORM:



TONACIO RAMIREZ, SR.
General Counsel

**CITY OF HOUSTON, TEXAS
("City")**




Mayor


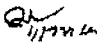
ATTEST:




City Secretary

APPROVED:



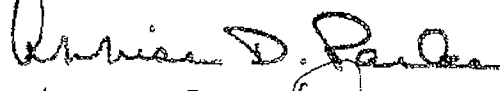
Director, Department of Public
Works and Engineering 

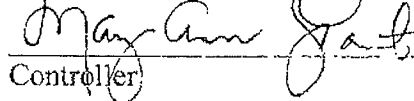
APPROVED AS TO FORM:



Sr. Assistant City Attorney

COUNTERSIGNATURE:





Controller

COUNTERSIGNATURE DATE:

1/3/05

BUYER'S ACKNOWLEDGMENT

THE STATE OF TEXAS

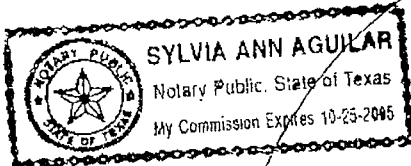
§
§
§

COUNTY OF HARRIS

This instrument was acknowledged before me on November 4, 2004
(date)

by Robert L. Gillette, President of Baytown Area
(name)

Water Authority.



[Signature]
Notary Public in and for the
State of Texas

Commission Expires: October 25, 2005

Point of delivery to the Baytown Area Water Authority:

Approximate Texas coordinates:

North East $x=3,258,560$ $y=738,120$

South East $x=3,258,560$ $y=735,840$

South West $x=3,255,730$ $y=735,890$

EXHIBIT C

CD ('S)

ATTACHED

PLEASE CONTACT CENTRAL RECORDS

512-936-7180