

# Attachment H

Capital Estimates and/or Capital Improvement Plan can be found in Attachment J.

# Attachment I

# Texas Commission on Environmental Quality Investigation Report

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**Customer: Tri-County Point Property Owners Association**  
**Customer Number: CN600622823**

**Regulated Entity Name: TRI COUNTY POINT WATER SYSTEM 2**

**Regulated Entity Number: RN101248391**

<b>Investigation #</b> 1645590	<b>Incident Numbers</b> 332496
<b>Investigator:</b> KELLI HOLT	<b>Site Classification</b> GW <=50 CONNECTION
<b>Conducted:</b> 03/26/2020 -- 03/26/2020	<b>No Industry Code Assigned</b>
<b>Program(s):</b> PUBLIC WATER SYSTEM/SUPPLY	
<b>Investigation Type:</b> Compliance Invest File Review	<b>Location:</b> OFF OF CR 470 S OF SH35S E SIDE OF CARANCAHUA BAY
<b>Additional ID(s):</b> 1200027	

**Address:** 14 COUNTY ROAD 480,  
PALACIOS, TX , 77465

**Local Unit:** REGION 14 - CORPUS CHRISTI  
**Activity Type(s):** PWSCMPL - PWS Complaint  
PWSCR - PWS Compliance Record  
Review

**Principal(s):**

Role	Name
RESPONDENT	TRI-COUNTY POINT PROPERTY OWNERS ASSOCIATIOI

**Contact(s):**

Role	Title	Name	Phone
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR MARK PORTER	Work (361) 972-3998 Fax (361) 972-0309

**Other Staff Member(s):**

Role	Name
Supervisor	MELANIE EDWARDS
Supervisor	RENAE DIGUARDI
QA Reviewer	ERIC LINDGREN

### Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS COMPLAINT INVESTIGATION	1

**Investigation Comments:**

**INTRODUCTION**

On March 26, 2020, Ms. Kelli Holt, Environmental Investigator with the Texas Commission on Environmental Quality (TCEQ) Corpus Christi Region Office, conducted an in-office compliance record review (CRR) for the Tri County Point Water System 2 in response to a complaint (Incident No. 332496) received March 22, 2020. The complainant alleged that the water system experienced a water outage and was concerned that a responsible

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official could not be contacted. Based on the investigation findings, a general compliance (GC) letter was sent to the facility.

**GENERAL FACILITY AND PROCESS INFORMATION**

Tri County Point Water System 2 is located on the eastside of Carancahua Bay in Jackson County. The water system is owned and operated by Tri-County Point Property Owners Association. Tri County Point Water System 2 (previously called Boca Chica) supplies water to two section (1 and 2). Currently, the water system has 27 active connections with a population of 81 (3 x connections).

The system consists of one well with a submersible pump (Well No. 2 - tested at 48 gpm) which discharges through a pressure tank (3,000 gallons) and into the distribution system. Disinfectant (sodium hypochlorite) is injected prior to the pressure tank

No exceptions have been granted to the facility at this time.

**BACKGROUND**

The last comprehensive compliance investigation (CCI) (Investigation No. 1624292) was conducted on December 3, 2019. A notice of violation (NOV) letter was sent to the facility on February 7, 2020.

A file record review (Investigation No. 1644890) was conducted on April 17, 2020 to evaluate the status of violations alleged during the previous CCI. A compliance documentation deficiency letter was sent to the facility on May 4, 2020.

The facility is under two administrative orders as a result of previous investigations and monitoring/reporting violations. TCEQ Docket No. 2015-0655-PWS-E was effective on February 22, 2016 and was closed by the Enforcement Division on December 7, 2016. TCEQ Docket No. 2016-1843-PWS-E was effective on July 12, 2017 and was closed by the Enforcement Division on October 31, 2018.

**ADDITIONAL INFORMATION**

On March 22, 2020, the complainant was contacted to gather additional information. The complainant wanted to notify the TCEQ of an ongoing water outage and was concerned that their calls to the water system using the emergency numbers posted at the facility went unanswered.

At 9:23 pm, Ms. Melanie Edwards, TCEQ Region 14 Water Section Manager, contacted Mr. Joe Zamora Sr., Operator, to determine the cause and status of the water outage. Mr. Zamora Sr. was on site and stated that the water system lost power due to an issue with a transformer on the electrical line feeding the well. AEP was on site working to restore power. Due to the loss of water pressure, Mr. Zamora Sr. was notified that a boil water notice must be issued.

At 10:02 pm, Mr. Zamora Sr. informed the TCEQ via phone that water service has been restored to the water system.

Mr. Zamora Sr. notified residents with lights on in their homes of the electrical issues and answered any questions regarding the outage on the evening of March 22, 2020. On March 23, 2020, the boil water notice was sent via email to all residents and bacteriological samples were collected. A copy of the boil water notice, accompanying certificate of delivery, and bacteriological sample results were emailed to the TCEQ Region 14 Office within 24 hours (Attachment 1).

Once the system received the bacteriological sample results from the lab (which yielded negative results), the system rescinded the boil water notice on March 25, 2020. A copy of the rescind boil water notice and accompanying certificate of delivery were emailed to the TCEQ Region 14 Office within 24 hours (Attachment 1).

Ms. Holt also investigated the complainant's allegations regarding the posted emergency contact numbers. The water system submitted a photo of the posted contact numbers to the TCEQ Region 14 Office on March 23, 2020 (Attachment 1). The daytime contact number for the office is 361-972-3998. This number is only answered during business hours. The afterhours emergency contact number is 361-676-4971. This is the number to a go-phone. The water system confirmed that this number was not monitored at the time of the outage. The go-phone is now held by the office manager at all times as of March 23, 2020.

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CONCLUSION

The investigator determined that the complainant’s concern regarding an alleged water outage was substantiated. The Tri County Point Water System 2 experienced a water outage on March 23, 2020 due to a loss of power. In response, the water system posted a boil water notice within 24 hours as required. Once power was restored, the water system followed all required procedures to rescind the notice in a timely manner.

Regarding the complainant’s concerns regarding the water system’s emergency contact number, the water system acknowledge that the afterhours emergency contact number was not monitored during the time of the water outage. It was documented that the phone numbers posted for the water system are in service and working. Furthermore, the water system stated that the afterhours emergency go-phone will be monitored by the office manager at all times.

No violations were alleged as a result of the investigation. Based on the investigation findings, a GC letter was sent to the water system.

**No Violations Associated to this Investigation**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: (in order of final report submittal)**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

**List of Attached files**

A1.pdf

# Texas Commission on Environmental Quality Investigation Report

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**Customer: Tri-County Point Property Owners Association**  
**Customer Number: CN600622823**

**Regulated Entity Name: TRI COUNTY POINT WATER SYSTEM 3**

**Regulated Entity Number: RN101398733**

<b>Investigation #</b> 1624369	<b>Incident Numbers</b>
<b>Investigator:</b> BLAS RIZZO	<b>Site Classification</b> GW 51-250 CONNECTION
<b>Conducted:</b> 12/03/2019 -- 12/18/2019	<b>No Industry Code Assigned</b>
<b>Program(s):</b> PUBLIC WATER SYSTEM/SUPPLY	
<b>Investigation Type:</b> Compliance Investigation	<b>Location:</b> OFF OF CR 470 S OF SH 35 S E SIDE OF CARANCAHUA BAY
<b>Additional ID(s):</b> 1200028	
<b>Address:</b> 14 COUNTY ROAD 480, PALACIOS, TX , 77465	<b>Local Unit:</b> REGION 14 - CORPUS CHRISTI
	<b>Activity Type(s):</b> PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

**Principal(s):**

Role	Name
RESPONDENT	TRI-COUNTY POINT PROPERTY OWNERS ASSOCIATIOI

**Contact(s):**

Role	Title	Name	Phone
PARTICIPATED IN	OPERATOR	MR JOE J ZAMORA SR	Work (979) 429-7081
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR STANLEY KAZWELL JR	Phone (361) 972-3998 Fax (361) 972-0309 Cell (361) 484-0373 Work (361) 972-3998 Cell (361) 484-0373
REGULATED ENTITY CONTACT	OPERATOR	MR JOE J ZAMORA	Work (979) 240-0457

**Other Staff Member(s):**

Role	Name
QA Reviewer	KELLI HOLT
Supervisor	MELANIE EDWARDS

**Associated Check List**

<u>Checklist Name</u>	<u>Unit Name</u>
PWS STANDARD FIELD	1
WATER EQUIPMENT	3

**Investigation Comments:****INTRODUCTION**

On December 3 and December 18, 2019, the TCEQ Region 14 Office, conducted an announced comprehensive compliance investigation (CCI) of the Tri County Point Water System No. 3. The system was notified on November 27, 2019. The CCI was conducted with Mr. Joe Zamora Sr., Operator. Following the CCI, an exit interview was conducted, issues noted during the CCI were discussed and an exit interview form was given to Mr. Zamora onsite (Attachment 1). A Notice of Enforcement (NOE) letter was sent to the facility.

**GENERAL FACILITY AND PROCESS INFORMATION**

Tri County Point Water System 3 is located on the eastside of Carancahua Bay in Jackson County, south of Highway 35 between Point Comfort and Palacios. The water system is owned and operated by Tri-County Point Property Owners Association. Tri County Point Water System 3 (previously known as Boca Chica) supplies water to several different sections of the association (sections three, five, six and seven). Section three has 335 lots, section five consists of the community pool and 217 lots, section six has 85 lots, and section seven has 241 lots. Currently, the water system has 145 connections with a population of 435 (3 x connections).

The system consists of two wells, well no. 7 is located in Section 7 and is equipped with a submersible pump (tested at 60 gpm) which discharges through a pressure tank (3,000 gallons) and then to distribution. Well no. 3 is located in Section three and is equipped with a submersible pump (tested at 59 gpm) which discharges through a 3,000-gallon pressure tank and then to distribution. Sodium hypochlorite is added prior to the pressure tanks. The water system is operated as one pressure plane.

Included are a schematic of the PWS, the capacity calculations and the Water System Data Sheet Report (Attachment 2).

No exceptions have been granted to the facility at this time.

**BACKGROUND**

The last CCI (Investigation No. 1376810) was conducted on October 19 and 20, 2016. The investigation was initiated as a result of a complaint (Incident No. 245625) alleging water quality issues. A notice of violation (NOV) letter was sent to the facility on December 16, 2016.

A follow-up investigation (Investigation No. 1400650) was conducted on March 14, 2017. An NOV letter was sent to the system on May 11, 2017. Two violations regarding flushing (violation track no. 626594) and customer service inspections (CSI)(violation track no. 625527) remain outstanding and will be addressed in this report.

There have been two agreed orders (Docket No. 2016-1386-PWS-E and 2018-0699-PWS-E) filed against the system within the last five years, for monitoring and reporting violations. Letters were mailed to the facility as a notification of compliance with the agreed orders.

The system is under one additional agreed order (Docket No. 2014-1590-PWS-E) for violations cited during investigation no. 1192298, conducted on August 21, 2014.

**ADDITIONAL INFORMATION**

On December 3, 2019, Mr. Blas Rizzo, Investigator, arrived on-site to conduct the investigation. During the investigation, applicable records and operating procedure were evaluated and an inspection of the facilities was conducted. Most records appeared to be complete and up to date; however, the system did not have an adequate service agreement. A distribution map along with records for flushing, tank inspections, CSIs, and backflow prevention device inspections were requested. As of February 7, 2020, no records have been submitted.

During the inspection of the physical facilities the investigator noted that the facility's bacteriological sampling was not representative of its distribution system and the system also had a potable water line, with no backflow prevention device, at the system's wastewater plant (Attachment 3).

Field measurements for pressure and disinfectant residual were conducted using a digital pressure gauge and Hach DR900 colorimeter. Measurements were collected from a hose bib located at 223 Barracuda and yielded a free chlorine residual of 0.60 milligrams per liter (mg/L) and a pressure reading was 39.5 pounds per square inch (psi).



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During an inspection of the facility's wastewater treatment plant (investigation no. 1617348) conducted on December 18, 2019, Mr. Travis Prater, Investigator, verified that the water line at the wastewater treatment plant had been cut and capped (Attachment 4).

An evaluation of system capacities was conducted. With 145 connections, the system is required to provide a total storage capacity of 29,000 gallons and two or more service pumps totaling 290 gallons per minute. Currently, the system has no storage or service pumps. These violations are associated to agreed order docket no. 2014-1590-PWS-E and as they are outstanding are violations of this order.

An updated exit interview was emailed to the system on January 22, 2020 (Attachment 5).

**NOE Date: 2/7/2020**

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

**Track Number:** 625527                      **Compliance Due Date: To Be Determined**

**Violation Start Date:** 10/20/2016

**30 TAC Chapter 290.46(f)(3)(A)(iii)  
30 TAC Chapter 290.46(j)**

**Alleged Violation:**

**Investigation: 1376810**

Comment Date: 12/14/2016

Failed to conduct customer service inspection prior to providing continuous water service to new construction.

During the investigation conducted on October 19 – 20, 2016, the investigator determined that no customer service inspections have been completed for new construction. Specifically, Mr. Danny Jessup, Operator, stated there have been new construction which are connected to the distribution system; however, he was unable to provide address of those locations.

**Investigation: 1400650**

Comment Date: 05/10/2017

During the investigation conducted on March 14, 2017, the status of this violation was evaluated. The investigator determined the facility has not conducted any customer service inspections on any of the new construction (homes) that were connected to the water system.

**Investigation: 1624369**

Comment Date: 01/24/2020

During the investigation conducted on December 3 and 18, 2019, the status of this outstanding alleged violation was evaluated. The investigator determined that the system was not maintaining any record of CSIs conducted. This violation remains outstanding.

**Recommended Corrective Action:** The facility must complete a customer service inspection must be completed prior to providing continuous water service to new construction, on any existing service either when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvements, correction, or addition to the private water distribution facilities. Any customer service inspection certificate form which varies from the format found in commission Form 20699 must be approved by the executive director prior to being placed in use.

**Track Number:** 739878                      **Compliance Due Date: To Be Determined**

**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.46(i)**

**Alleged Violation:****Investigation: 1624369**

Comment Date: 01/24/2020

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

During the investigation conducted on December 3 and 18, 2019, the investigator determined that the system's service agreement was inadequate. Specifically, the agreement lacked unacceptable plumbing practices and enforcement actions for violations of the agreement.

**Recommended Corrective Action:** The system must adopt an adequate plumbing ordinance, regulations, or service agreement with provisions for proper enforcement to ensure that neither cross-connections nor other unacceptable plumbing practices are permitted.

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**Track Number:** 739879**Compliance Due Date: To Be Determined****Violation Start Date:** 12/3/2019**30 TAC Chapter 290.46(n)(2)****Alleged Violation:****Investigation: 1624369**

Comment Date: 02/07/2020

Failed to maintain an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies.

During the investigation conducted on December 3 and 18, 2019, the investigator determined that the system did not have a distribution map.

**Recommended Corrective Action:** The facility must maintain an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies.

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**Track Number:** 739901**Compliance Due Date: To Be Determined****Violation Start Date:** 5/7/2015**30 TAC Chapter 290.45(b)(1)(C)(ii)****REG 1200028, 2.c.ii.**

Failed to provide a minimum total storage capacity of 200 gallons per connection. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E. Specifically, the facility is required to provide 29,000 gallons of total storage capacity and currently no storage capacity is provided.

**Alleged Violation:****Investigation: 1624369**

Comment Date: 02/07/2020

Failed to provide a minimum total storage capacity of 200 gallons per connection. Specifically, the facility is required to provide 29,000 gallons of total storage capacity and currently no storage capacity is provided. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E.

TCEQ Agreed Order Docket No. 2014-1590-PWS-E became effective on May 7, 2015. Ordering Provision No. 2.c.ii. was to be completed by November 3, 2015. During the investigation conducted on December 3 and 18, 2019, the investigator determined the facility had increased its connection count to 145 and is now required to provide 29,000 gallons of total storage. This violation remains outstanding. This violation includes violation track no. 549425.

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**Track Number:** 739905      **Compliance Due Date: To Be Determined**  
**Violation Start Date:** 5/7/2015

**30 TAC Chapter 290.45(b)(1)(C)(iii)**

**REG 1200028, 2.c.i.**

Failed to provide two or more pumps having a total capacity of 2.0 gallons per minute (gpm) per connection at each pump station or pressure plane. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E. Specifically, the facility is now required to provide two or more service pumps with a total of 290 gpm and currently no service pumps are provided.

**Alleged Violation:**

**Investigation: 1624369**

Comment Date: 02/07/2020

Failed to provide two or more pumps having a total capacity of 2.0 gallons per minute (gpm) per connection at each pump station or pressure plane. Specifically, the facility is now required to provide two or more service pumps with a total of 290 gpm and currently no service pumps are provided. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E.

TCEQ Agreed Order Docket No. 2014-1590-PWS-E was effective on May 7, 2015. Ordering Provision No. 2.c.i. was to be completed by November 3, 2015. During the investigation conducted on December 3 and 18, 2019, the investigator determined that the facility had increased its connection count to 145 and now is required to provide two or more service pumps with a total of 290 gpm. The facility currently no service pumps are provided. This violation remains outstanding. This violation includes violation track no. 549424.

**Track Number:** 741564      **Compliance Due Date: To Be Determined**  
**Violation Start Date:** 5/7/2015

**30 TAC Chapter 290.46(f)(3)(D)(ii)**

**REG 1200028, Provision 2.a.i.**

Failed to maintain the results of all tank inspections. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E. Specifically, the facility is required to maintain a record of all tank inspections. The facility was not maintaining these records.

**Alleged Violation:**

**Investigation: 1624369**

Comment Date: 02/07/2020

Failed to maintain the results of all tank inspections. Specifically, the facility is required to maintain a record of all tank inspections. The facility was not maintaining these records. Failed to comply with TCEQ Agreed Order Docket No. 2014-1590-PWS-E.

TCEQ Agreed Order Docket No. 2014-1590-PWS-E became effective on May 7, 2015. Ordering Provision No. 2.a.i. was to be completed by June 6, 2015. During the investigation conducted on December 3 and 18, 2019, the investigator determined that the system had no tank inspection records. This violation remains outstanding. This violation includes violation track no. 546944.

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

**Track Number:** 739907      **Resolution Status Date:** 1/24/2020  
**Violation Start Date:** 12/3/2019      **Violation End Date:** 12/18/2019

**30 TAC Chapter 290.44(h)(1)(A)**

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**Alleged Violation:**

**Investigation: 1624369**

Comment Date: 01/24/2020

Failed to prevent a connection to the water system at any residence or establishment where an actual or potential contamination hazard exists.

During the investigation conducted on December 3 and 18, 2019, the investigator determined that the system had a potable water line with an unprotected connection at the wastewater treatment plant. Specifically, the system had drilled into a capped water line and connected a water hose. Furthermore, the hose was laying on the ground providing a potential indirect cross-connection.

**Resolution:** On December 18, 2019, the investigator verified that the system had disconnected the hose and capped the water line.

**WITHDRAWN VIOLATION(S)  
ASSOCIATED TO A NOTICE OF ENFORCEMENT**

**Track Number:** 626594

**Compliance Due Date: To Be Determined**

**Violation Start Date:** 10/19/2016

**30 TAC Chapter 290.46(f)(3)(A)(iv)**

**Alleged Violation:**

**Investigation: 1376810**

Comment Date: 12/14/2016

Failed to record the dates that dead-end mains were flushed.

During the investigation conducted on October 19-20, 2016, the investigator determined the facility was not recording the dates that dead-end mains were being flushed. The facility documented that mains were flushed monthly; however, the dates were omitted.

**Investigation: 1400650**

Comment Date: 04/28/2017

During the investigation conducted on March 14, 2017, the status of this violation was evaluated. The investigator determined the facility is flushing dead end mains at least monthly; however, the dates are not being recorded.

**Investigation: 1624369**

Comment Date: 01/24/2020

During the investigation conducted on December 3 and 18, 2019, the status of this outstanding alleged violation was evaluated. The investigator determined that the system was not maintaining any record of flushing activities. This violation remains outstanding.

**Recommended Corrective Action:** The facility shall record the dates that dead-end mains were flushed.

**Track Number:** 739896

**Compliance Due Date: To Be Determined**

**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.46(f)(3)(B)(v)**

**Alleged Violation:**

**Investigation: 1624369**

Comment Date: 01/30/2020

Failed to maintain records of backflow prevention programs

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During the investigation conducted on December 3 and 18, 2019, the investigator determined that the system was not maintaining any records of its backflow prevention program.

**Recommended Corrective Action:** The system must maintain records of backflow prevention programs.

**Track Number:** 739900      **Compliance Due Date: To Be Determined**

**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.109(d)(1)**

**Alleged Violation:**

**Investigation: 1624369**

Comment Date: 02/07/2020

Failed to collect bacteriological samples at representative locations throughout the distribution system.

During the investigation conducted on December 3 and 18, 2019, the investigator discovered that the system collects one bacteriological sample a month, and of the twelve samples collected in 2019, four were collected at Lot 279 and three were collected at Lot 95 (58% total). Furthermore, Lot 26 was not sampled at all.

**Recommended Corrective Action:** The system must collect bacteriological samples at representative locations throughout the distribution system.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: (in order of final report submittal)**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

\_\_\_ Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

\_\_\_\_\_  
\_\_\_\_\_

# Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oee@tceq.texas.gov

**Customer: Tri-County Point Property Owners Association  
Customer Number: CN600622823**

**Regulated Entity Name: TRI COUNTY POINT WATER SYSTEM 4**

**Regulated Entity Number: RN101399228**

<b>Investigation #</b> 1624444	<b>Incident Numbers</b>
<b>Investigator:</b> BLAS RIZZO	<b>Site Classification</b> GW 51-250 CONNECTION
<b>Conducted:</b> 12/03/2019 -- 12/03/2019	<b>No Industry Code Assigned</b>
<b>Program(s):</b> PUBLIC WATER SYSTEM/SUPPLY	
<b>Investigation Type:</b> Compliance Investigation	<b>Location:</b> OFF OF CR 470 S OF SH 35 S E SIDE OF CARANCAHUA BAY
<b>Additional ID(s):</b> 1200029	
<b>Address:</b> 14 COUNTY ROAD 480, PALACIOS, TX , 77465	<b>Local Unit:</b> REGION 14 - CORPUS CHRISTI
	<b>Activity Type(s):</b> PWSCCIGWCM - CCI GW PURCHASE - COMMUNITY MANDATORY

**Principal(s):**

Role	Name
RESPONDENT	TRI-COUNTY POINT PROPERTY OWNERS ASSOCIATIOI

**Contact(s):**

Role	Title	Name	Phone
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR STANLEY KAZWELL JR	Work (361) 972-3998 Fax (361) 972-0309 Cell (361) 484-0373
REGULATED ENTITY CONTACT	OPERATOR	MR JOE J ZAMORA	Work (979) 240-0457
PARTICIPATED IN	OPERATOR	MR JOE ZAMORA SR	Work (979) 429-7081

**Other Staff Member(s):**

Role	Name
QA Reviewer	RENAE DIGUARDI
Supervisor	MELANIE EDWARDS
QA Reviewer	KELLI HOLT

**Associated Check List**

<u>Checklist Name</u>	<u>Unit Name</u>
WATER EQUIPMENT	3
PWS STANDARD FIELD	1

12/3/2019 Inv. # - 1624444

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**Investigation Comments:****INTRODUCTION**

On December 3, 2019, Mr. Blas Rizzo, Environmental Investigator with the TCEQ Region 14 Office, conducted an announced comprehensive compliance investigation (CCI) of the Tri County Point Water System No. 4. The system was notified on November 27, 2019. The CCI was conducted with Mr. Joe Zamora Sr., Operator. Following the CCI, an exit interview was conducted. Issues noted during the CCI were discussed and an exit interview form was provided to Mr. Zamora onsite (Attachment 1). A Notice of Enforcement (NOE) letter was sent to the facility.

**GENERAL FACILITY AND PROCESS INFORMATION**

Tri County Point Water System 4 is located on the eastside of Carancahua Bay in Jackson County, south of Highway 35 between Point Comfort and Palacios. The water system is owned and operated by Tri-County Point Property Owners Association. Tri County Point Water System 4 (previously known as Boca Chica) supplies water to two areas of the association (sections 4 and 8). The water system has 81 connections and a population of 243 (3 x connections). The water system is located at the intersection of Sea Horse Drive and Cod Lane. The system is operated by Mr. Zamora (Class "B" Groundwater) and his son Joe Zamora Jr. (Class "C" Groundwater).

The system consists of one well with a submersible pump (tested at 70 gpm) which discharges through a pressure tank (3,000 gallons) and finally to the distribution system. Hypochlorination is added prior to the pressure tank.

The water system data sheets and a water system schematic are attached to this report (Attachment 2).

No exceptions have been granted to the facility at this time.

**BACKGROUND**

The last CCI (investigation no. 1402250) was conducted on March 14, 2017. A notice of violation (NOV) letter was sent to the facility on May 11, 2017. Three violations remain outstanding regarding maintaining chemical usage records (violation track no. 639724), flushing records (violation track no. 639725) and conducting customer service inspections (CSIs)(violation track no. 639726), and will be addressed in this report.

On May 23, 2019, a compliance record review was conducted (Investigation No. 1569965) to review the results of a RTCR Level 1 Assessment triggered by the facility on September 12, 2018. No concerns were noted by the Region and no sanitary defects were noted by the system.

Two agreed orders (Dockets No. 2014-1590-PWS-E and 2018-0699-PWS-E) were filed in the last five years; however, letters were mailed to the facility as a notification of compliance with the agreed orders.

The facility is under one additional agreed order (Docket No. 2014-1590-PWS-E). Violation track nos. 739929 and 739930 (capacity issues) have been cited for the same violation associated to this agreed order; however, they were resolved on March 14, 2017 and therefore may be cited.

**ADDITIONAL INFORMATION**

During the investigation, applicable records and operating procedures were evaluated and an inspection of the facilities was conducted. Available records appeared to be complete and up to date; however, the system did not have an adequate service agreement (Attachment 3). A distribution map along with records for flushing, tank inspections, CSIs, and backflow prevention device inspections were requested. No documentation was submitted.

During the inspection of the facilities, the investigator noted that the facility's bacteriological sampling was not representative of its distribution system.

Field measurements for pressure and disinfectant residual were conducted using a digital pressure gauge and Hach DR900 colorimeter. Measurements were collected from a hose bib located at 309 Sea Horse Dr. and yielded a free chlorine residual of 1.12 milligrams per liter (mg/L) and a pressure reading of 42.5 pounds per square inch (psi).

An evaluation of system capacities was conducted. With 81 connections, the system is required to provide a total storage capacity of 16,200 gallons and two or more service pumps totaling 162 gallons per minute. Currently, the system has no ground storage or service pumps.

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An updated exit interview was emailed to the system on January 22, 2020 (Attachment 4).

**NOE Date: 2/7/2020**

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

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**Track Number:** 639725      **Compliance Due Date: To Be Determined**

**Violation Start Date:** 3/14/2017

**30 TAC Chapter 290.46(f)(3)(A)(iv)**

**Alleged Violation:**

**Investigation: 1402250**

Comment Date: 05/10/2017

Failed to maintain a record of the dates that dead-end mains were flushed.

During the investigation conducted on March 14, 2017, the investigator determined the facility was flushing their dead-end mains at least monthly; however, the operator was not recording the date they were flushed.

**Investigation: 1624444**

Comment Date: 01/24/2020

During the investigation conducted on December 3, 2019, the status of this outstanding alleged violation was evaluated. The investigator determined that the system was not maintaining any record of flushing activities. This violation remains outstanding.

**Recommended Corrective Action:** The facility shall retain a record of the dates that dead-end mains were flushed for at least two years.

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**Track Number:** 639726      **Compliance Due Date: To Be Determined**

**Violation Start Date:** 3/14/2017

**30 TAC Chapter 290.46(j)**

**Alleged Violation:**

**Investigation: 1402250**

Comment Date: 05/10/2017

Failed to complete a customer service inspection certificate prior to providing continuous water service to new construction, on any existing service either when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction, or addition to the private water distribution facilities.

During the investigation conducted on March 14, 2017, the investigator determined the facility was not performing customer service inspections before connecting new construction to the water system. Specifically, Mr. Danny Jessup, Operator, stated that there were new homes built in the previous three years; however, customer service inspections were not conducted.

**Investigation: 1624444**

Comment Date: 01/24/2020

During the investigation conducted on December 3, 2019, the status of this outstanding alleged violation was evaluated. The investigator determined that the system was not maintaining any record of CSIs conducted. This violation remains outstanding.

**Recommended Corrective Action:** The system must complete a customer service inspection certificate prior



12/3/2019 Inv. # - 1624444

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to providing continuous water service to new construction, on any existing service either when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction, or addition to the private water distribution facilities. Any customer service inspection certificate form which varies from the format found in commission Form 20699 must be approved by the executive director prior to being placed in use.

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**Track Number:** 739922      **Compliance Due Date: To Be Determined****Violation Start Date:** 12/3/2019**30 TAC Chapter 290.46(n)(2)****Alleged Violation:****Investigation: 1624444**

Comment Date: 01/24/2020

Failed to maintain an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies.

During the investigation conducted on December 3, 2019, the investigator determined that the system had no distribution map.

**Recommended Corrective Action:** The facility must maintain an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies.

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**Track Number:** 739929      **Compliance Due Date: To Be Determined****Violation Start Date:** 12/3/2019**30 TAC Chapter 290.45(b)(1)(C)(ii)****Alleged Violation:****Investigation: 1624444**

Comment Date: 01/24/2020

Failed to provide a total storage capacity of 200 gallons per connection.

During the investigation conducted on December 3, 2019, the investigator determined that the system had increased its connection count to 81. As such, the system is now required to provide a total of 16,200 gallons of ground storage. Currently, the system provides no ground storage.

**Recommended Corrective Action:** The system must provide a total storage capacity of 200 gallons per connection.

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**Track Number:** 739930      **Compliance Due Date: To Be Determined****Violation Start Date:** 12/3/2019**30 TAC Chapter 290.45(b)(1)(C)(iii)****Alleged Violation:****Investigation: 1624444**

Comment Date: 01/29/2020

Failed to provide two or more pumps having a total capacity of 2.0 gpm per connection at each pump station or pressure plane.

12/3/2019 Inv. # - 1624444

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During the investigation conducted on December 3, 2019, the investigator determined that the system had increased its connection count to 81. As such, the system is now required to provide two or more service pumps with a total of 162 gpm. Currently, the system has no service pumps.

**Recommended Corrective Action:** The system must provide two or more pumps having a total capacity of 2.0 gpm per connection at each pump station or pressure plane.

**Track Number:** 739932      **Compliance Due Date:** To Be Determined  
**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.46(i)**

**Alleged Violation:**

**Investigation: 1624444**

Comment Date: 01/24/2020

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

During the investigation conducted on December 3, 2019, the investigator determined that the system's service agreement was inadequate. Specifically, the agreement lacked unacceptable plumbing practices and enforcement actions for violations of the agreement.

**Recommended Corrective Action:** The system must adopt an adequate plumbing ordinance, regulations, or service agreement with provisions for proper enforcement to ensure that neither cross-connections nor other unacceptable plumbing practices are permitted.

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

**Track Number:** 639724      **Resolution Status Date:** 1/24/2020  
**Violation Start Date:** 3/14/2017      **Violation End Date:** 12/3/2019

**30 TAC Chapter 290.46(f)(3)(A)(i)(III)**

**Alleged Violation:**

**Investigation: 1402250**

Comment Date: 04/26/2017

Failed to record the amount of chemicals used to treat the water each week.

During the investigation conducted on March 14, 2017, the investigator determined the facility was not recording the amount of chemicals used to treat the water.

**Investigation: 1624444**

Comment Date: 01/24/2020

During the investigation conducted on December 3, 2019, the status of this outstanding alleged violation was evaluated.

**Recommended Corrective Action:** To achieve compliance, the facility shall maintain a record of the amount of chemicals used each week. To verify compliance, please send documentation to the TCEQ Region 14 Office indicating compliance with this requirement by the due date.

**Resolution:** On November 19, 2019, the system replaced the scale in chlorine room and began maintaining records of its usage weekly.

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**WITHDRAWN VIOLATION(S)  
ASSOCIATED TO A NOTICE OF ENFORCEMENT**

**Track Number:** 739923      **Compliance Due Date: To Be Determined**  
**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.46(f)(3)(B)(v)**

**Alleged Violation:**

**Investigation: 1624444** Comment Date: 01/24/2020  
Failed to maintain records of backflow prevention device programs

During the investigation conducted on December 3, 2019, the investigator determined that the system was not maintaining any records of its backflow prevention device program.

**Recommended Corrective Action:** The system must maintain records of backflow prevention device programs

**Track Number:** 739925      **Compliance Due Date: To Be Determined**  
**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.46(f)(3)(D)(ii)**

**Alleged Violation:**

**Investigation: 1624444** Comment Date: 01/24/2020  
Failed to maintain the results of all tank inspections.

During the investigation conducted on December 3, 2019, the investigator determined that the system had no tank inspection records.

**Recommended Corrective Action:** The system must maintain the results of all tank inspections.

**Track Number:** 739926      **Compliance Due Date: To Be Determined**  
**Violation Start Date:** 12/3/2019

**30 TAC Chapter 290.109(d)(1)**

**Alleged Violation:**

**Investigation: 1624444** Comment Date: 02/05/2020  
Failed to collect bacteriological samples at representative locations throughout the distribution system.

During the investigation conducted on December 3, 2019, the investigator discovered that the system collects one bacteriological sample a month and of the twelve samples collected in 2019, six were collected at lot 36. This represents half of all samples collected.

**Recommended Corrective Action:** The system must collect bacteriological samples at representative locations throughout the distribution system.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_

**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_

**Supervisor**

**Attachments: (in order of final report submittal)**

- \_\_\_ Enforcement Action Request (EAR)
- \_\_\_ Letter to Facility (specify type) : \_\_\_\_\_
- Investigation Report
- \_\_\_ Sample Analysis Results
- \_\_\_ Manifests
- \_\_\_ Notice of Registration

- \_\_\_ Maps, Plans, Sketches
- \_\_\_ Photographs
- \_\_\_ Correspondence from the facility
- \_\_\_ Other (specify) :
- \_\_\_\_\_
- \_\_\_\_\_

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oee@tceq.texas.gov

**Customer: Tri-County Point Property Owners Association**  
**Customer Number: CN600622823**

**Regulated Entity Name: TRI COUNTY POINT PROPERTY OWNERS  
ASSOCIATION WWTP**

**Regulated Entity Number: RN103015053**

**Investigation #** 1709822

**Incident Numbers**

**Investigator:** ZACHARY FUQUA

**Site Classification** DOMESTIC MINOR

**Conducted:** 03/17/2021 -- 03/17/2021

**SIC Code:** 4952

**NAIC Code:** 221320

**Program(s):** WASTEWATER

**Investigation Type:** Compliance Investigation

**Location:** LOCATED 4370 FT SE OF THE  
INTERSECTION OF CR 476 AND CR 477

**Additional ID(s):** WQ0015399001  
TX0136531

**Address:** ,  
, ,

**Local Unit:** REGION 14 - CORPUS CHRISTI

**Activity Type(s):** WWRECONMIN - WW Recon Minor  
COV - Flag code for activities which  
were modified due to restrictions  
related to COVID-19. Should only be  
used with activities used to meet  
federal commitments for CAA, TPDES,  
PWS, RCRA, or Energy Act.

**Principal(s):**

Role	Name
RESPONDENT	TRI-COUNTY POINT PROPERTY OWNERS ASSOCIATIOI

**Contact(s):**

Role	Title	Name	Phone
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MS CINDY MORRISON	Office (361) 972-3998 Fax (361) 972-0309

PARTICIPATED IN	OPERATOR	MR WILLIE L GRIFFITH	Work (361) 972-3998 Fax (361) 972-0309 Cell (979) 240-8091
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**Other Staff Member(s):**

Role	Name
Supervisor	MELANIE EDWARDS
Supervisor	RENAE DIGUARDI
QA Reviewer	KADE NEUMAN

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**Associated Check List****Checklist Name**WQ COMPLIANCE CHECK/RECONNAISSANCE  
INVESTIGATION**Unit Name**

Reconnaissance

**Investigation Comments:****INTRODUCTION**

The Tri-County Point Property Owners Association (Tri-COPPOA) Wastewater Treatment Plant (WWTP) was investigated by Zack Fuqua on March 17, 2021 to determine compliance with applicable wastewater treatment regulations. This investigation is considered a reconnaissance investigation. The regulated entity compliance history was verified prior to the investigation. Notification of the investigation was not provided as the investigation was conducted in conjunction with a complaint investigation (Investigation No. 1708896) at the Ekstrom Aquaculture facility. A verbal exit interview, explaining the results of the investigation, was conducted on the same day of the investigation with Mr. Willie Griffith, Operator. A copy of the TCEQ Exit Interview Form was received by Mr. Griffith via email (Attachment No. 1). Based on the findings of this investigation, a Notice of Violation (NOV) letter was issued to facilitate compliance.

**GENERAL FACILITY AND PROCESS INFORMATION**

Tri-County owns and operates a wastewater treatment plant (SIC code 4952) for its subdivision located on the north side of Carancahua Bay. The renewal water quality permit (TPDES Permit No. WQ0015399001) was issued on February 11, 2020 and will expire five years from the date of issuance. The facility is permitted for an average daily flow of 0.024 million gallons per day (MGD) of treated wastewater. The primary source of wastewater for Outfall 001 is domestic. The WWTP is a small activated sludge package plant operated in extended aeration mode. The treatment units consist of an aeration basin, a clarifier, a sludge holding tank, and a chlorine contact chamber. The facility discharges to an unnamed drainage ditch; thence to a small lake; thence to a marsh; thence to Carancahua Bay in Segment No. 2456 of the Bays and Estuaries.

The collection system consists of individual household pumping units which are considered integral components of the treatment system and not household plumbing. The collection system also consists of an on-site lift station and two off-site lift stations located at the intersection of Porpoise Drive and County Road 477.

**BACKGROUND**

File review summary: The last comprehensive compliance investigation (CCI) (Investigation No. 1381717) was conducted on December 13, 2016. A Notice of Enforcement (NOE) letter was sent to the facility on February 10, 2017.

Two enforcement cases have been brought against Tri-COPPOA WWTP in the previous five-year compliance period: Agreed Order, Docket No. 2015-0761-MWD-E; Enforcement Case No. 50564 became effective on August 9, 2016; and Agreed Order, Docket No. 2017-0319-MWD-E; Enforcement Case No. 54092, became effective May 23, 2019.

**ADDITIONAL INFORMATION**

On the day of the investigation, the investigator inspected the Ekstrom Aquaculture Outfall 002 discharge canals and receiving stream in response to a complaint (Incident No. 352043). The Tri-COPPOA Outfall 001 discharges directly to the canals, initiating the reconnaissance investigation. The canal was overgrown with vegetation in the area immediately following discharge and was difficult to observe. Upon inspection, the investigator noted small grease balls and pieces of various sewage debris including rags in the area directly following discharge. In addition, a small amount of white foam was also observed; however, due to the vegetation at the outfall, the investigator was unable to determine if the foam was caused by the discharge. No foam, sewage debris, or grease balls were observed at the Ekstrom Aquaculture Outfall 002 discharge location. Investigation photographs are included in this report as Attachment No. 2.

Due to COVID-19 and adherence with TCEQ directives, the investigator determined an in-person meeting with Mr. Griffith was not necessary. The investigator then contacted Mr. Griffith to inform him of the findings of the investigation. Mr. Griffith stated that he would clean the receiving stream and submit photographs upon completion.

On March 22, 2021, Mr. Griffith returned the Exit Interview Form with a statement and photographs indicating

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that he picked up several pieces of debris but did not find any grease. The investigator contacted Mr. Griffith on April 19, 2021 to further discuss the cleanup of the receiving stream. The investigator again described the condition of the receiving stream found during the investigation, and further explained the size and shape of the grease balls that were observed. Mr. Griffith restated his findings and that there were no grease balls in the area of the outfall during his inspection. On May 12, 2021, the permittee submitted documentation that included a photograph and a statement indicating a second inspection of the outfall was conducted and no grease balls were observed. Facility correspondence is included with this report as Attachment No. 3.

**NOV Date** 05/14/2021 **Method** WRITTEN

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

**Track Number:** 775907

**Resolution Status Date:** 5/7/2021

**Violation Start Date:** 3/17/2021

**Violation End Date:** 3/22/2021

**2D TWC Chapter 26.121(a)(1)  
30 TAC Chapter 305.125(1)  
30 TAC Chapter 307.4(b)(2)**

**PERMIT WQ0015399001, Effluent Limits No.4; Pg. 2a**

There shall be no discharge of floating solids or visible foam in other than trace amounts and no discharge of visible oil.

**Alleged Violation:**

**Investigation: 1709822**

Comment Date: 05/06/2021

Failed to prevent the discharge of floating solids from the wastewater treatment plant.

During the investigation conducted on March 17, 2021, the investigator observed grease (in the form of grease balls) and various pieces of sewage debris within the Outfall 001 receiving stream.

**Resolution:** On March 22, 2021, the permittee submitted documentation to the Corpus Christi Region 14 Office that included a statement and photographs indicating debris had been removed from the receiving stream, but no grease was observed. The investigator further explained the size and shape of the greaseballs observed during the date of the investigation to Mr. Willie Griffith on April 19, 2021. Mr. Griffith stated that he would conduct an additional inspection to verify his findings. On May 13, 2021, the permittee submitted a photograph from the second inspection of the outfall indicating that no grease balls were observed.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

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**Attachments: (in order of final report submittal)**

\_\_\_ Enforcement Action Request (EAR)

\_\_\_ Maps, Plans, Sketches

\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_ Photographs

Investigation Report

\_\_\_ Correspondence from the facility

\_\_\_ Sample Analysis Results

\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_ Manifests

\_\_\_ Notice of Registration

\_\_\_\_\_  
\_\_\_\_\_



**Attachment I-1 is Confidential and  
will be provided pursuant to the  
Protective Order**

**Attachment J is Confidential and  
will be provided pursuant to the  
Protective Order**

# Attachment K

# Attachment K

**6.D. Regulatory Assessment Fees with TCEQ**

CSWR Texas is committed to ensuring that the amount of any outstanding Regulatory Assessment Fees owed by the seller, if any, will be paid upon completion of the proposed acquisition.

**6.E. Annual Report filings with Commission**

CSWR Texas is committed to ensuring that the most recent available Annual Report for the seller will be filed with the Commission, to the extent it has not already been filed, upon completion of the proposed acquisition.

### **11.B. Plant in Service Records**

CSWR Texas has not been able to identify any plant records or annual report filings from which to determine the original cost of plant, accumulated depreciation, or financial information requested in this question.

#### **14. Calculation of Rate Base.**

CSWR Texas has not been able to identify any plant records or annual report filings from which to determine the original cost of plant, accumulated depreciation, or financial information requested in this question.

Pursuant to 16 Tex. Admin. Code § 24.41(d) and (e), CSWR Texas intends to request that rate base be set to allow it to earn a return on the difference between the purchase price paid for the utility assets and the original cost less accumulated depreciation or, otherwise, based on the net book value of the assets using another reasonable valuation method. Whether or not there is a difference between the purchase price paid and the original cost less accumulated depreciation and contributions in aid on construction is still under review. Currently, the best records for determining net book value of assets is the current owner's accounting records. However, it is CSWR Texas experience that these records often do not completely account for the entire asset value of the system being transferred due to lack of sophistication or accuracy in recording system improvements, additions or repairs/replacements that extended the usable life of assets. It is CSWR Texas experience that an independent third-party original cost study provides the most accurate valuation.

In proceedings in other states, where plant records for an acquired system were inadequate, CSWR, LLC has relied on real estate appraisals to establish rate base or calculate an appropriate acquisition adjustment. These appraisals allow adjustments to rate base based on the value of existing undepreciated land and land rights owned by the selling utility. This method has resulted in fair, reasonable rate base valuations and reasonable opportunities to earn a return sufficient to raise the necessary capital to support these systems. It also provides an efficient, cost-effective alternative to the fair market value approach when the acquisition involves a smaller system, and it is particularly necessary where the acquiring entity would be ineligible to participate in the fair market value process. The Company has not determined the appropriate amount of such adjustment but may seek an acquisition adjustment for the difference between net book and the purchase price or between net book and the value of the system as determined by an appraisal or trending study or other study in its next rate case involving this system as provided for under 16 Tex. Admin. Code § 24.41.

In addition, the Company may request to accrue AFUDC and defer depreciation for post-acquisition improvements in the same way provided for under 16 Tex. Admin. Code § 24.238.

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

A letter from the TCEQ detailing the results of its most recent compliance evaluation identified several past alleged violations and additional issues that needs to be addressed. See Attachment I to this Application.

A preliminary engineering report was prepared by CSWR Texas to confirm the issues identified by the TCEQ. See Attachment J to this Application. The report recommends necessary sludge hauling, replacement of clarifier drivers, and piping and mechanical improvements. The cost of these and other upgrades, renovations, and repairs is estimated to be up to \$1,461,000. If it is authorized to acquire the system, CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations and ensure customers receive safe and reliable service.

CSWR Texas plans to use a contract operator for plant operations, which would include one or more appropriately qualified and licensed operators. The contract operator would be responsible for day-to-day inspections, checks, sampling, reporting, and meter reading. The contract operator also would be responsible for necessary system repairs (as well as extraordinary issues that arise from time to time) to ensure proper facility operations. All contractor activities would be tracked inside CSWR Texas' computerized maintenance system. A computerized plant monitoring system will integrate repair and system operations data onto a single water information management platform that includes all systems operated by CSWR Texas' affiliates.

CSWR Texas will also use contractors for billing and to provide emergency answering services for customer calls. The billing contractor will be responsible for computing, printing, and sending monthly bills to customers and for collecting payments. The billing contractor's staff will also field and process customer bill inquiries, make bill adjustments, deal with customer requests for payment plans, and interact with Commission Staff regarding billing issues. Billing contractor employees will also be trained to route customer service complaints and inquiries to the service contractor.

In addition, CSWR Texas will implement operational changes to improve and enhance customer service. Customers will have access to a 24-hour phone line to report any utility service issues. Those calls would then be transferred into the computerized maintenance management system and converted into work orders, which creates a historical record of all reported service issues. The work order will also ensure contracted customer service personnel can commence work required to address customer service issues quickly and efficiently. Second, CSWR Texas will ensure customers served by the system have access to customer service representatives during normal business hours to talk about any customer concerns. Additionally, CSWR Texas will establish a utility-specific webpage and dedicated email address to keep customers informed about their utility service. Mirroring the relevant utility homepage information, CSWR Texas will also



implement a dedicated social media page to offer another avenue of communication with customers about utility matters. The social media account will be manned by customer service representatives who can quickly answer customer questions. Finally, CSWR Texas will offer online bill paying options to customers including e-checks, debit card, and credit cards. Accordingly, and in order to mitigate increases to the cost of service, CSWR Texas may request authority from the Commission for a waiver from the provisions of 16 Texas Admin. Code § 24.153(d), which requires establishing a local office for maintaining business records or for purposes of accepting applications for service and payments to prevent disconnection of service or to restore service after disconnection for nonpayment, nonuse or other reasons identified in Commission rules.

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

CSWR Texas currently owns and operates 16 systems in Texas and in each of the dockets in which the Company was granted the authority to operate these systems, the Commission has determined the Company has adequate experience and qualifications in order to provide continuous and adequate service.

In addition, CSWR Texas is part of a group of affiliated companies owned by CSWR, LLC. In addition to its ownership interest, CSWR, LLC and another affiliate, Central States Water Resources, Inc. ("Central States"), provide operational and managerial oversight and support for all operating utility affiliates within the group and also provide access to financial resources necessary to acquire water and wastewater systems and upgrade those systems as required. CSWR Texas' affiliates have purchased and currently are operating 292 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, and Louisiana through which they provide safe and reliable utility service to approximately 131,000 customers.

Since March 2015, affiliates in Missouri, Arkansas, and Kentucky have designed, permitted and completed construction—with the approval of state drinking water and wastewater regulatory authorities—of approximately \$20.5 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR Texas-affiliated companies have designed, permitted, and completed construction of approximately \$68.8 million of system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

Through CSWR, LLC and Central States, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to water systems of this system's size. And CSWR, LLC's business model makes these assets available to its affiliates at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

The affiliated group of which CSWR Texas is a member has been able to secure an ongoing commitment from Sciens Capital Management, a Wall Street private equity firm, to provide capital necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental protection laws and regulations. Similar commitments were made with respect to equity investments necessary to acquire and improve utility assets affiliated companies currently own and operate in Missouri, Arkansas, Kentucky, and Louisiana. As evidenced by acquisitions and improvements made in each of those states, regulators can rely on such investment commitments. Although Investment is provided primarily in the form of equity, an affiliate has also committed to make debt capital available at reasonable rates if CSWR Texas is unable to obtain debt financing from non-affiliated commercial sources.

Again, the Public Utility Commission of Texas has already determined that the affiliated group has financial, technical, and managerial ability necessary to provide reasonable service to the public to sixteen separate systems in Docket Nos. 49811, 50251, 50276, 50311, 50851, 50989, 51003, 51026, 51031, 51036, 51047, 51065, 51118, 51130, 51146, and 51551. In addition, the Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR, LLC and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state. Also, in a recent order authorizing the group's Kentucky affiliate to acquire several troubled wastewater systems, the Kentucky Public Service Commission expressly found the group has the financial, technical, and managerial ability necessary to provide reasonable service to the public.

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

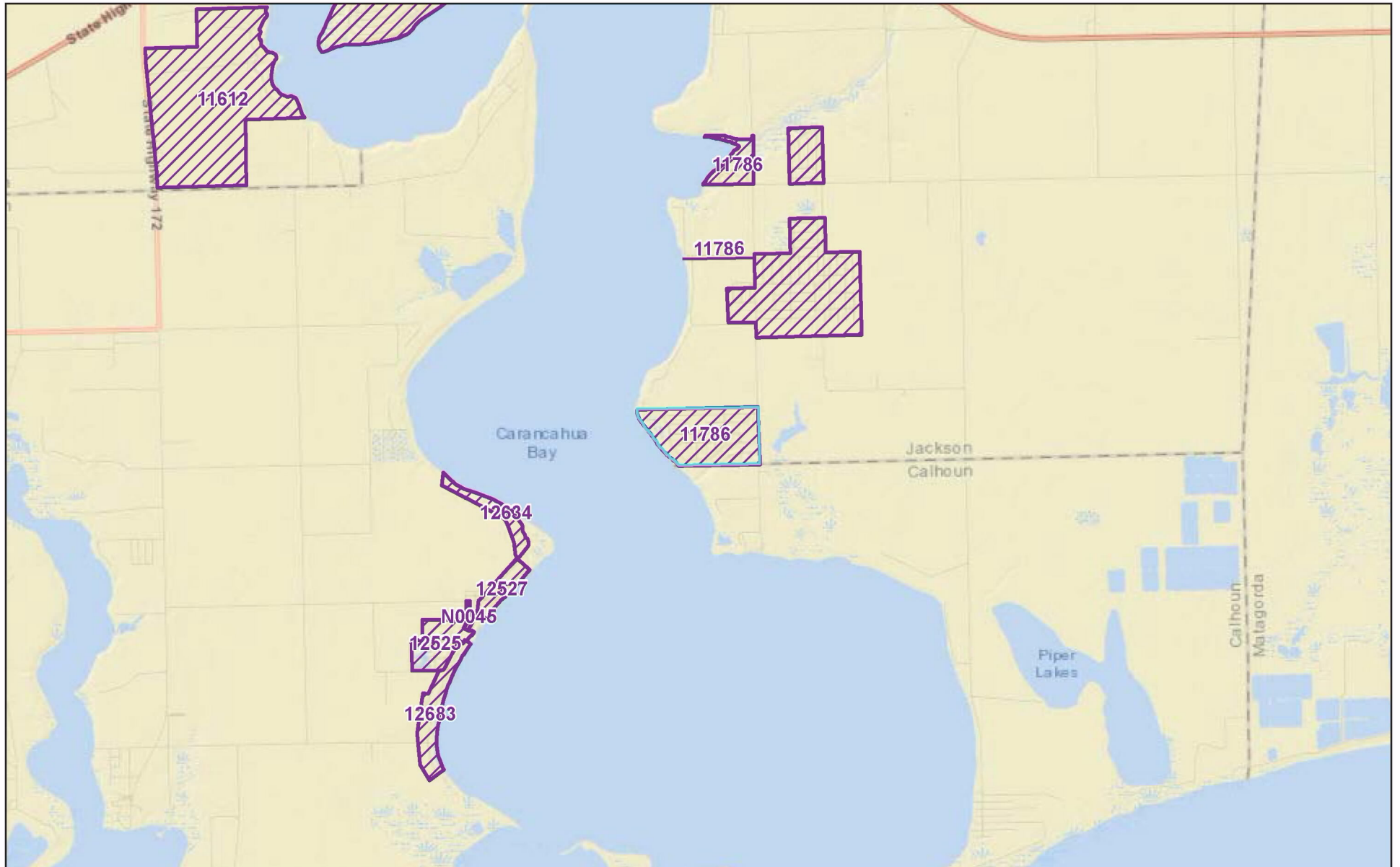
CSWR, LLC has demonstrated an ability to consolidate small water and wastewater utility systems and make necessary investments in those systems to ensure that safe, reliable service is provided to customers. This system would benefit from the transition to a stable, long-term management team willing to make necessary investments to improve the system. As explained in this application:

- CSWR Texas has access to much needed capital that it will use to make reasonable, prudent, and timely investments to bring the system back into compliance with all applicable rules and regulations;
- Through its affiliates, CSWR Texas has access to experienced technical and managerial expertise and experience not usually available to systems of this size and at a lower cost than otherwise would be available because of the economies of scale the affiliated structure is able to achieve;
- CSWR Texas will implement new management and customer service systems and practices that will greatly improve the level of service to customers;
- CSWR Texas will seek to consolidate and regionalize this system with other systems it acquires in order to pool financial, managerial, and technical resources that achieve economies of scale or efficiencies of service;
- CSWR Texas will operate the systems to ensure they are in compliance with all environmental regulations; and
- the purchase price reflects the lowest agreeable negotiated price between the parties.

In summary, CSWR Texas and its affiliates have the financial, technical, and managerial ability to acquire, own, and operate the system in a manner that fully complies with applicable health, safety, and environmental protection laws and regulations and provides reliable, safe, and adequate service to customers. CSWR Texas is prepared to invest capital required to remedy all outstanding and future issues in the systems. It also will implement management and customer service systems and practices that will greatly improve the level of service to customers. Accordingly, the system will become a part of a financially stable and technically sound utility, and customers will receive higher quality and more reliable service. Also, by adopting current rates and tariffs, CSWR Texas will ensure the proposed acquisition has no negative impact on the system's customers. In addition, because CSWR Texas will operate as a public utility, customers will be assured the system's future operations will be scrutinized by the Commission and its staff so that its cost of service and rates are fair and reasonable.

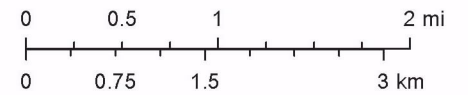
# Attachment L

# Small Scale Map - CCN 11786 (1 of 2)



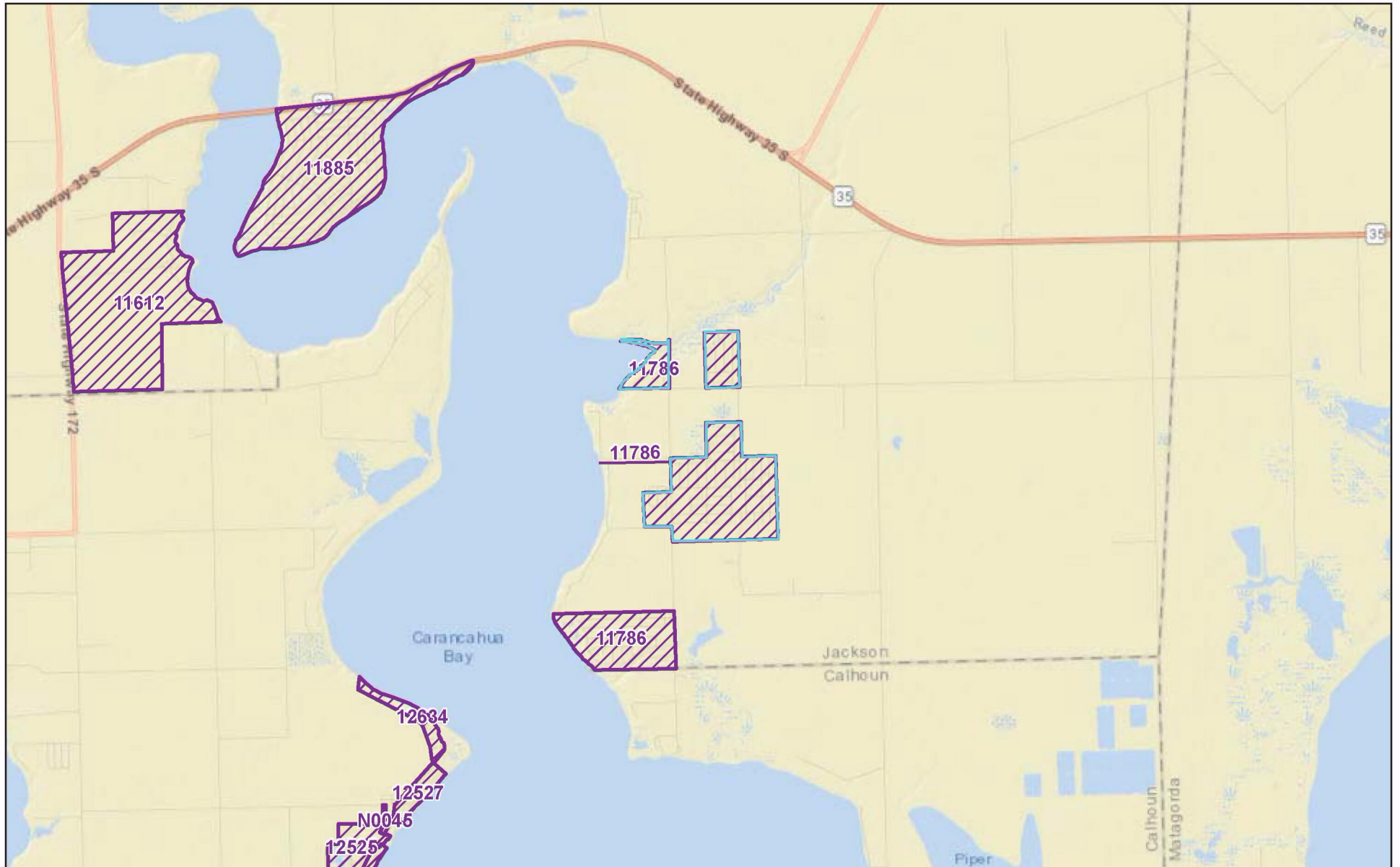
September 28, 2021

1:72,224



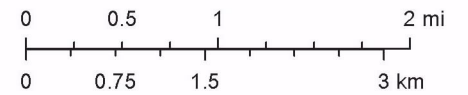
Esri, HERE, Garmin, INCREMENT P, NGA, USGS

# Small Scale Map - CCN 11786 (2 of 2)



September 28, 2021

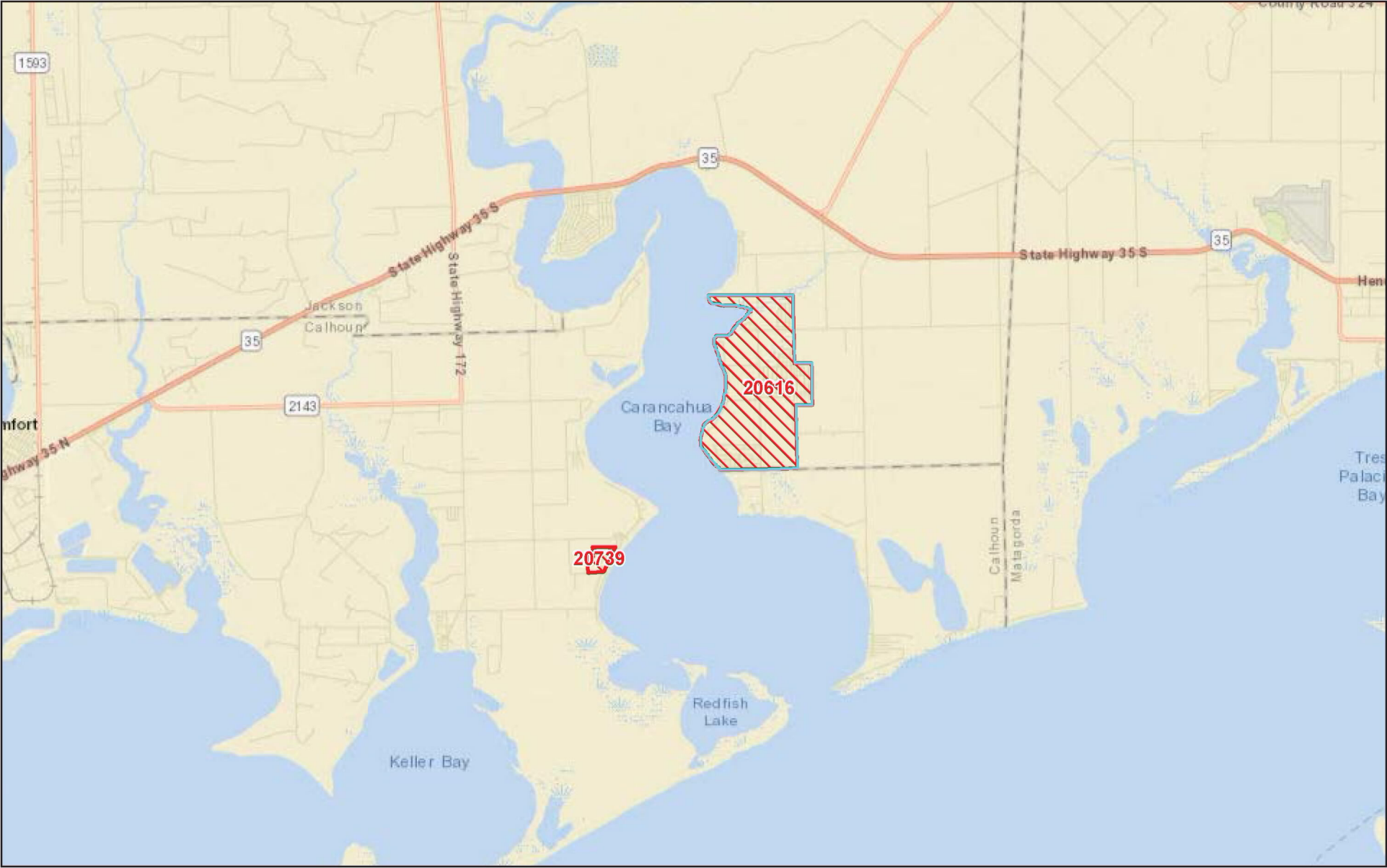
1:72,224



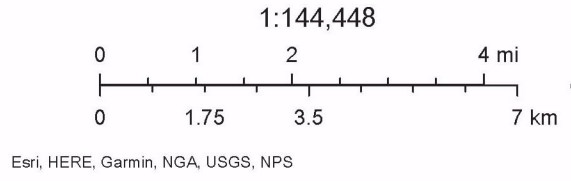
Esri, HERE, Garmin, INCREMENT P, NGA, USGS



# Small Scale Map - CCN 20616



September 28, 2021



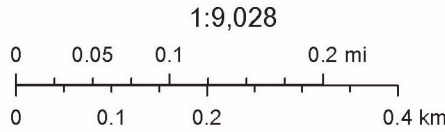


# Attachment M

# Large Scale Map - CCN 11786 (1 of 2)

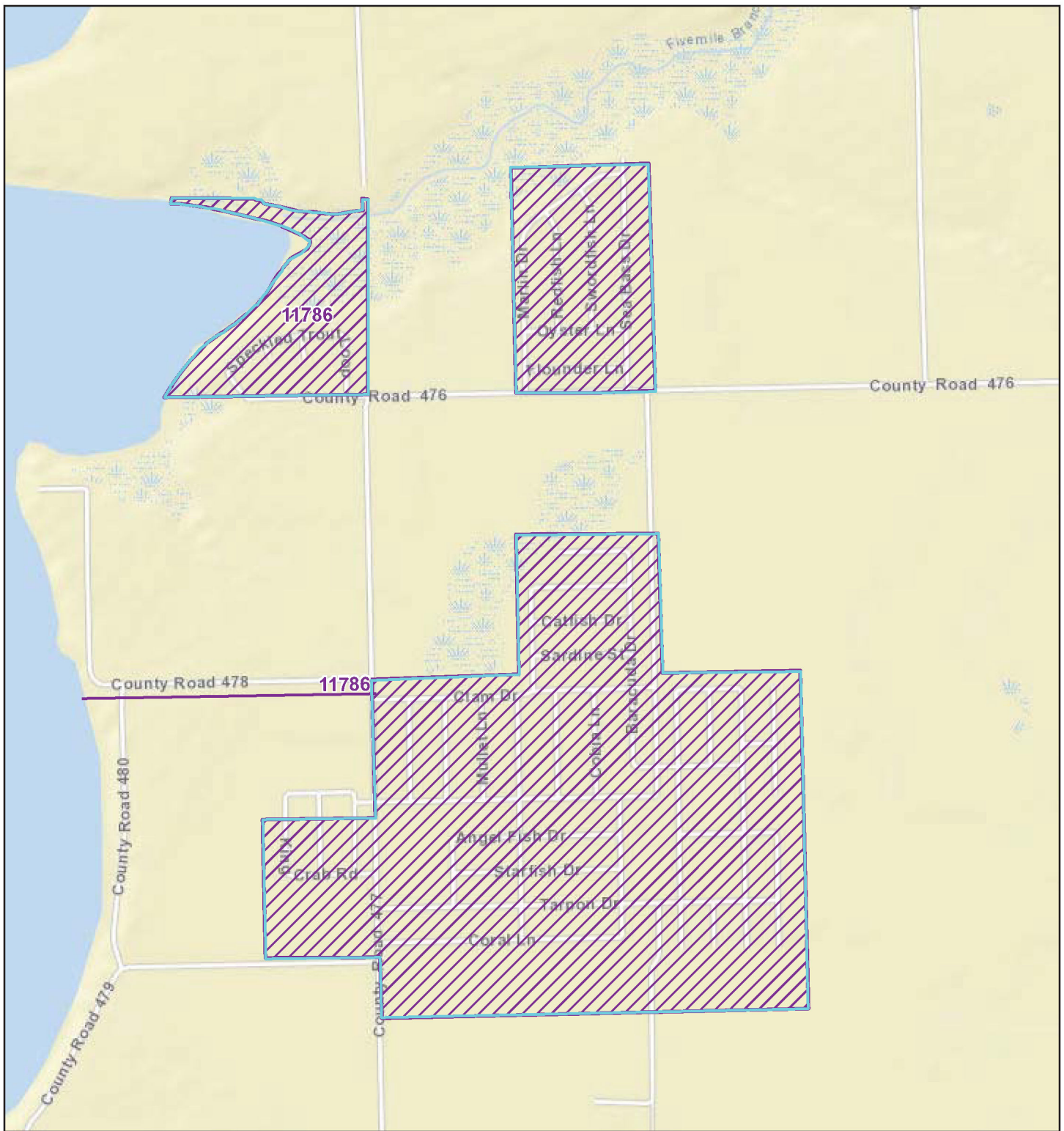


May 26, 2021

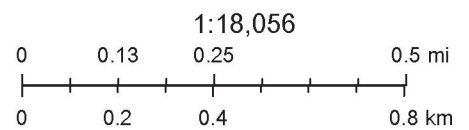


Esri, HERE, Garmin, INCREMENT P, Intermap, NGA, USGS

# Large Scale Map - CCN 11786 (2 of 2)

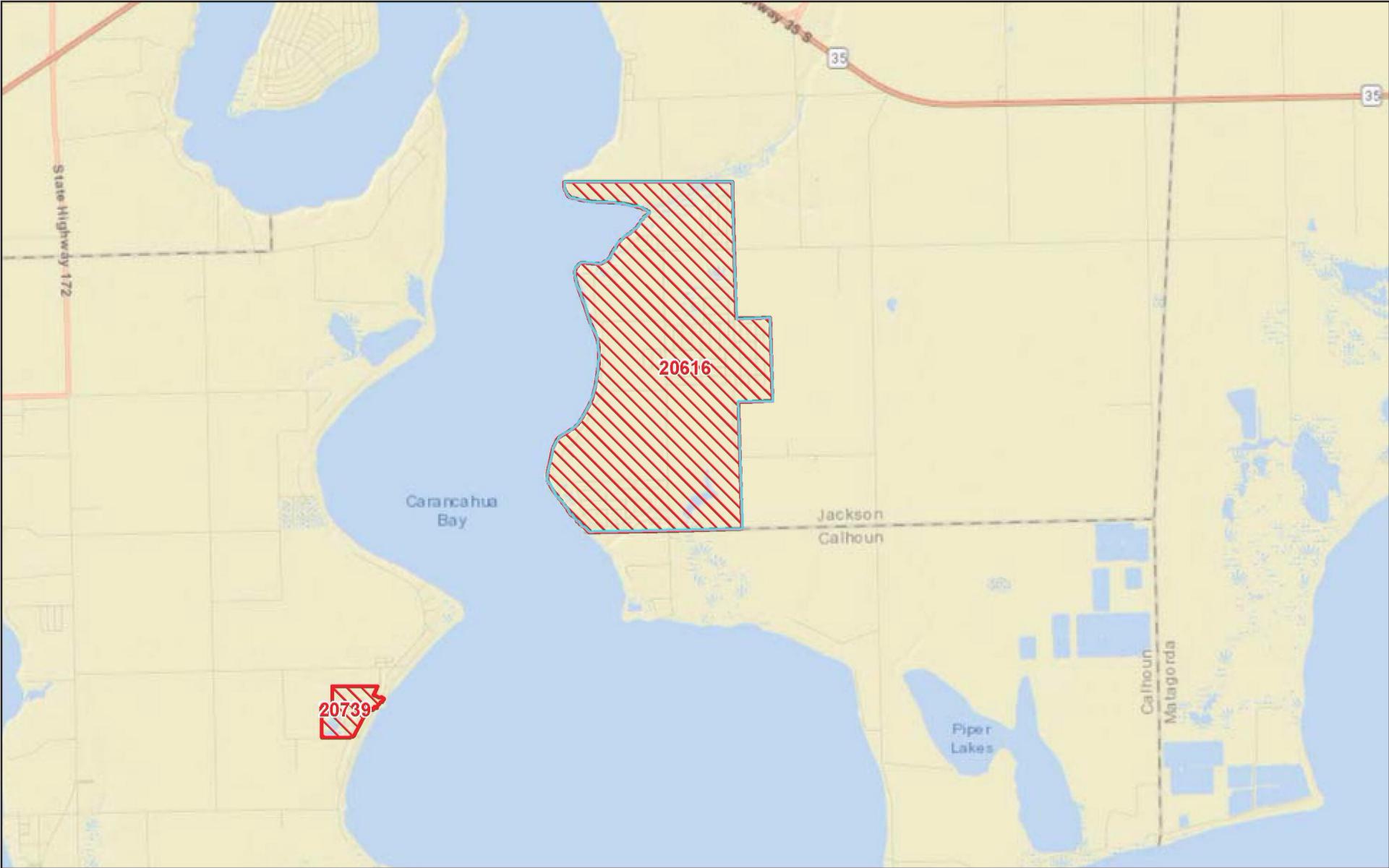


May 26, 2021

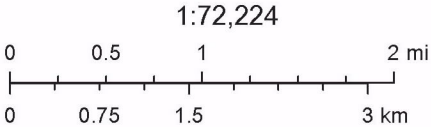




# Large Scale Map - CCN 20616



May 26, 2021



Esri, HERE, Garmin, INCREMENT P, NGA, USGS

**Attachment N is not  
applicable to this docket**

# Attachment O

### **Statement of Confidentiality**

Pursuant to the Commission's standard protective order, CSWR-Texas Utility Operating Company, LLC ("CSWR Texas") is designating certain materials filed as part of its application as Protected Materials. The undersigned counsel for CSWR Texas has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation or Highly Sensitive Protected Material designation given below.

Confidential Attachment A contains the executed Purchase Agreement between CSWR Texas or its affiliates and the selling utility. The terms and pricing information of the Purchase Agreement are not publicly available, are commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas because any other entity that seeks to acquire water or wastewater utilities in Texas or elsewhere could use the information to its competitive advantage to the detriment of CSWR Texas. Accordingly, the information contained in Confidential Attachment A is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material designation.

Confidential Attachment F contains the consolidated financial statements of CSWR, LLC and subsidiaries, including an independent auditor's report. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its subsidiaries. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment F is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material information.

Highly Sensitive Attachment G contains projected financial information for the acquired system, including information from which the purchase price could be ascertained; consolidated financial statements for CSWR Texas's parent company, CSWR, LLC, and its subsidiaries; combined financial projections for other systems that CSWR Texas is in the process of acquiring; and information regarding CSWR, LLC's financial positions. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR, LLC and its subsidiaries, including CSWR Texas. Any other entity that seeks to acquire water utilities in Texas and elsewhere could use the financial

information to its competitive advantage, to the detriment of CSWR, LLC and its subsidiaries. Accordingly, the information contained in Attachment G is exempt from public disclosure under Tex. Gov't Code §§ 552.101, 552.104 and 552.110 and merits the Protected Material information.

Confidential Attachment I-1 contains correspondence between the TCEQ and the Company that reveals the identity of potential acquisitions by CSWR Texas that are not otherwise publicly available. This information is not publicly available, is commercially sensitive, and public disclosure of the information would cause substantial competitive harm to CSWR Texas and its affiliates. Accordingly, the information contained in Confidential Attachment I-1 is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.104.

Confidential Attachment J is an engineering report that is the proprietary information of a third-party engineering firm. Public disclosure of the information would cause substantial competitive harm to the engineering firm by allowing other engineering companies to copy the firm's methods and analyses. Public disclosure could also negatively impact the engineering firm's willingness to perform services for CSWR Texas in the future. Accordingly, the information contained in Confidential Attachment J is exempt from public disclosure under Tex. Gov't Code §§ 552.101 and 552.104.

  
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Wendy K.L. Harvel

**ATTORNEY FOR CSWR-TEXAS  
UTILITY OPERATING COMPANY,  
LLC**



**Attachment P is not applicable to  
this docket**

**Attachment Q is not applicable to  
this docket**

**Attachment R is not applicable to  
this docket**