



Filing Receipt

Filing Date - 2024-04-18 02:13:53 PM

Control Number - 54617

Item Number - 76

**SOAH DOCKET NO. 473-24-13127
PUC DOCKET NO. 54617**

APPLICATION OF TEXAS WATER	§	BEFORE THE STATE OFFICE
UTILITIES, L.P. AND SOUTHERN	§	
HORIZONS DEVELOPMENT, INC.	§	
FOR SALE, TRANSFER, OR MERGER	§	OF
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN LIBERTY AND	§	
MONTGOMERY COUNTIES	§	ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

STEVE SULLIVAN

ON BEHALF OF

SOUTHERN HORIZONS DEVELOPMENT, INC.

APRIL 18, 2024

**DIRECT TESTIMONY OF
STEVE SULLIVAN**

TABLE OF CONTENTS

	Page
I. INTRODUCTION	2
II. PURPOSE OF DIRECT TESTIMONY	3
III. OVERVIEW OF SOUTHERN HORIZONS.....	4
IV. STM AND CCN AMENDMENT CRITERIA.....	8
V. POST-TRANSACTION	10
VI. CONCLUSION.....	10

ATTACHMENTS

- Attachment SCS-1 TCEQ Docket No. 36526-R, Final Order
- Attachment SCS-2 Emergency Preparedness Plan for PWS number 1460158 (Confidential)
- Attachment SCS-3 TCEQ Enforcement Orders Effective for PWS number 1460158

SOAH DOCKET NO. 473-24-13127
PUC DOCKET NO. 54617

APPLICATION OF TEXAS WATER § BEFORE THE STATE OFFICE
UTILITIES, L.P. AND SOUTHERN §
HORIZONS DEVELOPMENT, INC. §
FOR SALE, TRANSFER, OR MERGER § OF
OF FACILITIES AND CERTIFICATE §
RIGHTS IN LIBERTY AND §
MONTGOMERY COUNTIES § ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY OF
STEVE SULLIVAN

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Steve Sullivan. My business address is P.O. Box 1076, Splendora, TX
4 77372.

5 Q. FOR WHOM DO YOU WORK AND IN WHAT CAPACITY?

6 A. I am the President of Southern Horizons Development, Inc. (Southern Horizons).

7 Q. BRIEFLY DESCRIBE YOUR PRESENT EMPLOYMENT.

8 A. As President of Southern Horizons I am responsible for ensuring that the water systems
9 serving our customers are functioning properly and in compliance with applicable state
10 laws and regulations and that our customers are receiving continuous and adequate
11 service. To that end, I negotiate and oversee our contract with HydroTex, who handles
12 the day-to-day operation of our systems, including all water testing. Similarly, I
13 manage our contract with Trinity Residential Development who handles our billing and
14 bookkeeping. Finally, I am responsible for approving and paying for all capital
15 expenditures needed for repairs and replacements and the installation of meter taps.

1 **Q. BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
2 **BACKGROUND.**

3 A. I hold a Bachelor of Science in Petroleum Engineering from Texas A&M University,
4 and I am a professional engineer licensed by the State of Texas. I spent the first
5 15 years of my career with Schlumberger. In 1997, I transitioned to residential
6 development. My partner and I developed the Southern Oaks subdivision and the first
7 four phases of the Southern Crossing subdivision (about 270 lots). We then sold the
8 remaining 184 acres. Over the years, I have kept one foot in the oil and gas industry,
9 managing mineral interests, while also continuing to pursue real estate development
10 opportunities and managing the operations of Southern Horizons.

11 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE PUBLIC**
12 **UTILITY COMMISSION OF TEXAS (COMMISSION)?**

13 A. No, I have not.

14 **II. PURPOSE OF DIRECT TESTIMONY**

15 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

16 A. I am testifying on behalf of Southern Horizons.

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
18 **PROCEEDING?**

19 A. The purpose of my direct testimony in this proceeding is to provide background about
20 Southern Horizons' facilities and certificated service area, our rates, and the customers
21 we serve. I also discuss the criteria used to evaluate an application for a sale, transfer,
22 or merger (STM) that is specific to the transferor.

1 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR**
2 **SUPERVISION?**

3 A. Yes, it was.

4 **Q. INsofar AS THIS TESTIMONY IS FACTUAL IN NATURE, DO YOU**
5 **BELIEVE IT TO BE CORRECT?**

6 A. Yes, I do.

7 **Q. ARE YOU SPONSORING ANY ATTACHMENTS?**

8 A. Yes, I am sponsoring the attachments listed in the table of contents.

9 **Q. WERE THOSE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**
10 **SUPERVISION?**

11 A. Yes.

12 **III. OVERVIEW OF SOUTHERN HORIZONS**

13 **Q. DOES SOUTHERN HORIZONS HOLD A CERTIFICATE OF**
14 **CONVENIENCE AND NECESSITY (CCN)?**

15 A. Yes, Southern Horizons is a Class D utility that holds water CCN number 12863.

16 **Q. HOW MANY PUBLIC WATER SYSTEMS (PWS) DOES SOUTHERN**
17 **HORIZONS OWN AND OPERATE?**

18 A. We currently own and operate two , which are registered with the Texas Commission
19 on Environmental Quality (TCEQ) as Southern Crossing Water PWS identification
20 number 1460158 and Southern Oaks Water System Phase 2 PWS identification
21 number 1460150. Looking at the map included with the notice sent to customers
22 informing them of this proceeding, the Southern Oaks Water System Phase 2 PWS

1 serves the small, standalone area that includes County Road 3737, and the Southern
2 Crossing Water PWS serves the remaining certificated area.

3 **Q. WERE SOUTHERN HORIZONS' FACILITIES OR PWSES PARTIALLY OR**
4 **WHOLLY CONSTRUCTED WITH CUSTOMER CONTRIBUTIONS IN AID**
5 **OF CONSTRUCTION DERIVED FROM SPECIFIC SURCHARGES**
6 **APPROVED BY THE COMMISSION?**

7 A. Please see the direct testimony of Texas Water Utilities, L.P.'s (Texas Water Utilities)
8 witness Brian Bahr discussion the fair market valuation of Southern Horizons. It is my
9 understanding that this question is not relevant because Texas Water Utilities elected
10 to use the fair market value process before filing the application at issue in this case.

11 **Q. DOES SOUTHERN HORIZONS PURCHASE THE WATER IT USES TO**
12 **SERVE ITS CUSTOMERS?**

13 A. No.

14 **Q. IS SOUTHERN HORIZONS SUBJECT TO ANY FEES BEYOND ITS**
15 **CONTROL THAT ARE IMPOSED BY A GROUNDWATER CONSERVATION**
16 **DISTRICT OR OTHER GOVERNMENTAL ENTITY?**

17 A. No.

18 **Q. HOW MANY CONNECTIONS DOES SOUTHERN HORIZONS CURRENTLY**
19 **SERVE?**

20 A. As of March 31, 2024, Southern Horizons was serving 461 5/8" meter connections.
21 We do not currently serve any connections that use a meter larger than 5/8".

1 **Q. HOW MUCH WATER DOES THE AVERAGE SOUTHERN HORIZONS**
2 **CUSTOMER CONSUME EACH MONTH?**

3 A. The average lot size in the subdivisions we serve is 3/4 of an acre, and 100% of the lots
4 include one single-family home. Our customers use an average of 4,686 gallons per
5 month.

6 **Q. WHY DID YOU ENTER INTO THE PROPOSED TRANSACTION WITH**
7 **TEXAS WATER UTILITIES?**

8 A. I am retiring, and my partner is no longer able to assist with operating Southern
9 Horizons.

10 **Q. WHAT ARE SOUTHERN HORIZONS EXISTING RATES?**

11 A. Our existing rates, as shown on our Commission-approved tariff are as follows:

Minimum Monthly Charge	
5/8" Meter	\$32.20 (includes 2,000 gallons)
Gallonge Rates (per 1,000 gallons)	
2,001 gallons or more	\$3.18

12 **Q. WHEN WERE SOUTHERN HORIZONS' EXISTING RATES APPROVED?**

13 A. Southern Horizons applied for and received a 5% Class D rate adjustment in Docket
14 No. 51017.¹ The adjustment was effective October 24, 2020.²

¹ *Application of Southern Horizons Development, Inc. for a Class D Rate Adjustments*, Docket No. 51017, Notice of Approval (Aug. 24, 2020).

² *Id.*, Notice of Approval at Ordering Paragraph No. 1.

1 **Q. BEFORE DOCKET NO. 51017, WHEN WAS THE LAST TIME SOUTHERN**
2 **HORIZONS RECEIVED APPROVAL FOR A RATE INCREASE?**

3 A. Southern Horizons last rate increase before Docket No. 51017 was filed in
4 October 2009 in TCEQ Docket No. 36526-R. The rate increase was approved effective
5 with the usage for July 2010 bills. A copy of the TCEQ Order approving the rates is
6 provided as Attachment SCS-1.

7 **Q. HAVE THE COSTS OF OPERATING SOUTHERN HORIZONS INCREASED**
8 **SINCE 2010?**

9 A. Yes. Like all utilities, our costs have risen due to inflation. This has been especially
10 true in the period following the height of the COVID-19 pandemic. In years when we
11 have had to make substantial repairs or improvements to our facilities, our rates have
12 not always generated enough revenue to cover the full cost of these capital
13 expenditures. We have been able to get by mainly because we do not have any
14 employees, which saves on costs like benefits, and rely on contract labor. Neither my
15 partner nor I is compensated for our work managing Southern Horizons.

16 **Q. HOW DOES SOUTHERN HORIZONS FUND CAPITAL IMPROVEMENTS?**

17 A. When a capital improvement requiring a large, lump sum capital outlay is required, our
18 only option for securing the needed funds in a timely manner is to take out a loan. Once
19 the capital asset is used and useful in providing service, we have the option to file a
20 general rate case to recover our investment through rates. Prior to the Legislature's
21 authorization of a system improvement charge, a general rate case was the only way to
22 recover our investment. For a small utility like Southern Horizons, filing a general rate

1 case or an application for a system improvement charge requires a level of time and
2 resources that can be intimidating.

3 **IV. STM AND CCN AMENDMENT CRITERIA**

4 **Q. IS ADEQUATE SERVICE CURRENTLY BEING PROVIDED TO THE**
5 **REQUESTED AREA?**

6 A. Yes. As stated previously in my testimony, Southern Horizons contracts with a water
7 operator licensed by TCEQ to operate and maintain our systems. We also contract with
8 third parties as needed to make larger repairs or replacements of our facilities or their
9 components. The most recently completed TCEQ compliance inspection of Southern
10 Oaks Water System Phase 2 PWS was on May 27, 2022. There are no unresolved
11 TCEQ violations for this system. The Southern Crossing Water System Phase 2 PWS
12 was last inspected by TCEQ on March 6, 2023. The TCEQ Central Registry currently
13 shows three minor and one moderate unresolved violations for this system as follows:

- 14 • Failure to provide a minimum of two or more service pumps with a total capacity
15 of 2.0 gallons per minute per connection;
- 16 • Failure to provide a minimum total storage capacity of 200 gallons per connection;
- 17 • Failure to maintain copies of properly completed Customer Service Inspection
18 certifications on file; and
- 19 • Failure to provide emergency power to deliver water to the distribution system in
20 the event of the loss of normal power supply.

21 A copy of the EPP demonstrating how we have resolved the fourth violation listed
22 above was submitted to TCEQ on March 15, 2024, and is provided as Confidential
23 Attachment SCS-3. We are in the process of putting together the documentation
24 needed to resolve the other three.

1 **Q. HAS SOUTHERN HORIZONS EVER PROVIDED SERVICE TO THE AREA**
2 **THAT TEXAS WATER UTILITIES HAS REQUESTED TO DECERTIFY?**

3 A. No. As explained by Mr. Bahr, 88 of the acres to be decertified are no longer included
4 in Southern Horizons' CCN now that Docket No. 52445 has been approved. Southern
5 Horizons has not provided service in the additional 10.7 acres Texas Water Utilities
6 has requested to decertify. This is because the area to be decertified does not reflect
7 the actual property boundaries of the area served by our two PWSes. Approving both
8 the decertification of these 10.7 acres and the certification of the 102.5 acres will
9 properly align the property boundaries of the areas we serve with Texas Water Utilities'
10 post-transaction CCN boundaries.

11 **Q. HAS SOUTHERN HORIZONS FAILED TO COMPLY WITH ANY**
12 **COMMISSION OR TCEQ ORDER?**

13 A. No. We are in compliance with the two TCEQ enforcement orders currently in effect
14 for the Southern Crossing Water System Phase 2 PWS, which are provided as
15 Attachment SCS-3. There are no enforcement orders in effect for the Southern Oaks
16 Water System PWS. Over the years, we have never failed to comply with a TCEQ or
17 Commission order.

18 **Q. SHOULD THE COMMISSION CANCEL SOUTHERN HORIZONS' WATER**
19 **CCN NUMBER 12863?**

20 A. If the Commission approves the transaction between Texas Water Utilities and
21 Southern Horizons, then the Commission should cancel water CCN number 12863.
22 Once the transaction is approved, all of the service area currently certificated to
23 Southern Horizons will have either been transferred to Texas Water Utilities or

1 decertified. Upon final approval of this case, Southern Horizons plans to cease all
2 utility operations in Texas.

3 **V. POST-TRANSACTION**

4 **Q. DOES SOUTHERN HORIZONS CURRENTLY RETAIN ANY CUSTOMER**
5 **DEPOSITS INCLUDING ANY MEMBERSHIP FEES OR OTHER TYPES OF**
6 **RETAINED FUNDS FROM ITS MEMBERS?**

7 A. Yes. Southern Horizons currently holds deposits for 398 accounts. The amount of
8 each deposit is \$50 as shown on our tariff. Once the transaction has closed, we will
9 issue final bills to our customers. If the final bill is not paid in full by the due date, we
10 will apply the deposit (with interest) to any outstanding balance and refund the portion
11 of the deposit that remains, if any. If the final bill is paid in full by the due date, we
12 will issue a refund for the full amount of the deposit (with interest). Southern Horizons
13 has the funds necessary to refund all 398 accounts plus interest.

14 **VI. CONCLUSION**

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes, it does.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



SOAH DOCKET NO. 582-10-3707
TCEQ DOCKET NO. 2010-0367-UCR
APPLICATION NO. 36526-R

IN THE MATTER OF THE	§	
APPLICATION OF SOUTHERN	§	BEFORE THE
HORIZONS DEVELOPMENT, INC.,	§	
FOR A RATE/TARIFF CHANGE FOR	§	TEXAS COMMISSION ON
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY NO. 12863 IN	§	ENVIRONMENTAL QUALITY
LIBERTY AND MONTGOMERY	§	
COUNTIES, TEXAS	§	

ORDER

An application by Southern Horizons Development, Inc., (Southern Horizons or Applicant) for an increase in its retail water rates in Liberty and Montgomery Counties, Texas, was presented to the Executive Director of the Texas Commission on Environmental Quality (Commission) for approval pursuant to Section 5.122 of the Texas Water Code (Code). The Applicant provides water service in Liberty and Montgomery Counties, Texas, and is a public utility as defined in Section 13.002(23) of the Code.

On October 14, 2009, the Applicant filed an application with the Commission and it was assigned Application No. 36526-R. The Applicant provided notice of the rate change with a proposed effective date of January 3, 2010, to the customers on October 22, 2009. The notice of the rate increase complied with the notice requirements of Section 13.187 of the code and Title 30, Section 291.22 of the Texas Administrative Code (TAC)

and was sufficient to place affected person on notice regarding the proposed rate increase of retail water rates charged to its customers in Liberty and Montgomery Counties, Texas. The Commission received requests for a public hearing on the application from more than 10% of the customers.

The Honorable Kerrie Jo Qualtrough, an administrative law judge (ALJ) of the State Office of Administrative Hearings (SOAH), conducted a preliminary hearing on July 13, 2010. The ALJ took jurisdiction and designated the following parties: Southern Horizons represented by Robert L. Wilson, III; the Executive Director of the Commission (ED) represented by Dinniah C. Tadema; the Public Interest Counsel of the Commission (PIC) represented by Scott Humphrey; and the protestant ratepayers Carl K. Hallstrom and John F. Pearson who appeared pro se at the hearing. The designated parties negotiated a settlement, the terms of which were embodied in a Case Settlement Record.

The ED made an oral Motion for Remand of the matter to the Executive Director for issuance of an Order in conformity with the agreed upon settlement at the conclusion of the preliminary hearing. Judge Qualtrough granted the motion and issued Order No. 1 on July 13, 2010, dismissing the case from the SOAH docket, and remanding the application to the Executive Director for processing as an uncontested matter pursuant to 30 TAC 80.101.

The rate structure agreed to by the designated parties, to be effective for July usage, is just, reasonable and adequate to allow the utility to recover its cost of providing service, as required by Sections 13.182 and 13.183 of the Code. Attached is the tariff reflecting the requested rates.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The rate increases for Southern Horizons be approved as listed on the attached rate tariff and shall be effective for July usage.
2. Unless previously provided, Southern Horizons shall provide written notice of the final rate structure approved in this proceeding to all affected customers with the next billing cycle after issuance of this Order.
3. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order and tariff to the parties.
4. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **August 4, 2011**

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY


For the Commission

WATER UTILITY TARIFF FOR

Southern Horizons Development, Inc.
(Utility Name)

12785 King Oak Drive
(Business Address)

Splendora, Texas 77372
(City, State, Zip Code)

(281) 540-1047
(Area Code/Telephone)

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

12863

This tariff is effective in the following county:

Liberty, Montgomery

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

None.

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

Southern Oaks Subdivision: (PWS #1460150)
Southern Crossing Water System Phase 2: (PWS #1460158)

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES.....	4
SECTION 3.0 -- EXTENSION POLICY.....	11
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	15
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

Southern Horizons Development, Inc.

Water Utility Tariff Page No. 2

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$30.67</u> (Includes 2,000 gallons)	\$3.03 per 1,000 gallons

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$550.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RETURNED CHECK CHARGE \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36526-R, CCN 12863, JULY 1, 2010
APPROVED TARIFF BY JLBP

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected \$15.00
or other reason listed under section 2.0 of this tariff.

TRANSFER FEE \$50.00

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

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

TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

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

**Attachment SCS-2 is
CONFIDENTIAL and being filed
under seal.**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN ENFORCEMENT ACTION CONCERNING SOUTHERN HORIZONS DEVELOPMENT, INC. RN101226108	§ § § § §	BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
--	----------------------------------	---

**AGREED ORDER
DOCKET NO. 2020-0210-PWS-E**

I. JURISDICTION AND STIPULATIONS

On AUG 18 2020, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding SOUTHERN HORIZONS DEVELOPMENT, 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 at the east end of Southern Crossing Drive east of Splendora, Liberty County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 280 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 \$922 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$738 of the penalty and \$184 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.

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 2

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.
9. The Executive Director recognizes that the Respondent implemented the following corrective measures at the Facility:
 - a. By December 12, 2019, provided an accurate and up-to-date map of the distribution system.
 - b. By December 13, 2019, provided copies of the Facility's complaint records.
 - c. By December 18, 2019, provided tank inspection reports for the Facility's 48,000-gallon ground storage tank and three 3,000-gallon pressure tanks.
 - d. By January 9, 2020, repaired the leaks within the distribution system at the intersection of County Road 3749 and Country Road 3740, and at the end of County Road 37493.

II. ALLEGATIONS

During an investigation conducted on December 6, 2019, an investigator documented that the Respondent:

1. Failed to provide an accurate and up-to-date map of the distribution system so that valves and mains can easily be located during emergencies, in violation of 30 TEX. ADMIN. CODE § 290.46(n)(2).
2. Failed to provide emergency power that will deliver water at a minimum rate of 0.35 gallon per minute ("gpm") per connection in the event of the loss of normal power supply, for systems that do not meet the elevated storage requirement and serve 250 or more service connections, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(v) and TEX. HEALTH & SAFETY CODE § 341.0315(c). Specifically, the Facility had 280 connections requiring emergency power that will deliver 98 gpm. However, the Facility provided no emergency power, indicating a 100% deficiency.

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 3

3. Failed to provide a total storage capacity of 200 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and TEX. HEALTH & SAFETY CODE § 341.0315(c). Specifically, the Facility had 280 service connections, requiring a total storage capacity of 56,000 gallons. However, only 48,000 gallons were provided, indicating a 14% deficiency.
4. Failed to provide two or more service pumps having a total capacity of 2.0 gpm per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii) and TEX. HEALTH & SAFETY CODE § 341.0315(c). Specifically, the Facility had 280 service connections, requiring a service pump capacity of 560 gpm. However, only 475 gpm was provided, indicating a 15% deficiency.
5. Failed to properly maintain water works operation and maintenance records and make them available for review to the Executive Director upon request, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2), (f)(3)(A)(iii), (f)(3)(D)(ii), and (f)(3)(E)(iv). Specifically, records of the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation, copies of the inspection reports for the Facility's 3,000-gallon pressure tank at Plant No. 1, the 48,000-gallon ground storage tank at Plant No. 2, and both 3,000-gallon pressure tanks at Plant No. 2, and copies of Customer Service Inspection ("CSI") reports were not available for review.
6. Failed to maintain all water treatment units, storage and pressure maintenance facilities, distribution system lines, and related appurtenances in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4). Specifically, there were leaks within the distribution system at the intersection of County Road 3749 and Country Road 3740, and at the end of County Road 37493.

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 No. 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 "SOUTHERN HORIZONS DEVELOPMENT, INC., Docket No. 2020-0210-PWS-E" to:

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 4

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

2. The Respondent shall undertake the following technical requirements:
- a. Within 30 days after the effective date of this Order, compile and maintain properly completed water works operation and maintenance records, including CSI reports, in accordance with 30 TEX. ADMIN. CODE § 290.46.
 - b. Within 45 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.d below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a.
 - c. Within 180 days after the effective date of this Order:
 - i. Provide emergency power that will deliver water at a rate of at least 0.35 gpm per connection in the event of a loss of normal power supply, in accordance with 30 TEX. ADMIN. CODE § 290.45;
 - ii. Provide a total storage capacity of at least 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45; and
 - iii. Provide two or more service pumps having a total capacity of at least 2.0 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45.
 - 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 Nos. 2.c.i through 2.c.iii. 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."

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 5

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,

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 6

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.

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2020-0210-PWS-E

Page 7

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Bryan Sinclair

Date

8/18/2020

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.

[Signature]

6/3/20

Signature

Date

Scott Sullivan

President

Name (Printed or typed)

Title

Authorized Representative of
SOUTHERN HORIZONS DEVELOPMENT, INC.

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.

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

August 21, 2020

Mr. Steven Sullivan, Member
SOUTHERN HORIZONS DEVELOPMENT, INC.
P.O. Box 1076
Splendora, Texas 77372

Re: TCEQ Enforcement Action
SOUTHERN HORIZONS DEVELOPMENT, INC.
Docket No. 2020-0210-PWS-E

Dear Mr. Sullivan:

Enclosed for your records is a fully-executed copy of the Agreed Order for the above-referenced matter.

Please review the enclosed Agreed Order, particularly the "Ordering Provisions" section, to determine if further action will be required of you, such as the completion of technical requirements to achieve compliance. When technical requirements are listed (usually Ordering Provision No. 2 or 3), a deadline will be provided based on a specific number of days after the effective date. The effective date is as stated in the enclosed Agreed Order.

Should you have any questions, please contact Steven Hall, the Enforcement Coordinator assigned to this matter, at (512) 239-2569.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Parrish".

Michael Parrish
Enforcement Division

Enclosure

cc: Steven Hall, Enforcement Division
Water Section Manager, Region 12

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
SOUTHERN HORIZONS
DEVELOPMENT, INC.
RN101226108

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

AGREED ORDER
DOCKET NO. 2022-0493-PWS-E

I. JURISDICTION AND STIPULATIONS

On December 27, 2022, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding SOUTHERN HORIZONS DEVELOPMENT, 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 the east end of Southern Crossing Drive near Splendora, Liberty County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 235 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 \$687 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$550 of the penalty and \$137 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

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2022-0493-PWS-E

Page 2

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 March 28, 2022, an investigator documented that the Respondent:

1. Failed to submit well completion data for review and approval prior to placing the Facility's Well No. 3 into service, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(3)(A).
2. Failed to maintain water works operation and maintenance records and make them readily available for review by the Executive Director upon request, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and (f)(3)(A)(vi). Specifically, maintenance records for the water system's generator were not maintained on-site for review.

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 No. 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: SOUTHERN HORIZONS DEVELOPMENT, INC., Docket No. 2022-0493-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:

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2022-0493-PWS-E

Page 3

- a. Within 30 days after the effective date of this Order, compile and maintain properly completed water works operation and maintenance records, including but not limited to maintenance records for the water system's generator, in accordance with 30 TEX. ADMIN. CODE § 290.46.
- b. Within 45 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.f below, 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, submit well completion data for review and approval for the Facility's Well No. 3, in accordance with 30 TEX. ADMIN. CODE § 290.41. The well completion data shall be submitted to:

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

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

- d. Within 195 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.f below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.c.
- e. Within 270 days after the effective date of this Order, obtain approval of the well completion data for the Facility's Well No. 3, in accordance with 30 TEX. ADMIN. CODE § 290.41.
- f. Within 285 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.e. 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."

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2022-0493-PWS-E

Page 4

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.

SOUTHERN HORIZONS DEVELOPMENT, INC.

DOCKET NO. 2022-0493-PWS-E

Page 5

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.

SOUTHERN HORIZONS DEVELOPMENT, INC.
DOCKET NO. 2022-0493-PWS-E
Page 6

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date

Melissa Cordell

For the Executive Director

December 27, 2022

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 OAG 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 OAG of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

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

[Signature]

Signature

6/21/22

Date

Scott Sullivan

Name (Printed or typed)
Authorized Representative of
SOUTHERN HORIZONS DEVELOPMENT, 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.

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

December 29, 2022

Mr. Steven Sullivan, Owner
SOUTHERN HORIZONS DEVELOPMENT, INC.
P.O. Box 1076
Splendora, Texas 77372

Re: TCEQ Enforcement Action
SOUTHERN HORIZONS DEVELOPMENT, INC.
Docket No. 2022-0493-PWS-E

Dear Mr. Sullivan:

Enclosed for your records is a fully-executed copy of the Agreed Order for the above-referenced matter.

Please review the enclosed Agreed Order, particularly the "Ordering Provisions" section, to determine if further action will be required of you, such as the completion of technical requirements to achieve compliance. When technical requirements are listed (usually Ordering Provision No. 2 or 3), a deadline will be provided based on a specific number of days after the effective date. The effective date is as stated in the enclosed Agreed Order.

Should you have any questions, please contact Ashley Lemka, the Enforcement Coordinator assigned to this matter, at (512) 239-1118.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Parrish".

Michael Parrish
Enforcement Division

Enclosure

cc: Ashley Lemka, Enforcement Division
Drinking Water Enforcement Section Manager, Region 12