EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2007-0880-PWS-E **TCEQ ID:** RN102816345 **CASE NO.:** 33680

RESPONDENT NAME: Iola Water Company, Inc.

ORDER TYPE:		
_1660 AGREED ORDER	X_FINDINGS AGREED ORDER	__FINDINGS ORDER FOLLOWING SOAH HEARING
__FINDINGS DEFAULT ORDER	__SHUTDOWN ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__AMENDED ORDER	__EMERGENCY ORDER	
CASE TYPE:		
__AIR	__MULTI-MEDIA (check all that apply)	__INDUSTRIAL AND HAZARDOUS WASTE
X_PUBLIC WATER SUPPLY	__PETROLEUM STORAGE TANKS	__OCCUPATIONAL CERTIFICATION
__WATER QUALITY	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL
__MUNICIPAL SOLID WASTE	__RADIOACTIVE WASTE	__DRY CLEANER REGISTRATION

SITE WHERE VIOLATION(S) OCCURRED: Iola Water Company, 21860 Farm-to-Market Road 244, Iola, Grimes County

TYPE OF OPERATION: Public water supply

SMALL BUSINESS: ____ Yes _X_ No

OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.

COMMENTS RECEIVED: The *Texas Register* comment period expired on September 3, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Ms. Andrea Linson-Mgbeoduru, Enforcement Division, Enforcement Team 2, MC 169; Mr. David Van Soest, Enforcement Division, MC 219, (512) 239-0468

Respondent: Mr. Kenneth McDougald, Owner, Iola Water Company, Inc., 21860 Farm-to-Market Road 244, Iola, Texas 77861

Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: ___ Complaint ___ Routine ___ Enforcement Follow-up _X_ Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** May 19, 2007 **Dates of NOV/Es Relating to this Case:** June 23, 2005, October 20, 2005, January 12, 2006, April 19, 2007 and May 21, 2007 (NOE) **Background Facts:** This was a routine records review. One violation was documented. **WATER** Failure to comply with the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") based on a running annual average for total trihalomethanes ("TTHM"). Specifically, the running annual average concentration for TTHM was 0.114 mg/L for the first quarter of 2005, 0.097 mg/L for the third quarter of 2005, 0.089 mg/L for the fourth quarter of 2005, and 0.083 mg/L for the first quarter of 2007 [30 TEX. ADMIN. CODE § 290.113(f)(4) and TEX. HEALTH & SAFETY CODE § 341.0315(c)].	**Total Assessed:** $755 **Total Deferred:** $0 __Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $755 **Site Compliance History Classification** __ **High** ___ **Average** __ **Poor** **Person Compliance History Classification** __ **High** ___ **Average** __ **Poor** **Major Source:** ___ Yes _X_ No **Applicable Penalty Policy:** September 2002 **Findings Orders Justification:** Four NOVs within a five year period with the same or similar violations as the current enforcement action.	**Ordering Provisions:** The Order will require the Respondent to: a. Within 365 days after the effective date of the Agreed Order, return to compliance with the running annual average MCL of TTHM; and b. Within 380 days after the effective date of this Agreed Order, submit written certification including detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision a.

Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002) — *PCW Revision May 25, 2007*

TCEQ

DATES					
Assigned	4-Jun-2007				
PCW	5-Jun-2007	Screening	5-Jun-2007	EPA Due	1-Dec-2007

RESPONDENT/FACILITY INFORMATION

Respondent	Iola Water Company, Inc.		
Reg. Ent. Ref. No.	RN102816345		
Facility/Site Region	9-Waco	Major/Minor Source	Minor

CASE INFORMATION

Enf./Case ID No.	33680	No. of Violations	1
Docket No.	2007-0880-PWS-E	Order Type	Findings
Media Program(s)	Public Water Supply	Enf. Coordinator	Andrea Linson-Mgbeodur
Multi-Media		EC's Team	EnforcementTeam 2
Admin. Penalty $ Limit Minimum	$50	Maximum	$1,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1* $500

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History — 26% Enhancement — *Subtotals 2, 3, & 7* $130

Notes: Enhancement is due to four Notices of Violation ("NOVs") containing the same or similar violations as the current enforcement action and three NOVs with dissimilar violations.

Culpability — Yes — 25% Enhancement — *Subtotal 4* $125

Notes: The respondent received four alert letters for total trihalomethanes ("TTHM") exceedances dated August 2, 2004, February 2, 2005, July 11, 2005, and January 10, 2007.

Good Faith Effort to Comply — 0% Reduction — *Subtotal 5* $0

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	(mark with x)

Notes: The Respondent does not meet the good faith criteria.

0% Enhancement* — *Subtotal 6* $0

**Capped at the Total EB $ Amount*

Total EB Amounts	$785
Approx. Cost of Compliance	$2,500

SUM OF SUBTOTALS 1-7 — *Final Subtotal* $755

OTHER FACTORS AS JUSTICE MAY REQUIRE — *Adjustment* $0

Reduces or enhances the Final Subtotal by the indicated percentage. *(Enter number only; e.g. -30 for -30%.)*

Notes:

Final Penalty Amount $755

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* $755

DEFERRAL — 0% Reduction — *Adjustment* $0

Reduces the Final Assessed Penalty by the indicted percentage. *(Enter number only; e.g. 20 for 20% reduction.)*

Notes: No deferral is recommended for Findings Orders.

PAYABLE PENALTY $755

Screening Date 5-Jun-2007 **Docket No.** 2007-0880-PWS-E **PCW**

Respondent Iola Water Company, Inc. *Policy Revision 2 (September 2002)*

Case ID No. 33680 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102816345

Media [Statute] Public Water Supply

Enf. Coordinator Andrea Linson-Mgbeoduru

Compliance History Worksheet

>> Compliance History *Site* Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (*number of NOVs meeting criteria*)	4	20%
	Other written NOVs	3	6%
Orders	Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (*number of judgements or consent decrees meeting criteria*)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (*number of counts*)	0	0%
Emissions	Chronic excessive emissions events (*number of events*)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which notices were submitted*)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which violations were disclosed*)	0	0%

		Please Enter Yes or No	
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 26%

>> Repeat Violator (Subtotal 3)

N/A

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

N/A

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

Enhancement is due to four Notices of Violation ("NOVs") containing the same or similar violations as the current enforcement action and three NOVs with dissimilar violations.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 26%

Screening Date 5-Jun-2007 **Docket No.** 2007-0880-PWS-E **PCW**

Respondent Iola Water Company, Inc. *Policy Revision 2 (September 2002)*

Case ID No. 33680 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102816345

Media [Statute] Public Water Supply

Enf. Coordinator Andrea Linson-Mgbeoduru

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 290.113(f)(4) and Tex. Health & Safety Code § 341.0315(c)

Violation Description Failed to comply with the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") based on a running annual average for total trihalomethanes ("TTHM"). Specifically, the running annual average concentration for TTHM was 0.114 mg/L for the first quarter of 2005, 0.097 mg/L for the third quarter of 2005, 0.089 mg/L for the fourth quarter of 2005, and 0.083 mg/L for the first quarter of 2007.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual		x	
Potential			

Percent 25%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Customers of the water supply have been exposed to significant amounts of pollutants which did not exceed levels protective of human health.

Adjustment $750

$250

Violation Events

Number of Violation Events 2 | 708 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	x
single event	

Violation Base Penalty $500

Two annual events are recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $785

Statutory Limit Test

Violation Final Penalty Total $755

This violation Final Assessed Penalty (adjusted for limits) $755

Economic Benefit Worksheet

Respondent Iola Water Company, Inc.
Case ID No. 33680
Reg. Ent. Reference No. RN102816345
Media Public Water Supply
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)	$2,500	8-Jun-2004	1-Dec-2008	4.5	$37	$747	$785
Engineering/construction				0.0	$0	$0	$0
Land				0.0	$0	n/a	$0
Record Keeping System				0.0	$0	n/a	$0
Training/Sampling				0.0	$0	n/a	$0
Remediation/Disposal				0.0	$0	n/a	$0
Permit Costs				0.0	$0	n/a	$0
Other (as needed)				0.0	$0	n/a	$0

Notes for DELAYED costs: Estimated cost to implement an alternative method of disinfection. The date required is the first date of exceedence. The final date is the estimated date of compliance.

Avoided Costs (ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs))							
Disposal				0.0	$0	$0	$0
Personnel				0.0	$0	$0	$0
Inspection/Reporting/Sampling				0.0	$0	$0	$0
Supplies/equipment				0.0	$0	$0	$0
Financial Assurance [2]				0.0	$0	$0	$0
ONE-TIME avoided costs [3]				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0

Notes for AVOIDED costs:

Approx. Cost of Compliance $2,500

TOTAL $785

Compliance History

Customer/Respondent/Owner-Operator:	CN600662498	Iola Water Company, Inc.	Classification:	Rating:
Regulated Entity:	RN102816345	IOLA WATER COMPANY	Classification:	Site Rating:
ID Number(s):	PUBLIC WATER SYSTEM/SUPPLY WATER LICENSING	REGISTRATION LICENSE	0930013 0930013	
Location:	21860 FM 244, GRIMES COUNTY, TX			
TCEQ Region:	REGION 09 - WACO			
Date Compliance History Prepared:	June 05, 2007			
Agency Decision Requiring Compliance History:	Enforcement			
Compliance Period:	June 05, 2002 to June 05, 2007			

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Andrea Linson-Mgbeoduru Phone: 512-239-1482

Site Compliance History Components

1. Has the site been in existence and/or operation for the full five year compliance period? Yes
2. Has there been a (known) change in ownership of the site during the compliance period? No
3. If Yes, who is the current owner? N/A
4. if Yes, who was/were the prior owner(s)? N/A
5. When did the change(s) in ownership occur? N/A

Components (Multimedia) for the Site :

A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

N/A

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

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

1 08/30/2002 (8005)
2 05/29/2003 (38107)
3 06/23/2005 (560866)
4 10/20/2005 (562105)
5 01/12/2006 (562107)
6 04/19/2007 (562112)
7 05/31/2007 (562213)
8 06/04/2007 (555265)

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

Date: 08/26/2002 (8005)
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 290, SubChapter D 290.46(v)
Description: Electrical wiring for the well's submersible was not in electrical conduit.
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(3)(B)
Description: Well casing less than 18" above ground level.
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 290, SubChapter D 290.43(c)(8)
Description: The hatch on the ground storage at plant 2 is very deteriorated.
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 290, SubChapter D 290.43(c)(1)
Description: The ground storage vent screens at plant 2 and 3 needs to be replaced.
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(3)(O)
30 TAC Chapter 290, SubChapter D 290.43(e)
Description: At the time of the investigation, the fence around plant 2 was only five feet tall and

there was no fence around plant 3.

Date: 05/19/2003 (38107)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(v)

Description: Electrical wiring for the well's submersible was not in electrical conduit.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(3)(B)

Description: Well casing less than 18" above ground level.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.43(c)(8)

Description: The hatch on the ground storage at plant 2 is very deteriorated.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.43(c)(1)

Description: The ground storage vent screens at plant 2 and 3 needs to be replaced.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(3)(O)
30 TAC Chapter 290, SubChapter D 290.43(e)

Description: At the time of the investigation, the fence around plant 2 was only five feet tall and there was no fence around plant 3.

Date: 06/23/2005 (560866)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)

Description: Violated the maximum contaminant level for Trihalomethanes during the first quarter of 2005.

Date: 10/20/2005 (562105)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)

Description: Violated the maximum contaminant level for Trihalomethanes during the third quarter of 2005.

Date: 01/12/2006 (562107)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)

Description: Violated the maximum contaminant level for Trihalomethanes during the fourth quarter of 2005.

Date: 04/19/2007 (562112)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)

Description: Violated the maximum contaminant level for Trihalomethanes during the first quarter of 2007.

Date: 05/04/2007 (555265)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(3)(K)

Description: Failure to properly screen the well casing vent.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter F 290.110(c)(5)(D)

Description: Failure to monitor the disinfectant residual concentration each time a bacteriological sample is collected.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

K. Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

IN THE MATTER OF AN	§	**BEFORE THE**
ENFORCEMENT ACTION	§	
CONCERNING	§	**TEXAS COMMISSION ON**
IOLA WATER COMPANY, INC.	§	
RN102816345	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2007-0880-PWS-E

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Iola Water Company, Inc. ("Iola Water Company") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and Iola Water Company presented this agreement to the Commission.

Iola Water Company understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, Iola Water Company agrees to waive all notice and procedural rights.

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

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

I. FINDINGS OF FACT

1. Iola Water Company owns and operates a public water supply at 21860 Farm-to-Market Road 244 in Iola, Grimes County, Texas (the "Facility") that has approximately 160 service connections and serves at least 25 people per day for at least 60 days per year.

2. During a record review on May 19, 2007, TCEQ staff documented that Iola Water Company exceeded the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") based on a running annual average for total trihalomethanes ("TTHM"). Specifically, the running annual average concentration for TTHM was 0.114 mg/L for the first quarter of 2005, 0.097 mg/L for the third quarter of 2005, 0.089 mg/L for the fourth quarter of 2005, and 0.083 mg/L for the first quarter of 2007.

3. Iola Water Company received notice of the violations dated June 23, 2005, October 20, 2005, January 12, 2006 and April 19, 2007.

II. CONCLUSIONS OF LAW

1. Iola Water Company is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the Commission.

2. As evidenced by Findings of Fact No. 2, Iola Water Company failed to comply with the MCL for TTHM during the first, third and fourth quarters of 2005 and the first quarter of 2007, in violation of 30 TEX. ADMIN. CODE § 290.113(f)(4) and TEX. HEALTH & SAFETY CODE § 341.0315(c).

3. Pursuant to TEX. HEALTH & SAFETY CODE § 341.049, the Commission has the authority to assess an administrative penalty against Iola Water Company for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.

4. An administrative penalty in the amount of Seven Hundred Fifty-Five Dollars ($755) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. HEALTH & SAFETY CODE § 341.049(b). Iola Water Company has paid the Seven Hundred Fifty-Five Dollar ($755) administrative penalty.

III. ORDERING PROVISIONS

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

1. Iola Water Company is assessed an administrative penalty in the amount of Seven Hundred Fifty-Five Dollars ($755) as set forth in Section II, Paragraph 4 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and Iola Water Company's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Iola Water Company, Inc., Docket No. 2007-0880-PWS-E" to:

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

2. Iola Water Company shall undertake the following technical requirements:

a. Within 365 days after the effective date of the Agreed Order, return to compliance with the running annual average MCL of TTHM, in accordance with 30 TEX. ADMIN. CODE § 290.113.

b. Within 380 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

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

The 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:

Manager, Water Section
Waco Regional Office
Texas Commission on Environmental Quality
6801 Sanger Avenue, Suite 2500
Waco, Texas 76710-7826

3. The provisions of this Agreed Order shall apply to and be binding upon Iola Water Company. Iola Water Company is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.

4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Iola Water Company shall be made in writing to the Executive Director. Extensions are not effective until Iola Water Company receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

5. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to Iola Water Company if the Executive Director determines that Iola Water Company has not complied with one or more of the terms or conditions in this Agreed Order.

6. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.

7. This Agreed Order, issued by the Commission, shall not be admissible against Iola Water Company in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed 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.

8. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.

9. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ 9/16/07
For the Executive Director Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of Iola Water Company, Inc. I am authorized to agree to the attached Agreed Order on behalf of Iola Water Company, Inc., and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, Iola Water Company, Inc. waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

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.

_____ 6-14-07
Signature Date

Kenneth McDougald Owner
Name (Printed or typed) Title
Authorized Representative of
Iola Water Company, Inc.

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.