EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2006-1494-PWS-E **TCEQ ID:** RN101450286 and RN104359526 **CASE NO.:** 30965

RESPONDENT NAME: Monarch Utilities I L.P.

ORDER TYPE:

__1660 AGREED ORDER	X FINDINGS AGREED ORDER	__AMENDED ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__SHUTDOWN ORDER	__FINDINGS DEFAULT ORDER	__EMERGENCY ORDER	

CASE TYPE:

__AGRICULTURE	__AIR	__INDUSTRIAL AND HAZARDOUS WASTE	__MUNICIPAL SOLID WASTE
__OCCUPATIONAL CERTIFICATION	__PETROLEUM STORAGE TANKS	X PUBLIC WATER SUPPLY	__RADIOACTIVE WASTE
__MULTI-MEDIA (check all that apply)	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL	__USED OIL
__USED OIL FILTER	__WATER QUALITY		

SITE WHERE VIOLATION(S) OCCURRED: Ridgecrest Water System, 366 Ridgecrest Road, Pottsboro, Grayson County and Beachwood Water System, Oakwood and Forest Ridge Drive in Beachwood Estates north of Trinidad, Henderson County

TYPE OF OPERATION: Public drinking water systems

SMALL BUSINESS: ___ Yes __X__ No

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

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 February 26, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None
TCEQ Enforcement Coordinator: Ms. Elvia Maske, Enforcement Division, MC 219, (512) 239-0789; Mr. Steven Lopez, Enforcement Division, MC 219, (512) 239-1896
TCEQ Field Investigator: Ms. Nancy Johnson, DFW Regional Office, MC R-04, (817) 588-5862
Central Office Investigator: Ms. Christine Garcia, Water Supply Division, Public Drinking Water Section, MC 155, (512) 239-2370
Respondent: Mr. David Yohee, Regional Manager Environmental Affairs, Monarch Utilities I L.P., 9511 Ranch Road 620 North, Austin, Texas 78726
Mr. Bill Jasura, Vice President, Monarch Utilities I L.P., 9511 Ranch Road 620 North, Austin, Texas 78726
Respondent's Attorney: Not represented by counsel on this enforcement matter

RESPONDENT'S NAME: Monarch Utilities I L.P.
DOCKET NO.: 2006-1494-PWS-E

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: __ Complaint _X_ Routine __ Enforcement Follow-up _X_ Records Review **Date of Complaint Relating to this Case:** None **Dates of Investigations Relating to this Case:** May 9, 2006 and June 14, 2006 **Dates of NOE Relating to this Case:** June 16, 2006 and July 11, 2006 (NOE) **Background Facts:** These were routine investigations. Three violations were documented. **WATER** 1) Purchased water under direct pressure and failed to meet the Commission's capacity requirements [30 TEX. ADMIN. CODE § 290.45(f)(5) and (6)]. 2) Failed to provide a sanitary control easement or an approved exception to the easement requirements [30 TEX. ADMIN. CODE § 290.41(c)(1)(F)]. 3) Failed to comply with the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") for trihalomethanes ("TTHM") [30 TEX. ADMIN. CODE § 290.113(f)(4) and TEX. HEALTH & SAFETY CODE § 341.0315(c)].	**Total Assessed:** $4,300 **Total Deferred:** $0 __Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $4,300 RN101450286 and RN104359526 **Site Compliance History Classification:** __High __Avg. __Poor **Person Compliance History Classification:** __High _X_ Avg. __Poor **Major Source:** _X_ Yes __ No **Applicable Penalty Policy:** September 2002 **Findings Order Justification:** Three repeated enforcement actions for similar violations over the prior five year period.	**Ordering Provisions:** 1) The Order will require the Respondent to undertake the following technical requirements for Ridgecrest: a. Within 90 days after the effective date of this Agreed Order, secure a sanitary easement covering all property within 150 feet of each well location from adjacent landowners and record the deeds in the county deed records; b. Within 120 days after the effective date of this Agreed Order: i. Submit a copy of signed water contract which authorizes the maximum hourly purchase rate of at least 2.0 gallons per minute ("gpm") per connection or provide at least 1,000 gpm and be able to meet peak hourly demands; or ii. Obtain additional capacity to meet increased demands. c. Within 135 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provisions 1.a. and 1.b. 2) The Order will require the Respondent to undertake the following technical requirements for Beachwood: a. Within 365 days after the effective date of this Agreed Order, return to compliance with the running annual average MCL for TTHM; and b. Within 380 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 2.a.

Attachment: Site Compliance History

Penalty Calculation Worksheet (PCW)

TCEQ

Policy Revision 2 (September 2002) *PCW Revision May 19, 2005*

DATES **Assigned** 24-Jul-2006 **PCW** 28-Aug-2006 **Screening** 21-Aug-2006 **EPA Due**

RESPONDENT/FACILITY INFORMATION

Respondent Monarch Utilities I L.P. ("Ridgecrest")
Reg. Ent. Ref. No. RN101450286
Facility/Site Region 4-Dallas/Fort Worth **Major/Minor Source** Major Source

CASE INFORMATION

Enf./Case ID No. 30965 **No. of Violations** 2
Docket No. 2006-1494-PWS-E **Order Type** Findings
Media Program(s) Public Water Supply **Enf. Coordinator** Elvia Maske
Multi-Media **EC's Team** Order Compliance Team
Admin. Penalty $ Limit Minimum $50 **Maximum** $1,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) *Subtotal 1* $2,400

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 0% Enhancement *Subtotals 2, 3, & 7* $0

Notes: No enhancement is recommended, this is an average performer classification.

Culpability No 0% Enhancement *Subtotal 4* $0

Notes: Respondent does not meet the culpability criteria.

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

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

Notes: Respondent does not meet the good faith criteria.

Economic Benefit 0% Enhancement* *Subtotal 6* $0

**Capped at the Total EB $ Amount*

Total EB Amounts $273
Approx. Cost of Compliance $3,825

SUM OF SUBTOTALS 1-7 **Final Subtotal** $2,400

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

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

Notes:

Final Penalty Amount $2,400

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** $2,400

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 as this is a Finding Order.

PAYABLE PENALTY $2,400

Screening Date 21-Aug-2006 **Docket No.** 2006-1494-PWS-E **PCW**
Respondent Monarch Utilities I L.P. ("Ridgecrest") *Policy Revision 2 (September 2002)*
Case ID No. 30965 *PCW Revision May 19, 2005*
Reg. Ent. Reference No. RN101450286
Media [Statute] Public Water Supply
Enf. Coordinator Elvia Maske

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)*	0	0%
	Other written NOVs	0	0%
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*	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) 0%

>> **Repeat Violator (Subtotal 3)**

N/A ***Adjustment Percentage (Subtotal 3)*** 0%

>> **Compliance History *Person* Classification (Subtotal 7)**

Average Performer ***Adjustment Percentage (Subtotal 7)*** 0%

>> **Compliance History Summary**

Compliance History Notes No enhancement is recommended, this is an average performer classification.

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

Screening Date 21-Aug-2006 **Docket No.** 2006-1494-PWS-E **PCW**

Respondent Monarch Utilities I L.P. ("Ridgecrest") *Policy Revision 2 (September 2002)*

Case ID No. 30965 *PCW Revision May 19, 2005*

Reg. Ent. Reference No. RN101450286

Media [Statute] Public Water Supply

Enf. Coordinator Elvia Maske

Violation Number 1

Primary Rule Cite(s) 30 Tex. Admin. Code § 290.45(f)(5) and (6)

Secondary Rule Cite(s)

Violation Description Failure by a system which purchases water under direct pressure to meet the Agency's capacity requirements, as documented during an investigation conducted on May 9, 2006. Specifically, the purchase contract with the Red River Authority for the Ridgecrest Water System stipulates a maximum hourly purchase rate of 3,333.33 gallons, whereas the regulations require a maximum hourly purchase rate of 52,680 gallons, a deficiency of 93%. The purchase contract for the Highland Shores Subdivision (a part of the Ridgecrest System) details an agreement to provide a maximum hourly purchase rate of 1,458.33 gallons, whereas the regulations require a maximum hourly purchase rate of 11,280 gallons, a deficiency of 87%.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

Release	Harm: Major	Moderate	Minor
Actual			
Potential	x		

OR

Percent 50%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent

Matrix Notes: A 93%/87% deficiency in the ability to meet the maximum hourly water demands will or could expose human health to significant amounts of pollutants which would exceed levels that are protective of human health or environmental receptors.

Adjustment -$500

Base Penalty Subtotal $500

Violation Events

Number of Violation Events 4

mark only one use a small x	
daily	
monthly	x
quarterly	
semiannual	
annual	
single event	

Violation Base Penalty $2,000

Four monthly events are recommended based on documentation of the violation during the May 9, 2006 investigation to the date of screening (August 21, 2006).

Economic Benefit (EB) for this violation

Estimated EB Amount $244

Statutory Limit Test

Violation Final Penalty Total $2,000

This violation Final Assessed Penalty (adjusted for limits) $2,000

Economic Benefit Worksheet

Respondent Monarch Utilities I L.P. ("Ridgecrest")
Case ID No. 30965
Reg. Ent. Reference No. RN101450286
Media [Statute] Public Water Supply
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost (No commas or $)	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)				0.0	$0	$0	$0
Engineering/construction	$2,000	06-May-2006	01-Jul-2007	1.2	$8	$154	$161
Land				0.0	$0	n/a	$0
Record Keeping System				0.0	$0	n/a	$0
Training/Sampling	$1,425	06-May-2006	01-Jul-2007	1.2	$82	n/a	$82
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 hire an engineer and sample water from the system's existing water wells for blending with the purchased water to obtain the volume necessary to meet the requirements.						
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 $3,425 TOTAL $244

PCW

Policy Revision 2 (September 2002)

PCW Revision May 19, 2005

Screening Date 21-Aug-2006 **Docket No.** 2006-1494-PWS-E

Respondent Monarch Utilities I L.P. ("Ridgecrest")

Case ID No. 30965

Reg. Ent. Reference No. RN101450286

Media [Statute] Public Water Supply

Enf. Coordinator Elvia Maske

Violation Number 2

Primary Rule Cite(s) 30 Tex. Admin. Code § 290.41(c)(1)(F)

Secondary Rule Cite(s)

Violation Description Failure to provide a sanitary control easement or an approved exception to the easement requirement that covers the land within 150 feet of Wells 1, 2, 3 and 4 located at the Ridgecrest water system.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			x

Percent 10%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent

Matrix Notes: Without sanitary control easements for the water wells, contaminants could enter the wells and customers of the water supply could be exposed to an insignificant amount of contaminants that do not exceed levels protective of human health.

Adjustment -$900

Base Penalty Subtotal $100

Violation Events

Number of Violation Events 4

mark only one use a small x	
daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $400

Four single events are recommended - one event for each well without a sanitary control easement.

Economic Benefit (EB) for this violation

Estimated EB Amount $30

Statutory Limit Test

Violation Final Penalty Total $400

This violation Final Assessed Penalty (adjusted for limits) $400

Economic Benefit Worksheet

Respondent Monarch Utilities I L.P. ("Ridgecrest")
Case ID No. 30965
Reg. Ent. Reference No. RN101450286
Media [Statute] Public Water Supply
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost (No commas or $)	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)	$400	09-May-2006	01-Jun-2007	1.1	$1	$28	$30
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: The estimated costs to obtain four sanitary control easements or exceptions to the easement requirements, calculated from the date of the investigation to 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: $400

TOTAL: $30

Compliance History

Customer/Respondent/Owner-Operator:	CN602740706	Monarch Utilities I, L.P.	Classification: AVERAGE	Rating: 1.95
Regulated Entity:	RN101450286	RIDGECREST WATER SYSTEM	Classification:	Site Rating:
ID Number(s):	PUBLIC WATER SYSTEM/SUPPLY WATER LICENSING	REGISTRATION LICENSE		0910035 0910035
Location:	366 RIDGECREST RD, POTTSBORO, TX, 75076			
TCEQ Region:	REGION 04 - DFW METROPLEX			
Date Compliance History Prepared:	October 17, 2006			
Agency Decision Requiring Compliance History:	Enforcement			
Compliance Period:	August 25, 2001 to August 25, 2006			

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

Name: Elvia Maske Phone: (512) 239-0789

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? Yes
3. If Yes, who is the current owner? Monarch Utilities I, L.P.
4. If Yes, who was/were the prior owner(s)? Southwest Water Company
5. When did the change(s) in ownership occur? 07/14/2004

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 06/15/2006 (463344)
2 07/19/2006 (484323)
3 06/17/2005 (395755)

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

N/A

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

Penalty Calculation Worksheet (PCW)

TCEQ

Policy Revision 2 (September 2002) *PCW Revision May 19, 2005*

DATES

Assigned	21-Aug-2006				
PCW	29-Aug-2006	Screening	28-Aug-2006	EPA Due	31-Aug-2005

RESPONDENT/FACILITY INFORMATION

Respondent	Monarch Utilities I L.P. ("Beachwood")		
Reg. Ent. Ref. No.	RN104359526		
Facility/Site Region	5-Tyler	Major/Minor Source	Major Source

CASE INFORMATION

Enf./Case ID No.	30965	No. of Violations	1
Docket No.	2006-1494-PWS-E	Order Type	Findings
Media Program(s)	Public Water Supply	Enf. Coordinator	Elvia Maske
Multi-Media		EC's Team	Order Compliance Team
Admin. Penalty $ Limit Minimum	$50	Maximum	$1,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) *Subtotal 1* $1,000

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 65% Enhancement *Subtotals 2, 3, & 7* $650

Notes: An enhancement is recommended because Respondent has received six NOVs for same or similar violations, five NOVs for different violations and one agreed order without a denial of liability.

Culpability Yes 25% Enhancement *Subtotal 4* $250

Notes: The Respondent was issued alert letters on April 7, 2004 and July 11, 2005 for total trihalomethane ("TTHM") exceedances.

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

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

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

Economic Benefit 0% Enhancement* *Subtotal 6* $0

**Capped at the Total EB $ Amount*

Total EB Amounts	$1,283
Approx. Cost of Compliance	$5,000

SUM OF SUBTOTALS 1-7 Final Subtotal $1,900

OTHER FACTORS AS JUSTICE MAY REQUIRE 0% Adjustment $0

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

Notes:

Final Penalty Amount $1,900

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty $1,900

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 as this is a Findings Order.

PAYABLE PENALTY $1,900

Screening Date 28-Aug-2006 **Docket No.** 2006-1494-PWS-E **PCW**
Respondent Monarch Utilities I L.P. ("Beachwood")
Case ID No. 30965
Reg. Ent. Reference No. RN104359526
Media [Statute] Public Water Supply
Enf. Coordinator Elvia Maske

Policy Revision 2 (September 2002)
PCW Revision May 19, 2005

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)*	6	30%
	Other written NOVs	5	10%
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	1	25%
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*.	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) **65%**

>> Repeat Violator (Subtotal 3)

N/A

Adjustment Percentage (Subtotal 3) **0%**

>> Compliance History *Person* Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) **0%**

>> Compliance History Summary

Compliance History Notes

An enhancement is recommended because Respondent has received six NOVs for same or similar violations, five NOVs for different violations and one agreed order without a denial of liability.

Total Adjustment Percentage (Subtotals 2, 3, & 7) **65%**

PCW

Policy Revision 2 (September 2002)

PCW Revision May 19, 2005

Screening Date 28-Aug-2006 **Docket No.** 2006-1494-PWS-E

Respondent Monarch Utilities I L.P. ("Beachwood")

Case ID No. 30965

Reg. Ent. Reference No. RN104359526

Media [Statute] Public Water Supply

Enf. Coordinator Elvia Maske

Violation Number 1

Primary Rule Cite(s) 30. Tex Admin. Code § 290.113(f)(4)

Secondary Rule Cite(s) Tex. Health & Safety Code § 341.0315(c)

Violation Description Failure to comply with the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") for trihalomethanes ("TTHM"), based on a running annual average. Specifically, the running annual average concentrations of TTHM were 0.119 mg/L for the third quarter of 2004, 0.132 mg/L for the fourth quarter of 2004, 0.105 mg/L for the first quarter of 2005, and 0.083 mg/L for the fourth quarter of 2005.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

Release	Major	Moderate	Minor
Actual		x	
Potential			

OR

Percent 50%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent

Matrix Notes: Exceeding the MCL for TTHM exposes customers of the water supply to significant amounts of contaminants that do not exceed levels that are protective of human health.

Adjustment -$500

Base Penalty Subtotal $500

Violation Events

Number of Violation Events 2

mark only one use a small x	
daily	
monthly	
quarterly	
semiannual	
annual	x
single event	

Violation Base Penalty $1,000

Two annual events are recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $1,283

Statutory Limit Test

Violation Final Penalty Total $1,900

This violation Final Assessed Penalty (adjusted for limits) $1,900

Economic Benefit Worksheet

Respondent: Monarch Utilities I L.P. ("Beachwood")
Case ID No.: 30965
Reg. Ent. Reference No.: RN104359526
Media [Statute]: Public Water Supply
Violation No.: 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost (No commas or $)	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)	$5,000	01-Jul-2004	29-Feb-2008	3.7	$61	$1,222	$1,283
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 expense to implement an alternative method of disinfection. Date required is the beginning date of the third quarter of 2004, when noncompliance was reported. 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: $5,000

TOTAL: $1,283

Compliance History

Customer/Respondent/Owner-Operator:	CN602740706	Monarch Utilities I, L.P.	Classification: AVERAGE	Rating: 1.95
Regulated Entity:	RN104359526	BEACHWOOD ESTATES	Classification:	Site Rating:
ID Number(s):	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION		1070069
Location:	LOCATED ON OAKWOOD AND FOREST RIDGE DR IN BEACHWOOD ESTATES N OF TRINIDAD IN HENDERSON CO			
TCEQ Region:	REGION 05 - TYLER			
Date Compliance History Prepared:	October 17, 2006			
Agency Decision Requiring Compliance History:	Enforcement			
Compliance Period:	August 25, 2001 to August 25, 2006			

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

Name: Elvia Maske Phone: (512) 239-0789

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?	Yes
3. If Yes, who is the current owner?	Monarch Utilities I, L.P.
4. If Yes, who was/were the prior owner(s)?	Southwest Water Company
5. When did the change(s) in ownership occur?	07/14/2004

Components (Multimedia) for the Site :

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

Effective Date: 06/20/2002 ADMINORDER 2000-1217-PWS-E

Classification: Moderate

Citation: 5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Tecon failed to provide at the Beachwood Estates facility, a raw water pump capacity of 0.39 gpm per connection with the largest pump out of service.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.42(d)(11)(B)(iv)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Tecon failed to ensure at the Beachwood Estates facility, that the design capacity of filtration facilities are based on a maximum filtration rate of two gallons per square foot per minute, such that duplicate capacity is available to furnish the designed capacity with one filter out of service.

Classification: Moderate

Citation: 5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Tecon failed to provide at the Beachwood Estates facility, the required service pump capacity of 1.3 gpm per connection.

Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.43(c)(4)

Description: Tecon failed to provide at the Beachwood Estates facility, the water storage tank with a liquid level indicator located at the tank site.

Classification: Minor

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

Description: Tecon failed to ensure at the Beachwood Estates facility, that the maintenance and housekeeping practices provide reliability and improve the general appearance of the system's facilities and equipment.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.46(m)(4)

Description: Tecon failed to ensure at the Beachwood Estates facility, that all water storage facilities, distribution system lines and related appurtenances are maintained in a watertight condition.

Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.43(d)(3)

Description: Tecon failed to provide at the Beachwood Estates facility, a device to readily determine air-water-volume on the pressure tank and a means to maintain the air-water-volume on the pressure tank.

Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.118(a)
5A THC Chapter 341, SubChapter A 341.031(a)

Description: Tecon has failed to obtain at the Beachwood Estates facility, written approval from the Executive Director prior to providing public drinking water that exceeds the secondary constituent level for aluminum.

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 06/15/2005 (378865)
2 04/21/2005 (487715)
3 08/27/2004 (487603)
4 02/10/2005 (487646)
5 08/30/2004 (278653)
6 06/15/2006 (462602)
7 11/22/2005 (435998)
8 01/25/2005 (487618)
9 06/11/2004 (486193)
10 08/09/2006 (488582)
11 06/08/2006 (463796)
12 03/17/2006 (487818)

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

Date: 08/27/2004 (487603)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level for trihalomethanes in the third quarter of 2004.

Date: 11/28/2005 (437639)

Self Report? NO Classification: Minor

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

Description: Failure to flush all dead-end mains monthly, or more often if required, to maintain water quality.

Date: 06/09/2006 (463796)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(s)(1)

Description: Failure to calibrate flow measuring devices and rate-of-flow controllers that are required by 30 TAC Chapter 290.42(d) at least once every 12 months.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)(1)(A)

Description: Failure to prohibit a water connection to an establishment where an actual or potential contamination or system hazard exists without an air gap separation or an approved backflow prevention assembly between the public water facilities and the actual or potential contamination or system hazard.

Self Report? NO Classification: Minor

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

Description: Failure to maintain good housekeeping practices.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(n)(1)

Description: Failure to maintain all engineering plans at the water treatment plant.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(m)(1)(A)

Description: Failure to inspect clearwells at least once per year.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(m)(1)(B)

Description: Failure to inspect pressure tanks annually.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.42(a)(1)

Description: Failure to provide a plant capacity greater than the maximum daily demand.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.43(d)(3)

Description: Failure to maintain the glass visi-probe in working condition.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.42(d)(6)

Description: Failure to provide containment facilities for all chemicals used.

Date: 02/10/2005 (487646)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level for trihalomethanes in the fourth quarter of 2004.

Date: 06/17/2005 (378865)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.111(d)[G]
30 TAC Chapter 290, SubChapter F 290.119(b)[G]

Description: Failure to provide accurate turbidity testing equipment or some means of monitoring the effectiveness of treatment for turbidity removal

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)[G]

Description: Failure to prohibit a water connection to an establishment where an actual or potential contamination or system hazard exists without an air gap separation or an approved backflow prevention assembly between the public water facilities and the actual or potential contamination or system hazard.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(s)(1)

Description: Failure to calibrate flow measuring devices and rate-of-flow controllers that are required by 30 TAC Chapter 290.42(d) at least once every 12 months.

Self Report? NO Classification: Minor

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

Description: Failure to provide a ground storage tank with a vent of the gooseneck or roof ventilator type, excluding turbine ventilators, designed to prevent possible entry of dust, birds, insects or any contaminants.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.42(e)(3)(D)

Description: Failure to provide scales for determining the amount of disinfectant used daily, as well as the amount of disinfectant remaining for use.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(e)(2)(C)

Description: Failure to establish a restricted zone of 200 foot radius from the raw water intake works, that prohibits all recreational activities and trespassing in this area.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(f)[G]

Description: Failure to maintain a report or log with the date, location, and nature of water quality complaints received by the system and the results of any subsequent complaint investigation.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)(1)(A)

Description: Failure to prohibit a water connection to an establishment where an actual or potential contamination or system hazard exists without an air gap separation or an approved backflow prevention assembly between the public water facilities and the actual or potential contamination or system hazard.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(f)[G]

Description: Failure to ensure that operating records are accessible for review during periodic inspections by Commission personnel.

Date: 04/21/2005 (487715)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level for trihalomethanes in the first quarter of 2005.

Date: 01/25/2005 (487618)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(5)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level for haloacetic acids in the fourth quarter of 2004.

Date: 08/31/2004 (278653)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.111(d)[G]
30 TAC Chapter 290, SubChapter F 290.119(b)[G]

Description: Failure to provide accurate turbidity testing equipment or some means of monitoring the effectiveness of treatment for turbidity removal

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)[G]

Description: Failure to prohibit a water connection to an establishment where an actual or potential contamination or system hazard exists without an air gap separation or an approved backflow prevention assembly between the public water facilities and the actual or potential contamination or system hazard.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(s)(1)

Description: Failure to calibrate flow measuring devices and rate-of-flow controllers that are required by 30 TAC Chapter 290.42(d) at least once every 12 months.

Self Report? NO Classification: Minor

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

Description: Failure to provide a ground storage tank with a vent of the gooseneck or roof ventilator type, excluding turbine ventilators, designed to prevent possible entry of dust, birds, insects or any contaminants.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.42(e)(3)(D)

Description: Failure to provide scales for determining the amount of disinfectant used daily, as well as the amount of disinfectant remaining for use.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(e)(2)(C)

Description: Failure to establish a restricted zone of 200 foot radius from the raw water intake works, that prohibits all recreational activities and trespassing in this area.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(f)[G]

Description: Failure to maintain a report or log with the date, location, and nature of water quality complaints received by the system and the results of any subsequent complaint investigation.

Date: 11/30/2005 (435998)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(s)(1)

Description: Failure to calibrate flow measuring devices and rate-of-flow controllers that are required by 30 TAC Chapter 290.42(d) at least once every 12 months.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)(1)(A)

Description: Failure to prohibit a water connection to an establishment where an actual or potential contamination or system hazard exists without an air gap separation or an approved backflow prevention assembly between the public water facilities and the actual or potential contamination or system hazard.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.46(f)[G]

Description: Failure to ensure that operating records are accessible for review during periodic inspections by Commission personnel.

Date: 03/17/2006 (487818)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level for trihalomethanes in the fourth quarter of 2005.

Date: 06/11/2004 (486193)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 290, SubChapter F 290.113(f)(4)
5A THC Chapter 341, SubChapter A 341.0315(c)

Description: Failed to comply with the maximum contaminant level of 0.080 mg/L for trihalomethanes, based on a running annual average. Specifically, the running annual average concentrations exceeded the second quarter of 2004.
in the second quarter of 2004.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

IN THE MATTER OF AN	§	**BEFORE THE**
ENFORCEMENT ACTION	§	
CONCERNING	§	**TEXAS COMMISSION ON**
MONARCH UTILITIES I L.P.	§	
RN101450286 and RN104359526	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2006-1494-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 Monarch Utilities I L.P. ("Monarch Utilities") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and Monarch Utilities presented this agreement to the Commission.

Monarch Utilities 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, Monarch Utilities 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 Monarch Utilities.

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

I. FINDINGS OF FACT

1. Monarch Utilities owns public drinking water systems located at 366 Ridgecrest Road in Pottsboro, Grayson County, Texas ("Ridgecrest") that has approximately 533 service connections and on Oakwood and Forest Ridge Drive in Beachwood Estates north of Trinidad in Henderson County, Texas ("Beachwood") that has approximately 441 service connections. Monarch Utilities acquired these systems on July 14, 2004 and each system serves at least 25 people per day for at least 60 days per year.

2. During an investigation conducted at Ridgecrest on May 9, 2006, TCEQ staff documented that water is purchased under direct pressure and does not meet the Agency's capacity requirements. Specifically, the purchase contract with the Red River Authority for Ridgecrest stipulates a

maximum hourly purchase rate of 3,333.33 gallons, whereas the regulations require a maximum hourly purchase rate of 52,680 gallons, a deficiency of 93%. The purchase contract for the Highland Shores Subdivision (a part of the Ridgecrest System) details an agreement to provide a maximum hourly purchase rate of 1,458.33 gallons, whereas the regulations require a maximum hourly purchase rate of 11,280 gallons, a deficiency of 87%.

3. During an investigation conducted at Ridgecrest on May 9, 2006, TCEQ staff documented that Monarch Utilities failed to provide a sanitary control easement or an approved exception to the easement requirement that covers the land within 150 feet of Wells 1, 2, 3 and 4.

4. During a record review conducted at Beachwood on June 14, 2006, TCEQ staff documented that Monarch Utilities failed to comply with the maximum contaminant level ("MCL") of 0.080 milligrams per liter ("mg/L") for trihalomethanes ("TTHM"), based on a running annual average. Specifically, the running annual average concentrations of TTHM were 0.119 mg/L for the third quarter of 2004, 0.132 mg/L for the fourth quarter of 2004, 0.105 mg/L for the first quarter of 2005, and 0.083 mg/L for the fourth quarter of 2005.

5. Monarch Utilities received notice of the violations on June 21, 2006 and July 16, 2006.

II. CONCLUSIONS OF LAW

1. Monarch Utilities 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 Finding of Fact No. 2, Monarch Utilities purchased water under direct pressure and failed to meet the Commission's capacity requirements, in violation of 30 TEX. ADMIN. CODE § 290.45(f)(5) and (6).

3. As evidenced by Finding of Fact No. 3, Monarch Utilities failed to provide a sanitary control easement or an approved exception to the easement requirements, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F).

4. As evidenced by Finding of Fact No. 4, Monarch Utilities failed to comply with the MCL of 0.080 mg/L for TTHM, in violation of 30 TEX. ADMIN. CODE § 290.113(f)(4) and TEX. HEALTH & SAFETY CODE § 341.0315(c).

5. Pursuant to TEX. HEALTH & SAFETY CODE § 341.049 the Commission has the authority to assess an administrative penalty against Monarch Utilities 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.

6. An administrative penalty in the amount of Four Thousand Three Hundred Dollars ($4,300) 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). Monarch Utilities has paid the Four Thousand Three Hundred Dollar ($4,300) administrative penalty.

III. ORDERING PROVISIONS

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

1. Monarch Utilities is assessed an administrative penalty in the amount of Four Thousand Three Hundred Dollars ($4,300), as set forth in Section II, Paragraph 6 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and Monarch Utilities' 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: Monarch Utilities I L.P., Docket No. 2006-1494-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. Monarch Utilities shall undertake the following technical requirements for Ridgecrest:

   a. Within 90 days after the effective date of this Agreed Order, secure a sanitary easement covering all property within 150 feet of each well location from adjacent landowners and record the deeds in the county deed records, as required by 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);

   b. Within 120 days after the effective date of this Agreed Order:

      i. Submit a copy of signed water contract which authorizes the maximum hourly purchase rate of at least 2.0 gallons per minute ("gpm") per connection or provide at least 1,000 gpm and be able to meet peak hourly demands, as required by 30 TEX. ADMIN. CODE § 290.45(f)(5); or

      ii. Obtain additional capacity to meet increased demands, as required by 30 TEX. ADMIN. CODE § 290.45(f)(6).

   c. Within 135 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision Nos. 2.a. and 2.b.

3. Monarch Utilities shall undertake the following technical requirements for Beachwood:

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

b. Within 380 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 3.a.

4. All certification shall be notarized by the 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."

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 (for Ridgecrest) to:

Manager, Water Section
Dallas/Fort Worth Regional Office
Texas Commission on Environmental Quality
2309 Gravel Drive
Fort Worth, Texas 76118-6951

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

7. 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 Monarch Utilities shall be made in writing to the Executive Director. Extensions are not effective until Monarch Utilities receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

8. 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 Monarch Utilities if the Executive Director determines that Monarch Utilities has not complied with one or more of the terms or conditions in this Agreed Order.

9. 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.

10. This Agreed Order, issued by the Commission, shall not be admissible against Monarch Utilities 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.

11. 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.

12. 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

For the Executive Director

3/15/07
Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of Monarch Utilities I L.P. I am authorized to agree to the attached Agreed Order on behalf of Monarch Utilities I L.P., 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, Monarch Utilities I L.P. 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 my failure to comply with the Ordering Provisions, if any, in this order and/or my failure to timely pay the penalty amount, may result in:

- A negative impact on my compliance history;
- Greater scrutiny of any permit applications submitted by me;
- 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 against me;
- Automatic referral to the Attorney General's Office of any future enforcement actions against me; and
- TCEQ seeking other relief as authorized by law.

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

Signature

11-3-06
Date

Bill Tasupp
Name (printed or typed)
Authorized Representative
Monarch Utilities I L.P.

V.P.
Title

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