EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2008-0047-PWS-E **TCEQ ID:** RN101376986 **CASE NO.:** 35162

RESPONDENT NAME: Monarch Utilities I L.P.

ORDER TYPE:		
X 1660 AGREED ORDER	__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: Tanglewood, 1437 Georgetown Road, Grayson 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 1, 2008. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Mr. Tel Croston, Enforcement Division, Enforcement Team 2, MC 169, (512) 239-5717; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171

Respondent: Mr. David Yohe, Regional Regulatory Compliance Manager, 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

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: ___ Complaint _X_ Routine ___ Enforcement Follow-up ___ Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** September 26, 2007 **Date of NOV/NOE Relating to this Case:** October 26, 2007 (NOE) **Background Facts:** This was a routine investigation. **WATER** 1) Failure to meet the minimum well capacity of 0.6 gallons per minute ("gpm") per connection [30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and TEX. HEALTH & SAFETY CODE § 341.0315(c)]. 2) Failure to plug and seal abandoned Cambridge Well No. 5, in accordance with 16 TEX. ADMIN. CODE ch. 76 [30 TEX. ADMIN. CODE § 290.46(u)]. 3) Failure to provide a total storage capacity of 200 gallons per connection at the Simmons Shores pressure plane [30 TEX. ADMIN. CODE §290.45(b)(1)(C)(ii) and TEX. HEALTH & SAFETY CODE § 341.0315(c)].	**Total Assessed:** $2,100 **Total Deferred:** $420 _X_ Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $1,680 **Site Compliance History Classification** ___ **High** ___ **Average** ___ **Poor** **Person Compliance History Classification** ___ **High** _X_ **Average** ___ **Poor** **Major Source:** _X_ Yes ___ No **Applicable Penalty Policy:** September 2002	**Corrective Actions Taken:** The Executive Director recognizes that the Respondent sealed and plugged Cambridge Well No. 5 on November 8, 2007. **Ordering Provisions:** a. Within 90 days after the effective date of this Agreed Order, and on a 90-day basis thereafter, submit a progress report. The progress reports shall detail actions taken by the Respondent towards completion of Ordering Provisions b. and c.; b. By December 31, 2009, provide a total storage tank capacity of 200 gallons per connection; c. By March 31, 2011, provide a minimum well capacity of not less than 0.6 gpm per connection; and d. By April 30, 2011, submit a final progress report summarizing the corrective actions that were completed including supporting documentation (photographs, receipts, and/or other records) to demonstrate compliance with Ordering Provisions b. and c.

Additional ID No(s).: 910052

Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002) — *PCW Revision November 6, 2007*

TCEQ

DATES					
Assigned	5-Nov-2007				
PCW	20-May-2008	Screening	2-Jan-2008	EPA Due	

RESPONDENT/FACILITY INFORMATION

Respondent	Monarch Utilities I L.P.		
Reg. Ent. Ref. No.	RN101376986		
Facility/Site Region	4-Dallas/Fort Worth	Major/Minor Source	Major

CASE INFORMATION

Enf./Case ID No.	35162	No. of Violations	3
Docket No.	2008-0047-PWS-E	Order Type	1660
Media Program(s)	Public Water Supply	Enf. Coordinator	Tel Croston
Multi-Media		EC's Team	2
Admin. Penalty $ Limit Minimum	$50	Maximum	$1,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1* — $2,000

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History — 5% Enhancement — *Subtotals 2, 3, & 7* — $100

Notes: Enhancement is due to one prior Notice of Violation (NOV) containing violations that are the same or similar to violations in this enforcement action.

Culpability — No — 0% Enhancement — *Subtotal 4* — $0

Notes: The 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 x)

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

0% Enhancement* — *Subtotal 6* — $0

Total EB Amounts	$14,988
Approx. Cost of Compliance	$72,400

**Capped at the Total EB $ Amount*

SUM OF SUBTOTALS 1-7 — *Final Subtotal* — $2,100

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

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount — $2,100

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* — $2,100

DEFERRAL — 20% Reduction — *Adjustment* — -$420

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

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY — $1,680

Screening Date	2-Jan-2008	**Docket No.** 2008-0047-PWS-E	**PCW**
Respondent	Monarch Utilities I L.P.		*Policy Revision 2 (September 2002)*
Case ID No.	35162		*PCW Revision November 6, 2007*
Reg. Ent. Reference No.	RN101376986		
Media [Statute]	Public Water Supply		
Enf. Coordinator	Tel Croston		

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*)	1	5%
	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 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) 5%

>> 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 one prior Notice of Violation (NOV) containing violations that are the same or similar to violations in this enforcement action.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 5%

Screening Date 2-Jan-2008 **Docket No.** 2008-0047-PWS-E **PCW**

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

Case ID No. 35162 *PCW Revision November 6, 2007*

Reg. Ent. Reference No. RN101376986

Media [Statute] Public Water Supply

Enf. Coordinator Tel Croston

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 290.45(b)(1)(D)(i) and Tex. Health & Safety Code § 341.0315(c)

Violation Description Failed to meet the minimum well capacity of 0.6 gallons per minute ("gpm") per connection. Specifically, at the time of the investigation, it was documented that a system with 1,141 connections is required to supply a minimum total well capacity of 684.6 gpm. However, the system currently provides a total well capacity of 524.75 gpm, which is a 23% deficiency.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

Release	Harm: Major	Moderate	Minor
Actual			
Potential		x	

OR

Percent 25%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Failing to provide sufficient capacity could result in water outages and the ability to provide a safe and adequate water supply could be impaired.

Adjustment $750

$250

Violation Events

Number of Violation Events 2 | 98 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $500

Two quarterly events are recommended from the date of the investigation, September 26, 2007, to the date of screening, January 2, 2008.

Economic Benefit (EB) for this violation

Estimated EB Amount $14,113

Statutory Limit Test

Violation Final Penalty Total $525

This violation Final Assessed Penalty (adjusted for limits) $525

Economic Benefit Worksheet

Respondent Monarch Utilities I L.P.
Case ID No. 35162
Reg. Ent. Reference No. RN101376986
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)	$57,400	26-Sep-2007	31-Mar-2011	3.5	$672	$13,441	$14,113
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 for an engineer to evaluate the system to address well capacity, calculated from the date of the investigation to the projected 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: $57,400

TOTAL: $14,113

Screening Date 2-Jan-2008 **Docket No.** 2008-0047-PWS-E **PCW**

Respondent Monarch Utilities I L.P.

Policy Revision 2 (September 2002)

Case ID No. 35162

PCW Revision November 6, 2007

Reg. Ent. Reference No. RN101376986

Media [Statute] Public Water Supply

Enf. Coordinator Tel Croston

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 290.46(u)

Violation Description Failed to plug and seal abandoned Cambridge Well No. 5, in accordance with 16 Tex. Admin. Code ch. 76 or return the wells to a non-deteriorated condition.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential	x		

Percent 50%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Failing to ensure that the wells are properly cemented and protected could allow the water supply's source water to be contaminated with a significant amount of pollutants which would exceed levels protective of human health.

Adjustment $500

$500

Violation Events

Number of Violation Events 2

43 Number of violation days

mark only one with an x

daily	
monthly	x
quarterly	
semiannual	
annual	
single event	

Violation Base Penalty $1,000

Two monthly events are recommended from the investigation date, September 26, 2007, to the date of compliance, November 8, 2007.

Economic Benefit (EB) for this violation

Estimated EB Amount $82

Statutory Limit Test

Violation Final Penalty Total $1,050

This violation Final Assessed Penalty (adjusted for limits) $1,050

Economic Benefit Worksheet

Respondent Monarch Utilities I L.P.
Case ID No. 35162
Reg. Ent. Reference No. RN101376986
Media Public Water Supply
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
	No commas or $						
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)	$10,000	26-Sep-2007	8-Nov-2007	0.1	$4	$79	$82
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 plug the abandoned well or return it to a non-deteriorated condition, calculated from the date of the investigation to the 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: $10,000

TOTAL: $82

Screening Date 2-Jan-2008 **Docket No.** 2008-0047-PWS-E **PCW**

Respondent Monarch Utilities I L.P.

Policy Revision 2 (September 2002)

Case ID No. 35162

PCW Revision November 6, 2007

Reg. Ent. Reference No. RN101376986

Media [Statute] Public Water Supply

Enf. Coordinator Tel Croston

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code § 290.45(b)(1)(C)(ii) and Tex. Health & Safety Code § 341.0315(c)

Violation Description Failed to provide a total storage capacity of 200 gallons per connection at the Simmons Shores pressure plane. Specifically, the Simmons Shores pressure plane has 170 connections and is required to supply a minimum of 34,000 gallons. At the time of the investigation, the system provided 25,000 gallons, which is a 26% deficiency.

Base Penalty $1,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential		x	

Percent 25%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Failing to provide sufficient total storage capacity could result in water outages and the ability to provide a safe and adequate water supply could be impaired.

Adjustment $750

$250

Violation Events

Number of Violation Events 2

98 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $500

Two quarterly events are recommended from the date of the investigation, September 26, 2007, to the date of screening, January 2, 2008.

Economic Benefit (EB) for this violation

Estimated EB Amount $793

Statutory Limit Test

Violation Final Penalty Total $525

This violation Final Assessed Penalty (adjusted for limits) $525

Economic Benefit Worksheet

Respondent Monarch Utilities I L.P.
Case ID No. 35162
Reg. Ent. Reference No. RN101376986
Media Public Water Supply
Violation No. 3

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	$5,000	26-Sep-2007	31-Dec-2009	2.3	$38	$755	$793
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 increase the total storage capacity to 34,000 gallons, calculated from the date of the investigation to the projected 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 $793

Compliance History

Customer/Respondent/Owner-Operator:	CN602740706	Monarch Utilities I L.P.	Classification: AVERAGE	Rating: 2.19
Regulated Entity:	RN101376986	TANGLEWOOD	Classification:	Site Rating:

ID Number(s):	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	0910052
	WATER LICENSING	LICENSE	0910052

Location: 1437 GEORGETOWN RD, GRAYSON COUNTY, TX,

TCEQ Region: REGION 04 - DFW METROPLEX

Date Compliance History Prepared: May 21, 2008

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: May 21, 2003 to May 21, 2008

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

Name: Tel Croston Phone: 239-5717

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 1, Inc.
4. if Yes, who was/were the prior owner(s)? Eco Resources, Inc.
5. When did the change(s) in ownership occur? 07/152004

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 05/25/2006 (465113)
2 06/15/2006 (463356)
3 05/18/2007 (652320)
4 08/10/2007 (652699)
5 10/31/2007 (597655)

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

1 Date: 05/31/2006 (465113)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(v)

Description: Failure to provide sufficient emergency power to deliver a minimum of 0.35 gpm per connection to the distribution system in the event of the loss of the normal power supply.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.41(c)(1)(F)

Description: Failure to make available at the time of the inspection sanitary control easements covering land within 150 ft. of Cambridge Well 1 and Simmons Well 1, or executive director approval for a sanitary control easement substitute authorized in §290.41(c)(1)(F)(iv).

Self Report? NO Classification: Minor

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

Description: Failure to repair the cracked concrete sealing block surrounding Tanglewood Well 15 using a flexible, nontoxic, waterproof compound.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.42(e)(5)

Description: Failure to provide a housed and locked enclosure for all hypochlorinator solution containers to protect them from vandalism and adverse weather conditions.

Self Report? NO Classification Minor

Citation: 30 TAC Chapter 290, SubChapter D 290.44(h)(4)

Description: Failure to have a Test Report completed by a recognized backflow prevention assembly tester for each backflow assembly prevention device installed in the distribution system. The signed and dated original must be submitted to the public water supplier for record- keeping purposes.

Self Report? NO Classification Moderate

Citation: 30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(i)

Description: Failure to provide two or more wells with a total well capacity of 0.6 gallons per minute per connection.

Self Report? NO Classification Minor

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

Description: Failure to provide documentation pertaining to the status of Tanglewood Wells 7, 11 and 14 (Water Source Codes G0910052G, G0910052J, G0910052M, respectively) and Cambridge Well 5 Water Source Code G0910052G).

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.	§	
RN101376986	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2008-0047-PWS-E

I. JURISDICTION AND STIPULATIONS

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. ("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 appear before the Commission and together stipulate that:

1. The Respondent owns and operates a public water supply at 1437 Georgetown Road in Grayson County, Texas (the "Facility") that has approximately 1,141 service connections and serves at least 25 people per day for at least 60 days per year.

2. The Commission and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.

3. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about October 31, 2007.

4. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

5. An administrative penalty in the amount of Two Thousand One Hundred Dollars ($2,100) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid One Thousand Six Hundred Eighty Dollars ($1,680) of the administrative penalty and Four Hundred Twenty Dollars ($420) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The

deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

6. 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.

7. The Executive Director of the TCEQ and the Respondent have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.

8. 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 Agreed Order.

9. The Executive Director recognizes that the Respondent sealed and plugged Cambridge Well No. 5 on November 8, 2007.

10. 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.

11. 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.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to meet the minimum well capacity of 0.6 gallons per minute ("gpm") per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and TEX. HEALTH & SAFETY CODE § 341.0315(c), as documented during an investigation conducted on September 26, 2007.

2. Failed to plug and seal abandoned Cambridge Well No. 5, in accordance with 16 TEX. ADMIN. CODE ch. 76, in violation of 30 TEX. ADMIN. CODE § 290.46(u), as documented during an investigation conducted on September 26, 2007.

3. Failed to provide a total storage capacity of 200 gallons per connection at the Simmons Shores pressure plane, in violation of 30 TEX. ADMIN. CODE §290.45(b)(1)(C)(ii) and TEX. HEALTH & SAFETY CODE § 341.0315(c), as documented during an investigation conducted on September 26, 2007.

II. DENIALS

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

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 5 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed 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. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Monarch Utilities I L.P., Docket No. 2008-0047-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. It is further ordered that the Respondent shall undertake the following technical requirements:

   a. Within 90 days after the effective date of this Agreed Order, and on a 90-day basis thereafter, submit a progress report to the addresses in Ordering Provision 2.d. The progress reports shall detail actions taken by the Respondent towards completion of Ordering Provision Nos. 2.b. and 2.c.;

   b. By December 31, 2009, provide a total storage tank capacity of 200 gallons per connection, as required by 30 TEX. ADMIN. CODE § 290.45;

   c. By March 31, 2011, provide a minimum well capacity of not less than 0.6 gpm per connection, as required by 30 TEX. ADMIN. CODE § 290.45; and

   d. By April 30, 2011, submit a final progress report summarizing the corrective actions that were completed including supporting documentation (photographs, receipts, and/or other records) to demonstrate compliance with Ordering Provision Nos. 2.b. and 2.c. and include a written certification as described below. 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:

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

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent 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 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.

5. This Agreed 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 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.

6. 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.

7. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

11/14/2008
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, 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

10-21-08
Date

Bill Tasara
Name (Printed or typed)
Authorized Representative of
Monarch Utilities I L.P.

Vice President
Title

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.