

TCEQ Interoffice Memorandum

To: Mary Smith, General Counsel
Todd Burkey, Assistant General Counsel

Thru: Anna Treadwell, Senior Attorney
AMT Litigation Division

From: Benjamin Warms, Staff Attorney
BW Litigation Division

Date: April 10, 2023

Subject: **Backup Revision**
April 12, 2023 Commission Agenda
Item No. 2
Docket No. 2022-1019-UCR-E

Enclosed please find the following:

Exhibit A page 7

Added a copy of the Emergency Order Renewing the Appointment of a Temporary Manager of a Water Utility signed by the Executive Director on March 1, 2023, after the page titled "Exhibit A".

Respondent Contacts:

Linda Royall
2488 S State Highway 80
Luling, Texas 78648

Robert Watts
3584 Ivy Switch Road Unit B
Luling, Texas 78648

Peggy Parlin
3584 Ivy Switch Road Unit A
Luling, Texas 78648

Mitchell Watts
572 Keaton Lane
Dale, Texas 78616

Shane Watts
3978 Soda Springs Road
Luling, Texas 78648

Please do not hesitate to call me at (512) 644-3743 if you have any questions regarding this matter.

TCEQ Interoffice Memorandum

cc: Melissa Cordell, Enforcement Division
Joel Anderson, San Antonio Regional Office
Gill Valls, Office of the General Counsel
Michael Parrish, Enforcement Division
Leslie Gann, Enforcement Division
Stuart Beckley, Enforcement Division

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Erin E. Chancellor, *Interim Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

March 2, 2023

Via First Class and Certified Mail, Return Receipts Requested

Linda Royall
2488 S State Highway 80
Luling, TX 78648
Article No. 7021 0350 0000 4995 1534

Robert Watts
3584 Ivy Switch Road Unit B
Luling, Texas 78648
Article No. 7021 0350 0000 4995 1541

Peggy Parlin
3584 Ivy Switch Road Unit A
Luling, Texas 78648
Article No. 7021 0350 0000 4995 1558

Mitchell Watts
572 Keaton Lane
Dale, Texas 78616
Article No. 7021 0350 0000 4995 1565

Shane Watts
3978 Soda Springs Road
Luling, Texas 78648
Article No. 7021 0350 0000 4995 1572

Via Hand Delivery

Lago Vista Water System, RN102676350

Re: LINDA ROYALL, ROBERT WATTS, PEGGY PARLIN, MITCHELL WATTS & SHANE WATTS
TCEQ Docket No. 2022-1019-UCR-E
Notice of Emergency Order and of Hearing to Modify, Affirm, or Set Aside

Dear Messrs. Royall, Watts, Parlin, Watts, and Watts:

On March 1, 2023, the Interim Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued an Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The parties made the subject of this order are Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts. The Emergency Order renewed the appointment of Bill Schulle as temporary manager of the public water system located in Guadalupe County, Texas (the "Utility").

Pursuant to TEX. WATER CODE § 5.504, the Commission will consider whether to affirm, modify, or set aside the Emergency Order issued on March 1, 2023. Therefore, the Interim Executive Director has scheduled this matter to be presented at the Commission's regular Agenda meeting on **April 12, 2023**. The Agenda begins at **9:30 a.m.** and will be held at **TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201 S, Austin, Texas**.

Due to the ongoing pandemic, the agenda meeting may be held in person in Room 201S of Building E at the Commission's offices located at 12100 Park 35 Circle in Austin, Texas, virtually, or both in person and virtually. To confirm how the meeting will be held, please visit the Commissioners' Agenda webpage at: https://www.tceq.texas.gov/agency/decisions/agendas/comm/comm_agendas.html eight days before the Agenda.

The enclosed documentation is provided to you as a record of the materials that have been submitted to the Chief Clerk's Office and will be used in the Commission's Agenda process.

Additionally, please be advised that, pursuant to 30 TEX. ADMIN. CODE § 35.25(c), **at the April 12, 2023, Agenda meeting, you may request an evidentiary hearing on the issuance of the Emergency Order.**

If you have any questions, please contact the TCEQ Litigation Division at (512) 239-3400.

Sincerely,



Benjamin Warms, Staff Attorney
Office of Legal Services, Litigation Division
Texas Commission on Environmental Quality
Ben.Warms@tceq.texas.gov

Enclosures

cc: Joel Anderson, San Antonio Regional Office
Joy Thurston-Cook, San Antonio Regional Office
Dorothy Young, Water Supply Division
Garrett Arthur, Public Interest Counsel
Melissa Cordell, Enforcement Division
Department of Utility Outreach, Office of the Public Utility Commission
Bill Schulle, Temporary Manager, 2510 E. Pierce St., Luling, Texas 78648
City of Luling, 509 E. Crockett Street, Luling, Texas 78648

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



TCEQ DOCKET NO. 2022-1019-UCR-E

IN THE MATTER OF
AN ENFORCEMENT ACTION AGAINST
LINDA ROYALL, ROBERT WATTS,
PEGGY PARLIN, MITCHELL WATTS,
AND SHANE WATTS;
RN102676350

§
§
§
§
§
§

BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

EMERGENCY ORDER RENEWING THE APPOINTMENT OF A TEMPORARY MANAGER OF A WATER UTILITY

On March 1, 2023, the Interim Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued this Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The parties made subject to this Emergency Order are Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts (collectively, "Respondents").

I. FINDINGS OF FACT

1. Respondents own and operate a public water system, located at 114 Salt Lake Road, Luling, Guadalupe County, Texas 78648 (the "Utility").¹
2. The Utility operates pursuant to Certificate of Convenience and Necessity No. 12813 ("CCN 12813").² (Exhibit A)
3. The Utility provides potable water service for compensation to approximately 18 service connections, serves at least 25 people per day for at least 60 days per year, and provides water for human consumption. As such, the Utility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71).
4. Commission records show that the last known mailing addresses for Respondents are:

Linda Royall
2488 S State Highway 80
Luling, Texas 78648

Mitchell Watts
572 Keaton Lane
Dale, Texas 78616

Robert Watts
3584 Ivy Switch Road Unit B
Luling, Texas 78648

Shane Watts
3978 Soda Springs Road
Luling, Texas 78648

Peggy Parlin
3584 Ivy Switch Road Unit A
Luling, Texas 78648

¹ Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts are each the children of Allen Watts, the holder of CCN 12813 and owner of the public water system located at 114 Salt Lake Road, Luling, Texas 78648. Allen Watts died intestate on October 20, 2021, and his estate has not been probated, nor have his assets and property been distributed as of the date of this order. Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts are the known heirs of the estate of Allen Watts.

² The CCN is held by Allen Watts dba Lago Vista Water System.

5. On October 20, 2021, Mr. Allen Watts, the holder of CCN No. 12813, passed away without transferring the CCN.
6. Prior to the death of Allen Watts, the Utility was being operated by Paul Royall. Mr. Royall was never formally hired as the operator by the Utility. Mr. Royall continued operation of the Utility after the death of Mr. Watts. Mr. Royall was never the owner of the Utility, has never held the CCN of the Utility, nor has he ever been formally hired as the operator by the Estate of Allen Watts.
7. On June 13, 2022, Geoffrey Kirshbaum, attorney for Paul Royall and Linda Royall, sent a letter to TCEQ, the Public Utility Commission, and the Office of the Attorney General stating that Mr. Royall planned to cease operating the Utility effective June 20, 2022. (Exhibit B)
8. On August 1, 2022, Paul Royall sent an email to staff at TCEQ, the Public Utility Commission, and the Office of the Attorney General stating that Paul and Linda Royall will not operate the Utility starting on September 1, 2022. (Exhibit C)
9. The TCEQ alleges that the Utility has: (1) discontinued the provision of service; (2) not provided an alternate source of water; and (3) failed to ensure continuous and adequate water service.
10. No other source of water is available to the more than 25 people whose water is supplied by the Utility.
11. TCEQ appointed Bill Schulle as temporary manager for the Utility through an Emergency Order issued on September 1, 2022, and affirmed by the Commission on October 19, 2022, for the purpose of providing continuous and adequate water service to customers. Bill Schulle's appointment as temporary manager expired on February 28, 2023.³
12. During Bill Schulle's first term as temporary manager, minimum disinfectant residuals have been maintained throughout the distribution system and various repairs have been made. While under temporary management, continuous and adequate service has been provided to the customers of the public water system owned by Respondents.
13. A potential health hazard exists as a result of the Utility's inability to provide continuous and adequate service. A licensed operator is immediately required to ensure the quality of the water in the State and to ensure the Utility operates in a safe manner and meets requirements in the Texas Water Code, the Texas Health and Safety Code, and TCEQ rules. Therefore, a temporary manager is necessary to assume operations of the Utility to ensure the quality of the water meets TCEQ rule requirements and complies with the Texas Water Code as well as the Texas Health and Safety Code and is safe for public use and consumption.
14. Bill Schulle has agreed to serve as temporary manager of the Utility. Mr. Schulle can be reached by telephone at 830-875-5131, and by mail at 2510 E. Pierce Street, Luling, Texas 78648.
15. This Emergency Order is necessary to ensure that continuous and adequate water service is provided to the customers of the Utility to effectuate the purposes of the Texas Water Code and the Texas Health and Safety Code.

II. CONCLUSIONS OF LAW

1. As evidenced by Findings of Fact Nos. 1 through 3, Respondents own and operate the Utility, which is a retail public utility as defined in TEX. WATER CODE § 13.002(19).
2. Findings of Fact Nos. 5 through 13 show that as of the date of the signing of this Emergency Order the Utility has been abandoned and that the appointment of a temporary manager is justified, as defined in TEX. WATER CODE §§ 13.412(f) and 13.4132 and 30 TEX. ADMIN. CODE § 291.142(a) and (c).

³ Mr. Schulle is the Wastewater Manager for the City of Luling and is a licensed water operator.

3. TEX. WATER CODE § 13.4132 authorizes the Commission to appoint a willing person to temporarily manage and operate a utility if the utility has discontinued service or abandoned operations or the provision of services, as defined by TEX. WATER CODE § 13.412.
4. TEX. WATER CODE § 5.507 provides that the Commission may issue an Emergency Order appointing a willing person to temporarily manage and operate a utility under TEX. WATER CODE § 13.4132.
5. This Emergency Order may be issued without notice or hearing, pursuant to TEX. WATER CODE § 5.501(b) and 30 TEX. ADMIN. CODE § 35.25.
6. TEX. WATER CODE § 5.501(c) and 30 TEX. ADMIN. CODE §§ 35.12 and 291.143(a) authorize the TCEQ Executive Director to issue this Emergency Order.
7. TEX. WATER CODE §§ 5.501 and 5.507 and 30 TEX. ADMIN. CODE § 291.143(a) authorize the Executive Director to appoint a person to temporarily manage and operate a utility that has discontinued or abandoned operations.
8. TEX. WATER CODE § 13.4132 provides to the temporary manager the powers and duties necessary to ensure continued operation of the utility and the provision of continuous and adequate services to customers including the power and duty to read meters, bill for services, collect revenues, disburse funds, access all system components, and request rate increases.
9. Notice of the Emergency Order, once it has been issued, is adequate if the notice is mailed or hand delivered to the last known address of the Utility's headquarters, in accordance with TEX. WATER CODE § 5.507. The last known addresses of Respondents are set forth in Finding of Fact No. 4.

III. ORDER

1. This Emergency Order shall be effective on the date it is executed by the TCEQ Interim Executive Director, *i.e.*, March 1, 2023.
2. Immediately upon the effective date of this Emergency Order, Bill Schulle is hereby appointed to temporarily manage and operate the Utility.
3. Bill Schulle shall serve as temporary manager until 180 days after the effective date of this Emergency Order, *i.e.*, August 28, 2023.
4. Bill Schulle is authorized to exercise those powers and duties necessary to ensure the continued operations of the Utility and the provision of continuous and adequate services to customers, including the powers and duties set forth in TEX. WATER CODE § 13.4132.
5. Bill Schulle shall give the Executive Director an inventory of all Utility property received within sixty (60) days of the effective date of this Emergency Order.
6. Bill Schulle's requirement to post financial assurance with TCEQ in an amount and type acceptable to the Executive Director has been waived by the Interim Executive Director, pursuant to 30 TEX. ADMIN. CODE § 291.143(c).
7. Bill Schulle's compensation will come from Utility revenues in the amount of eighteen dollars (\$18.00) per month per connection.
8. Bill Schulle shall report to the Executive Director on a monthly basis, in accordance with 30 TEX. ADMIN. CODE § 291.143(h).
9. Pursuant to TEX. WATER CODE § 5.504, the Commission will consider whether to affirm, modify, or set aside this Emergency Order at its regular Agenda meeting on April 12, 2023, at 9:30 a.m., at TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201S, Austin, Texas. **At the April 12, 2023 Agenda meeting, Respondents may request an evidentiary hearing, pursuant to 30 TEX. ADMIN. CODE § 35.25(c), for the purpose of**

presenting evidence and cross-examining witnesses regarding whether to affirm, modify, or set aside this Emergency Order.⁴

10. The Chief Clerk shall provide a copy of this Emergency Order to each of the parties.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



Erin E. Chancellor
Interim Executive Director

⁴ Due to the ongoing pandemic, the agenda meeting may be held in person in Room 201S of Building E, at the Commission's offices located at 12100 Park 35 Circle in Austin, Texas, virtually, or both in person and virtually. To confirm how the meeting will be held, please visit the Commissioners' Agenda webpage at: https://www.tceq.texas.gov/agency/decisions/agendas/comm/comm_agendas.html eight days before the Agenda.

EXHIBIT A
Certificate of Convenience and Necessity No. 12813

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION



CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under V.T.C.A., Water Code
and Texas Natural Resource Conservation Commission Substantive Rules

Certificate No. 12813

I. Certificate Holder:

Name: Allen Watts dba Lago Vista Water System

Address: Route 2, Box 6 (Highway 80)
Luling, Texas 78648

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 3 miles south of downtown Luling, Texas on State Highway 80. The service area is generally bounded on the north by Interstate Highway 10, on the east and south by County Road 214 and on the west by State Highway 80 in Guadalupe County, Texas.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-95, maintained in the offices of the Texas Natural Resource Conservation Commission, 12015 Park 35 Circle, Austin, Texas with all attendant privileges and obligations.

This certificate is issued under Application No. 31317-S and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Date: APR 04 1997

Ernestine K. Cannon

ATTEST: _____

Jan Sam

For the Commission

EXHIBIT B

June 13, 2022 letter to TCEQ, PUC, and OAG from Geoffrey Kirshbaum

TERRILL & WALDROP

ATTORNEYS and COUNSELORS

810 West 10th Street
Austin, Texas 78701
Tel (512) 474-9100
Fax (512) 474-9888

June 13, 2022

VIA EFILING

Public Utility Commission of Texas
Central Records
P.O. Box 13326
Austin, TX 78711-3326

VIA EMAIL

Public Utility Commission of Texas
Department of Utility Outreach
Attn: Tammy Benter
duo@puc.texas.gov

VIA EMAIL

Phillip Ledbetter
Assistant Attorney General
Office of the Attorney General
P.O. Box 12548
Austin, TX 78711-2458
phillip.ledbetter@oag.texas.gov

VIA EMAIL

Texas Comm. on Environmental Quality
Public Drinking Water Section
P.O. Box 13087, MC-145
Austin, TX 78711-3087
pdws@tceq.texas.gov

Re: Paul and Linda Royall – Request to Appoint Temporary Manager for Allen Watts
d/b/a Lago Vista Water System (CCN No. 12813)

Dear PUC, TCEQ, and OAG Representatives:

This firm represents Paul and Linda Royall. Per our past discussions, Ms. Royall's father, Allen Watts, passed away on October 20, 2021. Prior to that, Mr. Watts was in poor health and Paul Royall stepped in to ensure that the water system Mr. Watts owned, Lago Vista Water System (CCN No. 12813; PWS ID No. 0940029), was kept in operation to as to ensure continuous and adequate water service to its 17 connections. However, Mr. Watts was unable to convey the system to anyone prior to his death, including Mr. or Mrs. Royall, in part because the State of Texas obtained a default judgment following Texas Commission on Environmental Quality ("TCEQ") violations alleged against Mr. Watts and filed an abstract of judgment creating a lien against Mr. Watts's property in 2007 for a significant sum that has ballooned with interest.

The system is now part of the Estate of Allen Watts, but Mr. Watts died intestate and there is no individual currently authorized to administer the estate or authorize continued operation of the system. Thus far, the TCEQ and Office of the Attorney General ("OAG") have not indicated willingness to release the judgment in full to facilitate a transfer of the system and Mrs. Royall cannot authorize a transfer of the system from the estate on her own without an estate administrator. There are four other heirs of the estate that would have to agree to such a transfer too.

Importantly, neither Mr. Watts nor the Estate of Mr. Watts have ever formally engaged Mr. Royall to operate the system. Mr. Royall only became voluntarily involved with the system when

Mr. Watts fell ill to Stage 4 cancer and the system customers were out of water for two days. Mr. Royall was able to bring the system into compliance with respect to known issues at that time, but his involvement was never intended to be a long-term solution to system ownership and operation without a formal contract and accompanying compensation. Mr. Royall has since found other system improvement needs that will require significant investment to repair and it is unclear where those funds will come from.

The upshot of this situation is that the system lacks an officially authorized responsible individual and needs one. Mr. Royall cannot reasonably be expected to continue voluntarily operating the system using donations of his own funds to supplement the system's insufficiently low revenues. On the other hand, Mr. Royall does not want to abandon the system without the State of Texas appointing someone to operate it in his place so that customers may be ensured continued service. Therefore, Mr. Royall hereby notifies the Public Utility Commission of Texas ("PUC"), TCEQ, and OAG that Mr. Royall **plans to cease operating the system effective June 20, 2022**. Mr. Royall requests the PUC or TCEQ immediately appoint a Temporary Manager to operate the system prior to that date. Mr. Royall is willing to assist the appointee as needed with technical system issues, but the current situation is untenable. The system requires permanent technical support and funding that Mr. Royall is not currently in position to provide.

Please feel free to contact me at (512) 474-9100 (e-mail: gkirshbaum@terrillwaldrop.com) or Mr. Royall at (512) 227-1586 (e-mail: paulroyall549@gmail.com) to discuss this situation further. Thank you for your prompt attention to this matter.

Sincerely,



Geoffrey P. Kirshbaum
TERRILL & WALDROP

cc: Merritt Lander, PUC
Ben Warms, TCEQ
Dorothy Young, TCEQ
Megan Hamilton, TCEQ
Brian Dickey, TCEQ

EXHIBIT C
August 1, 2022 Email to TCEQ, PUC, and OAG from Paul Royall

From: [Paul Royall](#)
To: [Geoff Kirshbaum](#); [Ben Warms](#); [Benter, Tammy](#); [Phillip Ledbetter](#); [Hailey Davidson](#); [Brian Dickey](#); [Dorothy Young](#); [Fuentes, Lisa](#); [Chris Friesenhahn](#); [Van.Moreland@puc.texas.gov](#)
Subject: Lago Vista Water System
Date: Monday, August 1, 2022 2:05:34 PM
Attachments: [2022-7-7 Commission Staff's Response to Order No. 1.pdf](#)
[2022-7-8 Order No. 2 Finding Request Deficient.PDF](#)
[2022-6-28 Order No. 1 Requiring Staff Comments \(1\).pdf](#)

Greetings,

Starting September 1 2022 Linda and I will no longer be operating the Lago Vista Water System for the estate of Mr. Allen Watts. She and I have invested all the time and finances that we feel that we can afford. Linda has a full time job with the City Of Luling and I am a co owner of our water well business. In the next few months I'll be working out of town for long periods of time and unavailable.

This system has taken away too much of our time and finances. We have repaired 7 water leaks,6 in the first 90 days of helping Mr Watts get the system in compliance and the last one this last month, the last one Linda had to do most of the work due to my recent back surgery, and we had to hire our business to come out and help put the repairs on the line.

We started working with the OAG around the first of February 2020, we were told to hire Legal, so we hired Geoff Kirshbaum. He has done a great job of representing us. On the other hand, we do not feel like the State of Texas Folks are working with us. Every time that we have had a meeting in person at the water system and many times on zoom conference, there has been talk about a partial release of the judgement lien against the system property filed against Mr. Watts, but still nothing has happened. Nor has the state a definite decision about how to move forward with the water system. We have heard that the state is willing to give the system a partial release of the lein, which we don't understand, but also the heirs of Mr. Watts need to settle his estate, which isn't going to happen for a variety of reasons out of our control. All five agree that they do not want anything to do with the water system. We are not sure where this leaves us.

We tried to get TCEQ or PUC to request a temporary manager for the system, but that seems to have been interpreted as us making the request and it was found deficient. I must clarify that we were trying to get staff with either agency to make the request, not make it ourselves. I was willing to serve as Temporary Manager, but now understand that the State would not allow me to do so even if I could, but I can no longer serve as Temporary Manager anyway because of my physical limitations. Linda and I simply must stop doing anything for the system.

On August 1, 2022 we sent a notice to the residents the system serves informing them that Linda and I will no longer be operating the water system. I need this group to figure out someone to operate the system. I will gladly provide the gate code to whomever you tell me to.

We are no longer authorizing you to contact Mr. Kirshbaum about this matter because we can no longer afford to pay his fee. Originally, we were hoping he could help us get the system transferred from Mr. Watts before he passed. Now, many dollars later there is still no State plan on how to move forward no plan on how to move forward with this system. Presumably, that is money that neither the system nor the estate will be able to repay to me, not counting the other money that we have put forward to bring this system into compliance, although I would very much like to be repaid. Most recently, the system needs to spend more funds on a

required EPP that it cannot afford. Someone else needs to take over these responsibilities to ensure the system customers continue to receive service.

We consulted with an estate attorney who says the State of Texas can appoint an administrator for the Estate of Allen Watts. Perhaps that is something you can do without our involvement.

Please let us know where we go from here.

Thank you
Paul and Linda Royall

**LINDA ROYALL, ROBERT WATTS, PEGGY PARLIN, MITCHELL WATTS AND SHANE WATTS;
RN102676350;
TCEQ Docket No. 2022-1019-UCR-E**

Order Type:

Order Affirming Emergency Order Renewing the Appointment of a Temporary Manager of a Water Utility

Media:

PWS

Small Business:

Yes

Location(s) Where Violation(s) Occurred:

114 Salt Lake Road, Luling, Guadalupe County, Texas

Type of Operation:

retail public utility (the "Utility")

Other Significant Matters:

Additional Pending Enforcement Actions:	None
Past-Due Penalties:	None
Past-Due Fees:	None
Other:	None
Interested Third-Parties:	None

Texas Register Publication Date:

Pursuant to Tex. Water Code § 7.075, publication is not required for an Emergency Order

Comments Received:

N/A

Penalty Information**Total Penalty Assessed:** N/A**Total Paid to General Revenue:** N/A**Total Due to General Revenue:** N/A**Compliance History Classifications:**

Person/CN - N/A
Site/RN - N/A

Major Source: No**Statutory Limit Adjustment:** N/A**Applicable Penalty Policy:** N/A***Investigation Information*****Complaint Date(s):** N/A**Complaint Information:** N/A**Date(s) of Investigation:** N/A**Date(s) of NOV(s):** N/A**Date(s) of NOE(s):** N/A

**LINDA ROYALL, ROBERT WATTS, PEGGY PARLIN, MITCHELL WATTS AND SHANE WATTS;
RN102676350;
TCEQ Docket No. 2022-1019-UCR-E**

Violation Information

Abandoned operations [TEX. WATER CODE §§ 13.412(f) and 13.4132 and 30 TEX. ADMIN. CODE § 291.142(a) and (c)].

Corrective Actions/Technical Requirements

Technical Requirements:

1. This Emergency Order shall be effective on the date it is executed by the TCEQ Interim Executive Director, *i.e.*, March 1, 2023.
2. Immediately upon the effective date of this Emergency Order, Bill Schulle is hereby appointed to temporarily manage and operate the Utility.
3. Bill Schulle shall serve as temporary manager until 180 days after the effective date of this Emergency Order *i.e.*, August 28, 2023.
4. Bill Schulle is authorized to exercise those powers and duties necessary to ensure the continued operations of the Utility and the provision of continuous and adequate services to customers, including the powers and duties set forth in TEX. WATER CODE § 13.4132.
5. Bill Schulle shall give the Executive Director an inventory of all Utility property received within sixty (60) days of the effective date of this Emergency Order.
6. Bill Schulle's requirement to post financial assurance with the TCEQ in an amount and type acceptable to the Executive Director has been waived by the Interim Executive Director pursuant to 30 TEX. ADMIN. CODE § 291.143(c).
7. Bill Schulle's compensation will come from Utility revenues in the amount of eighteen dollars (\$18.00) per month per connection.
8. Bill Schulle shall report to the Executive Director on a monthly basis in accordance with 30 TEX. ADMIN. CODE § 291.143(h).

Background Information

1. Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts own the Utility which operates pursuant to Certificate of Convenience and Necessity No. 12813 ("CCN 12813").¹
2. The Utility provides potable water service for compensation to approximately 18 service connections, serves at least 25 people per day for at least 60 days per year, and provides water for human consumption.
3. On October 20, 2021, Mr. Allen Watts, the holder of CCN No. 12813, passed away without transferring the CCN.
4. Prior to the death of Allen Watts, the Utility was being operated by Paul Royall.²
5. On June 13, 2022, Geoffrey Kirshbaum, attorney for Paul Royall and Linda Royall, sent a letter to the TCEQ, Public Utility Commission, and Office of the Attorney General stating that Mr. Royall planned to cease operating the Utility effective June 20, 2022.

¹ Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts are each the children of Allen Watts, the holder of CCN 12813 and owner of the public water system located at 114 Salt Lake Road, Luling, Texas 78648. Allen Watts died intestate on October 20, 2021, and his estate has not been probated, nor have his assets and property been distributed as of the date of this order. Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts are the known heirs of the estate of Allen Watts.

² Mr. Royall was never formally hired as the operator by the Utility. Mr. Royall continued operation of the Utility after the death of Mr. Watts. Mr. Royall was never the owner of the Utility, has never held the CCN of the Utility, nor has he ever been formally hired as the operator by the Estate of Allen Watts.

**LINDA ROYALL, ROBERT WATTS, PEGGY PARLIN, MITCHELL WATTS AND SHANE WATTS;
RN102676350;
TCEQ Docket No. 2022-1019-UCR-E**

6. On August 1, 2022, Paul Royall sent an email to staff at the TCEQ, Public Utility Commission, and Office of the Attorney General stating that Paul and Linda Royall will not operate the Utility starting on September 1, 2022.
7. The TCEQ alleges that the Utility has: (1) discontinued the provision of service; (2) not provided an alternate source of water; and (3) failed to ensure continuous and adequate water service.
8. No other source of water is available to the more than 25 people whose water is supplied by the Utility.
9. TCEQ appointed Bill Schulle as temporary manager for the Utility through an Emergency Order issued on September 1, 2022, and affirmed by the Commission on October 19, 2022, for the purpose of providing continuous and adequate water service to customers. Bill Schulle's appointment as temporary manager expired on February 28, 2023.
10. During Bill Schulle's first term as temporary manager, minimum disinfectant residuals have been maintained throughout the distribution system and various repairs have been made. While under temporary management, continuous and adequate service has been provided to the customers of the public water system owned by Respondents.
11. A potential health hazard exists as a result of the Utility's inability to provide continuous and adequate service. A licensed operator is immediately required to ensure the quality of the water in the State and to ensure the Utility operates in a safe manner and meets requirements in the Texas Water Code, the Texas Health and Safety Code, and TCEQ rules. Therefore, a temporary manager is necessary to assume operations of the Utility to ensure the quality of the water meets TCEQ rule requirements and complies with the Texas Water Code as well as the Texas Health and Safety Code, and is safe for public use and consumption.

Contact Information

TCEQ Attorneys: Benjamin Warms, Litigation Division, (512) 239-3400
Garrett Arthur, Public Interest Counsel, (512) 239-6363

TCEQ Litigation Agenda Coordinator: Katherine McKenzie, Litigation Division, (512) 239-2575

TCEQ Public Drinking Water Section Manager: Megan Hamilton, Enforcement Division, (512) 239-1582

TCEQ Regional Contact: Joy Thurston-Cook, Water Section Manager, San Antonio Regional Office, (201) 403-4018

Respondent Contacts:

Linda Royall
2488 S State Highway 80
Luling, Texas 78648

Mitchell Watts
572 Keaton Lane
Dale, Texas 78616

Robert Watts
3584 Ivy Switch Road Unit B
Luling, Texas 78648

Shane Watts
3978 Soda Springs Road
Luling, Texas 78648

Peggy Parlin
3584 Ivy Switch Road Unit A
Luling, Texas 78648

Respondent's Attorney: N/A³

³ Paul and Linda Royall were previously represented by Geoffrey Kirshbaum of the law firm Terrill & Waldrop, however on August 1, 2022, Paul and Linda Royall informed TCEQ that they were no longer authorizing contact with Mr. Kirshbaum.

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF
AN ENFORCEMENT ACTION AGAINST
LINDA ROYALL, ROBERT WATTS, PEGGY
PARLIN, MITCHELL WATTS AND SHANE
WATTS;
RN102676350

§
§
§
§
§

BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY

**ORDER AFFIRMING EMERGENCY ORDER
RENEWING THE APPOINTMENT A TEMPORARY MANAGER OF A WATER UTILITY
DOCKET NO. 2022-1019-UCR-E**

On April 12, 2023, the Texas Commission on Environmental Quality (“TCEQ” or “Commission”) considered whether to affirm, modify, or set aside an Emergency Order in the matter regarding Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts. The Emergency Order was issued by the Interim Executive Director without a hearing on March 1, 2023. The Emergency Order and the notice of the April 12, 2023, agenda hearing to affirm, modify, or set aside the Emergency Order were sent by certified mail return receipt requested, and via first class mail, postage prepaid, to Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts’ last known addresses on March 2, 2023. On March 2, 2023, the Emergency Order was affixed to the entrance of the subdivision served by the Utility. The Commission finds that the Interim Executive Director appropriately issued the Emergency Order and that the requirements for an emergency order found in Chapters 5 and 13 of the Texas Water Code have been satisfied.

**NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS
THAT:**

The March 1, 2023, Emergency Order Renewing the Appointment of a Temporary Manager of a Water Utility, attached hereto as Exhibit A and incorporated into this Order by reference, is affirmed.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date

Exhibit A
EMERGENCY ORDER
RENEWING THE APPOINTMENT OF A TEMPORARY MANAGER
OF A WATER UTILITY

Signed by the Interim Executive Director on March 1, 2023

UNSWORN DECLARATION OF CLAUDETTE CONYER

“On March 2, 2023, on behalf of the Executive Director of the Texas Commission on Environmental Quality, I hand delivered the March 1, 2023, Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023, Emergency Order set for the April 12, 2023, Commission Agenda to the Utility owned by Linda Royall, Robert Watts, Peggy Parlin, Mitchell Watts, and Shane Watts by affixing a copy of the order to the entrance of the Lago Vista subdivision.”

“My name is Claudette Conyer and I am an employee of the following governmental agency: Texas Commission on Environmental Quality. I am executing this declaration as part of my assigned duties and responsibilities. I declare under penalty of perjury that the foregoing is true and correct.”

Executed in Bexar County,
State of Texas,
on the 2nd day of March 2023

Claudette Conyer
Declarant

UNSWORN DECLARATION OF BENJAMIN WARMS

“On March 2, 2023, on behalf of the Interim Executive Director of the TCEQ, I sent via Certified Mail Return Receipt Requested (Article No. 7021 0350 0000 4995 1534), and via First Class Mail, postage prepaid to Linda Royall, the March 1, 2023 Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023 Emergency Order set for the April 12, 2023 Commission Agenda.

On March 2, 2023, on behalf of the Interim Executive Director of the TCEQ, I sent via Certified Mail Return Receipt Requested (Article No. 7021 0350 0000 4995 1541), and via First Class Mail, postage prepaid to Robert Watts, the March 1, 2023 Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023 Emergency Order set for the April 12, 2023 Commission Agenda.

On March 2, 2023, on behalf of the Interim Executive Director of the TCEQ, I sent via Certified Mail Return Receipt Requested (Article No. 7021 0350 0000 4995 1558), and via First Class Mail, postage prepaid to Peggy Parlin, the March 1, 2023 Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023 Emergency Order set for the April 12, 2023 Commission Agenda.

On March 2, 2023, on behalf of the Interim Executive Director of the TCEQ, I sent via Certified Mail Return Receipt Requested (Article No. 7021 0350 0000 4995 1565), and via First Class Mail, postage prepaid to Mitchell Watts, the March 1, 2023 Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023 Emergency Order set for April 12, 2023 Commission Agenda.

On March 2, 2023, on behalf of the Interim Executive Director of the TCEQ, I sent via Certified Mail Return Receipt Requested (Article No. 7021 0350 0000 4995 1572), and via First Class Mail, postage prepaid to Shane Watts, the March 1, 2023 Emergency Order and the Notice of Hearing to Modify, Affirm, or Set Aside the March 1, 2023 Emergency Order set for April 12, 2023 Commission Agenda.”

“My name is Benjamin Warms and
I am an employee of the following governmental
agency: Texas Commission on Environmental Quality.
I am executing this declaration as part of my assigned duties
and responsibilities. I declare under penalty of perjury
that the foregoing is true and correct.”

Executed in Travis County,
State of Texas,
on the 7th day of March 2023



Declarant