

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 8, 2021

MINUTES OF PUBLIC HEARING ON PERMIT APPLICATIONS

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public held in person in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, and remotely via the publicly accessible webinar/telephone conference call within the boundaries of the District on June 8, 2021.

CALL TO ORDER:

President Hardman called to order the Public Hearing on Permit Applications at 6:00 PM announcing the meeting open to the public.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Jon Paul Bouché
Harry Hardman
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Janice Thigpen
Stuart Traylor

All members of the Board were present, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit “A” to the Regular Board of Directors Meeting minutes.*

PRAYER AND PLEDGES OF ALLEGIANCE:

President Hardman called on Director Bouché for the opening prayer and Director Spigener to lead the Pledge of Allegiance and the Pledge of Allegiance to the state flag.

PUBLIC COMMENTS:

No comments were received.

Ms. Reiter briefed the Board on permit applications received for the month. Applications for consideration and recommended for possible approval included the below:

1. Quadvest, LP. (Benders Landing)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 4,300,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

2. Mustang Rental

Applicant is requesting registration of a new well and production authorization in the amount of 570,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

3. Harold Denton, Jr

Applicant is requesting registration of a new well and production authorization in the amount of 600,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

4. T & W Water Service (Rose Hill Estates)

Applicant is requesting registration of a new well and production authorization in the amount of 15,000,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

5. Dobbin-Plantersville WSC

Applicant is requesting registration of a new well and production authorization in the amount of 54,700,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. Ryan McCall

Applicant is requesting registration of well not permitted with the District and registration of a new well and production authorization in the amount of 250,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

7. Right of Way Maintenance

Applicant is requesting registration of well not permitted with the District and production authorization in the amount of 1,900,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

8. Sohail Syed

Applicant is requesting registration of a new well and production authorization in the amount of 40,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

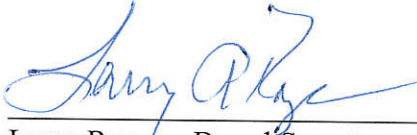
9. Ameritex Pipe & Production, LLC (Conroe Precast)

Applicant is requesting registration of 2 new wells and production authorization in the amount of 19,900,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Ms. Reiter reported that there were nine applications for this month. Following Ms. Reiter's report, Director Prykryl motioned to approve items #1-#9, as recommended by the General Manager. Director Spigener seconded. Motion passed.

President Hardman adjourned the public hearing on permit applications at 6:01 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.



Larry Rogers, Board Secretary



655 Conroe Park North, Conroe, TX 77303
Ph: (936) 494-3436 Metro: (936) 441-3437
www.lonestargcd.org

Speaker Request Form

Those wanting to comment or register support for or against a specific agenda item are asked to fill out the Speaker Request Form.

Date of Meeting: 6/8/21
Name: NATHANIEL LAHL
Address: 17230 Huffmeister Rd
City: Gress State: TX Zip: 77429
Email: NATHANIELLAHL@GMAIL.COM

IF SPEAKING FOR AN ORGANIZATION:

Name of Organization: WATERENGINEERS INC
Speaker's Official Capacity: PROJECT ENGINEER

Agenda Item No.: _____

- FOR (if applicable)
- AGAINST (if applicable)

Registering Position, NOT Testifying _____

To speak on an item not listed on the agenda, please indicate area of interest:

2015 DATABASE

Please remember to step to the lectern as soon as you are recognized by the chair, state your name before beginning your presentation. If you have written notes you wish to present to the Board, PLEASE FURNISH AN EXTRA COPY FOR DISTRICT FILES.

Please see the back of this comment card for additional procedures, practices and notes followed and/or requested by the District when making public comment.

Thank you for your cooperation.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 8, 2021

MINUTES OF SHOW CAUSE HEARING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, held in person in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, and remotely via the publicly accessible webinar/telephone conference call within the boundaries of the District on June 8, 2021.

CALL TO ORDER:

President Hardman called to order the Show Cause Hearings at 6:02 PM.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Jon Paul Bouché
Harry Hardman
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Janice Thigpen
Stuart Traylor

All members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel; District staff; and members of the public. ***Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".***

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Jim and Wanda Fox to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines, which are invoiced in early to mid-November of the prior year and due January 1st of the current year. Multiple attempts to

contact the permittee have not been successful that of which included emails, phone calls and notice of violation. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Rogers seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:05 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Magnolia Technology Park to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. Tom Phillips appeared to represent Magnolia Technology as the owner of the property.

Ms. Reiter asked that the respondent why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. The permittee was also cited for overpumpage of 10% or less of their 2020 permitted allocation.

Mr. Phillips explained to the board that the business has been registered with the District as an exempt well since 2005 and was permitted in 2017 for irrigation purposes with an annual allocation of 200,000 gallons. He stated the record should show since being permitted, Magnolia Technology stayed in their allocated pumpage until 2020. Due to COVID-19, the staff for the business went from 3 full time employees to 0, effective April 1, 2020.

With no staff present at the property, all notices and violations were misplaced, and Mr. Phillips acknowledged that a single bill that totaled \$19.24 was not submitted, though the production reports were mailed to permitting staff. He told the board that he is willing to follow any necessary steps to pay the fees and violations, as his goal is to get the account back in good standing.

Stacey Reese, District attorney, recommended to continue the meeting at the next board meeting to allow time for the permittee to comply with the orders and be able to continue the hearing to decide if action is necessary. A motion was made by Director Prykryl and seconded by Director Thigpen. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:13 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Maverick Tube to appear before the Lone Star Groundwater Conservation District

Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. Partial payment was submitted by Maverick Tube however the payment was not designated to any specific late fee and all attempts to contact the permittee have not been successful. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Prykryl seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:14 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Richard Gysler & Cailean McAlister to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. Multiple attempts to contact the permittee have not been successful that of which included notices, emails, phone calls and notice of violation. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Rogers motioned to approve District staff to initiate further enforcement actions. Director Bouche seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:15 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing JJ Business Park to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to submit 2021 overproduction fees of over 10% of their annual allocation. An email was received that is in charge/owns the business which blamed leaks for over pumpage in 2020. An extension was given in April and no other contact has been made since.

The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit the overproduction fees and fines associated with the 2020 withdrawal of groundwater in an amount which exceeded the specific amount authorized for withdrawal by ten percent (10%) or less than the authorized amount;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Prykryl motioned to approve District staff to initiate further enforcement actions. Director Bouche seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:17 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing The Church at Woodforest to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to submit 2021 overproduction fees of over 10% of their annual allocation. Multiple attempts to contact the permittee have not been successful that of which included notices, emails, phone calls and notice of violation.

The following actions were voted on by the Board:

4. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit the overproduction fees and fines associated with the 2020 withdrawal of groundwater in an amount which exceeded the specific amount authorized for withdrawal by ten percent (10%) or less than the authorized amount;
5. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
6. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Rogers seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:19 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing CWE Utilities as defined below (collectively, "CWE Utilities" and/or "Respondent"),

- CWE Utilities &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permits HUP057A / OP03-0015C
- CWE Utilities (Garden West) &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permit OP-14081801
- Drew T. Spencer d/b/a Cypresswood Estates Water System, Davis Irrigation Services, & or holder of CCN No. 12978 which serves Cypresswood Estates Subdivision associated with permits HUP057A / OP03-0015C.
- Drew T. Spencer d/b/a Cypresswood Estates Water System, Davis Irrigation Services, & or holder of CCN No. 12978 which serves Garden West associated with permit OP-14081801

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. CWE had current delinquent fees, dating back to 2018. A check was sent to the District for 2021 fees of the 3 permits owned by CWE.

Ms. Reese first spoke to an attorney representing CWE in February. The original owner of property passed away and was taken over by his nephew, Harrison Williams. CWE now believes they are not responsible to pay for the past due fees from 2018 and 2019. SP Utility, also owned by Harrison Williams, works in conjunction with CWE and under the same owner, have agreed to pay the past due 2020 and 2021 fees. An agreement with the District and CWE was not reached.

Stacey Reese, District attorney, recommended to continue the meeting at the next board

meeting to allow time for the permittee to comply with the orders and be able to continue the hearing to decide if action is necessary. A motion was made by Director Rogers and seconded by Director Prykryl. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:32 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.



Larry Rogers, Board Secretary



655 Comroe Park North, Comroe, TX 77303
Ph: (936) 494-3436 Metro: (936) 441-3437
www.lonestarccd.org

Speaker Request Form

Those wanting to comment or register support for or against a specific agenda item are asked to fill out the Speaker Request Form.

Date of Meeting: 6/5/21

Name: JAYVIDA LAIL

Address: 12230 HOPEMESTER RD

City: SPRESS State: TX Zip: 77429

Email: ANTHONYELIZABETH@GMAIL.COM

IF SPEAKING FOR AN ORGANIZATION:

Name of Organization WARRIORS FOR

Speaker's Official Capacity PROJECT BUSINESS

Agenda Item No.: _____

- FOR (if applicable)
- AGAINST (if applicable)

Registering Position, NOT Testifying _____

To speak on an item not listed on the agenda, please indicate area of interest.

2015 PATRONS

Please remember to step to the lectern as soon as you are recognized by the chair, state your name before beginning your presentation. If you have written notes you wish to present to the Board, PLEASE FURNISH AN EXTRA COPY FOR DISTRICT FILES.

Please see the back of this comment card for additional procedures, practices and notes followed and/or requested by the District when making public comment.

Thank you for your cooperation.

 **WATERENGINEERS, INC.**
WATER & WASTEWATER TREATMENT CONSULTANTS
17230 HUFFMEISTER ROAD, SUITE A, CYPRESS, TEXAS 77429-1643
TEL: 281-373-0500 FAX: 281-373-1113

Emailed to: sreiter@lsgcd.org

June 3, 2021

Lone Star Groundwater Conservation District
c/o Ms. Samantha Reiter
655 Conroe Park North Drive
Conroe, Texas 77303

Re: Construction of the SP Utility Co - Cypresswood Subdivision Water System Well
PWS ID: 1700918; CN: 602478257; RN: 111212619; TCEQ Log No: P-09042020-032R
Montgomery County, Texas

Dear Ms. Reiter:

This letter is provided in response to May 12, 2021 correspondence (Section 1) with the included Lone Star Groundwater Conservation District's (LSGCD) Show Cause Orders No. SCO 20-001 & SCO 20-002 (Section 2) regarding the new well applications submitted on behalf of the proposed Cypresswood Subdivision Water System Well. We present the following information to be reviewed as part of the upcoming June 8, 2021 Show Cause Hearing.

Recent time frame for submittal of the proposed Cypresswood Subdivision Water System Well application to LSGCD is noted as follows:

- 1) New well applications for the Cypresswood Subdivision Water System were provided to LSGCD March 31, 2021.
- 2) Additional information request from LSGCD was received via email April 6, 2021. Response and clarifications were provided to LSGCD from WaterEngineers, Inc. April 6, 2021.
- 3) Response from LSGCD requesting additional information was provided via email April 26, 2021. Additional information including the Texas Commission of Environment Quality's approval to construct letter was provided to LSGCD from WaterEngineers, Inc. on April 26, 2021.
- 4) The subject May 12, 2021 correspondence noted applications submitted by SP Utility Company Inc. were deemed administratively incomplete citing Rule 2.7 requiring to address requirements of Rule 2.6. Notable question was related to Rule 2.6(b)(2)-(3) to determine if water was to be put to beneficial use. Additionally, as subject applications are requesting allocation for subdivision with demand being met through another retail public utility and existing permit, two options were present to allow applications to be approved:
 - a. Option 1: Transfer of ownership of permit. This option requires all past due fees, penalties, and enforcement to be cured first.

- b. Option 2: Existing permit to be cancelled and all the wells plugged. This option also requires all past due fees, penalties, and enforcement be cured first.

Referenced past due fees, penalties, and enforcement are outlined in LSGCD Order SCO 20-001 and SCO 20-002. However, the enclosed documentation is presented to depict outstanding fees from 2018 and 2019 are not to be charged to SP Utility Company, Inc.

It is noted a retail public water system is required to obtain the Texas Commission on Environmental Quality (TCEQ) and Public Utility Commission (PUC) approvals to own, operate, and request compensation for the transmission, storage, distribution, sale, and provision of potable water service to the public. The subject jurisdictions verify the technical, managerial, and financial capabilities of the service provider to ensure utility service is provided in an acceptable manner to serve the public.

However, as documented by PUC (Section 4) Mr. Drew T. Spence dba Cypresswood Estates Water System failed to provide sufficient facilities results in potential health hazards, extended outages, or repeated service interruptions. PUC has the authority to assign/appoint temporary manager under TWC §13.4132 and 16 TAC §24.355 and §24.357 with powers and duties necessary to ensure the continued operation of the utility for adequate services to customers.

See Docket No. 51113 by the PUC enclosed in Section 4, for statement of facts articulating timeline related Mr. Harrison Williams' appointment to temporary manager for Drew T. Spencer dba Cypresswood Estates Water System.

It is noted on December 2, 2019 PUC staff filed an emergency order appointing Harrison Williams to temporary manager and operate Cypresswood Estates Water System. Thereafter, Harrison Williams on behalf of SP Utility Company, Inc. filed an application on January 3, 2020 for temporary rates, allowing subject customers to be charged for utility service which includes subject LSGCD fees.

SP Utility Company, Inc. accepts outstanding fees from 2020. However, outstanding fees from 2018 and 2019 are to be charged to the previous owner and permit holder.

Additionally, it is noted SP Utility Company, Inc. is required by PUC to construct the proposed Cypresswood Subdivision Water System (Section 3) as the existing Cypresswood Estates Water System facilities by PUC rule are not allowed to be utilized. Please note, the reference proposed Cypresswood Subdivision Water System was approved by the TCEQ for construction by the March 31, 2021 letter enclosed in Section 5.

Therefore, SP Utility Company, Inc. requests to proceed with notable Option 2 above as existing Cypresswood Estates Water System water wells are to be plugged (Well Nos. 2004072051, 2004072052, and 2004080232) therefore cancelling the existing allocation for the subject area. However, SP Utility Company, Inc. requests outstanding fees to be revised to those only for 2020 to allow for payment of outstanding fees, and proceeding with proposed new well construction.

Cypresswood Subdivision – Replacement Wells
June 3, 2021
Page 3

Please contact me at 281-373-0500 or n.lail@waterengineers.com if you have questions.

Sincerely,
WATERENGINEERS, INC.



Nathaniel C. Lail, P.E.

cc: Darlene Milstead via email to dmilstead@lonestargcd.org
Harrison Williams via email to Harrison.ftu@gmail.com
Helen Gilbert via email to hgilbert@bartonbensonjones.com

Enclosures: Section 1 – May 12, 2021 LSGCD Correspondence
Section 2 – SCO 20-001 & SCO 20-002
Section 3 – Engineering Drawings
Section 4 – PUC Documentation
Section 5 – TCEQ Approval to Construct Letter

WATERENGINEERS, INC.
TBPE FIRM No. 2066



SECTION 1

Nathaniel Lail

From: Darlene Milstead <dmilstead@lonestargcd.org>
Sent: Wednesday, May 12, 2021 11:45 AM
To: Nathaniel Lail
Cc: Samantha Reiter
Subject: SP Utility Company Operating Permit Application
Attachments: SCO 20-001_CWE Utilities_05.12.21.pdf; SCO 20-002_CWE Utilities-Garden West_05.12.21.pdf

Importance: High

Mr. Lail,

SP Utility Co.'s application is not administratively complete per Rule 2.7, which requires the application to address all of the requirements in Rule 2.6. SP Utility's application does not meet several requirements including without limitations the requirements of Rule 2.6(b)(2)-(3) and there are questions as to whether the water will be put to a beneficial use.

SP Utility is requesting authorization to address demand for the Cypresswood Estates Subdivision, the demand of which is already being met through another retail public utility and existing permit within the same service area SP Utility has identified on its application. You have indicated that SP Utility is taking over service for the existing retail public utility and permit holder. While that may be the case, the demand served in the permit for the existing retail public water supply provider to the Cypresswood Estates Subdivision cannot be applied to a new permit unless one of the following things occurs.

1. **There is a transfer of ownership of the permit.** The current permits for the existing retail public utility can be transferred to SP Utility and then subsequently amended as needed by SP Utility. Keep in mind that before permits may be transferred all past due fees and penalties and enforcement must be cured first. You stated you are aware that the existing retail public water supply provider to the Cypresswood Estates Subdivision has past due fees and penalties with the District. OR
2. **The existing permit is cancelled and the wells are plugged.** The existing retail public water supply provider to the Cypresswood Estates Subdivision can request withdrawal of its permits and plug its wells, which would then free up the demand and service area for someone else. However, because the existing retail public water supply provider to the Cypresswood Estates Subdivision has past due fees, penalties and is in enforcement with the District, any request for withdrawal and plugging would only be processed after the enforcement issues are resolved.

I attach the Notice to Appear for Show Cause hearing to the existing retail public water supply provider to the Cypresswood Estates Subdivision that was approved for issuance by the District's Board of Directors on Tuesday. I believe SP Utility is aware of the enforcement since you have stated Mr. Harrison Williams is the owner of SP Utility and he is also the manager of the existing retail public water supply provider to the Cypresswood Estates Subdivision.

I appreciate you providing the letter from TCEQ dated March 31, 2021 that you purport authorizes SP Utility to construct. You may need authorization from TCEQ to construct new wells in connection with a new system; however, as the letter expressly acknowledges, "the authorization provided in this letter does not affect GCD

authority to manage groundwater or issue permits.” Therefore, SP Utility is still required to comply with the District’s rules to obtain a permit.

SP Utility’s application will not be administratively complete until it can fulfill the requirements of Rule 2.6(b)(2)-(3) as stated herein. Please be advised that SP Utility’s application will expire if the requested information is not provided within 60 days of the date of this letter. If the application expires, SP Utility is free to submit another application at later date once it has the information necessary to become administratively complete.

Thanks.

Darlene A Milstead
Permitting Tech

LONE STAR GROUNDWATER
CONSERVATION DISTRICT
655 Conroe Park North Drive
Conroe, Texas 77303
Phone 936.494.3436
Fax 936.494.3438
www.lonestargcd.org



Please note that the Lone Star GCD's Board of Directors approved new rules on September 8, 2020. Please visit the ["Management & Rules" page](#) of our website for information on the new rules and how they may affect you.

SECTION 2

LSGCD Order No. SCO 20-001

IN THE MATTER OF	§	BEFORE THE
CWE UTILITIES	§	
ATTN: HARRISON WILLIAMS	§	LONE STAR
P.O. BOX 690521	§	
HOUSTON, TX 77269	§	GROUNDWATER CONSERVATION DISTRICT
PERMITS #: HUP057 / OP03-0015		

SHOW CAUSE ORDER

The following findings are made, and order provisions issued by the Lone Star Groundwater Conservation District (the "District") to CWE Utilities, LLC (the "Respondent") pursuant to District Rule 12.5 (the "Show Cause Order"). This Show Cause Order is based on findings by the District of noncompliance by the Respondent of District Rules.

FINDINGS

1. Respondent is currently authorized to produce groundwater from Well Nos. 2004072051, 2004072052 and 2004080232 (the "Wells"), which is located within the boundaries of the District, through Permit Nos. HUP057 and OP03-0015 (the "Permits").
2. On November 1, 2020 and on November 7, 2020, the District submitted invoices to the Respondent for water use fees totaling \$136.43 and \$497.14 for 2021. All such fees were due and owing to the District no later than January 2, 2021.
3. On January 12, 2021, the District submitted invoices to the Respondent for water use fees totaling \$1,988.58 and \$136.42 for unpaid fees for 2020. All such fees were due and owing to the District no later than February 12, 2021.
4. On January 12, 2021, the District submitted an invoice to the Respondent for water use fees totaling \$6,703.22 for unpaid fees for 2018 and 2019. All such fees were due and owing to the District no later than February 12, 2021.
5. To date, the Respondent has failed to pay any of the water use fees due and owing to the District for 2018, 2019, and 2020, and is in direct violation of District Rules 8.1 and 8.6, and as a result, has incurred late payment penalties for non-payment.
6. On February 5, 2021, the District submitted invoices to the Respondent for late payment penalties for non-payment totaling \$49.71 and \$25.00 for 2021. All such fees were due and owing to the District no later than March 1, 2021.
7. The civil penalties discussed herein are reasonable, have been set by the Board of Directors by rule, and are imposed for breach of any rule of the District not to exceed

\$10,000 per ay per violation, and each day of a continuing violation constitutes a separate violation.

8. The District attempted to contact Respondent in writing and encourage full regulatory compliance without the instigation of any additional enforcement action by the District Board of Directors.
9. After repeated attempts to resolve informally the issue of Respondent's failure to timely remit unpaid water use fees for calendar year 2018, 2019, 2020 and 2021 production and associated late payment penalties, the General Manager has recommended to the District Board of Directors that the Respondent be ordered to appear, following proper notice, and show cause to the District Board of Directors why the District should not issue a cease and desist order that would indefinitely suspend the Permit Nos. HUP057 and OP03-0015.
10. The District Board of Directors met on February 9, 2021 and May 11, 2021 and, following proper notice, took up and considered the enforcement matter discussed herein above. After deliberations regarding the same, the Board of Directors voted to issue this Show Cause Order directing Respondent to appear at a properly called and noticed hearing for such purposes to show cause why the Board should not issue a cease and desist order indefinitely suspending Permit Nos. HUP057 and OP03-0015, initiate legal action against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorneys fees and court costs incurred by the District in the prosecution of claims against Respondent, and take all other necessary and appropriate enforcement action against Respondent authorized under the law.

ORDER

NOW, THEREFORE, based on the above findings, is hereby ORDERED as follows:

1. Respondent shall appear at the show cause hearing scheduled by the Lone Star Groundwater Conservation District to be held on June 8, 2021, at 6:00 p.m., in the Board Room of the Lone Star Groundwater Conservation District office, 655 Conroe Park North Drive, in Conroe, Texas (the "Show Cause Hearing").
2. At the Show Cause Hearing, Respondent shall demonstrate to the District Board of Directors why the District should not issue a cease and desist order indefinitely suspending all production authorization otherwise allowed under Permit Nos. HUP057 and OP03-0015 for its violations of District Rules.
3. At the Show Cause Hearing, Respondent shall also demonstrate to the District Board of Directors why the District should not file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorneys fees and court costs

incurred by the District in the prosecution of claims against Respondent for its violations of District Rules.

4. Respondent will submit all documents that it intends to rely upon in support of its position at the Show Cause Hearing to the District no later than five (5) days prior to the date of the Show Cause Hearing. No documents submitted after this deadline will be considered by the District Board of Directors, unless good cause for their untimely filing is demonstrated.
5. As part of the demonstrations required in provision 2 and 3 above, Respondent shall have prepared, and shall present to the District Board of Directors at the Show Cause Hearing, a proposed schedule for achieving complete compliance with the terms of the Permit and the District Rules.
6. Representatives of Respondent may be accompanied by legal counsel at the Show Cause Hearing.
7. The District may pursue immediate enforcement action against Respondent if Respondent or its authorized representative fail to appear at the Show Cause Hearing and show cause why the enforcement actions described herein should not be pursued.
8. This Order is issued this 12th day of May 2021.

For Lone Star Groundwater Conservation District (District):

Signed: Samantha Reiter
Samantha Stried Reiter
General Manager

05/12/21

Date



Lone Star Groundwater Conservation District
 Conroe, TX 77303

Statement

Date
5/12/21

To:
 CWE Utilities, LLC
 Attn: Harrison Williams
 PO Box 690521
 Houston, TX 77269

Amount Due	Amount Enc.
\$9,735.79	

Date	Transaction	Amount	Balance
11/06/20	Balance forward		0.00
11/07/20	HUP057A- INV #21-1020.		
01/12/21	--- 2021 Historic Use Fee, 5,848.75 @ \$0.085 = 497.14 INV #20-3661.	-497.14	
	--- 2018 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2018 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2018 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2018 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2018 Historic Use Fee \$482.56 --- 2019 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2019 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2019 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2019 Historic Use Fee, 6,250 @ \$0.105 = 656.25 --- 2019 Historic Use Fee \$970.66	6,703.22	
01/12/21	INV #20-3662.		
	--- 2020 Historic Use Fee, 23,395 @ \$0.085 = 1,988.58	1,988.58	
02/05/21	INV #21-1541.		
	--- 2021 - Penalty Chg - 10%, 497.14 @ \$0.10 = 49.71	49.71	
03/01/21	INV #21-1722.		
	--- 2021 Historic Use Fee, 5,848.75 @ \$0.085 = 497.14	-497.14	
06/01/21	Amount Due		^{\$} 8,741.51

Phone #	Fax #
(936) 494-3436	(936) 494-3438

Web Site
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
11/7/20	21-1020

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
HUP057A	1/2/21	HUP057A	23,395,000

Description	Quantity *	Rate	Amount
Historical Permit Fee for year January 1 - December 31, 2021	5,848.75	0.085	497.14

PAID
 CK. NO #1054
 DATE 2-8-2021

Total	\$497.14
Payments/Credits	\$0.00
Balance Due	\$497.14

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
1/12/21	20-3661

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

Project	Due Date	Permit #
HUP057A	2/12/21	HUP057A

Description	Quantity *	Rate	Amount
2018 - 1st Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2018 - 2nd Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2018 - 3rd Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2018 - 4th Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2018 Groundwater Allocation Adjustment - SJRA GRP		482.56	482.56
2019 - 1st Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2019 - 2nd Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2019 - 3rd Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2019 - 4th Quarter Allocation Fees - SJRA GRP	6,250	0.105	656.25
2019 Allocation Adjustment - SJRA GRP		970.66	970.66

Total \$6,703.22

Payments/Credits \$0.00

Balance Due \$6,703.22

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Courcoe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
1/12/21	20-3662

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

Project	Due Date	Permit #
HUP057A	2/12/21	HUP057A

Description	Quantity *	Rate	Amount
Historical Permit Fee for year January 1 - December 31, 2020	23,395	0.085	1,988.58

Total	\$1,988.58
Payments/Credits	\$0.00
Balance Due	\$1,988.58

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
2/5/21	21-1541

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
HUP057A	3/1/21	HUP057A	23,395,000

Description	Quantity *	Rate	Amount
Late Payment Penalty on Overdue 2021 Water Use Fees	497.14	0.10	49.71

Total	\$49.71
Payments/Credits	\$0.00
Balance Due	\$49.71

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
3/1/21	21-1722

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

2nd Quarterly
 Installment

Project	Due Date	Permit #	2021 Allocation
HUP057A	4/1/21	HUP057A	23,395,000

Description	Quarter Qty *	Rate	Amount
Historical Permit Fee for year January 1 - December 31, 2021	5,848.75	0.085	497.14

PAID
 CK. NO. #10160
 DATE 3-31-2021

Total	\$497.14
Payments/Credits	\$0.00
Balance Due	\$497.14

* Indicates count of 1,000 gallons, per quarter.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 Conroe, TX 77303

Statement

Date
5/12/21

To:
 CWE Utilities, LLC
 Attn: Harrison Williams
 PO Box 690521
 Houston, TX 77269

Amount Due	Amount Enc.
\$297.85	

Date	Transaction	Amount	Balance
10/31/20	Balance forward		0.00
11/01/20	OP03-0015C- INV #21-0318.		
01/12/21	--- 2021 Permit Fees, 1,605 @ \$0.085 = 136.43		
01/12/21	INV #20-3664.		
02/05/21	--- 2020 Permit Fees, 1,605 @ \$0.085 = 136.42		
02/05/21	INV #21-1542.		
06/01/21	--- 2021 - Penalty Chg - \$25 \$25.00		
06/01/21	Amount Due		161.42

PAID

Phone #	Fax #
(936) 494-3436	(936) 494-3438

Web Site
www.lonestarged.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
11/1/20	21-0318

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP03-0015C	1/2/21	OP03-0015C	1,605,000

Description	Quantity *	Rate	Amount
Operating Permit Fees for permit year January 1 - December 31, 2021	1,605	0.085	136.43

PAID
 OK. NO. #1054
 DATE 2-8-2021

Total	\$136.43
Payments/Credits	\$0.00
Balance Due	\$136.43

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
1/12/21	20-3664

Bill To
CWB Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

Project	Due Date	Permit #
OP03-0015C	2/12/21	OP03-0015C

Description	Quantity *	Rate	Amount
Operating Permit Fees for permit year January 1 - December 31, 2020	1,605	0.085	136.42

Total	\$136.42
Payments/Credits	\$0.00
Balance Due	\$136.42

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
2/5/21	21-1542

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP03-0015C	3/1/21	OP03-0015C	1,605,000

Description	Quantity *	Rate	Amount
Late Payment Penalty on Overdue 2021 Water Use Fees		25.00	25.00

Total	\$25.00
Payments/Credits	\$0.00
Balance Due	\$25.00

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org

LSGCD Order No. SCO 20-002

IN THE MATTER OF
CWE UTILITIES, LLC --
GARDEN WEST
ATTN: HARRISON WILLIAMS
P.O. BOX 690521
HOUSTON, TX 77269
PERMIT #: OP-14081801

§
§
§
§
§
§

BEFORE THE

LONE STAR

GROUNDWATER CONSERVATION DISTRICT

SHOW CAUSE ORDER

The following findings are made, and order provisions issued by the Lone Star Groundwater Conservation District (the "District") to CWE Utilities, LLC -- Garden West (the "Respondent") pursuant to District Rule 12.5 (the "Show Cause Order"). This Show Cause Order is based on findings by the District of noncompliance by the Respondent of District Rules.

FINDINGS

1. Respondent is currently authorized to produce groundwater from Well No. 2004072053 (the "Well"), which is located within the boundaries of the District, through Permit No. OP-14081801 (the "Permits").
2. On November 3, 2019, the District submitted an invoice to the Respondent for water use fees totaling \$255.00 for 2020. All such fees were due and owing to the District no later than January 1, 2020.
3. On November 1, 2020, the District submitted an invoice to the Respondent for water use fees totaling \$255.00 for 2021. All such fees were due and owing to the District no later than January 2, 2021.
4. To date, the Respondent has failed to pay the water use fees due and owing to the District for 2020 and paid 2021 water use fees after the due date and is in direct violation of District Rules 8.1 and 8.6, and as a result, has incurred late payment penalties for non-payment.
5. On February 3, 2020 and February 5, 2021, the District submitted an invoice to the Respondent for late payment penalties for non-payment totaling \$25.50 and \$66.74 for 2020 and 2021. All such fees were due and owing to the District no later than March 3, 2020 and March 8, 2021.
6. Previously on March 1, 2020, the District issued a Notice of Violation to the Respondent for water use fees, late payment and civil penalties for non-payment, and reimbursement of certified mailings totaling \$131.90 for 2020.

7. The civil penalties discussed herein are reasonable, have been set by the Board of Directors by rule, and are imposed for breach of any rule of the District not to exceed \$10,000 per ay per violation, and each day of a continuing violation constitutes a separate violation.
8. The District attempted to contact Respondent in writing and encourage full regulatory compliance without the instigation of any additional enforcement action by the District Board of Directors.
9. After repeated attempts to resolve informally the issue of Respondent's failure to timely remit unpaid water use fees for calendar year 2020 and 2021 production and associated late payment penalties, the General Manager has recommended to the District Board of Directors that the Respondent be ordered to appear, following proper notice, and show cause to the District Board of Directors why the District should not issue a cease and desist order that would indefinitely suspend the Permit No. OP-14081801.
10. The District Board of Directors met on February 9, 2021 and May 11, 2021 and, following proper notice, took up and considered the enforcement matter discussed herein above. After deliberations regarding the same, the Board of Directors voted to issue this Show Cause Order directing Respondent to appear at a properly called and noticed hearing for such purposes to show cause why the Board should not issue a cease and desist order indefinitely suspending Permit No. OP-14081801, initiate legal action against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorneys fees and court costs incurred by the District in the prosecution of claims against Respondent, and take all other necessary and appropriate enforcement action against Respondent authorized under the law.

ORDER

NOW, THEREFORE, based on the above findings, is hereby ORDERED as follows:

1. Respondent shall appear at the show cause hearing scheduled by the Lone Star Groundwater Conservation District to be held on June 8, 2021, at 6:00 p.m., in the Board Room of the Lone Star Groundwater Conservation District office, 655 Conroe Park North Drive, in Conroe, Texas (the "Show Cause Hearing").
2. At the Show Cause Hearing, Respondent shall demonstrate to the District Board of Directors why the District should not issue a cease and desist order indefinitely suspending all production authorization otherwise allowed under Permit No. OP-14081801 for its violations of District Rules.
3. At the Show Cause Hearing, Respondent shall also demonstrate to the District Board of Directors why the District should not file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorneys fees and court costs

incurred by the District in the prosecution of claims against Respondent for its violations of District Rules.

4. Respondent will submit all documents that it intends to rely upon in support of its position at the Show Cause Hearing to the District no later than five (5) days prior to the date of the Show Cause Hearing. No documents submitted after this deadline will be considered by the District Board of Directors, unless good cause for their untimely filing is demonstrated.
5. As part of the demonstrations required in provision 2 and 3 above, Respondent shall have prepared, and shall present to the District Board of Directors at the Show Cause Hearing, a proposed schedule for achieving complete compliance with the terms of the Permit and the District Rules.
6. Representatives of Respondent may be accompanied by legal counsel at the Show Cause Hearing.
7. The District may pursue immediate enforcement action against Respondent if Respondent or its authorized representative fail to appear at the Show Cause Hearing and show cause why the enforcement actions described herein should not be pursued.
8. This Order is issued this 12th day of May 2021.

For Lone Star Groundwater Conservation District (District):

Signed: Samantha Reiter
Samantha Stried Reiter
General Manager

05/12/21

Date



Lone Star Groundwater Conservation District
 Conroe, TX 77303

Statement

Date
5/12/21

To:
 CWE Utilities, LLC
 Attn: Harrison Williams
 PO Box 690521
 Houston, TX 77269

Amount Due	Amount Enc.
\$734.14	

Date	Transaction	Amount	Balance
10/31/19	Balance forward		0.00
11/03/19	OP-14081801 - Garden West- INV #20-0161.	255.00	
02/03/20	--- 2020 Permit Fees, 3,000 @ \$0.085 = 255.00 INV #20-2486.	25.50	
03/01/20	--- 2020-DUP Penalty Chg - 10%, 255 @ \$0.10 = 25.50 INV #20-2808.	131.90	
11/01/20	--- 2020-DUP 1st nonpymt \$125.00 --- Cert RR - for penalty \$6.90 INV #21-0317.	255.00	
02/05/21	--- 2021 Permit Fees, 3,000 @ \$0.085 = 255.00 INV #21-1538.	66.74	
05/12/21	--- 2021 - Penalty Chg - 10%, 667.4 @ \$0.10 = 66.74 Amount Due		479.14

PAID

Phone #	Fax #	Web Site
(936) 494-3436	(936) 494-3438	www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
11/3/19	20-0161

Bill To
CWB Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP-14081801 - Garden West	1/1/20	OP-14081801	

Description	Quantity *	Rate	Amount
Operating Permit Fees for permit year January 1 - December 31, 2020	3,000	0.085	255.00

Total	\$255.00
Payments/Credits	\$0.00
Balance Due	\$255.00

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
2/3/20	20-2486

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP-14081801 - Garden West	3/3/20	OP-14081801	

Description	Quantity *	Rate	Amount
Late Payment Penalty on Overdue 2020 Water Use Fees	255	0.10	25.50

Total	\$25.50
Payments/Credits	\$0.00
Balance Due	\$25.50

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Courro Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
3/1/20	20-2808

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP-14081801 - Garden West	4/1/20	OP-14081801	

Description	Quantity *	Rate	Amount
Notice of Violation - Minor for non-payment of 2020 water use fees		125.00	125.00
Reimbursement for Certified/Return Receipt Postage due to a violation of District Rules.		6.90	6.90

Total	\$131.90
Payments/Credits	\$0.00
Balance Due	\$131.90

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
11/1/20	21-0317

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP-14081801 - Garden West	1/2/21	OP-14081801	3,000,000

Description	Quantity *	Rate	Amount
Operating Permit Fees for permit year January 1 - December 31, 2021	3,000	0.085	255.00

PAID
 OK. NO. #1054
 DATE 2-8-2021

Total	\$255.00
Payments/Credits	\$0.00
Balance Due	\$255.00

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestarged.org

Visit our Website at:
www.lonestarged.org



Lone Star Groundwater Conservation District
 655 Conroe Park North Drive
 Conroe, TX 77303

Invoice

Date	Invoice #
2/5/21	21-1538

Bill To
CWE Utilities, LLC Attn: Harrison Williams PO Box 690521 Houston, TX 77269

**PERMIT HOLDER IS
 OPERATING WELL(S) IN
 VIOLATION OF DISTRICT
 RULES WITHOUT A
 VALID PERMIT.**

Project	Due Date	Permit #	2021 Allocation
OP-14081801 - Garden West	2/5/21	OP-14081801	3,000,000

Description	Quantity *	Rate	Amount
Late Payment Penalty on Overdue 2021 Water Use Fees	667.4	0.10	66.74

Total	\$66.74
Payments/Credits	\$0.00
Balance Due	\$66.74

* Indicates count of 1,000 gallons.

Phone #	Fax #	E-mail
(936) 494-3436	(936) 494-3438	mrobinson@lonestargcd.org

Visit our Website at:
www.lonestargcd.org

SECTION 3

REVISION	DATE	BY	APP'D

Water & Wastewater Engineers, Inc.
 2014 SANDERS ROAD
 MAGNOLIA, TEXAS 77555
 TEL: 281-973-0000
 FAX: 281-973-1118

CYPRESSWOOD SUBDIVISION
WATER SYSTEM
 2014 SANDERS ROAD
 MAGNOLIA, TEXAS 77555

SHEET NAME:
 COVER SHEET

DRAWN BY: JLV
 CHECKED BY: DJV
 P.L. No.: 6035-20120
 DATE: 9/2/2020
 SHEET No.: 01 of 15

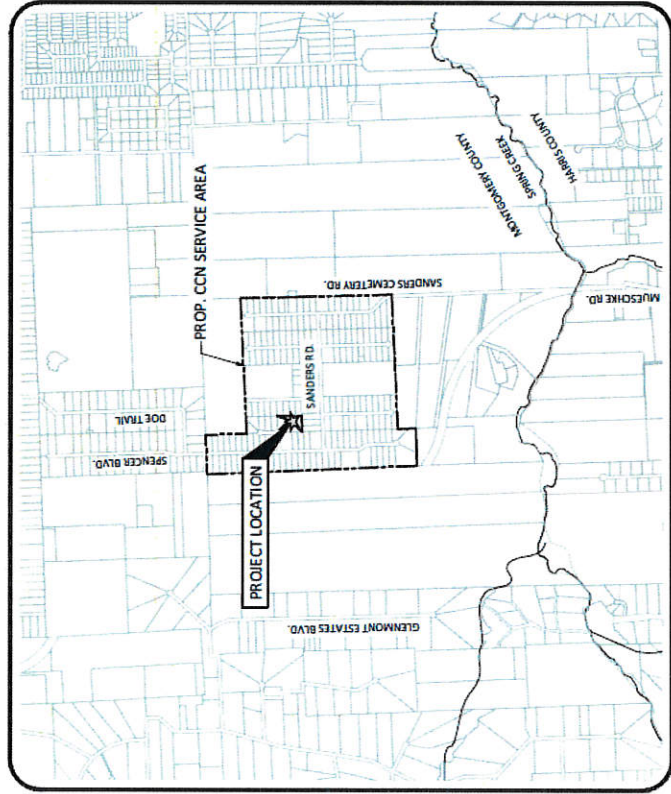
CYPRESSWOOD SUBDIVISION WATER SYSTEM

OWNER INFORMATION:
 SP UTILITY COMPANY, INC.
 P.O. BOX 690521
 HOUSTON, TEXAS 77269

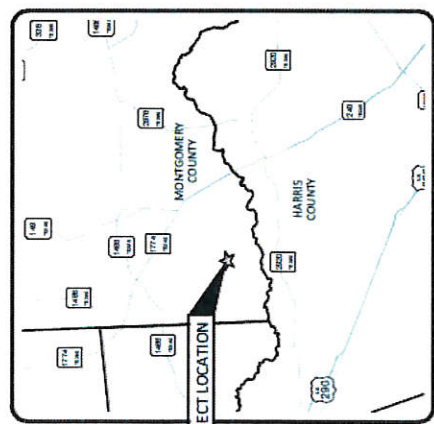
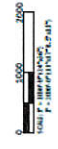
PROJECT LOCATION:
 2014 SANDERS ROAD
 MAGNOLIA, TEXAS 77555

SHEET INDEX

SHEET No.	SHEET NAME
01	COVER SHEET
02	SERVICE AREA
03	SITE PLAN
04	WATER PLANT PLAN
05	WATER WELL PLAN & DETAILS
06	GROUND STORAGE TANK PLAN
07	GROUND STORAGE TANK FOUNDATION DETAILS
08	GROUND STORAGE TANK DETAILS
09	BOOSTER PUMP FACILITY PLAN & DETAILS
10	HYDRO-PNEUMATIC TANK PLAN & DETAILS
11	WATER PLANT DETAILS
12	WATER LINE DETAILS
13	CONTROL SCHEMATIC
14	ELECTRICAL ONE LINE
15	GENERAL NOTES



VICINITY MAP
 MONTGOMERY COUNTY, TEXAS



LOCATION MAP
 NTS



FLOOD PLAIN MAP



ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY
 FLOOD INSURANCE RATE MAP COMMUNITY
 PANEL No. 483930575G DATED: 08/18/2014
 THIS TRACT LIES WITHIN ZONE "X", AREAS OUTSIDE OF THE 500-YEAR FLOOD PLAIN



REVISION	DATE

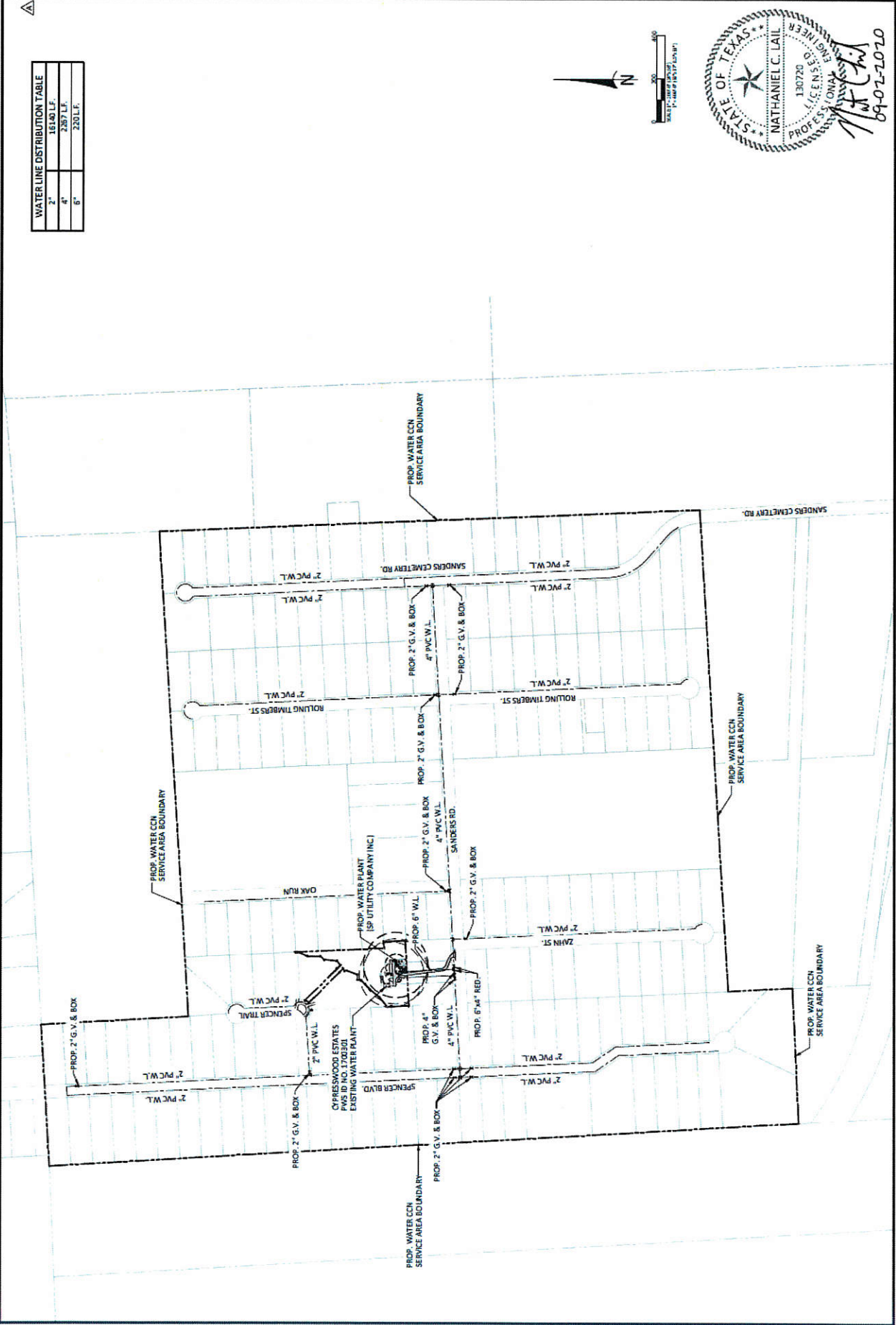
WATER LINE DISTRIBUTION TABLE	
2"	16140 L.F.
4"	2387 L.F.
6"	230 L.F.

Water & Wastewater Treatment Consultants
WaterEngineers, Inc.
 12200 HIGHWAY 77, SUITE 100
 CYPRESS, TEXAS 77429
 TEL: 281-371-5500
 FAX: 281-371-1115

CYPRESSWOOD SUBDIVISION
WATER SYSTEM
 20414 SANDERS ROAD
 MAGNOLIA, TEXAS 77555

SHEET NAME:
 SERVICE AREA

DRAWN BY: JLW
 CHECKED BY: DRY
 PRL NO.: 6035-20120
 DATE: 9/2/2008
 SHEET No.: **02 of 15**



Professional Engineer Seal for Nathaniel C. Lail, State of Texas, License No. 13020. Includes a signature and the date 09-07-10.

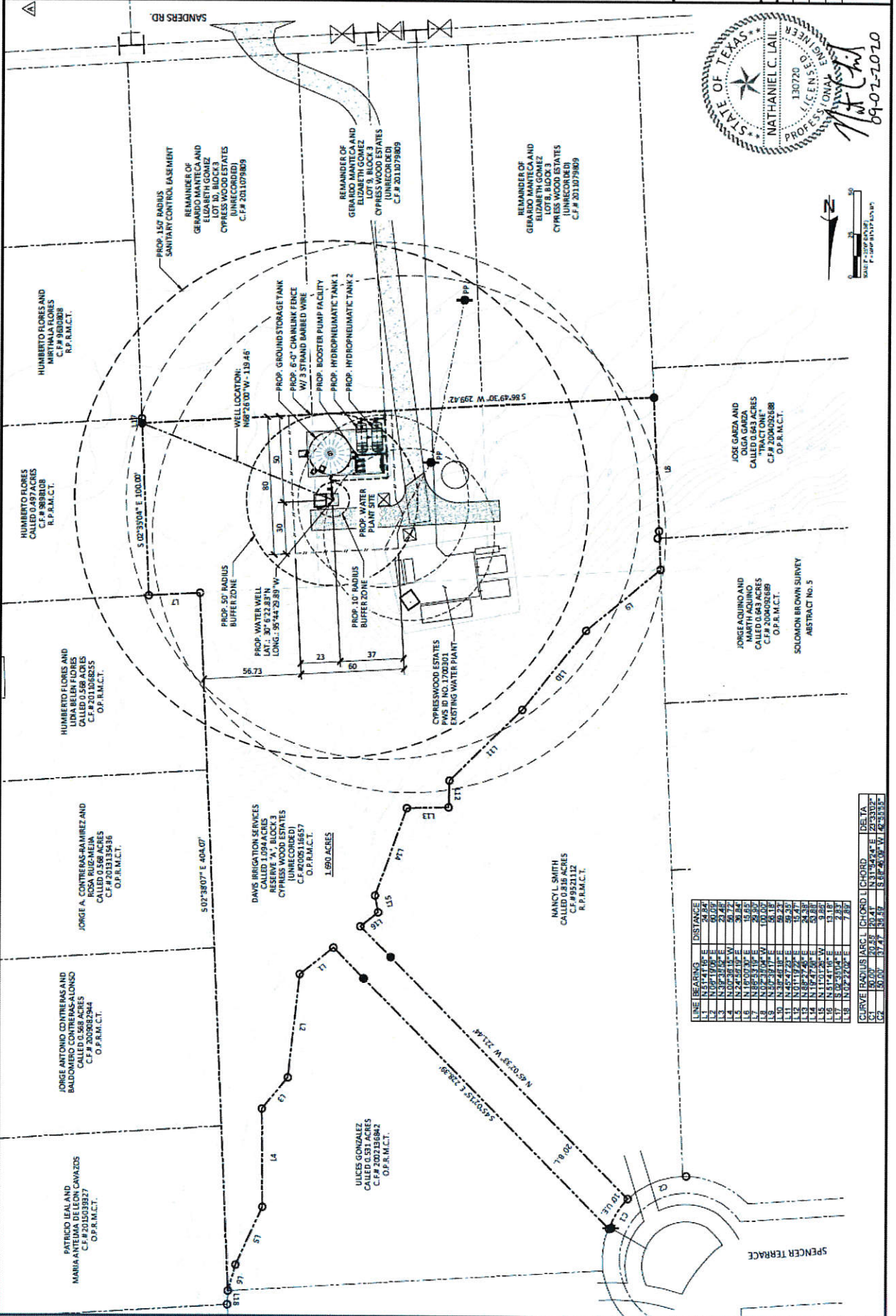
REVISION	DATE	DESCRIPTION

Water & Wastewater Treatment Consultants
Water Engineers, Inc.
 9500 W. 19th Street, Suite 100
 Cypress, Texas 77433
 Tel: 281-373-1133
 Fax: 281-373-1133

CYPRESSWOOD SUBDIVISION
WATER SYSTEM
 2014 SANDERS ROAD
 MAGNOLIA, TEXAS 77555

SHEET NAME: _____
 SITE PLAN

DRAWN BY: JWJ
 CHECKED BY: DRY
 P.L. No.: 6035-20120
 DATE: 9/2/2020
 SHEET No.: **03** OF **15**



LINE	BEARING	DISTANCE
L1	N 81° 14' 16\"	24.24
L2	S 89° 07' 51\"	50.00
L3	N 00° 17' 00\"	60.72
L4	N 00° 20' 15\"	59.84
L5	S 74° 55' 19\"	59.84
L6	N 10° 03' 19\"	30.00
L7	N 10° 27' 04\"	100.00
L8	N 59° 33' 17\"	58.18
L9	N 45° 47' 20\"	59.33
L10	N 01° 11' 22\"	54.47
L11	N 89° 24' 26\"	24.38
L12	N 11° 01' 28\"	3.82
L13	N 81° 14' 05\"	51.18
L14	S 89° 33' 04\"	23.37
L15	N 02° 22' 06\"	7.81

CURVE	RADIUS	ARC L	CHORD	DELTA
C1	50.00	10.55	20.47	113.24°
C2	50.00	10.55	20.47	113.24°

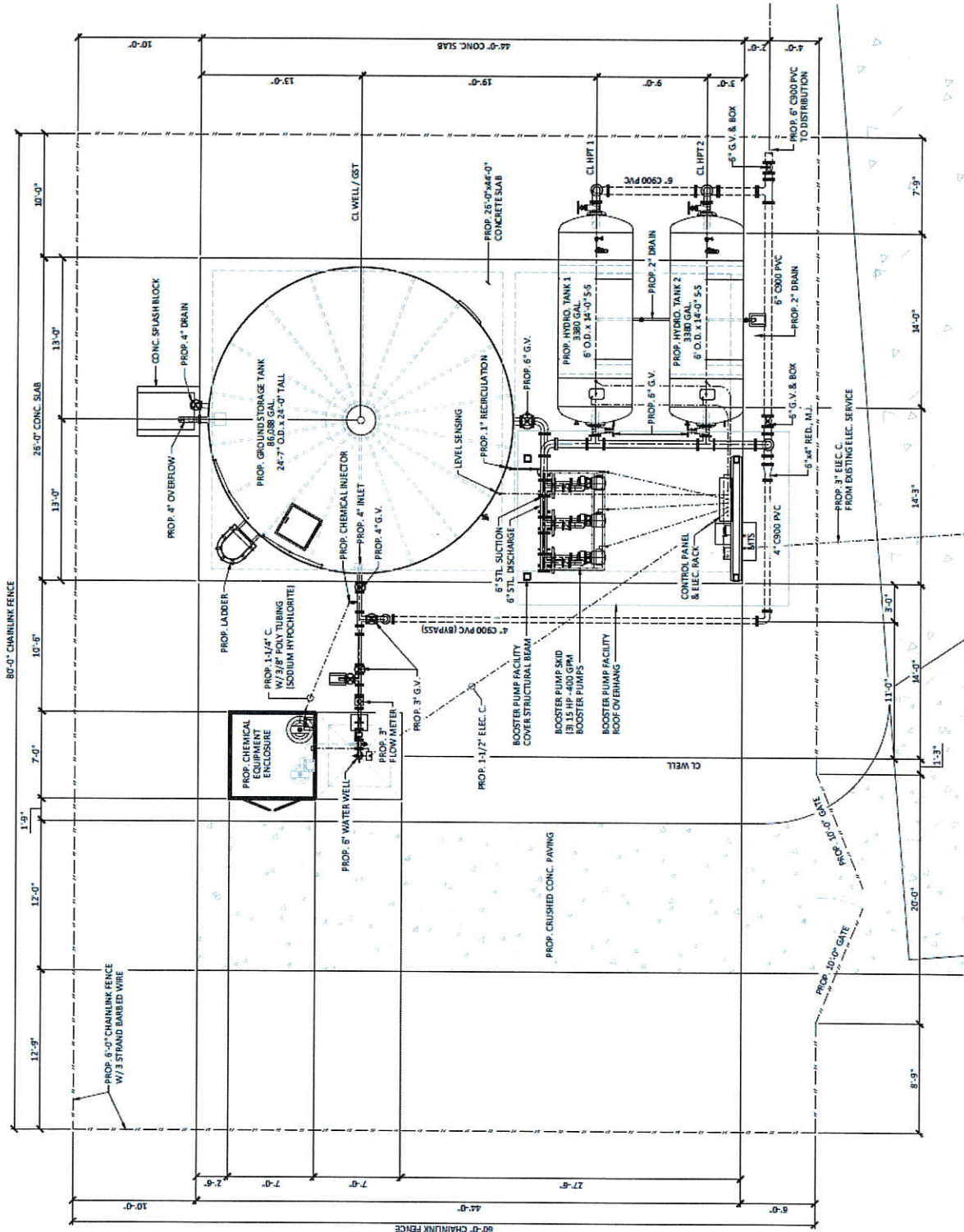
REVISION	DATE	DESCRIPTION

Water & Wastewater Treatment Consultants
 WATERENGINEERS, INC.
 TEXAS BOARD OF PROFESSIONAL ENGINEERS EXAM NO. 2066
 17200 HUNTERTON ROAD
 CRESSKOP, TEXAS 77435
 TEL: 281-371-0500
 FAX: 281-913-1115

**CYPRESSWOOD SUBDIVISION
 WATER SYSTEM**
 2014 SANDERS ROAD
 MAGNOLIA, TEXAS 77555

SHEET NAME:
**WATER PLANT
 PLAN**

DRAWN BY: JLW
 CHECKED BY: DRY
 PRL No.: 6035-20120
 DATE: 9/2/2020
 SHEET No.: **04 OF 15**



SECTION 4



Control Number: 50303



Item Number: 1

Addendum StartPage: 0

DOCKET NO. **1 50303**

2019 DEC -2 PM 4:10

REQUEST FOR AN EMERGENCY §
ORDER APPOINTING A §
TEMPORARY MANAGER TO DREW §
T. SPENCER D/B/A CYPRESSWOOD §
ESTATES WATER SYSTEM §
WITHOUT A HEARING §

PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S REQUEST FOR AN EMERGENCY ORDER APPOINTING A
TEMPORARY MANAGER TO DREW T. SPENCER D/B/A CYPRESSWOOD ESTATES
WATER SYSTEM WITHOUT A HEARING**

NOW COMES the Staff of the Public Utility Commission of Texas (Commission) and files this Request for an Emergency Order Appointing a Temporary Manager (Request) to Drew T. Spencer d/b/a Cypresswood Estates Water System (Cypresswood).¹

I. INTRODUCTION

For the reasons discussed below, Commission Staff requests that the Executive Director of the Commission issue an emergency order appointing a person to temporarily manage and operate the utility. The Executive Director should issue this emergency order and fix a time for a hearing that is as soon after the issuance of the emergency order as practicable.

In support of this Request, the Commission Staff respectfully shows the following:

II. JURISDICTION AND LEGAL AUTHORITY

Under Texas Water Code (TWC) § 13.4132 and 16 Texas Administrative Code (TAC) §§ 24.355 and 24.357, the Commission may authorize a willing person to temporarily manage and operate a utility if the utility has abandoned operations. TWC § 13.412(f) and 16 TAC § 24.355(c) enumerate actions that constitute "abandonment," including but not limited to, "failure to pay a bill or obligation to a retail public utility or to an electric or gas utility with the result that the utility

¹ The area served by the utility is located in Montgomery County and includes approximately 256 acres and 150 connections. *Application of Drew T. Spencer d/b/a Cypresswood Estates Water System and South Coast Utilities, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery County*, Docket No. 49464 (pending).

1

! 20303

service provider has issued a notice of discontinuance of necessary services.”^{2,3} Another action constituting “abandonment” under the Commission rules is a utility’s “failure to adequately maintain facilities or provide sufficient facilities resulting in potential health hazards, extended outages, or repeated service interruptions.”⁴ A temporary manager appointed under TWC § 13.4132 and 16 TAC §§ 24.355 and 24.357 has the powers and duties necessary to ensure the continued operation of the utility and the provision of continuous and adequate services to customers.

16 TAC § 24.357 outlines the duties of the temporary manager.⁵ The Commission rule also requires the temporary manager to post financial assurance with the Commission, unless the executive director asks for a waiver of the financial assurance or requests substitution of another means of collateral.⁶ Within 60 days of appointment, a temporary manager shall make and return to the Commission an inventory of all property received.⁷ Compensation for the temporary manager comes from the utility revenues and will be set by the Commission at the time of appointment.⁸ The temporary manager shall collect the assets and carry on the business of the utility and shall use the revenues and assets of the utility in the best interest of the customers to ensure that continuous and adequate service is provided.⁹ The temporary manager is required to report to the Commission on a monthly basis the following items: an income statement for the reporting period; a summary of improvements, repairs, number of connections added, and the amount of water produced and treated; and any other information required by the Commission.¹⁰

TWC § 13.4132(b) gives the Commission the authority to appoint a temporary manager by emergency order.¹¹ 16 TAC § 22.299(d) describes the procedures for an emergency order and states that an emergency order to appoint a temporary manager may be issued with or without a

² 16 TAC § 24.355(c)(1).

³ Commission Staff notes that “electric or gas utility” is not defined in the Texas Water Code, and absent a direct reference to the more limited definition contained within PURA, Commission Staff interprets “electric or gas utility” in line with the Texas Code Construction Act, particularly Tex. Gov’t Code § 311.011, which states that terms should be “construed according to the rules of grammar and common usage.” Commission Staff believes that, for the purpose of interpreting TWC § 13.412(f)(1) and 16 TAC § 24.355(c)(1), the common usage of “electric or gas utility” would include retail electric providers.

⁴ 16 TAC § 24.355(c)(3).

⁵ 16 TAC § 24.355(b).

⁶ 16 TAC § 24.357(c).

⁷ 16 TAC § 24.357(e).

⁸ 16 TAC § 24.357(f).

⁹ 16 TAC § 24.357(g).

¹⁰ 16 TAC § 24.357(h).

¹¹ See also 16 TAC § 24.357(a).

hearing, so long as the Commission or Executive Director fixes a place and time for a hearing that is "as soon as practicable after the order is issued."¹² The hearing may be held before the Commission or the State Office of Administrative Hearings.¹³ Notice of the Commission's action is adequate if the notice is delivered by registered or certified mail, return receipt requested, or hand-delivered, to the last known address of the utility's headquarters.¹⁴

An application for emergency order under 16 TAC § 22.295(c) must state whether the requesting person is also seeking or has obtained an emergency order from the Texas Commission on Environmental Quality (TCEQ).¹⁵ It must also "state the name, address, and telephone number of the requesting person, the person submitting the request on the requesting person's behalf, and the person signing the request on the requesting person's behalf";¹⁶ and state the name of the retail public utility, its corresponding certificate of public convenience and necessity number, and its corresponding TCEQ-issued public water system name and identification number.¹⁷ The application must also contain information sufficient to identify the facility and location to be affected by the order;¹⁸ describe the conditions of the emergency that justify the issuance of the order;¹⁹ allege facts supporting any findings required to appoint a temporary manager;²⁰ estimate the dates on which the proposed order should begin and end;²¹ describe the action sought and the activity proposed to be allowed, mandated, or prohibited;²² and estimate the dates on which the action sought and activity proposed to be allowed, mandated, or prohibited should begin and end.²³

An emergency order issued under 16 TAC § 22.298 also requires specific content. The emergency order must contain the following: a description of the condition justifying the issuance of the order;²⁴ any finding of fact required under this subchapter;²⁵ a statement of the term of the

¹² See also TWC § 13.451.

¹³ 16 TAC § 22.299(d).

¹⁴ 16 TAC § 22.293(c).

¹⁵ 16 TAC § 22.295(b)(2).

¹⁶ 16 TAC § 22.295(b)(3).

¹⁷ 16 TAC § 22.295(b)(4).

¹⁸ 16 TAC § 22.295(b)(5).

¹⁹ 16 TAC § 22.295(b)(6).

²⁰ 16 TAC § 22.295(b)(7).

²¹ 16 TAC § 22.295(b)(8).

²² 16 TAC § 22.295(b)(9).

²³ 16 TAC § 22.295(b)(8).

²⁴ 16 TAC § 22.298(2).

²⁵ 16 TAC § 22.298(3).

order, including the dates on which it shall begin and end,²⁶ and a description of the action sought.²⁷ If the order is issued without a hearing, the order should contain a statement to that effect and the procedure by which a person waives a right to a hearing.²⁸ Pursuant to TWC § 13.455 and 16 TAC § 24.14(f), an emergency order is limited to a term of 180 days.

III. FACTUAL ALLEGATIONS

On March 22, 1991, the TCEQ granted CCN No. 12498 to Drew T. Spencer d/b/a Cypresswood Estates Water System. Cypresswood was owned and operated by Drew T. Spencer until his death in 2005. Per his probated will, Mr. Spencer deeded all the property of Cypresswood to his wife, Mary M. Spencer. Mary M. Spencer sold Cypresswood Estates Water System to Davis Irrigation Services on May 24, 2006. On April 18, 2019, William Davis, on behalf of Cypresswood Estates, and South Coast Utilities, LLC (South Coast) filed an application for sale, transfer, or merger of facilities and certificate rights in Montgomery County, Texas (STM application). Specifically, South Coast seeks approval to acquire facilities and to transfer all of Cypresswood's water service area under Certificate of Convenience and Necessity (CCN) No. 12498. The requested area includes one public water system (PWS) that is approximately 256 acres and 150 connections.²⁹

Harrison Williams is the president and owner of South Coast.

Commission Staff has identified potential issues related to the ownership of Cypresswood's water facilities and its water CCN. While Commission Staff works with the parties to resolve these ownership issues, the STM application is on hold.

On the evening of November 18, 2019, an electrical fire resulted in a temporary service interruption to Cypresswood's customers. Several complaints related to the service interruption were filed with the Commission.³⁰ The consumer complaints allege repeated service interruptions.

Cypresswood receives electricity from Reliant Energy Retail Holdings, LLC (Reliant). Cypresswood is behind in paying its electric bills to Reliant. On October 31, 2019, Reliant sent

²⁶ 16 TAC § 22.298(4).

²⁷ 16 TAC § 22.298(5).

²⁸ 16 TAC § 22.298(6).

²⁹ TCEQ uses the term public water system (PWS) to describe facilities used for providing potable water service to "at least 15 service connections or serve at least 25 individuals at least 60 days out of the year." 30 TAC § 290.38(66)(Tex. Comm'n Envtl. Quality). A CCN may be comprised of a single or multiple PWSs.

³⁰ *Emergency Complaints of Cypresswood Estates Consumers for Interruptions*, Nos. CP2019110544, CP2019110517, CP2019110523, CP2019110542 (Nov. 19, 2019).

Cypresswood a past due notice, notifying it that the electricity service is subject to disconnection after November 11, 2019, for the past due amount of \$1,042.19.³¹

Commission Staff has not obtained, nor is it seeking, an emergency order from TCEQ.

IV. RECOMMENDATION FOR APPOINTMENT OF A TEMPORARY MANAGER

Commission Staff recommends that the Commission appoint a temporary manager for Cypresswood through an emergency order because the utility has abandoned the operation of its facilities under 16 TAC § 24.355(c)(1) and 24.355(c)(3). The parties have not yet resolved Cypresswood's ownership issues, which is causing a delay in processing the STM application. The November 18, 2019, electrical fire caused a temporary service interruption, which resulted in several complaints against the utility. The complaints allege that there have been repeated service interruptions. Further, Cypresswood has failed to pay its electric bill to Reliant. As a result, Reliant issued a notice of discontinuance of necessary services to Cypresswood.

Commission Staff further recommends that the Commission appoint Harrison Williams as temporary manager for Cypresswood. Mr. Williams is the President and owner of the prospective buyer, South Coast Utilities, LLC. Mr. Williams also owns Flow-Tech Utility, LLC (Flow-Tech), which currently operates over 40 systems in the area.³² Mr. Williams currently holds a Ground Water Treatment Operator B license (License No. WG0014737), set to expire on November 22, 2022. Flow-Tech is a registered Water Operations Company (Registration No. WC0000206). Its registration is set to expire on October 17, 2022. Mr. Williams has expressed a desire to serve as temporary manager and operate Cypresswood such that its customers can regain continuous and adequate service.

An emergency order appointing a temporary manager should begin immediately and should be in effect for 180 days beginning on December 2, 2019, and ending on May 30, 2020, or when Cypresswood and South Coast's application for sale, transfer, or merger of facilities and certificate rights is approved, whichever occurs first. The emergency order should include in its terms a requirement for the temporary manager to maintain his operator license and to comply with TCEQ rules. A draft proposed emergency order identifying a temporary manager and the terms of the appointment is included in this Request.

³¹ Drew Spencer's October 2019 Disconnection Notice from Reliant (October 31, 2019).

³² *Application of Drew T. Spencer d/b/a Cypresswood Estates Water System and South Coast Utilities, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery County*, Docket No. 49464 (pending).

Under 16 TAC § 24.357, the temporary manager is required to post financial assurance with the Commission, unless the executive director asks for a waiver of the financial assurance or requests substitution of another means of collateral. The cost of operating the utility and the water system often exceeds the revenues collected. Additionally, Commission Staff understands that TCEQ routinely waived this financial assurance requirement. Commission Staff requests that the Executive Director seek a waiver of the financial assurance requirement.

V. SUBSEQUENT HEARING

Under 16 TAC § 22.297(d)(1), an emergency order issued without a hearing is not subject to the requirements of the Administrative Procedure Act (APA).³³ If an emergency order is issued without a hearing, “the commission or executive director shall set a time and place for a hearing to be held before the commission or SOAH to affirm, modify, or set aside the order as soon as practicable after the order is issued.”³⁴ The hearing held to affirm, modify, or set aside an emergency order is subject to the APA.³⁵ Pursuant to 16 TAC § 22.297(d)(2), Commission Staff will provide notice of the opportunity to participate in an evidentiary hearing to affirm, modify, or set aside the emergency order issued by the Commission no later than the tenth day before the date of the hearing. The notice will also include information on how an affected person may waive the right to a hearing.³⁶

Commission Staff will provide a copy of this request by certified mail, return receipt requested, to the last known addresses of Cypresswood in the Commission’s records:

Cypresswood’s Last Known Address in Commission Records:

Drew T. Spencer d/b/a Cypresswood Estates Water System
P O. Box 2302
Conroe, TX 77305
William Davis
36515 Cochran Road
Waller, TX 77484-5615

Also via email: WBD77@yahoo.com

³³ Administrative Procedure Act, Tex. Gov’t Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2017) (APA).

³⁴ 16 TAC § 22.299(d)(2).

³⁵ 16 TAC § 22.299(b).

³⁶ 16 TAC § 22.297(d)(2)(B).

Commission Staff will also provide a copy of this request by certified mail, return receipt requested, to Harrison Williams:

Harrison Williams
South Coast Utilities, LLC
P.O. Box 690521
Houston, TX 77269

Also via email: harrison.ftu@gmail.com

cc: Helen Gilbert
Gilbert Wilburn PLLC
7000 North MoPac Expwy., Suite 200
Austin, Texas 78731

Also via email: hgilbert@gwtxlaw.com

WHEREFORE, PREMISES CONSIDERED, Commission Staff respectfully requests that the Commission grant Commission Staff's request to issue an order appointing a temporary manager.

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney



Richard Nemer
State Bar No. 24042829
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7348
(512) 936-7268 (facsimile)
richard.nemer@puc.texas.gov

CERTIFICATE OF SERVICE

I certify that on December 2, 2019, a copy of this document was sent certified mail, return receipt requested, to the last known address of the headquarters of Cypresswood in the Commission's records and to South Coast Utilities, LLC:

Cypresswood's Last Known Address in Commission Records:

Drew T. Spencer d/b/a Cypresswood Estates Water System
P O. Box 2302
Conroe, TX 77305

cc: William Davis
36515 Cochran Road
Waller, TX 77484-5615

Addresses for Harrison Williams:

Harrison Williams
South Coast Utilities, LLC
P.O. Box 690521
Houston, TX 77269

cc: Helen Gilbert
Gilbert Wilburn PLLC
7000 North MoPac Expwy., Suite 200
Austin, Texas 78731



Richard Nemer



Control Number: 51113



Item Number: 7

Addendum StartPage: 0



DOCKET NO. 51113

COMMISSION STAFF'S PETITION	§	PUBLIC UTILITY COMMISSION
FOR AN ORDER APPOINTING A	§	
TEMPORARY MANAGER TO DREW	§	OF TEXAS
T. SPENCER DBA CYPRESSWOOD	§	
ESTATES WATER SYSTEM	§	

ORDER APPOINTING A TEMPORARY MANAGER

This Order addresses Commission Staff's petition to appoint Harrison Williams as temporary manager for Drew T. Spencer dba Cypresswood Estates Water System. The Commission appoints Harrison Williams as temporary manager for Cypresswood Estates to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Utility

1. Cypresswood Estates owns or operates for compensation facilities and equipment for the transmission, storage, distribution, sale, or provision of potable water service to the public in Montgomery County, Texas.
2. Cypresswood Estates provides potable water service for compensation to approximately 150 connections in two geographically separate tracts under certificate of convenience and necessity (CCN) number 12498.
3. The first tract is located approximately five miles south of downtown Magnolia, Texas, and is generally bounded on the east by Turtle Creek and on the south by Spring Creek. The second tract is located approximately three miles west of downtown Conroe, Texas on FM 2854, and is generally bounded on the north and west by the West Fork San Jacinto River.
4. The Texas Water Commission issued CCN number 12498 to Drew T. Spencer on April 2, 1991.

Abandonment

5. On the evening of November 18, 2019, an electrical fire resulted in a temporary service interruption to the customers of Cypresswood Estates.
6. The Commission received four complaints related to the service interruption on November 19, 2020. These complaints alleged repeated service interruptions.

History of Temporary Management

7. On December 2, 2019, Commission Staff filed a request for the executive director of the Commission to issue an emergency order appointing Harrison Williams to temporarily manage and operate Cypresswood Estates.
8. Commission Staff recommended that the Commission appoint Mr. Williams as temporary manager for Cypresswood Estates because the utility abandoned the operation of its facilities under 16 Texas Administrative Code (TAC) § 24.355(c)(1) and (3).
9. On December 2, 2019, the executive director of the Commission signed an emergency order appointing Mr. Williams as temporary manager for Cypresswood Estates, without a hearing, for a 180-day term beginning on December 2, 2019 and ending on May 30, 2020, or until the date the Commission approved a sale, transfer, merger application between Cypresswood Estates and another utility.
10. Commission Staff did not obtain, nor did it seek, an emergency order from the Texas Commission on Environmental Quality (TCEQ).
11. On January 3, 2020, Mr. Williams filed an application for temporary rates for Cypresswood Estates in Docket No. 50407.¹
12. On February 4, 2020, the Commission filed an order affirming and modifying the emergency order.

¹ *Application of Harrison Williams for Temporary Rates for Services Provided to a Nonfunctioning Utility, Docket No. 50407 (pending).*

13. On February 12, 2020, SP Utility Company, Inc., owned and operated by Mr. Williams, filed an application to amend its CCN and for dual certification with Cypresswood Estates in Docket No. 50543.²

Petition for Temporary Management

14. On July 30, 2020, Commission Staff filed a petition for an order to appoint Mr. Williams as temporary manager for Cypresswood Estates to begin on May 30, 2020—or in the alternative, immediately—and to remain in effect until the Commission discharges the temporary manager from his responsibilities or an appropriate court takes a superseding action on the appointment of a receiver at the request of the Office of the Attorney General, whichever occurs first.
15. Commission Staff recommended the Commission appoint Mr. Williams as temporary manager of Cypresswood Estates because the utility abandoned operations due to a failure to adequately maintain facilities resulting in potential health hazards, extended outages, or repeated service interruptions.
16. Mr. Williams is the owner of SP Utility Company, Inc., an investor-owned utility holding CCN number 12978, that provides potable water service through one public water system in Brazoria County.
17. Commission Staff stated that Mr. Williams has been serving as temporary manager of Cypresswood Estates since December 2, 2019 and has indicated that he is willing to continue serving as temporary manager for the utility.
18. Commission Staff requested that Mr. Williams be compensated \$8.00 per connection per month.

Notice

19. On July 30, 2020, Commission Staff sent a copy of the petition to Drew T. Spencer dba Cypresswood Estates Water System by certified mail to the last known address of its headquarters in the Commission's records.

² *Application of SP Utility Company, Inc. to Amend its Certificate of Convenience and Necessity and for Dual Certification with Drew T. Spencer dba Cypresswood Estates in Montgomery County, Docket No. 50543 (pending).*

20. On August 5, 2020, the Commission administrative law judge (ALJ) filed Order No. 1, setting a hearing on the merits at the Commission's open meeting scheduled for September 10, 2020 to address Commission Staff's petition to appoint Mr. Williams as temporary manager for Cypresswood Estates.
21. In Order No. 1, the Commission ALJ also instructed Commission Staff to file and serve upon Drew T. Spencer dba Cypresswood Estates Water System a notice of hearing that complies with the requirements of Texas Government Code §§ 2001.051 and 2001.052.
22. On August 21, 2020, Commission Staff filed and served upon Cypresswood Estates Water System a notice of hearing that complies with the requirements of Texas Government Code §§ 2001.051 and 2001.052.

Evidentiary Record

23. At the September 10, 2020 prehearing conference, the Commission ALJ admitted into evidence the affidavit of Francisco Castellanos, a central records clerk, with attachments (including Commission Staff's request for an order appointing a temporary manager to Cypresswood Estates) and the direct testimony of Patricia Garcia, an engineering specialist in the Commission's infrastructure division, with attachments.

Hearing

24. On September 10, 2020, the Commission held a hearing to address Commission Staff's petition to appoint Harrison Williams as temporary manager for Cypresswood Estates.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over this matter under TWC §§ 13.412 and 13.4132 and 16 TAC §§ 24.355 and 24.357.
2. Cypresswood Estates is a water utility as defined under TWC § 13.002(23) and 16 TAC § 24.3(39).
3. Under TWC § 13.4132(a)(1) and 16 TAC § 24.355(a)(1), the Commission may, after providing the utility notice and an opportunity to be heard by the commissioners at a Commission meeting, authorize a willing person to temporarily manage and operate a utility if the utility has discontinued or abandoned operations or the provision of services.

4. Cypresswood Estates abandoned operations under TWC § 13.412(f)(3) and 16 TAC § 24.355(c)(3) by failing to adequately maintain facilities, resulting in potential health hazards or repeated service interruptions.
5. Under 16 TAC § 24.357(f), the compensation for the temporary manager must come from utility revenues and it will be set by the Commission at the time of appointment.
6. A temporary manager has all the powers and duties necessary to ensure the continued operation of the utility and the provision of continuous and adequate service to customers, including, but not limited to, reading meters, billing for utility service, collecting revenues, disbursing funds, accessing all system components, requesting rate increases, and performing other acts necessary to assure continuous and adequate utility service by the Commission under TWC § 13.4132(c) and 16 TAC § 24.357(b).
7. The Commission provided Cypresswood Estates with notice and an opportunity to be heard by the commissioners at an open meeting of the Commission in accordance with TWC § 13.4132(a).
8. The Commission processed this docket in accordance with applicable statutes and Commission rules.

III. Ordering Paragraphs

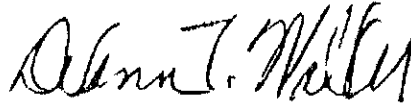
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission appoints Harrison Williams as temporary manager for Cypresswood Estates. Mr. Williams' appointment as temporary manager will begin on the date this Order is signed and will continue until the Commission orders otherwise.
2. Cypresswood Estates and Mr. Williams must comply with the terms of this Order.
3. If Mr. Williams wishes to end his temporary manager appointment for Cypresswood Estates, he must file a request at least 60 days before the date he requests his appointment to end.

4. Mr. Williams must exercise all the powers and duties available to him necessary to ensure the continued operations of the utility and the provision of continuous and adequate service to its customers.
5. As temporary manager, Mr. Williams must comply with all the requirements of TWC § 13.4132(c) and 16 TAC § 24.357(b).
6. Mr. Williams must file an inventory of all property received within 60 days of appointment as required under 16 TAC § 24.357(e). This inventory must be filed in Docket No. 51253, *Compliance Filing for Docket No. 51113 (Commission Staff's Petition for an Order Appointing a Temporary Manager to Drew T. Spencer dba Cypresswood Estates Water System)*.
7. During his tenure as temporary manager, Mr. Williams must provide to the Commission monthly by the last day of the following month the following documentation relating to the previous month: (a) a summary of monthly operations including revenues and expenses, with a detailed list of actual expenses incurred, including manager's fees, repairs, chlorine, billing, operator costs, electricity, laboratory fees, and sampling costs; (b) a summary of utility activities, including improvements or major repairs; (c) the number of connections added; (d) the amount of water produced or treated; and (e) a signed statement that a copy of the same information has been provided to TCEQ. The filings must be made in Docket No. 51253, *Compliance Filing for Docket No. 51113 (Commission Staff's Petition for an Order Appointing a Temporary Manager to Drew T. Spencer dba Cypresswood Estates Water System)*.
8. Mr. Williams must comply with all applicable requirements of the Texas Water Code as well as Commission and TCEQ rules.
9. Mr. Williams is not required to post financial assurance.
10. Mr. Williams must be compensated for his role as temporary manager for Cypresswood Estates in the amount of \$8.00 per connection per month.
11. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 16th day of September 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER



SHELLY BOTKIN, COMMISSIONER



Control Number: 51113



Item Number: 6

Addendum StartPage: 0

Public Utility Commission of Texas

Commissioner Memorandum

20 SEP -9 PM 12:16

TO: Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin

FROM: Chairman DeAnn T. Walker *DTW*

DATE: September 9, 2020

RE: September 10, 2020 Open Meeting – Item No. 19
Docket No. 51113 – *Commission Staff's Petition for an Order Appointing a Temporary Manager to Drew T. Spencer dba Cypresswood Estates Water System*

Before the Commission is a petition filed by Commission Staff to appoint a temporary manager for Drew T. Spencer dba Cypresswood Estates Water System under Texas Water Code § 13.4132 and 16 Texas Administrative Code (TAC) §§ 24.355 and 24.357.

The Commission may authorize a willing person to temporarily manage and operate a utility if the utility has discontinued or abandoned operations or the provision of services.¹ For the reasons detailed in Commission Staff's petition, I recommend that the Commission determine that Cypresswood Estates abandoned operations of the utility and that the Commission appoint Harrison Williams as temporary manager for Cypresswood Estates. I further recommend that Mr. Williams be appointed as temporary manager effective the date the order in this docket is signed by the Commission and continuing until the Commission orders otherwise.

Additionally, I recommend that the Commission set the temporary manager compensation for Mr. Williams at \$8.00 per connection per month as recommended by Commission Staff and in accordance with 16 TAC § 24.357(f).

I look forward to discussing this matter with you at the open meeting.

¹ Texas Water Code § 13.4132.

SECTION 5

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



PWS_1700918_CO_20210331_Plan Ltr

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

March 31, 2021

REVISED

Mr. Nathaniel C. Lail, P.E.
Water Engineers, Inc.
17230 Huffmeister Road, Ste. A
Cypress, TX 77429

Re: **Cypresswood Subdivision WS - Public Water System (PWS) ID No. 1700918**
Proposed Water Plant
Engineer Contact Telephone: (281) 373-0500
Plan Review Log No. P-09042020-032R
Montgomery County, Texas

CN602478257; RN111212619

Dear Mr. Lail:

On September 4, 2020, the Texas Commission of Environmental Quality (TCEQ) received planning material for the proposed water plant. Based on our review, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 – Rules and Regulations for Public Water Systems and is **conditionally approved for construction** if the project plans and specifications meet the following requirement(s):

- The well location shall comply with Chapter 290.41(c)(1)(A-F) of the Rules with regard to separation distances from pollution hazards and the provision of a recorded sanitary control easement, deed or TCEQ approved exception to same.
- Certificate of Convenience and Necessity (CCN) required by SP Utility prior to charging for service.
- Corrosive indices will be used to calculate corrosivity of the water from new source(s). Corrosive or aggressive water could result in aesthetic problems, increased levels of toxic metals, and deterioration of household plumbing and fixtures. **If the water appears to be corrosive**, the system will be required to conduct a study and submit an engineering report that addresses corrosivity issues or may choose to install corrosion control treatment **before use may be granted**. All changes in treatment require submittal of plans and specifications for approval by TCEQ.

Texas Water Code Section 36.0015 allows for the creation of groundwater conservation districts (GCDs) as the preferred method of groundwater management. GCDs manage groundwater in many counties and are authorized to regulate production and spacing of water wells. **Public water systems drilling wells within an existing GCD are responsible for meeting the GCD's requirements.** The authorization provided in this letter does not affect GCD authority to manage groundwater or issue permits.

The design engineer or water system representative is required to notify the Plan Review Team in writing by fax at (512) 239-6972 or by emailing john.lock@tceq.texas.gov and cc: vera.poe@tceq.texas.gov at least 48 hours before the well casing pressure cementing begins. If pressure cementing is to begin on Monday, then they must give notification on the preceding Thursday. If pressure cementing is to begin on Tuesday, then they must give notification on the preceding Friday.

The TCEQ does not approve this well for use as a public water supply at this time. We have previously enclosed a copy of the "Public Well Completion Data Checklist (Step 2)".

The submittal consisted of engineering drawings, technical specifications and an engineering summary. **The proposed project consists of:**

- One (1) public water supply well drilled to 325 feet with 280 linear feet (lf) of 6.625-inch outside diameter (od) steel casing, pressure-cemented 280 lf; 40 lf of 4-inch id stainless steel screen; 20 lf of 4-inch id blank steel liner. The well is rated for 170 gallons per minute (gpm) yield with a 20 horsepower submersible pump. The design capacity of the pump is 170 gpm at 300 feet total dynamic head (tdh);
- One 86,000 gallon AWWA D103 bolted steel ground storage tank;
- Two 3,380 gallon ASME welded steel pressure tanks;
- Three 15 horsepower booster pumps rated at 419 gpm each at 125 feet tdh;
- Sodium hypochlorite disinfection;
- Intruder resistant fencing;
- 200 lf of 6-inch AWWA C900 DR18 PVC waterline.

This approval is for the construction of the above listed items only. Any wastewater components contained in this design were not considered. The authorization provided in this letter does not relieve a Public Water System from the need to comply with other applicable state and federal regulations.

The Cypresswood Estates public water system provides water treatment.

The project is located at 20414 Sanders Rd. in Montgomery County.

An appointed engineer must notify the TCEQ's Region 12 Office in Houston at (713) 767-3582 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Please refer to the Plan Review Team's Log No. P-09042020-032R in all correspondence for this project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ's website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

Mr. Nathaniel C. Lail, P.E.
Page 3
March 31, 2021

For future reference, you can review part of the Plan Review Team's database to see if we have received your project. This is available on TCEQ's website at the following address:

<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

You can download the latest revision of 30 TAC Chapter 290 - Rules and Regulations for Public Water Systems from this site.

If you have any questions, please contact John Lock at (512)239-4710 or by email at john.lock@tceq.texas.gov or by correspondence at the following address:

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

Sincerely,



John Lock, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality



Vera Poe, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/JL/av

cc: SP Utility, Inc. P.O. Box 690521, Houston, TX 77269

Mr. Nathaniel C. Lail, P.E.

Page 4

March 31, 2021

bcc: TCEQ Central Records PWS File **1700918** (P-09042020-032R/Cypresswood Subdivision)
TCEQ Region No. 12 Office - Houston
TCEQ PWSINV, MC-155

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 8, 2021

MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, held in person in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, and remotely via the publicly accessible webinar/telephone conference call within the boundaries of the District on June 8, 2021.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:32 PM, announcing that it was open to the public.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Jon Paul Bouché
Harry Hardman
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Janice Thigpen
Stuart Traylor

All members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

PUBLIC COMMENTS:

No public comments.

EXECUTIVE SESSION:

After a proper and legally sufficient announcement to the public by President Hardman, the Board of Directors recessed into a Closed Executive Session at 6:34 PM pursuant to Texas

Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, personnel matters (§551.074), or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, Chapter 551, Government Code.

RECONVENE IN OPEN SESSION:

Following Executive Session, the Board reconvened in Open Session and President Hardman declared it open to the public at 7:02 PM.

APPROVAL OF THE MINUTES:

President Hardman stated the Board would consider the meeting minutes as listed for approval on today's agenda. Without further discussion, upon a motion by Director Spigener to approve as amended and seconded by Director Traylor, the Board approved the meeting minutes as presented.

- a) May 11, 2021, Public Hearing on Permit Applications
- b) May 11, 2021, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. Budget & Finance Committee – Jim Spigener, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting- Director Spigener reported the committee met on May 25th and reviewed the 2021 Budget. The 2021 Budget is ready for board approval.
- 2) Review of unaudited financials for the month of May 2021 – Ms. Samantha Reiter reported that for the month of May 2021, income was \$227,374 and expenses were \$131,400 resulting in a net income of \$95,973. Year-to-date net income is \$658,221. Total cash on hand was \$2.8 million.
- 3) Receive audit presentation for fiscal year 2020 – Jon Watson, CPA, BrooksWatson & Co., PLLC presented the board with the 2020 Fiscal Year Budget. *A copy of PowerPoint audit presentation is attached hereto as Exhibit "B".*
- 4) Discuss, consider and possible action to approve the Budget Committee's recommendation of audit firm to serve as the District's auditor for the fiscal years of 2021-2022 - Director Spigener motioned to approve the audit firm and Director Prykryl seconded. Motion passed.
- 5) Discuss, consider, and possible action regarding approval of Resolution #21-004 adopting Amended FY 2021 Operating and Capital Outlay Budgets – Ms. Reiter discussed the different sections of the 2021 Operating

and Capital Budgets and reviewed changes made in the Budget Committee. Director Traylor made a motion to approve the 2021 Operating and Capital Outlay Budget, Director Bouche seconded. Motion passed. *A copy of this Resolution #21-004 is attached hereto as Exhibit "C".*

- 6) Discuss, consider, and possible action regarding approval of Resolution #21-005 adopting FY 2022 Operating and Capital Outlay Budgets – Samantha Stried Reiter- Ms. Reiter explained the 2022 FY Operating and Capital Outlay Budgets are synced with the amended 2021 budget. It will move forward with the Budget Committee overseeing it, with plans to meet towards the end of the year to review. An explanation of each line item is specifically for was given to the board. Director Rogers made a motion to approve the 2022 Operating and Capital Outlay Budget, Director Traylor seconded. Motion passed. *A copy of this Resolution #21-005 is attached hereto as Exhibit "D".*
- 7) Discuss, consider and possible action to approve Resolution #21-006 to authorize General Manager to sign closing documents to secure line of credit – Ms. Reiter stated the line of credit with the bank had been approved and an approval from the board was needed to complete authorization. The District's office building will be used as collateral for the loan, though at this time Ms. Reiter does not foresee the need to use the line of credit. Director Bouche made a motion to approve the General Manager to sign closing documents for the line of credit, Director Spigener seconded. Motion passed. *A copy of this Resolution #21-006 is attached hereto as Exhibit "E".*

B. Communications Committee – Harry Hardman, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting- President Hardman reviewed the month, highlighting the interview with the Courier. He stated the District is looking to become more interactive on social media and had met/developed a plan with Ms. Reiter and Ms. Jennifer Thayer. Ms. Reiter referenced Mach 1 and communication to plan ahead for the district's interaction on social media.

C. DFC & Technical Committee – Stuart Traylor, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – Ms. Reiter and Director Traylor let the board know that second round stakeholder meetings were being scheduled and planned to take place before the 90-day public comment period deadline on July 19th.

D. Legislative Committee – Harry Hardman, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting
– President Hardman apprised the board that a number of water bills were not passed during the Senate. He is hopeful to have an update at the next board meeting.

E. Rules, Bylaws & Policies Committee – Larry A. Rogers, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting
– Director Rogers reported that the committee has not met since May 5th and reminded the board that the next meeting is scheduled for November 1st.

RECEIVE INFORMATION FROM DISTRICT'S TECHNICAL CONSULTANTS REGARDING SUBSIDENCE STUDIES AND/OR DISCUSSION REGARDING THE SAME:

- a) Discussion, consideration, and possible action to approve Subsidence Study Phase 2 Scope of Work.

Mr. James Beach and Mr. Mike Keester informed the board that a memo had been put together for the meeting. Mr. Keester reviewed some of the questions and public comments that had been given at prior meetings regarding the District Subsidence Study. The GPS system that is being used to monitor during the study for data analysis is consistently being studied and reviewed to allow for the best possible science. Surface water and flooding have been brought up throughout discussions, and Mr. Keester reminded the public that neither are part of the Phase Two Study. The first task that will be focused on will be the Jasper Brackish Model Study that was previously done for the Harris-Galveston Subsidence District. In particular, the geo-technical parameters were applicable to Jasper compaction within Montgomery County.

Director Prykryl made a motion to approve Phase 2 Scope of Work of the Subsidence Study, Director Spigener seconded. Motion passed.

GROUNDWATER MANAGEMENT AREA 14 - UPDATE THE BOARD ON THE ISSUES RELATED TO JOINT PLANNING ACTIVITIES AND DEVELOPMENT OF DESIRED FUTURE CONDITIONS IN GMA 14:

Samantha Reiter reported that the GMA 14 has not met since April and set to meet in October. The 90-day public comment period will run till July 19th.

Ms. Reese reiterated how important public comment is during this period and reflected on the previous night's DFC hearing saying all comments will be reviewed and summarized to send back to GMA 14. She asked the public for comments in writing to assist with the process.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter announced all necessary information was available in the board's packet.

GENERAL COUNSEL'S REPORT:

Ms. Reese updated the board on the UIC protest, one of which has been resolved. The other is with Denbury application that she is hopeful will be resolved soon.

NEW BUSINESS:

No new business.

ADJOURN:

There being no further business, Director Traylor motioned to adjourn the meeting and Director Prykryl seconded. The meeting was adjourned at 8:04 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.



Larry Rogers, Board Secretary



655 Conroe Park North, Conroe, TX 77303
Ph: (936) 494-3436 Metro: (936) 441-3437
www.lonestarcolld.org

Speaker Request Form

Those wanting to comment or register support for or against a specific agenda item are asked to fill out the Speaker Request Form.

Date of Meeting: 12/3/21

Name: ANTHONY L. LILL

Address: 17230 HOFFMEYER RD

City: SPRESS State: TX Zip: 77429

Email: ANTHONY.L.LILL@GMAIL.COM

IF SPEAKING FOR AN ORGANIZATION:

Name of Organization WEBER-BUEHLERS, INC

Speaker's Official Capacity PROJECT ENGINEER

Agenda Item No.: _____

- FOR (if applicable)
- AGAINST (if applicable)

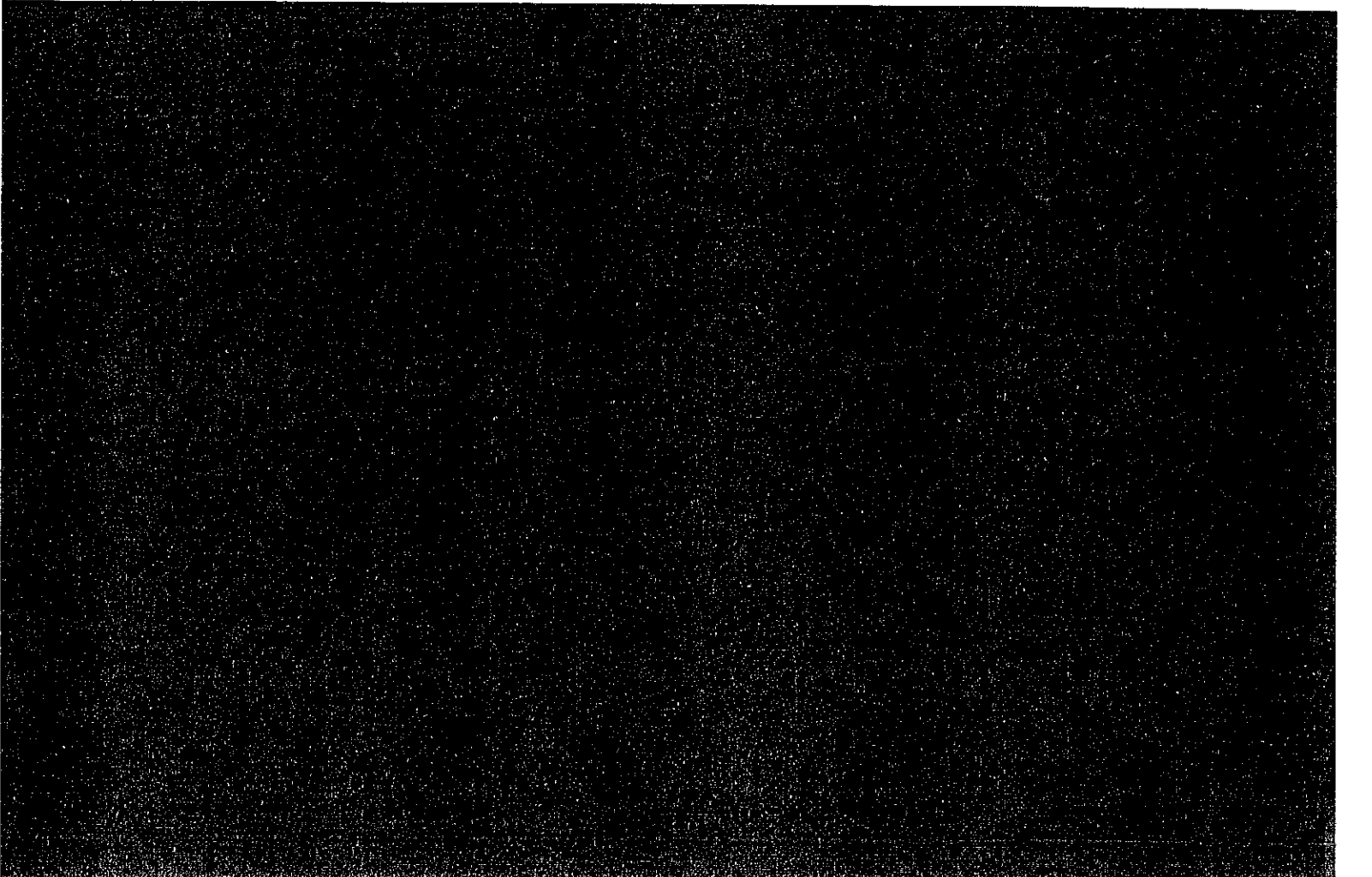
Registering Position, NOT Testifying _____

To speak on an item not listed on the agenda, please indicate area of interest:
2015 DATABASE

Please remember to step to the lectern as soon as you are recognized by the chair, state your name before beginning your presentation. If you have written notes you wish to present to the Board, PLEASE FURNISH AN EXTRA COPY FOR DISTRICT FILES.

Please see the back of this comment card for additional procedures, practices and notes followed and/or requested by the District when making public comment.

Thank you for your cooperation.



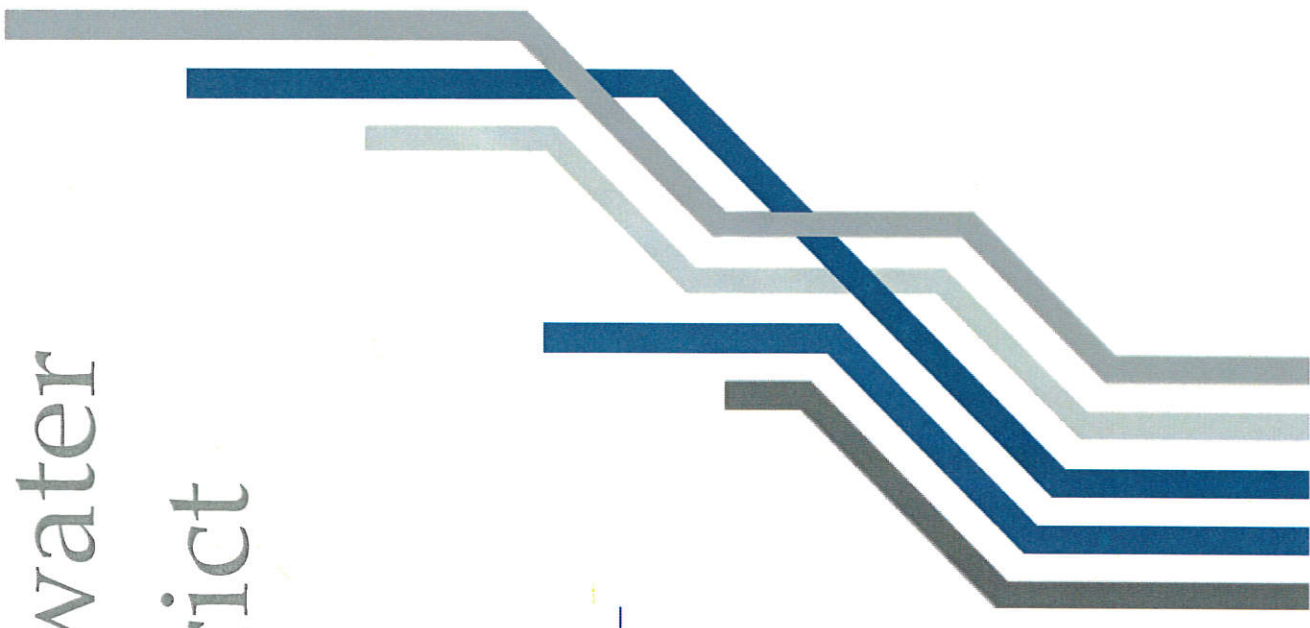
Lone Star Groundwater Conservation District

Audit Presentation December 31, 2020

Presented By: Louis Breedlove
June 8, 2021

BW&C

CERTIFIED PUBLIC ACCOUNTANTS



OVERVIEW OF THE AUDIT PROCESS

Audit Process: 3 stages (Planning, Fieldwork, Conclusion & Reporting)

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS)

➤ PLANNING

➤ The audit process was a risk-based approach in which we focused our procedures on those areas most susceptible to risk of error or fraud.

➤ FIELDWORK

➤ Agree balances to underlying reports, and perform testing to assure those balances are materially accurate.

➤ CONCLUSION & REPORTING

➤ Evaluate results. Prepare report and required communications.

COMPONENTS OF THE ANNUAL FINANCIAL REPORT

- ❖ Auditor’s Opinion
- ❖ Management’s Discussion and Analysis
- ❖ Basic Financial Statements
 - Financial Statements
 - Notes to the Financial Statement
- ❖ Other Supplementary Information
 - Budgetary Comparison Schedule
- ❖ Texas Supplementary Information
 - Information required by TCEQ

INDEPENDENT AUDITOR'S REPORT

REFERENCE AFR – PAGE 2

- ❖ Four possible outcomes



-Unmodified

-Modified

-Disclaimed

-Adverse

- ❖ The District received an unmodified opinion
- ❖ Highest level of assurance

BW&C

FINANCIAL HIGHLIGHTS

REFERENCE AFR – PAGES 15, 17, & 19

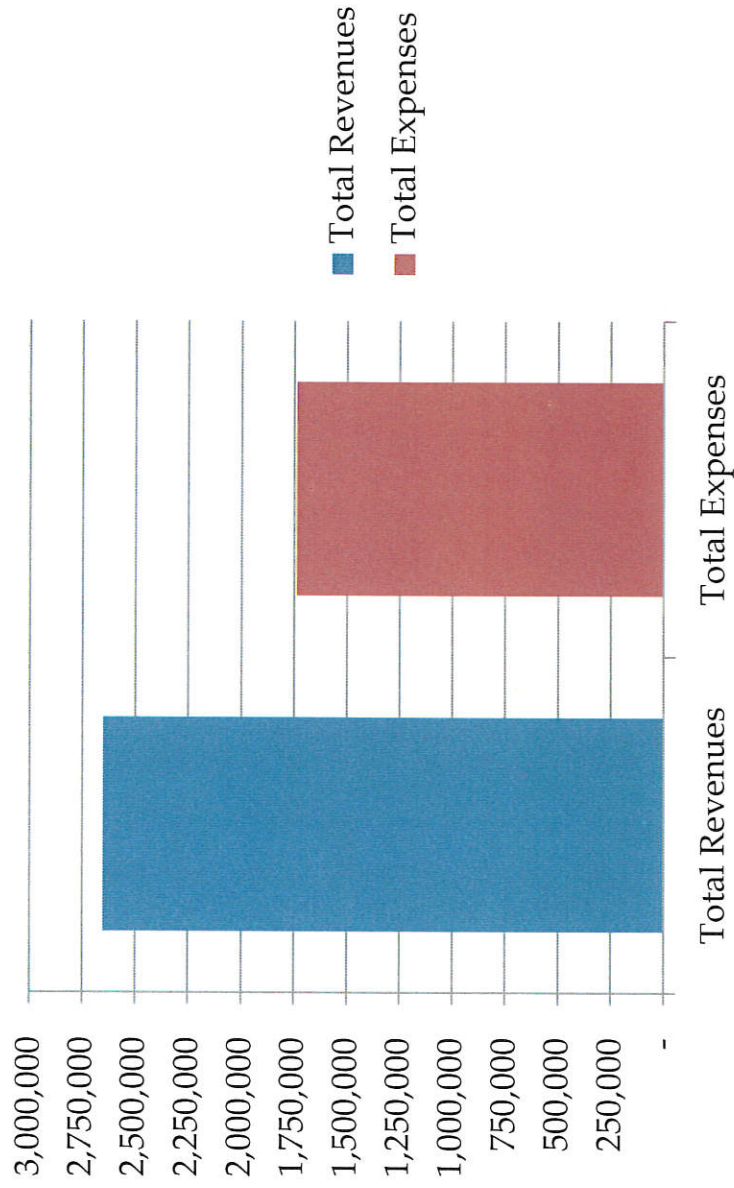
- ❖ Total assets exceeded total liabilities by \$3,256,624, an increase of \$915,274.
- ❖ Unrestricted net position was \$1,686,576, which was 97% of total expenses.
- ❖ Cash increased by \$909,364 during the year from \$1,253,902 to \$2,163,266.



District Revenues, Expenses, and Changes to Net Position

YEAR ENDING 12/31/20 - REFERENCE AFR PAGE 17

Operating Revenues/Expenses:



- ❖ Total Revenues were \$2,654,357
- ❖ Total Expenses were \$1,739,083
- ❖ Net excess was \$915,274



SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN NET POSITION (Budget & Actual)

YEAR ENDING 12/31/20 - REFERENCE AFR PAGES 32 & 33

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Total Revenues	\$ 2,247,154	2,654,357	\$ 407,203
<u>Expenses</u>			
Total Expenses	2,139,847	1,739,083	400,764
Revenues Over (Under)	107,307	915,274	807,967
Net Change in Net Position	\$ 107,307	915,274	\$ 807,967
Beginning Net Position		2,341,350	
Ending Net Position		\$ 3,256,624	

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES

REFERENCE AFR PAGE 38

<u>Revenues</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Application fees	\$ 51,294	\$ 41,175	\$ 26,400	\$ 27,542	\$ 33,400
Export fees	922	846	821	2,625	597
Water use fees	2,581,666	2,402,665	2,413,196	1,723,067	1,431,593
Interest income	13,032	4,083	4,098	4,602	3,542
Miscellaneous	-	-	-	-	50
Penalty & interest	7,443	63,908	7,781	6,225	7,085
Total Revenues	2,654,357	2,512,677	2,452,296	1,764,061	1,476,267
% Change	6%	2%	39%	19%	#DIV/0!
Total Expenses	1,739,083	1,734,466	1,961,976	2,842,500	2,254,888
% Change	0%	-12%	-31%	26%	#DIV/0!
<u>Revenues over</u>					
(under) Expenses	\$ 915,274	\$ 778,211	\$ 490,320	\$ (1,078,439)	\$ (778,621)



CONCLUSION

Other Communications and Questions

Presented By: Louis Breedlove
June 8, 2021

BW&C

LONE STAR GROUNDWATER CONSERVATION DISTRICT

Resolution No. 21-004

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT ADOPTING THE AMENDED OPERATING AND CAPITAL OUTLAY BUDGET FOR 2021

WHEREAS, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

WHEREAS, the District's Board of Directors and staff has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1 through December 31, 2021 budget cycle, and, after giving much consideration to these important factors, has developed an Amended 2021 budget for the Board's consideration and deliberation (the "2021FY Budget");

WHEREAS, the District Board of Directors (the "Board") has reviewed and considered the 2021 Operating and Capital Budget;

WHEREAS, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required;

WHEREAS, the Board finds that the adoption of the Amended 2021 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District's activities and related expenses from January 1, 2021 through December 31, 2021 and that the attached budget will allow the District to carry out the District's objectives and responsibilities as prescribed by the Enabling Act and Chapter 36 of the Texas Water Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT THAT:

1. The above recitals are true and correct.
2. The Board of Directors of the Lone Star Groundwater Conservation District hereby adopts an operating and capital outlay budget for January 1, 2021 to December 31,

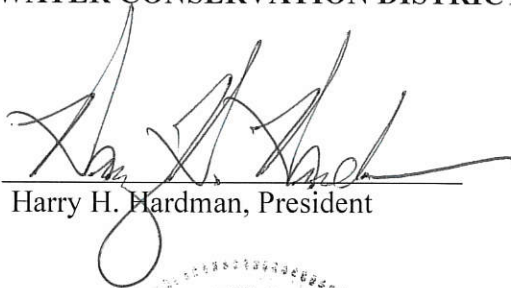
2021 as provided in the budget appended hereto as "Attachment A," which is incorporated herein by this reference and is hereby approved and adopted.

3. The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 8th day of June 2021.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: 
Harry H. Hardman, President

ATTEST:


Larry A. Rogers, Board Secretary



2021 Amended Proposed Budget

as of 4/30/21

					2021 Proposed AMENDED Budget
INCOME					
ADMINISTRATIVE FEES					
Application Fees					
			AWS Production Permit	\$ 3,000	
			AWS Groundwater Test Wells	1,500	
			Transfer of Early Conversion Credits	-	
			Existing Well Application	1,500	
			Emergency Permit	-	
			Operating Permit	22,000	
			Transfer of Permitted Authorization	-	
			Application Fee- Other	4,950	
			Total Application Fees	32,950	
			Change in Ownership	4,000	
			Open Records Request	1,500	
			Publications Fees	5,000	
			Returned Check Fee / Other Admin fees	50	
			Well Re-inspection Fee	2,000	
			Total ADMINISTRATIVE FEES	45,500	
INTEREST INCOME					5,000
RESERVE FUNDS - income					
			Early Conversion Credit Water Use Fee	-	
			Export Water Use Fee	600	
			Historical Use	1,500,000	
			Ag Permits	2,500	
			Operating Permit	1,400,000	
			AWS Production Fees	200,000	
			Over Pumpage Fee	50,000	
			Penalty/Interest	10,000	
			Total LSGCD WATER USE FEES	3,163,100	
Total Income					\$ 3,213,600
EXPENSE					
ADVERTISING/PUBLIC NOTICES					\$ 10,000
ATTORNEY FEES					
			General Counsel Work	360,000	
			Additional Legal Work	15,000	

LONE STAR GROUNDWATER CONSERVATION DISTRICT

Resolution No. 21-005

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT ADOPTING AN OPERATING AND CAPITAL OUTLAY BUDGET FOR 2022

WHEREAS, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

WHEREAS, the District's Board of Directors and staff has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1 through December 31, 2022 budget cycle, and, after giving much consideration to these important factors, has developed a proposed 2022 budget for the Board's consideration and deliberation (the "2022FY Budget");

WHEREAS, the District Board of Directors (the "Board") has reviewed and considered the 2022 Operating and Capital Budget;

WHEREAS, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required;

WHEREAS, the Board finds that the adoption of the 2022 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District's activities and related expenses from January 1, 2022 through December 31, 2022 and that the attached budget will allow the District to carry out the District's objectives and responsibilities as prescribed by the Enabling Act and Chapter 36 of the Texas Water Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT THAT:

1. The above recitals are true and correct.
2. The Board of Directors of the Lone Star Groundwater Conservation District hereby adopts an operating and capital outlay budget for January 1, 2022 to December 31,

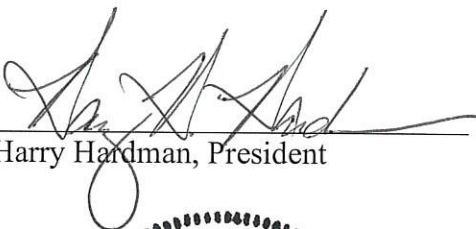
2022 as provided in the budget appended hereto as "Attachment A," which is incorporated herein by this reference and is hereby approved and adopted.

3. The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 8th day of June 2021.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: 
Harry Hardman, President

ATTEST:


Larry A. Rogers, Board Secretary



2022 Proposed Budget

as of 4/30/21

				2022 Proposed Budget
INCOME				
ADMINISTRATIVE FEES				
Application Fees				
		AWS Production Permit		\$ 3,000
		AWS Groundwater Test Wells		1,500
		Transfer of Early Conversion Credits		-
		Existing Well Application		1,500
		Emergency Permit		-
		Operating Permit		22,000
		Transfer of Permitted Authorization		-
		Application Fee- Other		4,950
Total Application Fees				32,950
Change in Ownership				4,000
Open Records Request				1,500
Publications Fees				5,000
Returned Check Fee / Other Admin fees				50
Well Re-inspection Fee				2,000
Total ADMINISTRATIVE FEES				45,500
INTEREST INCOME				5,000
RESERVE FUNDS - income				
Early Conversion Credit Water Use Fee				-
Export Water Use Fee				600
Historical Use				1,500,000
Ag Permits				2,500
Operating Permit				1,400,000
AWS Production Fees				200,000
Over Pumpage Fee				50,000
Penalty/Interest				10,000
Total LSGCD WATER USE FEES				3,163,100
Total Income				\$ 3,213,600
EXPENSE				
ADVERTISING/PUBLIC NOTICES				\$ 10,000
ATTORNEY FEES				
General Counsel Work				360,000
Additional Legal Work				15,000

2022 Proposed Budget

~~as of 4/30/21~~

				2022 Proposed Budget
			PIA Legal Work	5,000
Total ATTORNEY FEES				380,000
AUDIT FEES				8,750
BOARD EXPENSE				
			Per Diem	63,000
			Payroll Tax Liability	5,500
			Board Meeting Expense	4,000
			Meeting/Conference	5,000
Total BOARD EXPENSE				77,500
BUILDING EXPENSE				
			Building Maintenance	25,000
			Utilities/Custodial/Phone/Cable	47,000
Total BUILDING EXPENSE				72,000
COMPUTER SUPPORT				
			Hosting/Internet/Backup	25,000
			Software	5,000
			Computer Repair & Support	20,000
Total COMPUTER SUPPORT				50,000
EDUCATION/PUBLIC AWARENESS COORDINATION				
			Educational Curriculum in Schools	50,000
			ET Weather Station Network	5,000
			PAM Units	10,000
			Mach 1 Strategic Communications	90,000
			Communication/Public Awareness	8,500
			Water Efficiency Network	750
			Website Modification	5,000
			Rainwater Collection Maintenance	750
			Conservation products	3,500
Total EDUCATION/PUBLIC AWARENESS CORRDIATION				173,500
ELECTION EXPENSE				100,000
ENGINEERING CONSULTANT SERVICES				
			District Engineer	10,000
			Engineering Consultant Services	200,000
			Well Permitting Database Management	10,000

2022 Proposed Budget

as of 4/30/21

				2022 Proposed Budget
			GMA 14 Planning	150,000
			Total ENG/CONSULTANT SERVICES	370,000
			FIELD/TECHNICAL EXPENSE	
			Field Supplies	3,500
			Fuel Expense	5,000
			Vehicle-capital expense	5,000
			Vehicle/Mobile Lab Repair and Maintenance	2,500
			Total FIELD/TECH EXPENSE	16,000
			INSURANCE EXPENSE	
			Bonds	438
			Building Insurance	3,756
			Errors & Omissions	2,601
			Liability	1,178
			Vehicle Insurance	3,115
			Total INSURANCE EXPENSE	11,088
			LITIGATION EXPENSE	
			Legal - Lawsuit	-
			Legal - DFC Appeal	50,000
			Engineering Consultant Services	-
			Total LITIGATION EXPENSE	50,000
			MANAGER	
			Travel/Edu/Training	6,000
			Vehicle Allowance	7,200
			Total MANAGER	13,200
			MEMBERSHIPS DUES/SUBSCRIPTIONS	6,000
			MISCELLANEOUS	1,500
			OFFICE	
			Office Equipment	6,000
			Supplies	3,500
			Total OFFICE EXPENSES	9,500
			PAYROLL EXPENSES (Employee)	
			Salaries	525,000

2022 Proposed Budget

as of 4/30/21

					2022 Proposed Budget
		Medical/Life			52,000
		Payroll Tax Liability			35,000
		Unemployment Tax			1,400
		Retirement			29,000
		Payroll Service Fees			1,000
		Tuition Assistance			
		Temporary			
		Workman's Comp			1,884
		Payroll Expenses-Other			
Total PAYROLL EXPENSES					645,284
POSTAGE EXPENSE					
		Postage Meter and Supplies			2,000
		Postage/Shipping/Delivery Service			5,500
Total POSTAGE EXPENSE					7,500
PRINTING (Non-PR...Envelopes...)					7,000
PROGRAMS					
		Additional Scientific Programs			25,000
		Hydrogeological Modeling/Protection			1,000
		Subsidence Study - Phase II			150,000
USGS JOINT FUNDING AGREEMENT					
		<i>USGS - Technical Assistance</i>			-
		<i>USGS - Groundwater Level Data</i>			15,350
		<i>USGS - Water Level Change/Subsidence</i>			136,200
		<i>USGS - Water Quality Recon/Catahoula</i>			-
Total PROGRAMS					327,550
REBATE WATER USE FEES					30,000
RESERVE FUNDS - Expense					
TRAVEL/TRAINING STAFF					3,000
DEPRECIATION					50,000
Total Expense					\$ 2,419,372
NET INCOME					\$ 794,228

RESOLUTION #21-006

LONE STAR GROUNDWATER CONSERVATION DISTRICT

RESOLUTION TO AUTHORIZE GENERAL MANAGER TO SIGN CLOSING DOCUMENTS TO SECURE A LINE OF CREDIT

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77th Leg., R.S., ch. 1321, p. 3246, § 1(a);

WHEREAS, § 36.056(a) of the Texas Water Code and the bylaws authorize the board to delegate to the general manager full authority to manage and operate the affairs of the district such only to orders of the board;

WHEREAS, § 36.057(f) of the Texas Water Code and the bylaws authorize the board to, by resolution, authorize its general manager or other employee to execute documents on behalf of the district;

WHEREAS, the District has contracted with First Financial Bank in Conroe, Texas for its banking needs; and

WHEREAS, the District has worked to secure a line of credit in the amount of \$500,000 with First Financial Bank, which, once obtained, will pledge real estate in the form of the District's office building as collateral against the \$500,000 line of credit, should the District default on any borrowed amount.

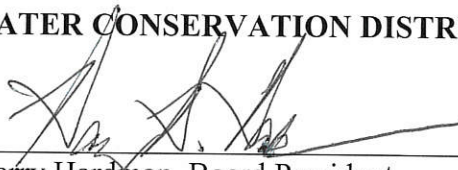
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The General Manager is appointed as the duly authorized representative for the District;
2. The General Manager is hereby authorized to finalize and execute the proper closing documents with First Financial Bank to secure the line of credit on behalf of the District;
3. The District may secure a line of credit in the amount of \$500,000 with First Financial Bank and pledge aforementioned real estate as collateral against the \$500,000 line of credit should the District default on any borrowed amount.
4. The General Manager is further authorized to take any and all reasonable action necessary for the implementation of this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED this 8th day of June 2021.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: 
Harry Hardman, Board President

ATTEST:


Larry Rogers, Board Secretary

