

EXHIBIT I



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF DRINKING WATER
Marie E. Owens, P.E.
Director

April 22, 2019

South Duchesne Culinary Water, Inc.
c/o Jeffrey Lynn Schnars, Jr.
P. O. Box 294
Duchesne, Utah 84021

Subject: Administrative Order: "Not Approved" Determination for South Duchesne Culinary Water System

Dear Mr. Schnars:

For the reasons explained in more detail in the attached **Administrative Order: "Not Approved" Determination**, the decision has been made to downgrade the status of the South Duchesne Culinary Water System (the "System") to "Not Approved" status, in accordance with the Utah Drinking Water Rules. This notice is being provided to you based on your status as the owner/operator (the "Supplier") responsible for the System.

In part this Not Approved determination is based on issuing two violations to South Duchesne Culinary Water System as part of the attached Administrative Order (the "Order"). We are assessing 50 Improvement Priority System (IPS) to your system for failing to provide the required Tier 1 Public Notice during the January 9, 2019 dewatering event. We are also assessing 100 IPS points to your System's failure to meet the terms, conditions, and deadlines agreed upon in the April 2013 Corrective Action Plan (CAP). The 2013 CAP was an agreement between the Supplier and the Director of the Division of Drinking Water (the "Director") allowing the Supplier to the critical issue of a lack of pressure within its system. Maintain pressure within a distribution system is vital for a water system to prevent cross connection events, water stagnation, and ensure public health.

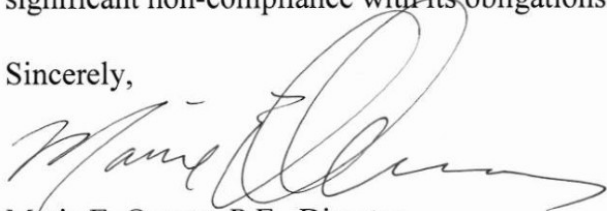
Jeffrey Lynn Schnars, Jr.

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April 22, 2019

Compliance with the standards and regulations for drinking water is critical to ensure safe, reliable drinking water and to protect public health. This action is being taken because the System is in significant non-compliance with its obligations. Please govern yourselves accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Marie E. Owens", with a long, sweeping horizontal line extending to the right.

Marie E. Owens, P.E., Director
Division of Drinking Water

cc: Alan Matheson, Executive Director, Department of Environmental Quality
Marie E. Owens, P.E., Director, Division of Drinking Water
Olive Hofstader, US EPA Region 8 Denver
TriCounty Local Health Department
Nathan Hall, TriCounty District Engineer
Bret Randall, Attorney General's Office
Joan Ann Steed, Registered Agent, 289 W Main St., P.O. Box 294, Duchesne, Utah 84021
Shauna Benvegnu-Springer, Utah Division of Public Utilities, sbenvegn@utah.gov

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF DRINKING WATER**

In the Matter of:

South Duchesne Culinary Water System

**NOTICE OF VIOLATION AND
ADMINISTRATIVE ORDER: "NOT
APPROVED" RATING
DETERMINATION**

Docket No. UTAH07067-2019-4

This **NOTICE OF VIOLATION AND ADMINISTRATIVE ORDER: "NOT APPROVED" RATING DETERMINATION** ("Order"), relating to the South Duchesne Culinary Water System (the "System"), has been issued by the Director of the Utah Division of Drinking Water ("Director") based on the authorities and findings provided herein. Notice of this Order is being provided to South Duchesne Culinary Water, Inc., a Utah corporation, as the "Supplier" who is legally responsible for the System.

STATUTORY AND REGULATORY AUTHORITY

In 1974, Congress enacted the federal Safe Drinking Water Act, codified at 42 U.S.C. § 300f *et seq.*, as amended. 42 U.S.C. § 300g-2 allows states to achieve primary enforcement responsibility after the Environmental Protection Agency ("EPA") has determined that the state has adopted and can implement a state program that is no less stringent than the federal public drinking water program ("Primacy").

The Utah legislature has enacted the Utah Safe Drinking Water Act, codified at Utah Code § 19-4-101 *et seq.* (the "Act"), with the intent of achieving Primacy.

Utah Code § 19-4-104 authorizes the Utah Drinking Water Board (the "Board"), among other things, to make rules regulating public water systems in the state of Utah. Utah Code § 19-4-104(1)(c)(vi) charges the Board to "meet the requirements of federal law related or pertaining to drinking water." The Board has promulgated the Utah Public Drinking Water Rules, codified at Utah Administrative Code ("UAC") R309.

In 1980, the EPA Administrator determined, in accordance with 40 C.F.R. § 142.11, that the Utah public drinking water program met the federal requirements for Primacy. *See* 45 Fed. Reg. 6647 (January 29, 1980). In accordance with 40 C.F.R. § 142.17, the EPA Administrator has reviewed, annually (and continues to review), the Utah public drinking water program to evaluate its continuing compliance with the requirements set forth in 40 C.F.R. part 142.

Pursuant to Utah Code § 19-4-106(d), the Director may enforce rules promulgated by the Board through the issuance of orders.

Utah Code § 19-4-107 provides that upon discovery of any violation of a rule or order of the Board, the Director shall promptly notify the Supplier of the violation, state the nature of the violation, and issue an order requiring correction of that violation.

UAC R309-100-7 requires the Director to “assign a rating to each public water supply in order to provide a concise indication of its condition and performance” in accordance with R309-400. This rule is generally known as the Improvement Priority Rating (“IPS”) rating system.

UAC R309-400-4 provides that a water system’s IPS rating shall be assigned “based on the evaluation of the operation and performance of the water system in accordance with the requirements of the Rules,” based on a point system established by the Board. Generally, the number of points represents the threat to the quality of the water and thereby public health.

UAC R309-400-4(3) sets the maximum number of points any given type of system may have before it is rated by the Director as “Not Approved” status. For systems exceeding the point threshold, the Director is required to issue a “Not Approved” rating. The thresholds are as follows: (i) for community water systems, 150 points; (ii) for non-transient, non-community water systems, 120 points; and (iii) for non-community water systems, 100 points.

UAC R309-100-8 authorizes the Director to issue orders “[i]n situations in which a public water system fails to meet the requirements of these rules.”

UAC R309-400-4 allows the Director to rate any public water system as “Not Approved” at any time if an immediate threat to public health exists.

UAC R309-400-11 allows the Director to assess points against public water systems upon their failure to comply with Division directives and orders.

FINDINGS

Based on information in the Division’s administrative files, the Director makes the following Findings for purposes of this Order:

1. The System is a public drinking water system within the meaning of the Utah Safe Drinking Water Act and the Utah Public Drinking Water Rules.
2. The Supplier is the owner and/or operator of the System and is therefore legally responsible for the System and for compliance with applicable laws, rules, and regulations. The Supplier qualifies as a “person” within the meaning of the Utah Safe Drinking Water Act and the Utah Public Drinking Water Rules.
3. The System qualifies as a community system under the Utah Public Drinking Water Rules. The maximum number of points allowed for this type of system is 150.
4. Attached hereto as Exhibit A is the current Master Improvement Priority System Report (“Master IPS Report”) relating to the System. The Master IPS Report identifies several violations and deficiencies (“Violations and Deficiencies”) relating to the System. These

Violations and Deficiencies have not been resolved, despite prior notices provided by the Division to the Supplier.

5. The Director hereby ratifies and adopts the violations reflected in the IPS Report, along with all previous actions by the Division that relate to such violations. Such actions include sanitary surveys, notices of violation, and the assessment of points for such deficiencies and violations, all as reflected in the Division's administrative files relating to the System.
6. As of the date of this Order, the Master IPS Report reflects a total number of 65 points, including a significant deficiency for failure to provide adequate pressure.
7. A significant deficiency for failure to provide 20 psi to all connections was issued to the System on February 12, 2009.
8. The Division received multiple complaints related to inadequate water pressure and water outage in the System in 2011 and 2012. The Supplier signed a Corrective Action Plan agreement with the Division on April 23, 2013. The terms and conditions of this agreement state that the System will correct the failure to provide 20psi pressure by June 30, 2014. The System failed to comply with this agreement.
9. On April 14, 2015, the Division issued a notice to the Supplier for failure to comply with the Corrective Action Plan agreement.
10. The System was issued a failure to address deficiency violation on May 17, 2016. The Division issued a notice to the Supplier on August 21, 2018, specifically concerning the longstanding significant deficiency and triggered treatment technique violation related to failure to provide 20 psi to all connections within the distribution system.
11. On January 8, 2019, a major break caused the 300,000-gallon storage tank (identified as ST002 in the Division's database) to drain and dewatered a large portion of the System. Water was temporarily hauled in as an emergency fix. The System never provided the Tier 1 Public Notice/boil order required by UAC R.309-220-5 as a result of this event to the Director as required by law.
12. The System's repeated failures to correct the significant deficiency, identified since 2009, of not being able to provide adequate pressure in the distribution system, together with the recent incident that resulted in dewatering a portion of the distribution system, constitute a significant threat to public health and drinking water quality.

ORDER

Based on the foregoing Findings and good cause appearing, **IT IS HEREBY ORDERED** as follows:

1. The System is hereby rated as "Not Approved" under the Utah Public Drinking Water Rules, effective as of the Issuance Date.

2. The Supplier is issued 50 Improvement Priority System (IPS) points for failure to provide public notice.
3. The Supplier is issued 100 IPS points for significant longstanding non-compliance with the 2013 Corrective Action Plan.
4. The Supplier shall provide a Tier II public notice of the substance of this Order (specifically, the Director's rating of the System as "Not Approved"), pursuant to UAC R309-100-8(1) and R309-220-6(3), as follows:
 - (a) Such notice shall be provided to each and every customer related to the System (or who otherwise receives a bill for water service). Such notice must be reasonably calculated to provide actual notice to such persons and may be provided through mail or direct delivery, hand delivery, publication in a local newspaper, posting in public places served by your system, or the System or Supplier's website, if applicable;
 - (b) Such notice shall be provided to the health department with jurisdiction over the System.
 - (c) For each 90 day period that the System is rated as "Not Approved," the Supplier shall provide repeat notices to all consumers served by the System, in accordance with the schedule applicable to Tier II notices.
 - (d) In accordance with UAC R309-105-16(3), within 10 days of completing the public notification requirements described above (for the initial public notice and any repeat notices), the Supplier shall submit to the Director a certification that it has fully complied with the notice requirements described above. Such certification shall include a representative copy of each type of notice distributed, published, posted, and made available in accordance with this Order.
5. Within 30 days of the Issuance Date of this Order, the Supplier shall submit to the Director a written proposal describing in detail the specific actions the Supplier proposes to take in order to resolve the Violations and Deficiencies, including the dates when such actions are expected to be taken, together with the violations identified above. If the Director finds that the proposal is reasonable, the Director will attempt to negotiate a form of Compliance Agreement / Enforcement Order ("CA/EO") that is acceptable to the Director. If negotiations are not successful or if the Supplier fails to submit a proposal, the Director intends to issue an Administrative Order requiring specific actions the Supplier shall take in order to resolve the Violations and Deficiencies, together with any other accrued violations.

COMPLIANCE AND PENALTY NOTICE

This Order constitutes an "initial order" within the meaning of UAC R305-7-102(g). Compliance with the provisions of this Order is mandatory. All violations of the Utah Safe Drinking Water Act, the associated rules, or this Order will be strictly enforced during the time that this Order remains in effect. The Utah Safe Drinking Water Act, Utah Code § 19-4-109, provides that any person who violates a rule or order made or issued pursuant to the Act may be subject, in a civil

proceeding, to a civil penalty of up to \$5,000 per day of violation. Under certain circumstances of willfulness or gross negligence, a Utah district court judge may impose an additional penalty up to \$5,000 per day of violation. Under the act, each day may be considered a separate violation. A violator may also be subject to injunctive relief pursuant to Utah Code § 19-4-107(2).

CONTEST AND APPEAL RIGHTS

This Order is **effective immediately and shall become final unless contested in writing within thirty (30) days** of the date of its issuance. This Order may be contested by filing a written Request for Agency Action in accordance with UAC R305-7-303. Filing a request for a hearing or a general statement of disagreement is not sufficient under Utah Code § 63G-4-201(3)(a) to preserve your right to contest this Order. A request for Agency Action must include the information specified in UAC R305-7-303. Contest proceedings are also governed by Utah Code Section 19-1-301. Failure to file a Request for Agency Action within the period provided waives any right of administrative contest, reconsideration, review or judicial appeal. An extension is only available under UAC R305-7-303(5).

IT IS SO ORDERED.

DATED this 22 day of April, 2019.

DIVISION OF DRINKING WATER

By: 

Marie E. Owens, P.E.
Director

EXHIBIT II

Utah Department Of Environmental Quality

Division Of Drinking Water

**SOUTH DUCHESNE
CULINARY WATER**
PWS ID: UTAH07067 Rating: Not Approved 04/24/2019 Active
Legal Contact

SOUTH DUCHESNE WATER INCXX
JEFFREY LYNN, JR SCHNARS
PO BOX 294
DUCHESNE, UT 84021
Phone: 435-738-6200
County: DUCHESNE COUNTY
System Type: Community
Population: 128

Site Updates

Last Inventory Update: 01/14/2019
Last Surveyor Update: 10/24/2017
Surveyor: NATHAN HALL
Operating Period: 1/1 - 12/31
Last IPS Update: 04/24/2019 07:00:00

Consumptive Use Zone

Irrigation Zone: null
Date:

Admin Contacts

Name	Title	Office	Emergency	Email
SCHNARS, JEFFREY LYNN, JR		435-503-0152		jeffschnars@yahoo.com

Service Connections

Type	Meter Type	Meter Size	# Of Connections
Residential	Metered	0	168
			Total Service Connections: 168

Storage

ID	Name	Type	Effective Volume	Material	Status	Status Reason
ST002	300 K TANK	Ground	300,000 GAL	Concrete	Active	
ST001	30000 GALLON TANK	Ground	30,000 GAL	Steel	Active	

Total Effective Volume: 330,000 GAL

Pumping Stations

ID	Station Name	Status	Reason	Capacity	Availability
PF001	PUMP STATION 1	Active			Permanent
Total Capacity: 0 null					

Sources

ID	Source Name	OP Date	Status	Reason	Source Type	Water Type	Period Of Op
WS001	UTAH07001 DUCHESNE		Active		Consecutive Connection	Surfacewater	1/1 - 12/31

Flow	Flow Rate	UOM
SYLD		450 GPM

Site Visit History

Date Visited	Survey Type	Surveyor	Notified Date	Next Inspection
02/02/2006	Sanitary Survey, Finished	SURVEYOR, DDW		
02/19/2009	Sanitary Survey, Finished	KEERS, PETER T	03/12/2009	09/30/2014
09/26/2012	Sanitary Survey, Finished	HART, ROBERT E	12/10/2012	09/30/2014
10/09/2014	Sanitary Survey, Finished	EATON, DAVID	10/09/2014	
10/24/2017	Sanitary Survey, Finished	HALL, NATHAN	10/25/2017	

Routine Bacteriological Sampling Requirements

Sample Required	Schedule Begin	Schedule End	Operation Begin	Operation End
1/Monthly/Routine	10/01/2011		1/1	12/31

Total Coliform Sample History

03/01/2018 - 04/30/2019

Month	Routine Sampling			Repeat Sampling			Triggered Sampling			Other Sampling		
	#Sample s	TC+	Ecoli+	#Sample s	TC+	Ecoli +	#Sample s	TC+	Ecoli +	#Sample s	TC+	Ecoli +
Mar-18	1	0	0	0	0	0	0	0	0	0	0	0
Apr-18	1	0	0	0	0	0	0	0	0	0	0	0
May-18	1	0	0	0	0	0	0	0	0	0	0	0
Jun-18	1	0	0	0	0	0	0	0	0	0	0	0
Jul-18	1	0	0	0	0	0	0	0	0	0	0	0
Aug-18	0	0	0	0	0	0	0	0	0	0	0	0
Sep-18	1	0	0	0	0	0	0	0	0	0	0	0
Oct-18	1	0	0	0	0	0	0	0	0	0	0	0
Nov-18	1	0	0	0	0	0	0	0	0	0	0	0
Dec-18	1	0	0	0	0	0	0	0	0	0	0	0
Jan-19	1	0	0	0	0	0	0	0	0	0	0	0
Feb-19	1	0	0	0	0	0	0	0	0	0	0	0
Mar-19	1	0	0	0	0	0	0	0	0	0	0	0
Apr-19	0	0	0	0	0	0	0	0	0	0	0	0

BACTERIOLOGICAL MONITORING

Sample Count	Type	Frequency	Schedule Begin	Schedule End	Analyte Name
1	Routine	Monthly	10/01/2011		COLIFORM (TCR)

Disinfection ByProduct Stage 2 Monitoring

Sample Count	Type	Frequency	Sample Label
2	Routine	Yearly	UTAH07067 DS001 Sample ID below
ID	Site	Last Sample	Next Sample Due
MR001	DISTRIBUTION SYSTEM	09/27/2018	01/01/2019 - 12/31/2019
MD001	DISTRIBUTION SYSTEM	09/27/2018	01/01/2019 - 12/31/2019
Please sample in July			

Other Distribution Monitoring

Analyte Name	ID	Sample Count	Type	Frequency	Last Sampled	Next Sample Due
LEAD AND COPPER	DS001	5	Routine	3 Years	2018	06/01/2021 - 09/30/2021
CHLORINE RESIDUALS	DS001	12	Routine	Monthly	03/01/2019	
Open Compliance Schedule						
Type	Required Activities			Severity	Created	Due
Groundwater Rule Compliance	GWR CORRECT DEFICIENCY 120 DAYS			SIG	03/27/2012	09/30/2012
RTCR	SAMPLING SITE PLAN SUBMITTAL				01/01/2017	09/30/2017
LCNT	Submit Lead/Copper Certification Notice to DDW				06/01/2018	12/29/2018
CCR Schedules	Submit Consumer Confidence Report				01/01/2019	07/01/2019
CCR Schedules	Submit CCR Certification Letter				01/01/2019	10/01/2019

IPS Report

IPS Summary		Total IPS Pts: 65
Admin & Physical Facilities	Quality & Monitoring	Significant Deficiency
30	0	35

Physical Facility Points				Total Pts: 30		
Code	Description	Severity	Point Effective			
C004	OPERATOR CERTIFIED AT A HIGHER LEVEL THAN REQUIRED	REC	-10			
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed	
	CERTIFIED AT D1		08/21/2018		-10	
D003	SYSTEM FAILS TO PROVIDE 20 PSI TO ALL CONNECTIONS	SIG	50			
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed	
DS001 UTAH07067 DISTRIBUTION SYSTEM	There are lots connected to the water system near the 300 K Tank that do not have sufficient elevation to provide 20 psi pressure. There may be some lots below the 30,000 Tank that do not have sufficient elevation to provide 20 psi pressure.BH 2012 SANITARY SURVEY	Active	02/12/2009		50	
M001	CURRENT EMERGENCY RESPONSE PROGRAM	REC	-10			
Facility	Comments	Status	Determined	Point Not Assessed	Point Assessed	
	SYSTEM HAS EMERGENCY RESPONSE PLANS		10/07/2003		-10	

Significant Deficiency Violations					Total Pts: 35	
ID	Violation	Code	Deficiency	Determined	Point Effective	
DS001	45 FAILURE ADDRESS DEFICIENCY (GWR)	D003	SYSTEM FAILS TO PROVIDE 20 PSI TO ALL CONNECTIONS	05/17/2016	35	

Operator Certification		
Type	Level Required	Highest Certificate
Distribution	Small System	Dist 1
Treatment		

Open Compliance Schedule					
Type	Required Activities	Severity	Created	Due	
Groundwater Rule Compliance	GWR CORRECT DEFICIENCY 120 DAYS	SIG	03/27/2012	09/30/2012	
RTCR	SAMPLING SITE PLAN SUBMITTAL		01/01/2017	09/30/2017	
LCNT	Submit Lead/Copper Certification Notice to DDW		06/01/2018	12/29/2018	
CCR Schedules	Submit Consumer Confidence Report		01/01/2019	07/01/2019	
CCR Schedules	Submit CCR Certification Letter		01/01/2019	10/01/2019	

Physical Facility Points 2020						Total Pts: 50	
Facility	Facility Name			Status	Points Effective		
DS001	DISTRIBUTION SYSTEM			A	50.0		
Code	Description	Severity	Comments	Determined Date	Not Assessed	Assessed	
C004	OPERATOR CERTIFIED AT A HIGHER LEVEL THAN REQUIRED	REC	CERTIFIED AT D1	08/21/2018		0	
M001	CURRENT EMERGENCY RESPONSE PROGRAM	REC	SYSTEM HAS EMERGENCY RESPONSE PLANS	10/07/2003		0	
D003	SYSTEM FAILS TO PROVIDE 20 PSI TO ALL CONNECTIONS	SIG	There are lots connected to the water system near the 300 K Tank that do not have sufficient elevation to provide 20 psi pressure. There may be some lots below the 30,000 Tank that do not have sufficient elevation to provide 20 psi pressure.BH 2012 SANITARY SURVEY	02/12/2009		50	

Significant Deficiency Violations						Total Pts: 50
ID	Violation	Code	Deficiency	Determined	Point Effective	
DS001	45 FAILURE ADDRESS DEFICIENCY (GWR)	D003	SYSTEM FAILS TO PROVIDE 20 PSI TO ALL CONNECTIONS	05/17/2016	50	

Operator Certification		
Type	Level Required	Highest Certificate
Distribution	Small System	Dist 1
Treatment		

Open Compliance Schedule					
Type	Required Activities	Severity	Created	Due	
Groundwater Rule Compliance	GWR CORRECT DEFICIENCY 120 DAYS	SIG	03/27/2012	09/30/2012	
RTCR	SAMPLING SITE PLAN SUBMITTAL		01/01/2017	09/30/2017	
LCNT	Submit Lead/Copper Certification Notice to DDW		06/01/2018	12/29/2018	
CCR Schedules	Submit Consumer Confidence Report		01/01/2019	07/01/2019	
CCR Schedules	Submit CCR Certification Letter		01/01/2019	10/01/2019	

IPS 2020 Report

IPS 2020 Summary		Total IPS Pts: 100
Admin & Physical Facilities	Quality & Monitoring	Significant Deficiency
50	0	50