



Control Number: 44046



Item Number: 47

Addendum StartPage: 0

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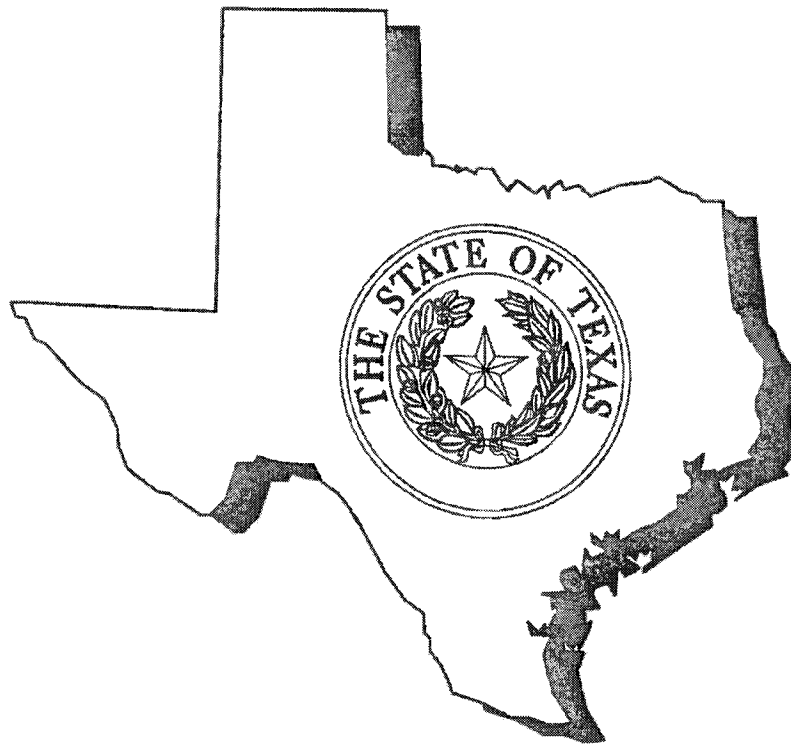
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APPLICATION OF LAGUNA VISTA,  
LTD. AND LAGUNA TRES, INC. FOR  
SALE, TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE  
RIGHTS IN HOOD COUNTY

§  
§  
§  
§

BEFORE THE STATE OFFICE OF PUBLIC UTILITY COMMISSION  
OF  
ADMINISTRATIVE  
HEARINGS  
FILING CLERK



DIRECT TESTIMONY OF  
EMILY SEARS  
WATER UTILITY REGULATION  
PUBLIC UTILITY COMMISSION OF TEXAS  
JULY 28, 2016

000001

47

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Attachment ES-1 -- Resume  
Attachment ES-2 -- Testimonies  
Attachment ES-3 - TCEQ Rejection letters

1 **I. INTRODUCTION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Emily Sears, Public Utility Commission of Texas, 1701 N. Congress Avenue, Austin, Texas  
4 78711-3326.

5

6 **Q. BY WHOM ARE YOU CURRENTLY EMPLOYED AND IN WHAT CAPACITY?**

7 A. I have been employed by the Public Utility Commission of Texas (Commission) since  
8 January 1, 2015 as a Financial Analyst in the Water Utilities Division.

9

10

11 **Q. WHAT ARE YOUR PRINCIPAL RESPONSIBILITIES AT THE COMMISSION?**

12 A. I am responsible for reviewing certificate of convenience and necessity (CCN) applications  
13 and amendments, sale/transfer/merger applications, tariff/rate change applications, stock  
14 transfers, financial reviews, managerial reviews, and rate filings. I am also responsible for  
15 preparing testimony and exhibits for contested case matters involving investor-owned, non-  
16 profit and governmental water and sewer utilities, and assisting with settlement negotiations.

17

18 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL  
19 EXPERIENCE.**

20 A. I have provided a summary of my educational background and professional experience in  
21 Attachment ES-1 to my direct testimony.

22

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR THE**  
2 **STATE OFFICE OF ADMINISTRATIVE HEARINGS (SOAH)?**

3 A. Yes. I have also testified before the Pennsylvania Public Utility Commission. Attachment  
4 ES-2 provides a summary of the cases in which I have testified or submitted testimony.  
5

6 **II. PURPOSE AND SCOPE OF TESTIMONY**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

8 A. The purpose of my testimony is to present a recommendation on the financial and managerial  
9 capability of Laguna Tres, Inc. (Laguna Tres or Purchaser) to provide continuous and  
10 adequate service to Laguna Vista, LTD.'s (Laguna Vista or Seller)(Collectively Applicants)  
11 customers and any areas currently certificated to the Purchaser.  
12

13 **Q. WHAT IS THE SCOPE OF YOUR REVIEW?**

14 A. I reviewed the application of the Applicants, the financial and managerial information  
15 provided, customer protests received by the Commission, all supplemental filings including  
16 responses to Staff's Requests for Information, and all pre-filed testimony.  
17

18 **III. BACKGROUND**

19 **Q. PLEASE BRIEFLY DESCRIBE THE APPLICATION.**

20 A. On December 30, 2014, Laguna Tres filed an application to acquire the water and wastewater  
21 facilities of Laguna Vista. Laguna Tres filed to amend its water facilities Certificate of  
22 Convenience and Necessity (CCN) No. 11609 to include the systems and territory under

1 CCN No. 11983 held by Laguna Vista and cancel CCN No. 11983. Laguna Tres also filed  
2 to transfer the sewer CCN No. 20766 held by Laguna Vista. The systems and territories are  
3 located in Hood County, Texas. The application was filed pursuant to Section 13.251 of the  
4 Texas Water Code (TWC) and Title 16 of the Tex. Admin. Code (TAC).

5  
6 **Q. BRIEFLY DESCRIBE YOUR UNDERSTANDING OF THE CUSTOMER**  
7 **PROTESTS.**

8 A. It is my understanding that the protests received by the Commission for this application  
9 included two letters from the Texas Commission on Environmental Quality (TCEQ), dated  
10 September 11, 2013 and December 23, 2014. One TCEQ letter stated that an emergency  
11 interconnect between Laguna Vista and Laguna Tres was authorized for construction, but  
12 was not approved for permanent use. In the letter, TCEQ requested additional information  
13 to confirm that the project meets their rules. The second letter from TCEQ stated that the  
14 TCEQ received planning material for three proposed water wells and three as-built water  
15 wells, and stated they were unable to approve the projects at that time. The TCEQ requested  
16 further information. It is my understanding that the protests from the customers stated that  
17 the customers were interested in everything being safe and in order on a permanent basis,  
18 and to be in compliance with the laws and rules of the State.

1 **IV. LAGUNA TRES POSITION**

2 **Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF LAGUNA TRES' POSITION**  
3 **IN THIS PROCEEDING.**

4 A. It is my understanding that Laguna Tres claims that they have filed all necessary paperwork  
5 in order to cure the TCEQ compliance issues. They further state that this transaction is a  
6 merger of two existing utilities, under the same basic ownership and management, and these  
7 utilities will look identical after the transaction as they did before the transaction. The  
8 benefit of the transaction is a shared customer base that will minimize regulatory expenses  
9 and will share water resources. Ike Thomas stated in his direct testimony, page 5, lines 21-  
10 23 that his company has a combined net worth of \$1,100,000 which he pledges in support of  
11 the long-term financial needs of Laguna Tres.

12

13 **V. STAFF POSITION**

14 **Q. PLEASE SUMMARIZE STAFF'S POSITION IN THIS CASE.**

15 A. TWC § 13.301(e)(2) states: "The utility commission may hold a hearing if the person  
16 purchasing or acquiring the water or sewer system has not demonstrated adequate financial,  
17 managerial, and technical capability for providing continuous and adequate service to the  
18 service area being acquired and to any areas currently certificated to the person." TWC  
19 § 13.301(e)(3) states: "The utility commission may hold a hearing if the person or an  
20 affiliated interest of the person purchasing or acquiring the water or sewer system has a  
21 history of noncompliance with the requirements of the utility commission, the  
22 commission...". "[T]he commission" refers to TCEQ, as defined in the Texas Water Code.

1 Staff's position in this case is that Laguna Tres **does not** possess managerial capability due  
2 to noncompliance with the requirements of the TCEQ. Staff's position is that Laguna Tres  
3 **does** possess the financial capability to provide continuous and adequate service.  
4

5 **Q. WHY DOES STAFF BELIEVE THAT LAGUNA TRES DOES NOT POSSESS THE**  
6 **MANAGERIAL CAPABILITY TO PROVIDE CONTINUOUS AND ADEQUATE**  
7 **SERVICE?**

8 A. Staff's position in this case is that Laguna Tres does not possess the managerial capability  
9 due to noncompliance with the requirements of the TCEQ, and therefore may not be able to  
10 provide safe and reliable water service.  
11

12 **Q. LAGUNA TRES STATED IN TESTIMONY THAT THEY HAVE SUBMITTED THE**  
13 **PROPER PAPERWORK TO THE TCEQ TO CURE THE NONCOMPLIANCE**  
14 **ISSUES. WHAT IS YOUR POSITION?**

15 A. Staff was able to acquire letters mailed to the utility by the TCEQ on June 8, 20 and 22, 2016  
16 stating that the TCEQ was unable to approve the projects at this time.<sup>1</sup> While Laguna Tres  
17 may have submitted paperwork, it was not the required paperwork to cure the noncompliance  
18 issues. This shows the lack of managerial capabilities of Laguna Tres because Laguna Tres  
19 has not cured the non-compliance issues despite receiving multiple TCEQ non-compliance  
20 letters including instructions of information required to show that the systems meet the

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<sup>1</sup> Attachment ES-3.



1 TCEQ minimum standards for operating a public water system.  
2

3 **Q. WHY DOES STAFF BELIEVE THAT LAGUNA TRES POSSESSES THE**  
4 **FINANCIAL CAPABILITY TO PROVIDE CONTINUOUS AND ADEQUATE**  
5 **SERVICE?**

6 A. Laguna Tres has no long-term debt. Laguna Tres further has had a positive net income for  
7 the most recent 3 years of over \$13,000, and equity to cover any net losses over the next 5  
8 years. While the projections show that Laguna Tres plans to take on debt, the debt to equity  
9 ratio will have a high of 47% debt in year 1, and be reduced to 16% debt in year 5. Staff  
10 recommends that a debt to equity ratio less than 100% is appropriate. Further, Laguna Tres  
11 estimates its debt service coverage ratio (DSCR) will not fall below 1.56 over the next 5  
12 years. Staff recommends that a DSCR of greater than 1.50 is excellent.  
13

14 **Q. WHAT IS STAFF'S POSITION ON THE OWNERSHIP BEING THE SAME FOR**  
15 **BOTH LAGUNA TRES AND LAGUNA VISTA?**

16 A. While Staff acknowledges that there is one owner currently for both systems, Staff must be  
17 consistent in its review of a sale/transfer/merger application. Staff is looking at this case as  
18 two separate entities entering into an agreement to merge, with one surviving company. As  
19 in any other STM application, Staff is reviewing the Purchaser's financial and managerial  
20 capability for the ability to provide continuous and adequate service to the requested area  
21 and any areas currently certificated to the person, as required by the Texas Water Code. In  
22 this case, the Purchaser has not demonstrated the management capability to provide

1 continuous and adequate service, and therefore, this application should not be approved.

2

3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 A. Yes. I reserve the right to supplement this testimony during the course of the proceeding as  
5 new evidence is presented or becomes available.

Emily Sears

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**Professional Experience**

- **Public Utility Commission of Texas**  
Utility Rates Analyst  
Water Utilities Division  
January 2015 - Present
- **Commonwealth of Pennsylvania, Public Utility Commission**  
Fixed Utility Financial Analyst  
Bureau of Investigation and Enforcement  
May 2009 – December 2014
- **Commonwealth of Pennsylvania, Public Utility Commission**  
Fixed Utility Financial Analyst  
Bureau of Fixed Utility Services  
April 2008 - May 2009
- **Nationwide Insurance Company**  
Personal Lines Underwriting Screener  
October 2004 – May 2007

**Education**

- **University of Pittsburgh, College of Business Administration**  
Bachelors of Science in Business Administration  
Major – Finance  
August 2004
- **Annual Regulatory Studies Program: Camp NARUC**  
Week 1-Introduction to Regulation  
August 2008
- **Pennsylvania Public Utility Commission Rate Case Training**  
December 2008
- **Society of Utility and Regulatory Financial Analysts**  
Certified Rate of Return Analyst  
June 2010

**Presentations**

- **Pennsylvania Public Utility Commission Rate Case Training**  
Presented on Rate of Return/Return on Equity  
October 2012, September 2014

**TESTIMONY SUBMITTED:**

I have testified and/or submitted testimony in the following proceedings before the Pennsylvania Public Utility Commission:

- Duquesne Light Company, Docket No. M-2009-2093217
- West Penn Power Company d/b/a Allegheny Power, Docket No. M-2009-2093218
- Duquesne Light Company, Docket No. M-2009-2123948
- West Penn Power Company d/b/a Allegheny Power, Docket No. M-2009-2123951
- Utilities, Inc. – Westgate, Docket No. R-2009-2117389
- Utilities, Inc. of Pennsylvania, Docket No. R-2009-2117402
- PECO Energy Company - Electric Division, Docket No. P-2009-2143607
- PECO Energy Company – Gas Division, Docket No. P-2009-2143588
- Philadelphia Gas Works, Docket No. R-2009-2139884
- York Water Company, Docket No. R-2010-2157140
- City of Lancaster, Docket No. R-2010-2179103
- Columbia Gas of Pennsylvania, Inc., Docket No. R-2010-2215623
- CMV Sewage, Inc., Docket No. R-2011-2218562
- Pennsylvania American Water Company, Docket No. R-2011-2232243
- UGI Penn Natural Gas, Docket No. R-2011-2238943
- Aqua Pennsylvania, Inc., Docket No. R-2011-2267958
- Equitable Gas Company, LLC, Docket No. R-2012-2287044
- Peoples Natural Gas Company, LLC, Docket No. R-2012-2285985
- PPL Electric Utilities Corporation, Docket No. R-2012-2290597
- Columbia Gas of Pennsylvania, Inc., Docket No. R- 2012-2321748
- The City of Lancaster – Sewer Fund, Docket No. R-2012-2310366
- Columbia Gas of Pennsylvania, Inc., Docket No. R-2012-2321748 and M-2012-2323645
- UGI Penn Natural Gas, Docket No. R-2013-2361763
- City of DuBois – Bureau of Water, Docket No. R-2013-2350509
- Pennsylvania-American Water Company, Docket No. R-2013-2355276
- Duquesne Light Company, Docket No. R-2013-2372129
- Pike County Light and Power Company, Gas Division, Docket No. R-2013-2397353
- Pike County Light and Power Company, Electric Division, Docket No. R-2013-2397237
- UGI Penn Natural Gas, Docket No. R-2014-2420273
- Emporium Water Company, Docket No. R-2014-2402324
- City of Lancaster – Water Fund, Docket No. R-2014-2418872
- Peoples TWP, LLC, R-2014-2429613
- Peoples Natural Gas Company, LLC, R-2014-2429606

I have testified and/or submitted testimony in the following proceedings before the Public Utility Commission of Texas and the Texas State Office of Administrative Hearings:

- City of Austin water rate appeal, Docket No. 42857

- City of Austin wastewater rate appeal, Docket No. 42867 (consolidated with Dkt No. 42857)
- Quadvest, L.P., Docket No. 44809
- Consumers Water, Inc., Docket No. 43076

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niemann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 8, 2016

Mr. Phillip Barnett, P.E.  
Barnett Engineering Inc  
P.O. Box 2230  
Weatherford, TX 76086-7230

Re: Laguna Tres Subdivision - Public Water System ID No. 1110019  
As-Built Wells No. 9 and No. 10 (formerly identified as Well No. 3 and No. 4) Engineer  
Contact Telephone: (817) 599-4278  
Plan Review Log No. P-04052016-019  
Hood County, Texas

CN: 600695985; RN: 101275451

Dear Mr. Barnett:

On April 05, 2016, the Texas Commission on Environmental Quality (TCEQ) received planning material with your letter dated October 17, 2014 for the above referenced water wells. Based on our review, we are **unable to approve** the proposed projects at this time.

Please provide additional information showing how the following requirements of the Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems will be met:

1. 30 TAC §290.39(d)(1): Plans, specifications, and related documents will not be considered unless they have been prepared under the direction of a licensed professional engineer. All engineering documents must have engineering seals, signatures, and dates affixed in accordance with the rules of the Texas Board of Professional Engineers. Please note that the Texas Board of Engineers Rules 137.33 and 137.77 have been changed to require that all engineering documents released, issued, or submitted by or for a registered engineering firm, including preliminary documents, must clearly indicate the engineering firm name and firm registration number. It is both the responsibility of the professional engineer that signs and seals a document and the firm that releases the document to verify that the firm name and number appear on the engineering work. No engineering firm number or seal was provided on the as-built drawing of the water system pipelines to facility.
2. An as-built Engineering Report for the two water well, prepared following the "Draft As-Built Plan Submittal Criteria" (attached) will be necessary to substantiate conformance with Title 30 Texas Administrative Code (TAC) Chapter 290. This report shall be prepared, signed and sealed by a licensed Texas Professional Engineer, then submitted to the TCEQ for review and comment.

3. The cementing certificate (Form w-15) shows that 20 feet of 10 ¾ inch surface casing was installed in both wells. Please revise the as-built drawing and have the licensed driller file amended State of Texas Well reports for Water Well Nos. 9, and 10 to show surface casing installed.
4. Please have the licensed driller file amended State of Texas Well Reports for Well Nos. 9, and 10 indicating that plans were not approved by TCEQ prior to construction.
5. Please have the licensed driller file amended State of Texas Well Reports for Well Nos. No. 9, and 10 to correct the owner well number.
6. The latitude and longitude list on the State of Texas Well Report (drilled by Blue Sky Water Well Drilling and Service) for well No. 9 is 87 feet west from the actual well location in google earth. The latitude and longitude list on the pump setting invoice (Associated Well Services, Inc.) appears to be in the same location as the well location in google earth. Please have the licensed driller file an amended State of Texas Well Report for Well No. 9 to correct the latitude, and the longitude.
7. The latitude and longitude list on the State of Texas Well Report (drilled by Blue Sky Water Well Drilling and Service) for well No. 10 is 1,200 feet south west from the actual well location in google earth. The latitude and longitude list on the pump setting invoice (Associated Well Services, Inc.) appears to be in the same location as the well location in google earth. Please have the licensed driller file an amended State of Texas Well Report for Well No. 10 to correct the latitude, and the longitude.
8. For each well location please include documentation in the engineering report showing that the installed pipe and related products both above ground (well head pipping, valves, fittings and related appurtenances) and underground (well collection lines) conforms to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 61. Photographs of the existing pipe both above ground and below ground showing the NSF 61 mark will suffice.
9. For each well location please include documentation in the engineering report showing that any existing plastic pipe installed in the system both above ground and below ground bears the National Sanitation Foundation Seal of Approval (NSF-pw). Photographs of the National Sanitation Foundation Seal on both above ground and below ground plastic pipe will suffice.
10. All completed well units shall be protected by intruder-resistant fences, the gates of which are provided with locks or shall be enclosed in locked, ventilated well houses to exclude possible contamination or damage to the facilities by trespassers. The gates or well houses shall be locked during periods of darkness and when the plant is unattended as required in 30 Texas Administrative Code (TAC) Section 290.41(c)(3)(O). An intruder-resistant fence is defined as a fence six feet or greater in height, constructed of wood, concrete, masonry, or metal with three strands of barbed wire extending outward from the top of the fence at a 45 degree angle with the smooth side of the fence on the outside wall. In lieu of the barbed wire, the fence must be eight feet in height. The fence must be in good repair and close enough to surface grade to prevent intruder passage. **Please include documentation in the engineering report showing that the current fencing around the two wells is eight feet in height or six feet with three strands of barb wire at a 45 degree angle.**

11. The casing shall extend a minimum of 18 inches above the elevation of the finished floor of the pump room or natural ground surface and a minimum of one inch above the sealing block or pump motor foundation block when provided as required by 30 TAC §290.41(c)(3)(B). **Please include photographs with a tape measure in the engineering report showing that the well casing for both wells is in compliance with the above rule.**
12. In all cases, a concrete sealing block extending at least three feet from the well casing in all directions, with a minimum thickness of six inches and sloped to drain away at not less than 0.25 inches per foot shall be provided around the wellhead as required in 30 TAC Section 290.41(c)(3)(J). It does not appear from the photographs that the either well has a sealing block. **Please include photographs with a tape measure in the engineering report showing that the well casing for both wells is in compliance with the above rule.**
13. Please clarify if the wells are located in the 100-year flood zone and ensure that wellhead and well vents shall be at least two feet above the highest known watermark or 100-year flood elevation, if available, or adequately protected from possible flood damage by levees if the proposed well is located in the 100-year flood zone as required in 30 TAC §290.41(c)(3)(K)
14. A well casing vent shall be provided with an opening that is covered with 16-mesh or finer corrosion-resistant screen, facing downward, elevated and located so as to minimize the drawing of contaminants into the well. Wellheads and well vents shall be at least two feet above the highest known watermark or 100-year flood elevation, if available, or adequately protected from possible flood damage by levees as required in 30 TAC Section 290.41(c)(3)(K). **Please include photographs in a signed and sealed engineering report showing the 16-mesh screen.**
15. All pollution hazards, present or potential, must be identified within ¼ mile of the well including abandoned or inoperative wells and existing/potential pollution hazards in accordance with 30 TAC §290.41(c)(1)(A) thru (F). The pollution hazard report provided referenced item 8 of the draft "as built" plan submittal criteria. Please attach a copy of the language listed in item no. 8 to the pollution hazard report or address each individual item listed in 30 TAC §290.41(c)(1)(A) thru (F) in a report or letter sealed by the engineer. Please include a separate report for each well location.
16. Please have the pump test revised to include the date of the test, and the name of the company that performed the test.
17. The pump installation invoice (Associated Well Services, Inc.) and the 36 hour pump test shows the depth of the well to be 220 feet with the intake of the pump at 211 feet deep. Additionally the pump installation invoice shows that 210 linear feet of 2-inch galvanized pipe was installed. The as-built drawing and the State of Texas Well Report shows the well to be 180 feet deep. Please explain the discrepancies in the depth of the well and how the pump intake can be at 213.7 feet when the well is only 180 feet deep.
18. Please provide copies of the cementing certificate that are legible. Additionally please have the licensed driller change the well numbers to correct the well owner's new numbers.



19. Please provide sanitary control easements (filed at the county courthouse and bearing the county clerk's stamp) covering all land within 150 feet of the wells not owned by the public water system (for a sample easement see TCEQ Form 20698). The special warranty deed provided was in the name of W. Michael Thomas, and Harvey IKE Thomas and not the public water systems name.
20. On August 28, 2015 TCEQ approved As-built Well No. 8 (formerly identified as Well No. 2) for use with the condition that the State of Texas Well Report be revised and filed with the Texas Department of Licensing and Regulations to reflect the correct well number. Please provide a copy of the revised report.
21. The submittal did not include a chemical analysis. Please provide a chemical analysis reports for each water well. The water samples must show the water to be of acceptable quality for the most problematic contaminants listed below. Reports must come from a laboratory accredited by TCEQ; accredited to perform these test. Maximum contaminant level (MCL) and secondary constituent level (SCL) units are in mg/l (except arsenic). [§290.41(c)(3)(G) and §290.104 and §290.105]

MCL	PRIMARY	SCL	SECONDARY	SCL	SECONDARY	SCL	SECONDARY
10 (as N)	Nitrate	0.2	Aluminum	5.0	Zinc	300	Sulfate
1 (as N)	Nitrite	1.0	Copper	1.0 00	Total Dissolved Solids	300	Chloride
10 µg/l	Arsenic	0.3	Iron	2.0	Fluoride	≥ 7.0	pH
4.0	Fluoride	0.05	Manganese	N/A	Lead		

Correlative Water Parameters	
Parameter	Units
Alkalinity as CaCO <sub>3</sub>	mg/l
Calcium as CaCO <sub>3</sub>	mg/l
Sodium	mg/l

22. If you are unable to show compliance with TCEQ requirements, please be advised that you may request exceptions in Exception must be requested in writing and must be substantiated by carefully documented data, including how granting the exception will not compromise the public health or result in a degradation of service or water quality. The request for an exception shall precede the submission of engineering plans and specifications or well completion for a proposed project for which an exception is being requested. Please submit the exception approval letter with the plans and specifications for a proposed project.

For information about the exception process, please go to the URL below:

<http://www.tceq.texas.gov/drinkingwater/trot/exception>

Please note that an "Exception Request Form", available at the URL listed below, must be completed for all exception submittals.

[http://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/TCEQ-20659\\_Exception\\_Request\\_Submittal\\_Form.docx](http://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/TCEQ-20659_Exception_Request_Submittal_Form.docx)

If after having reviewed the information available at the webpages above, you still have questions regarding the exception process, please call (512) 239-4691 and ask to speak to a member of the Technical Review and Oversight Team (TROT) about exceptions.

The As-built well completion data consisted of the following:

- State of Texas Well Report for well No. 3 (Tracking No. 182633);
- State of Texas Well Report for well No. 4 (Tracking No. 182587);
- Well No. 9 36-hour pumping test results showing the well produces 35 gallons per minute (gpm);
- Well No. 10 36-hour pumping test results showing the well produces 18 gallons per minute (gpm);
- Three bacteriological sampling results for Well No. 9 showing no coliform contamination on August 23, 2015, August 24, 2015, and August 25, 2015 by Upper Leon River Municipal Water District;
- Three bacteriological sampling results for Well No. 10 showing no coliform contamination on August 23, 2015, August 24, 2015, and August 25, 2015 by Upper Leon River Municipal Water District;
- Two sheet of as-built engineering drawings;
- Well No. 9, One (1) existing water well drilled to 215 feet, with 20 lf. of 10 ¾ inch surface casing, 155 lf of 6-inch polyvinyl chloride (PVC) casing cemented to a depth of 153 feet, and 60 lf of pvc screen. The intake of the 5 hp submersible pump is set at 192.7 feet;
- Well No. 10: One (1) existing water well drilled to 180 feet, with 20 lf. of 10 ¾ inch surface casing, 140 lf of 6-inch PVC casing pressure cemented to a depth of 134, and 40 lf of pvc screen. The intake of the 5 hp submersible pump is set at 213.7 feet; and,
- Unknown type and unknown length of 4-inch PVC pipe.

Proposed water treatment will be provided by the Laguna Tres Subdivision public water supply system.

We will retain these documents for 100 calendar days from the date of this letter. Revisions or additional information must be submitted to the TCEQ (Utilities Technical Review Team, MC-159) within that time or the entire package must be resubmitted for review.

Please refer to the Utilities Technical Review Team's Log No. P-04052016-019 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

**Please Note:** In order to determine if a new source of water or a new treatment process results in corrosive or aggressive finished water that may endanger human health, we are requesting additional sampling and analysis of lead, alkalinity (as calcium carbonate), calcium (as calcium carbonate) and sodium in addition to the required chemical test results for public water system new sources. We are requiring these additional sampling results as listed in our currently revised checklists (Public Well Completion Data Checklist for Interim Use - Step 2 and Membrane Use Checklist - Step 2) which can be found on TCEQ's website at the following address:

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

Please include these additional sampling results in well completion submittals, membrane use submittals, and other treatment process submittals.

New surface water sources will need to also include lead, total dissolved solids, pH, alkalinity (as calcium carbonate), chloride, sulfate, calcium (as calcium carbonate) and sodium with the analysis required in 30 TAC Section 290.41(e)(1)(F).

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>

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 the TCEQ's website at the following address:

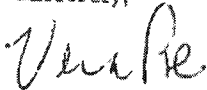
<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

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 Brian D. Dickey at (512)239-0963 or by email at [brian.dickey@tceq.texas.gov](mailto:brian.dickey@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,



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

VP/BDD/av

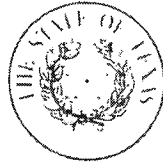
cc: Laguna Tres Subdivision, Attn: Mr. Harvey Ike Thomas, P.O. Box 2337, Granbury, TX  
76048-7337

Mr. Phillip Barnett, P.E.  
Page 7  
June 8, 2016

Attachment ES-3  
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bcc: TCEQ Central Records PWS File 1110019  
TCEQ Region No. 4 Office Arlington

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 20, 2016

Mr. Tracy E. Strevey, III, P.E.  
Baird Hampton And Brown Inc  
6300 Ridglea Place Ste 700  
Fort Worth, TX 76102

Re: Laguna Tres Subdivision - Public Water System ID No. 1110019  
Proposed 120,000 Gallon Ground Storage Tank  
Engineer Contact Telephone: (817) 338-1277  
Plan Review Log No. P-04122016-048  
Hood County, Texas

CN: 600695985; RN: 101275451

Dear Mr. Strevey:

On April 12, 2016, the Texas Commission on Environmental Quality (TCEQ) received planning material with your letter dated February 22, 2016 for the proposed ground storage tank. Based on our review of the information submitted, we are **unable to approve** the proposed project at this time. Please provide additional information showing how the requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems will be met:

1. As required by Title 30 TAC §290.39(d)(1), plans, specifications, and related documents will not be considered unless they have been prepared under the direction of a licensed professional engineer. All engineering documents must have engineering seals, signatures, and dates affixed in accordance with the rules of the Texas Board of Professional Engineers". Please note that the Texas Board of Engineers Rules 137.33 and 137.77 have been changed to require that all engineering documents released, issued, or submitted by or for a registered engineering firm, including preliminary documents, must clearly indicate the engineering firm name and firm registration number. It is both the responsibility of the professional engineer that signs and seals a document and the firm that releases the document to verify that the firm name and number appear on the engineering work. No engineering firm name and number was provided on the **engineering plans for the 120,000 gallon ground storage tank**. Please make sure that the any plans submitted show all required appurtenances identified on the water storage tank construction checklist. A copy of the water storage tank construction checklist is available on TCEQ's website at the address shown below.

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

2. Please complete a copy of the most current Public Water System Plan Review Submittal form. 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.

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

3. Please provide a sealed engineering report addressing the topics identified in 30 TAC §290.39(e)(1) in order to ensure that the minimum capacity requirements of 30 TAC §290.45 are met.
4. Title 30 TAC §290.39(e)(2) requires all plans and drawings submitted may be printed on any of the various papers which give distinct lines. All prints must be clear, legible and **assembled to facilitate review**. The plan sheets provided for the 120,000 gallon ground storage tank were too small and the writing was illegible.
5. Title 30 TAC §290.43(c) requires water storage tanks to be covered and designed, fabricated, erected, tested, and disinfected in strict accordance with current American Water Works Association (AWWA) standards. They also shall be provided with the minimum number, size and type of roof vents, manways, drains, sample connections, access ladders, overflows, liquid level indicators, and other appurtenances as specified in the Rules. The roof of all tanks shall be designed and erected so that no water ponds at any point on the roof and, in addition, no area of the roof shall have a slope of less than 0.75 inch per foot. Please address all items listed on the water storage tank construction checklist in the signed and sealed engineering report.
6. Any storage tank that does not meet AWWA standards must have an exception.
7. Exceptions to the above rules must be requested in writing and must be substantiated by carefully documented data. The request for an exception shall precede the submission of engineering plans and specifications for a proposed project for which an exception is being requested as required in 30 TAC Section 290.39 (I)(1). Written exception request must be submitted to the TCEQ's Technical Review and Oversight Team (TROT) at the following address:

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

For information about the exception process, please go to the URL below:

<http://www.tceq.texas.gov/drinkingwater/trot/exception>

Please note that an "Exception Request Form" must be completed for all exception submittals.

If after you have reviewed the information available at the webpage above you have a question regarding the exception process, please call (512) 239-4691 and ask to speak to a member of the TROT about exceptions.

The submittal consisted of 35 sheets of engineering drawings. The proposed project consists of:

- 120,000 gallon ground storage tank.

The Laguna Tres Subdivision public water supply system provides water treatment.

The project is located in Hood County, Texas.

We will retain these documents for **100 calendar days** from the date of this letter. Revisions or additional information must be submitted to the TCEQ (Plan Review Team, MC-159) within that time or the entire package must be resubmitted for review. Please refer to the Plan Review Team's Log No. **P-04122016-048** in all correspondence for this project.

**Please Note:** In order to determine if a new source of water or a new treatment process results in corrosive or aggressive finished water that may endanger human health, we are requesting additional sampling and analysis of lead, alkalinity (as calcium carbonate), calcium (as calcium carbonate) and sodium in addition to the required chemical test results for public water system new sources. We are requiring these additional sampling results as listed in our currently revised checklists (Public Well Completion Data Checklist for Interim Use - Step 2 and Membrane Use Checklist - Step 2) which can be found on TCEQ's website at the following address:

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

Please include these additional sampling results in well completion submittals, membrane use submittals, and other treatment process submittals.

New surface water sources will need to also include lead, total dissolved solids, pH, alkalinity (as calcium carbonate), chloride, sulfate, calcium (as calcium carbonate) and sodium with the analysis required in 30 TAC Section 290.41(e)(1)(F).

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>

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.

Mr. Tracy E. Strevey, III, P.E.  
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June 20, 2016

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If you have any questions please contact Brian D. Dickey at (512)239-0963 or by email at [brian.dickey@tceq.texas.gov](mailto:brian.dickey@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,



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

VP/BDD/av

cc: Laguna Tres Subdivision, Attn: Mr. Harvey Ike Thomas, P.O. Box 2337, Granbury, TX  
76048-7337

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Mr. Tracy E. Strevey, III, P.E.  
Page 5  
June 20, 2016

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bcc: TCEQ Central Records PWS File 1110019 (Laguna Tres Subdivision)  
TCEQ Region No. 4 Office - Arlington  
TCEQ Region No. 4 Office - Jeff.Tate@tceq.texas.gov  
TCEQ PWSINV, MC-155

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



PWS\_1110095\_CO\_20160622\_Plan Ltr

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 22, 2016

Mr. Tracy E. Strevey, III, P.E.  
Baird Hampton And Brown Inc  
6300 Ridglea Place Ste 700  
Fort Worth, TX 76102

Re: Laguna Vista Subdivision - Public Water System ID No. 1110095  
Proposed Waterline and Interconnection with Laguna Tres Subdivision (PWS ID No. 1110019)  
Engineer Contact Telephone: (817) 338-1277  
Plan Review Log No. P-04122016-047  
Hood County, Texas

CN: 600695985; RN: 101275451

Dear Mr. Strevey:

On September 11, 2013 the Texas Commission on Environmental Quality (TCEQ) authorized the emergency construction of a water line and interconnect between the Laguna Vista subdivision and the Laguna Tres Subdivision. Sealed construction drawings, specifications, a report on existing capacities of the two public water systems, and a wholesale water contract was to be provided within 30 days. On April 12, 2016, the TCEQ received your response to the notice of enforcement for public water supply file record review investigation at Laguna Vista Subdivision. Based on our review of the information submitted, we are **unable to approve** the proposed project at this time. Please provide additional information showing how the requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems will be met:

1. Please complete a copy of the most current Public Water System Plan Review Submittal form. 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.

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

2. As required by Title 30 TAC §290.39(d)(1), plans, specifications, and related documents will not be considered unless they have been prepared under the direction of a licensed professional engineer. All engineering documents must have engineering seals, signatures, and dates affixed in accordance with the rules of the Texas Board of Professional Engineers". Please note that the Texas Board of Engineers Rules 137.33 and 137.77 have been changed to require that all engineering documents released, issued, or submitted by or for a registered engineering firm, including preliminary documents, must clearly indicate the engineering firm name and firm registration number. It is both the responsibility of the professional engineer that signs and seals a document and the firm that releases the document to verify that the firm name and number appear on the engineering work. The cover letter containing the calculations did not include the firm number and was not signed and sealed. In future submittals please insure that all documents are properly signed and sealed and contain the firms ID number.

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • [tceq.texas.gov](http://tceq.texas.gov)

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printed on recycled paper using vegetable-based ink

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3. An as-built Engineering Report addressing all TCEQ rule citations listed on the water distribution construction checklist (attached to the September 11, 2013 TCEQ plan review letter Log No. P-09062013-025) will be necessary to substantiate conformance with Title 30 Texas Administrative Code (TAC) Chapter 290. This report shall be prepared, signed and sealed by a licensed Texas Professional Engineer, then submitted to the TCEQ for review and comment. The letter was attached to the submittal.
4. Please address the topics identified in 30 TAC §290.39(e)(1) in the engineering report to ensure that the minimum capacity requirements of 30 TAC §290.45 are met. Please insure the engineering report address the existing capacities (wells, pressure tank, ground storage tanks, and booster pumps) at each water plant. Please note Well Nos. 9, and 10 have not been approved and can not be included until they are approved. Please include in the engineering report documentation (pump test, or region investigation report) supporting all claimed pumping capacities.
5. The record drawings state that all material and construction shall conform to the NCTOG standard specifications for public water works construction and JCSUD requirements. Additionally the record drawings indicate that the project is for an emergency interconnect City of Granbury, Hood County. Please revise the record drawings to properly identify the project as an interconnect between Laguna Tres Subdivision and Laguna Vista Subdivision.
6. Please include documentation in the engineering report showing that the pipe both above ground and underground conforms to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 61. Photographs of the existing pipe both above ground and below ground showing the NSF 61 mark will suffice.
7. Please include documentation in the engineering report showing that any existing plastic pipe installed in the system both above ground and below ground bears the National Sanitation Foundation Seal of Approval (NSF-pw). Photographs of the National Sanitation Foundation Seal on both above ground and below ground plastic pipe will suffice.
8. Please provide adequate cross-connection protection to prevent the unchlorinated/untreated water from the Laguna Tres raw water line from entering the Laguna Vista public water system.
9. Please include in the engineering report the type of pipe installed with total linear feet and size.
10. Sheet No. C4 shows the proposed 8-inch water line connecting onto the existing 4-inch water line along State Highway 51 at Chapparal Road (sta 46+50). However, on sheets C5 and C6 the profile view shows the proposed 8-inch waterline connecting on to a 4-inch water line at Granada Calle Street (sta 64 + 69.96). Please explain the discrepancies and revise the plans as needed.
11. If you are unable to show compliance with TCEQ requirements, please be advised that you may request exceptions in Exception must be requested in writing and must be substantiated by carefully documented data, including how granting the exception will not compromise the public health or result in a degradation of service or water quality. The request for an exception shall precede the submission of engineering plans and specifications or well completion for a proposed project for which an exception is being requested. Please submit the exception approval letter with the plans and specifications for a proposed project.

For information about the exception process, please go to the URL below:

<http://www.tceq.texas.gov/drinkingwater/trot/exception>

Please note that an "Exception Request Form", available at the URL listed below, must be completed for all exception submittals.

[http://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/TCEQ-20659\\_Exception\\_Request\\_Submittal\\_Form.docx](http://www.tceq.texas.gov/assets/public/permitting/watersupply/pdw/TCEQ-20659_Exception_Request_Submittal_Form.docx)

If after having reviewed the information available at the webpages above, you still have questions regarding the exception process, please call (512) 239-4691 and ask to speak to a member of the Technical Review and Oversight Team (TROT) about exceptions.

The submittal consisted of 8 sheets of record engineering drawings. The proposed project consists of:

- Approximately 4,170 linear feet of 8-inch unknown type water line; and,
- Various valves, fittings, and appurtenances.

The Laguna Vista Subdivision public water supply system provides water treatment.

The project is located along State Highway 51 in Hood County, Texas.

We will retain these documents for 100 calendar days from the date of this letter. Revisions or additional information must be submitted to the TCEQ (Plan Review Team, MC-159) within that time or the entire package must be resubmitted for review. Please refer to the Plan Review Team's Log No. P-04122016-047 in all correspondence for this project.

**Please Note:** In order to determine if a new source of water or a new treatment process results in corrosive or aggressive finished water that may endanger human health, we are requesting additional sampling and analysis of lead, alkalinity (as calcium carbonate), calcium (as calcium carbonate) and sodium in addition to the required chemical test results for public water system new sources. We are requiring these additional sampling results as listed in our currently revised checklists (Public Well Completion Data Checklist for Interim Use - Step 2 and Membrane Use Checklist - Step 2) which can be found on TCEQ's website at the following address:

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

Please include these additional sampling results in well completion submittals, membrane use submittals, and other treatment process submittals.

New surface water sources will need to also include lead, total dissolved solids, pH, alkalinity (as calcium carbonate), chloride, sulfate, calcium (as calcium carbonate) and sodium with the analysis required in 30 TAC Section 290.41(e)(1)(F).

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.

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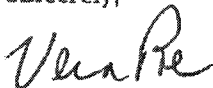
<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

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 Brian D. Dickey at (512)239-0963 or by email at [brian.dickey@tceq.texas.gov](mailto:brian.dickey@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,



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

VP/BDD/av

cc: Laguna Tres Subdivision, Attn: Mr. Harvey Ike Thomas, P.O. Box 2337, Granbury, TX  
76048-7337

Mr. Tracy E. Strevey, III, P.E.  
Page 5  
June 22, 2016

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Page 17 of 17

bcc: TCEQ Central Records PWS File 1110095 (Laguna Vista Subdivision)  
TCEQ Region No. 4 Office - Arlington  
TCEQ Region No. 4 Office - Jeff.Tate@tceq.texas.gov  
TCEQ PWSINV, MC-155  
TCEQ Leila Terada, MC-159

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