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DOCKET NO. 54429

APPLICATION OF PALO DURO	§	PUBLIC UTILITY COMMISSION
SERVICE COMPANY, INC. AND THE	§	
CITY OF HUDSON OAKS FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN PARKER COUNTY	§	

**COMMISSION STAFF’S RESPONSE TO ORDER NO. 22 AND MOTION TO ADMIT
SAME**

I. INTRODUCTION

On December 6, 2022, Palo Duro Service Company, Inc. (Palo Duro) and the City of Hudson Oaks (Hudson) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Parker County.

On October 24, 2024, the administrative law judge (ALJ) filed Order No. 23, requiring the Staff (Staff) of the Public Utility Commission of Texas (Commission) and the Applicants to file a response to Order No. 22 by October 28, 2024. Therefore, this pleading is timely filed.

II. STAFF RESPONSE REGARDING TARIFF

The ALJ requested Staff to clarify regarding whether Hudson was required to have a tariff. Because Hudson is a municipality, and the Commission does not have original jurisdiction over Hudson’s rates, Hudson will not have a tariff associated with this application.

The ALJ further requested that if the previously attached tariff is solely related to Palo Duro, then the parties should clarify whether the Trinity River Estates public water system should remain listed in the tariff. Staff has reviewed and determined that inclusion of Trinity River Estates was in error and will file a revised tariff on November 6, 2024, pursuant to Order No. 23.

III. JOINT RESPONSE REGARDING SYSTEM IMPROVEMENTS

The ALJ further requested clarification regarding the TCEQ status of certain system improvements in light of Chairman Gleeson’s memo in PUC Docket 54698. Staff has conferred with Applicants and is authorized to file on their behalf the attached TCEQ letter indicating that Hudson Oaks is in compliance with TCEQ regulations and has facilities constructed and in place.

IV. MOTION TO ADMIT

The parties respectfully request this pleading and its attachment be admitted into evidence of this proceeding.

V. CONCLUSION

For the reasons discussed above, Staff respectfully requests that the ALJ take note of the parties clarifications and that this pleading and its attachments be admitted into evidence of this proceeding and noted in the joint proposed notice of approval previously filed.

Dated: October 28, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Marisa Lopez Wagley
Division Director

Ian Groetsch
Managing Attorney

/s/ Kevin Pierce
Kevin Pierce
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DOCKET NO.

CERTIFICATE OF SERVICE

I certify that unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on October 28, 2024 in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Kevin Pierce
Kevin Pierce

Jon Niermann, *Chairman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*



COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 18, 2024

Mr. Rhett Micheletti
President
Palo Duro Service Company Inc.
3505 Williams Rd.
Fort Worth, Texas 76116-7029

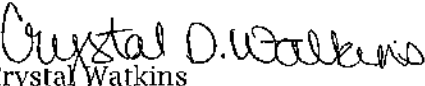
Re: Notice of Compliance with Notice of Violation (NOV) dated July 7, 2022:
Trinity River Estates Public Water System, Weatherford, Parker County, Texas
RN 101266153, PWS ID No. 1840099, Investigation No. 1823340

Dear Mr. Micheletti:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office has received adequate compliance documentation on June 27, 2024 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on June 14, 2022. Based on the information submitted, no further action is required concerning this investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Alexandra Ridgeway at the D/FW Regional Office at (817) 588-5814.

Sincerely,


Crystal Watkins
Team Leader, Public Water Supply Program
D/FW Regional Office

CW/ar

cc: Mr. Rhett Micheletti, rhettmicheletti@gmail.com

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

TRINITY RIVER ESTATES

Investigation # 2010075

904 CLEAR FORK DR

Investigation Date: 10/04/2024

WEATHERFORD, PARKER COUNTY, TX 76087

Additional ID(s): 1840099

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 815224

30 TAC Chapter 290.45(b)(1)(B)(iv)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to provide a pressure tank capacity of 20 gallons per connection. The water system serves 29 connections and is required to provide 580 gallons of pressure tank storage, while the system provides a total pressure tank capacity of 440 gallons. Therefore, the water system is approximately 24% deficient of the required pressure tank capacity requirement.

30 TAC 290.45(b)(1)(B)(iv) states for fewer than 50 connections with ground storage, the system must meet the following requirements: a pressure tank capacity of 20 gallons per connection.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system.

Investigation: 1841338

Comment Date: 09/06/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system.

Investigation: 1867332

Comment Date: 12/22/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the File Record Review, it was noted that the water system submitted a request for an extension of the compliance due date, along with supporting documentation, on December 14, 2022.

TCEQ D/FW Region management approved the extension request on December 22, 2022. The alleged violation remains outstanding and a new compliance due date of June 21, 2023, was established.

Investigation: 1909483

Comment Date: 06/26/2023

Failure to provide a storage tank capacity of 200 gallons per connection.

During the file record review investigation, the investigator determined that adequate compliance documentation had not been submitted by the water system to resolve the alleged violation.

Investigation: 1930805

Comment Date: 09/29/2023

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the file record review investigation, the investigator determined that adequate compliance documentation had not been submitted by the water system to resolve the alleged violation. On September 12 and 22, 2023, the water system submit a purchase order for a 480 pressure tank. This was not sufficient to resolve the alleged violation.

The investigator requested an extension to the compliance due date to allow additional time for the water system to complete the sale of the water system to the City of Hudson Oaks. The extension request was granted and a new compliance due date of April 19, 2024, was established.

Investigation: 1983266

Comment Date: 05/06/2024

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the File Record Review investigation, the investigator determined that no compliance documentation had been submitted by the water system.

Investigation: 2010075

Comment Date: 09/09/2024

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the September 9, 2024 investigation, it was determined that the water system had submitted adequate compliance documentation to resolve the alleged violation.

Recommended Corrective Action: Provide a minimum total pressure tank capacity of 20 gallons per connection.

Please be advised that public water systems shall notify the executive director prior to making significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specification for the proposed changes upon request.

In lieu of increasing the pressure tank capacity, an alternative capacity requirement may be requested through correspondence with the TCEQ Technical Review and Oversight Team at the following address:

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

Submit documentation indicating that the water system can provide a minimum total pressure tank capacity of 20 gallons per connection, or a copy of the granted exception to the rule to the TCEQ D/FW Regional Office to document that the alleged violation has been corrected.

Resolution: On June 27, 2024, the water system submitted a copy of the signed closing agreement, the signed assignment of easements, and the signed bill of sale agreement demonstrating the water system had been sold to the City of Hudson Oaks. This appears to be sufficient to resolve the alleged violation.

Track No: 815225

30 TAC Chapter 290.45(b)(1)(B)(ii)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to provide a storage tank capacity of 200 gallons per connection.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to provide a storage tank capacity of 200 gallons per connection. The water system serves 29 connections and is required to provide 5,800 gallons of storage tank capacity, while the system provides a total storage tank capacity of 5,000 gallons. Therefore, the water system is approximately 14% deficient of the required storage tank capacity

requirement.

30 TAC 290.45(b)(1)(B)(ii) states for fewer than 50 connections with ground storage, the system must meet the following requirements: a total storage capacity of 200 gallons per connection.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to provide a storage tank capacity of 200 gallons per connection.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system.

Investigation: 1841338

Comment Date: 09/06/2022

Failure to provide a storage tank capacity of 200 gallons per connection.

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The investigator requested an extension to the compliance due date to allow additional time for the water system to complete the sale of the water system to the City of Hudson Oaks. The extension request was granted and a new compliance due date of April 19, 2024, was established.

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During the September 9, 2024 investigation, it was determined that the water system had submitted adequate compliance documentation to resolve the alleged violation.

Recommended Corrective Action: Provide a minimum total storage tank capacity of 200 gallons per connection. Please be advised that public water systems shall notify the executive director prior to making significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specification for the proposed changes upon request. In lieu of increasing the pressure tank capacity, an alternative capacity requirement may be requested through correspondence with the TCEQ Plan and

Technical Review Section.

Submit documentation indicating that the water system can provide a minimum total storage tank capacity of 200 gallons per connection, or a copy of the granted exception to the rule to the TCEQ D/FW Regional Office to document that the alleged violation has been corrected.

Resolution: On June 27, 2024, the water system submitted a copy of the signed closing agreement, the signed assignment of easements, and the signed bill of sale agreement demonstrating the water system had been sold to the City of Hudson Oaks. This appears to be sufficient to resolve the alleged violation.