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WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS D ANNUAL FINANCIAL REPORT

OF

PALO DURO SERVICE COMPANY, INC.

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2022

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission: 2/9/2023

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Annual Report for Class D Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name: PALO DURO SERVICE COMPANY, INC.

List all assumed names or dba names: N/A

B. Street Address, City or Town & Zip code: 3505 Williams Rd, Fort Worth, TX 76116

County: Tarrant CCN #s: 12200

C. List All PWS System names and numbers: Trinity River Estates / PWS # 1840099
(attach a separate list if necessary) Glider Base Estates / PWS # 2490028
Du Chane Chateaux Addition / PWS # 1840100
Aledo Ridge / PWS # 1840185

D. List All WQ Permitted system names and numbers: N/A
(attach a separate list if necessary)

E. Type of Ownership:
Corporation: X Partnership: Individual: Other:

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).
Palo Duro Service Company, Inc. (Form 1120)

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.
Rhett Micheletti, President / Brandy Micheletti, Vice President And Treasurer

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.
N/A

I. Date the utility was formed or incorporated: 3/17/1997

J. Is the utility commonly owned or controlled by another corporation? No
If yes, by whom?

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.

N/A

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned: N/A

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

A. Name and Title: Rhett Micheletti, President

B. Street Address, city, zip code 2310 Ashley Falls Lane, League City, Texas 77573

C. Telephone Number with Area Code: (832) 541-5909

Cell Phone Number with Area Code: (832) 541-5909

Fax Number with Area Code: N/A

Email address: RhettMicheletti@Gmail.com

- D. If not an officer, owner or employee, give name of firm employed by:

SUMMARY OF REVENUES AND EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company	(b) Water Operations	(c) Sewer Operations
1	TOTAL REVENUES:			
2	Base rates (fixed and gallonage charges)	\$255,466	\$255,466	\$0
3	Pass-through revenues	0	0	0
4	Other	0	0	0
5				
6	Total Revenues Lines 2 through 5)	\$255,466	\$255,466	\$0
7				
8	EXPENSES:			
9	Operations and Maintenance Expense (Note 1)	\$199,125	\$199,125	\$0
10	Amortization Expense - Other	0	0	0
11	Depreciation Expense	0	0	0
12	Interest on Customer Deposits	0	0	0
13	Taxes Other Than Income Taxes	2,487	2,487	0
14	Federal Income Taxes	24,761	24,761	0
15		0	0	0
16				
17	TOTAL EXPENSES (Lines 9 through 15)	\$226,374	\$226,374	\$0
18	Return (Line 6 minus Line 17)	\$29,092	\$29,092	\$0
19				
20	Non-Operating Income	51,542	51,542	0

Note 1: This amount will be carried automatically from Schedule II, line 43.

GENERAL & ADMINISTRATIVE and OPERATIONS AND MAINTENANCE EXPENSE

(Except for blue cells, the values in this table will populate)

Line		(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
21	Office Salaries	\$33,800	\$33,800	\$0
22	Office Rent	0	\$0	\$0
23	Office Supplies	3,315	\$3,315	\$0
24	Contract Accounting	1,078	\$1,078	\$0
25	Insurance	4,701	\$4,701	\$0
26	Legal	5,604	\$5,604	\$0
27	Management Salaries	0	\$0	\$0
28	Miscellaneous (utilities)	34,553	\$34,553	\$0
29	Other-add description	6,389	\$6,389	\$0
30	TOTAL GENERAL AND ADMINISTRATIVE EXPENSE	89,440	89,440	0
31				
32				
33	Operations and Maintenance Salaries	\$0	\$0	\$0
34	Employee Benefits	0	\$0	\$0
35	Operations and Maintenance Contract Labor	67,137	\$67,137	\$0
36	Supplies	9,589	\$9,589	\$0
37	Purchased Power	0	\$0	\$0
38	Testing	3,455	\$3,455	\$0
39	Chemicals	2,585	\$2,585	\$0
40	Miscellaneous Operations and Maintenance	26,919	\$26,919	\$0
41	TOTAL OPERATIONS AND MAINTENANCE EXPENSES	109,685	109,685	0
42				
43	TOTAL GEN & ADM and OP & MAINTENANCE EXPENSES	\$199,125	\$199,125	\$0

INVESTED CAPITAL AT END OF REPORTING PERIOD

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
44	Utility Plant In Service	\$625,519	\$625,519	\$0
45	Accumulated Depreciation (Note 1)	51,980	51,980	0
46				
47	Net Plant In Service (Lines 44 through 45)	677,499	677,499	0
48	Working Cash Allowance	24,891	24,891	0
49	Materials and Supplies Inventory	5,000	5,000	0
50	Prepayments	0	0	0
51	Customer Deposits (Note 1)	0	0	0
52	Customer Contributions in Aid of Construction (Note1)	0	0	0
53	Other (attach schedule or itemize)	0	0	0
54	Other (attach schedule or itemize)	0	0	0
55				
56	TOTAL INVESTED CAPITAL (Lines 47 through 54)	\$707,390	\$707,390	\$0
57	Return (Schedule I, Line 18)	\$29,092	\$29,092	\$0
58	Rate of Return (Line 57 / Line 56)	4.11%	4.11%	0.00%

Note 1: These items are typically deductions from invested capital and thus should normally be entered as negative amounts.

NET INVESTED CAPITAL SUPPLEMENTAL

(Except for blue cells, the values in this table will populate)

(Report the original cost values of utility plant in service by prescribed accounts.)

<u>Line</u>	<u>Water Plant in Service</u>	<u>Reference</u>	<u>Year end Balance</u>
1	101.1 Intangible Plant		\$0
2	101.2 Source of Supply and Pumping		0
3	101.3 Water Treatment Equipment		0
4	101.4 Transmission and Distribution		0
5	101.1 General Plant		0
6			0
7	Total Water Plant In Service		<u>\$0</u>
8			
9	Sewer Plant in Service		0
10			0
11	101.2 Intangible Plant		0
12	101.2 Collection System		0
13	101.4 Treatment and Disposal Facilities		0
14	101.6 Reclaimed Water Distribution Plant		0
15	101.7 General Plant		0
16			0
17	Total Sewer Plant in Service		<u>\$0</u>
18			
19	TOTAL PLANT IN SERVICE Lines 7 plus 17)		<u>\$0</u>

EXTRAORDINARY AND NONRECURRING ITEMS

(Except for blue cells, the values in this table will populate)

Ref. Schedule	Column	Line Number	Description	Total Water	Total Sewer
		1			
		2		\$0	\$0
		3		0	0
		4		0	0
		5		0	0
		6		0	0
		7		0	0
		8		0	0
		9	OTHER INFORMATION	0	0
		10		0	0
		11	Number of Active Connections at End of Reporting Period	0	0
		12	5/8" Meters	279	0
		13	3/4" Meters	0	0
		14	1" Meters	0	0
		15	1 1/2" Meters	0	0
		16	2" Meters	0	0
		17	List all Additional Meter Sizes:	0	0
		18		0	0
		19		0	0
		20		0	0
		21	Number of Inactive Connections	0	0
		22	5/8" Meters	9	0
		23	3/4" Meters	0	0
		24	1" Meters	0	0
		25	1 1/2" meters	0	0
		26	2" Meters	0	0
		27	List all Additional Meter Sizes:	0	0
		28		0	0
		29		0	0
		30		0	0
		31	Total Gallons Pumped	25,184,690	---
		32	Total Gallons Purchased	0	---
		33	Total Water Produced	<u>25,184,690</u>	---
		34	Total Gallons Sold	<u>25,184,690</u>	---
		35	Line Loss or Unaccounted-for Water	0	---
		36	% Line Loss or Unaccounted-for Water	0.00%	---
		37	Total amount of sewer treated (gallons)		0

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?	No
(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.	N/A
(b) provide the amount of annual revenues collected through the SIC for the reporting period.	N/A
(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.	N/A
(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.	N/A
(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.	N/A

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?	N/A
(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.	N/A
(b) provide the amount of revenues collected through the SIC for the reporting period.	N/A
(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.	N/A
(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.	N/A
(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.	N/A

OTHER EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Description	Total Company	Total Water	Total Sewer
1		\$0	\$0	\$0
2		0	0	0
3		0	0	0
4		0	0	0
5		0	0	0
6		0	0	0
7		0	0	0
8		0	0	0
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
13		0	0	0
14		0	0	0
15		0	0	0
16		0	0	0
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
21				
22	Total Other Expenses	\$0	\$0	\$0

SIGNATURE PAGE--PUC CLASS D ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2022 .

2/9/2023
Date


Signature

PRESIDENT
Title

The following files are not convertible:

Class_D_Water_Sewer_Annual_Report.xls

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