



Control Number: 42958



Item Number: 24

Addendum StartPage: 0

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APPLICATION OF AQUA UTILITIES, §
INC. AND AQUA TEXAS, INC. FOR §
SALE, TRANSFER, OR MERGER OF §
FACILITIES AND TO AMEND §
CERTIFICATES OF CONVENIENCE §
AND NECESSITY IN CHAMBERS, §
JEFFERSON AND LIBERTY §
COUNTIES (GRAY UTILITY §
SERVICE WATER SYSTEM; 37943-S) §

PUBLIC UTILITY COMMISSION
OF TEXAS.
FILING CLERK

AQUA TEXAS' RESPONSE TO ORDER NO. 10

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COME NOW, Aqua Utilities, Inc. and Aqua Texas, Inc. d/b/a Aqua Texas ("Aqua Texas" or "Applicants") and file this Response to Order No. 10 ("Response"). In support thereof, Aqua Texas would show the following.

I. BACKGROUND

On June 4, 2014, Aqua Texas filed a Sale, Transfer, or Merger ("STM") application with the Texas Commission on Environmental Quality ("TCEQ") to transfer certain certificated water service areas and assets from Aqua Utilities, Inc. to Aqua Texas, Inc. as part of a reorganization effort. Since 2010, through a series of STM applications, Aqua Texas has undertaken a process to consolidate all Texas regulated utility assets owned by Aqua America, Inc. subsidiaries under a single subsidiary: Aqua Texas, Inc. d/b/a Aqua Texas. This process is expected to provide greater clarity and efficiency for the Commission, TCEQ, and Aqua Texas from a regulatory and operational standpoint. Thus far, this process is complete for most of Aqua Texas' North Region and most of its Southeast Region systems. The STM application pending in this docket involves several water systems acquired from Gray Utility Service, L.L.C. through a previous STM application approved by TCEQ. See TCEQ Final Order, TCEQ Application No. 36695-S (November 2, 2011). Aqua Texas refers to these systems as its Southeast Region-Gray ("SE Gray") water systems.

On January 30, 2015, the Applicants filed revised application maps in response to Order No. 4. On March 30, 2015, Commission Staff filed a recommendation identifying certain deficiencies in those maps. On April 7, 2015, Aqua Texas filed revised application maps in response to Order

No. 6, and on May 22, 2015, Aqua Texas filed descriptions of the subdivisions being transferred in response to a Commission Staff request and Order No. 6. On June 26, 2015, Commission Staff filed a recommendation identifying certain deficiencies in those maps and descriptions and conducted a teleconference with Aqua Texas regarding its recommendation. Aqua Texas hereby files this response in accordance with those discussions.

II. SUPPLEMENTAL APPLICATION INFORMATION PROVIDED

After communications with Commission Staff, Aqua Texas created the revised maps attached as **Exhibit A**. Those maps include both large and small scale maps of the areas being transferred extracted from the Commission's official maps found within its CCN Viewer. Certain labeling was added for clarity as directed by Commission Staff.

Aqua Texas is also providing revised general descriptions of the retail water utility CCN service areas proposed for transfer in this docket for inclusion in the application notice. Aqua Texas notes that despite Staff's recommendation preceding Order No. 10, Staff agreed with Aqua Texas in a teleconference that the descriptions should correspond to each public drinking water system service area, rather than each subdivision. As reflected on Aqua Texas' tariff applicable to these water systems, some of the systems serve multiple subdivisions. The revised general descriptions, revised in accordance with guidance received from Commission Staff, are hereby provided below:

1 - Gray Utility Service (PWS ID No. 0360005): The water service area subject to this transaction consists of seven areas located approximately 3 miles southeast of downtown Mont Belvieu, Chambers County, Texas and generally bounded on the north by IH 10; on the east by Old River Lake; on the south by Wildlife Way; and on the west by Grand Parkway. The total area being requested is approximately 491 acres and has 989 current customers.

2 - Leaning Oaks Water Association (PWS ID No. 0360081): The water service area subject to this transaction is located approximately 3 miles northeast of downtown Old River-Winfree, Texas and is generally bounded on the north by County Line Rd; on the east by Solis Road; on the south by Lost Lake; and on the west by Goodyear Road. The total area being requested includes approximately 62 acres and 30 current customers.

3 - Trinity Cove Subdivision (PWS ID No. 0360084): The water service area subject to this transaction is located approximately 4 miles southwest of downtown Cove, Texas and is generally bounded on the north by FM 565; on the east by FM 3180; on the south by FM 2354; and on the west by FM 565. The total area being requested includes approximately 23 acres and 32 current customers.

4 - Carriage Trail Subdivision (PWS ID No. 0360093): The water service area subject to this transaction is located approximately .4 miles south-southeast of

downtown Old River-Winfree, Texas and is generally bounded on the north by FM 565; on the east by FM 565; on the south by Carriage Trail; and on the west by Sunnyside Drive. The total area being requested includes approximately 30 acres and 33 current customers.

5 - Hackberry Creek Subdivision (PWS ID No. 0360100): The water service area subject to this transaction is located approximately 3 miles southwest of downtown Cove, Texas and is generally bounded on the north by Harmon Road; on the east by FM 565; on the south by FM 565; and on the west by FM 3180. The total area being requested includes approximately 70 acres and 58 current customers.

6 - Barrow Ranch (PWS ID No. 0360122): The water service area subject to this transaction is located approximately .5 miles north of downtown Beach City, Texas and is generally bounded on the north by Skylane Drive; on the east by Trinity Bay; on the south by McCollum Park Road; and on the west by South Cotton Lake Road. The total area being requested includes approximately 329 acres and has 195 current customers.

7 - Towering Oaks I (PWS ID No. 1460145): The water service area subject to this transaction is located approximately 3.3 miles northeast of downtown Old River-Winfree, Texas and is generally bounded on the north by Picketts Bayou; on the east by Solis Road; on the south by County Line Rd; and on the west by CR 4015. The total area being requested includes approximately 114 acres and has 44 current customers.

8 - Oak Meadows II Subdivision (PWS ID No. 1460096) and **Oak Meadows III Subdivision** (PWS ID No. 1460100): The water service area subject to this transaction is located approximately 2.3 miles northeast of downtown Old River-Winfree, Texas and is generally bounded on the north by Picketts Bayou; on the east by CR 4014; on the south by 550 feet south of County Line Rd; and on the west by East Labbit Street. The total area being requested includes approximately 153 acres and has 83 current customers.

9 - Icet Cove (PWS ID No.: N/A): The water service area subject to this transaction is located approximately 5 miles east-southeast of downtown Mont Belvieu, Texas and is generally bounded on the north by Netter Lane; on the east by FM 565; on the south by IH 10; and on the west by Meadowlark Drive. The total area being requested includes approximately 68 acres and has 0 current customers.

10 - Webb Way Subdivision (PWS ID No. 1460137): The water service area subject to this transaction is located approximately 7 miles north of downtown Dayton, Texas and is generally bounded on the north by Parish Road 684; on the east by FM 321; on the south by Webb Road; and on the west by FM 678. The total area being requested includes approximately 155 acres and has 16 current customers.

11 - Sunchase Subdivision (PWS ID No. 1230083): The water service area subject to this transaction is located approximately 2 miles north of downtown Hamshire,

Texas and is generally bounded on the north by FM 365; on the east by IH 10; on the south by IH 10; and on the west by League Road. The total area being requested includes approximately 305 acres and has 50 current customers.

III. CONCLUSION

Aqua Texas respectfully requests, upon confirmation by Commission Staff, that the ALJ issue an order finding the application administratively complete and directing Commission Staff to continue application processing. If for any reason Commission Staff does not view the attachments as sufficient for application acceptance, Aqua Texas respectfully requests that it be notified immediately and provided an opportunity to cure any remaining deficiencies that are identified.

Respectfully submitted,

THE TERRILL FIRM, P.C.

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**ATTORNEYS FOR AQUA UTILITIES, INC.
AND AQUA TEXAS, INC. D/B/A AQUA TEXAS**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 2, 2015 in accordance with P.U.C. Procedural Rule 22.74.


Geoffrey P. Kirshbaum

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**For copies or
Any Questions**

**Please call
CENTRAL RECORDS at
512.936.7180**