



Control Number: 42958



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PUBLIC UTILITY COMMISSION
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OF TEXAS
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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) §

AQUA TEXAS' RESPONSE TO ORDER NO. 11

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. 11 Fourth Notice Finding Application Incomplete and Deficient. 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 July 2, 2015, Aqua Texas filed revised application maps and amended descriptions of the systems being transferred in response to Order No. 10. On July 17, 2015, Commission Staff filed a recommendation identifying certain additional deficiencies in those maps and descriptions. On July 21, 2015, the ALJ issued Order No. 11 instructing Aqua Texas to cure the deficiencies identified by Commission Staff on July 17. Aqua Teas hereby files this response and supplemental application information intended to cure the deficiencies.

II. SUPPLEMENTAL APPLICATION INFORMATION PROVIDED

In response to Commission Staff's latest recommendations, 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.¹ The only changes between the new map documents and those filed previously relate to the area now labeled as #2, plus re-numbering of each area prompted by this change. The re-labeled area on the map includes two adjacent public drinking water systems. These water systems are identified on Applicant's applicable water rate tariff as follows: (1) Leaning Oaks Water Association (PWS ID No. 0360081); and (2) Towering Oaks I (PWS ID No. 1460145). Aqua Texas' understanding is that Commission Staff prefers this area to have a single number referencing the CCN area that includes both systems for map labeling purposes corresponding to a single general description for the combined area. The revised maps reflect this change and revised numbering.

Aqua Texas is also providing a revised set of general descriptions of the retail water utility CCN service areas proposed for transfer in this docket for inclusion in the application notice. Most general descriptions have not been revised. However, area #2 was revised in accordance with Commission Staff's recommendation. The new set of general descriptions is provided below:

1 - Gray Utility Service: 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.

¹ Aqua Texas is only submitting maps with this Response that required amendment based on Staff's Response to Order No. 10 and Supplemental Recommendation on Sufficiency of the Application and Order No. 11.

2 - Leaning Oaks Water Association and Towering Oaks I: 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 Picketts Bayou; on the east by Solis Road; on the south by Lost Lake; and on the west by Goodyear Road and FM 565. The total area being requested includes approximately 176 acres and 74 current customers.

3 - Trinity Cove Subdivision: 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: 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: 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: 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 - Oak Meadows II Subdivision and Oak Meadows III Subdivision: 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.

8 - Icet Cove: 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.

9 - Webb Way Subdivision: 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.

10 - Sunchase Subdivision: 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. REQUEST FOR EXPEDITED COMMISSION STAFF DEADLINE

This Application has been pending before TCEQ and now PUC since June 4, 2014. The Application involves a transfer of assets and CCN area from one Aqua America, Inc. subsidiary to another without any change to the geographic CCN areas currently displayed within the Commission's official CCN map records. Yet, the Commission has yet to accept the application as administratively complete or clear Aqua Texas to provide public notice for the Application. The changes requested by Commission Staff were minor and are implemented with this filing. Therefore, for good cause, Aqua Texas respectfully requests that Commission Staff's next recommendation on administrative sufficiency be due on **August 14, 2015**, rather than August 28, 2015 as set forth in Order No. 11. This will allow approximately one week longer for Commission Staff to review Aqua Texas' supplemental information filed today than if Aqua Texas had waited until August 14, 2015 to file same. Therefore, the August 14, 2015 deadline should be an expedited deadline for Commission Staff's next recommendation instead of Applicant's deadline to cure deficiencies. Applicant hopes all deficiencies are now cured.

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. In the meantime, Aqua Texas respectfully requests that the ALJ issue an order expediting Commission Staff's next deadline from August 28, 2015 to August 14, 2015.

Respectfully submitted,

THE TERRILL FIRM, P.C.

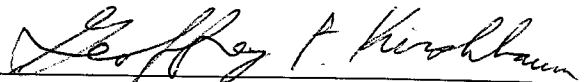
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ATTORNEYS FOR AQUA UTILITIES, INC.
AND AQUA TEXAS, INC. D/B/A AQUA TEXAS

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 23, 2015 in accordance with P.U.C. Procedural Rule 22.74.


Geoffrey P. Kirshbaum

OVERSIZED DOCUMENTS

MAPS

TO VIEW OVERSIZED DOCUMENTS PLEASE GO TO CENTRAL RECORDS

512-936-7180