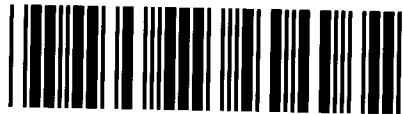


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DOCKET NO. 42958

**APPLICATION OF AQUA UTILITIES,
INC. AND AQUA TEXAS, INC. D/B/A
AQUA TEXAS FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND TO
AMEND CERTIFICATES OF
CONVENIENCE AND NECESSITY IN
CHAMBERS, JEFFERSON AND
LIBERTY COUNTIES (SOUTHEAST
REGION - GRAY UTILITY
SERVICE WATER SYSTEM)**

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PUBLIC UTILITY COMMISSION

OF

TEXAS

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FILED

**STAFF'S RESPONSE TO ORDER NO. 2, STATUS UPDATE AND REQUEST FOR
EXTENSION OF DEADLINE FOR STAFF'S RECOMMENDATION ON PROCESSING
THE APPLICATION**

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Staff's Response to Order No. 2, Status Update and Request for Extension of Deadline for Staff's Recommendation on Processing the Application. In support of its Request, Staff states the following:

I. BACKGROUND AND STATUS UPDATE

On June 4, 2014, Aqua Texas, Inc. d/b/a Aqua Texas (Applicant) filed an application with the Texas Commission on Environmental Quality (TCEQ) regarding the sale, transfer, or merger (STM) and amendment of Certificate of Convenience and Necessity (CCN) No. 11157 in Chambers, Jefferson, and Liberty Counties, Texas pursuant to TEX. WATER CODE ANN. § 13.301 and Title 16, TEX. ADMIN. CODE (16 TAC) §§ 24.109 and 24.112.

Effective September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case formerly pending at the TCEQ was transferred to the Commission. On September 30, 2014, Order No. 2 Requiring Comments on Status was issued requiring Staff to file an update on the status of the proceeding, to file a recommendation on the need for a hearing or on final disposition of the application, or to propose a procedural schedule by October 21, 2014. This Response is timely filed.

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II. ADMINISTRATIVE COMPLETENESS

With respect to procedure, the Commission's substantive rules state:

On or before the 120th day before the effective date of any sale, acquisition, lease, rental, merger or consolidation of any water or sewer system required by law to possess a certificate of public convenience and necessity, the utility or water supply or sewer service corporation shall file a written application with the commission and give public notice of the action.¹

The 120-day period begins on the later of: (i) the filing of a sale, transfer, merger application; (ii) if mailed notice is required, the date that the applicant mailed notice; or (iii) if newspaper notice is required, the last date of publication of the notice.² An application is not considered filed until "a determination of administrative completeness is made."³

Staff notes that the Commission has not yet made a determination of administrative completeness in this proceeding. Therefore, the 120-day clock pursuant to 16 TAC § 24.109(a) has not yet started.

III. REQUEST FOR EXTENSION OF DEADLINE

Due to the recent transfer of water and sewer utility cases to the PUC, good cause exists for Staff to request additional time to locate relevant documents and review the application before submitting its recommendation on how to process this case. Therefore, Staff respectfully requests that the Administrative Law Judge extend the deadline for Staff to file a recommendation on the need for a hearing or on final disposition of the application, or to propose a procedural schedule until Friday, December 19, 2014.

IV. CONCLUSION

Staff respectfully requests that the Administrative Law Judge extend the deadline for Staff to file its recommendation on processing the application until Friday, December 19, 2014.

Date: October 21, 2014

¹ 16 TAC § 24.109(a).

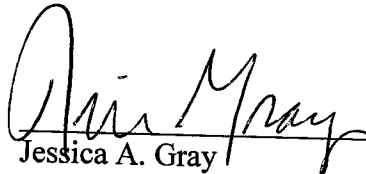
² 16 TAC § 24.109(a)(1)-(3).

³ *Id.*

Respectfully Submitted,

Joseph P. Younger
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division

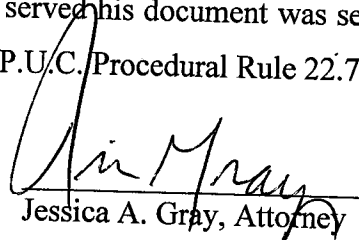


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CERTIFICATE OF SERVICE

I certify that a copy of this document was served his document was served on all parties of record on October 21, 2014 in accordance with P.U.C. Procedural Rule 22.74.



Jessica A. Gray, Attorney