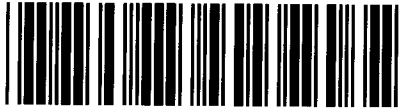


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APPLICATION OF AQUA UTILITIES, §
 INC. AND AQUA TEXAS, INC. D/B/A §
 AQUA TEXAS FOR SALE, TRANSFER, §
 OR MERGER OF FACILITIES AND TO §
 AMEND CERTIFICATES OF §
 CONVENIENCE AND NECESSITY IN §
 MCLENNAN COUNTY (T&A WATER §
 AND VLS INC. WATER SYSTEMS; §
 37944-S) §

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 PUBLIC UTILITY COMMISSION
 PUBLIC UTILITY COMMISSION
 FILING CLERK
 OF TEXAS

AQUA TEXAS' RESPONSE TO ORDER NO. 6

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. 6 ("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 two water systems Aqua Utilities, Inc. acquired through previous STM applications approved by TCEQ which Aqua Texas refers to as its T&A water system and VLS water system. *See* TCEQ Final Order, TCEQ Application No. 36639-S (February 22, 2011) (approving T&A water system acquisition); TCEQ Final Order, TCEQ Application No. 36640-S (February 22, 2011) (approving VLS water acquisition). Both systems are proposed for transfer to Aqua Texas, Inc. (CCN No. 13201) from Aqua Utilities, Inc. (CCN No. 11157).

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On January 30, 2015, the Applicants filed revised maps in response to Order No. 4. On March 30, 2015, Commission Staff filed a recommendation for the ALJ to continue finding Aqua Texas' Application maps in this docket deficient. However, after conferring with Commission Staff on March 31, 2015, the Parties both agreed that the maps submitted for both the VLS and T&A water systems on January 30, 2015 are acceptable, and new maps are not needed. However, the Applicants were directed that additional information should be filed to address Commission Staff's concerns instead. This pleading is intended to satisfy Commission Staff's concerns and allow an administrative completeness finding for the Application.

II. SUPPLEMENTAL APPLICATION INFORMATION PROVIDED

Aqua Texas understands that Commission Staff's concerns stem from the fact that the Commission's official map already has the T&A water system certificated to Aqua Texas, Inc., CCN No. 13201 as proposed for transfer. Aqua Texas discussed this issue with TCEQ Staff prior to filing the application on June 4, 2014 and prior to the transfer of water CCN jurisdiction to the Commission on September 1, 2014. But Commission Staff has requested the Applicants file an explanation for why the T&A water system STM application is needed.

As indicated in Application Attachment 4, on April 29, 2010 corporate approval was provided for Aqua Texas, Inc. to acquire all "used or useful" water assets from Aqua Utilities, Inc. for the North Region systems in Texas. Aqua Utilities, Inc. acquired both T&A and VLS water systems after that date and did not receive final orders placing them under CCN No. 11157 until February 22, 2011. In the interim, Aqua Utilities, Inc. prepared and filed its North Region water system STM application covering most of its North Region systems (Application No. 36875-S). In late 2010, an application amendment was filed inadvertently including the T&A water system area within the group of maps proposing to transfer North Region CCN areas and systems. The Notice provided for Application 36875-S in 2011 included T&A customers. The Application 36875-S transaction was approved and a consent package for the final order was received in Fall 2012.

There was some discussion with TCEQ Staff at the end of the Application 36875-S process about whether the VLS water system could be added since T&A was included—particularly, since Aqua Utilities, Inc. acquired and received final orders for the two systems around the same time. The TCEQ Staff determination was that the VLS water system could not be included in the approval since the VLS certificated area was not in the Application 36875-S maps, but T&A water system's area remained since it was included in the Application 36875-S maps. TCEQ issued a final order

for the North Region STM Application No. 36875-S on December 28, 2012 that included the T&A CCN area, but not the VLS CCN area.

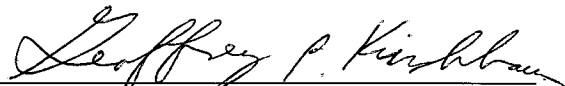
In 2014, during the process of preparing its VLS consolidation STM application, Aqua Texas identified the timing/authorization issue reflected in Application Attachment 4. After conferring with TCEQ Staff, it was determined that a new STM application should be filed to approve a new transaction authorizing transfer of both the VLS and T&A systems. This led to the June 4, 2014 filing that included the T&A water system in addition to the VLS water system and proposal to transfer both to CCN No. 13201. This decision was made despite the fact that the TCEQ's official map already showed the T&A water system under CCN No. 13201. The Commission's official CCN map similarly reflects this fact since this application was not approved prior to the September 1, 2014 jurisdictional transfer. In sum, with respect to the T&A water system portion, this application is remedial in nature.

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 explanation provided above as sufficient for such a finding, 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.

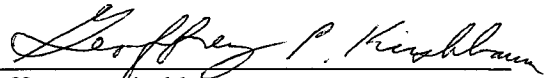
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**ATTORNEYS FOR AQUA UTILITIES, INC.
AND AQUA TEXAS, INC. D/B/A AQUA TEXAS**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 7, 2015 in accordance with P.U.C. Procedural Rule 22.74.



Geoffrey P. Kirshbaum

