



Control Number: 42959



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DOCKET NO. 42959

**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) §**

PUBLIC UTILITY COMMISSION

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OF TEXAS**

COMMISSION STAFF'S SECOND RESPONSE TO ORDER NO. 9

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Second Response to Order No. 9. In support of its Response, Staff states the following:

I. BACKGROUND

On June 4, 2014, Aqua Texas, Inc. d/b/a Aqua Texas (Applicant or Buyer) 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 held by Aqua Utilities, Inc. (Aqua Utilities or Seller) in McLennan County, 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 29, 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 20, 2014.

On October 20, 2014, Staff filed its Response to Order No. 2 and requested that the Administrative Law Judge extend the deadline for Staff to file its recommendation on processing the application until Friday, December 19, 2014. On October 21, 2014, Order No. 2 Granting Extension was issued, requiring Staff to file a recommendation on the need for a hearing or on final disposition, or to propose a procedural schedule for processing this proceeding by December 19, 2014. On December 19, 2014, Staff filed its Recommendation on the Application, in which

Staff identified multiple deficiencies in the application and notice and requested that the Applicant be given additional time to cure the deficiencies. On January 5, 2015, the Administrative Law Judge issued Order No. 4 directing the Applicant to file an amended application to cure the deficiencies by January 30, 2015. The Applicant file supplemental mapping information to cure the identified deficiencies on January 30, 2015, and Staff timely filed its Response to Order No. 4, Status Report, and Request for extension of deadline on February 13, 2015.¹ On February 19, 2015, the Administrative Law Judge issued Order No. 5 granting Staff's request and extending the deadline for Staff to file its supplemental recommendation on sufficiency of the application and notice, and a proposed procedural schedule, until March 30, 2015.

On March 30, 2015, Staff filed its Response to Order No. 5 and Recommendation on the Application in which Staff recommended that the application remained deficient and requested that the Applicant be given additional time to cure the deficiencies. On March 31, 2015, the Administrative Law Judge issued Order No. 6 directing the Applicant to file supplemental information to cure the identified mapping and notice by April 7, 2015 and directing Staff to file a second supplemental recommendation regarding administrative completeness of the application and proposed notice and to propose a procedural schedule for continued processing by May 8, 2015. On May 8, 2015, Staff filed its Response to Order No. 6 in which Staff recommended that the application be deemed administratively complete. On May 8, 2015, the Administrative Law Judge issued Order No. 8 finding the application sufficient for filing and directing Staff to file a supplemental procedural schedule by June 19, 2015.

On June 19, 2015, Staff filed its Response to Order No. 8 and Proposed Procedural Schedule for the processing of this matter. On June 22, 2015, the Administrative Law Judge issued Order No. 9 memorializing the procedural schedule for this proceeding. Pursuant to the schedule adopted in Order No. 9, the deadline for Staff to file a recommendation on the application or to request a hearing is July 24, 2015. On July 24, 2015, Staff filed its Final Recommendation recommending that the proposed transaction be approved. On July 27, 2015, the Administrative Law Judge issued Order No. 10 approving the sale. Pursuant to the procedural schedule adopted in Order No. 9, Staff is directed to file a proposed notice of approval by September 8, 2015. This Response is timely filed.

¹ Ten working days from January 30, 2015 falls on Friday, February 13, 2015.

II. STAFF'S SECOND RESPONSE TO ORDER NO. 9

On July 27, 2015, the Administrative Law Judge issued Order No. 10 directing the Applicant to proceed with the sale. On August 27, 2015, the Applicant filed a status update indicating that it is in the process of finalizing and completing the transaction. Staff respectfully recommends that a proposed notice of approval is not appropriate at this time. Staff is waiting to receive closing documents indicating that the transaction has been completed and that customer deposits have been addressed. Once Staff has received the closing documents, Staff will revise the CCN maps and certificates to reflect the application. Upon receipt of signed consent forms indicating consent to the revised maps and certificates, Staff will file a final recommendation on the application and a proposed notice of approval.

III. CONCLUSION

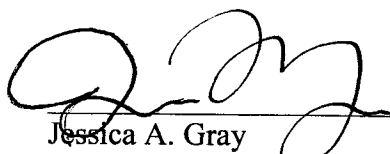
For the reasons stated above, Staff recommends that a proposed notice of approval is not appropriate at this time.

Date: September 8, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

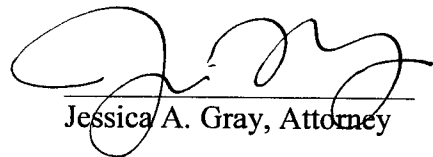
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CERTIFICATE OF SERVICE

I certify that a copy of this document was served his document was served on all parties of record on September 8, 2015 in accordance with 16 TAC § 22.74.

 with permission

Jessica A. Gray, Attorney