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DOCKET NO. 45510

RECEIVED

APPLICATION OF HOE WATER
SUPPLY CORPORATION AND
HARRIS COUNTY MUD NO. 480
FOR SALE, TRANSFER, OR
MERGER OF CERTIFICATE
RIGHTS IN HARRIS COUNTY

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PUBLIC UTILITY COMMISSION

OF TEXAS

2016 SEP -2 AM 11:43
PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMISSION STAFF'S REQUEST FOR REFERRAL TO THE STATE OFFICE OF
ADMINISTRATIVE HEARINGS**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Response to Order No. 7 and Request for Referral to the State Office of Administrative Hearings (SOAH).

I. Background

On January 11, 2016, HOE Water Supply Corporation (HOE WSC) and Harris County Municipal Utility District No. 480 (Harris County MUD) filed an application for approval of a sale, transfer, or merger of facilities and certificate of convenience and necessity (CCN) rights in Harris County (Application). HOE WSC seeks approval to transfer a portion of its water service area to Harris County MUD.

On August 24, 2016, the Administrative Law Judge (ALJ) issued Order No. 7 granting Staff's request for an extension and revising the procedural schedule for the remainder of the proceeding. Order No. 7 requires Staff to file a recommendation on the sale by September 2, 2016. Therefore, this Request for Referral is timely filed.

II. Staff's Request for Hearing

Staff recommends referral of this matter to SOAH for further development of the evidentiary record and a hearing on the merits. Pursuant to 16 Tex. Admin. Code § 24.109(e)(5)(D) (TAC), the Commission may require a public hearing to determine whether the sale is in the public interest. This transaction contemplates the transfer of HOE WSC's CCN to Harris County MUD accordingly, Staff must consider all of the factors listed in Tex. Water Code § 13.246(c). After reviewing the STM application and responses to Staff's Requests for Information, there appears to be an outstanding question regarding whether the Texas Commission on Environmental Quality has approved facility and distribution plans for the new water system. This calls into question whether Harris County MUD has the technical capability to provide continuous and adequate

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service to the proposed service area. Therefore, Staff recommends referral of this proceeding to SOAH for a hearing on the merits.

III. Conclusion

Staff respectfully requests that the entry of an order for referral.

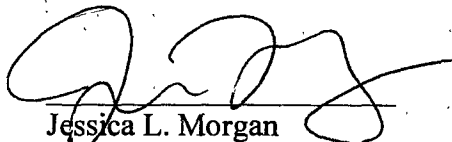
Dated: September 2, 2016

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

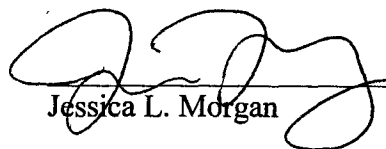
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DOCKET NO. 45510 CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this September 2, 2016 in accordance with 16 TAC § 22.74.



Jessica L. Morgan