

Control Number: 46077



Item Number: 28

Addendum StartPage: 0

APPLICATION OF BRUSHY CREEK §  
MUNICIPAL UTILITY DISTRICT AND §  
AQUA TEXAS, INC. FOR SALE, §  
TRANSFER, OR MERGER OF §  
FACILITIES AND CERTIFICATE §  
RIGHTS IN WILLIAMSON COUNTY §

PUBLIC UTILITY COMMISSION

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PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILING CLERK

**AQUA TEXAS, INC.'S RESPONSE TO COMMISSION STAFF'S  
RECOMMENDATION ON THE TRANSACTION**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW, Aqua Texas, Inc. d/b/a Aqua Texas ("Aqua") and files this Response to Commission Staff's Recommendation on the Transaction ("Response"). Aqua fully supports Staff's recommendation on the application ("Application") filed in this docket by Aqua and Brushy Creek Municipal Utility District (collectively, the "Applicants"), but is compelled to respond in order to clarify a particular point reflected therein which Aqua did not anticipate as an issue until yesterday's filing. In support thereof, Aqua would show the following.

Contrary to Staff's recommendation, the Application does not propose that Aqua Texas, Inc amend its CCN No. 11157 to include the transferred area as reflected in Staff's recommendation. Aqua Utilities, Inc. is the legal entity assigned CCN No. 11157. Aqua Texas, Inc. is a different legal entity which possesses regionally assigned North and Southeast Region water and sewer CCN numbers for certain other systems it currently owns, but has no currently assigned Southwest Region water CCN. Here, Aqua Texas, Inc. is the purchaser. Thus, as reflected in the Application, Aqua Texas, Inc. "requests a new water CCN number be issued for this transaction."<sup>1</sup>

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<sup>1</sup> Application, at 2 (Docket Item No. 1) (June 17, 2016); see also Application, at 7 (stating that "Aqua plans to operate the Brushy Bend Park water system as part of its Southwest Region").

This issue may be unique to Aqua Texas, Inc. Aqua Texas, Inc. is in the process of developing a consolidation STM application that would transfer all Southwest Region assets from Aqua Utilities, Inc. along with those of other affiliates to Aqua Texas, Inc. The intention is that this will result in regionally assigned water and sewer CCN numbers for Aqua Texas, Inc. throughout Texas. Aqua has engaged in past discussions with Commission Staff about this process which started when CCN jurisdiction was before the Texas Commission on Environmental Quality. Commission Staff has encouraged this consolidation project with the expectation it will facilitate annual reporting under new requirements adopted earlier this year.

Here, if the Commission determines that CCN No. 11157 will be the Southwest Region CCN number for both Aqua Texas, Inc. and Aqua Utilities, Inc. going forward, that result is acceptable. However, it seems that a new Southwest Region water CCN number specifically assigned to Aqua Texas, Inc. is warranted and, if so, it would be helpful to have that number assigned at the conclusion of this Application in anticipation of future Aqua Southwest Region STM applications. Either way, Aqua simply would like to avoid any further need to file, for example, a second Brushy Bend Park STM application involving only Aqua affiliates after this Application process concludes to deal with what should be a purely ministerial action appropriately addressed in this docket (*i.e.*, assignment of a new Southwest Region water CCN number).

Regardless, Aqua emphasizes that this issue is technical, may be resolved after the Application transaction is effected, and should not affect Commission adoption of the substantive recommendation by Staff for the Commission to approve the Applicants to move forward with the Application transaction. In fact, the Applicants would like to close this transaction by the end of the year. Aqua simply does not want the issue left unresolved at the conclusion of this proceeding and


requests the Honorable Administrative Law Judge direct clarification of this issue by Commission Staff as part of final processing after the transaction is closed.

**CONCLUSION**

Applicants respectfully request the ALJ issue an order approving the Applicants to move forward with the STM application transaction proposed in their Application and requiring further processing consistent with Staff's recommendation except as described herein.

**Respectfully submitted,**

**TERRILL & WALDROP**

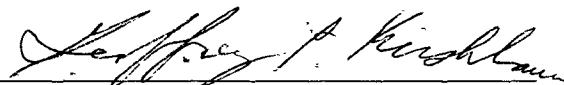
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**ATTORNEYS FOR AQUA TEXAS, INC. D/B/A  
AQUA TEXAS**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on November 30, 2016 in accordance with P.U.C. Procedural Rule 22.74.

  
Geoffrey P. Kirshbaum