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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
PUBLIC UTILITY COMMISSION

OF TEXAS

**JOINT RESPONSE TO ORDER NO. 8 AND MOTION TO ISSUE ORDER
 APPROVING SALE/TRANSACTION TO PROCEED**

COMES NOW Staff of the Public Utility Commission ("Commission Staff"), representing the public interest, Aqua Texas, Inc. ("Aqua"), and Brushy Creek Municipal Utility District ("Brushy Creek MUD") (collectively, "Parties"), and, together, file this Joint Response to Order No. 8 and Motion to Issue Order Approving Sale/Transaction to Proceed. In support thereof, the parties show the following.

I. BACKGROUND

On June 17, 2016, Aqua and Brushy Creek MUD (together, the "Applicants") filed an Application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Williamson County ("Application") with the Public Utility Commission of Texas ("Commission") that would result in an amendment of Brushy Creek Municipal Utility District ("Brushy Creek MUD") CCN No. 11773. The Application also requested a new CCN be issued to Aqua to encompass the service area being transferred.

On November 29, 2016, Staff filed its Recommendation on the Transaction recommending that the ALJ approve Brushy Creek MUD and Aqua's STM to proceed with the transaction. Staff's recommendation also indicated that the Application sought an amendment of CCN No. 11157, a CCN number assigned to the certificated service areas held by Aqua Utilities, Inc., to encompass the service area being transferred. On November 30, 2016, Aqua filed a Response to Staff's

Recommendation on the Transaction seeking clarification of the issue of assignment of a new CCN rather than amendment of CCN No. 11157. On December 9, 2016, Order No. 8 was issued requesting clarification from Staff by December 19, 2016. Therefore, this pleading is timely filed.

II. JOINT CLARIFICATION OF CERTIFICATE NUMBER ISSUE

On December 12, 2016, Aqua and Commission Staff conferred about whether an existing CCN should be amended or a new CCN created with a new number. Aqua is seeking a new CCN to create a Southwest Region for Aqua Texas, Inc., which would include the service area and water system being transferred from Brushy Creek MUD. Aqua Texas, Inc. presently has CCNs located in a North Region and a Southeast Region. The CCN that Commission Staff indicated would be amended, CCN No. 11157, belongs to Aqua Utilities, Inc., a separate legal entity from Aqua Texas, Inc. Aqua and Commission Staff agree that Aqua Texas, Inc. is the proposed purchaser in the Application transaction. With that explanation, Commission Staff is in agreement that assignment of a new water CCN to Aqua Texas, Inc. is merited in order to provide Aqua Texas, Inc. with a CCN to create a new Southwest Region.

This procedure will facilitate Aqua's larger scale project to reduce its systems and service areas in the southwest to a single regional water CCN and a single regional sewer CCN distinct from those currently assigned to Aqua Texas, Inc. for other regions. As a distinct legal entity, Aqua Texas, Inc., is required to operate under CCN numbers that are distinct from its affiliates throughout Texas. Ultimately, Aqua's goal is to consolidate its Texas operations into six total CCNs, three for water and three for sewer, that are organized into North, Southeast, and Southwest Regions and to minimize the use of affiliates in the state. Aqua Texas, Inc. and its affiliates currently hold ten CCNs total. Under prevailing Commission rules, several more STM applications

will need to be filed to achieve the goal of reducing the total number of CCNs to six. The CCN number issued here would be the final water CCN requested by Aqua Texas, Inc.

For these reasons, the Parties now agree that Aqua Utilities, Inc. CCN No. 11157 will not be amended as a result of this Application, and instead, Staff recommends that a new water CCN be assigned to Aqua Texas, Inc. for use as the new Southwest Region water CCN number, initially including the area proposed for transfer in this docket. This CCN number will then be used for other water system service areas and assets that Aqua Texas, Inc. may request for transfer in this geographic region in future applications.

III. MOTION TO ISSUE ORDER APPROVING SALE/TRANSACTION TO PROCEED

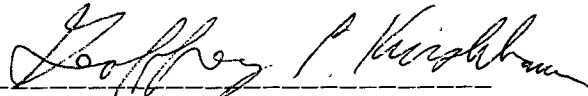
With the clarification discussed above, the Parties hereby respectfully request that the Honorable administrative law judge (“ALJ”) issue an order approving the Application sale/transaction to proceed. The Applicants desire to close the proposed transaction by the end of 2016, but may not proceed without this order.

IV. CONCLUSION

Aqua Texas and Brushy Creek MUD, with the support of Staff, respectfully request that the Application be approved and, accordingly, that Aqua Texas and Brushy Creek MUD be allowed to move forward with the sale/transaction.

Respectfully submitted,

TERRILL & WALDROP

By: 

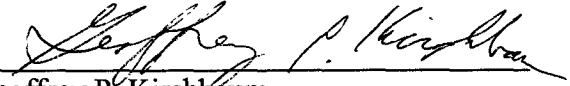
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**ATTORNEYS FOR AQUA TEXAS, INC. D/B/A
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 14, 2016 in accordance with P.U.C. Procedural Rule 22.74.


Geoffrey P. Kirshbaum