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APPLICATION OF TERRA	§	
SOUTHWEST, INC. AND UNDINE	§	PUBLIC UTILITY COMMISSION
TEXAS, LLC FOR SALE, TRANSFER,	§	
OR MERGER OF FACILITIES AND	§	OF TEXAS
CERTIFICATE RIGHTS IN DENTON	§	
COUNTY	§	

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC’S REPLY
TO UNDINE TEXAS LLC’S RESPONSE TO ORDER NO. 7**

CSWR-Texas Utility Operating Company, LLC (“CSWR Texas”) submits this reply to Undine Texas, LLC’s (“Undine”) Response to Order No. 7 (“Response”), filed on July 28, 2021. Pursuant to 16 Tex. Admin. Code § 22.78(a), this responsive pleading is timely filed within five days of Undine’s Response.

Order No. 7 granted the parties’ request to continue to abate this proceeding pending the resolution of the conflicting claims as to the utility that will ultimately purchase the assets of Terra Southwest, Inc. (“Terra Southwest”). The Administrative Law Judge (“ALJ”) requested that parties file a status update by December 17, 2021. In its Response, Undine submitted a copy of a July 16, 2021 letter from Roger Key, counsel for the seller of Terra Southwest, to James Beckemeier, counsel for Central States Water Resources, Inc., an affiliate of CSWR Texas. Undine this letter “confirms Terra’s intention and authority to proceed with the transaction with Undine, to the exclusion of any rights CSWR Texas purports to have relating to Terra’s assets”¹ and compels that the abatement be lifted at this time.

Contrary to Undine’s Response, the pending dispute as to whether CSWR Texas or Undine has the right to acquire Terra Southwest has not been resolved. Mr. Key’s letter makes numerous unfounded allegations regarding the terms of CSWR Texas’ agreement with Terra Southwest and

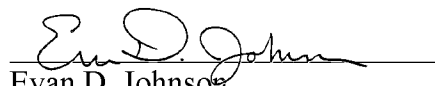
¹ Undine’s Response to Order No. 7 at 1 (Jul. 28, 2021).

the circumstances precipitating that agreement, which CSWR Texas has relied on for the past year as part of its acquisition strategy in Texas. In fact, until it received Mr. Key's letter, CSWR Texas was not aware of any of the allegations asserted therein and will aggressively defend its agreement with Terra Southwest. Accordingly, this dispute will likely not be resolved in a way that would permit Undine's proposed acquisition to move forward in the immediate future.

While CSWR Texas continues to work to resolve this issue with Terra Southwest and Undine, it requests that the ALJ continue to abate this proceeding until December 17, 2021 or such that time that a resolution has been reached.

Respectfully submitted,

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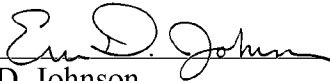


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**ATTORNEYS FOR CSWR-TEXAS UTILITY
OPERATING COMPANY, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of July 2021, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Order Suspending Rules, issued in Project No. 50664.



Evan D. Johnson