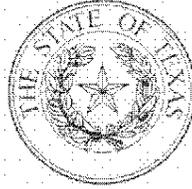


State Office of Administrative Hearings



Cathleen Parsley
Chief Administrative Law Judge

July 30, 2012

Les Trobman, General Counsel
Texas Commission on Environmental Quality
P.O. Box 13087
Austin Texas 78711-3087

VIA FACSIMILE: 239-5533

Re: SOAH Docket No. 582-12-0707; TCEQ Docket No. 2011-1566-UCR; Applications from Aqua Utilities, Inc. dba Aqua Texas, to Purchase Facilities and to Transfer and Cancel from CCNs 13114 and 21005 from Texas-American Water Company in Brazoria, Harris, Liberty, Matagorda, and Montgomery Counties.

Dear Mr. Trobman:

On June 4, 2012, the Administrative Law Judge (ALJ) issued her proposal for decision (PFD). On June 25, 2012, the Executive Director (ED) of the Texas Commission on Environmental Quality (TCEQ or Commission); Aqua Utilities dba Aqua Texas (Applicant); and Jesse Parker, Sandra Hyde, Richard T. Hyde, and Rafael Alcala (the Customers) filed Exceptions to that PFD. The ED, the Applicant, and the Customers filed replies to the exceptions on July 5, 2012.

After careful review, the ALJ recommends accepting the following changes to the PFD and Proposed Order contained in the Applicant's exceptions:

On Page 5 of the PFD: In other words, the applications were approved, and SOAH does not have jurisdiction to hold a contested case hearing on the applications for the Commission. This case should be dismissed from SOAH's docket and the applications finally processed by the Commission.

Conclusion of Law No. 9:

Once the ED waived his right to a hearing, the applications were approved, the transaction could be completed, and the Commission no longer had authority to refer the applications for a contested case hearing at SOAH; the Commission must now complete all ministerial acts necessary to complete the requested transfer of CCNs and utility assets within the official Commission records.

ALJ Exceptions Letter
SOAH Dkt. No. 582-12-0707
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Page 2

Ordering Provision No. 1:

The matter is dismissed for lack of jurisdiction from SOAH's docket and remanded to the ED with direction to take all ministerial acts necessary to complete the requested transfer of the CCNs and utility assets within the official Commission records within 60 days.

The ALJ recommends denying the changes requested by the ED and the Customers.

Sincerely,

A handwritten signature in black ink that reads "Rebecca S. Smith". The signature is written in a cursive style with a large, prominent "R" and "S".

Rebecca S. Smith
Administrative Law Judge

RSS/lr
cc: Mailing List via facsimile

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DATE: **07/30/2012**
NUMBER OF PAGES INCLUDING THIS COVER SHEET: **5**
REGARDING: **EXCEPTIONS LETTER (BY ALJ)**
DOCKET NUMBER: **582-12-0707**

JUDGE REBECCA SMITH

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STYLE/CASE: AQUA UTILITIES INC / AQUA TEXAS INC
SOAH DOCKET NUMBER: 582-12-0707
REFERRING AGENCY CASE: 2011-1566-UCR

**STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

**ADMINISTRATIVE LAW JUDGE
ALJ REBECCA SMITH**

REPRESENTATIVE / ADDRESS

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AQUA UTILITIES D/B/A AQUA TEXAS, INC.

Liz Slick

From: XMediusFAX@soah.state.tx.us
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To: Liz Slick
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