



Control Number: 27054



Item Number: 10

Addendum StartPage: 0

COATS | ROSE

DAVID F. GREEN

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DIRECT DIAL
(713) 653-7319

September 30, 2002

Executive Director
Public Utilities Commission
1701 N. Congress Avenue
PO Box 133326
Austin, Texas 78711-3326

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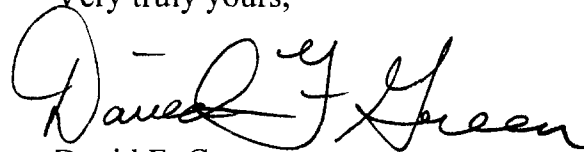
Re: Montgomery County Utility District No. 2 27054

Gentlepersons:

Enclosed with this letter for your use and files please find one (1) photocopy of the annual report regarding electricity conservation compliance as submitted by the captioned District to the State Energy Conservation Office pursuant to Senate Bill 5, 77th Legislature.

If I can be of further service, please call me at 713-653-7319.

Very truly yours,



David F. Green
Legal Assistant

Enclosure

COATS | ROSE | YALE | RYMAN | LEE
A Professional Corporation

800 First City Tower, 1001 Fannin Houston, Texas 77002-6707
Phone: 713-651-0111 Fax 713-651-0220
Web www.coatsrose.com



State Energy Conservation Office

Health and Safety Code 388.005

Reporting Information

(as required by Health and Safety Code 388.005(e))

Please respond by July 1, 2002

Contact Information

Political Subdivision: Montgomery County Utility District No. 2
County: Montgomery County, Texas
Contact: Coats, Rose, Yale, Ryman & Lee, P.C.
ATTN: David F. Green
Address: 1001 Fannin Street, Suite 800
City: Houston, Texas
Zip: 77002-6707
Phone: 713-651-0111
Fax: 713-651-0220
e-mail address: _____

Compliance Information

Health and Safety Code 388.005(b): Each political subdivision shall implement all energy efficiency measures that meet the standards established for a contract for energy conservation measures under section 302.004(b), Local Government Code, in order to reduce electricity consumption by the existing facilities of the political subdivision.

1. This political subdivision has implemented all cost effective conservation measures as referenced in Health and Safety Code 388.005(b).

☐ Yes, Go to Number 3

☐ No, Go to Number 2

See Attachment "1"

2. This political subdivision plans on implementing all cost effective conservation measures as referenced in Health and Safety Code 388.005(b) by: _____ (date). **See Attachment "1"**

Health and Safety Code 388.005(c): Each political subdivision shall establish a goal to reduce the electric consumption by the political subdivision by five percent each year for five years, beginning January 1, 2002.

3. This political subdivision has established the goal as referenced in Health and Safety Code 388.005(c).

☐ Yes, Go to Number 5

☐ No, Go to Number 4

See Attachment "1"

4. This political subdivision will establish the goal as referenced in Health and Safety Code 388.005(c) by: _____ (date). **See Attachment "1"**

Health and Safety Code 388.005(d): A political subdivision that does not attain the goals under Subsection (c) must include in the report required by Subsection (e) justification that the political subdivision has already implemented all available measures.

5. Justification (please be brief and begin with the date of your note):

See Attachment "1"

6. If you were unable to meet your goal of 5%, SECO would like to offer you the opportunity to address the reasons for not meeting that goal. This will help us better evaluate your progress (please be brief and begin with the date of your note):

See Attachment "1"

Health and Safety Code 388.005(e): A political subdivision annually shall report to the State Energy Conservation Office, on forms provided by that Office, regarding the political subdivision's efforts and progress under this section...

7.

Year	Annual Usage (kWh)	Percent Difference from baseline	Gross facility square footage	Precent change in sqaure footage from previous year
(baseline) 2001				
2002				
2003				
2004				
2005				
2006				

8. If you would like to offer comments or suggestions, please do so here (please be brief and begin with the date of your note):

See Attachment "1"

ATTACHMENT "1"

**MONTGOMERY COUNTY UTILITY DISTRICT NO. 2
OF
MONTGOMERY COUNTY, TEXAS**

September 27, 2002

Mr. Glenn Jennings, Program Administrator
State Energy Conservation Office
Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78701

Re: Annual Report Under Senate Bill 5, 77th Texas Legislature ("SB 5")

Dear Mr. Jennings:

The Board of Directors of Montgomery County Utility District No. 2 ("District") has recently become aware of the electricity conservation requirements set forth in the captioned SB 5. We would like to make the State Energy Conservation Office ("SECO") aware of the District's position in regard to the requirements of SB5.

We understand and support the goal of energy conservation. However, the nature of a municipal utility district makes it very difficult, if not impossible, to achieve the energy conservation goals set forth in SB 5.

The District, as is the case with all municipal utility districts, was created primarily to provide water supply, water treatment, sanitary sewer collection, wastewater treatment, and storm water collection and drainage facilities to serve the land within the District's boundaries. To achieve its purposes, the District has financed and constructed water treatment plants, a wastewater treatment plant, lift stations, and other facilities that consume large amounts of electricity. All of the District's electricity is consumed by the District's treatment facilities mentioned above.

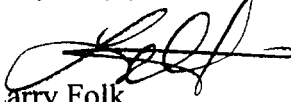
At the time the facilities were constructed, they were designed to industry standards, which included energy-efficient equipment considered cost-effective at the time. Likewise, as the facilities were expanded or renovated over the years, energy-efficient equipment was used if it was deemed to be cost-effective. However, any modification of these large and often complex facilities is very expensive, and modifying them only for the purposes of adding energy conservation systems would be cost-prohibitive.

The amount of electricity that the District consumes in a particular year is determined much more by the number of utility connections (i.e., residential, commercial, and other buildings and structures) served by the District than by the use or non-use of energy conservation measures. The more utility connections that are added to the District, the harder the facilities will operate and the more electricity the District will consume. In addition, as utility connections are added, the District must construct additional facilities in order to serve its customers, thereby increasing the amount of electricity used.

For your information, a factor that could affect any future reports that the District and other political subdivisions submit to SECO will be the ease or difficulty of obtaining electricity consumption data from Retail Electric Providers. So far in 2002, the District's new REP has not been submitting billing information consistently, and the bills we have received have not necessarily been accurate. Any electricity consumption data submitted to SECO in the 2002 SB 5 compliance report might not be accurate, thus affecting SECO's ability to assess the effectiveness of energy conservation measures instituted by various political subdivisions.

If you have any questions about these matters, please contact David F. Green with Coats, Rose, Yale, Ryman & Lee, P. C., the District's Attorney, at (713) 653-7313.

Very truly yours,



Larry Folk

Vice President, Board of Directors

cc: Ms. Karen Sears
AquaSource Services, LP

Mr. Mark Adam, P.E.
Alexander Engineering, Inc.

Mr. David F. Green
Coats, Rose, Yale, Ryman & Lee, P. C.