

Control Number: 42852



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September 29, 2015

Public Utility Commission of Texas
Attn: Jason Haas
1700 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711

Re: Application from the City of Splendora to Amend Water CCN No. 11727
PUC Docket No. 42852

Dear Mr. Haas:

I write on behalf of my client, the City of Splendora (the "**City**"), regarding the City's pending Application ("**Application**") to amend water Certificate of Convenience and Necessity ("**CCN**") No. 11727. Thank you for taking time to meet with us on September 2, 2015, to discuss the Public Utility Commission ("**PUC**") Staff's questions regarding the need for retail water service in three specific areas of the City's requested water CCN area. We appreciate the opportunity to provide PUC Staff with the information it needs to complete its review of the Application.

The City would like to memorialize our discussion and provide additional information on these three areas in question. The following items address each of the three areas discussed:

1. Eastern-Most Edge of Requested Area: The City's Application requests a water CCN for the area east of River Lane and Magnolia because (i) it is already has significant water infrastructure in place (ii) it is currently providing retail water service in this general area; and (iii) the East Fork San Jacinto River provides a natural boundary for the eastern edge of this area. It is unlikely, and certainly not cost effective, that a third party would install water pipelines that go under the riverbed to serve this small area. Such construction activities would have an negative impact on the environmental integrity of the river. As the development continues to grows in this area, the City is the retail public utility that is prepared to provide retail water service to those customers. The area is requested for efficiency of cost to the customer

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2. Northwestern Edge of Requested Area: The City is already able to provide retail water service in this area, northwest of Midline Road and Lake Forest Drive. It is the City's understanding that the Splendora Independent School District ("SISD") is contemplating whether to purchase of a large tract of land and build a school in this area. The City anticipates that SISD will want the City to provide retail water service. Additionally, Peach Creek also provides a natural boundary for the eastern portion of this area. Again, the area will enable the City to be a cost-efficient solution to these customers.

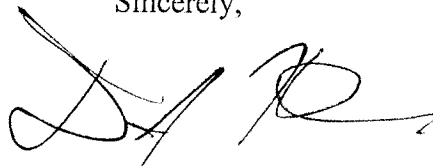
3. Southwestern Area East of City Limits: The City is already able to provide retail water service in this request area, west of Buck Road. This region is an area of high growth along the U.S. Highway 59 corridor, and the City expects more development in the area. The Grand Texas development is located southwest of this area, and a developer recently secured a Texas Pollutant Discharge Elimination System permit west of this area. These actions both indicate that further growth should occur in and around those areas and that there will be a need for additional water services. The City already has a six inch water pipeline along Highway 59, and thus the City can be a cost efficient provider of retail water services in this area.

In addition to these explanations, it is also important to note that the City's water CCN No. 11727 already includes its lines and facilities that are in and/or nearby these three areas.

Additionally, the City submits two cd-roms and seven maps of the City's final requested water CCN boundaries, attached hereto. These maps and digital data contain the slight change recommended by PUC Staff to reconcile the proposed CCN boundary on the east with the East Fork San Jacinto River.

If you have any further questions, please do not hesitate to contact me at (512) 322-5818.

Sincerely,

A handwritten signature in black ink, appearing to read 'David J. Klein', written over a horizontal line.

David J. Klein

DJK/dsr
Enclosures

CD-ROM of Digital Data of Final Water CCN Boundaries

Oversized Map of Final Requested Water CCN Boundaries

OVERSIZED MAP(S)

TO VIEW OVERSIZED MAP(S)
PLEASE GO TO
CENTRAL RECORDS

FOR ANY QUESTIONS
PLEASE CALL *CR* MAIN LINE
(512) 936-7180