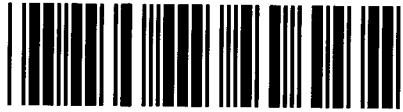




Control Number: 42946



Item Number: 4

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

42946

FREEMAN & CORBETT

PHONE (512) 451-6689

8500 Bluffstone Cove, Suite B-104
Austin, Texas 78759

FAX (512) 453-0865

RECEIVED

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February 26, 2013 COMMISSION
PUBLIC UTILITIES
FILING CLERK

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MAR 01 2013

UTILITIES & DISTRICTS
SECTION

Via Regular and Electronic Mail

Ms. Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Re: Application from Mustang Special Utility District, CCN No. 11856, to Transfer Facilities and to Transfer and Cancel CCN No. 13020 from Denton County Fresh Water Supply District No. 9, in Denton County; Application No. 36966-S

Application from Mustang SUD, CCN No. 20930, to Transfer Facilities and to Transfer and Cancel No. 20922 from Denton County FWSD No.9 in Denton County, Application No. 36967-S

CN: 601363534; RN: 10122269 (water) 102946019 (sewer) (Mustang SUD)
CN: 600739387; RN: 101410140 (water & sewer) (Denton FWSD No. 9)

Dear Ms. Benter:

On behalf of Mustang Special Utility District (the "District"), I am again writing in regard to the prior approval issued by the Texas Commission on Environmental Quality ("TCEQ") with respect to the above-referenced applications (the "Applications"). As you may recall, by correspondence dated August 24, 2011, TCEQ authorized Mustang SUD and Denton County FWSD No. 9 to proceed with the proposed transfer of facilities in accordance with the Applications.

By correspondence dated July 6, 2012, I informed you that the Town of Providence Village appealed TCEQ's decision approving the Applications, and has otherwise filed litigation relating to the proposed transfer of assets and the validity of the underlying agreement between Mustang SUD and Denton County FWSD No. 9. A copy of the July 6, 2012 correspondence is attached hereto. In my correspondence, I noted that your August 24, 2011 correspondence did not include a date for expiration of TCEQ's approval of the Applications, or otherwise specify a date by which the transfer of assets must be completed, and informed you that the parties intended to complete the transfer of assets upon resolution of the pending litigation.

4

February 26, 2013

Page 2

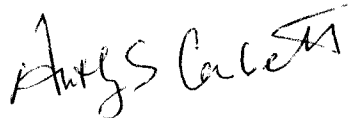
In my July 6, 2012 correspondence, I requested the following: (i) that you notify Mustang SUD of any such date on which TCEQ's prior approval of the Applications expires; and (ii) in the event of any such expiration date, that TCEQ renew such approval as necessary so that it continues in effect during the pendency of the litigation proceedings. You did not reply to the correspondence, thereby confirming that TCEQ's prior approval of the Application remains in effect.

Please note that the litigation has substantially progressed, and Mustang SUD contemplates that it will be resolved in the near future. At that time, Mustang SUD anticipates that the parties will proceed with the contemplated transfer of assets in accordance with TCEQ's prior approval of the Applications.

If TCEQ's prior approval no longer remains in effect, please notify me immediately. Otherwise, the parties will proceed with the transaction and notify TCEQ upon closing.

We appreciate your attention to this matter and look forward to your reply. Please do not hesitate to contact me if you have any questions.

Sincerely,



Anthony S. Corbett

cc: John Rapier (via email)
Brian Dickey (via email)

PHONE (512) 451-6689

FREEMAN & CORBETT
8500 Bluffstone Cove, Suite B-104
Austin, Texas 78759

FAX (512) 453-0865

July 6, 2012

Via Regular Mail

Ms. Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Re: Application from Mustang Special Utility District, CCN No. 11856, to Transfer Facilities and to Transfer and Cancel CCN No. 13020 from Denton County Fresh Water Supply District No. 9, in Denton County; Application No. 36966-S

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CN: 601363534; RN: 10122269 (water) 102946019 (sewer) (Mustang SUD)
CN: 600739387; RN: 101410140 (water & sewer) (Denton FWSD No. 9)

Dear Ms. Benter:

On behalf of Mustang Special Utility District (the "District"), I am writing in regard to the prior approval issued by the Texas Commission on Environmental Quality ("TCEQ") with respect to the above-referenced applications (the "Applications"). By correspondence dated August 24, 2011, TCEQ authorized Mustang SUD and Denton County FWSD No. 9 to proceed with the proposed transfer of facilities in accordance with the Applications.

As you may know, the Town of Providence Village subsequently appealed TCEQ's decision approving the Applications, and has otherwise filed litigation relating to the proposed transfer of assets and the validity of the underlying agreement between Mustang SUD and Denton County FWSD No. 9. As a result of this litigation, the parties have not completed the transfer of assets in accordance with TCEQ's prior approval of the Applications.

Your August 24, 2012 correspondence did not include a date for expiration of TCEQ's approval of the Applications, or otherwise specify a date by which the transfer of assets must be completed. The parties intend to complete the transfer of assets upon resolution of the pending litigation.

Ronald J. Freeman
rjfreeman@freemanandcorbett.com

Anthony S. Corbett
acorbett@freemanandcorbett.com

July 6, 2012
Page 2

We respectfully request the following: (i) that you notify Mustang SUD of any such date on which TCEQ's prior approval of the Applications expires; and (ii) in the event of any such expiration date, that TCEQ renew such approval as necessary so that it continues in effect during the pendency of the litigation proceedings.

We appreciate your attention to this matter and look forward to your reply. Please do not hesitate to contact me if you have any questions.

Sincerely,



Anthony S. Corbett

cc: John Rapier
Brian Dickey

Ronald J. Freeman
rfreeman@freemanandcorbett.com

Anthony S. Corbett
tcorbett@freemanandcorbett.com