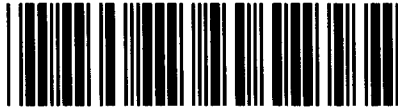


Control Number: 43585



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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

43585

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PUBLIC UTILITY COMMISSION
FILING CLERK

October 20, 2003

Geoffrey Kirshbaum
Texas Commission on Environmental Quality
Post Office Box 13087
MC-173
Austin, TX 78711-3087

Re: Letter Agreement Regarding Maps of the City of Austin's Proposed Water
and Wastewater Certificate of Convenience and Necessity Areas

Dear Geoff:

The purpose of this letter is to confirm that the Executive Director ("ED") of the Texas Commission on Environmental Quality ("TCEQ") approves of the City of Austin's ("City") proposed water and wastewater certificate of convenience and necessity ("CCN") areas as they are depicted on the maps attached as Exhibits A and B, and will grant the City these CCNs, unless otherwise agreed by the ED and the City.

On August 10, 2001, the City submitted two CCN applications to TCEQ, one for water service area and one for wastewater service area. The contested hearing for these applications – Application Nos. 33563-C and 33562-C – was eventually consolidated at the State Office of Administrative Hearings ("SOAH") with the contested hearing for competing CCN applications filed by Hornsby Bend Utility Co., Inc. ("Hornsby"), Application Nos. 32800-C, 33989-C, 33738-C, and 33988-C. The consolidated docket is SOAH Docket No. 582-02-3056.

Over time, all other parties except the City, Hornsby, and the ED withdrew from the SOAH proceeding.

On August 25, 2003, the City submitted two maps to the ED. These maps, which are attached to this letter as Exhibits A and B, are entitled "City of Austin Water Service Area" (Exhibit A) and "City of Austin Wastewater Service Area" (Exhibit B).

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Exhibit – B

Motion

Geoffrey Kirshbaum
October 20, 2003
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At the time of the submission of these maps to the ED, the City and Hornsby intended to enter an agreement ("Settlement Agreement") to resolve water and wastewater service area issues between the City and Hornsby and to divide the service area that is generally located south of US Highway 290, and north of the Colorado River, while not overlapping any existing CCNs held by other entities or the ETJs of other municipalities. The maps attached as Exhibits A and B incorporate and accurately depict the agreed service areas contemplated in this Settlement Agreement. Hornsby and the City executed the Settlement Agreement on October 20, 2003.

Consequently, on October 21, 2003, Hornsby and the City will file a joint motion to remand their applications to the ED for processing in accordance with the service area division agreed to in their Settlement Agreement. I understand that the ED will join this motion to remand.

If you agree with the contents of this letter, please acknowledge your agreement by signing both copies of this letter and returning one copy to me at the address on the letterhead.

Very truly yours,

Bracewell & Patterson, L.L.P.

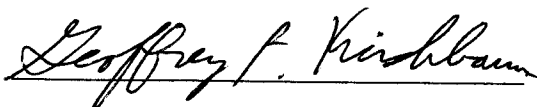


Monica Jacobs

MMJ/lrc
Enclosure

cc: John Carlton
Bart Jennings
Marty Terry

Agreed to:



Geoffrey Kirshbaum
October 20, 2003
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Geoffrey Kirshbaum, Attorney for TCEQ

Dated: 10/20/2003