

Control Number: 43975



Item Number: 24

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House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
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

via email to: ldougal@jw.com

December 23, 2009

Mr. Leonard H. Dougal  
Jackson Walker L.L.P  
100 Congress Avenue, Suite 1100  
Austin, Texas 78701

Re: Eagle Falls Water Supply, LLC  
TCEQ Application for Water CCN  
Request for Hearing by Trinity Rural Water Supply Corp.

RECEIVED  
2014 DEC 22 AM 10:47  
PUBLIC UTILITY COMMISSION  
FILING CLERK

Dear Mr. Dougal:

This letter is written as required by TCEQ to respond to your letter to the Texas Commission on Environmental Quality in which you state that your client, Trinity Rural Water Supply Corporation requests a public hearing on the application for Certificate of Convenience and Necessity to Provide Water Service to the proposed Eagle Falls Subdivision in Trinity County, Texas.

Please take notice that Eagle Falls Water Supply, LLC is negotiating with Lake Livingston Water Supply & Sewer Services Corporation to provide retail water supply service in the portion of Eagle Falls Subdivision that will be developed into residential property. The EFWS principals have attended LLWSSSC's Board meetings and have communicated through their engineering firm, WaterEngineers, Inc., with LLWSSSC's attorney, John D. Stover of the Zeleskey Law Firm.

In response to your letter, we offer the following:

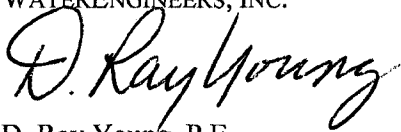
1. No portion of the proposed EFWS CCN falls within TRWSC's existing CCN, although TRWSC obtained a CCN on a portion of property owned by the developer of Eagle Falls.
2. A portion of the proposed Eagle Falls CCN falls over a common area that TCEQ maps indicate to be in LLWSSSC's CCN area.
3. There is an existing subdivision in LLWSSSC that will receive surface water from a surface water treatment plant that LLWSSSC proposes to construct when it becomes available. It does make sense for both TRWSC and LLWSSSC to run surface water transmission lines to the vicinity of Eagle Falls Subdivision.
4. The Eagle Falls developer made a valid attempt to obtain water supply service from TRWSC, including a payment for an engineering study. The initial conclusion of TRWSC's engineering study was that it would cost the Eagle Falls developer over \$4,000,000 to construct a surface water transmission line to Eagle Falls and to construct the infrastructure within Eagle Falls to provide retail water service to approximate 400 retail customer. That equated to approximate \$10,000 per customer.

5. Subsequently, TRWSC's engineering study was revised with a resulting cost to the Eagle Falls developer of approximately \$2,600,000, or \$6,500 a lot.
6. Neither of the TRWSC proposals were economically feasible with the developer's subdivision development pro forma plan, nor were they competitive with Eagle Fall's engineering study indicating that an investor owned utility could provide the required water infrastructure to provide retail water service for less than \$1,000,000.
7. TRWSC's engineering study did not document that they had an existing water line running along FM 356 near the entrance to Eagle Falls Subdivision. It is assumed that it was due to the line being too small to provide service to a significant number of service connections in Eagle Falls.
8. EFWS proposes to negotiate with LLWSSSC to either have LLWSSSC provide retail water service within Eagle Falls Subdivision or will contract to purchase surface water from LLWSSSC when it becomes available.
9. EFWS is currently conducting studies to determine the best way to provide groundwater meeting TCEQ drinking water standards to the Eagle Falls Subdivision until such time that surface water is available from LLWSSSC.

In light of the fact that the if the Eagle Falls developer is forced to pay TRWSC the large sums of capital that TRWSC is demanding, it does not appear feasible to work with TRWSC to provide retail water supply to Eagle Falls Subdivision. Therefore, an extension to the date that the hearing request is sent to SOAH is requested in order to provide more time to negotiate with LLWSSSC and to secure legal representation for EFWS if that becomes necessary.

If you have any questions, please contact me via email at [dry@waterengineers.com](mailto:dry@waterengineers.com) or call me at 281-373-0500.

Sincerely,  
WATERENGINEERS, INC.



D. Ray Young, P.E.  
Principal Engineer

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