SPACEX

September 14, 2026

The Honorable Jana Swearengen-Washington
Chairwoman, Memphis City Council
125 N Main Street
Memphis, TN 38103

Dear Madam Chair and Members of the Memphis City Council,

SpaceXAI, which is now part of SpaceX following its acquisition of xAI in February 2026, writes respectfully to strongly reaffirm our commitment to the Council and the residents of Memphis to construct and complete a Clean Water Recycling Plant (CWRP) as part of our Colossus supercomputing facility. Following the acquisition of xAI, SpaceXAI conducted routine due diligence on *all* ongoing projects, including financial reviews, design and engineering reviews, and procurement reviews. While that process was underway, SpaceXAI continued critical preparatory work before vertical construction of the CWRP, including piling and foundation work, and work on the water tanks. SpaceXAI has also spent $80M on equipment for the CWRP. Earlier this month, SpaceXAI leadership confirmed to the City of Memphis and Memphis Light, Gas & Water (MLGW) leadership that work on the facility would re-commence *no later than* January 2027. We hereby reaffirm this to the City Council.

Memphis is fortunate to have one of the nation's finest drinking water sources in the Memphis Sand aquifer. MLGW has long treated stewardship of that resource as a core public duty, and city, utility, and regional partners have worked to keep industrial cooling from competing with household use. Well before SpaceXAI arrived, the City of Memphis, MLGW, and Tennessee Valley Authority (TVA) had already agreed to pursue a recycled water facility so industry could be cooled with treated wastewater rather than aquifer water. That effort was set in motion until COVID severely delayed it and eventually stopped it.

The SpaceXAI CWRP, now moving forward in partnership with TVA, will bring to fruition that idea conceived a decade ago. SpaceXAI is not aware of any other corporate effort in the country to finance the development of such a critical facility.

As general background, Colossus 1 utilizes a hybrid cooling system that uses about 820,000 gallons a day, or roughly the same range as a mid-size factory nearby. Colossus 2 is cooled in a closed loop, like a car radiator, so the same liquid circulates instead of being constantly replaced. That water use is similar to a typical office building. MLGW President and CEO Doug McGowen recently testified at a City Council hearing that SpaceXAI is not among the utility's top five largest water customers and ranks well below the biggest industrial users on the system. Nationwide, traditional data centers and supercomputers together account for well under 1% of U.S. freshwater withdrawals.

Still, SpaceXAI is investing $280 million—at no cost to the City of Memphis—in a clean water recycling plant designed to process up to 10 million gallons of wastewater a day—or *ten times* that which SpaceXAI consumes—and offset more than 3.6 billion gallons a year from the Memphis aquifer. Because SpaceXAI will not use anywhere near that full volume, SpaceXAI is making the excess capacity available to other industrial cooling, which will help protect the aquifer for decades to come—over 8 million gallons per day. We are proud of this investment, and the City of Memphis as well as MLGW should be proud of its leadership in making this happen.

SpaceXAI is committed to the residents of the City of Memphis. We hope this formal notification to the City Council will make that commitment clear.

Sincerely,

Mat Dunn
VP, Government Affairs

Cc: The Honorable Members, Memphis City Council
The Honorable Paul Young, Mayor, City of Memphis
Mr. Doug McGowan, President and CEO, Memphis Light, Gas & Water