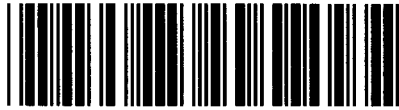


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House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

PUBLIC UTILITY COMMISSION
THE STATE FILING OFFICE

[illegible]

ADMINISTRATIVE HEARINGS

II. Basis for Motion

On October 13, 2003, the Parties filed a Status Report and Joint Motion to Continue Abatement. This motion requested that this proceeding be further abated until October 17, 2003 in order to complete ongoing settlement negotiations.

The Parties are now pleased to submit a comprehensive settlement agreement ("Settlement Agreement"), which is attached to this motion as Attachment A. The Settlement Agreement resolves water and wastewater service area issues between the Parties, and divides the contested service area that is generally located south of U.S. Highway 290 and north of the Colorado River. No facts or issues remain controverted.

Consequently, the Parties file this motion to withdraw their protests of each other's applications and request that the ALJ remand the remaining portions of the applications to the Executive Director ("ED") under 30 TAC § 80.101.

III. ED's Position

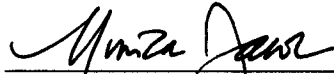
The ED supports this motion to remand the remaining portions of the applications. Counsel for the ED formalized his support in the form of a Letter Agreement with the City ("Letter Agreement"), which is attached as Attachment B. In the Letter Agreement, counsel for the ED confirms that the Texas Commission on Environmental Quality ("TCEQ" or "Commission") approves of the City's proposed water and wastewater CCN areas as they are depicted on the latest maps submitted to the ED, and the ED will issue an order for the Commission granting the City these CCNs, unless otherwise agreed by the ED and the City. The Letter Agreement also states that the latest maps submitted to the ED by the City incorporate and accurately depict the agreed service areas as set out in the Settlement Agreement between Hornsby and the City.

IV. Prayer

For the reasons set out above, Hornsby and the City formally withdraw their protests of each other's applications and respectfully request that the ALJ remand the remaining portions of their applications to the ED for processing in accordance with the Settlement Agreement and the latest maps submitted to the ED by the Parties.

Respectfully submitted,

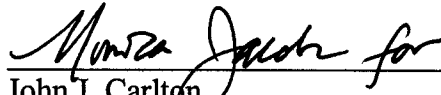
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ATTORNEYS FOR HORNSBY BEND
UTILITY COMPANY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading has been sent by Facsimile and Regular U.S. Mail, on this 21st day of October, 2003, to the following:

John J. Carlton
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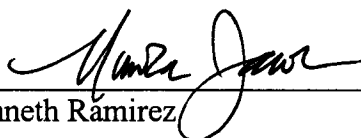
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