



Control Number: 43898



Item Number: 1

Addendum StartPage: 0

November 10, 2014

Public Utility Commission of Texas
Attn: Ms. Lisa Fuentes
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

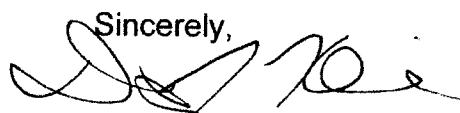
Re: Water Supply Agreement between Springs Hill Water Supply Corporation and Crystal Clear Water Supply Corporation dated October 9, 2014 ("**Agreement**")

Dear Ms. Fuentes:

On behalf of my client, Springs Hill Water Supply Corporation, I submit the above-referenced Agreement for filing with the Public Utility Commission, as required by Texas Water Code § 13.144 and P.U.C. SUBST. R. 24.15. To assist you with the processing of this filing, I would like to highlight the following Agreement terms:

Amount of Water Being Supplied	Maximum amount of water that can be delivered by 2" meter
Term of Contract	Until terminated by the parties
Consideration	Water rates and applicable fees and charges for a 2" meter as provided in Springs Hill's Tariff
Purpose of Use	Use, distribution and resale by Crystal Clear to retail customers
Location of Use	Within boundaries of Crystal Clear's water CCN
Source of Supply	Spring Hill's Mesa groundwater wells, Carrizo Aquifer
Point of Delivery	Shown on Exhibit A of Agreement
Limitations on Reuse	No reuse for any purpose
Affiliated Interest Between Parties	None

Should you have any questions, please contact me at (512) 322-5818.

Sincerely,

David J. Klein

DJK/dsr
Enclosures

WATER SUPPLY AGREEMENT

This Water Supply Agreement ("*Agreement*") is entered into as of the Effective Date (defined below), between Springs Hill Water Supply Corporation, a Texas non-profit water supply corporation ("*Springs Hill*") and Crystal Clear Water Supply Corporation, a Texas non-profit water supply corporation ("*Crystal Clear*"). Each of Springs Hill and Crystal Clear is a "*Party*" and together are the "*Parties*."

RECITALS

WHEREAS, Crystal Clear desires to purchase from Spring Hill, and Springs Hill desires to sell to Crystal Clear, potable water from Springs Hill's water system; and

WHEREAS, Crystal Clear will take delivery of water from Springs Hill at an existing metered point of delivery, as provided below; and

WHEREAS, the water delivered under this contract will be made available to Crystal Clear, in consideration for which Crystal Clear will pay all fees and charges as may be applicable, including without limitation, all charges and fees charged by Springs Hill as set out in Springs Hill's Tariff ("*Tariff*"), as may be amended from time to time, for treated water delivered to a 2-inch meter; and

WHEREAS, the Parties desire to enter into this Agreement in order to set forth their mutual agreements relating to these and related matters.

NOW THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article I Water Service

1.01. **Water Supply.** Springs Hill agrees to deliver and sell potable water ("*Water*") supplied from Springs Hill's water production, treatment, storage, and delivery system (the "*Springs Hill System*") to Crystal Clear, for use, distribution, and resale by Crystal Clear to its retail customers, in accordance with the terms of this Agreement. Water supplied under this Agreement will originate from Springs Hill's Mesa groundwater wells, which produce water from the Carrizo Aquifer. Water may come from other Springs Hill sources as well. Crystal Clear may not use the Water supplied by Springs Hill under this Agreement outside the boundaries of Crystal Clear's water certificate of convenience and necessity ("*CCN*") without the prior written consent of Springs Hill. Crystal Clear may not reuse Water supplied under this Agreement for any purpose.

1.02. **Point of Delivery.** Springs Hill will deliver Water to Crystal Clear at a metered point of delivery as shown on Exhibit A (the "*Point of Delivery*"). Additional points of delivery may be designated by written agreement between Springs Hill and Crystal Clear.

1.03. Volume. The volume of water delivered by Springs Hill to Crystal Clear will depend upon Crystal Clear's demand, up to the maximum amount of Water that can be delivered by a 2-inch meter.

1.04. Fireflow Services. The Water delivered by Springs Hill to Crystal Clear under this Agreement may not be relied upon by Crystal Clear for fire flow purposes.

Article II

Crystal Clear Facilities

2.01. Metering Equipment and Calibration. Each Point of Delivery will include a master meter and related equipment of a design, size, and configuration approved by Springs Hill. At its own sole cost, Crystal Clear will own, operate and maintain all master metering equipment and will calibrate the metering equipment annually, or more frequently upon Springs Hill's request. If Springs Hill requests calibration more frequently than once every 12 months and, upon calibration, the metering equipment proves to be within 5% of accuracy, then the cost of the calibration will be borne by Springs Hill; however, if Springs Hill requests calibration more frequently than once every 12 months and, upon calibration, the metering equipment proves to be inaccurate by more than 5%, then the cost of the calibration will be borne by Crystal Clear. If a master meter is inaccurate, malfunctioning or breaks, Crystal Clear will calibrate, repair or replace such meter at its sole cost, and a billing adjustment will be made based on the degree of the master meter's inaccuracy, as determined by the test. If Crystal Clear can reasonably estimate the time at which the master meter became inaccurate, malfunctioning, or broken, subject to Springs Hill's acceptance of the estimate, then Springs Hill will make a billing adjustment based on that time period; provided, however, that such adjustment shall not exceed 12 months. If Crystal Clear cannot reasonably estimate the time at which the master meter became inaccurate, then Springs Hill will make a billing adjustment to no more than the previous six months' billings. Crystal Clear will provide Springs Hill with 72-hours' notice prior to calibrating any meter under this Agreement to allow a Springs Hill representative to be present when Crystal Clear calibrates the meter. The Parties will agree to a mutually agreeable time for calibration if the time proposed by Crystal Clear is not acceptable to Springs Hill. If Springs Hill does not object to the scheduled time, but no Springs Hill representative appears within fifteen minutes of the scheduled time, Crystal Clear may continue with the calibration absent a Springs Hill representative.

2.02. Crystal Clear Facilities. Crystal Clear will provide or construct a water line from its water distribution system to the Point of Delivery, as well as all internal facilities required to extend retail water service to the customers within its CCN service area boundaries. All facilities to be constructed or acquired by Crystal Clear to connect to the Point of Delivery will be designed by a qualified engineer selected by Crystal Clear, and the design will be subject to the approval of Springs Hill and all other governmental entities with jurisdiction. Crystal Clear shall be liable for all damages arising from connecting Crystal Clear's pipeline to the Springs Hill water system.

2.03. Title. As between the Parties, title to the Water furnished under this Agreement shall remain in Springs Hill until such Water reaches the Point of Delivery, at which time title to the Water transfers from Springs Hill to Crystal Clear.

Article III **Rates**

3.01. Water Rate. For the Water provided under this Agreement, Springs Hill will charge and Crystal Clear will pay Springs Hill's applicable potable water rates and all other applicable fees and charges for a 2-inch water meter, provided in Springs Hill's Tariff, as may be amended from time to time. For billing purposes, water service to Crystal Clear commences on the Effective Date of this Agreement.

3.02. Billing Calculations and Monthly Statement. Springs Hill will compute the monthly charges and invoice Crystal Clear in accordance with the provisions of the Tariff for a 2-inch water meter. Crystal Clear agrees to make timely payment for the Water accepted by Crystal Clear passing through the Point of Delivery. Payment will be considered past-due 30 days after the due date specified on the bill.

3.03. Discontinuance of Service. Crystal Clear agrees that its failure to comply with the payment terms of this Agreement will constitute grounds for denial of service until the violation is corrected to the reasonable satisfaction of Springs Hill.

3.04. District Water Rates and Charges. Crystal Clear will determine the rates and fees it charges to its retail water customers for Water service. However, Crystal Clear must ensure that its rates and fees provide Crystal Clear with adequate revenue to pay Springs Hill all sums due under this Agreement. Crystal Clear will be solely responsible for ensuring that its retail rates and fees are determined, approved and collected in accordance with applicable legal requirements.

Article IV **Water Conservation and Rationing; Rules**

4.01. Water Conservation and Drought Contingency Plans. For Crystal Clear's customers that will receive Water that is initially furnished by Springs Hill under this Agreement, Crystal Clear agrees to implement and enforce water conservation and drought contingency measures that are at least as restrictive as those imposed by Springs Hill on its own retail customers as provided in the Tariff. Springs Hill will give written notice to Crystal Clear of the implementation and termination of any conservation or rationing measures, and Crystal Clear will notify its customers of the measures then in effect. If Springs Hill's water conservation and drought contingency plan rules are amended in the future, then Springs Hill will give written notice to Crystal Clear of the amendments and Crystal Clear shall amend its rules to include provisions that are at least as restrictive as Springs Hill's amendments.

4.02. Tariff Rules. Except where expressly provided in this Agreement to the contrary, Crystal Clear agrees that it is subject to the terms and provisions of Springs Hill's

Tariff, as may be amended from time to time, as applicable to the services Springs Hill provides to Crystal Clear under this Agreement.

4.03. Temporary Curtailment of Service. If Springs Hill curtails Water service to other customers, Springs Hill may impose a corresponding curtailment on Water service to Crystal Clear. Crystal Clear will cooperate with Springs Hill during periods of emergency, replacement of facilities, or required maintenance.

4.04. No Discrimination. Water service to Crystal Clear will be nondiscriminatory and consistent with Springs Hill's policies and regulations applicable to Water services for similarly situated customers, as established by the Springs Hill Board of Directors.

Article V

Term of Agreement; Default

5.01. Term of Agreement. This Agreement will become effective on the date of due execution by the authorized representatives of Springs Hill and Crystal Clear.

5.02. Default. The following provisions will apply in the event of a default under this Agreement:

(a) **Default Proceedings for Non-Payment of Delinquent Bill.** If Springs Hill has not received payment from Crystal Clear within 30 days after the due date of a monthly bill, the bill will be considered delinquent unless contested in good faith. In the event of a delinquency by Crystal Clear in the payment of a monthly bill, Springs Hill will give written notice to Crystal Clear of the delinquency and, if Crystal Clear fails to make payment of the delinquent amount within 30 calendar days from the date of receipt of the written notice, then Springs Hill may, take any action authorized in the Tariff for such failure.

(b) **Process for Defaults Other Than Failure to Pay.** If a Party believes that the other Party is in default of any other provision of this Agreement, the non-defaulting Party will give written notice to the other Party, specifying the event of default and providing the defaulting Party 30 days to cure the default or, if the curative action cannot reasonably be completed within 30 days, 30 days to commence the curative action and thereafter to diligently pursue the curative action to completion. This 30-day period for notice and opportunity to cure must pass before the non-defaulting Party may initiate any remedies available to the non-defaulting Party due to an alleged default. The non-defaulting Party must mitigate any damages arising from any default to the extent reasonably possible under the circumstances. If the default is not cured within the 30 day period, or if curative action is not commenced or diligently pursued in the case of curative action that cannot reasonably be completed in 30 days, the non-defaulting Party may pursue all remedies, at law or in equity, that it deems appropriate to redress the default. Nothing in this Agreement will be construed to limit either Party's right to recover damages or to seek other appropriate curative remedies if a non-defaulting party files a breach of contract action relating to this Agreement.

Article VI
Miscellaneous

6.01. Force Majeure. If either Party is rendered unable, in whole or in part, to carry out its obligations under this Agreement by reason of a *force majeure*, the Party whose performance is affected must give notice and the full particulars of the *force majeure* to the other Party within a reasonable time after the occurrence of the event or cause relied upon. If notice is provided, the obligation(s) of the affected Party under this Agreement will be suspended during the continuation of the *force majeure*, but only to the extent any the obligation is affected by the *force majeure*. The affected Party will endeavor to remove or overcome the inability to perform with all reasonable dispatch.

The term "*force majeure*" means Acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents to machinery, pipelines or canals, or inability on the part of a Party to perform due to any other causes not reasonably within the control of the Party claiming the inability to perform.

6.02. Statement of Purpose. This Agreement is intended to set forth a comprehensive statement of all terms and conditions applicable to the provision of Water service by Springs Hill to Crystal Clear.

6.03. Covenant of Good Faith and Fair Dealing. The Parties agree to cooperate and to deal with one another fairly and in good faith at all times to effectuate the purposes and intent of this Agreement.

6.04. Notices. Any notice ("Notice") required or permitted to be given under this Agreement must be in writing. Notice may, unless otherwise provided herein, be given: (i) by depositing the Notice in the United States Mail, postage paid, certified, and addressed to the party to be notified with return receipt requested; (ii) by delivering the Notice in person to the party, or an agent of the party; or (iii) by sending the notice by Federal Express or similar service providing tracking of parcels for next-day delivery. Notice deposited in the mail as provided above will be effective three days after deposit. Notice given in any other manner will be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties will, until changed as provided below, be as follows:

SPRINGS HILL:

**Springs Hill Water Supply Corporation
Attn: General Manager
P. O. Box 29
Seguin, Texas 78156-0029**

CRYSTAL CLEAR:

**Crystal Clear Water Supply Corporation
Attn: General Manager
2370 Farm to Market Road 1979**

San Marcos, Texas 78666

The Parties may change their respective addresses for purposes of Notice by giving at least five days' written notice of the new address to the other Party and if any date or any period provided in this Agreement ends on a Saturday, Sunday or legal holiday, the applicable period will be extended to the next business day.

6.05. Further Documents. The Parties agree to execute and deliver further legal documents or instruments and to perform further acts as are reasonably necessary to effectuate the purposes of this Agreement.

6.06. Severability. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application thereof to any person or circumstance, is ever held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of that provision to other persons or circumstances will not be affected, and this Agreement will be construed as if the invalid or unconstitutional portion had never been contained herein. However, if the removal of the provision declared invalid or unconstitutional frustrates the main purpose of this Agreement, then the Agreement will automatically terminate.

6.07. Entire Agreement. This Agreement, including all exhibits, constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all prior or contemporaneous agreements, representations, covenants or warranties, whether oral or in writing, respecting the subject matter.

6.08. Amendment. No amendment of this Agreement will be effective unless and until it is duly approved by the governing bodies of each Party and reduced to a writing signed by the authorized representatives of the Parties.

6.09. Employees. Each Party will be solely responsible for the proper direction of its employees, and one Party's employees will not be considered employees or borrowed servants of the other party for any reason.

6.10. No Third Party Beneficiary. Nothing in this Agreement will be construed to confer any right, privilege or benefit on any person or entity not a Party hereto or otherwise to create any vested right or third party beneficiary relationship.

6.11. Governing Law. This Agreement will be construed under the laws of the State of Texas and all obligations of the parties are performable in Guadalupe County, Texas.

6.12. Venue. Venue for any suit arising under this Agreement will be in Guadalupe County.

6.13. Assignment. Neither Party may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party. However, if either Party converts into a special utility district or similar political subdivision, the Agreement may be assigned to the resulting entity if the resulting entity assumes the obligations of its predecessor under this

Agreement. In the case of a conversion, the converting Party will provide written notice to the other Party of the conversion and the name of the resulting entity.

6.14. Interpretation. Each Party has been represented by legal counsel who has participated equally in the formulation, drafting, and approval of this Agreement. Therefore, in the event of any ambiguity, the provisions of this Agreement will not be construed for or against any Party. Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

6.15. Duplicate Originals. This Agreement may be executed in duplicate originals, each of which will be of equal dignity.

6.16. Effective Date. This Agreement will become effective on the last date of execution by the authorized representatives of Crystal Clear and Springs Hill (the "*Effective Date*").

6.17. Recitals/Exhibits. The recitals above and all exhibits referred to, and attached to, this Agreement are incorporated into the Agreement for all purposes.

6.18. Attorneys' Fees. If any action at law or equity is brought to enforce or interpret the provisions of this Agreement, the prevailing Party will be entitled to reasonable attorneys' fees in addition to any other relief to which that Party may be entitled.

THE PARTIES, INTENDING TO BE LEGALLY BOUND, have executed Agreement on the Effective Date.

[Signature pages follow]




**SPRINGS HILL WATER SUPPLY
CORPORATION**, a Texas water supply
corporation acting under Texas Water Code,
Chapter 67

By: *Jeanne Schnuriger*
Name: *Jeanne Schnuriger*

Date: *Oct 9, 2014*

**CRYSTAL CLEAR WATER SUPPLY
CORPORATION**, a Texas water supply
corporation acting under Texas Water Code,
Chapter 67

By: 

Name: Mike Taylor

Date: Oct. 9, 2014

EXHIBIT A
POINT OF DELIVERY

Exhibit A

