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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

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**TEXAS WATER CODE §§ 13.248 AND 13.250(b)(2)
AGREEMENT BETWEEN HARVEST HILLS
TREATMENT, LTD AND GREEN VALLEY SPECIAL
UTILITY DISTRICT**

WATER UTILITY:

Green Valley Special Utility District (GREEN VALLEY)
P O Box 99
Marion, Texas 78124
(830) 914-2330

SEWER UTILITY:

Harvest Hills Treatment, Ltd. (HARVEST HILLS)
8400 Blanco Road, Suite 204
San Antonio, TX 78216

PURPOSE:

Green Valley Special Utility District (GREEN VALLEY) provides water utility service to the Harvest Hills Subdivision in Guadalupe County, Texas under a state-issued certificate of convenience and necessity (CCN). Harvest Hills Treatment, Ltd. (HARVEST HILLS) seeks to provide sewer utility service to the same subdivision under a state-issued CCN. This Agreement will accommodate the service desires of both utilities. Each utility shall bill its customers separately using billing data it generates on its own. In order to insure that sewer customers of HARVEST HILLS make timely payments of their sewer service bills, HARVEST HILLS requires the ability to terminate water service to the delinquent sewer customer under terms and conditions prescribed by the Texas Commission on Environmental Quality (TCEQ). As provided by Texas Water Code 13.250(b)(2) and 30 TAC §291.88(e), GREEN VALLEY agrees to terminate its water service to sewer customers of HARVEST HILLS for nonpayment of delinquent, undisputed sewer bills after lawful termination of service notices have been issued by HARVEST HILLS. The terms and conditions of this Agreement shall be controlled by the rules and regulations of the TCEQ on this subject matter applicable to investor-owned utilities as the same may be adopted and amended from time to time as if said rules were written verbatim herein.

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AGREEMENT:


1. HARVEST HILLS shall give TCEQ-required written termination of service notices to all delinquent sewer customers subject to discontinuance of sewer utility service under the sewer company's tariff and the rules of the TCEQ. Disputed bills shall not be subject to disconnection. Copies of said notices shall be sent to GREEN VALLEY. If more than one customer is subject to disconnection at the same time, it shall be sufficient for HARVEST HILLS to send GREEN VALLEY a single sample termination notice with a list of all customers subject to termination by name and service address.
2. If any delinquent customer has not paid their sewer bill by 8 a.m. of the noticed termination date, HARVEST HILLS shall notify GREEN VALLEY to proceed with termination of that customer's water service. HARVEST HILLS shall notify GREEN VALLEY of which previously delinquent sewer customers have paid their accounts and are no longer subject to water service termination. If this notice is given verbally, it shall be followed by a written notice.
3. Upon receipt of all monies lawfully due from the delinquent sewer customer, HARVEST HILLS shall notify GREEN VALLEY that it may restore the customer's water service as required by the TCEQ's rules. GREEN VALLEY shall restore the service within 36 hours unless the customer is also delinquent on their water bill and a lawful termination of water utility service notice has been issued by GREEN VALLEY. In which case, GREEN VALLEY shall not be required to restore the customer's water service until all service restoration requirements have been met under GREEN VALLEY'S water tariff and the rules of the TCEQ.
4. GREEN VALLEY may not charge the delinquent sewer customer a reconnect fee for restoring water service after payment of delinquent sewer bills.
5. GREEN VALLEY may charge HARVEST HILLS a service charge not to exceed twenty five (\$25.00) dollars per disconnection/reconnection. This fee may change from time to time as agreed to by the parties and as allowed by the TCEQ's rules. The initial charge shall be \$ 25.00. If the TCEQ rules authorize an increase in investor-owned utilities' reconnection fees, the ceiling on the fees charged in this paragraph will increase proportional to the new rule.

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6. GREEN VALLEY may charge HARVEST HILLS a service charge not to exceed five (\$5.00) dollars per sewer account to modify its customer service record system as may be needed to fulfill this agreement. The same fee shall be charged each time HARVEST HILLS adds or replaces a sewer service account to the total sewer accounts affected by this agreement.

7. GREEN VALLEY shall not terminate the water service to any delinquent sewer customer if GREEN VALLEY would otherwise be prohibited, under the TCEQ's rules, from terminating that customer's water service due to the illness or potential illness of any resident at that service location. This prohibition shall remain in effect for so long as GREEN VALLEY would otherwise be prohibited from terminating that customer's water service. GREEN VALLEY shall provide timely notice to HARVEST HILLS of which of its water customers are subject to this medical prohibition of termination of utility service.

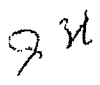
EFFECT ON PROVISION OF SEWER.

It is agreed that HARVEST HILLS shall be granted an exclusive CCN to provide sewer utility service within the Harvest Hills Subdivision. To this extent, GREEN VALLEY agrees to release this territory from its sewer utility service area CCN to HARVEST HILLS. This Agreement shall not affect or in any way impair GREEN VALLEY'S right and obligations with respect to its customers or the provision of sewer utility services in the remainder of its sewer service area. Unless otherwise ordered by TCEQ or other authorized regulatory agency, HARVEST HILLS agrees that it will not provide, or seek to provide, retail sewer utility service within GREEN VALLEY'S state-certificated areas. 

EFFECT ON PROVISION OF WATER.

This Agreement shall not affect or in any way impair GREEN VALLEY'S right and obligations with respect to its customers or the provision of water utility services, except as specifically and expressly set forth in the Agreement and as allowed by law. Unless otherwise ordered by TCEQ or other authorized regulatory agency, HARVEST HILLS agrees that it will not provide, or seek to provide, retail water utility service within GREEN VALLEY'S state-certificated areas.

PURPOSE OF AGREEMENT/INDEMNITY:

This Agreement is made for the purpose of facilitating the billing and collection of fees for wastewater services provided by HARVEST HILLS. No partnership or joint venture is intended to be created hereby. GREEN 

VALLEY'S sole responsibility is to terminate water service to delinquent sewer customers for collection purposes. GREEN VALLEY shall have no responsibility for, and HARVEST HILLS shall indemnify, defend and hold GREEN VALLEY harmless from, any damage, claims, demands, or causes of action arising from the construction, operation, maintenance, repair or existence of the sewer collection system.

TERM:

This Agreement shall remain in full force and effect for so long as such agreements are allowed by law and the parties continue to be the respective water and sewer utility purveyors in the subdivision. Either party may terminate this Agreement for cause with thirty (30) days written notice to the other party.

ELECTRONIC COMMUNICATIONS:

All notices required herein may be given by facsimile, email or other electronic transmission.

EXECUTED on the 15th day of October, 2009.

HARVEST HILLS.
TREATMENT LTD

GREEN VALLEY SPECIAL
UTILITY DISTRICT

By: [Signature] By: [Signature]
Name: JACK UPTMORE Name: PAT ALLEN
Title: MANAGER Title: General Manager

★ HARVEST HILL SEWER UTILITY SERVICE
AREA AS PER TCEQ CCN APPLICATION
36353-C

[Signature]

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