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August 31, 2021

Public Utility Commission of Texas
Filing Clerk
P.O. Box 13326
Austin, Texas 78711-3326

Re: CCN Application for Sale, Transfer, or Merger of a Retail Public Utility
Request to Extend Time for Completion of Transfer Agreement Per Texas Water Code 13.248
Madera Valley WSC, CCN No. 10240
Town of Pecos City, CCN No. 10945
Docket No. 50122
Reeves County, Texas

Dear PUC:

In response to Order No. 13, it was requested that a statutory or administrative citation be provided for the extension of time to complete the transfer of a portion of the Madera Valley CCN to the Town of Pecos City by the connection of the affected water lines and customers to the Town of Pecos City water system.

The Madera Valley Water Supply Corporation and the Town of Pecos City in their process to Sell and Transfer portions of the Madera Valley Certificate of Convenience and Necessity Area prepared a contract in accordance with Texas Water Code 13.248. That contract was submitted to the PUC with the application to Sell and Transfer and was approved by the PUC. Texas Water Code Section 13.248 states:

"Sec. 13.248. CONTRACTS VALID AND ENFORCEABLE. Contracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the utility commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity."

In this agreement, the parties included an interim service agreement that provided for one-year to make the connections and disconnections to the water systems to transfer the affected customers. The agreement also included a clause to amend the contract by the parties in writing. The applicable contract clauses are as follows:

***"Interim Service"** – Pecos and Madera both recognize that the connection of the transferred portions of the Madera water distribution system to the Pecos water distribution system will take time. For a period not to exceed one year from the effective date of this agreement, both parties agree that Madera will continue to provide water service, and collect all revenues for providing said water service, in areas currently receiving service until the connections to the Pecos water system have been completed. Madera additionally agrees to suspend the granting of new water services in the areas to be transferred without the written consent of Pecos."*

***"Amendment."** This Agreement shall not be amended or terminated except by an instrument signed by all parties to this Agreement."*

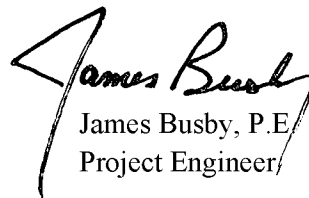
It is our belief that the PUC approved the contract prepared per Texas Water Code Section 13.248 and that the contract is enforceable. We believe that the Sale and Transfer of the CCN was completed within the 180 days with the approval of the contract and the payment of sums from the Town of Pecos City, and the retirement of USDA Debt by the Madera Valley WSC as required by the contract. The transfer of customers was envisioned to take at least a year in the contract, before the process was impacted by a global pandemic that continues to affect our State and the Trans-Pecos Region.

At this time the parties have agreed to amend the contract to extend the interim service period due to the pandemic. A copy of the amendment executed by Madera is attached to this letter and is awaiting the Mayor of Pecos signature. We will file the executed contract amendment as soon as the Mayor of Pecos executes the document.

Madera Valley and Pecos will continue to update the PUC on the agreed upon schedule until the interim service clause of the contract has been fulfilled. The parties will make all efforts to complete the interim service agreement as soon as possible. The engineering plans for the necessary construction are approximately 50% complete. We are waiting for information on Town of Pecos City water facilities in F Street and along Robertson Road to complete the plans for submission to the TCEQ for review.

In summary, the system interconnections were understood to take time to construct, even before the global pandemic and federal/state declarations of emergency, and both parties are working together to ensure the safe supply of drinking water to all existing customers during this construction delay. Regardless of the ongoing interconnect construction per the interim service agreement, the we believe the Sale and Transfer of the CCN area by the PUC is complete and the contract is enforceable per the statute. The Town of Pecos City is serving new customers and meter requests in this area, and the Madera Valley WSC has received the agreed upon compensation for the CCN area and retired the USDA debt.

Sincerely,



James Busby, P.E.
Project Engineer

cc: Mr. Donnie McKinney, Town of Pecos City
Mr. Craig Huelster, Madera Valley WSC

STATE OF TEXAS §
 §
COUNTY OF REEVES §

**TEXAS WATER CODE SECTION 13.248
CERTIFICATE OF CONVENIENCE AND NECESSITY
SERVICE AREA TRANSFER AGREEMENT AMENDMENT**

THIS RETAIL WATER CERTIFICATE OF CONVENIENCE AND NECESSITY SERVICE AREA TRANSFER AGREEMENT AMENDMENT is made this _____th day of August 2021 and entered into by and between the TOWN OF PECOS CITY, hereinafter referred to as “Pecos”, and the MADERA VALLEY WATER SUPPLY CORPORATION, hereinafter referred to as “Madera”.

WHEREAS, the executed agreement for the CCN service area transfer by and between “Pecos” and “Madera” dated the 5th day of August 2019; and

WHEREAS, the executed agreement states on page 2 of 6 of the agreement under “Transfer of Madera CCN Property”, “In accordance with Section 13.248 of the Texas Water Code, but at all times subject to the approval of the Public Utility Commission of Texas (the “PUC”) and the United States Department of Agriculture (the “USDA”), Madera hereby agrees to the modification of the boundaries of the Madera CCN to exclude the “Pecos Adjacent CCN Property”, such area to be transferred from the Madera CCN to the area to be encompassed within the Pecos CCN.

“Upon PUC approval of the transfer of the “Pecos Adjacent CCN Property” to the Pecos CCN, Pecos shall immediately begin efforts to connect infrastructure, and provide operations and maintenance needed to supply retail water service to the transferred “Pecos Adjacent CCN Property.”; and

WHEREAS, the Public Utility Commission of Texas administrative law judge approved the sale and transfer to proceed in Order No. 7 filed on April 14, 2020 under Docket No. 50122; and

WHEREAS, the executed agreement states on page 3 of 6 of the agreement under “Interim Service”, “Pecos and Madera both recognize that the connection of the transferred portions of the Madera water distribution system to the Pecos water distribution system will take time. For a period not to exceed one year from the effective date of this agreement, both parties agree that Madera will continue to provide water service, and collect all revenues for providing said water service, in areas currently receiving service until the connections to the Pecos water system have been completed. Madera additionally agrees to suspend the granting of new water services in the areas to be transferred without the written consent of Pecos.”; and

WHEREAS, the State of Texas and the United States federal government declared a state of emergency due to the pandemic and impeded parties from completing construction in a timely manner; and

WHEREAS, the State of Texas and the United States federal government declared a state of emergency due to the pandemic and impeded parties from informing the PUC in a timely manner; and

WHEREAS, the executed agreement states on page 5 of 6 of the agreement under “Amendment”, “This Agreement shall not be amended or terminated except by an instrument signed by all parties to this Agreement.”; and

WHEREAS, "Pecos" and "Madera" wish to amend the paragraph "Interim Service" on page 3 of 6 of the executed agreement;
NOW THEREFORE:

KNOW ALL MEN BY THESE PRESENTS:

THAT for and in consideration for the mutual promises hereinafter expressed, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties, The Town of Pecos City and the Madera Valley Water Corporation agree and amend the contract as follows:

On Page 3 of 6:

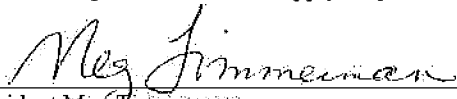
"Interim Service"— Pecos and Madera both recognize that the connection of the transferred portions of the Madera water distribution system to the Pecos water distribution system will take time. For a period not to exceed July 31, 2022, both parties agree that Madera will continue to provide water service, and collect all revenues for providing said water service, in areas currently receiving service until the connections to the Pecos water system have been completed. Madera additionally agrees to suspend the granting of new water services in the areas to be transferred without the written consent of Pecos."

IN WITNESS WHEREOF, the Parties have executed this Agreement Amendment as of the date first above written.

TOWN OF PECOS CITY, TEXAS,
A Texas home rule municipality

MADERA VALLEY WATER
SUPPLY CORPORATION,
A Texas nonprofit rural water supply corporation

By: _____
Mayor David Flores

By:  _____
President Meg Timmerman