

WATER SERVICE AREA AGREEMENT

This Water Service Area Agreement (“Agreement”) is made and entered into by and between the **City of La Vernia**, a general law municipality (the “City”) and **SS Water Supply Corporation**, a Texas non-profit water supply corporation (“SSWSC”). The City and SSWSC are each referred to herein as a “Party” and are collectively referred to herein as the “Parties”.

RECITALS

WHEREAS, the City is a retail public water utility in Wilson County, Texas, the holder of water Certificate of Convenance and Necessity (“CCN”) No. 10689 (“City CCN”), and provides retail public water services to customers within the City’s corporate limits and City CCN;

WHEREAS, SSWSC is a retail public water utility in Wilson County, Texas and Bexar County, Texas, the holder of CCN No. 11489 (“SSWSC CCN”), and provides retail public water services to customers within the SSWSC CCN;

WHEREAS, Texas Water Code § 13.248 provides that contracts between retail public utilities designating areas and customers to be served by those retail public utilities are valid and enforceable when approved by the Public Utility Commission of Texas (“PUC”) after public notice and hearing;

WHEREAS, the City and SSWSC agree that the City’s provision of retail public water service within a portion of the SSWSC CCN according to the terms defined hereunder, is in the best interest of the Parties and their respective customers;

WHEREAS, SSWSC agrees to designate as dually certificated with the City that portion of the SSWSC CCN, identified on **Exhibit “A”** as “CCN Dually Certified Area,” under the City and SSWSC’s respective water CCNs (Exhibit “A” is attached hereto and incorporated by reference); and

WHEREAS, the City and SSWSC mutually desire to enter this Agreement solidifying their intent to cooperate in designating areas to be served on a dual certification basis by each Party as described herein, and to seek PUC approval and incorporation of such designations into their respective CCNs;

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

AGREEMENT

1. **Recitals.** The above recitals are true and correct and are incorporated into this Agreement for all purposes.

2. **Purpose.** This Agreement is a contract designating areas and customers to be served by the Parties in accordance with Texas Water Code § 13.248, and specifically to demonstrate the mutual agreement of the Parties to establish a dual certification of the Parties' respective CCN over the CCN Dually Certified Area, more specifically defined under Section 4 of this Agreement.

3. **Term.** This Agreement shall remain valid and enforceable until superseded by subsequent written agreement. No other amendments, except those expressly agreed upon herein, shall be made to either Party's existing certificated service area boundaries, unless first agreed in writing by the Parties.

4. **Dual CCN Area.** The property subject to this Agreement is identified as the "CCN Dually Certified Area" as shown on Exhibit "A," attached hereto and incorporated by reference. The CCN Dually Certified Area composes approximately 35.159 acres of land within the SSWSC CCN.

5. **Dual Certification.** In accordance with Texas Water Code § 13.248, the Parties agree to dually certificate the CCN Dually Certified Area by filing this Agreement and the requisite petition with the PUC in accordance with Section 6 of this Agreement. SSWSC hereby consents to the City's provision of retail public water service within the CCN Dually Certified Area as contemplated by Section 7 of this Agreement. The City's provision of retail public water service to any area within the SSWSC CCN as it exists on the Effective Date is subject to PUC approval in accordance with Section 6 of this Agreement.

6. **PUC Approval.**

- a. As soon as practical after the Effective Date, the Parties shall jointly file this Agreement with the PUC pursuant to Texas Water Code § 13.248, along with a written petition as required by 16 Texas Administrative Code § 24.253 to amend the City CCN to extend its boundaries to the CCN Dually Certified Area, and any other documents, data, materials, or pleadings that may be required by PUC Staff, an administrative law judge, or by order of the PUC for approval of this Agreement and the resulting CCN amendment ("CCN Amendment Application").
- b. The City shall be solely responsible for all costs associated with preparing, filing and prosecuting the CCN Amendment Application with the PUC, including any

requisite maps, pleading, or other documents required to obtain PUC approval, provided however that SSWSC shall coordinate with the City to ensure any requisite consents, records, and other materials within the control and/or possession of SSWSC are provided to the PUC when so requested by the City or the PUC.

- c. In the event the PUC denies or otherwise holds approval of the CCN Amendment Application, or requires additional evidence, documentation, maps, consents or other actions from the Parties, the Parties shall promptly and jointly prepare and submit such cures or additional applications to obtain PUC approval. Upon obtaining a final order from the PUC approving the CCN Amendment Application (“PUC Approval Date”), the Parties agree and acknowledge the City’s right to furnish retail public water service within the CCN Dually Certified Area in accordance with Section 7 of this Agreement.

7. **Service Rights and Obligations.** The City and SSWSC agree and consent that the CCN Dually Certified Area shall constitute a dually certificated retail water service area, to which the City and SSWSC shall share the authority and obligation to furnish continuous and adequate retail public water service according to the following terms:

8. **Governing Law.** This Agreement will be governed by and construed and enforced in accordance with the laws of the state of Texas, without giving effect to any choice of law principles.

9. **Amendment.** This Agreement shall not be amended or terminated except by a written instrument singed by the Parties.

10. **Notices.** All notices required or permitted to be given under this Agreement will be deemed properly given upon the earlier of: (i) actual delivery of the notice to the Party to be notified; or (ii) upon five (5) days after mailing the notice, by certified mail, return receipt requested, postage prepaid, to the Party to be notified at its address set forth below, or such other address within the continental United States of America as the Party to be notified may have designated by written notice to the other.

If to SSWSC: SS Water Supply Corporation
10393 US HWY 87W
La Vernia, Texas 78121

If to City: City of La Vernia
P.O. Box 225
La Vernia, Texas 78121

11. **Assignment.** This Agreement may not be assigned by any Party, unless the assigning Party first obtains the prior written consent of the non-assigning Party.

12. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

13. **Default.** Notwithstanding anything herein to the contrary, no Party shall be deemed to be in default hereunder until the passage of thirty (30) business days after receipt by such Party of notice of default from the other Party. Upon the passage of thirty (30) business days without cure of the default, such Party shall be deemed to have defaulted for purposes of this Agreement.

14. **No Additional Waiver Implied.** The failure of any Party hereto to insist in any one or more instances upon performance of any of the terms, covenants, or conditions of this Agreement shall not be construed as waiver or relinquishment of the future performance of any term, covenant, or condition by the other Party hereto, but the obligation of such other Party with respect to such future performance shall continue in full force and effect.

15. **Multiple Counterparts.** This Agreement may be executed in multiple counterparts, all of which shall be construed together as an original instrument to the same extent and with like effect as though all the Parties hereto had executed each counterpart. The Parties specifically agree that the execution and acknowledgment pages from the several counterparts may be aggregated into one counterpart for recordation and other purposes.

16. **Headings.** The headings of sections and paragraphs in this Agreement are for convenience only and shall not be considered a part of this Agreement or considered in interpretation or construction of any provision of this Agreement.

17. **Severability.** If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any provision may be made enforceable by limitation thereof, then such provision shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

18. **Entire Agreement.** This writing, together with the exhibits hereto, represents the entire understanding and agreement between the Parties regarding the subject matter hereof and all prior communications between such parties regarding such subject matter are superseded by this Agreement. This Agreement may only be amended by a subsequent writing executed by both Parties.

19. **No Presumption Against Drafter.** The Parties understand, agree, and acknowledge that: (i) this Agreement has been freely negotiated by both Parties; and (ii) that, in the event of any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Agreement, or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either Party by virtue of that Party having drafted this Agreement or any portion thereof.

20. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

21. **Authority.** The Parties represent that the individuals named below are duly authorized to execute this Agreement on behalf of the respective Party.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties hereto acting under the proper authority have caused this Agreement to be duly executed in several counterparts, each of which shall constituted an original, as of the day and year last written, which is the Effective Date of this Agreement.

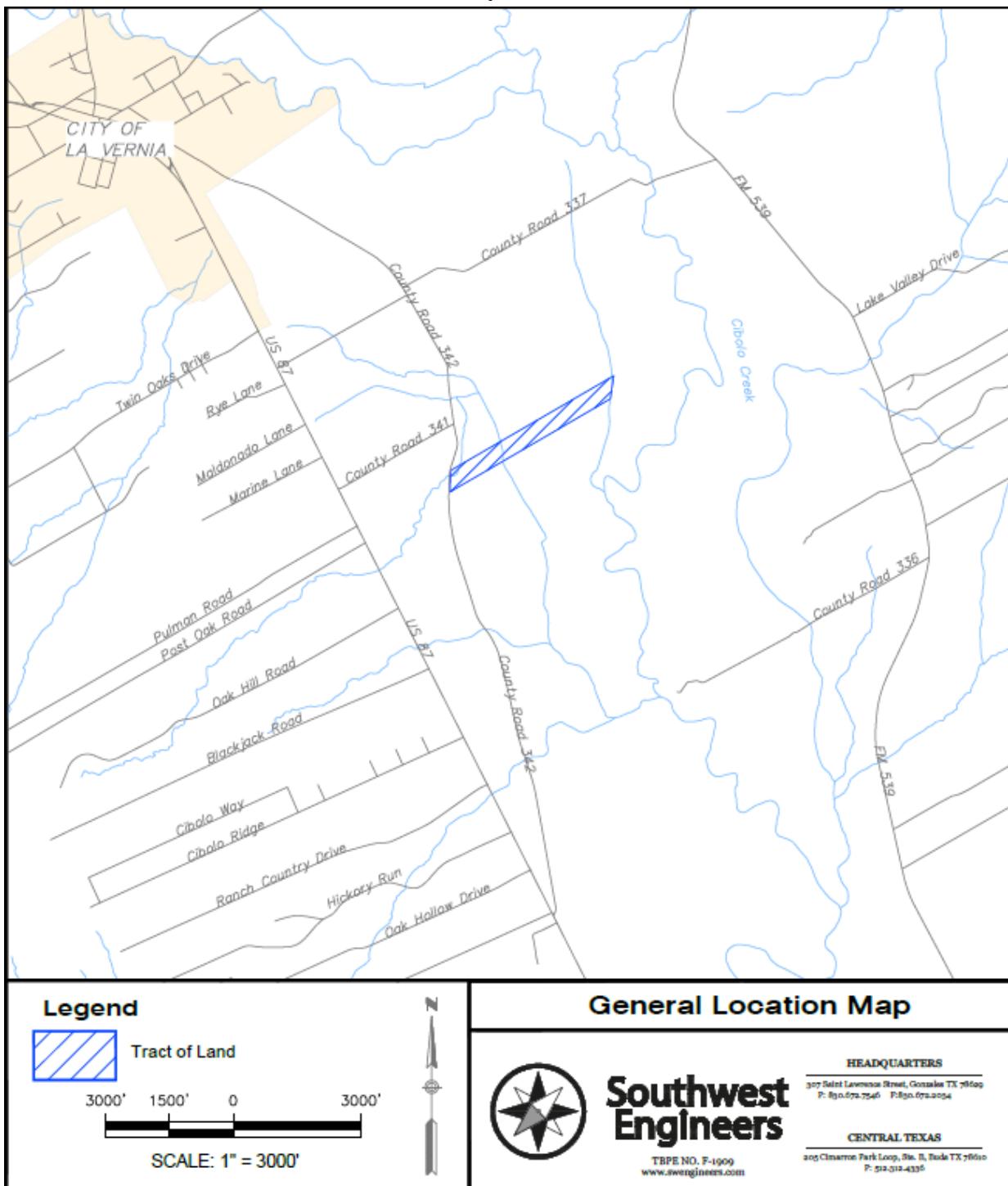
SS Water Supply Corporation, a Texas member-owned non-profit water supply corporation

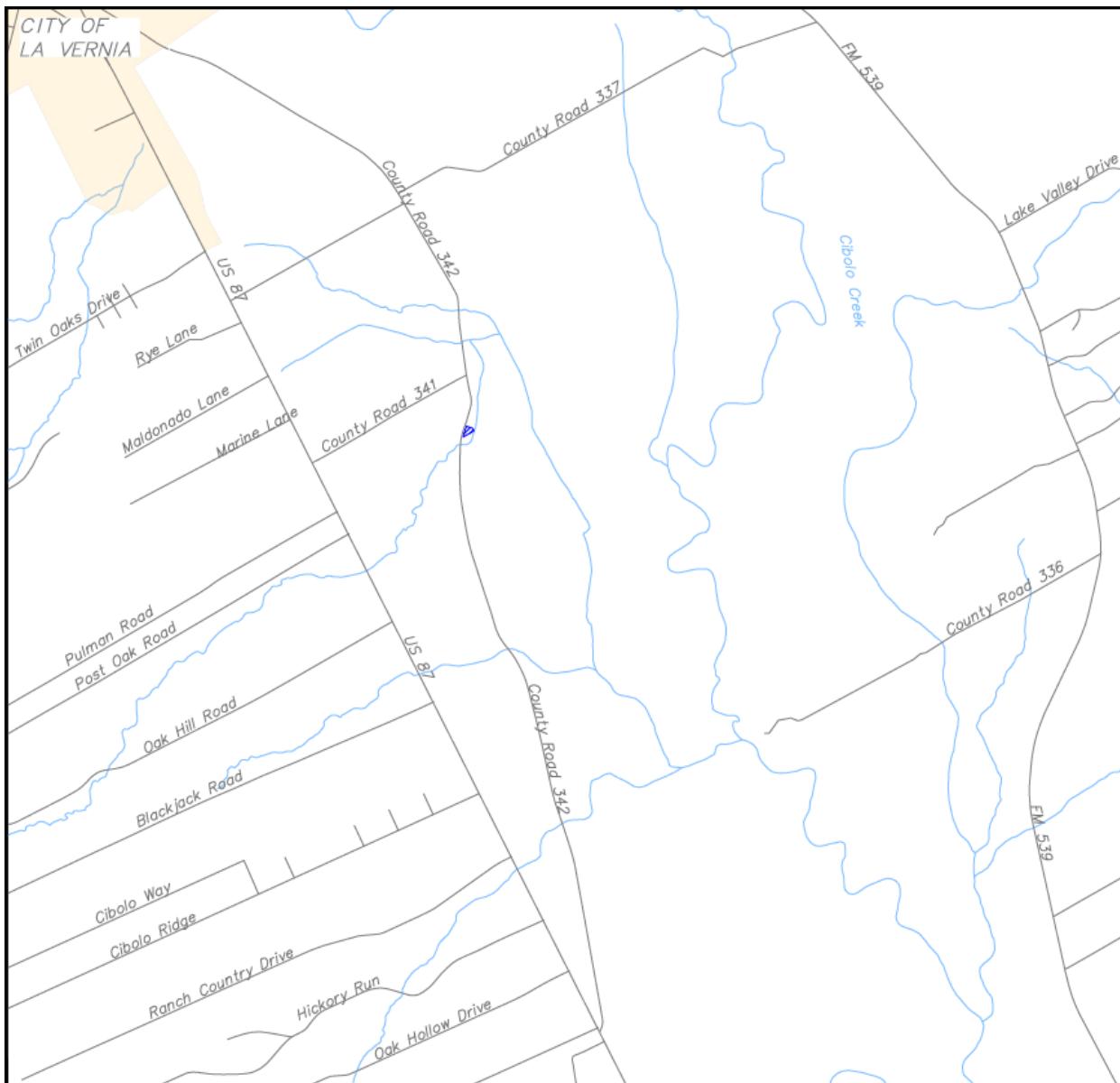
By: _____
Name: _____
Title: _____
Date: _____

CITY OF LA VERNIA, a general law municipality

By: _____
Name: _____
Title: _____
Date: _____

Exhibit A
CCN Dually Certified Area





Legend



Requested Area to Decertify

3000' 1500' 0 3000'

SCALE: 1" = 3000'



General Location Map



**Southwest
Engineers**

TBPE NO. F-1909
www.swengineers.com

HEADQUARTERS

307 Saint Lawrence Street, Gonzales TX 78629
P: 830.672.7546 F: 830.672.2034

CENTRAL TEXAS

205 Cimarron Park Loop, Ste. B, Buda TX 78610
P: 512.312.4336