

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 16, 2011

Ms. Bridget Bohac, Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

CHIEF CLERKS OFFICE

2011 DEC 16 AM 9:48

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

Re: TCEQ Docket No. 2011-1135-UCR; Consideration of a request for a Commission order approving a contract between Hidalgo County Municipal Utility District No. 1 (Hidalgo MUD), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and the Agua Special Utility District (Agua SUD), CCN Nos. 10559 and 20785, in Hidalgo County, Texas.

Dear Ms. Bohac:

Transmitted herewith for filing with the Texas Commission on Environmental Quality (Commission or TCEQ) are the following items to be filed as backup materials for the January 11, 2012 agenda on a request for an order approving a contract designating water and sewer service areas between Hidalgo County Municipal Utility District No. 1 (Hidalgo MUD) and Agua Special Utility District (Agua SUD):

1. Proposed Order;
2. Agenda Executive Summary;
3. Caption
4. Staff memo detailing financial, managerial, and technical capabilities of Hidalgo MUD to provide continuous and adequate service to the affected area;
5. Request for Commission order approving a Texas Water Code Section 13.248 agreement filed by Agua SUD on June 15, 2009;
6. Texas Water Code, Section 13.248 contract between Hidalgo MUD and Agua SUD executed on May 26, 2009;
7. Map of the service area subject to the section 13.248 agreement for demonstrative purposes only; and
8. Notices Mailed to Parties.

Please do not hesitate to contact me at (512) 239-2253, if you have any questions regarding this material. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Douglas Brown". The signature is written in black ink and is positioned above the typed name.

Douglas M. Brown, Staff Attorney
Environmental Law Division

Enclosures

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER approving an agreement designating service areas between Hidalgo County Municipal Utility District No. 1 and Agua Special Utility District pursuant to section 13.248 of the Texas Water Code; TCEQ Docket No. 2011-1135-UCR.

A request for a Commission order approving a contract designating service areas between Hidalgo County Municipal Utility District No. 1 (Hidalgo MUD), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and Agua Special Utility District (Agua SUD), CCN Nos. 10559 and 20785, in Hidalgo County, Texas, was presented to the Texas Commission on Environmental Quality (Commission) for approval pursuant to section 13.248 of the Texas Water Code and title 30, section 291.117 of the Texas Administrative Code.

The parties entered into an agreement May 26, 2009, under which Agua SUD will transfer 187 acres of CCN Nos. 10559 and 20785 to Hidalgo MUD, thereby incorporating the area into Hidalgo MUD's CCN areas. Seven customers and approximately 4,000 feet of pipeline from the area will be transferred under the agreement. The agreement is attached to this order.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEXAS WATER CODE § 13.248.

The Executive Director of the Commission mailed notice of the hearing date on which the Commission was to consider the request of Agua SUD and Hidalgo MUD.

Hidalgo MUD and Agua SUD have reviewed the CCN map attached to this order and have approved it.

The Commission held a hearing on the request at its January 11, 2012 Agenda meeting and found the request has merit.

Hidalgo MUD is capable of rendering continuous and adequate water and sewer service to the area covered by the agreement. The transfer of Agua SUD's authority to provide service in the affected area, which results in Hidalgo MUD as the sole service provider remaining in the area, is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The agreement addressing the transfer of a portion of Agua's CCN Nos. 10559 and 20785 and designating that retail water and sewer service shall be provided by the Hidalgo MUD, CCN Nos. 11611 and 21046, in that area is hereby approved.
2. CCN Nos. 11611 and 21046, held by Hidalgo MUD, and CCN Nos. 10559 and 20785, held by Agua SUD, in Hidalgo County are hereby amended in accordance with the agreement. The transferred area is approximately 187 acres.
3. The Executive Director is directed to redraw the Hidalgo MUD's CCN Nos. 11611 and 21046 and Agua SUD's CCN Nos. 10559 and 20785 as provided in the agreement and as set forth on the map attached to this order and to amend the Commission's official water and sewer service area map for Hidalgo County, Texas.

4. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this order and the attached map to the parties.
5. If any provision, sentence, clause, or phrase of this order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the order.

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

For the Commission

Texas Commission on Environmental Quality
INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality

DATE: December 16, 2011

THRU: Bridget Bohac, Chief Clerk

FROM: Douglas Brown, Staff Attorney, Environmental Law Division

SUBJECT: **TCEQ Docket No. 2011-1135-UCR.** Consideration of a request for a Commission order approving a contract designating water and sewer service areas between the Hidalgo County Municipal Utility District No. 1 (Hidalgo Mud), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and Agua Special Utility District (Agua SUD), CCN Nos. 10559 and 20785.

DESCRIPTION OF APPLICATION

Applicant: Hidalgo MUD and Agua SUD

Regulated Activity: Retail water and sewer utility service

Type of Application: Request for a Commission Order approving 1 contract

Commission Action: Hearing regarding approval of the contract

Authority: Texas Water Code §§ 13.248 and 13.255(a); 30 Texas Administrative Code §§ 291.117 and 291.120

FACTUAL BACKGROUND

Hidalgo County Municipal Utility District No. 1 (Hidalgo Mud), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and Agua Special Utility District (Agua SUD), CCN Nos. 10559 and 20785, provide retail water and sewer service in Hidalgo County, Texas. On May 26, 2009, Hidalgo MUD and Agua SUD entered into a contract regarding their respective water and sewer service areas pursuant to section 13.248 of the Texas Water Code.

Under the contract, Agua SUD will transfer 187 acres of its CCN area to Hidalgo MUD, and Hidalgo MUD will be the sole retail water and sewer service provider

in that 187 acre area. The 187 acres contains seven customers and approximately 4,000 feet of pipeline that will be transferred pursuant to the contract.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first obtaining a CCN.¹ Conversely, a municipality is not required to obtain a CCN to provide retail water service.² However, a municipality may not provide service to areas that are outside of its corporate boundaries but within the CCN of another retail public utility without first obtaining written consent from that retail public utility.³

The Texas Water Code and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.⁴ A transfer of a water or sewer system that also includes the transfer of customers and/or facilities may, in some cases, also require separate Commission approval for the transfer of customers and/or facilities.⁵

The requests to approve the 13.248 agreements are not subject to the notice provisions of section 291.106, Title 30 of the Texas Administrative Code, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to section 13.248 of the Texas Water Code with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

¹ TEX. WATER CODE ANN. § 13.242(a) (Vernon 2006).

² A municipality is a "retail public utility" under section 13.002(19) of the Texas Water Code but is not a "utility" under section 13.002(23). Therefore, the section 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water utility service does not apply to a municipality.

³ *Id.* § 13.242(b).

⁴ *Id.* § 13.248; 30 TEX. ADMIN. CODE § 291.117 (West 2005) (Tex. Comm'n on Env'tl. Quality, Contracts Valid and Enforceable). Section 13.248 states "contracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity." Section 13.255(a) states that "[i]n the event that an area is incorporated or annexed by a municipality, ... the municipality and a retail public utility that provides water or sewer service to all or part of the area pursuant to a certificate of convenience and necessity may agree in writing that all or part of the area may be served by a municipally owned utility, by a franchised utility, or by the retail public utility. ... The executed agreement shall be filed with the commission, and the commission on receipt of the agreement, shall incorporate the terms of the agreement into the respective certificates of convenience and necessity of the parties to the agreement."

⁵ TEX. WATER CODE § 13.301. The section requires that some applicants also demonstrate "adequate financial, managerial, and technical capability for providing continuous and adequate service to the service area being acquired and to any areas currently certificated to the person" for the separate transaction relating to the transfer of facilities and/or customers.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the staff's recommendation:

1. Request for a Commission order approving the 13.248 contract filed by the Agua SUD on June 15, 2009;
2. Application Nos. 36433-C and 36434-C;
3. Water Supply and Sewer Contract between the Hidalgo MUD and Agua SUD, executed on May 26, 2009;
4. Final proposed map of the water service areas subject to the aforementioned agreement and contract;
5. Financial, Managerial, and Technical analysis of the Hidalgo MUD to operate in the affected area;
6. Proposed Order; and
7. Consent forms signed by representatives for both the Hidalgo MUD and Agua SUD, which give approval to the ED for the above final map.

STAFF RECOMMENDATION

Based on the facts stated in the application and the supporting documentation submitted by Hidalgo MUD and the Agua SUD, staff supports the request for a Commission order approving the contract designating the service area between Hidalgo MUD and Agua SUD. Staff has confirmed that both parties are retail public utilities with active water and sewer CCNs and that the area the parties are seeking to transfer is certificated to the Agua SUD. Staff is also satisfied that Hidalgo County MUD possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the areas being transferred.

STAFF CONTACTS

Douglas Brown, Environmental Law Division (239-2253)
Lisa Fuentes, Water Supply Division (239-6117)

CAPTION
HIDALGO COUNTY MUD No. 1

TCEQ Docket No. 2011-1135-UCR. Consideration of a request for a Commission Order approving a contract, designating water and sewer service areas between the Hidalgo County Municipal Utility District No. 1 (Hidalgo MUD), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and the Agua SUD (Agua SUD), CCN Nos. 10559 and 20785, in Hidalgo County, Texas, pursuant to section 13.248 of the Texas Water Code. Currently, Agua SUD holds CCNs for the area in question. Under the contract, Agua SUD will transfer approximately 187 acres to Hidalgo MUD's CCN area. Hidalgo MUD will be the sole retail water and sewer service provider in this area. There are seven customers and approximately 4,000 feet of pipeline in this area that will be transferred under the Agreement. (Douglas Brown, Lisa Fuentes)

TCEQ Interoffice Memorandum

To: Lisa Fuentes **Date:** February 9, 2011

From: Stacy Leigh Foster
Utilities Financial Review

Subject: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from Hidalgo County Municipal Utility District (MUD) 1, Certificate of Convenience and Necessity (CCN) No. 11611, to Transfer a Portion of CCN No. 10559 from Agua Special Utility District (SUD) in Hidalgo County; Application No. 36433-C

Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from Hidalgo County MUD 1, A1868, to Transfer a Portion of CCN No. 20785 from Agua SUD in Hidalgo County; Application No. 36434-C

CN: 600623581; RN: 101393742 (water) and 105630297 (sewer) (Hidalgo County MUD 1)
CN: 601495468; RN: 103908471 (water) and 102946589 (sewer) (Aqua SUD)

Hidalgo County MUD 1 has applied to obtain a wastewater CCN and has entered into a contract agreement with Agua SUD to transfer 408 total acres; including 4,000 feet of 4" water line and 7 existing customers. Within 20 days of the Transfer Effective Date of the agreement, both parties shall provide notice to the customers, and then within 10 days thereafter, Agua SUD shall transfer the aforementioned customers and acreage to Hidalgo County MUD 1.

Hidalgo County MUD No. 1 is a special purpose district governed by Texas Water Code Chapter 54. Hidalgo County MUD No. 1 owns water rights but does not own pumping or transfer facilities to move water from the Rio Grande River to its plant.

I have obtained and reviewed a copy of the Hidalgo County MUD 1 Financial Statements and Independent Auditor's Report as of December 31, 2009 as prepared by Long Chilton, LLP on March 29, 2010. The 2009 Auditor's Report states that Hidalgo County MUD No. 1 decreased by 44 active connections in 2009 from 2,835 to 2,791. Conversely, Hidalgo County MUD No. 1 Net Assets increased by \$323,530, or about 8% of operations. Hidalgo County MUD 1 reported Total Net Assets of \$4,274,621 and Total Liabilities of \$3,901,607 indicating a Debt Service Coverage (DSC) ratio of nearly 1.1:1. Hidalgo County MUD 1 Net Operating Revenues are shown to have increased by \$225,648, or 6%, to \$1,545,360 between the years 2007 and 2009. The Hidalgo County MUD 1 Operating Expenses

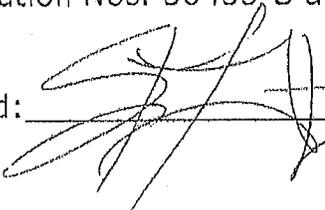
from 2007 to 2009 have also increased by \$382,816, or 3.5%, to \$1,348,894. For the year ending 2009, the inclusion of "Non-operating Revenue Interest earned" as "Other Revenues" creates a DSC ratio of 1.24:1. The DSC ratio of $\geq 1.25:1$ is preferred, as it allows for debt coverage with an additional amount made available to build reserve funds for the repair and/or replacement of equipments at the end of useful life.

In 2008, Hidalgo County MUD 1 demonstrated adequate financial, managerial, technical capability to be awarded a Drinking Water State Revolving Fund (DWSRF) loan through the Texas Water Development Board. The loan is to be repaid over 30 years with no interest.

As of December 31, 2009, Hidalgo County MUD No. 1 had a bank balance of \$608.48 and held collateralized securities in the amount of \$1,375,001.

In my opinion, this information demonstrates adequate financial and managerial capability of Hidalgo County MUD 1 to provide service as described in CCN Application Nos. 36433-S and 36434-C.

Signed: _____

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the signature line.

Date: February 9, 2011

A-071-9

Rpt 3.30433-C (water)
Rpt 3.30434-C (sewer)

LF

Bickerstaff Heath Delgado Acosta LLP

816 Congress Avenue Suite 1700 Austin, Texas 78701 (512) 472-8021 Fax (512) 320-5688 www.bickerstaff.com

June 15, 2009

Via Messenger

Tammy Benter
Utilities & Districts Section
Water Permits & Resource Management Division
Texas Commission on Environmental Quality
12100 Park 35 Circle
Building F, Room 31050
Austin, Texas 78711-3087

RECEIVED
COMMISSION ON ENVIRONMENTAL QUALITY
JUN 15 PM 2:45

RE: Texas Water Code § 13.248 Agreement between Agua Special Utility District (Water CCN No. 10559 and Sewer CCN No. 20785) Hidalgo County Municipal Utility District (Water CCN No. 11611).

Dear Ms. Benter:

Please find enclosed four copies of the May 26, 2009 Agreement Designating Retail Water and Sewer Service Territory and Transferring Facilities and Customers ("May 2009 Agreement") concerning of water and sewer service territory in Hidalgo County, Texas. The Agreement designates territory identified on Exhibit A to Hidalgo County MUD, which currently provides service to most of the area, with some limited exceptions.

The map of the areas to be transferred was prepared by Halaff, the engineers for Hidalgo County MUD. I have requested that they provide to you four large-size color maps of the area as well as four disks with the electronic data needed to prepare the maps of the area.

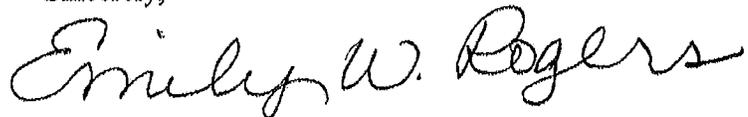
In accordance with 30 TEX. ADMIN. CODE § 291.117, Agua SUD and Hidalgo County MUD respectfully request that the May 2009 Agreement between them be noticed for and set on Texas Commission on Environmental Quality agenda so that the May 2009 Agreement may be considered and incorporated into the appropriate areas of public convenience and necessity, as set forth in Texas Water Code § 13.248.

RECEIVED
Check Rec'd 6/15/09
JUN 15 2009
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

Tammy Benter
June 15, 2009
Page 2

As required by Texas Water Code § 5.701, please find enclosed a \$100 filing fee. If you have any questions or comments, please do not hesitate to call me at 512-472-8021. Thank you for your attention to this matter.

Sincerely,



Emily W. Rogers
Attorney for Agua Special Utility District

EWR
Enclosures

cc. Frank Flores, General Manager for Agua SUD
Jeremiah Martin, Plant Manager for Hidalgo County MUD
Ross Henderson, Attorney for TCEQ

AGREEMENT DESIGNATING RETAIL
WATER AND SEWER SERVICE TERRITORY
AND TRANSFERRING FACILITIES AND CUSTOMERS

2009 JUN 15 PM 2:15
RECEIVED
TCEQ WATER SUPPLY

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

THIS AGREEMENT Designating Retail Water and Sewer Service Territory is made and executed by and between the Agua Special Utility District (hereinafter "Agua SUD"), and the Hidalgo County Municipal Utility District No. 1 (hereinafter "Hidalgo County MUD"). Agua SUD and Hidalgo County MUD may be collectively referred to herein as the "Parties."

I. RECITALS

WHEREAS, Agua SUD is a conservation and reclamation district in Texas and holds water Certificate of Convenience and Necessity ("CCN") No. 10559 ("Agua SUD's Water CCN") and sewer CCN No. 20785;

WHEREAS, Hidalgo County MUD is a conservation and reclamation district in Texas which holds water CCN No. 11611 but which does not have a sewer CCN;

WHEREAS, Hidalgo County MUD currently serves customers in Agua SUD's water and sewer CCN and desires to decertify Agua SUD from the area and certificate the territory to Hidalgo County MUD;

WHEREAS, Hidalgo County MUD has filed an application with the Texas Commission on Environmental Quality ("TCEQ") to amend its water CCN to include additional territory, to obtain a sewer CCN for the identical area as its water CCN and water CCN amendment, and to decertify water and sewer CCN territory of Agua SUD;

WHEREAS, Agua SUD filed a letter with the TCEQ protesting the application;

WHEREAS, the Parties acknowledge that filing of the application by Hidalgo County MUD and the protest of the application by Agua SUD reflects a bona fide dispute and controversy between the Parties;

WHEREAS, by apportioning adjoining and adjacent service area, the Parties will enhance the planning and development of capital improvement programs, and water and wastewater services to be provided by the respective districts;

WHEREAS, this Agreement will accomplish legitimate public purposes of the Parties and will permit more dependable water and wastewater service planning that will benefit the public health, safety and welfare of their respective present and future customers within each District; and

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed and other good and valuable consideration, the receipt of which is hereby acknowledged, Agua SUD and Hidalgo County MUD agree as follows:

II. TERMS OF AGREEMENT

IN CONSIDERATION of the mutual promises and covenants contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt of which is hereby acknowledged, by their representatives affixing signatures below, Agua SUD and Hidalgo County MUD agree as follows:

(1) Transfer Area.

a. Agua SUD hereby agrees to decertify the portion of its water and sewer utility service area identified on the attached map, attached hereto and incorporated herein for all purposes as Exhibit A, and transfer the territory identified on Exhibit A to the Hidalgo County MUD.

b. The water and sewer utility service area to be transferred from Agua SUD to Hidalgo County MUD identified in Exhibits A is designated as the "Transfer Area."

(2) Transfer to Hidalgo County MUD. Agua SUD and Hidalgo County MUD agree that, after the Transfer Effective Date, Hidalgo County MUD shall have the sole right to provide retail water and sewer service within the Transfer Area, and Agua SUD will have no further obligation or right to provide retail water or sewer service to any future customers in the Transfer Area.

(3) Customers and Facilities in the Transfer Area.

a. Within three (3) business days of the Effective Date of this Agreement, Hidalgo County MUD shall pay to Agua SUD \$150,000.00. The payment shall be hand-delivered to the General Manager at the Offices of Agua SUD at the address provided in this Agreement.

b. As of the Effective Date of this Agreement, Agua SUD serves seven (7) customer connections in the Transfer Area. The customer names, physical addresses, and meter sizes of those customer connections are as follows:

1.	Ramon Garcia	Lot 30 St. Louis Groves	5/8" meter
2.	Gustavo Garcia Sr.	470 Showers Road	5/8" meter
3.	Gilberto Garcia	488 Showers Road	5/8" meter
4.	Rebecca Mata	496 Showers Road	5/8" meter
5.	Gustavo Garcia	512 Showers Road	5/8" meter
6.	Isaac Garcia	534 Showers Road	5/8" meter
7.	M.B. Church	623 Showers Road	5/8" meter

c. Within thirty (30) days of the Transfer Effective Date of this Agreement, Agua SUD shall transfer to Hidalgo County MUD the customers identified in subparagraph b. of this paragraph (3) (hereinafter, "Transfer Customers"). On or before the day the Agua SUD transfers the Transfer Customers to Hidalgo County MUD, Agua SUD shall also provide Hidalgo County MUD with its final meter reading for each Transfer Customer. Agua SUD's final utility bill to the Transfer Customers shall be determined using the meter reading as provided in this paragraph. Agua SUD shall not be entitled to receipt of payments for water delivered after the final meter reading provided in this paragraph.

d. At least ten (10) days before the physical transfer of the Transfer Customers from Agua SUD to Hidalgo County MUD, the Parties shall provide notice of the transfer to the customers.

e. Subject and pursuant to the terms and conditions set forth in this Agreement, on the Transfer Effective Date of this Agreement, Agua SUD shall transfer and Hidalgo County MUD shall acquire approximately 4,000 feet of a four (4) inch water line located in the east right-of-way of Showers Road between Expressway 83 and US Business 83 (hereinafter "the Facility"), with all the taps, meters, and valves along and on

the water line. A map identifying the location of the water line is attached hereto as Exhibit B. Agua SUD may continue to possess and use the Facility after the Effective Date of this Agreement until all of the Transfer Customers have been transferred to Hidalgo County MUD as provided by this paragraph (3). Upon the transfer of all of the Transfer Customers to Hidalgo County MUD, Agua SUD shall relinquish physical control over the Facility to Hidalgo County MUD. Simultaneously upon the execution of this Agreement, the Parties shall execute a Bill of Sale and Assignment ("Assignment"), a copy of which is attached as Exhibit C and incorporated into this Agreement, to transfer and assign to the Facility to Hidalgo County MUD. The Effective Date of the Assignment shall be date of final consent of the Lienholder, as required by Paragraph II.(5) of this Agreement. The Assignment shall provide for the Hidalgo County MUD's assumption of all of Agua SUD's obligations and liabilities under or related to the Facility, except Hidalgo County MUD does not assume the following:

(i) Any and all suits, actions, losses, damages, claims, or liability of any character, type, or description, including all expenses of litigation, court costs, and attorney's fees, for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, directly or indirectly, the operation of the Facility and accruing prior to the date of the transfer of all of the Transfer Customers to Hidalgo County MUD by Agua SUD, except to the extent such claims of damages arise from the gross negligence or willful misconduct of the Hidalgo County MUD; and

(ii) Any liability or obligation of Agua SUD, absolute or contingent, known or unknown, arising out of Agua SUD's ownership, operation, and maintenance of the Facility.

(4) Transfer and Amendment of CCNs. Within twenty (20) days after the Effective Date of this Agreement, Agua SUD shall withdraw its protest of Hidalgo County MUD's CCN application and request that the TCEQ incorporate this Agreement into the respective CCNs of Hidalgo County MUD and Agua SUD pursuant to Texas Water Code § 13.248, subject to consent by the United States Department of Agriculture ("USDA" or "Lienholder"). Agua SUD and Hidalgo County MUD shall endeavor to obtain TCEQ approval of the CCN transfers contemplated herein in an expeditious manner and will support and cooperate with each other and the TCEQ to accomplish this goal.

(5) USDA Approval: Effective Dates. This transfers of service area, facilities, and customers under this Agreement is contingent upon the final consent by the Lienholder to the transfer based on an "Application for Partial Release, Subordination, or Consent" to be filed by Agua SUD pursuant to USDA Form 461-1 or other such forms and procedures as may be required by the Lienholder. This Agreement is effective on the date of the last signatory of this Agreement and enforceable as between Agua SUD and Hidalgo County MUD following execution by both parties and this date is referred to herein as the "Effective Date." The "Transfer Effective Date" is the later of the date of TCEQ's order incorporating this Agreement into the respective CCNs of Agua SUD and Hidalgo County MUD or the date of the final consent of the Lienholder.

(6) Section 13.248. This Agreement shall be construed and interpreted in accordance with Section 13.248 of the Texas Water Code.

III. MISCELLANEOUS

(1) Applicable Texas Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Texas.

(2) Performance. The obligations and undertakings of each of the parties to this Agreement shall be performed in Hidalgo County, Texas. Except for matters within the jurisdiction of the TCEQ (or its successor), the parties expressly agree that all judicial proceedings to enforce any of the provisions of this Agreement shall take place in Hidalgo County, Texas.

(3) Entire Agreement. This Agreement contains the entire agreement of Agua SUD and Hidalgo County MUD with respect to the subject matter of the Agreement. No Agreement, statement, or promise made

by any party or to any employee, agent, or officer of any party, that is not contained in this Agreement shall be valid, binding, or of any force or effect. Any amendments to this Agreement must be in writing and signed by the party or parties to be charged.

(4) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors, heirs, representatives, and assigns.

(5) Agreement Drafted Equally. This Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply.

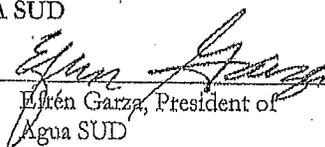
(6) Severability. Should any provision of this Agreement be declared void by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

(7) Attorney's Fees. In the event of any suit or other adjudication between the Parties to enforce any claim arising out of this Agreement, or to interpret the terms of this Agreement, the prevailing Party shall be entitled to recover its fees, damages, costs, attorneys' fees, and such other and further relief from the non-prevailing Party, general or special, at law or in equity, to which the prevailing Party may show itself justly entitled as provided by Texas Local Government Code § 271.159.

(8) Covenant of Authority. The respective signatories to this Agreement covenant that they are fully authorized to sign this Agreement on behalf of their respective party.

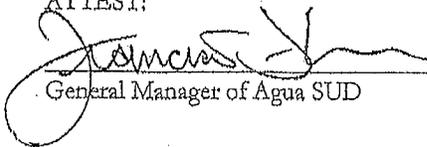
IN WITNESS WHEREOF, EXECUTED by the President of the Agua SUD and President of the Hidalgo County MUD under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.

AGUA SUD

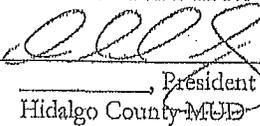
BY: 
Estren Garza, President of
Agua SUD

Date: 5.26.09

ATTEST:


General Manager of Agua SUD

HIDALGO COUNTY MUD

BY: 
_____, President of
Hidalgo County MUD

Date: 5.19.09

ATTEST:

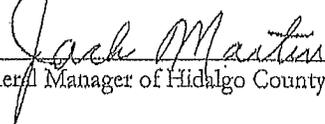
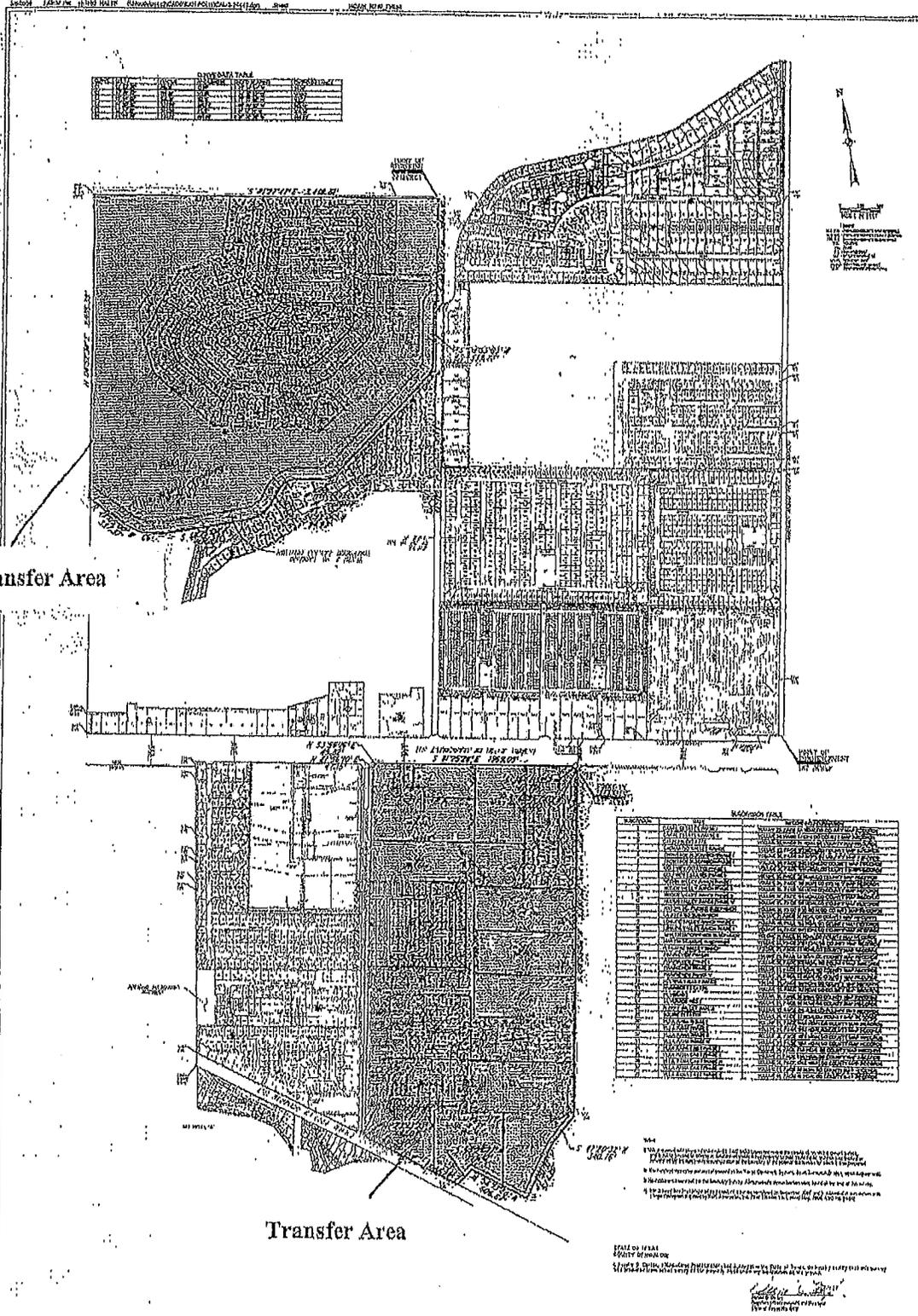

General Manager of Hidalgo County MUD

Exhibit A



Transfer Area

Transfer Area

Project No.	100
Scale	1" = 100'
Date	10/1/00
City	San Antonio
County	Brewster
State	Texas
Sheet No.	1
Project Name	2011 2011 & 107 2011
Client	COGROU, INC.



AREAS IN A.G.U.A. SUD CCN
ACQUIRED BY HIDALGO COUNTY MUD No. 1
Hidalgo County, Texas

LEGAL DESCRIPTION

DESCRIPTION OF A TRACT OF LAND
CONTAINING 187 ACRES SITUATED IN
HIDALGO COUNTY, TEXAS

Being a 187-acre tract of land situated in the Los Ejidos De Reynosa Viejo Subdivision in the city of La Joya, Hidalgo County, Texas and being comprised of Lots 18 thru 36, St. Louis Groves Subdivision as recorded in Volume 8, Page 47 of the Hidalgo County Map Records (H.C.M.R.), said 187-acre tract being more particularly described by metes and bounds as follows: (Basis of bearing being referenced to the Texas Coordinate System, South Zone, North American Datum of 1983, 1993 Adjustment). All distances herein are surface and may be converted to grid by multiplying by a combined scale factor 0.999970017098;

COMMENCING FOR REFERENCE at a point for intersection of the centerline of Abram Road (50 feet wide) as recorded in Volume 05, page 30, H.C.M.R. with the north right-of-way line of U.S. 83 (right-of-way varies) as shown in State of Texas, Right-of-Way Map for U.S. Highway 83, CSJ No. 0039-17-144;

THENCE North $81^{\circ} 25' 28''$ West in part with the north right-of-way line of said U.S. 83, at a distance of 50 feet passing the southeast corner of Lot 52, Sleepy Valley Ranch a subdivision recorded in Volume 22, Pg. 126 H.C.M.R., at a distance of 111.40 feet passing a point for corner on the north right-of-way line of said U.S. 83 and continuing for a total distance of 451.20 feet to a point for a common corner of the herein described tract and said Sleepy Valley Ranch subdivision;

THENCE South $08^{\circ} 56' 32''$ West with the boundary line of said Sleepy Valley Ranch subdivision, a distance of 65.61 feet to a point for a corner of the herein described tract and being located in the north right-of-way line of said U.S. 83;

THENCE North $81^{\circ} 25' 28''$ West with the north right-of-way line of said U.S. 83, a distance of 1,584.55 feet to a point for corner of the herein described tract;

THENCE South $08^{\circ} 55' 56''$ West departing from the north right-of-way line of said U.S. 83, a distance of 292.01 feet to a point for the northeast corner and for the POINT OF BEGINNING of the herein described tract and being located at the intersection of the south right-of-way line of said U.S. 83 with the centerline of a 40 feet wide County Road (dirt road) as recorded in Volume 8, page 47, H.C.M.R.,

THENCE South $08^{\circ} 55' 56''$ West continuing with the centerline of said County Road, distance of 3,337.62 feet to a point for a corner of the herein described tract and for the most southerly northeast corner of Lot 26 of said St. Louis Groves Subdivision and being located in the westerly right-of-way line of a canal as recorded in Volume 8, page 47, H.C.M.R. and in the southeasterly right-of-way line of said County Road;

EXHIBIT "A"

THENCE South 47° 20' 32" West with the common right-of-way line of said canal and said County Road and the easterly property line of said Lot 26, a distance of 340.76 feet to a point for a common corner of the herein described tract and said Lot 26;

THENCE South 33° 41' 32" West continuing with the common right-of-way line of said canal and said County Road and with the easterly property line of said Lot 26, a distance of 574.80 feet to a point for the common southeast corner of the herein described tract and said Lot 26 and being located in the north right-of-way line of the Hidalgo County Water Control and Irrigation District No. 1 (H.C.W.C.I.D. No. 1) canal as recorded in Volume 07, Page 5-9, H.C.M.R.;

THENCE North 56° 13' 28" West with the common right-of-way line of said H.C.W.C.I.D. No. 1 canal and said County Road and with the south property line of said Lot 26 and Lot 27 of said St. Louis Groves Subdivision, a distance of 606.67 feet to a point for a corner of the herein described tract and said Lot 27;

THENCE South 53° 24' 27" West with the common right-of-way line of said H.C.W.C.I.D. No. 1 canal and said County Road and with the easterly property line of said Lot 27, a distance of 199.42 feet to a 5/8-inch iron rod found for a corner of the herein described tract and being located in the northerly right-of-way line of Business Highway 83 (right-of-way varies) as shown in State of Texas Right-of-Way Map for Bus 83, RCSJ No. 0039-02-054;

THENCE North 56° 20' 31" West departing from the westerly right-of-way line of said H.C.W.C.I.D. No. 1 canal and with the northerly right-of-way line of said Business Highway 83, a distance of 1,018.38 feet to a point for a common corner of the herein described tract and for the north right-of-way line of said Business Highway 83;

THENCE North 23° 33' 33" West continuing with the northerly right-of-way line of said Business Highway 83, a distance of 42.03 feet to a point for a corner of the herein described tract and for the intersection of the northerly right-of-way line of said Business Highway 83 with the east right-of-way line of Shower Road (width varies) as recorded in Volume 8, Page 47 and Volume 28, Page 62 of the H.C.M.R.;

THENCE North 56° 14' 11" West continuing with the northerly right-of-way line of said Business Highway 83, a distance of 39.63 feet to a point for the southwest corner of the herein described tract and being located in the centerline of said Showers Road;

THENCE North 09° 22' 18" East departing from the northerly right-of-way line of said Business Highway 83 and with the centerline of said Shower Road, a distance of 3,504.47 feet to a point for the northwest corner of the herein described tract and being located in the south right-of-way line of said U.S. 83;

LEGAL DESCRIPTION

DESCRIPTION OF A TRACT OF LAND
CONTAINING 221 ACRES SITUATED IN
HIDALGO COUNTY, TEXAS

Being a 221-acre tract of land situated Porcion 79 in the City of La Joya, Hidalgo County, Texas and being out of Block 27, Vista Hermosa Subdivision as recorded in Volume 04, Page 43, Hidalgo County Map Records (H.C.M.R.), said 221-acre tract being more particularly described by metes and bounds as follows: (Basis of bearing being referenced to the Texas Coordinate System, South Zone, North American Datum of 1983, 1993 Adjustment). All distances herein are surface and may be converted to grid by multiply by a combined scale factor of 0.999970017098;

BEGINNING at a point for the northeast corner of the herein described tract and being located at the intersection of the north boundary line of said Block 27, Vista Hermosa Subdivision with the west right-of-way line of Western Road (60 feet wide) as recorded in Volume 04, Page 43, H.C.M.R.;

THENCE South $08^{\circ} 56' 32''$ West with the west right-of-way line of said Western Road, a distance of 997.59 feet to a point for the southeast corner the herein described tract and being located in a non-tangent curve for the southerly right-of-way line of the Hidalgo County Water Control and Improvement District No. 6 (H.C.W.C.I.D.) canal;

THENCE with the southerly right-of-way line of said H.C.W.C.I.D. No. 6 canal the following courses;

In a southwesterly direction with said non-tangent curve that concaves to the southeast having a radius of 30.00 feet, a central angle of $82^{\circ} 03' 38''$, an arc distance of 42.97 feet (chord bears South $49^{\circ} 34' 04''$ West, a distance of 39.39 feet) to a point for a corner of the herein described tract and for the point of tangency;

South $08^{\circ} 55' 03''$ West, a distance of 559.77 feet to a point for a corner of the herein described tract and for the beginning of a tangent curve to the right;

In a southwesterly direction with said curve to the right having a radius of 192.20 feet, a central angle of $43^{\circ} 59' 57''$, an arc distance of 147.60 feet (chord bears South $30^{\circ} 55' 02''$ West, a distance of 144.00 feet) to a point for a corner of the herein described tract and for the point of tangency;

South $52^{\circ} 55' 00''$ West, a distance of 1,319.76 feet to a point for a corner of the herein described tract and for the beginning of a tangent curve to the right;

EXHIBIT "A"

In a southwesterly direction with said curve to the right having a radius of 196.20 feet, a central angle of $45^{\circ} 54' 00''$, an arc distance of 157.18 feet (chord bears South $75^{\circ} 52' 00''$ West, a distance of 153.01 feet) to a point for a corner of the herein described tract and for the point of tangency;

North $81^{\circ} 11' 00''$ West, a distance of 225.39 feet to a point for a corner of the herein described tract and for the beginning of a tangent curve to the left;

In a southwesterly direction with said curve to the left having a radius of 237.90 feet, a central angle of $64^{\circ} 00' 00''$, an arc distance of 265.74 feet (chord bears South $66^{\circ} 49' 00''$ West, a distance of 252.14 feet) to a point for a corner of the herein described tract and for the point of tangency;

South $34^{\circ} 49' 00''$ West, a distance of 94.93 feet to a point for a corner of the herein described tract and for the beginning of a tangent curve to the right;

In a southwesterly direction with said curve to the right having a radius of 337.90 feet, a central angle of $53^{\circ} 57' 01''$, an arc distance of 318.17 feet (chord bears South $61^{\circ} 47' 31''$ West, a distance of 306.55 feet) to a point for a corner of the herein described tract and for the point of tangency;

South $88^{\circ} 46' 01''$ West, a distance of 808.77 feet to a point for a corner of the herein described tract and for the beginning of a tangent curve to the right;

In a northwesterly direction with said curve to the right having a radius of 623.70 feet, a central angle of $44^{\circ} 08' 59''$, an arc distance of 480.60 feet (chord bears North $69^{\circ} 09' 30''$ West, a distance of 468.80 feet) to a point for a corner of the herein described tract and for the point of tangency;

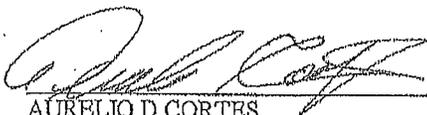
North $47^{\circ} 05' 00''$ West, a distance of 397.37 feet to a point for the southwest corner of the herein described tract and being located in the west boundary line of said Block 27, Vista Hermosa Subdivision;

THENCE North $08^{\circ} 52' 38''$ East departing from the southerly right-of-way line of said H.C.W.C.I.D. No. 6 canal and with the west boundary line of said Block 27, Vista Hermosa Subdivision, a distance of 2,935.39 feet to a 3/4-inch iron pipe found for the common northwest corner of the herein described tract and said Block 27;

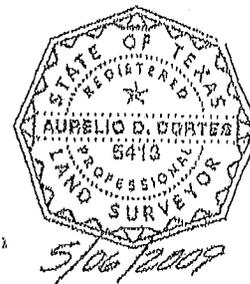
THENCE South 81° 27' 47 East with the north boundary line of said Block 27, Vista Hermosa Subdivision, at a distance of 3,047.51 feet passing a 1/2-inch iron rod found for the northeast corner of Hidden Valley Ranch R.V. and Mobile Home Park Phase II as recorded in Volume 33, Pg. 165, H.C.M.R. and continuing for a total distance of 3,448.81 feet to the POINT OF BEGINNING and being a calculated 221 acres of land.

Notes:

- 1) This document was prepared under rule 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.
- 2) The bearings shown hereon are referenced to the Texas Coordinate System, South Zone, N.A.D. 1983, (1993 Adjustment).
- 3) No monuments were set for this Boundary Survey. All monuments shown hereon were found at the time of the survey.
- 4) This legal description has been prepared as a result of a survey completed on December, 2007 and is submitted in connection with a drawing prepared by Halff Associates, Inc. Titled "AREAS IN A.G.U.A. SUD CCN AQUIRED BY HIDALGO COUNTY MUD No. 1", dated May, 2009, AVO No. 24442



AURELIO D CORTES
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS No. 5413

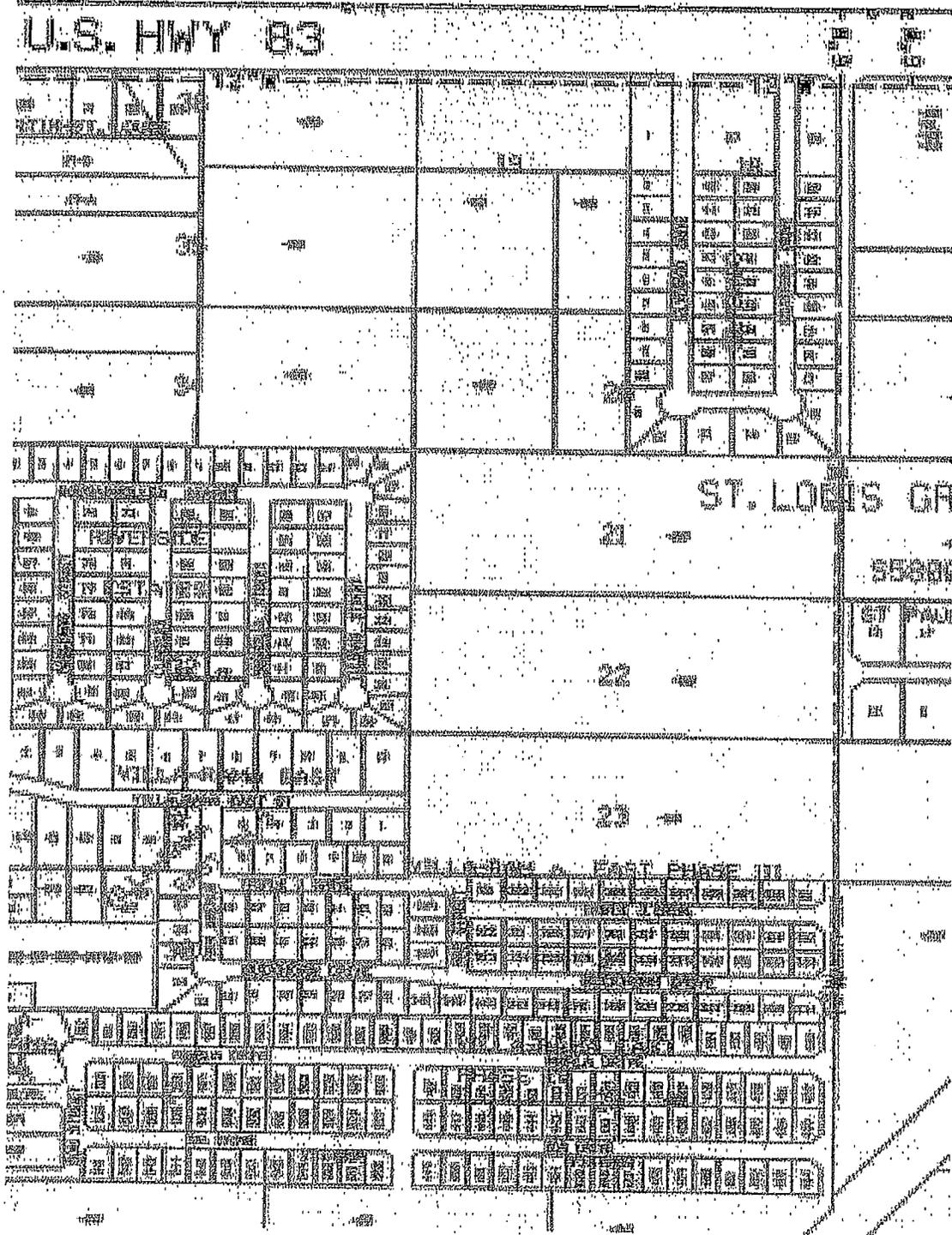


Halff Associates
5000 West Military Hwy., #100
McAllen, Texas 78503
May, 2009
AVO No. 24442

EXHIBIT "A"

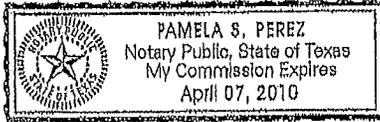
Exhibit B

Orange Line - approx. 4,000 feet of four inch water line to be transferred.



STATE OF TEXAS
COUNTY OF HIDALGO

This Bill of Sale and Assignment was acknowledged before me by Eren Garza, the authorized representative for the Agua Special Utility District, on the 26th day of May 2009.



Pamela S. Perez
NOTARY PUBLIC, STATE OF TEXAS

(Affix Notary Seal Above)

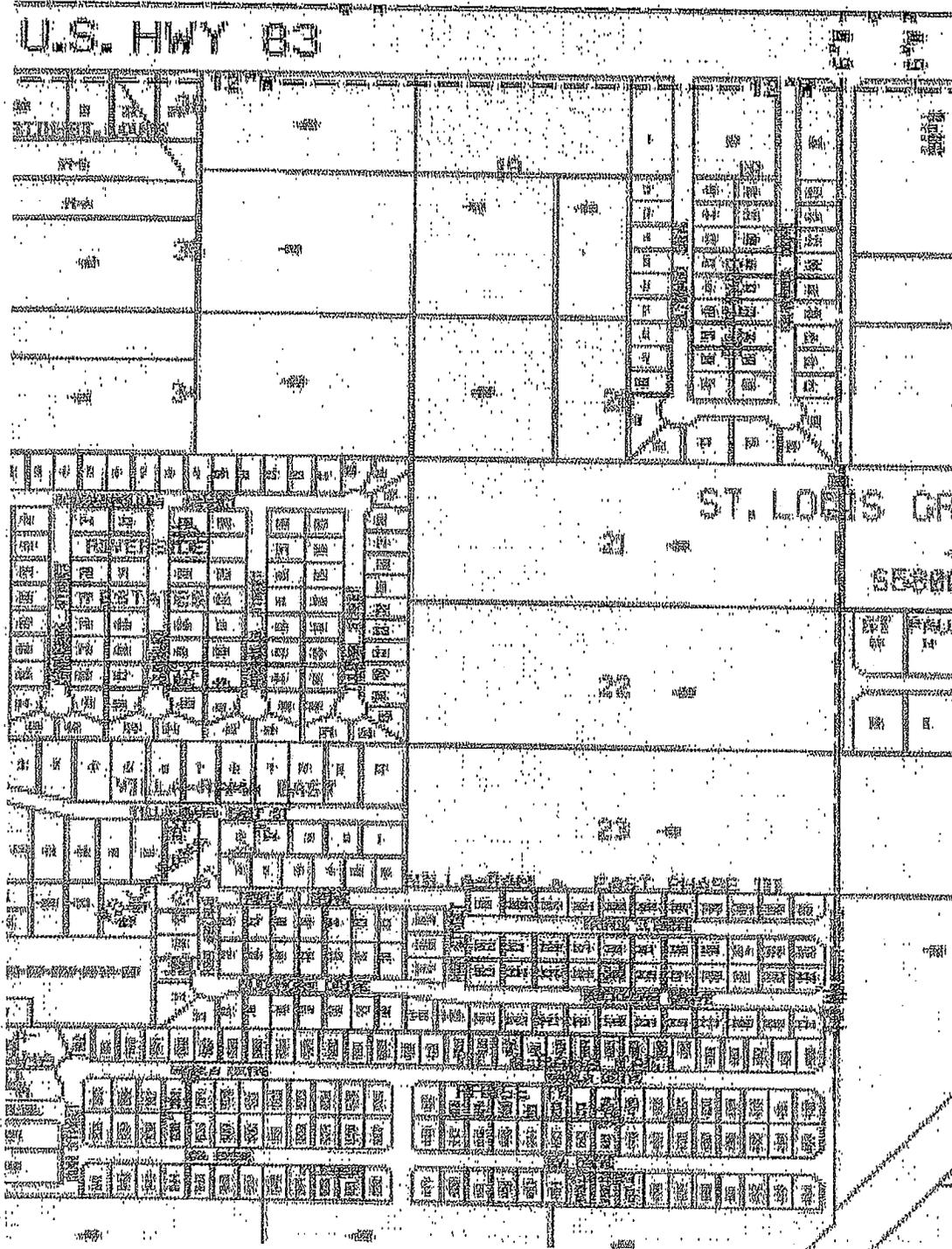
This Bill of Sale and Assignment was acknowledged before me by Paul Rodriguez, the authorized representative for the Hidalgo County Municipal Utility District No. 1, on the 9th day of May 2009.



Elia Tirado
NOTARY PUBLIC, STATE OF TEXAS

Exhibit A to the Bill of Sale

Orange Line - approx. 4,000 feet of four inch water line to be transferred.



Bryan W. Shaw, Ph.D., *Chairman*
 Buddy Garcia, *Commissioner*
 Carlos Rubinstein, *Commissioner*
 Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 9, 2011

Ms. Emily Rogers
 Bickerstaff Heath Delgado Acosta, LLP
 816 Congress Avenue, Suite 1700
 Austin, Texas 78701

Re: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from Hidalgo County Municipal Utility District (MUD) 1, Certificate of Convenience and Necessity (CCN) No. 11611, to Transfer a Portion of CCN No. 10559 from Agua Special Utility District (SUD) in Hidalgo County; Application No. 36433-C

Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from Hidalgo County MUD 1, A1868, to Transfer a Portion of CCN No. 20785 from Agua SUD in Hidalgo County; Application No. 36434-C

CN: 600623581; RN: 101393742 (water) and 105630297 (sewer) (Hidalgo County MUD 1)
 CN: 601495468; RN: 103908471 (water) and 102946589 (sewer) (Aqua SUD)

Dear Ms. Rogers:

Enclosed are the map and CCNs that have been prepared for the matter referenced above. Please review the map and CCNs to determine if they correctly represent the actions of the Hidalgo County MUD 1's pending CCN applications.

If you agree that the maps and order are accurate, please sign the **CONSENT FORM**, mark the line that says you concur and return the signed statement. We recommend keeping a copy of the consent form you signed along with the documents listed above for your records.

If you believe that the maps or CCNs are inaccurate or you disagree that they correctly represent Hidalgo County MUD 1's intentions in the matter referenced above, please mark the line on the **CONSENT FORM** that says you do not concur, sign the form and return it to the address or fax number on the form.

If you have any questions, please contact Ms. Lisa Fuentes by phone at 512/239-6117, by fax at 512/239-6972, by email at lisa.fuentes@tceq.texas.gov, or if by correspondence, include MC-153 in the letterhead address.

Sincerely,

Tammy Benter, Manager
 Utilities & Districts Section
 Water Supply Division
 Texas Commission on Environmental Quality

TB/LVF/ln

Enclosures (maps, CCNs & consent form)

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • www.tceq.texas.gov

How is our customer service? www.tceq.texas.gov/goto/customerurvey

printed on recycled paper using soy-based ink

Mailing List for: Hidalgo County MUD 1

Ms. Emily Rogers
Bickerstaff Heath Delgado Acosta, LLP
816 Congress Avenue, Suite 1700
Austin, Texas 78701

Representing: Agua SUD

Mr. Jeremiah Martin
Plant Manager
Hidalgo County MUD 1
7400 W. Expressway 83
Mission, Texas 78572-9527

Ms. Christina Hernandez
Halff & Associates
5000 West Military Highway, Suite 100
McAllen, Texas 78503-7446

Representing: Hidalgo County MUD 1

Hidalgo County Municipal Utility District (MUD) No. 1

Water Service Area

CCN No. 21046

Application No. 36434-C (Contract Service Agreement to Transfer a Portion of CCN No. 20785 from Agua Special Utility District) Hidalgo County

Agua SUD
CCN 20785

Hidalgo County MUD #1
CCN 21046



1500 0 1500 Feet

1 inch = 1,500 feet

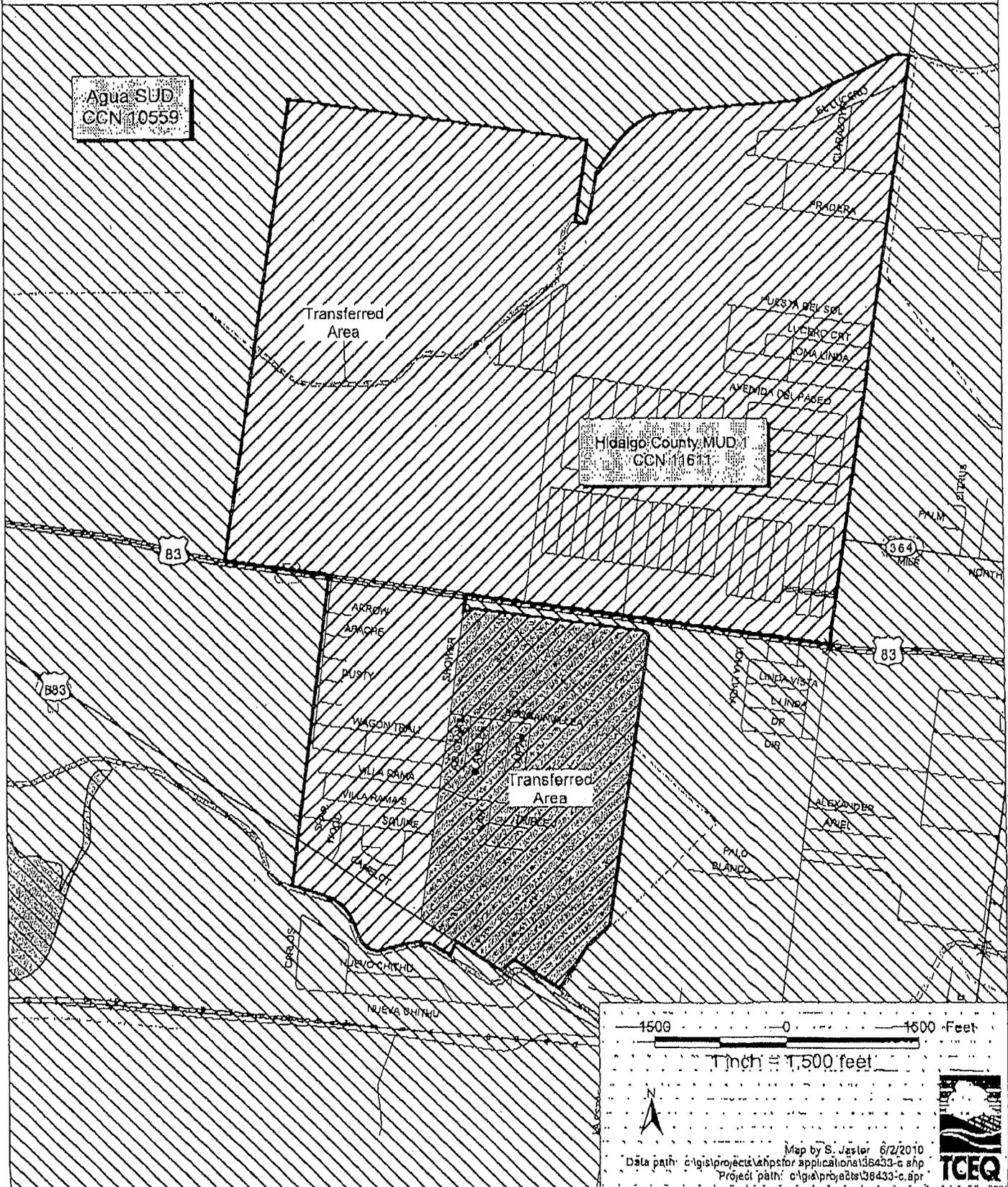
Map by S. Jester 5/2/2010
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 Project path: c:\gis\projects\36434-c.spr

Hidalgo County Municipal Utility District (MUD) No. 1

Water Service Area

CCN No. 11611

Application No. 36433-C (Contract Service Agreement to
Transfer a Portion of CCN No. 10559 from Agua Special Utility District)
Hidalgo County



Hidalgo County Municipal Utility District (MUD) No. 1

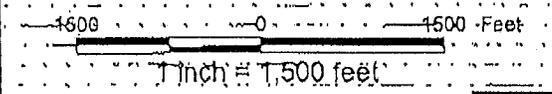
Sewer Service Area

CCN No. 21046

Application No. 36434-C (Contract Service Agreement to Transfer a Portion of CCN No. 20785 from Agua Special Utility District) Hidalgo County

Agua SUD
CCN: 20785

Hidalgo County MUD: 1
CCN: 21046



Map by S. Jaster 6/2/2010
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 Project path: c:\gis\projects\36434-c.apr





**Texas Commission On
Environmental Quality**

By These Presents Be It Known To All That

Hidalgo County Municipal Utility District 1

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 11611

to provide continuous and adequate water utility service to that service area or those service areas in Hidalgo County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36433-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Hidalgo County Municipal Utility District 1 to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



**Texas Commission On
Environmental Quality**

By These Presents Be It Known To All That

Agua Special Utility District

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10559

to provide continuous and adequate water utility service to that service area or those service areas in Hidalgo and Starr Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36433-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Agua Special Utility District to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



Texas Commission On
Environmental Quality

By These Presents Be It Known To All That

Agua Special Utility District

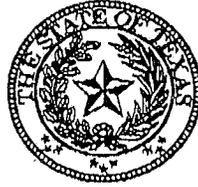
having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 20785

to provide continuous and adequate sewer utility service to that service area or those service areas in Hidalgo County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36434-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Agua Special Utility District to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission



Texas Commission On Environmental Quality

**By These Presents Be It Known To All That
Hidalgo County Municipal Utility District 1**

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 21046

to provide continuous and adequate sewer utility service to that service area or those service areas in Hidalgo County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36434-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Hidalgo County Municipal Utility District 1 to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

For the Commission

CONSENT FORM

Applicant's Name: Hidalgo County Municipal Utility District 1
Application Nos.: 36433-C and 36434-C

*forwarded
6-1-11
11:01*

- I concur with the maps and order transmitted by letter dated May 9, 2011.
- I do not concur with and intend to respond to the maps and order transmitted by letter dated May 9, 2011.

I understand that I have 10 days from the date of this letter to provide my response.

I am authorized by **Hidalgo County Municipal Utility District 1** to sign this form.

Signature: *Jack Martin*

Printed Name: JACK MARTIN

Relationship to Applicant: Manager

Date signed: 6-1-2011

Mail or Fax to:
 Lisa Fuentes
 Utilities & Districts Section, MC 153
 Water Supply Division
 Texas Commission on Environmental Quality
 P.O. Box 13087
 Austin, TX 78711-3087
 Fax: (512) 239-6972

CONSENT FORM

Applicant's Name: Agua Special Utility District
Application Nos.: 36433-C and 36434-C

- I concur with the maps and order transmitted by letter dated May 9, 2011.
- I do not concur with and intend to respond to the maps and order transmitted by letter dated May 9, 2011.

I understand that I have 10 days from the date of this letter to provide my response.

I am authorized by Agua Special Utility District to sign this form.

Signature: Francisco R. Flores

Printed Name: Francisco R. Flores

Relationship to Applicant: District Manager

Date signed: June 2, 2011

Mail or Fax to:
 Lisa Fuentes
 Utilities & Districts Section, MC 153
 Water Supply Division
 Texas Commission on Environmental Quality
 P.O. Box 13087
 Austin, TX 78711-3087
 Fax: (512) 239-6972

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 16, 2011

Emily Rogers
Bickerstaff Heath Delgado Rogers, LLP
3711 S. MoPac Expy.
Building 1, Suite 300
Austin, Texas 78746
(FAX) 512-320-5638

Jeremiah Martin
Plant Manager
Hidalgo County MUD No. 1
7400 West Expressway 83
Mission, Texas 78572

Re: TCEQ Docket No. 2011-1135-UCR; Consideration of a request for a Commission order approving a contract between Hidalgo County Municipal Utility District No. 1 (Hidalgo MUD), Certificate of Convenience and Necessity (CCN) Nos. 11611 and 21046, and the Agua Special Utility District (Agua SUD), CCN Nos. 10559 and 20785, in Hidalgo County, Texas.

Dear Ms. Rogers and Mr. Martin:

This letter is to inform you that the above-referenced application has been set on the Agenda for consideration by the Texas Commission on Environmental Quality (TCEQ). This Agenda will occur on January 11, 2012, beginning at 9:30 a.m. in Building E, Room 201S, 12100 Park 35 Circle, Austin, Texas. Included with this letter are the Agenda backup materials to be considered by the Commission. At least one of you will need to attend the Agenda to explain the agreement and to answer any questions the Commissioners may have.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the Agenda should call the TCEQ Office of Public Assistance at 1-800-687-4040 or 1-800-RELAY-TX (TDD) at least one week prior to the hearing. If you or anyone on the attached mailing list have any questions about this matter, contact Lisa Fuentes from the Water Supply Division at 1-512-239-6117 or me at 1-512-239-2253.

Sincerely,

A handwritten signature in cursive script that reads "Douglas M. Brown".

Douglas M. Brown
Staff Attorney
Environmental Law Division

cc: Mailing List

Enclosure P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • www.tceq.texas.gov

How is our customer service? www.tceq.texas.gov/goto/customersurvey

Mailing List
Hildago MUD and Agua SUD 13.248 Agreement

Customers Being Transferred

Ramon Garcia
2307 E 28th St.
Mission, TX 78574 / Lot30 St. Louis Groves

Gustavo Garcia Sr.
470 Showers Road
Mission, TX 78572

Gilberto Garcia
488 Showers Road
Mission, TX 78572

Rebecca Mata
496 Showers Road
Mission, TX 78572

Gustavo Garcia
512 Showers Road
Mission, TX 78572

Isaac Garcia
534 Showers Road
Mission, TX 78572

M.B Church
111 N. Showers Road
Mission, TX 78572

M.B Church
623 Showers Road,
Mission, TX 78572