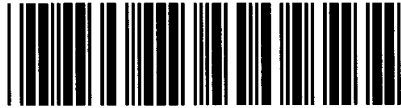




Control Number: 43551



Item Number: 27

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
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.

RECEIVED

**ARMBRUST BROWN & DAVIS, L.L.P.**

ATTORNEYS AND COUNSELORS

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JOHN J. CARLTON PUBLIC UTILITY COMMISSION  
(512) 435-2308 FILING CLERK  
jcarlton@abdlaw.com

January 11, 2002

Judge Henry D. Card  
Administrative Law Judge  
State Office of Administrative Hearings  
William P. Clements Building  
300 West 15<sup>th</sup> Street, Room 502  
Austin, Texas 78701

via facsimile  
(512) 475-4994

RE: *Status Report; SOAH Docket No. 582-00-0545; TNRCC Docket No. 2000-0112*

Dear Judge Card:

Hornsby Bend Utility Company ("Hornsby") is providing this status report regarding the proceeding referenced above as required by Order No. 5. The City of Austin ("City") and Hornsby have been exchanging information and meeting to work out details regarding the settlement that was reached in July on this matter.

After the July negotiations were concluded, the City filed applications for water and wastewater CCNs (TNRCC Application No. 33562-C (water) and 33563-C (wastewater). The applications include the area surrounding the Hornsby water and wastewater systems and were protested by Hornsby and other affected utility systems. Austin has been engaging in settlement negotiations with all of the protesting parties. Austin's attorney, Mr. Jones, has indicated that the applications should be referred to SOAH after February 11, 2002, if all of the protests have not been resolved. As a result of the additional issues raised by the Austin applications, the parties have expanded the scope of the settlement agreement and are working to resolve all issues related to utility service area around the Hornsby systems. Hornsby and Austin are currently reviewing maps that will address the service area boundaries and be attached to the settlement agreement. The parties expect to complete the review within the next 60 days. Upon completion of the review, the settlement agreement will be finalized. Consequently, the parties hereby request that you indulge one more extension of time for the abatement and that the case be abated for an additional 90 days to allow for execution of the comprehensive settlement agreement. If you have not received an agreement at that time, please consolidate the case with Austin's applications.

If you have additional questions regarding the status of negotiations, the parties request that you set a preliminary hearing by teleconference to discuss the case.

I have consulted with Mr. Jones, attorney for the City, and Ms. Angela Stepherson, Senior Attorney for water utilities at TNRCC, and they are in agreement with this request. Mr. Fread Houston is no longer with TNRCC.

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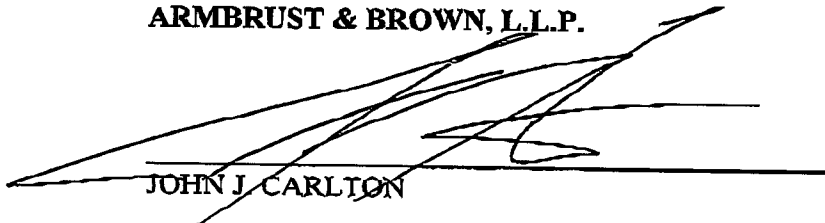
27

**ARMBRUST BROWN & DAVIS, L.L.P.**  
January 11, 2002  
Page 2

If you have any questions, please contact me at your convenience.

Sincerely,

**ARMBRUST & BROWN, L.L.P.**



JOHN J. CARLTON

cc: Blas J. Coy, Jr. *(via facsimile)*  
Angela Stepherson *(via facsimile)*  
Margaret Vargas *(via facsimile)*  
Ronnie Jones *(via facsimile)*

121799.1/011102  
43310.0100

**ARMBRUST BROWN & DAVIS, L.L.P.**

ATTORNEYS AND COUNSELORS

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Client Matter No.: 43310.0101

Please call immediately if the telecopy you receive is incomplete or illegible. Our telephone number is (512) 435-2300.

**MESSAGE:**

cc: *Blas Coy - 239-6377*  
*Angela Stepherson - 239-3434*  
*Margaret Vargas (512) 239-3311*  
*Ronnie Jones (512) 499-2912*

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91695.1/011102