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DOCKET NO. 44541

APPLICATION OF CITY OF HEATH TO	§	PUBLIC UTILITY COMMISSION
AMEND A CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY AND	§	
TO DECERTIFY A PORTION OF	§	OF TEXAS
FORNEY LAKE WATER SUPPLY	§	
CORPORATION'S SERVICE AREA IN	§	
ROCKWALL COUNTY	§	

CITY OF HEATH'S SUPPLEMENTAL MOTION FOR SANCTIONS

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

Now comes the City of Heath ("Heath") and files this Supplemental Motion for Sanctions and in support thereof would show the following:

I. PROCEDURAL HISTORY/BACKGROUND

The procedural history and background relevant to Heath's supplemental motion for sanctions are summarized below:

- March 16, 2015** Heath filed its application under Tex. Water Code §13.255 seeking single certification to serve new customers in Forney Lake's certificated service area and Heath's corporate limits.¹
- April 8, 2015** PUC staff filed its response to Order No.1 asserting, among other things, that Heath's application was deficient because it did not indicate whether Heath expects any of Forney Lake's property to be *rendered useless or valueless*.²
- April 10, 2015** Order No. 2 is entered requiring Heath to address the deficiencies identified in PUC staff's April 8, 2015 filing.³
- April 10, 2015** Heath filed its First Requests for Information to Forney Lake (Exhibit 1).⁴ Among other things, Heath asked Forney Lake to admit that all of its facilities currently used to provide retail water service to its customers will continue to be used for that purpose if Heath's application for single certification is granted⁵. Heath also requested "If any of Forney Lake's *property* may be *rendered useless or valueless* if single certification as requested by Heath in

¹ See PUC docket 44541, Interchange Item 1.

² See PUC docket 44541, Interchange Item 7.

³ See PUC docket 44541, Interchange Item 9.

⁴ See PUC docket 44541, Interchange Item 10.

⁵ RFI 1-8.

its application is granted please *identify* each separate component of *such property...*"⁶

- April 30, 2015** Forney Lake filed its response to Heath's First RFI (Exhibit 2).⁷ Forney Lake admitted that all of its property currently used to provide service to its customers would continue to be used for that purpose if Heath's application for single certification is granted.⁸ Forney Lake also stated that it was gathering information to respond to the RFI asking it to identify its property that may be rendered useless or valueless if Heath single certification request is granted.⁹
- May 4, 2015** Heath filed its response to Order No. 2.¹⁰ Heath noted that Forney Lake's admission that all of its property currently used to provide retail water service will continue to be used for that purpose if Heath's application is granted confirms Heath's expectation that none of Forney Lake's facilities will be rendered useless or valueless because Forney Lake will retain all of its existing facilities and continue to use them to serve all of its existing customers.
- May 8, 2015** Forney Lake filed its first supplemental response to Heath's First RFIs (Exhibit 3).¹¹ Forney Lake described the property that may be rendered useless or valueless as unspecified "portions" of various system components and an unspecified "share of its facilities".¹² Forney Lake also provided a map of its entire system, but the map failed to identify the portion or share that Forney Lake contended would be rendered useless or valueless. Forney Lake provided no response to RFIs 1-2 (f)-(i) which sought detailed information regarding the property it contends will be rendered useless or valueless, such as in-service date, cost to acquire or install, method of financing, and current book value.
- July 20, 2015** Heath filed its motion to compel (Exhibit 4).¹³ Heath asserted that Forney Lake had failed to answer several RFI's and had filed non-responsive answers to others that were relevant to the issue of whether any of Forney Lake's property will be rendered useless or valueless, and, if so, the compensation that would be just and reasonable for such property. Heath asked, among other things, that Forney Lake be compelled to describe and quantify the share of its facilities it contends will no longer be utilized to provide retail water service after single certification.

⁶ RFI 1-2.

⁷ See PUC docket 44541, Interchange Item 23.

⁸ RFI 1-8.

⁹ RFI 1-2.

¹⁰ See PUC docket 44541, Interchange Item 18.

¹¹ See PUC docket 44541, Interchange Item 24.

¹² RFI 1-2.

¹³ See PUC docket 44541, Interchange Item 33.

- July 27, 2015** Forney Lake filed its response to Heath's Motion to Compel.¹⁴ Forney Lake stated that for the unanswered RFIs it would "strive to provide the requested information within 15 business days".
- Sept. 11, 2015** Order No. 5 ruling on Heath's motion to compel is issued (Exhibit 5).¹⁵ Order No. 5 requires Forney Lake to "respond to all unanswered RFI's and complete or clarify all unresponsive answers" by September 18. It specifically required Forney Lake ***"to provide a map of sufficient scale and detail that it can be used to identify facilities and properties that Forney Lake contends would be rendered useless or valueless"***. It also specifically required Forney Lake to "respond completely to RFIs 1-2 (f)-(i)" which sought information concerning when the property it contends will be rendered useless or valueless was placed in service, costs to acquire or install, method of financing, and current book value.
- Sept. 18, 2015** Forney Lake filed its second supplemental response to Heath's First RFI (Exhibit 6).¹⁶ Forney Lake's response did not clarify the portion or share of its facilities or property it contended would be useless or valueless. It provided a larger scale version of the same map of its entire system that was provided with its first supplemental response, but that **map does not identify the "portion" or "share" of Forney Lake's property its contends will be rendered useless or valueless**. Forney Lake's response to RFIs 1-2 (f)-(i) were incomplete and unresponsive.
- Sept. 23, 2015** Heath filed its Second Request for Information to Forney Lake (Exhibit 7).¹⁷
- Oct. 13, 2015** Forney Lake failed to respond to Heath's Second Request for Information and filed a motion to extend time to respond to Heath's RFIs.¹⁸ Forney Lake's "good cause" for not filing was that its consulting engineer was out of town and that it had "not received the required information from its accounting/auditing services" which it stated are contracted out to third parties.
- Oct. 20, 2015** Heath files its Response to Forney Lake's Motion to Extend Time and Heath's Motion for Sanctions.¹⁹
- Oct. 27, 2015** Forney Lake responded to Heath's motion for sanctions claiming it had provided engineering info sufficient to determine that its property will be rendered useless or valueless, but that it needs information from its experts (engineer and accountant) and will not provide answers without their consultation.²⁰

¹⁴ See PUC docket 44541, Interchange Item 34.

¹⁵ See PUC docket 44541, Interchange Item 40.

¹⁶ See PUC docket 44541, Interchange Item 42.

¹⁷ See PUC docket 44541, Interchange Item 43.

¹⁸ See PUC docket 44541, Interchange Item 52.

¹⁹ See PUC docket 44541, Interchange Item 53.

²⁰ See PUC docket 44541, Interchange Item 55.

- Nov. 2, 2015** Forney Lake filed its Third Supplemental Response to Heath's 1st RFI (Exhibit 8).²¹ Forney Lake revised prior answer to 1-2 (d) to describe size of facilities for which it contends a portion of the facilities will be rendered useless or valueless. Water lines sized 1.5, 2, 2.5, 4, and 6-inch were deleted. Forney Lake maintained its claim that both 500,000-gallon ground storage tanks will be rendered useless or valueless (in contradiction with its response to HEATH 2-1). Forney Lake also stated "a portion of the facilities will be stranded." Forney Lake did not change Exhibit Heath RFI 1-2, which identifies the entirety of Forney Lake's system as being rendered useless and valueless.
- Nov. 2, 2015** Forney Lake filed its Response to Heath's 2nd RFI (Exhibit 9).²² No response was provided to 19 of the 24 RFIs (HEATH 2-7 to 2-24). In response to HEATH 2-1, Forney Lake provided approximate percentages of portions of its system that it contends will be rendered useless or valueless. These contentions were based on "engineering analysis" performed by their engineer and "his understanding of the Forney Lake system". No copy of an "engineering analysis" or explanation of his understanding of the Forney Lake system was provided. Forney Lake provided only copies of maps and facility drawings as documentation of the engineer's work.
- Nov. 9, 2015** SOAH ALJ entered Order No. 2,²³ which postponed ruling on Heath's Motion for Sanctions, and directed Forney Lake to fully and completely respond to Heath's First and Second RFIs, and PUC Order No. 5 Ruling on Motion to Compel on or before December 1, 2015.
- Dec. 1, 2015** Forney Lake filed its Fourth Supplemental Response to Heath's 1st RFI (Exhibit 10).²⁴ Forney Lake added barely legible highlights to identify waterlines that Forney Lakes contends that will be rendered useless or valueless, but did not identify the location of other property that Forney Lake contends will be rendered useless or valueless. Forney Lake also provided a list of assets, with original cost data and some depreciation information. The list appears to be most, if not all, assets owned by Forney Lake and not the subset that it contends will be rendered useless or valueless. As detailed in Attachment A, Forney Lake failed to fully and completely respond to Heath's request.
- Dec. 1, 2015** Forney Lake filed its First Supplemental Response to Heath's 2nd RFI (Exhibit 11).²⁵ Forney Lake provided adequate responses to only 8 of the 24 requests. Forney Lake failed to "explain the basis" for its contention that its property would be rendered useless or valueless, and failed to provide recent financial statements and supporting workpapers as required by Heath's RFIs and

²¹ See PUC docket 44541, Interchange Item 57.

²² See PUC docket 44541, Interchange Item 56.

²³ See PUC docket 44451, Interchange Item 58.

²⁴ See PUC docket 44541, Interchange Item 59.

²⁵ See PUC docket 44541, Interchange Item 60.

instructions. As detailed in Attachment A, Forney Lake failed to fully and completely respond to Heath's request.

II. SUPPLEMENTAL MOTION FOR SANCTIONS

As explained in initial Heath's Motion for Sanctions, the threshold issue to be decided in this case is whether the granting of the single certification as requested by the city will render property of retail public utility useless or valueless, and if so, then the second issue is the determination of just and adequate compensation for *such* property. Heath contends that "property" means a discrete and identifiable components of the existing utility's system, such as specific distribution pipes, storage tanks, pumps, *etc.*, and that "useless or valueless" means no use or no value to the retail public utility. Thus, the issue is whether any of Forney Lake's pipes or tanks will have any use or value to Forney Lake if single certification is granted. Because Forney Lake has admitted that it will continue to use all of its property after the granting of single certification, Heath's position is that none of Forney Lake's property will be rendered useless or valueless. Concurrently with filing this Supplemental Motion for Sanctions Heath has filed its Motion for Partial Summary Decision on this issue²⁶.

Forney Lake's position appears to be that some "portion" of some of its discrete and identifiable property will somehow be rendered useless or valueless. For example, Forney Lake appears to claim that 50% of a 500,000-gallon storage tank located on FM 460²⁷ (one of two tanks located miles away from the area sought by Heath) will be rendered useless or valueless because 50% of the capacity of the storage tank will be "stranded" despite the fact that the storage tank will continue to be used.

Although Heath believes that Forney Lake's position is wrong as a matter of law, it sought discovery to gain insight into Forney Lake's contentions that "portions" of its system would be "stranded" and the value of that property. Forney Lake's responses, filed months late, wholly fail to provide any insight into Forney Lake's contentions. A review of Attachment A shows in detail how Forney Lake's responses and production fail to fully and completely respond to Heath's requests and fail to provide Heath with the information it needs to verify Forney

²⁶ The granting of the Motion for Partial Summary Decision could render this motion moot.

²⁷ Forney Lake Response to HEATH 2-1, *Forney Lake Response to Heath's 2nd RFI* (Nov. 2, 2015).

Lake's contentions and to conduct its own assessment of whether any portion of Forney Lake's property will be rendered useless or valueless, and if so, the value of such property.

An overview of the inadequacies of Forney Lake's responses is provided in Attachment A. Forney Lake did not fully and completely respond to Heath's First and Second RFIs and PUC Order No. 5 Ruling on the Motion to Compel. The following examples illustrate the inadequacies of Forney Lake's responses.

Heath asked Forney Lake (HEATH 1-2 and 1-3) to identify the specific property that might be rendered useless or valueless and provide detailed information relating to such property. In response, Forney Lake initially, in May, identified specific types of property and claimed that "portions" or "a share" of the property would no longer be used if Heath's application were granted.²⁸ Later, in September, after being ordered to respond by the PUC, Forney Lake claimed that the facilities were constructed and dedicated in part to provide service to within Heath's corporate limits.²⁹ Forney Lake also provided some generalized cost information regarding some of the facilities.³⁰ In response to Heath's further objections, Forney Lake, in December, supplemented its response to "highlight" the location of water lines that it contends will be rendered useless or valueless in part, and Forney Lake provided additional cost data, which appears to be cost data for all of Forney Lake's system, without specifically identifying the portions it contends would be rendered useless or valueless.³¹ Forney Lake did not supplement its response to identify the location of all of the allegedly affected property. For instance, Forney Lake did not provide the location of the SCADA, the emergency generators ("Gensets"), or the valves and fittings.

To obtain additional information regarding the "portions" and "shares" of the facilities that Forney Lake contends are rendered useless or valueless, Heath requested that Forney Lake describe the "portions" of the facilities previously identified by Forney Lake that would be

²⁸ Forney Lake Response to HEATH 1-2 & 1-3, *Forney Lake First Supplemental Response to Heath's 1st RFI* (May 8, 2015).

²⁹ Forney Lake Response to HEATH 1-3, *Forney Lake Second Supplemental Response to Heath's 1st RFI* (Sept. 18, 2015).

³⁰ *Id.*

³¹ Forney Lake Response to HEATH 1-2(f), *Forney Lake Fourth Supplemental Response to Heath's 1st RFI* (Dec. 1, 2015).

rendered useless or valueless (HEATH 2-1), "explain the basis"³² for Forney Lake's determination that the property would be rendered useless or valueless (HEATH 2-2), and provide all documentation relating to the determination (HEATH 2-3). Forney Lake provided responses that gave some clarification regarding the portions of facilities that it contends are rendered useless or valueless, but Forney Lake provided insufficient response or documentation about how it reached its conclusions.

The most important detail omitted by Forney Lake in its responses to discovery is what demand levels did it use in determining service capacity and remaining available capacity for its facilities -- did Forney Lake use regulatory minimum demand levels or actual system peak demand levels, or some other demand levels? The level of "stranded capacity" would be substantially different based on the assumed demand levels. Forney Lake's response to HEATH 2-2 merely states conclusions without explaining the basis for those conclusions (other than possibly the engineer's "beliefs" regarding capacity). Heath has no way to independently determine what assumptions or data were used by Forney Lake, because only Forney Lake has the necessary information regarding these assumptions, which it refuses to share with Heath. Had Forney Lake appropriately responded to Heath's RFIs, which might have been as simple as providing the engineer's work papers, Heath would know the answer to this issue. Forney Lake, however, did not appropriately respond.

Another example that illustrates the deficiency of Forney Lake's responses relates to its responses seeking discovery of the net book value of the property that Forney Lake contends will be rendered useless or valueless (HEATH 1-2, 2-16 through 2-22). Heath's position is that the amount of just and adequate compensation for property of a non-profit water supply corporation determined to be rendered useless or valueless should have some relationship to the net book value of the property. Net book value being the original cost of the asset less depreciation. The determination of net book value for an entity like Forney Lake is complicated by the fact that much of its property was either given to it or paid for by developers as a condition of obtaining

³² To provide clarity to the term "explain the basis" Heath defined it in the instructions to its second RFIs: "Explain the basis means to provide all information on or describe every fact, statistic, inference, estimate, consideration, conclusion, study, and analysis known to Forney Lake that was relied upon in support of the expressed contention, proposition, conclusion or statement."

service.³³ Original cost information should be maintained by a responsible utility. Despite repeated attempts to obtain original cost, depreciation, and book value information, Forney Lake has refused to provide the information in a form that meets Heath's requests.

Admittedly, Forney Lake has provided some incomplete and ambiguous information. For example, Forney Lake has two 500,000-gallon storage tanks located on FM460, and Forney Lake contends that granting Heath's application will have no effect on one of the tanks, but will render half of the capacity of the other tank useless or valueless.³⁴ Forney Lake claims that one of the tanks was constructed in the late-1960s, but at an unknown cost, and that the other tank was constructed in 2006 for \$585,000.³⁵ Subsequently, Forney Lake submitted a table that contained values for only one 500,000-gallon tank, which was placed into service in 2007 and cost \$635,124.65.³⁶ Forney Lake's responses, therefore, provide no clarity as to which of the two tanks it contends will be affected, and ambiguous and conflicting information regarding the book value of the affected tank.

Also, Forney Lake refused to provide responses to some of the relevant requests because "Exhibit 2" to Heath's second RFI's was not provided. Heath acknowledges that it failed to attach Exhibit 2 to the RFIs when filed and served on September 23, 2015. Once counsel for Heath discovered the oversight, a copy of the Exhibit was emailed on September 28, 2015 to counsel for Forney Lake and PUC staff, along with an offer to extend the response deadline.³⁷ Exhibit 2 was a copy of Forney Lake's FY2010 Financial Statements that Heath had obtained informally. In fact, Forney Lake produced a copy of "Exhibit 2" in response to HEATH 2-16. At no time between September 23, 2015 and the filing of the responses on December 1, 2015, did Forney Lake let Heath know that it had not received a copy of "Exhibit 2." Forney Lake did not object to the request as incomplete. Forney Lake did not respond on October 13, 2015 (the original deadline to respond) and indicate that it did not have the exhibit. Forney Lake never contacted counsel for Heath to obtain a copy. Instead, Forney Lake abused the discovery process

³³ Sections 2.01 and 3.02 of Forney Lake's contract with the Travis Ranch development are examples of these types of arrangements. Exhibit Heath RFI 2-15, *Forney Lake First Supplemental Response to Heath's 2nd RFI* (Dec. 1, 2015).

³⁴ Forney Lake Response to HEATH 2-1, *Forney Lake Response to Heath's 2nd RFI* (Nov. 2, 2015).

³⁵ Forney Lake Response to HEATH 1-2(f)&(g), *Forney Lake Second Supplemental Response to Heath's 1st RFI* (Sept. 18, 2015).

³⁶ Exhibit Heath RFI 1-2(f), *Forney Lake Fourth Supplemental Response to Heath's 1st RFI* (Dec. 1, 2015).

³⁷ See Exhibit 12.

by saying nothing for ten weeks and then responding that it could not answer the request because it did not have a copy of the exhibit.

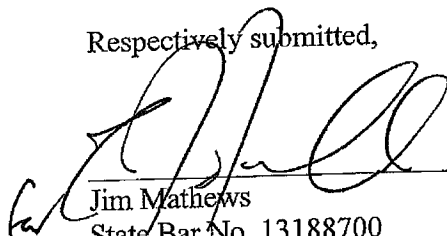
Heath again asserts that the ALJ should sanction Forney Lake for abusing the discovery process in resisting discovery relating to whether any of its property will be rendered useless or valueless if single certification is granted, if any, and for failing to obey the Commission ALJ's order and the ALJ's own order directing Forney Lake to respond "fully and completely" to Heath's RFIs. The details of Forney Lake's abuse are set out in Attachment A. Heath again asserts that the appropriate sanction would be for the ALJ to enter an order finding that none of Forney Lake's property will be rendered useless or valueless as a result of single certification as requested by Heath and prohibiting Forney Lake from offering any evidence or appraisal to the contrary.

The threshold issue in this matter is whether any of Forney Lake's property will be rendered useless or valueless. Forney Lake has managed to drag this matter on for more than eight months by refusing to provide full and complete responses to RFI's seeking to obtain information necessary to understand and analyze Forney Lake's contention that "portions" of its property will be rendered useless or valueless by the granting of Heath's pending application. It is time for this issue to be resolved.

III. PRAYER

For the reasons set forth in this response and motion Heath requests an order that grants a sanction finding that none of Forney Lake's property will be rendered useless or valueless as a result of single certification as requested by Heath and prohibiting Forney Lake from offering any evidence or appraisal to the contrary.

Respectively submitted,



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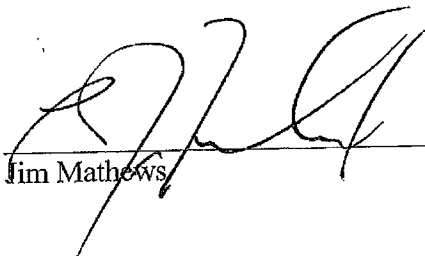
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the City of Heath's Supplemental Motion for Sanctions was served on all parties of record in this proceeding on this 15th day of December, 2015, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.

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Jim Mathews

List of Attachments & Exhibits

- Attachment A: Summary of Deficiencies in Forney Lake's Responses to RFIs
- Exhibit 1 - 7: Exhibits contained Heath's Motion for Sanctions (October 20, 2015)
- Exhibit 8: Forney Lake's 3rd Supplemental Response to Heath's 1st RFI
- Exhibit 9: Forney Lake's Response to Heath's 2nd RFI
- Exhibit 10: Forney Lake's 4th Supplemental Response to Heath's 1st RFI
- Exhibit 11: Forney Lake's 1st Supplemental Response to Heath's 2nd RFI
- Exhibit 12: Email from Joe Freeland to Art Rodriquez (Sept. 28, 2015)
- Exhibit 13: Excerpts from Robin Baley's Deposition (May 12, 2015)

**CITY OF HEATH'S SUPPLEMENTAL MOTION FOR SANCTIONS
ATTACHMENT A
SUMMARY OF DEFICIENCIES IN FORNEY LAKE'S RFI RESPONSES**

- HEATH 1-2** Heath's request seeks information to identify the property that Forney Lake contends may be rendered useless or valueless (the "Affected Property") and information to aid in appraising the value of such property. To date, after four supplemental filings, Forney Lake has produced a map showing the location of some, but not all, of its facilities (nothing showing the location of the "Gensets" and the "SCADA") with some highlights to identify the location of lines, portions of which it contends will be rendered useless or valueless. Also, only general information regarding installation dates has been provided, but the information is not tied to Affected Property. The installation dates are necessary to determine net book value. Some original cost information has been provided, but the original cost of most of the Affected Property cannot be determined. Again, original cost information is needed to determine net book value. Finally, no book value for the specific Affected Property has been produced. Exhibit Heath RFI 1-2(f) provides information from which book value can be determined, but the Affected Property is not specifically identified in the exhibit. Forney Lake's responses are deficient and are insufficient to allow Heath to determine the specific property that Forney Lake contends will be affected or to allow Heath to determine the book value of the allegedly Affected Property.
- HEATH 1-3** Heath's request seeks documents demonstrating the basis for Forney Lake's contention that property will be rendered useless or valueless. In response, Forney Lake has produced a map and a few diagrams describing some of Forney Lake's property for which it contends a portion will be rendered useless or valueless. None of the documents provide insight into how the granting of Heath's application will affect the use or value of the property or how Forney Lake determined that portions of such property will be rendered useless or valueless.
- HEATH 1-4** Heath's request seeks master plans, or other planning or engineering reports describing Forney Lake's system. These are documents that Forney Lake should have used to size its facilities – which should be a critical piece of Forney Lake's contention that it "dedicated" property to serve the area. In response, Forney Lake has produced one fourteen-year-old report that provides no insight into any dedication of service capacity to the affected area. Forney Lake undoubtedly has other planning studies or reports describing its system. Forney Lake's contract with the Travis Ranch subdivision (Exhibit Heath RFI 2-15) expressly provides that Forney Lake will review and approve all plans and specifications for improvements needed to serve the subdivision, which appears to include many of the allegedly affected facilities. These documents are responsive to Heath's request and should have been produced.

HEATH 2-2 Heath's request asks Forney Lake to explain the basis for its contention that specified percentages of its property will be rendered useless or valueless. Heath needs this information to determine the basis used by Forney Lake in reaching its conclusion. In particular, Heath needs to know whether Forney Lake's conclusion is based on TCEQ regulatory minimum capacities or actual system peak capacities or something else. In its response Forney Lake states that its engineer "took the service capacity . . . of the noted facilities and determined the remaining available capacity based on the number of additional meters he *believed* the facility could provide service to." The response provides no explanation of how service capacity was determined or how Forney Lake's engineer arrived at his belief concerning remaining available capacity.

HEATH 2-3 Heath's request seeks the documents used or relied upon by Forney Lake in determining the portions or percentages of its property that it contends would be rendered useless or valueless. Forney Lake produced a map and several drawings which provide no insights into how Forney Lake conducted an analysis to support its conclusions. Heath needs to understand the assumptions made and data relied on by Forney Lake in reaching its conclusions and cannot do so with the limited information provided. Forney Lake did not provide the calculations performed by its engineer in arriving at the percentages provided in response to HEATH 2-1. It is unreasonable to believe that Forney Lake's engineer did not document his calculations.

HEATH 2-4 Heath's request sought information that differs from the information sought in HEATH 2-1. HEATH 2-1 sought information about the portion of the facilities that would be rendered useless or valueless if single certification is granted. HEATH 2-4 sought information regarding the amount of capacity remaining in Forney Lake's facilities that it contends would be rendered useless or valueless. By providing the same answer to both requests, Forney Lake appears to be contending that all remaining capacity in these facilities will only be used to provide service to the affected area. Forney Lake has unserved service area in addition to the area subject to Heath's application. As revealed by Exhibit Heath RFI 2-15, Forney Lake is committed to providing service to the Travis Ranch development. It is unreasonable to believe that Forney Lake does not have some of its existing excess capacity reserved for Travis Ranch. Also, Heath specified in its request that available additional capacity be determined using "highest daily demand." Because Forney Lake did not provide any documentation of the calculations, Heath has no way to confirm that Forney Lake used "highest daily demand" in reaching its conclusions.

HEATH 2-7 Heath's request sought information regarding the amount of compensation Forney Lake contends is adequate for the *portions* of the system it contends will be rendered useless or valueless. Rather than responding to the request as asked, Forney Lake contends that it is entitled to full replacement cost for the entirety of the facilities of the same size. Forney Lake's position is that replacement cost is

appropriate because Heath has taken the position that it should own what it pays for. Forney Lake misconstrues Heath's position. Heath's position is that the law requires the district court to transfer title to property rendered useless or valueless, which clearly demonstrates that the Legislature meant "property" to mean discrete and identifiable property, such as a discrete length of pipe, rather than "portions" of property as asserted by Forney Lake, not that Heath would own all of the Affected Property. Forney Lake should not be able to avoid responding to the request by distorting Heath's position.

(Forney Lake's logic is also inconsistent with its own position. For example, Forney Lake contends that only 25% of its 500,000-gallon elevated storage tank will be rendered useless or valueless (125,000 gallons). Nevertheless, Forney Lake seeks to be compensated to replace the entirety of the 500,000-gallon tank, instead of replacing the 500,000-gallon tank with a 375,000-gallon tank. The same holds true for the other Affected Property.)

HEATH 2-8

HEATH 2-9 Heath's request sought an explanation of the basis for the amounts contained in responses to HEATH 2-7. Even though Heath asserts that Forney Lake failed to adequately respond to HEATH 2-7, Heath is entitled to know how Forney Lake arrived at \$4,468,210 in replacement costs. Forney Lake's engineer must have underlying workpapers that document how he calculated these amounts. If he used a standard source for the cost of such facilities, Forney Lake should have at a minimum provided that information.

HEATH 2-13 Heath's request asked Forney Lake to explain its use of the term "stranded." The term is fundamental to Forney Lake's position, and there is no definition of the term in statute or PUC rule. Most water infrastructure is overbuilt, if for no reason other than the fact that pipes, pumps and storage tanks come in standard sizes. Also, water infrastructure must be sized to meet peak demand, which results in some capacity being idle during non-peak periods. Capacity is not stranded if it would only be used to meet peak or fire flows. Forney Lake's response is that "stranded" means "useless or valueless." Forney Lake claims that the property is rendered useless or valueless because it is stranded. Forney Lake's circular reasoning is not an adequate response.

HEATH 2-15 Heath's request sought a copy of all contracts and other agreements relating to Forney Lake's provision of retail water utility service to the Travis Ranch subdivision, which represents the bulk of Forney Lake's service. Forney Lake produced part, but not all, of its initial contract with Travis Ranch. Forney Lake failed to produce Exhibit C (Approved Design of System), Exhibit D (Projected water needs of Service Area), and Exhibit E (Forney Lake Temporary System Improvements). These exhibits are responsive to Heath's request and are necessary to determine whether any facility has been "stranded" and the value of such facility.

HEATH 2-16 Heath's request sought Forney Lake's two most recent audited financial statements, or the most recent unaudited statement. In response Forney Lake provided audited statements for FY2009 and FY2010. Forney Lake unquestionably must have more recent financial statements. By law, Forney Lake is required to produce a financial report at least annually. Tex. Water Code §67.004; Tex. Bus. Org. Code §22.352(b). Robin Baley, Forney Lake's sponsoring witness, previously provided copies of financial statements dated December 31, 2011, in response to a Public Information Act Request. These financial statements were not produced in response to HEATH 2-16. In her deposition on May 12, 2015, Ms. Baley testified that the Forney Lake board is provided audited financial statements on an annual basis, that she does not maintain copies of the audit and that she would have to ask the contracted auditor to obtain copies of the financial statements. (Exhibit 13 contains excerpts from Ms. Baley's deposition and from Exhibit 9 to the deposition). Forney Lake also produced Federal income tax returns containing figures that could have only been produced from financial statements. Forney Lake asserted in its October 13 motion to extend time to respond to Heath's Second RFI that it needed more time to receive information from its contracted accountant to prepare a proper response. However, the response Forney Lake filed is sponsored by its manager Ms. Baley who has testified under oath that she does not maintain such records and that requests for audit information would be forwarded to the auditor for response.

HEATH 2-17 Heath's request sought workpapers for the most recent financial statement (not limited to audited statements). Heath needs the supporting documents to be able to determine the net book value of the assets that Forney Lake claims will be rendered useless or valueless. Forney Lake responded with a 5-year old audited statement and no workpapers. Forney Lake states that it "has not been able to locate the documents requested." Forney Lake fails to explain what steps it took to locate the documents. At her deposition on May 12, 2015, Robin Baley testified that Forney Lake's auditor would have this type of information, but that she did not ask him to provide it to her to respond to Heath's Public Information Act request. These documents exist. Forney Lake is simply refusing to provide them.

HEATH 2-19 Heath's request sought to confirm numbers in one of Forney Lake's financial statements, which Heath had previously obtained informally. Heath needs to confirm this number to verify book value of assets. Forney Lake states that it can neither admit nor deny as Exhibit 2 to Heath's RFI was not provided. While Heath inadvertently omitted Exhibit 2 from the original filing of the request, a copy of the exhibit was provided to counsel for Forney Lake on September 28, 2015. Additionally, Forney Lake did not object to the omission of the exhibit, nor did Forney Lake ever request a copy of the exhibit since the RFIs were served on September 23, 2015. Moreover, in response to HEATH 2-16, Forney Lake has

produced the very document that is Exhibit 2 – Forney Lake’s Comparative Balance Sheet dated December 31, 2010.

HEATH 2-20 Heath’s request sought to confirm numbers in one of Forney Lake’s financial statements, which Heath had previously obtained informally. Heath needs to confirm this number to verify book value of assets. Forney Lake states that it can neither admit nor deny as Exhibit 2 was not provided. While Heath inadvertently omitted Exhibit 2 from the original filing of the request, a copy of the exhibit was provided to counsel for Forney Lake on September 23, 2015. Additionally, Forney Lake did not object to the omission of the exhibit, nor did Forney Lake ever request a copy of the exhibit since the RFIs were served on September 23, 2015. Moreover, in response the HEATH 2-16, Forney Lake has produced the very document that is Exhibit 2 – Forney Lake’s Comparative Balance Sheet dated December 31, 2010.

HEATH 2-21 Heath’s request sought details regarding an account contained in Forney Lake’s financial statements. Heath sought workpapers for the most recent financial statement (not limited to audited statements). Heath needs the supporting documents to be able to determine the net book value of the assets that Forney Lake claims will be rendered useless or valueless. Forney Lake responded with a 5-year old audited statement and no workpapers. Forney Lake sponsoring witness Robin Baley states that she “has not been able to locate the documents requested.” Forney Lake fails to explain what steps it took to locate the documents. At her deposition on May 12, 2015, Robin Baley testified that Forney Lake’s auditor would have this type of information, but that she did not ask him to provide it to her to respond to Heath’s Public Information Act request. These documents exist. Forney Lake is simply refusing to provide them.

HEATH 2-22 Heath’s request sought an explanation of what values are contained in Forney Lake’s account identified as “Paid in Capital” in its financial statements. Heath needs the supporting documents to be able to determine the net book value of the assets that Forney Lake claims will be rendered useless or valueless. Forney Lake states that it cannot provide an explanation because Exhibit 2 was not provided. While Heath inadvertently omitted Exhibit 2 from the original filing of the request, a copy of the exhibit was provided to counsel for Forney Lake on September 23, 2015. Additionally, Forney Lake did not object to the omission of the exhibit, nor did Forney Lake ever request a copy of the exhibit since the RFIs were served on September 23, 2015. Moreover, in response the HEATH 2-16, Forney Lake has produced the very document that is Exhibit 2 – Forney Lake’s Comparative Balance Sheet dated December 31, 2010.

Exhibit 8

Forney Lake's 3rd Supplemental Response to Heath's 1st RFI

**SOAH DOCKET 473-16-0193.WS
PUC DOCKET NO. 44541**

**APPLICATION OF CITY OF HEATH
TO AMEND A CERTIFICATE OF
CONVENIENCE AND NECESSITY AND
TO DECERTIFY A PORTION OF
FORNEY LAKE WATER SUPPLY
CORPORATION'S SERVICE AREA IN
ROCKWALL COUNTY**

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF
TEXAS

**FORNEY LAKE WATER SUPPLY CORPORATION'S THIRD SUPPLEMENTAL
RESPONSE TO CITY OF HEATH'S FIRST REQUEST FOR INFORMATION**

Comes now Forney Lake Water Supply Corporation ("FLWSC") and files its Third Supplemental Response to the City of Heath's First Request for Information. All parties may treat the answers as if they were filed under oath.

FLWSC files these responses without agreeing to the relevancy of the information sought and without waiving its right to object at the time of hearing to the admissibility of the information provided herein.

FLWSC'S SUPPLEMENTAL RESPONSES:

HEATH 1-2. If any of Forney Lake's property may be rendered useless and valueless if single certification as requested by Heath in its application is granted, please identify each separate component of such property and provide the following information:

- a. The type or nature of the property (e.g. water lines, water storage facilities, pumps, valves, meters, vaults, easements, etc.).
- b. The location or address of the property, and for water lines or easements the beginning and end point of the property that may be rendered useless or valueless.
- c. A map depicting the location of the property in Forney Lake's system.
- d. The size and capacity of the property.
- e. The use of the property before single certification and the use of the property, if any, after single certification.

- f. The year in which the property was placed in service.
- g. Forney Lake's original cost to acquire and install the property.
- h. Financing used to acquire the property
- i. Forney Lake's current book value for the property.
- j. **(Revised as Agreed)** Please admit that Heath's application does not indicate any assets or facilities to be transferred to Heath.

RESPONSE:

- d. The size of the facilities are as indicated below:

8", 10" and 12" waterlines;
200,000, and 2 ea. - 500,000 ground storage tanks;
500,000 gallon elevated tank;
3,000 GPM booster pump station;
2 ea. - 1,500 GPM booster pumps and building;
3 ea. - 1,500 GPM booster pumps and building;
230 KW genset;
275 KW genset.

- e. The facilities are currently being utilized to provide current and future potable water service to the customers of FLWSC within the CCN. A portion of the facilities will be stranded if the area is transferred to Heath.

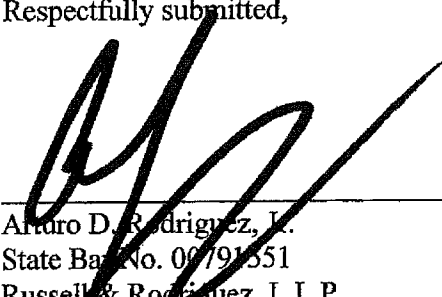
Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 1-3 Please produce all documents concerning or relating to Forney Lake's belief that its property may be rendered useless and valueless if single certification as requested by Heath in its application is granted.

See Exhibit Heath RFI 1-2 indicating the FLWSC system facilities, previously provided. Additionally, see the documents provided in response to Heath RFI Exhibit 2-3. If single certification is granted for the areas shown on the previously provided Exhibit Heath RFI 1-3, a majority of the remaining undeveloped area located north of the county line will be developed and served by Heath. FLWSC will have capacity that will be stranded as the facilities have been constructed and dedicated in part to provide water to the undeveloped northern area.

Prepared by Eddy Daniel; sponsoring witness Eddy Daniel

Respectfully submitted,



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ATTORNEY FOR FORNEY LAKE WATER
SUPPLY CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of November, 2015, a true and correct copy of the foregoing document was served on all parties in accordance with PUC Procedural Rule 22.74.



Arturo D. Rodriguez, Jr.

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Representing City of Heath

Exhibit 9

Forney Lake's Response to Heath's 2nd RFI

SOAH DOCKET 473-16-0193.WS
PUC DOCKET NO. 44541

APPLICATION OF CITY OF HEATH §
TO AMEND A CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
AND TO DECERTIFY A PORTION §
OF FORNEY LAKE WATER SUPPLY §
CORPORATION'S SERVICE AREA §
IN ROCKWALL COUNTY §

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OF TEXAS

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**FORNEY LAKE WATER SUPPLY CORPORATION'S
RESPONSE TO CITY OF HEATH'S SECOND REQUEST FOR INFORMATION**

Comes now Forney Lake Water Supply Corporation ("FLWSC") and files its Response to the City of Heath's Second Request for Information. All parties may treat the answers as if they were filed under oath.

FLWSC files these responses without agreeing to the relevancy of the information sought and without waiving its right to object at the time of hearing to the admissibility of the information provided herein.

FLWSC'S RESPONSES:

HEATH 2-1 Please describe the specific "portions" of the following classes of facilities that Forney Lake contends will be rendered useless or valueless in Forney Lake's response to Heath 1-2.

- a. 1.5" waterline _____
- b. 2" waterline _____
- c. 2.5" waterline _____
- d. 4" waterline _____
- e. 6" waterline _____
- f. 8" waterline _____

- g. 10" waterline _____
- h. 12" waterline _____
- i. 100,000 gallon ground storage tank _____
- j. 150,000 ground storage tank _____
- k. 200,000 gallon ground storage tank _____
- l. 500,000 gallon ground storage tank _____
- m. 500,000 gallon elevated tank _____
- n. 3,000 GPM booster pump station _____
- o. 1,500 GPM booster pumps and building _____
- p. 1,500 GPM booster pumps and building _____
- q. 1,500 GPM booster pumps and building _____
- r. 1,500 GPM booster pumps and building _____
- s. 1,500 GPM booster pumps and building _____
- t. 230 KW genset _____
- u. 275 KW genset _____
- v. Electrical/SCADA _____
- w. Valves and fittings _____
- x. Appurtenances _____
- y. Easements/Other Real Estate _____

RESPONSE:

- a. 1.5" waterline - None
- b. 2" waterline - None
- c. 2.5" waterline - None

- d. 4" waterline - None
- e. 6" waterline - None
- f. 8" waterline - Approx. 25% of 22,528 L.F.
- g. 10" waterline - Approx. 35% of 15,486 L.F.
- h. 12" waterline - Approx. 50% of 2,080 L.F.
- i. 100,000 gallon ground storage tank - None
- j. 150,000 ground storage tank - None
- k. 200,000 gallon ground storage tank – Approx. 50 %
- l. 500,000 gallon ground storage tank – Location FM 460 - None
Location FM 460 – Approx. 50%
- m. 500,000 gallon elevated tank – Approx. 25%
- n. 3,000 GPM booster pump station – Approx. 20%
- o. 1,500 GPM booster pumps and building – There are three booster pumps and a single building – Approx. 40%
- p. 1,500 GPM booster pumps and building - See Response to subsection o.
- q. 1,500 GPM booster pumps and building - See Response to subsection o.
- r. 1,500 GPM booster pumps and building - There are two booster pumps and a single building – Approx. 20%
- s. 1,500 GPM booster pumps and building - See Response to subsection r.
- t. 230 KW genset – Approx. 20%
- u. 275 KW genset – Approx. 40%
- v. Electrical/SCADA - Approx. 20%
- w. Valves and fittings – Approx. 20%

- x. Appurtenances – None discovered at this time.
- y. Easements/Other Real Estate – None discovered at this time.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-2 Please explain the basis for Forney Lake's response to HEATH 2-1.

RESPONSE:

The estimates are based on engineering analysis performed by Eddy Daniel, P.E. and his understanding of the Forney Lake system.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-3 Please produce all documents concerning, reviewed, supplied to or by, or relied upon by Forney Lake to respond to HEATH 2-1.

RESPONSE:

See Exhibit Heath RFI 1-2 and Exhibit RFI 1-3 provided in Response to Heath's First Request for Information. Additionally, see the facility drawings attached as Exhibit Heath RFI 2-3.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-4 Please identify the amount of available additional capacity remaining in the following classes of facilities that Forney Lake contends will be rendered useless or valueless in Forney Lake's response to Heath 1-2. By available additional capacity, Heath means the additional amount of capacity currently available to Forney Lake to provide water to its customers after demand is being met for the highest daily demand for water on Forney Lake's system as such highest daily demand has occurred over the last thirty-six months.

- a. 1.5" waterline _____
- b. 2" waterline _____
- c. 2.5" waterline _____
- d. 4" waterline _____
- e. 6" waterline _____
- f. 8" waterline _____
- g. 10" waterline _____
- h. 12" waterline _____
- i. 100,000 gallon ground storage tank ____
- j. 150,000 gallon ground storage tank ____
- k. 200,000 gallon ground storage tank ____
- l. 500,000 gallon ground storage tank ____
- m. 500,000 gallon elevated tank ____
- n. 3,000 GPM booster pump station ____
- o. 1,500 GPM booster pumps and building ____
- p. 1,500 GPM booster pumps and building ____
- q. 1,500 GPM booster pumps and building ____
- r. 1,500 GPM booster pumps and building ____
- s. 1,500 GPM booster pumps and building ____

- t. 230 KW genset ____
- u. 275 KW genset ____
- v. Electrical/SCADA ____
- w. Valves and fittings ____
- x. Appurtenances ____
- y. Easements/Other Real Estate ____

RESPONSE:

See Response to Heath RFI 2-1.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-5 Please explain the basis for Forney Lake's response to HEATH 2-4.

RESPONSE:

Based on analysis by Eddy Daniel, P.E., the available additional capacity is the same as the stranded capacity identified in Heath's RFI 2-1.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

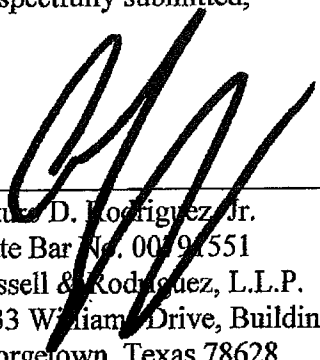
HEATH 2-6 Please produce all documents concerning, reviewed, supplied to or by, or relied upon by Forney Lake to respond to HEATH 2-4.

RESPONSE:

See documents referenced in response to Heath's RFI 2-3.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

Respectfully submitted,



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ATTORNEY FOR FORNEY LAKE WATER
SUPPLY CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of November, 2015, a true and correct copy of the foregoing document was served on all parties in accordance with PUC Procedural Rule 22.74.

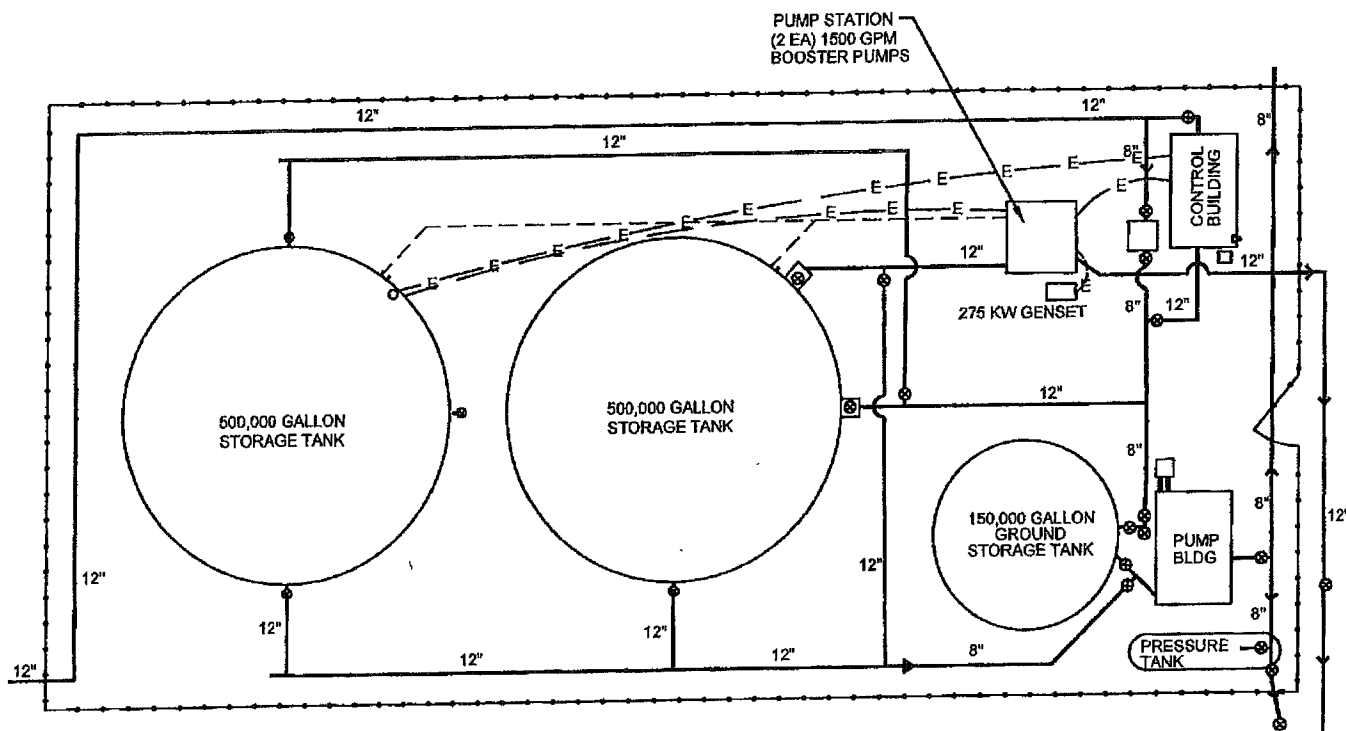


Arturo D. Rodriguez, Jr.

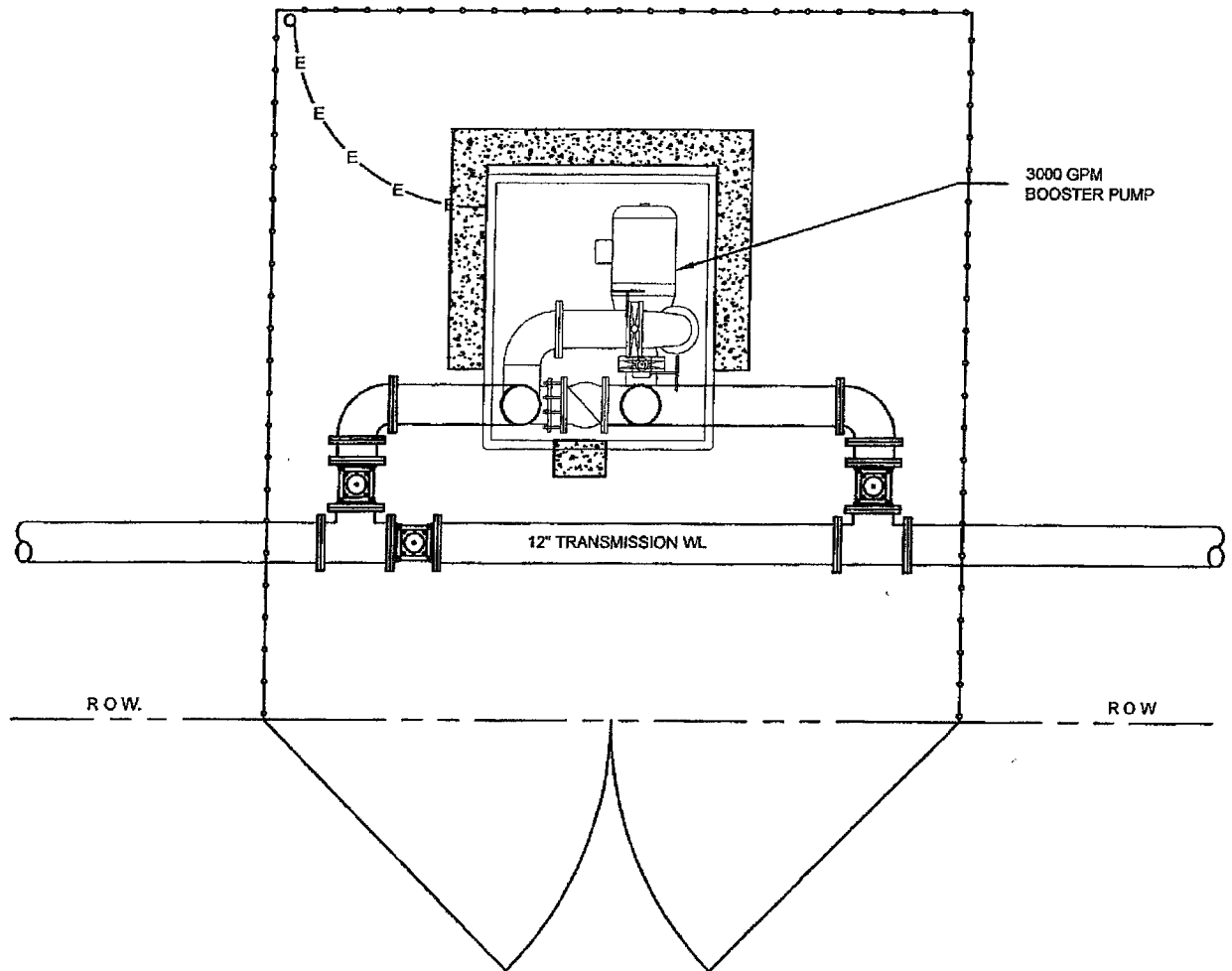
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Representing City of Heath

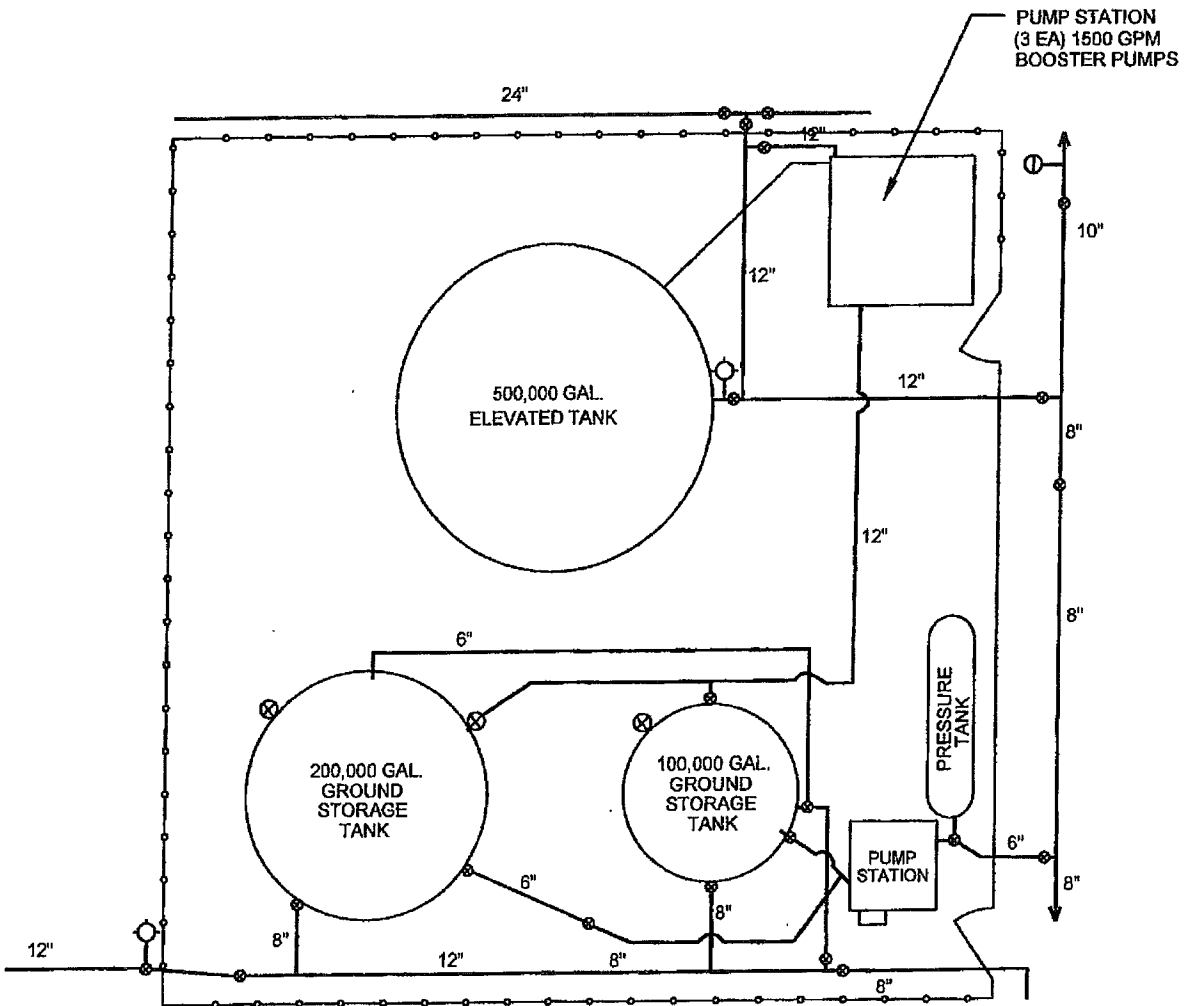
EXHIBIT HEATH RFI 2-3



FM 460 PUMP STATION SITE
 FORNEY LAKE WATER SUPPLY CORPORATION
 KAUFMAN & ROCKWALL COUNTIES, TEXAS



FM 740 BOOSTER PUMP SITE
FORNEY LAKE WATER SUPPLY CORPORATION
KAUFMAN & ROCKWALL COUNTIES, TEXAS



FM 740 PUMP STATION & ELEVATED TANK SITE
FORNEY LAKE WATER SUPPLY CORPORATION
KAUFMAN & ROCKWALL COUNTIES, TEXAS

Exhibit 10

**Forney Lake's 4th Supplemental Response
to Heath's 1st RFI**

SOAH DOCKET 473-16-0193.WS
PUC DOCKET NO. 44541

APPLICATION OF CITY OF HEATH
TO AMEND A CERTIFICATE OF
CONVENIENCE AND NECESSITY AND
TO DECERTIFY A PORTION OF
FORNEY LAKE WATER SUPPLY
CORPORATION'S SERVICE AREA IN
ROCKWALL COUNTY

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**FORNEY LAKE WATER SUPPLY CORPORATION'S FOURTH SUPPLEMENTAL
RESPONSE TO CITY OF HEATH'S FIRST REQUEST FOR INFORMATION**

Comes now Forney Lake Water Supply Corporation ("FLWSC") and files its Fourth Supplemental Response to the City of Heath's First Request for Information. All parties may treat the answers as if they were filed under oath.

FLWSC files these responses without agreeing to the relevancy of the information sought and without waiving its right to object at the time of hearing to the admissibility of the information provided herein.

FLWSC'S SUPPLEMENTAL RESPONSES:

HEATH 1-2. If any of Forney Lake's property may be rendered useless and valueless if single certification as requested by Heath in its application is granted, please identify each separate component of such property and provide the following information:

- a. The type or nature of the property (e.g. water lines, water storage facilities, pumps, valves, meters, vaults, easements, etc.).
- b. The location or address of the property, and for water lines or easements the beginning and end point of the property that may be rendered useless or valueless.
- c. A map depicting the location of the property in Forney Lake's system.
- d. The size and capacity of the property.
- e. The use of the property before single certification and the use of the property, if any, after single certification.

- f. The year in which the property was placed in service.
- g. Forney Lake's original cost to acquire and install the property.
- h. Financing used to acquire the property
- i. Forney Lake's current book value for the property.
- j. **(Revised as Agreed)** Please admit that Heath's application does not indicate any assets or facilities to be transferred to Heath.

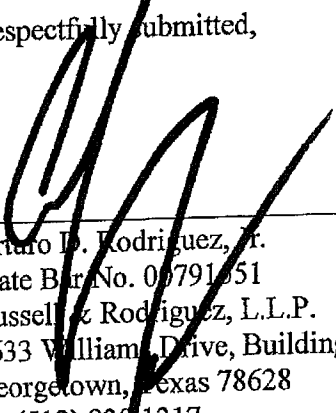
RESPONSE:

- b. The location of the items noted in (d.) discussed in Forney Lake's Third Supplemental Response to Heath's RFI 1-2 are shown in Exhibit Heath RFI 1-2 (b). The lines discussed in Forney Lake's Third Supplemental Response to Heath's RFI 1-2 are shown with the yellow highlight.

f. – g. and i. See Exhibit Heath RFI 1-2 (f).

Response (b) prepared by Eddy Daniel; sponsoring witness Eddy Daniel
Responses (f)-(g) and (i) prepared by Robin Baley; sponsoring witness Robin Baley

Respectfully submitted,



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ATTORNEY FOR FORNEY LAKE WATER
SUPPLY CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of December, 2015, a true and correct copy of the foregoing document was served on all parties in accordance with PUC Procedural Rule 22.74.



Arturo D. Rodriguez, Jr.

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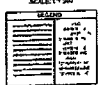


Exhibit Heath RFI 1-2(f)

FORNEY LAKE WSC-DISTRIBUTION SYSTEM			
Description	Date	Rate	Cost
Distribution system see note (a)		2%	700,016.84
Storage building		5%	978.00
Meters		14%	9,626.28
Sandblast&paint tanks		10%	32,345.00
Fence		10%	5,062.96
Valve-Scenic		10%	578.63
Chlorinators Sta 1&2		10%	3,467.14
Cassing & Rd Crossing - Hubbard		10%	4,460.91
Chlorine Bldg, slab, equipment		10%	2,189.62
New pump		20%	2,300.00
TIC 6" line to 4" line Candlelite Park		10%	550.00
Myers Road Job		30yr	18,104.35
Lemley Job		30yr	3,655.06
Clemgill	1993	30yr	84,051.79
Candlelite	1993	30yr	55,763.47
740 Addn Replace 10000 LF 8	12/1/1994	30yr	125,600.54
Chlorinators	Dec-94	30yr	2,915.55
1" water service 118 Reba Lane	1995	40yr	600.00
Candlelight Addn	1995	40yr	9,483.53
8" water main -FM 740	1995	40yr	82,977.95
Cla Val PS #1	1995	40yr	3,660.00
Antiqua Bay	1995	40yr	3,113.85
Additions to meters, valves, etc	1996	40yr	2,354.82
ClaVal 6" - Pump station	1996	40yr	294.00
1/2 RCH tie in (\$16,181.05X.50)	1996	40yr	8,090.52
K&K development	1996	40yr	13,210.00
3" extension of Hubbard Drive	1996	40yr	1,200.00
M.Edwards release on top of line on Meadowview Lake	1996	40yr	2,400.00
Air compressor/breaker box-PS#2 Equipment	1996	40yr	1,560.91
Linda St & Saddle Club: 1" service bore&two 3/4" meters	1996	40yr	1,475.00
Water supply line Hwy 80 to PS #1	1997	30yr	133,891.81
1" water service under road at 600 Sorrita(Double R Utilities	1997	10yr	1,000.00
Water line C-900(FM 740 @ Saddle Club)	7/6/1999	40yr	35,236.00
Storage tower connection FM 740 pump Station	10/14/1999	40yr	9,569.15
3" water main FM 740 & Hubbard Drive	12/31/1999	40yr	9,934.93
Elevated storage tank	2/29/2000	30yr	442,752.36
Pump station improvements	12/19/2000	10yr	2,457.50
New services	6/30/2000	10yr	9,404.52
Transmitter-GE Automation	7/18/2000	5yr	930.00
Fire hydrant	2/1/2000	20yr	3,750.00
Tank painting	6/21/2001	10yr	128,385.00

Pressure booster	1/16/2001	10yr	60,125.00
Telemeter	2/15/2002	10yr	13,792.00
New 12" line from pump station to Tower FM 740	2/4/2003	40yr	192,952.00
Fire hydrant at water tower	2/4/2003	40yr	2,750.00
10" Gate Valve (Clements Ranch)	7/22/2003	10yr	10,500.00
10" water main FM 740	10/24/2003	40yr	304,615.00
FM 740 Pump Station Improvement & Engineer's fees	6/30/2005	20yr	226,330.81
FM 460 Pump Station Improvement & Engineer's fees	12/1/2005	20yr	221,769.03
8" supply line & 12" connection-Travis Ranch	7/1/2005	30yr	51,829.49
Vault	7/1/2005	20yr	59,713.00
Triple B meters	2005	10yr	26,572.00
8" water line DARR	9/1/2005	30yr	23,090.00
Computer meters & system	9/1/2005	5yr	36,545.00
Telemetry	7/1/2005	5yr	6,566.40
Multiple connections FM 460 PS	7/1/2005	30yr	20,816.00
12" file line FM 460 PS	7/1/2005	30yr	82,516.25
Scadia equipment	7/11/2006	5yr	35,830.76
50 meters	2/6/2006	5yr	7,175.00
52 meters	3/10/2006	5yr	7,474.99
50 meters	4/27/2006	5yr	7,275.00
10 meters	4/27/2006	5yr	1,469.40
100 meters	5/15/2006	5yr	14,550.00
500,000 gallon storage	4/26/2007	40yr	635,124.65
Double R utilities	2/1/2007	15yr	23,056.00
Meters et al Triple B	6/30/2007	5yr	53,147.07
Additional generator spare parts	6/7/2007	5yr	4,978.30
Sandblast interior&enterior of 150,000 ground tank&paint	2/1/2008	10yr	179,995.93
120LF 8"main-bore connect 16"to8"main near 19154FM740(Double R Utilities)	1/30/2009	30yr	44,748.00
			4,314,705.07

Exhibit 11

Forney Lake's 1st Supplemental Response to Heath's 2nd RFI

SOAH DOCKET 473-16-0193.WS
PUC DOCKET NO. 44541

RECEIVED

2015 DEC -1 PM 3:00

APPLICATION OF CITY OF HEATH §
TO AMEND A CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
AND TO DECERTIFY A PORTION §
OF FORNEY LAKE WATER SUPPLY §
CORPORATION'S SERVICE AREA §
IN ROCKWALL COUNTY §

PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**FORNEY LAKE WATER SUPPLY CORPORATION'S FIRST SUPPLEMENTAL
RESPONSE TO CITY OF HEATH'S SECOND REQUEST FOR INFORMATION**

Comes now Forney Lake Water Supply Corporation ("FLWSC") and files its First Supplemental Response to the City of Heath's Second Request for Information. All parties may treat the answers as if they were filed under oath.

FLWSC files these responses without agreeing to the relevancy of the information sought and without waiving its right to object at the time of hearing to the admissibility of the information provided herein.

FLWSC'S RESPONSES:

HEATH 2-2 Please explain the basis for Forney Lake's response to Heath 2-1.

RESPONSE:

Eddy Daniel, FLWSC's engineer, took the service capacity (number of meters) of the noted facilities and determined the remaining available capacity based on the number of additional meters he believed the facility could provide service to. The percentages noted are the amount of excess capacity that currently exists in the system.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-5 Please explain the basis for Forney Lake's response to Heath 2-4.

RESPONSE:

See Response to Heath RFI 2-2.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-7 Please identify the monetary amount that Forney Lake contends is just and adequate to be paid to Forney Lake for the portions of the in the following classes of facilities that Forney Lake contends will be rendered useless or valueless in Forney Lake's response to Heath 1-2.

- a. 1.5" waterline _____
- b. 2" waterline _____
- c. 2.5" waterline _____
- d. 4" waterline _____
- e. 6" waterline _____
- f. 8" waterline _____
- g. 10" waterline _____
- h. 12" waterline _____
- i. 100,000 gallon ground storage tank _____
- j. 150,000 gallon ground storage tank _____
- k. 200,000 gallon ground storage tank _____
- l. 500,000 gallon ground storage tank _____
- m. 500,000 gallon elevated tank _____
- n. 3,000 GPM booster pump station _____
- o. 1,500 GPM booster pumps and building _____
- p. 1,500 GPM booster pumps and building _____

- p. 1,500 GPM booster pumps and building ____
- q. 1,500 GPM booster pumps and building ____
- r. 1,500 GPM booster pumps and building ____
- s. 1,500 GPM booster pumps and building ____
- t. 230 KW genset ____
- u. 275 KW genset ____
- v. Electrical/SCADA ____
- w. Valves and fittings ____
- x. Appurtenances ____
- y. Easements/Other Real Estate ____

RESPONSE:

Heath has taken the position that since it will be compensating FLWSC for assets that are rendered useless and valueless in this docket, it should then be entitled to own the assets. As such, FLWSC will need to replace the assets taken by Heath, if Heath's position is upheld by the PUC. As such, replacement cost of the assets are contained in Exhibit Heath RFI 2-7.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel

HEATH 2-8 Please explain the basis for Forney Lake's response to HEATH 2-7.

RESPONSE:

See Response to Heath 2-7.

Response prepared by Eddy Daniel; sponsoring witness Eddy Daniel