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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

OF

TEXAS

CITY OF HEATH'S STATUS REPORT

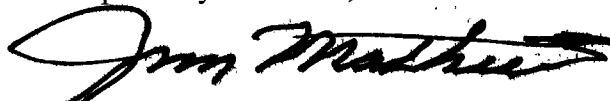
TO THE HONORABLE JUDGE SARAH G. RAMOS:

COMES NOW the City of Heath ("Heath") and files its status report and in support thereof will show the following:

The City of Heath and Forney Lake Water Supply Corporation are making progress in memorializing an agreement pursuant to Texas Water Code §13.255. Forney Lake's agreement on compensation was subject to its ability to reduce its take or pay obligation under its contract with North Texas Municipal Water District ("NTMWD") by an amount commensurate with the number of customers to be transferred to Heath. Forney Lake has informed Heath that it has secured NTMWD's commitment to reduce the take or pay obligation if Heath's water provider, the City of Rockwall, will agree to accept the assignment of this take or pay obligation. Rockwall has advised Heath that this will require an amendment of its Water Purchase Agreement. Heath is currently negotiating with the City of Rockwall concerning the terms and conditions of that amendment. Heath anticipates that this amendment, which will require the approval of the governing bodies of both entities, could be finalized within the next sixty to ninety days. Following resolution of this condition imposed by Forney Lake, Heath anticipates that the Water Code §13.255 agreement with Forney Lake Water Supply Corporation can be finalized within an additional sixty to ninety days.

This status report has been reviewed by the other parties without objection.

Respectfully submitted,


Jim Mathews

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this City of Heath's Status Report was served on all parties of record in this proceeding on this 10th day of June, 2016, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.

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Jim Matthews