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PUBLIC UTILITY COMMISSION FILING CLERK

| APPLICATION OF CITY OF HEATH | § | BEFORE THE STATE OFFICE |
|-------------------------------|-----|-------------------------|
| TO AMEND A CERTIFICATE OF | § . | \mathbf{OF} |
| CONVENIENCE AND NECESSITY | § | ADMINISTRATIVE HEARINGS |
| AND TO DECERTIFY A PORTION OF | § | |
| FORNEY LAKE WATER SUPPLY | § | |
| CORPORATION'S SERVICE AREA IN | § | |
| ROCKWALL COUNT | § | |

CITY OF HEATH'S STATUS REPORT

TO THE HONORABLE JUDGE SARAH G. RAMOS:

COMES NOW the City of Heath ("Heath") and files this status report as required by Order No. 3, and in support thereof will show the following:

The City of Heath and Forney Lake Water Supply Corporation continue to make 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. Heath and its water provider, the City of Rockwall, have now signed an agreement that includes Rockwall accepting the assignment of that portion of Forney Lake's take-or-pay obligation to NTMWD associated with the transfer of the 839 Forney Lake customers within Heath's corporate limits.

Since Heath's last status report, Heath has provided Forney Lake a draft of the Texas Water Code § 13.255(a) agreement concerning the transfer of Forney Lake's CCN, customers, facilities, and easements inside the corporate limits of Heath. A copy of the draft agreement has also been provided to counsel for the PUC.

Respectfully submitted,

Jim Mathews

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Attorneys for the City of Heath

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 30th day of November, 2016, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.

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