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BEFORE THE STATE OFFICE
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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 COUNT §

CITY OF HEATH'S STATUS REPORT

TO THE HONORABLE JUDGE SARAH G. RAMOS:

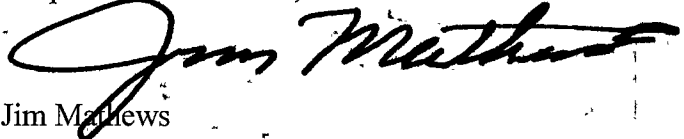
COMES NOW the City of Heath ("Heath") and files this status report as required by Order No. 3, and in support thereof will show the following:

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.

On November 23, 2016 Heath 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. Forney Lake considered the draft agreement at its January 3, 2017 meeting and has informed Heath that it will provide a markup of the draft before January 30.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Mathews". The signature is fluid and cursive, with the first name "Jim" and last name "Mathews" clearly distinguishable.

Jim Mathews

State Bar No. 13188700

Mathews & Freeland, LLP

8140 N. Mopac Expy., Ste. 2-260

Austin, Texas 78759

Telephone (512) 404-7800

Facsimile (512) 703-2785

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 26th day of January, 2017, by hand-delivery, facsimile, electronic mail, and/or First Class Mail.

Arturo Rodriguez, Jr.
Attorney for Forney Lake WSC
Russell & Rodriguez, LLP
1633 Williams Dr., Building 2, Suite 200
Georgetown, Texas 78632
866-929-1641 (fax)

A.J. Smullen
Attorney, Legal Division, Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
512-936-7268 (fax)



Jim Matheys