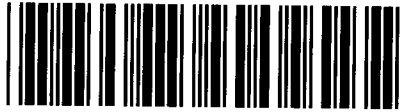




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PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

**APPLICATION OF DENTON COUNTY §
MUNICIPAL UTILITY DISTRICT NO. 7 §
TO OBTAIN WATER AND SEWER §
CERTIFICATES OF CONVENIENCE §
AND NECESSITY IN DENTON §
COUNTY §**

PUBLIC UTILITY COMMISSION

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE DENTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

Pursuant to 16 Tex. Admin. Code Ann. § 22.144 (TAC), the Staff of the Public Utility Commission of Texas (Staff) requests that the Denton County Municipal Utility District No. 7 by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

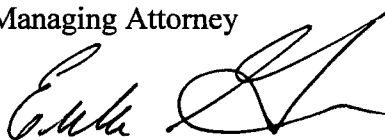
Dated: July 1, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

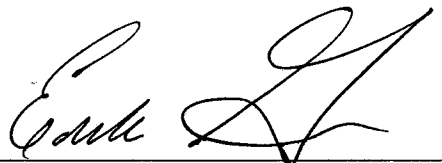


Erika N. Garcia
State Bar No. 24092077
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7290
(512) 936-7268 (facsimile)

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 1, 2016, in accordance with 16 TAC § 22.74.



Erika N. Garcia

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE DENTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

DEFINITIONS

- A. "Denton MUD 7" or "you" refers to the city of the Denton County Municipal Utility District 7 and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- B. "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do not exist and these documents will be provided.

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE DENTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-8**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(g)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE DENTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-5**

For the following questions, please refer to Applicant's June 3, 2016 filing, Interchange item number 23 in this docket.

- Staff 1-1** Refer to page 15 of 18, "Projected Balance Sheets." Please resubmit the Projected Balance Sheet with a completed liabilities and owner's equity section for all years noted on the form.
- a) Total Liabilities should be subtotaled for all years noted on the form.
 - b) Total Owner's Equity should be subtotaled for all years noted on the form.
 - c) Total Assets must equal Total Liabilities + Total Owner's Equity.
- Staff 1-2** Refer to page 15 of 18, "Projected Balance Sheets." Please ensure that total "Notes Payable, Current" is completed for all years noted on the form. If there is not any long term debt, please clarify that and enter \$0.
- Staff 1-3** Refer to page 15 of 18, "Projected Expenses Statement." Please ensure the annual "Annual Depreciation Expense" is completed for all years noted on the form.
- Staff 1-4** Please refer to pages 3 – 14, "TCEQ Annual Report Form and Affidavits." These forms are no longer valid since Water Regulation was transferred over to the Public Utility Commission in 2014 by the 84th Legislature, Regular Session. Please refer to the Public Utility Commission's Annual Reports link for the appropriate Annual Report Forms and Submission Instructions at <http://www.puc.texas.gov/industry/water/Forms/Forms.aspx>. The 2015 due date has also passed as of June 1, 2016, for 2015 Annual Reports. If you need assistance with completion of the new forms, please respond that assistance is needed and you will be assigned a consultant to assist you. The new forms have changed significantly and require more extensive financial and operational data.
- Staff 1-5** Please state the source of the start-up cash in the amount of \$25,000.
- Staff 1-6** Please explain in detail the source(s) and basis for the rapid increases in cash balances stated on the "Projected Balance Sheets" for all years on the form.
- Staff 1-7** Please explain the business plan for the cash for all years.
- Staff 1-8** Please describe the existing contingency financing for any unforeseen repairs or equipment replacement and the planned source of funds.