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REVIEW OF THE RATES OF § BEFORE THE STATE OFFICE
SHARYLAND UTILITIES, L.P., §
ESTABLISHMENT OF RATES FOR §
SHARYLAND DISTRIBUTION & §
TRANSMISSION SERVICES, §
L.L.C., AND REQUEST FOR § OF
GRANT OF A CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
AND TRANSFER OF §
CERTIFICATE RIGHTS § ADMINISTRATIVE HEARINGS

**SHARYLAND UTILITIES, L.P. AND SHARYLAND DISTRIBUTION &
TRANSMISSION SERVICES, L.L.C.'S OBJECTIONS TO THE COMMISSION
STAFF'S TWENTY-FIFTH SET OF REQUESTS FOR INFORMATION**

Sharyland Utilities, L.P. ("Sharyland") and Sharyland Distribution & Transmission Services, L.L.C. ("SDTS") (collectively "Applicants") file these Objections to the Staff of the Public Utility Commission of Texas's ("Staff") Twenty-Fifth Set of Requests for Information ("RFI") and respectfully show as follows:

I. PROCEDURAL HISTORY

Applicants received Staff's Twenty-Fifth Set of RFIs on January 25, 2017. Pursuant to 16 Tex. Admin. Code ("TAC") § 22.144 and SOAH Order No. 12, Applicants' Objections to Staff's Twenty-Fifth Set of RFIs are due on February 6, 2017. Therefore, Applicants' Objections are timely filed.

II. NEGOTIATIONS

Counsel for Applicants and Staff have negotiated these Objections in good faith, but have not yet reached an agreement as to the RFIs addressed below. Counsel are continuing to negotiate but pending an agreement, Applicants are filing these Objections to reserve their rights.

III. GENERAL OBJECTIONS AND SUMMARY

Applicants generally object to the “Definitions and Instructions” preceding Staff’s RFIs to the extent that they seek to expand Applicants’ obligations under the relevant procedural rules. Applicants will provide responses consistent with the Commission’s rules, the Texas Rules of Civil Procedure, the Administrative Procedure Act, and the Protective Order, as applicable.

The Commission’s Procedural Rules permit discovery of information that is “not privileged or exempted under the Texas Rules of Civil Evidence, the Texas Rules of Civil Procedure, or other law or rule, that is relevant to the subject matter in the proceeding.” 16 TAC § 22.141. Certain of Staff’s requests seek information that is irrelevant to this proceeding. *See In re Nat’l Lloyds Ins. Co.*, 449 S.W.3d 486, 488 (Tex. 2014); Tex. R. Civ. P. 193 cmt 2. Further, discovery requests must not be overly broad or unduly burdensome. *See In re Nat’l Lloyds Ins. Co.*, 449 S.W.3d at 488. A discovery request must be specific and contain “reasonable particularity.” Tex. R. Civ. R. 196.1(b). Finally, “[a] person is not required to produce a document or tangible thing unless it is within that person’s constructive or actual possession, custody, or control,” and a party is not required to create a new document that does not yet exist merely to comply with a discovery request. 16 TAC § 22.141(a); *In re Colonial Pipeline Co.*, 968 S.W.2d 938, 942 (Tex. 1998).

IV. SPECIFIC OBJECTIONS

Applicants object to the following RFIs:

STAFF 25-1:

Does the Company believe that the application of the changed accounting standards in Financial Accounting Standards Board (FASB), Accounting Standards Update No. 2016-2, *Leases, Topic 842* (“*Leases, Topic 842*”) would change any amounts in the current docket? Please explain why or why not.

STAFF 25-2:

Does the Company believe that application of the changed accounting standards in *Leases, Topic 842* will affect the calculation of cost of service or affect rate design in utility rate cases, including the Company’s, generally? Please explain why or why not.

STAFF 25-3:

Has the Company (including Sharyland, SDTS, and their respective parent companies) received different treatment from credit rating agencies or investors because of upcoming changed accounting standards in *Leases, Topic 842*? Has the Company (including Sharyland, SDTS, and their respective parent companies) received notification or other communication of future different treatment from credit rating agencies or investors because of upcoming changed accounting standards in *Leases, Topic 842*? If so, please explain and provide any notifications or other communications received.

STAFF 25-4:

Does the Company believe that the changed accounting standards in *Leases, Topic 842*, will change the economics underlying a utility base rate proceeding? Please explain.

STAFF 25-5:

Does the Company intend to make business decisions based on the balance sheet implications of the changed accounting standards in *Leases, Topic 842*? If so, please explain and justify.

STAFF 25-6:

Does the Company intend to make business decisions based on the depreciation and interest expense implications of the changed accounting standards in *Leases, Topic 842*? If so, please explain and justify.

STAFF 25-7:

Please provide all communications, meeting minutes, presentations, and analyses made by or presented to the Company (including Sharyland, SDTS, and their respective parent companies) and any other Hunt entity, pertaining to *Leases, Topic 842*.

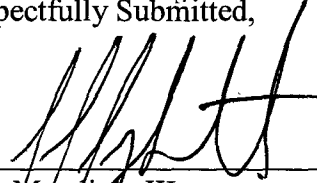
Objection:

Applicants object to Staff RFIs 25-1 through 25-7 on the grounds that the information sought is not relevant and the request is not reasonably calculated to lead to the discovery of admissible evidence. Tex. R. Civ. P. 192.3(a); 16 TAC § 22.141(a). The referenced accounting standards do not take effect until 2019 and have no bearing on any issues in this case. Moreover, the requests call for speculation on behalf of the Applicants.

V. CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, Applicants request that these Objections be sustained, that Applicants be relieved of responding to the RFIs identified herein, and grant Applicants such other relief to which they may be entitled.

Respectfully Submitted,



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Sharyland Distribution & Transmission Services,
L.L.C.*

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served on all parties of record on this 6th day of February, 2017:



Sarah K. Merrick