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SOAH DOCKET NO. 473-18-3006.WS  
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APPLICATION OF LIBERTY  
UTILITIES (SILVERLEAF WATER)  
LLC FOR AUTHORITY TO CHANGE  
WATER AND SEWER RATES

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

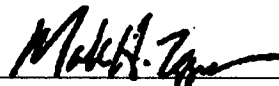
**LIBERTY UTILITIES (SILVERLEAF WATER) LLC'S  
FIRST REQUEST FOR INFORMATION TO SILVERLEAF RESORTS, INC.**

Liberty Utilities (Silverleaf Water) LLC ("Company") hereby serves its First Request for Information on Silverleaf Resorts, Inc. pursuant to Commission Procedural Rules 22.141-.145, 16 Tex. Admin. Code Ch. 22.

Respectfully submitted,

LAW OFFICES OF MARK H. ZEPPA, P.C.

By:

  
Mark H. Zeppa (State Bar No. 22260100)  
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and

SHAPIRO LAW FIRM, P.C.

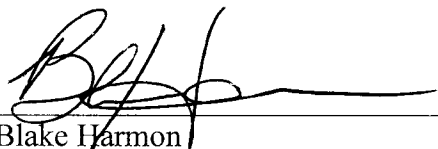
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Attorneys for Liberty Utilities  
(Silverleaf Water) LLC

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### **Certificate of Service**

I, Whitney Birk, Paralegal to Jay L. Shapiro, certify that a copy of this document was served on August 17, 2018 by hand-delivery, facsimile, electronic mail and/or First Class Mail.



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Blake Harmon

## **Definitions**

1. “Affiliated company” means a company in which Silverleaf Resorts, Inc. owns a majority interest or a company that owns a majority interest in Silverleaf Resorts, Inc.
2. “Company” or “Liberty Silverleaf” means Liberty Utilities (Silverleaf Water) LLC.
3. “Document” includes all written matter of every kind and description, whether draft or final, original or reproduction, including but not limited to, correspondence, memoranda, notes, transcripts, contracts, agreements, memoranda of telephone conversations or personal conversations, notices, reports, rules, regulations, facsimile messages, minutes of meetings, interoffice communications, tapes for visual or audio reproduction, drawings, graphs, charts, electronic mail message, and other compilations from which information can be obtained. The term “document” includes all copies of the document which contain any additional writing, underlining, notes, deletions, or any other markings or notations, or otherwise not identical copies of the original.
4. “GBRA” means Guadalupe-Blanco River Authority.
5. “Gpd” means gallons per day.
6. “Identify” when used in referring to a person, shall mean to state the following with regard to the person: (a) name; (b) last known address; (c) residence and business telephone numbers; (d) relationship to you; and (e) occupation at the date of this RFI.
7. “Identify” and “identity” with respect to a document mean to state the name or title of the document, the type of document (e.g., letter, memorandum, telegram, computer input or output, chart, etc.), its date, the person(s) who authored it, the person(s) who signed it, the person(s) to whom it was addressed, the person(s) to whom it was sent, its general subject matter, its present location, and its present custodian. If any such document was in your or your witnesses’ possession or subject to your control, but is no longer, state what disposition was made of it and explain the circumstances surrounding, and the authorization for, such disposition, and state the date or approximate date of such disposition.

8. "List," "describe," "explain," "specify" or "state" shall mean to set forth fully, in detail, and unambiguously each and every fact of which you have knowledge which is relevant to the answer called for by the RFI.
9. "Resort" means Silverleaf Resorts, Inc. and any person purporting to act on its behalf including, without limitation, attorneys, agents, advisors, representatives employees or other persons.
10. "RFI" means Request for Information.
11. "You" and "Your" refers to Silverleaf Resorts, Inc. as defined above.

### **Instructions**

1. These instructions and definitions apply to this RFI. Unless otherwise clearly indicated within the context of a specific RFI herein, the definition of each term provided below applies whether the term is used or defined in the singular or plural.
2. Please start each response on a separate page and copy the request immediately above.
3. State the name of the witness in this proceeding who will sponsor the answer and who can vouch for the truth of the answer.
4. Please answer the following written questions fully and in writing, based on all information reasonably available to you at the time your response is made.
5. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should be stated as such.
6. In instances where you choose to answer an RFI by referring to a specific document or record, please specify the same in sufficient detail so that Liberty Silverleaf may locate and identify the record or document.
7. If the response to any question is voluminous, please provide an index to the materials contained in the response.
8. 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, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.

9. Included within this set of RFIs may be Requests for Admission. A request will be deemed admitted unless you provide a specific denial thereof or a written objection and the reasons therefore, or a statement explaining why you can neither admit nor deny. If you deny or fail to admit any of the attached Requests for Admission or any portion thereof, for each denial or failure to admit you must: (a) state each and every fact that supports or tends to support the denial of the specific Request for Admission; (b) state the name, address, and telephone number of each and every person who has personal knowledge of the facts alleged in your answer to (a); (c) identify with sufficient particularity each and every document, memorandum, or writing of any kind that substantiates or tends to substantiate the facts alleged in subpart (a); (d) if you answer any Request for Admission by stating that it lacks information or knowledge as to a reason for the failure to admit or deny, state specifically what “reasonable” inquiry was made to obtain sufficient information to enable you to admit or deny such request for admission; (e) if you can admit a portion of said request for admission, please indicate the portion which you admit; and (f) state the legal authority which supports said denial.
10. These questions are continuing in nature. You are under a continuing duty to supplement your answers to these RFIs if there is a change in circumstances or facts, or if you discover that they are no longer complete and correct. In such an instance, please supplement your response promptly after you discover the need for supplementation.

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**LIBERTY UTILITIES (SILVERLEAF WATER) LLC'S  
FIRST REQUEST FOR INFORMATION TO SILVERLEAF RESORTS, INC.**

- LS 1.1** Please provide the following information regarding a testifying expert or a consulting expert whose mental impressions or opinions have been reviewed by a testifying witness:
- a. The expert's name, address, and telephone number;
  - b. The subject matter on which a testifying expert will testify;
  - c. The facts known by the expert that relate to or form the basis of the expert's mental impressions and opinions formed or made in connection with this case, regardless of when and how the factual information was acquired;
  - d. The expert's mental impressions and opinions formed or made in connection with this case, and any methods used to derive them;
  - e. Any bias of the witness;
  - f. All documents, tangible things, reports, models or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of a testifying expert's testimony; and
  - g. The expert's current resume and bibliography.
- LS 1.2** Admit that the reasonable and prudent cost of used and useful utility plant should be included in the Company's rate base. If you deny this request for admission, please state the basis for the denial with specificity.
- LS 1.3** Does the Resort believe that the 80,000 gpd of additional wastewater treatment capacity granted to the Resort by the GBRA in the April 9, 2007 Agreement for Wholesale Sewage Treatment and transferred from the Resort to Liberty Silverleaf is used and useful? Please explain the basis for your response.
- LS 1.4** If your response to RFI LS 1.3 supra is in the affirmative, in whole or in part, please state the exact date on which the Resort claims that the 80,000 gpd of wastewater treatment capacity granted to the Resort by the GBRA and transferred from the Resort to Liberty Silverleaf became used and useful. Please explain the basis for your response, and provide any and all supporting documentation.



- LS 1.5** Provide (1) the existing number of units at the Hill Country Resort completed, approved for occupancy by applicable governmental agencies, and available for rent and/or use in each month from January 1, 2007 through July 31, 2018, and (2) occupancy figures for use of each of those units for each month from January 1, 2007 through July 31, 2018. Please explain the basis for your response and provide any and all supporting documentation.
- LS 1.6** Does the Resort believe that the \$2,245,000 cost of the additional 80,000 gpd of wastewater treatment capacity granted to the Resort by the GBRA and transferred from the Resort to Liberty Silverleaf was prudent and reasonable? Please explain the basis for your response and provide any and all supporting documentation.
- LS 1.7** If the Resort believes that \$2,245,000 cost of the additional 80,000 gpd of wastewater treatment capacity is unreasonably priced, why did the Resort agree to this price in the transaction with GBRA? Please explain the basis for your response and provide any and all supporting documentation.
- LS 1.8** Please identify all terms and conditions of the Note and Credit Agreement dated July 29, 2010 between the Resort and Liberty Water Co. n/k/a Liberty Utilities (Sub) Corp. that the Resort believes Liberty Silverleaf and/or any of its affiliates have violated. Please identify the specific term and/or condition in the Note and Credit Agreement that the Resort claims was violated and state in detail exactly how the Resort claims such term and/or condition was violated. Indicate the first date the Resort claims the Agreement was violated. Under Texas law, if both parties violate an agreement and suit is brought, the party that violates first, loses. Please explain your answer and provide any and all documentation supporting your answer.
- LS 1.9** Please identify all terms and conditions of the Wastewater Facilities Extension Agreement dated July 2010 between the Resort and Algonquin Water Resources of Texas n/k/a Liberty Utilities (Silverleaf Water) LLC that the Resort believes Liberty Silverleaf and/or any of its affiliates have violated. Please identify the specific term and/or condition in the Extension Agreement that the Resort claims

was violated and state in detail exactly how the Resort claims such term and/or condition was violated. Indicate the first date the Resort claims the Agreement was violated. Please explain your answer and provide any and all documentation supporting your answer.

- LS 1.10** Provide financial statements, profit and loss statements, income statements and all financial information relating to operation of Hill Country Resort by Silverleaf Resorts, Inc. and/or any other successors and/or affiliates from 2007-2018. Please include audited financial statements.
- LS 1.11** Provide copies of any and all master plans provided by the Resort to GBRA from 2007 through 2018 as referenced in paragraph 3.02 of the April 9, 2007 Agreement for Wholesale Sewage Treatment.
- LS 1.12** Provide copies of all meeting minutes and meeting notes between the Resort and GBRA as referenced in paragraph 3.02 of the April 9, 2007 Agreement for Wholesale Sewage Treatment.
- LS 1.13** Provide copies of any and all communications, including emails and other correspondence, between the Resort (and any of its consultants, engineers, and/or representatives) and GBRA from 2007 to 2018.
- LS 1.14** What entity or entities own the Resort? Please provide an organizational chart showing the ownership structure and any affiliated companies.
- LS 1.15** What entity or entities owned the Resort in 2007? Please provide an organizational chart showing the ownership structure and any affiliated companies as of April 2007.
- LS 1.16** What entity or entities owned the Resort in 2010? Please provide an organizational chart showing the ownership structure and any affiliated companies as of July 2010.
- LS 1.17** Does the Resort agree that water conservation is important?
- LS 1.18** Admit that inverted tiered water utility rates encourage water conservation. If you deny this request for admission, please state the basis for the denial with specificity.

- LS 1.19** How much has the Resort incurred in costs for legal services associated with this rate case? Please provide copies of invoices for such legal services. This request is continuing in nature.
- LS 1.20** How much has the Resort incurred in costs for expert witness and/or consultants associated with this rate case? Please provide copies of invoices for such expert witness and/or consultants. This request is continuing in nature.
- LS 1.21** How much has the resort incurred in legal costs, expert witness costs and consulting services for the complaint filed by the Resort in Docket No. 46642? Please provide copies of invoices for such legal services. This request is continuing in nature.
- LS 1.22** Admit that under Exhibit C to the Extension Agreement, Liberty Silverleaf does not have any obligation to pay Upgrade Cost Payments to the Resort for any portion of the GBRA capacity payment that is not permitted by the Texas PUC to be included in the asset base value upon which the Utility is allowed the opportunity to earn a fair and reasonable rate of return. If you deny this request for admission, please state the basis for the denial with specificity.
- LS 1.23** Admit that contributions in aid of construction – assets or construction not paid for by residential customers – are subject to depreciation which will be included in the utility’s cost of service. If you deny this request for admission, please state the basis for the denial with specificity.
- LS 1.24** Provide copies of any and all financial statements, including cash flow, and available debt and financing facilities, for Silverleaf Resorts, Inc. and its parent companies and/or affiliates at the time the Resort entered the Note and Credit Agreement in July 2010.
- LS 1.25** Provide copies of any and all financial statements, including cash flow, and available debt and financing facilities, for Silverleaf Resort, Inc. and its parent companies and/or affiliates at the time the Resort entered the April 9, 2007 Agreement for Wholesale Sewage Treatment with GBRA.

- LS 1.26** Admit that the Resort did not assert any written demand, claim and/or notice from 2007-2016 that Liberty Silverleaf and/or any of its affiliates had violated the Note and Credit Agreement and/or Extension Agreement. If you deny, please state the basis for your denial and include copies of any and all such written demand(s), claim(s) and/or notice(s) by the Resort.
- LS 1.27** State the date on which the Resort claims that 100% of the additional 80,000 gpd of treatment capacity purchased by the Resort from GBRA was used and useful. Please explain the basis for your response, and provide any and all documents supporting your answer.