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PUC DOCKET NO. 56589

PETITION BY RESIDENTS OF GRAND	§	BEFORE THE
LAKES MUNICIPAL UTILITY DISTRICT	§	
NO. 2 APPEALING THE WATER RATES	§	PUBLIC UTILITY COMMISSION
ESTABLISHED BY THE DISTRICT'S	§	
BOARD OF DIRECTORS	§	OF TEXAS

REBUTTAL OF THE MUD'S OBJECTIONS TO RFI NO. 18 AND MOTION TO COMPEL

I. Introduction

(1) This is in reference to the MUD's objections of 7/18/2024 [56589-145] to Request for Information (RFI) No. 18 of 7/4/2024 [56589-101].

(2) The Lloyd Gosselink Rochelle Townsend attorneys pursue a conscious pattern of malice and deception. They persistently and falsely claim that they "made good faith efforts to negotiate with Petitioners prior to filing th[e] Objections." Here is an example of the 'copy-paste' email they send out with every RFI, requesting restructuring the RFI for (i) information relevant to the appealed rates and TWC § 13.043 standard of review; and (ii) narrowed scope.

From: Rick Arnett <ramett@lglawfirm.com>
To: Georges J. Wakileh <george.wakileh@gmail.com>
Cc: Jamie Mauldin <jmauldin@lglawfirm.com>
Date: Tue, Jul 16, 2024 at 2:59 PM
Subject: Appellants RFIs 15, 16, 17, and 18

Mr. Wakileh,

Would you be amenable to restructuring Appellants 15-1, 15-2, 15-3, 15-4, 15-5, 15-6, 15-7, 15-10, Appellants RFI 16, and Appellants RFI 17 to request information relevant to the appealed rates and a Texas Water Code § 13.043 standard of review?

Additionally, would you be amenable to restructuring Appellant 18-2 to narrow it in scope?

Thank you for your attention to this matter.

Rick

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(3) No matter what Petitioners answer, the Lloyd Gosselink Rochelle Townsend attorneys go ahead and file their objections. The intention with this scheme of greed is to charge every minute they can to the contract, which the residents end up paying for—they charge for the futile email they send out, for the email response they get, for filing the objections, for responding to the Motion to Compel, and so on.

II. Relevance of Each Question in RFI No. 18 “Rate Design – Unlawful Correspondence/Meetings”

(4) For easy reference, here are the requests posed in the RFI.

- * RFI 18-1 Emails, letters, faxes, phone calls, and meetings between and among the water company, the MUD’s Attorney, the Bookkeeper, the Auditor, and Board Members regarding the water rates and revenues in the water company’s Operations Report at the MUD’s 12/18/2023 Meeting.
- * RFI 18-2 Budgets, costs, expenditures, revenues, and calculations that form the basis for the water rates and revenues in the water company’s Operations Report at the MUD’s 12/18/2023 Meeting.

(5) RFI 18-1 addressed the water company and is not answered yet. In this regard, petitioners emphasize what we wrote in the brief [56589-115 (7/10/2024)] in the aftermath of the MUD’s disclosure about unlawful email correspondence taking place in November – December 2023 and an unlawful meeting held on 12/6/2023 (*see also* [56589-114]). The email of 11/28/2023 12:26PM by McClusky (the Board’s President) requesting a meeting with the Water Company (Municipal District Services) and Bookkeeper (Municipal Accounts & Consulting) could not have come out of the blue. The MUD did not disclose all correspondence, meetings, and phone calls that led to such email. This is punishable.

(6) The MUD objects to RFI 18-2 as: “The request is unduly burdensome at this stage in the proceeding.” We disagree and substantiate our position through reason, data, and indisputable evidence. The MUD’s statements are futile and lack credibility and reliability.

(7) Water/wastewater rates cannot be the subject of wishes, fantasy, dreams, and amateurism. They must be based on documented budgets with costs, revenues, expenses, cash balance (surplus or deficit), customer demand by type, existing rates, proposed rates and the corresponding calculations, and impact of the proposed rates on all customer types.

(8) Asking for the rate design is not asking for a testimony. Producing a well-documented rate design is an obligation that the MUD and water company cannot evade or breach. The matter is straightforward and easy as explained in our simplistic example in the brief [56589-153] (*see* paragraphs 7 and 8 in said brief). Key to the exercise is documenting the deficit. What is it caused by; where does it come from; what costs and expenses contribute to such deficit; what alternatives can be sought to reduce the deficit; what alternatives have been sought to reduce the deficit; etc? That is, the deficit cannot be fictitious, invented; it must be real and well documented so that the resulting water/wastewater rates are lawful.

Revenues, \$/yr	Expenses, \$/yr	Deficit, \$/yr	Customers	gal/cust/mo	gal/cust/yr	gal/yr	1,000 gal/yr	\$/1,000 gal
3,000,000	3,300,000	300,000	682	8,000	96,000	65,472,000	65,472	4.58
WstWtr fee, \$/mo	WstWtr rev, \$/yr	Rev. Deficit, \$/yr	Customers	gal/cust/mo	gal/cust/yr	gal/yr	1,000 gal/yr	\$/1,000 gal
20	163,680	136,320	682	8,000	96,000	65,472,000	65,472	2.08

(9) In any case, there is no problem with asking a party or an individual to present their direct testimony through discovery, because discovery includes depositions and requests for written statements.

(10) RFI 18-2 is not premature. Nowhere is it stated that a case brought before the Commission sits idle until the case is referred to the SOAH for a hearing on the merits. The case must be *thoroughly* informed well ahead of any hearing.

(11) The MUD is not asked to expend enormous amounts of resources to compile a document or a case. The MUD issued and enforced a *bogus* rate order. Where is the rate design related to said rate order? It is as simple as that. There is no cost or burden associated with producing document that should be existent; a document without which a retail public utility could not, and should not, issue a rate order that results in enormous rate changes.

III. The MUD's reprehensible attitude and conscious, punishable attempts to circumvent discovery

(12) The MUD's attorneys copy irrelevant jargon like: "The Commission's rules and the Texas Rules of Civil Procedure both recognize objections on the grounds of overbreadth and burdensomeness." A rate design forms the grounds for a rate order. It is then indisputable that furnishing such document is relevant, important, meant to inform the case, and neither broad nor burdensome.

(13) The MUD's comments exemplify the MUD's reprehensible attitude and conscious, punishable attempts to circumvent discovery. If justice and the rule of law were to be real and meaningful, abusing the law through malicious procedural tactics must not be allowed. Such tactics bear destructive consequences: enormous amounts in legal fees and lengthy processing time are just some.

(14) The MUD cannot act as a judge in its own case; ultimately resisting discovery, deciding that all matters brought before the Commission are irrelevant, and running loose without accountability. A respondent / defendant cannot decide what evidence should be sought and how it should be administered. Attempting to silence a petitioner / plaintiff by limiting, and objecting to, evidence, is an attempt to silence justice. In such case, the whole complaint process to the Commission becomes of no value.

(15) The RFI requests the MUD to respond to basic questions and furnish data that is fundamental to the proper operations of each and every utility. The RFI is reasonable, fair, justified, and genuinely meant to uncover facts that are relevant and crucial for thoroughly informing the case. Discovery is crucial for securing justice and a sound, fair, trustworthy ruling in the case. By objecting to reasonable RFIs, the MUD circumvents discovery through conscious malice; hinders the proper administration of evidence and justice; and renders the Commission's appellate jurisdiction unusable.

(16) Petitioners are entitled to justice. It is no secret that the MUD's attorneys are doing everything possible to hinder a thorough examination of the case; essentially letting the MUD, its Board of Directors,

its Attorney, and its Consultants run away without accountability. That, we have an obligation to combat and prevent. Impunity is a worse crime than the crime itself. Human Rights Watch says: "Today's impunity is tomorrow's crime."

IV. PRAYER

(17) Against the preceding background, the Commission renders an order compelling the MUD to respond to RFI No. 18 in its entirety. Barring sound discovery, the complaint (rate appeal) process to the Commission becomes unreliable, unusable, fictitious.

Katy, Texas on the 19th day of July 2024.

Respectfully submitted,

on behalf of Grand Lakes MUD No. 2 ratepayers



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CERTIFICATE OF SERVICE

I certify that the filing of this pleading is notified to all parties of record via e-mail on July 19, 2024.



George J. Wakileh, Ph.D.