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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

APPELLANT’S REQUEST FOR INFORMATION NO. 8, FILED UNDER 16 TAC § 22.144

(1) Because the Public Utility Commission of Texas (Commission) and the State Office of Administrative Hearings (SOAH) must, in their Findings of Fact and Conclusions of Law, rely on data and information that are 100% indisputable, the Grand Lakes ratepayers / residents become obliged to use discovery to reveal answers related to the contested rate order, the Municipal Utility District’s (MUD’s) financial situation, and the MUD’s compliance with all relevant statutes (Texas Water Code, Texas Government Code, Texas Local Government Code, etc.).

(2) Copied from the 2022 / 2023 Audit Reports [56589-12] / [56589-67] for the three Grand Lakes MUDs and WCID, below is a summary of the Debt Service for the years 2018 to 2023. Debt Service includes Principal Retirement, Interest and Fees, Debt Issuance Costs, and Debt Defeasance.

Grand Lakes	No. of Residences	Debt	Debt Service: Principal, Interest and Fees, Issuance Costs, Defeasance					
			2023	2022	2021	2020	2019	2018
MUD2	682	\$0.00	-	-	\$1,790,100	\$2,085,900	-	-
MUD4	985	\$5,725,000	\$1,786,031	\$1,782,131	\$1,776,543	\$1,740,606	\$1,726,710	\$1,723,601
MUD1	1,072	\$4,520,000	\$1,158,088	\$1,298,571	\$1,331,590	\$1,203,082	\$1,200,645	\$1,197,731
WCID	-	\$3,195,000	\$403,826	\$407,076	\$388,299	\$213,195	\$487,999	\$487,822

(3) Grand Lakes MUD No. 2 (MUD) had debt service in 2020-2021 but no debt service in the years before (2018-2019) and the years after (2022-2023). This is *peculiar*; reasonably indicating that the 2020 debt service amount (\$2,085,900) originated elsewhere and was installed into Grand Lakes MUD No. 2 finances for the purpose of being paid out from the MUD’s surplus of revenues over expenditures. One could also reasonably infer that this arrangement resulted in \$3,876,000 (\$2,085,900 + \$1,790,100) being fraudulently misappropriated.

(4) Filed pursuant to 16 Texas Administrative Code § 22.144, **Request for Information No. 8** poses one question: The MUD’s Board of Directors, the MUD’s Attorney, the MUD’s Bookkeeper, and the MUD’s Auditor are asked to deliver separate, independent, unambiguous statements regarding the MUD’s debt service in 2020 and 2021 given that the MUD had no debt service in 2018 and 2019.

(5) Instructions and guidance:

- The MUD's Attorney, the law firm Schwartz, Page & Harding LLP, is ineligible to answer on behalf of, or to attempt to influence or guide, the MUD's Board, Bookkeeper, or Auditor.
- Responses to this RFI must not be coordinated. Doing so will be punishable.
- Individuals responding to this RFI must state their name, title, and affiliation and deliver their statement under oath.
- Individuals responding to this RFI must not seek the guidance of an attorney. They must *unhesitatingly* furnish all material and details in their possession.

(6) With obvious abuse of the discovery process (incomplete responses, delays, refusals, objections, etc), a Motion to Compel will ask the Commission to intervene.

Katy, Texas on the 26th day of June 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 RFI is being notified to all parties of record via e-mail on June 26, 2024.

- The Board via the District's Attorney (the law firm Schwartz, Page & Harding LLP).
- PUCT's Legal Division | Attorney assigned to this docket.



George J. Wakileh, Ph.D.