

D-1-GN-24-006054

NO. ....

GRAND LAKES MUD NO. 2 RESIDENTS, <i>Plaintiffs,</i>  v. PUBLIC UTILITY COMMISSION OF TEXAS; GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2, <i>Defendants.</i>	§ § § § § §	IN THE DISTRICT COURT OF   TRAVIS COUNTY, TEXAS 201ST, DISTRICT COURT ..... JUDICIAL DISTRICT
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**PLAINTIFFS’ ORIGINAL PETITION  
 PETITION INITIATING JUDICIAL REVIEW  
 FILED PURSUANT TO APA § 2001.176**

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**I. Parties and Service of Process**

(1) Plaintiffs are a group of ratepayers residing in Katy, Fort Bend County, Texas. The residents / ratepayers are served by [Grand Lakes Municipal Utility District No. 2 \(MUD\)](#).

(2) Defendants are:

Public Utility Commission of Texas  
1701 N. Congress Ave., Austin, TX 78701

Grand Lakes Municipal Utility District No. 2  
via Michael Christopher McClusky, President of the Board of Directors | [mike.mcclusky@gmail.com](mailto:mike.mcclusky@gmail.com)  
[Schwartz, Page & Harding LLP](#)  
1300 Post Oak Blvd #2400, Houston, TX 77056

(3) The Public Utility Commission of Texas (PUCT) is served via its chairman Thomas J. Gleeson ([thomas.gleeson@puc.texas.gov](mailto:thomas.gleeson@puc.texas.gov)). Others who can be served are: counsel Shelah Cisneros ([shelah.cisneros@puc.texas.gov](mailto:shelah.cisneros@puc.texas.gov)) and executive director Connie Corona ([connie.corona@puc.texas.gov](mailto:connie.corona@puc.texas.gov)). Before the district court, counsel from the Office of the Attorney General will represent the PUCT.

(4) Grand Lakes Municipal Utility District No. 2 is served via its president Michael Christopher McClusky ([mike.mcclusky@gmail.com](mailto:mike.mcclusky@gmail.com)). Others who can be served are: vice president J. Scot Vann ([jsvann@edge-es.com](mailto:jsvann@edge-es.com)), secretary Gregory Jay Henry ([ghenry@xpernet.com](mailto:ghenry@xpernet.com)), or the MUD’s attorney (the law firm [Schwartz, Page & Harding LLP](#)): paralegal Melia Berry ([mberry@sphllp.com](mailto:mberry@sphllp.com)), associate Gordon Cranner ([gcranner@sphllp.com](mailto:gcranner@sphllp.com)), or attorney Christopher T. Skinner ([cskinner@sphllp.com](mailto:cskinner@sphllp.com)).

**II. Discovery Control Plan**

(5) Discovery in the instant case is to be controlled by a (Level 2) Discovery Control Plan, as described in Texas Rules of Civil Procedure, Rule 190.3.

**III. Jurisdiction and Venue**

**A. The Parties’ Whereabouts**

(6) The PUCT is seated in Austin, Travis County, Texas.

(7) Despite serving land and residents in Katy, Fort Bend County, the MUD is seated at the address of its Attorney/Counsel in Houston, Harris County (see <https://www.grandlakesmud2.com/board-of-directors>). Residents believe that this is unlawful and respectfully ask the court to examine and rule on this matter.

(8) The residents (plaintiffs) live in Katy, Fort Bend County, some 30 miles west of downtown Houston. For the purpose of the judicial review before a Travis County District Court, the residents ask to be allowed to operate remotely, appearing via video as necessary (Texas Rules of Civil Procedure, Rule 21d, and Local Rules 9.3, 9.4, and 3.2).

(9) For all practical purposes, jurisdiction and venue of this case properly lie in Travis County because: [i] The case against the MUD was brought to the PUCT in Austin, and appeals against PUCT’s rulings must, under APA § 2001.176(b)(1), be lodged with a Travis County District Court. [ii] Travis County is the county of the PUCT’s seat at the time the legal action was instituted (Texas Civil Practice and Remedies Code § 15.002(a)(2)). [iii] Even though defendant MUD serves land in Fort Bend County and a suit against it must be lodged with a Fort Bend County district court, two different courts cannot simultaneously examine two cases surrounding the same dispute.

(10) The proceeding before the District Court is governed by Texas Civil Practice and Remedies Code, Texas Rules of Civil Procedure, Texas Rules of Evidence, and Federal Rules of Civil Procedure.

(11) Texas Water Code, Texas Government Code (including the Open Meetings Act, Public Information Act, and Administrative Procedure Act), Texas Local Government Code, Texas Administrative Code, Texas Tax Code, and possibly other statutes govern the adjudication of the instant case.

(12) This action seeks non-monetary relief and an award of costs and expenses in addition to court filing fees. The damages sought are within the jurisdictional limits of the court.

**B. The Court’s Jurisdiction Regarding the MUD and the Rate Order**

(13) Texas Water Code § 13.002(13-a) defines a Municipal Utility District (MUD) as a political subdivision of the state operating under Texas Water Code, Chapter 54. A MUD—established under § 59, Article XVI, Texas Constitution—is a District per Texas Water Code § 49.001(a)(1). It carries the same meaning under 16 Texas Administrative Code § (Rule) 24.3(14). A MUD is a Retail Public Utility under Rule 24.3(31).

(14) The courts have the power to entertain collateral attacks, if any, against the MUD when the contested rate order is void on its face and the MUD had no entitlement to enact, or enforce, it. As documented in Part VI | Chapter E, plaintiffs did, before the PUCT, contend that the rate order is void on its face.

(15) Under Water Code § 13.043(j), plaintiffs have a statutory right to rates that are just, fair, reasonable, and non-discriminatory as fixed by the MUD and reviewed by the PUCT; subject to judicial review for errors of law under the Utilities Code, PURA, Chapter 15.

(16) Because the rate order is void and invalid as noted above, we need not discuss if the rate order’s rates were just, fair, reasonable, or discriminatory. Nevertheless, we discuss this matter in Part VI | Chapter A and prove that the rates are discriminatory, not just, not fair, and not reasonable.

#### IV. Background: The Grand Lakes Community

(17) Grand Lakes is a community in Katy, Fort Bend County, Texas, with 37 commercial entities and 2,739 residences falling within the jurisdiction of three Municipal Utility Districts (MUDs)—MUD No. 1, MUD No. 2, and MUD No. 4—and a Water Control and Improvement District (WCID).

(18) The four water districts (three MUDs and WCID) are within Houston’s extraterritorial jurisdiction (ETJ), a five-mile band around Houston’s general-purpose boundaries. Each of the three MUDs has a Strategic Partnership Agreement (SPA) with the City of Houston, through which the 1% sales and use tax paid by buyers to retailers is split equally (0.5% for each) between the City of Houston and the MUD.

(19) The three Grand Lakes MUDs host 37 commercial entities and 2,739 residences, summarized as:

- Grand Lakes MUD #2 (Grand Lakes Phase 4 / Phase 2)           402 / 280 residences
- Grand Lakes MUD #1 (Grand Lakes Phase 3)                 1,072 residences
- Grand Lakes MUD #4 (Grand Lakes Phase 1)                 985 residences.

(20) The three Grand Lakes MUDs cover 1,390 acres (2.17 sq mi; 1.4737 mi x 1.4737 mi; or 7,781 ft x 7,781 ft). This area is only 0.25% of the area covered by Fort Bend County (861.8 sq mi | [census data](#)).

- Grand Lakes MUD No. 1           393 acres
- Grand Lakes MUD No. 2           477 acres
- Grand Lakes MUD No. 4           520 acres.

(21) All residences and commercial entities within the Grand Lakes community are obliged to be members of Grand Lakes Community Association, Inc. (GLCA). GLCA is a non-profit corporation registered with Taxpayer ID# 32000119951 and Texas SOS File Number 0145900101. GLCA’s Board of Directors comprises five members. The incumbents are:

- President: Richard Powell
- Treasurer: Robert Clark
- Secretary: Michael Gress
- Director: Dean Haefner
- Director: Ann Minks.

(22) The three Grand Lakes MUDs and the Grand Lakes WCID are *local governments* (political subdivisions of the state) seated at the address ‘1300 Post Oak Blvd #2400, Houston, TX 77056’, which is the address for the law firm [Schwartz, Page & Harding LLP](#), the MUD’s Attorney. Individuals at said law firm involved in administering the Grand Lakes MUDs and WCID are:

- Christopher T. Skinner <[cskinner@sphllp.com](mailto:cskinner@sphllp.com)>.
- Gordon Cranner <[gcranner@sphllp.com](mailto:gcranner@sphllp.com)>.
- Melia Berry <[mberry@sphllp.com](mailto:mberry@sphllp.com)>.

(23) The four Grand Lakes water districts (three MUDs and WCID) cover an area of 2.17 sq mi and should be one district. Except for the Tax Collector, all four districts are administered by the same

Consultants—Counsel/Attorney (the law firm [Schwartz, Page & Harding LLP](#)), operator (the water company [Municipal District Services | MDS Water](#)), Engineer ([Pape-Dawson Consulting Engineers](#)), Bookkeeper ([Municipal Accounts & Consulting, LP](#)), Auditor ([FORVIS | Forvis Mazars](#)), and Financial Advisor. This scheme is the perfect recipe for wrongdoing, abuse, tampering, and conflict of interest.

	MUD No. 1	MUD No. 2	MUD No. 4	WCID
Counsel/Attorney	<a href="#">Schwartz Page Harding</a>			
Operator	<a href="#">Municipal District Services</a>			-
Engineer	<a href="#">Pape-Dawson Engineers</a>			
Solid Waste Collector	<a href="#">Best Trash</a>			-
Financial Advisor	<a href="#">Masterson Advisors</a>			
Bookkeeper	<a href="#">Municipal Accounts &amp; Consulting</a>			
Auditor	<a href="#">Forvis Mazars</a>			
Tax Collector	<a href="#">Assessments of the Southwest</a>	<a href="#">Wheeler &amp; Associates</a>	<a href="#">B&amp;A Municipal Tax Services</a>	
Delinquent Tax Attorney	<a href="#">Perdue Brandon Fielder Collins Mott</a>			
Communications	<a href="#">Touchstone District Services</a>			-

(24) Current Board Members for Grand Lakes [MUD No. 2](#) are:

- Michael Christopher McClusky, President | retired insurance agent
- J. Scot Vann, Vice President | owner of an environmental consulting company
- Gregory Jay Henry, Secretary | owner of computer services and property management companies
- Bradley Allen Baker, Assistant Secretary | electrical engineer
- William Butler, Director | banker.

(25) Current Board Members for Grand Lakes [MUD No. 1](#) are:

- William Shutt, President
- Nicole Whitman, Vice President
- Katherine N. Elofson, Secretary
- Anand V. Maru, Assistant Secretary
- Dennis Shumard, Director.

(26) Current Board Members for Grand Lakes [MUD No. 4](#) are:

- Charles Matheson, President
- Glenn Gesoff, Vice President
- John Schneller IV, Secretary
- Timothy White, Assistant Secretary
- Samuel Henderson, Director.

(27) Current Board Members for Grand Lakes [WCID](#) are:

- Phillip S. Fruge, President
- Andrew Reed, Vice President
- Gina D’Agostino, Secretary
- Leticia Gonzalez, Assistant Secretary
- Richard Arthur Brownlee, Director.

(28) The MUDs must comply with all provisions of applicable statutes and regulations of the United States, State of Texas (Texas Water Code, Texas Government Code, Texas Local Government Code, etc), City of Houston Ordinances, and City of Houston Charter implementing such statutes and regulations.

(29) The water company (Municipal District Services | [MDS Water](#)) has the address: 406 W. Grand Pkwy S #260, Katy, TX 77494 | (281) 290-6500 | [info@mdswater.com](mailto:info@mdswater.com). It is registered in the state of Texas with Taxpayer Number [32033608277](#) | SOS File Number 0800862569. The water company must comply with Texas Business Organizations Code, Chapters 12, 21, 101, and other relevant codes.

#### **V. Procedural Background: The Administrative Procedure Before the PUCT**

(30) This case arises out of a petition (rate appeal) the plaintiffs lodged on May 7, 2024 with the PUCT under Texas Water Code § [13.043\(b\)\(4\)](#). Given no. [56589](#), the petition to the PUCT appealed a rate order carrying an effective date of February 1, 2023 Grand Lakes MUD No. 2 [announced](#) on February 19, 2024, but enforced retroactively from February 1, 2024. The rate order increased residents' monthly water bills by 200% to 450% (*see* the spreadsheet in Exhibit 10) even though the MUD paid off its debt (*see* ¶ (55)) and has abundance of money in cash and investments (*see* ¶ (56)). Later it became known that on February 26, 2024 the MUD's Attorney (the law firm [Schwartz, Page & Harding LLP](#)) tampered with the rate order [Exhibit 5]; changing the effective date to February 1, 2024 without ever announcing the change, without ever informing the residents, and without ever signing, or voting on, the rate order anew.

(31) As part of its procedure, the PUCT put on hold all requests and motions we filed since May 21, 2024 and crushed (denied) them all in bulk; in one non-reasoned order dated August 1, 2024 (*see* ¶ (203)).

(32) As part of its procedure, the PUCT delivered a Recommendation dated June 28, 2024, whereby Commission Staff requested that our case be dismissed; Proposal for Decision (PFD) on July 23, 2024, whereby the administrative law judge (ALJ) requests dismissal of our case; Memo dated August 14, 2024 by Commission Advising, but carrying the name of the Commission's Chairman; Final Order signed by the PUCT's Chairman and Commissioners on August 15, 2024, and a Decision on August 23, 2024 that reads: "The Commission voted to not add the Motion for Rehearing of the Commission's Order to any open meeting agenda." In short, after 100 days, the PUCT dismissed with prejudice our petition (rate appeal) of May 7, 2024, claiming that it is filed six or so days late; beyond the 90-day deadline set in Texas Water Code § [13.043\(c\)](#). We reject the PUCT's contention that our rate appeal was untimely.

#### **VI. Grounds for Judicial Review**

(33) Filed pursuant to APA § [2001.176](#), this petition initiates judicial review of the PUCT's final order of August 15, 2024 in PUCT docket no. [56589](#). The petition is timely filed by the deadline set in APA §2001.176—within 30 days after the date the ruling, subject of complaint, is final and appealable.

(34) Administrative remedies were exhausted. The PUCT delivered its final order on August 15, 2024. We filed a Motion for Rehearing on August 16, 2024. By memo dated August 23, 2024, the PUCT wrote: "The Commission voted to not add the Motion for Rehearing ... to any open meeting agenda."

(35) The PUCT's final order signed on August 15, 2024 [56589-210] is a slightly modified version of the PFD [56589-167] delivered on July 23, 2024 by ALJ Katie Moore Marx. A memo dated August 14, 2024 [56589-205], carrying the name of chairman Thomas J. Gleeson but clearly prepared by a PUCT Advising attorney, proposed modifications to the PFD. The intent is to: [i] Relieve the PUCT from liability because the PFD documents the ALJ's bias and prejudice; having acted as the MUD's attorney and the residents' / ratepayers' counterparty. [ii] Better justify the PUCT's unlawful treatment of a meritorious rate appeal.

(36) In the view of the plaintiffs, the PUCT has consciously chosen to hinder discovery, distort facts, exclude evidence, abuse the law, endorse wrongdoing, and hinder justice. Why would the PUCT wait 100 days from the rate appeal filed on May 7, 2024 and allow over 200 filings in the docket if there is any credibility, reliability, or legitimacy to the claim that the PUCT lacks jurisdiction in the case?!

(37) Plaintiffs dispute the PUCT's findings of fact, conclusions of law, and ordering paragraphs in their entirety. *Nothing* in the PUCT's PFD of July 23, 2024, Memo of August 14, 2024, or Final Order of August 15, 2024 is to be relied on by the courts as true, accurate, complete, or fair.

(38) Justice and the rule of law indicate that the PFD of July 23, 2024, Memo of August 14, 2024, Final Order of August 15, 2024, and Memo of August 23, 2024 are malicious, arbitrary, baseless, and unlawful. The PUCT has consciously prejudiced residents' rights. The PUCT's administrative findings, inferences, conclusions, and decisions in the instant case are (cf. APA § 2001.176):

- In violation of a number of statutory provisions (*see, for example*, ¶¶ (212) to (214)).
- In excess of the agency's statutory authority (*see, for example*, Part VI | Chapter E).
- Made through unlawful procedure (*see* Part VI | Chapter H).
- Affected by several errors of law (*see* Part VI | Chapter C).
- Not reasonably supported by the reliable and probative evidence in the record (*see* Part VI | Chapter B).
- Arbitrary, capricious, based on abuse of discretion, and based on unwarranted exercise of discretion.

(39) Pursuant to APA § 2001.175(b), the PUCT must send to the reviewing court a copy of the entire record of the proceeding subject of the judicial review.

(40) The appropriate standard of district court review is 'substantial evidence' under APA § 2001.174.

(41) The grounds for the judicial review are set forth below (Chapters A to I).

**A. The Rate Order's Rates are Discriminatory, Not Just, Not Fair, and Not Reasonable**

(42) The residents are entitled to their savings and the MUD is not entitled to over-collection in the absence of indisputable financial substantiation. Approval of rates per an unlawful and invalid rate order sets a precedent indicative of wrongdoing and injustice becoming the norm rather than the exception.

(43) Plaintiffs have a statutory right to rates that are just, fair, reasonable, and non-discriminatory as fixed by the MUD and reviewed by the PUCT; subject to judicial review by the courts.

(44) Texas Water Code §§ 13.001(c) and 13.043(j) require that the rates be just and reasonable; not unreasonably preferential, prejudicial, or discriminatory; and sufficient, equitable, and consistent in application to each class of customers.

TWC § 13.001(c) The purpose of this chapter is to establish a comprehensive regulatory system that is adequate to the task of regulating retail public utilities to assure rates, operations, and services that are just and reasonable to the consumers and to the retail public utilities.

TWC § 13.043(j) In an appeal under this section, the utility commission shall ensure that every appealed rate is just and reasonable. Rates shall not be unreasonably preferential, prejudicial, or discriminatory but shall be sufficient, equitable, and consistent in application to each class of customers. ...

(45) Because the rate order is void and invalid (see Part VI | Chapter E), we need not discuss if the rate order's rates were just, fair, reasonable, or discriminatory. Nevertheless, in this Chapter we prove that the rates are discriminatory, not just, not fair, and not reasonable.

### **1. Rate Design**

(46) The MUD never presented a rate design before or with the rate order it announced on the MUD's website on February 19, 2024. A transparent MUD would have published a rate design beforehand, and allowed ratepayers to submit their comments within a specified deadline. Not to our surprise, this did not happen. More importantly, it is obvious that the MUD does not possess a rate design model and did not base its rate order on a rate design. In objective and in result, the said rate order is unlawful and invalid.

(47) Rate orders cannot be based on arbitrariness, wishes, and fantasy. They must be based on a lawful, proper, transparent, detailed study (rate design) that addresses water/wastewater cost of service for the MUD (with the approach, assumptions, and analysis by customer type), MUD's budget (expenses, revenues, cash balance, and adjustment needs), average water/wastewater demand/usage by customer type, existing water/wastewater charges, proposed water/wastewater charges, and impact of the proposed charges on all customers (Single-Family Residences, Apartments, Builders, Commercial Entities, and Park and Recreational Facilities).

(48) Below we develop a simplistic example to highlight the MUD's obligation to furnish a transparent rate design. Grand Lakes MUD No. 2 serves 682 residential customers; each is assumed to have an average usage of 8,000 gallons per month. Assuming that the MUD has \$3M in annual revenues and \$3.3M in expenses, the MUD would be having \$300k in deficit that the MUD is attempting to—not that it should—recover by increasing the water / wastewater rates. With a flat-rate wastewater fee at \$10 per customer per month, recovering the deficit would mean a water rate of \$3.33 per 1,000 gallons.

Customers	gal/cust/mo	gal/cust/yr	gal/yr	1,000 gal/yr			
682	8,000	96,000	65,472,000	65,472			
Revenues, \$/yr	Expenses, \$/yr	Deficit, \$/yr	WstWtr fee, \$/mo	WstWtr rev, \$/yr	Rev. Deficit, \$/yr	\$/1,000 gal	
3,000,000	3,300,000	300,000	10	81,840	218,160	3.33	
3,000,000	3,300,000	300,000	20	163,680	136,320	2.08	

(49) If the MUD decides to increase the flat-rate wastewater fee to \$20 per customer per month, the deficit is reduced from \$300,000 to \$136,320. This amount can then be recovered by setting the residential-customer water rate at \$2.08 per 1,000 gallons.

**2. Rates as Discussed in 16 Texas Administrative Code § 24.37(d)**

(50) Rates are discussed in Rule 24.37(d). We detail the matter below, under “Economic Hardship on the Residents”, “Unreasonableness and Unjustness”, and “Economic Hardship on the MUD”. We stress the use of “or”, *not* “and”, in Rule 24.37(d).

Interim rates may be established by the commission in those cases under the commission's original or appellate jurisdiction where the proposed increase in rates could result in an unreasonable economic hardship on the utility's customers, unjust or unreasonable rates, or failure to set interim rates could result in an unreasonable economic hardship on the utility.

(51) **Economic Hardship on the Residents:** Based on Rule 24.37(d), residents do not need to prove economic hardship in addition to unjustness and unreasonableness. Ratepayers are entitled to their savings—increasing ratepayers’ monthly water bills by 200% to 450% results in economic hardship. A \$50 monthly increase in the water bill *does* mean economic hardship for some or many of the 682 families falling under the MUD’s jurisdiction.

(52) Given the spreadsheet in Exhibit 10, below are three examples of monthly water usage in gallons and the resulting bill pursuant to the MUD’s rate order that was unlawfully enforced from February 1, 2024.

- \* 5,000 gallons: the residential monthly water bill increases by \$42.50; from \$27.00 to \$69.50.
- \* 7,500 gallons: the residential monthly water bill increases by \$46.25; from \$35.50 to \$81.75.
- \* 10,000 gallons: the residential monthly water bill increases by \$50.00; from \$44.00 to \$94.00.

(53) A \$45 average monthly increase in the residential water bill for 682 residences increases the MUD’s monthly / annual revenue by \$30,690 / \$368,280. The question to the MUD is: what is this money needed for? The issue is pressing as the residents pay an annual MUD tax and an annual WCID tax. The MUD increased such taxes through other unwarranted expenses like the security expense (*see* ¶¶ (79) - (84)).

(54) Over-collection that is based on arbitrariness and fantasy cannot be lawful. Rate Orders are not, and must not be, a tool available for exploitation by the MUD's consultants (law firm, water company, etc).

(55) **Unjustness and Unreasonableness:** A screenshot from the [Texas Bond Review Board](#) shows the debt picture for the four Grand Lakes water districts. Increasing ratepayers’ monthly water bills by 200% to 450% is unjust and unreasonable when the MUD has no debt.

ISSUER	DEBT OUTSTANDING
Grand Lakes MUD 1	\$4,520,000
Grand Lakes MUD 2	\$0
Grand Lakes MUD 4	\$5,725,000
Grand Lakes WCID	\$3,195,000

(56) Increasing ratepayers’ monthly water bills by 200% to 450% is unjust and unreasonable when the MUD has abundance of money (\$7.8M in 2022 and \$9.1M in 2023) in cash, certificates of deposit, and short-term investments in Texas CLASS, which also generated an interest income (\$39k in 2022 and \$393k in 2023). See page 21/42 of the MUD’s Audit Reports for [2022](#) and [2023](#).

Grand Lakes MUD No. 2 Investments	2023	2022
Cash	\$96,538	\$150,659
Certificates of deposit	\$1,885,000	\$2,445,000
Short-term investments (Texas CLASS)	\$7,153,066	\$5,227,099
<b>Total</b>	<b>\$9,134,604</b>	<b>\$7,822,758</b>
Investment (Interest) Income	\$393,317	\$38,713

(57) The MUD is not experiencing any economic hardship and did not furnish proof of budget deficit or strained cash flow. As documented in Section 8 below, the rate order is a premeditated financial crime initiated by the MUD’s attorney [Christopher T. Skinner](#) at the law firm [Schwartz, Page & Harding LLP](#), with complicity from the Chapline family (owners of the water company [Municipal District Services](#)), the Bookkeeper ([Municipal Accounts & Consulting LP](#)), and the MUD’s Board. See also Part VI | Chapter E | Section 6 regarding the secretive, unlawful email communications of November – December 2023 and meeting conducted on December 6, 2023 at the water company’s offices with the participation of two Board Members only (Michael Christopher McClusky and Bradley Allen Baker).

(58) **Economic Hardship on the MUD:** Revising the contested rates would not result in an unreasonable economic hardship on the MUD. The MUD did not furnish any budget, cost of service, methodology, or analysis in support of the increased rates. The MUD did not furnish any proof of budget deficit or strained cash flow. The MUD does, in fact, have abundance of money (see paragraph (56) above), such that the rate increase is an unlawful scheme aimed at unjustified over-collection from the residents/ratepayers.

**3. The Rate Order is Preferential, Prejudicial, and Discriminatory**

(59) Confirmed by the [Minutes](#) for the MUD’s Board Meeting of December 18, 2023, the rate order targeted residential customers *only*, making it unreasonably preferential, prejudicial, and discriminatory; cf. Texas Water Code § 13.043(j). Said [minutes](#) state that revised rates for commercial customers will be presented at the January Board Meeting, but that did not happen (*see* next paragraph).

**Minutes for the MUD’s Board Meeting of December 18, 2023**

...  
Mr. Chapline next presented to and reviewed with the Board a 2024 proposed Rate Schedule for the amendment of Section 3.02 - Monthly Rates for Residential Water Service and Section 3.03 - Monthly Rate for Residential Sanitary Sewer Service of the District’s Rate Order. He noted that an additional Rate Schedule relative to Section 3.04 - Monthly Rates for Commercial Water Service of the District’s Rate Order will be presented to the Board for consideration at the January Board meeting. ....

(60) The agenda and minutes for eight MUD Board Meetings held on January 29, 2024 ([Agenda | Minutes](#)), February 19, 2024 ([Agenda | Minutes](#)), March 18, 2024 ([Agenda | Minutes](#)), April 15, 2024 ([Agenda | Minutes](#)), May 20, 2024 ([Agenda | Minutes](#)), June 17, 2024 ([Agenda | Minutes](#)), July 15, 2024 ([Agenda | Minutes](#)), and August 19, 2024 ([Agenda | Minutes](#) are not available yet) prove that no rate changes for commercial customers were presented by the water company or discussed in such Board Meetings (*see* item no. 12 in the Agenda and the matter under Operations and Maintenance Report in the Minutes). Other customers (Apartments, Builders, and Parks and Recreational Facilities) were also excluded from rate increases.

**4. Sufficiency, Equity, and Consistency in Application to Each Class of Customers**

(61) The rate order breaches the sufficiency, equity, and consistency requirement set in Texas Water Code § 13.043(j). As shown in the spreadsheet we present in Exhibit 10, the rate order increases the monthly water bill by 370% to 450% if the residential customer’s monthly water consumption is 1,000 gallons or below; by 296% if the monthly water consumption is 3,000 gallons; by 257% if the monthly water consumption is 5,000 gallons; and by 214% if the monthly water consumption is 10,000 gallons.

**5. The MUD’s Unlawful Billing of New Rates Before the Effective Date**

(62) The rate order dated December 18, 2023, signed by the Board’s Secretary on January 29, 2024 [Exhibit 1] and [announced](#) at the MUD’s [website](#) on February 19, 2024 [Exhibit 2], carried an effective date of February 1, 2023 [Exhibit 1]. Even if it carried an effective date of February 1, 2024, its enforcement by the water company (Municipal District Services | [MDS Water](#)) from February 1, 2024 is unlawful as it was first [announced](#) on February 19, 2024. In no democracy on earth can administrative, executive, or judicial orders apply retroactively.

(63) With utility and other financial bills, it is normal that the billing cycle not correspond with a calendar month. Below is an example Grand Lakes MUD No. 2 water bill issued on February 21, 2024 for the billing cycle January 13, 2024 to February 13, 2024. The entire usage / consumption for the period (billing cycle) was billed according to the new rates alleged to be effective from February 1, 2024, even though the whole scheme (new rates, effective date, and rate order) is illegitimate and unlawful.

GRAND LAKES MUD 2			
MAKE CHECK PAYABLE TO: GRAND LAKES MUD 2 P O BOX 3150 HOUSTON TX 77253-3150	SERVICE ADDRESS		ACCOUNT NUMBER
	.....		30402-0600 .....
	SERVICE PERIOD	FROM TO	BILLING DATE
	01/13/24	02/13/24	02/21/24

(64) When the billing cycle covers  $(X - d1)$  to  $(X + d2)$ , where  $d1 + d2 = 30$  days, lawful new rates taking effect from a lawful date  $X$  *cannot* be billed to service (usage or consumption) preceding date  $X$ . It is the *legal* responsibility of the water company and its billing contractor to ensure that their billing systems are proper, transparent, and capable of billing lawful amounts *only*. Lawful billing corresponds to [usage during  $(X - d1)$  x the old rates + usage during  $(X + d2)$  x the new rates]. Barring this proper billing practice, the MUD and the water company would have unlawfully over-collected enormous amounts of money that they are not entitled to.

(65) The billing violations become much more pronounced in cases where the billing cycle runs from the first days of the month, or if—for example—the utility or water company employs a quarterly billing regime and much of the quarter fell prior to the effective date.

(66) Claiming confusion, ignorance, or inability to fix the billing software does not absolve the MUD and water company of their legal, moral, and ethical responsibilities. Justice and the law must rule. A MUD or water company that enforces shady, unlawful billing practices must be penalized and held accountable.

**6. Illegitimate Collection of Fees with 0 Gallons / \$0 in Water Consumption**

(67) The latest rate order and all previous ones are prone to mishandling—with unjust support from the MUD, the water company collects illegitimate fees from residents who are away from home. A resident on an international assignment for months, with a locked residence and 0 gallons / \$0 in water consumption, continues to receive a monthly bill for the wastewater flat rate (\$10 before and \$20 now). The wastewater flat rate *cannot*, and must *not*, apply when a residence is locked and the water consumption is 0 gallons / \$0. The water bill in such a case *must* amount to \$0.

(68) The latest rate order imposes a \$25 water monthly base rate invoiced even with no (0 gallons) water consumption. With the \$20 monthly flat-rate wastewater fee, residential customers receive a \$45 monthly water bill even if the residence is locked (not in use) or the monthly water consumption is 0 gallons.

(69) This matter must be reviewed and the water company ordered to reimburse impacted residents for previous and current over-collection.

**7. The MUD’s Unconditional Obligation to Control Costs**

(70) A deficit in the MUD’s budget—the result of reduced revenues or increased expenses or both—could be claimed by the MUD’s Board, Attorney, and Consultants (the Water Company included) to increase the water/wastewater rates. But the deficit is *not* only cured by increasing the MUD’s revenues through increased rates. A deficit need not be there in the first place (*see* paragraphs (55) and (56)). How is the MUD controlling its costs and expenses? How is the MUD getting rid of all unnecessary expenditures? When will the MUD conduct due diligence? When will the MUD enforce competitive bidding? When will the MUD stop executing fantasy projects at extravagant prices? Why would the MUD not oust the law firm [Schwartz, Page & Harding LLP](#) and use the services of an attorney when, and only if, needed?

(71) This Section presents a number of examples, where residents’ tax money is knowingly thrown away, without any scrutiny or due diligence whatsoever. That cannot be for no reason. If justice and the law truly govern, individuals who benefit from the scheme must be brought to justice and held accountable.

(72) [Christopher T. Skinner](#), the Grand Lakes MUDs’ attorney at [Schwartz Page Harding LLP](#), consciously inflicted enormous costs on the residents, for his individual, private, personal benefit and to defend and cover up wrongdoing of his own making / creation.

(73) Is there embezzlement, how much, when, and how? To hinder the truth, said attorney shields an enormous amount of information from the residents. Residents can make an educated guess only when the State, authorities, and courts demand that all Grand Lakes MUDs’ documents be *unconditionally* disclosed and all residents’ questions be *unconditionally* answered.

**(a) Amounts Paid to Other MUDs and the Community Association**

(74) The three Grand Lakes MUDs have joint ownership of a water plant, wastewater treatment plant, and a reclaimed water distribution system (RWDS). Copied from pp. 21 to 23 of the Grand Lakes MUD No. 2 Audit Report for 2023, the MUDs’ ownership percentages are summarized below.

<b>Grand Lakes MUD</b>	<b>No. 4</b>	<b>No. 1</b>	<b>No. 2</b>
Water Plant	48.746%	29.708%	21.546%
Wastewater Treatment Plant	49.820%	29.100%	21.080%
Reclaimed Water Distribution System (RWDS)	36.858%	24.146%	38.996%

(75) As part of discovery (RFI No. 9) before the PUCT, we learned that Grand Lakes MUD No. 4 claims some costs and determines and approves some water/wastewater prices, then issues invoices to the other MUDs (No. 1 and No. 2) requesting payment of their share of the alleged costs within 30 or so days.

Accordingly, every element in the Grand Lakes MUD No. 4 balance sheet impacts the costs of the other MUDs (No. 1 and No. 2). Every element in the MUD No. 4 balance sheet is relevant to the instant case.

(76) Through discovery before the PUCT, we also learned that the three Grand Lakes MUDs share expenses on joint projects and services, sometimes engaging the Grand Lakes Community Association (GLCA). Money is transferred from MUD No. 2 and MUD No. 1 to MUD No. 4 as their share of certain costs and services. The MUD's response to RFI No. 9 presented a printout showing the following amounts of money paid by Grand Lakes MUD No. 2 to Grand Lakes MUD No. 4 during 2018 to 2023.

- Street Lights	\$577,297
- Stormwater Management	\$45,131
- Water Plant Improvements	\$393,517
<b>Total</b>	<b>\$1,015,945</b>

(77) The Grand Lakes Community Association serves the entire Grand Lakes community with 2,739 homes—682 residences within MUD No. 2, residences homes within MUD No. 4, and 1,072 residences within MUD No. 1. All three Grand Lakes MUDs transfer money to the Community Association for work on shared projects, security services, etc. As part of discovery before the PUCT, the MUD's response to RFI No. 10 presented a printout showing \$1,621,161 paid by Grand Lakes MUD No. 2 to GLCA during 2018 to 2023. An item in the amount of \$415,620 reads ‘GLCA Reimbursement’ without any specificity.

2018-2023	Sheriff Patrol Fees	\$829,737
11/21/2023	Park Landscaping	\$183,116
07/18/2023	Community Projects – HOA	\$68,796
05/16/2023	Park Pergola Reimbursement	\$121,550
05/17/2021	GLCA Reimbursement	\$415,620
01/20/2020	Sidewalk Repairs	\$2,342
<b>Total</b>		<b>\$1,621,161</b>

(78) The amounts listed in the previous two paragraphs total **\$2,637,106** and impact the MUD’s (Grand Lakes MUD No. 2) costs by an average of **\$439,518** per year. The payments the Grand Lakes MUDs make to the Grand Lakes Community Association and to MUD No. 4 are then very relevant to, and in, the instant case. Such costs *must* be monitored, scrutinized, and controlled.

**(b) Appalling Spending on Additional Security Services**

(79) The three Grand Lakes MUDs (No. 1, No. 2, and No. 4) cover 1,390 acres (2.17 sq mi; 1.4737 mi x 1.4737 mi; 7,781 ft x 7,781 ft). This area is 0.25% that of Fort Bend County (861.8 sq mi | [census data](#)). And if Precinct #1 is approximately 1/4th the area of Fort Bend County (*see* the county's [precinct maps](#)), then the area of Precinct #1 can be estimated at 215.5 sq mi. The three Grand Lakes MUDs with an area of 1,390 acres (2.17 sq mi) would then be 1% the area covered by Fort Bend County Precinct #1.

(80) Christopher T. Skinner, the Grand Lakes MUDs’ attorney at [Schwartz Page Harding LLP](#), planned and executed a *bogus* scheme targeting *additional* Sheriff and Constable security services for the Grand Lakes community. In FYE 2023 (September 2022 to August 2023), said attorney caused the three Grand Lakes MUDs to spend a *huge* amount of money (\$1,114,651) on *additional* (Sheriff + Constable) security services from Fort Bend County. *Additional* means on top of the *standard* Sheriff and Constable security services the community must get as part of our annual Fort Bend County General Fund tax, and on top of the *standard* Police security services the community must get as part of our annual Katy ISD tax. Katy ISD Police patrols the main roads and streets, but does not enter the residential subdivisions. Indisputably, this *appalling* spending is *unnecessary*; impacts the Grand Lakes MUDs’ costs; and is used to increase water/wastewater rates and/or the MUD annual tax. Who decided that such service is needed and why? Did the money truly end up with the Sheriff and Constable? On checking with Fort Bend County, not a single figure of what the Grand Lakes MUDs reported in the Audit Reports on security services spending matched the monetary amounts the Fort Bend County Treasury received during 2018-2024.

<b>Grand Lakes MUD Audit Reports</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
GL MUD No. 2 – Sheriff+Constable	\$602,302	\$355,196	\$132,460	\$285,152	\$210,087	\$203,920
GL MUD No. 1 - Security Services	\$270,008	\$251,259	\$225,100	\$226,555	\$209,073	\$207,619
GL MUD No. 4 - Security Services	\$242,341	\$240,525	\$218,651	\$218,753	\$197,767	\$197,374
<b>Total</b>	<b>\$1,114,651</b>	<b>\$846,980</b>	<b>\$576,211</b>	<b>\$730,460</b>	<b>\$616,927</b>	<b>\$608,913</b>

<b>Amounts Fort Bend County Recv’d</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
from GL MUD No. 2 – Constable	\$479,899	\$224,346	\$175,240	\$168,246	\$92,397	\$85,607
from GL MUD No. 1 – Constable	\$123,848	\$107,272	\$91,850	\$110,229	\$91,233	\$88,489
from GL MUD No. 4 – Constable	\$95,191	\$104,879	\$77,711	\$94,476	\$82,491	\$87,880
from GLCA – Sheriff	\$493,498	\$322,717	\$331,949	\$411,876	\$370,550	\$401,775
<b>Total</b>	<b>\$1,192,436</b>	<b>\$759,214</b>	<b>\$676,750</b>	<b>\$784,827</b>	<b>\$636,671</b>	<b>\$663,751</b>

(81) The reader must *not* be misled by that the annual difference is only in the \$20k to \$100k range. Because the Grand Lakes MUDs and GLCA refuse to cooperate and disclose information: [i] We are unable to compare the Sheriff-related figures. [ii] The higher amounts Fort Bend County received from the Grand Lakes Community Association could be attributed to a portion coming from the annual Homeowner Association Fee paid by Grand Lakes residents. [iii] Grand Lakes MUD No. 1 and Grand Lakes MUD No. 4 transferred amounts to the Grand Lakes Community Association, which then paid the County for the *additional* Sheriff-related security services. That is, the spending on security services by Grand Lakes MUD No. 1 and Grand Lakes MUD No. 4, as reported in the MUDs’ Audit Reports, covers not only Constable services but Sheriff services also.

(82) *Additional* (Sheriff + Constable) security services for a 2.17 sq mi area (0.25% the area of Fort Bend County) at a cost of \$1,114,651?!  $100\% / 0.25\% \times \$1.1M = \$440M$ , but Fort Bend County's General Fund budget for the 2024 fiscal year shows in the [County's 2023 Audit Report](#) (p. 13 | 29 of 200) as \$397.8M.

(83) Fort Bend County's 2023 Audit Report (p. 90 | 106 of 200) shows Constable Precinct #1 with a budget of \$2,911,567. But Constable Precinct #1 received \$698,938 in FYE 2023 from the three Grand Lakes MUDs. That is, in FYE 2023, Constable Precinct #1 received 24% of its annual budget from three MUDs that roughly cover 1% the area Constable Precinct #1 covers (see paragraph (79)).

(84) Schwartz Page Harding LLP staff members have become fearless, indifferent, and lawless that they dare to sign the security services contracts on behalf of the MUDs' board members. This is a punishable act of governmental record forgery. See, for example, the 2020 and 2021 signatures for William Shutt (Grand Lakes MUD No. 1) and the 2017 and 2020 signatures for Michael Christopher McClusky (Grand Lakes MUD No. 2). Notice also: [i] The absence of names for the most. [ii] The title "President" and date are mostly handwritten by a Schwartz Page Harding LLP staff member. This is unlawful.

FY →	2017	2018	2019	2020	2021	2022	2023
Grand Lakes MUD 1	 D LAKES MUNI President 9-15-17	 Nicole Whitman Vice President	 LAKES MUNICI President 9/19/19	 William Shutt President 9/16/2020	 President 9-13-2021	 D LAKES MUN President, Comm 10/3/22	 D LAKES MUNI President, Comm 9/1/2023
Grand Lakes MUD 2	 McClusky President 9-15-17	 President 9-17-2018	 President 10/18/2019	 McClusky President 9/21/2020	 President 2-21-22	 President 9-19-2022	 President 9-19-2023
Grand Lakes MUD4	 Meshkeed A. Shah Pres 9/25/17	 Vice President 9-20-18	 President 9-18-19	 President 10/14/2020	 President 9-15-2021	 MESHKEED A. SHAH PRESIDENT 9/15/2022	 President 9-21-2023

**(c) Legal Fees Paid to an External Law Firm to Defend the Case Before the PUCT**

(85) The MUD's Board Meeting Minutes for June 17, 2024 were published at the MUD's website on July 16, 2024, a day after the July 15, 2024 Board Meeting. Said Minutes reported \$32,321 payable to Lloyd Gosselink Rochelle Townsend, supposedly for the period May 20, 2024 to June 16, 2024. It was Christopher T. Skinner, the MUD's attorney at the law firm Schwartz Page Harding LLP, who contracted Lloyd Gosselink Rochelle Townsend to defend his own wrongdoing before the PUCT (docket no. 56589), after mishandling the Grand Lakes MUDs' finances for many years.

(86) The MUD's Board Meeting Minutes for July 15, 2024 were published at the MUD's website on August 22, 2024, three days after the August 19, 2024 Board Meeting. Said Minutes did not talk about any checks payable to Lloyd Gosselink Rochelle Townsend for the June-July 2024 period, which could

exceed \$70k as the [Lloyd Gosselink Rochelle Townsend](#) attorneys took full advantage of the opportunity; lodging numerous pleadings and objections with repetitive, false, futile jargon; all with the conscious purpose of booking many hours to the contract.

(87) Depending on how long this case lasts before the courts, legal fees could exceed \$1.5M. It is reprehensible when an attorney who is hired to advise and guide the MUD through legal matters, causes the residents to pay so much in legal fees as said attorney works actively to defend and cover up wrongdoing of his own making / creation.

**(d) Extravagant Spending on Basic and Unnecessary Landscaping**

(88) The MUD’s Board Meeting [Minutes](#) for June 17, 2024 reported \$40,465.93 payable to [Pape-Dawson Engineers](#) for landscaping and the installation of an irrigation system at Water Plant No.2 by [Murr, Inc.](#)

(89) [Pape-Dawson Consulting Engineers](#) does not have a valid contract with the MUD. The firm acquired Costello, LLC in 2023. Costello no longer exists and operates as Pape-Dawson, but Costello’s engineering contract with the MUD was not assigned to Pape-Dawson with the board’s consent. This means that Pape-Dawson has, for a year or more, been doing work on behalf of the MUD *without* a valid, lawful contract in place.

(90) The landscaping project is not necessary at all. If necessary, it could have been done at \$1k. The amount charged is 25 to 40 times what the work is worth. The Residents’ Representative lives in the vicinity and—taking a walk in the evening—saw the work as it was being done in June 2024. Confirmed by pictures taken on July 17, 2024, landscaped is an area (some 300 sq ft) between the security wall for Water Plant No. 2 on S. Fry Rd in Katy (Texas) and the pedestrian walkway. The area is split as two spots to the right of the security gate and one spot to the left. The landscaping is *very* basic; *unnecessarily* and *densely* packed with some 100 small shrubs and 50 Shell Ginger (*Alpinia Zerumbet*) to the front. The irrigation system talked about is just a minor extension of the irrigation system already existing in the area. The white PVC pipes dug some 8” into the soil sell at the Home Improvement Store for \$4 per 12 ft.

(91) The MUD circumvents the competitive bidding process and lets engineering/consulting firm [Pape-Dawson](#)—that has no valid/lawful contract with the MUD—do the work through a third-party landscaping firm ([Murr, Inc.](#)) under the umbrella of [Pape-Dawson](#)’s nonexistent framework contract with the MUD.

(92) The MUD’s Board Members, the MUD’s attorneys, and the [Pape-Dawson](#) engineer would never spend \$40k of their own money to landscape 300 sq ft in their front or back yard with very basic shrubs that sell at \$5 to \$10 each. Said individuals are mature adults and professionals or businessmen. None of them can invoke confusion, negligence, ignorance, or negligent ignorance.

**8. The Rate Order is a Premeditated Financial Crime**

(93) The water company’s Operations Report presented at the December 18, 2023 MUD Board Meeting sheds some light on the scheme surrounding the rate order. Even though it is a contractor that can be hired and fired, and even though it does not have an overview of the MUD’s finances, the water company (MDS Water) scheduled—apparently on order from the MUD’s Attorney—enormous water rate increases between 2024 and 2027; increasing its revenue from the Grand Lakes MUD No. 2 by \$936k in 2027 compared to 2023. Obviously, the water company is doing the same with the other two MUDs in Grand Lakes. What is the extra revenue needed for? Do the MUDs’ finances support such revenue increase? How, why, and where is this documented? Why do residents need to pay for this extra/increased revenue?

Usage, gal	2023	2024	2025	2026	2027
5,000	\$27	\$70	\$86	\$102	\$104
10,000	\$44	\$94	\$110	\$127	\$128
15,000	\$61	\$124	\$142	\$161	\$163
20,000	\$78	\$153	\$174	\$196	\$197
50,000	\$210	\$360	\$411	\$463	\$464
60,000	\$264	\$439	\$500	\$562	\$563
<b>Revenue</b>	\$641,708	\$1,225,105	\$1,397,490	\$1,565,828	\$1,578,104
<b>ΔRevenue against 2023</b>		\$583,397	\$755,782	\$924,120	\$936,396
\$0.50 and above rounded to \$1   \$0.49 and below dropped.					

(94) The water company (MDS Water) operates 130 districts (see <https://mdswater.com/districts/>). The law firm Schwartz, Page & Harding LLP administers over 100 districts [Exhibit 6].<sup>1</sup> The financial figures talked about in the instant case show that state agencies must be present and worried at all times. The almost \$1M increase in revenue for the water company over a four-year period means \$130M for the districts operated by one water company. What is this money used for? Where does it go? Who does it end with? How are residents’ rights and finances protected?

**B. The PUCT Erred in its Findings of Fact**

(95) Presentation of wrong, incomplete, misleading, or distorted information and conscious, malicious exclusion of material facts make the PUCT’s final order questionable; lacking credibility, reliability, and legitimacy; and drafted in stark defiance of the law.

(96) The PUCT's findings of fact are clearly erroneous for omitting facts and evidence necessary to inform the case; for hindering the discovery process which would have further informed the case; and for stating findings that blatantly contradict logic, reason, common sense, and the evidence on the record.

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1 Putting this list together was not an easy task because the law firm shields itself by not listing its name when registering a district. Rather, it lists the district’s name and president of the board together with the law firm’s contact address (1300 Post Oak Blvd, Ste 2400 | Houston, TX 77056 | Tel: 713-623-4531). To gather this list, the Grand Lakes residents / ratepayers had to search multiple district databases for the address ‘1300 Post Oak Blvd, Houston, TX 77056’ or phone number ‘713-623-4531’.

(97) The PUCT’s final order starts with: “This Order addresses the petition of George Wakileh, on behalf of himself and certain ratepayers, appealing the retail water rates of Grand Lakes Municipal Utility District No. 2.” Wakileh does not have an individual, personal, or private petition before the PUCT. Once we gathered the requisite 10% of signatures, the petition before the PUCT is on behalf of all residents served by the MUD. Having highlighted the matter to the PUCT multiple times, the PUCT’s continued use of “George Wakileh, on behalf of himself and certain ratepayers” is unprofessional, malicious, and unwarranted. The Lead Petitioner in the case acted as the Lead Counsel on behalf of the MUD’s residents.

(98) The PUCT’s final order states: “Grand Lakes MUD No. 2 filed a motion to dismiss the petition for lack of jurisdiction.” With bias and prejudice, the PUCT excludes that said motion is dated June 4, 2024 and that the residents filed a rebuttal on June 5, 2024. The exclusion is meant to shield the PUCT’s mishandling; to prevent the obvious question: “Why did the PUCT wait 72 days beyond June 4, 2024 to come up with its final order claiming that it has no jurisdiction in the case?”

(99) The PUCT’s final order states: “The Commission modifies findings of fact 4 and 6 to remove details not necessary to the Commission's decision and adds new finding of fact 6A for completeness in describing Grand Lakes MUD No. 2's rate orders.” This statement lacks credibility. The PUCT removes wording not because it is not necessary to the decision, but because such wording proves the PUCT’s bias, prejudice, and unlawful treatment (see ¶¶ (111) and (113)-(114)). And finding of fact 6A is not added for completeness or to describe the MUD’s rate orders; it is the PUCT’s conscious intent to confuse the reader and attempt to justify its unlawful dismissal of a meritorious rate appeal (see ¶¶ (115) - (117)).

(100) The PUCT’s final order states: “The Commission also modifies conclusion of law 6 for completeness.” Also here, there is no credibility to this statement. The addition is meant to help the PUCT justify its unlawful dismissal of a meritorious rate appeal (see ¶¶ (140) - (145)).

(101) Finding of Fact No. 2 is wrong. Grand Lakes MUD No. 2 provides Retail Water Wholesale Water, Retail Wastewater, Drainage, Solid Waste/Garbage, and Security to household users.

(102) Finding of Fact No. 3 states: “On December 18, 2023, the board of directors of Grand Lakes MUD No. 2 passed a rate order adopting a new set of water and sewer rates applicable to its customers, including the residents.” This finding is utterly wrong; it presents wrong, misleading, distorted details.

(103) *First*, on December 18, 2023, the MUD’s board of directors approved a rate schedule presented by the water company ([Municipal District Services](#)) that proposes water and wastewater rate increase. The board of directors did *not* pass a rate order. No rate order presented, passed, or signed at that meeting.

(104) *Second*, the water/wastewater rates (rate schedule) the water company proposed applied to single-family residences only, *not* to all other customers (commercial, irrigation, and apartment complexes).

(105) *Third*, the rates approved in the MUD’s Board Meeting of December 18, 2023 were *not* published or made publicly known in the December 18, 2023 or January 29, 2024 monthly board meetings.

(106) *Fourth*, the MUD’s Attorney (the law firm [Schwartz, Page & Harding LLP](#)) prepared a rate order based on the rates the MUD’s board of directors approved on December 18, 2023, and presented the rate order for signing at the next Board Meeting on January 29, 2024. Greg Henry, Secretary of the MUD’s Board, signed the rate order [Exhibit 1]. In late February or March 2024, when the MUD published the rate order at the MUD’s [website](#), residents found out that the rate order carries an effective date of February 1, 2023 [Exhibit 1].

(107) *Fifth*, the PUCT excludes the fact that the rate order was [announced](#)<sup>2</sup> at the MUD’s [website](#) on February 19, 2024 [Exhibit 2]. Ninety days beyond February 19, 2024 is May 19, 2024, meaning that the residents–by filing of May 7, 2024–have met the 90-day deadline.

(108) *Sixth*, the new rates were also announced via an insert that accompanied the water bills sent out in February 2024. The Residents’ Representative, who received his water bill on February 21, 2024, attached the insert he received as Exhibit 2 to the pleading [56589-16 (May 15, 2024)].

(109) *Seventh*, for the purpose of publishing at the MUD’s [website](#), the MUD’s Attorney turned the signed rate order into a PDF document on February 6, 2024 | 3:26:35PM [Exhibit 3]. The PDF document could *not* have been published at the MUD’s [website](#) until after that date/time. When exactly? We do not know, but RFI No. 6 [56589-72] was meant to reveal the answer. Regardless, the date/time February 6, 2024 | 3:26:35PM prove that the May 7, 2024 filing satisfied the 90-day deadline.

(110) *Eighth*, the [Minutes](#)<sup>3</sup> for the December 18, 2023 Board Meeting were also approved and signed on January 29, 2024. Document properties for the PDF document of the Meeting [Minutes](#) show that the papers were scanned on a Canon iR-ADV C7770 copier/printer on February 14, 2024 at 11:35:14AM [Exhibit 4]. Said Minutes could *not* have been published at the MUD’s [website](#) until after that date/time. When were the Minutes actually published at the MUD’s [website](#)? We do not know. Before the PUCT, RFI No. 5 [56589-64] was meant to reveal the answer. Regardless, ninety days beyond February 14, 2024 get us to May 14, 2024. That is, the residents' rate appeal of May 7, 2024 met the 90-day deadline.

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2 Announcement at <https://www.grandlakesmud2.com/posts/2024-02-19/rate-order-change-notice> shows the date February 19, 2024.

3 [https://www.grandlakesmud2.com/static/6f2cd9293360e4a960dc863323b089e7/12\\_18\\_2024\\_Minutes\\_1dc5ea670f.pdf](https://www.grandlakesmud2.com/static/6f2cd9293360e4a960dc863323b089e7/12_18_2024_Minutes_1dc5ea670f.pdf)

(111) From the PFD to the Final Order, the PUCT changed Finding of Fact No. 4 from “The rate order contained a scrivener’s error which stated that the new rates would become effective February 1, 2023. In fact, the new rates were to become effective February 1, 2024.” to “The rate order stated that the new rates would become effective February 1, 2023.” Removal of “contained a scrivener’s error” and “In fact, the new rates were to become effective February 1, 2024” is *consciously* malicious; meant to conceal the ALJ’s obvious bias and prejudice; acting as the MUD’s attorney and excusing the MUD’s wrongdoing.

(112) Finding of Fact No. 5 reads: “Grand Lakes MUD No. 2 commenced assessing the new rates on February 1, 2024.” The MUD’s enforcement of the new rates as of February 1, 2024 is, however, a lawless, punishable act of fraud. It is the PUCT’s role to protect ratepayers and hinder injustice. The PUCT becomes involved in wrongdoing when refusing to act on wrongdoing brought to its attention.

(113) In the Final Order, the PUCT removed “correctly” from the PFD’s Finding of Fact No. 6 “On or about February 26, 2024, legal counsel for Grand Lakes MUD No. 2 revised the rate order to correctly state that the new rates would become effective February 1, 2024.” Removal of “correctly” is *consciously* malicious; meant to conceal the ALJ’s obvious bias and prejudice; having acted as the MUD’s attorney, defended the MUD’s malpractices, and devised excuses for the MUD’s wrongdoing and tampering.

(114) The PUCT omits enormous details under Finding of Fact No. 6. On February 26, 2024 at 9:27:59AM [Exhibit 3], confirmed by her affidavit dated June 4, 2024 [Exhibit 5], paralegal Melia Berry at the MUD’s Attorney (the law firm [Schwartz, Page & Harding LLP](#)) tampered with the rate order; changing the effective date from February 1, 2023 to February 1, 2024. The PUCT excludes that the revision was *never* documented via standard date/revision control schemes; the revision was *never* publicized or made known to the residents/ratepayers through a public announcement; and the revised rate order was *never* voted on anew or signed anew. Such a revision constitutes criminal tampering with a governmental record under Texas Local Government Code §180.010(a) and Texas Penal Code, Title 8, § 37.10. The rate order is then a voidable action per Texas Government Code § 551.141. The rate order is, in fact, null and void as tampering with a governmental record is a criminal offense under Texas Local Government Code § 180.010(a) and Texas Penal Code, Title 8, § 37.10.

(115) Compared to the PFD, the PUCT added Finding of Fact No. 6A that states: “Two versions of the rate order have been filed in this proceeding: one with a listed effective date of February 1, 2023 and one with a listed effective date of February 1, 2024.” The addition is *consciously* malicious, deceptive, deficient, and meant to add confusion and conceal enormous facts that prove the PUCT’s decisive tampering with our case. We document the PUCT’s malice in the next two paragraphs.

(116) *First*, the rate order [announced](#) (made public) on February 19, 2024 [Exhibit 2] carried an effective date of February 1, 2023 [Exhibit 1]. It is foolish for the PUCT to claim that the rate appeal is not filed within the 90-day deadline because it should have been filed within 90 days of February 1, 2023 even if/when the rate order was [announced](#) (made public) on February 19, 2024 [Exhibit 2].

(117) *Second*, the rate order carrying the effective date of February 1, 2024 is the one resulting from the criminal tampering on February 26, 2024 at 9:27:59AM [Exhibit 3] by paralegal Melia Berry at the MUD's Attorney (the law firm [Schwartz, Page & Harding LLP](#)). Standard date/revision control schemes were *never* applied to this 'tampered with' version of the rate order. The revision was *never* publicized or made known to the residents/ratepayers through a public announcement. The revised rate order was *never* voted on anew or signed anew. Such a treatment violates Texas Government Code §§ [551.041](#), [551.042](#), and [551.043](#), making the revised rate order a voidable action under Texas Government Code § [551.141](#). Tampering with a governmental record is a criminal offense under Texas Local Government Code § [180.010\(a\)](#) and Texas Penal Code, Title 8, § [37.10](#).

(118) Finding of Fact No. 8 reads: “The residents’ appeal was not initiated within 90 days after the effective date of the new rates adopted by the rate order.” Consciously, the PUCT omits material facts that make the statement maliciously misleading. The next six paragraphs elaborate on this.

(119) *First*, the rate order [announced](#) on February 19, 2024 [Exhibit 2] carried an effective date of February 1, 2023 [Exhibit 1]. Is the PUCT attempting to tell that the petition should have been filed by May 1, 2023 because Texas Water Code (TWC) § [13.043\(c\)](#) requires that a petition be filed within 90 days after the effective date of the rate change?! TWC § [13.043\(c\)](#) reads:

An appeal under Subsection (b) must be initiated by filing a petition for review with the utility commission and the entity providing service within 90 days after the effective day of the rate change or, ...

(120) *Second*, in no democracy on earth can a document that was officially [announced](#) (made public) on February 19, 2024 [Exhibit 2] demand retroactive effect from February 1, 2024. Even if said rate order carried an effective date of February 1, 2024, having been made public ([announced](#)) on February 19, 2024 [Exhibit 2], the rate order could *not* become effective until February 19, 2024 or beyond.

(121) *Third*, insistence that the rate order’s effective date is February 1, 2024, is baseless and unlawful. Whether administrative or judicial, rulings *cannot* be based on assumptions. The MUD and the PUCT cannot claim that a rate order [announced](#) on February 19, 2024 [Exhibit 2] with an effective date of February 1, 2023 [Exhibit 1] can be assumed to carry an effective date of February 1, 2024 and can be assumed to have been announced (made public) on February 1, 2024. A MUD that announced a rate order

with new rates on date X cannot enforce the new rates retroactively even if the rate order carries an effective date preceding date X. In other words, no matter what the effective date in the rate order is, the actual effective date cannot be but the date the rate order was announced (made public) and beyond. The actual effective date cannot go back in time. Accordingly, February 19, 2024 (the date the rate order was [announced](#) / made public) becomes the actual reference point for calculating the 90-day deadline. Then, the residents met the 90-day deadline with their filing of May 7, 2024.

(122) *Fourth*, the effective date of the rate change has to be lawful and based on a lawful procedure, a lawful MUD Board Meeting, and lawful Minutes documenting that Board Meeting. If not, both the rate change and the effective date are unlawful and invalid; such that the PUCT is *unconditionally* obliged to declare them null and void. This petition and Part VI | Chapter E “The PUCT has Jurisdiction as the Rate Order is Void on its Face” highlight enormous irregularities that render the MUD's procedure unlawful, the MUD's Board Meeting of December 18, 2023 unlawful, and the MUD's [Minutes](#) for the Board Meeting of December 18, 2023 unlawful. As the PUCT refused to act on this irregularity and devised all sorts of excuses to justify wrongdoing, tampering, and injustice, we ask the PUCT: Why are you doing this? What do you benefit from injustice? How can you be public servants? How can you be entrusted with serving the people and securing justice? How can you legitimize injustice and wrongdoing and criminalize justice and the law?

(123) *Fifth*, the PUCT's futile philosophication of the effective date of the rate change is evident by considering a simplistic example—A MUD issues a rate order that increases the water rates by ten times, with an effective date of ten years in the past. The MUD insists that the ratepayers are obliged to retroactively pay the new rates for the past 10 years. The ratepayers appeal to the PUCT. According to the PUCT's futile, facile, baseless arguments, the PUCT decides that it has no jurisdiction because the rate appeal is filed too late (much later than 90 days beyond 10 years in the past). Such an argument lacks credibility, reliability, and legitimacy and could *not* be respected by a rational observer. That is not the essence or spirit of the law. The Legislature is *much* smarter than the PUCT thinks.

(124) *Sixth*, the dates February 6, 2024 [Exhibit 3], February 14, 2024 [Exhibit 4], February 19, 2024 [Exhibit 2], and February 26, 2024 [Exhibit 3] confirm that the 90-day deadline is met. And because the rate order was tampered with and the revised rate order was never announced, voted on, or signed anew, a petition (rate appeal) filed *at any time* with the PUCT will be compliant and acceptable.

(125) Finding of Fact No. 10 does not thoroughly, accurately, or fairly depict the residents' 25-page rebuttal [56589-49] of the MUD's fraudulent, baseless motion to dismiss. Additionally, the PUCT continues reprehensible, unwarranted malice through the use of “alleged” violation of the Texas Open

Meetings Act.’ The general public is in grave danger when the PUCT’s commissioners, ALJs, and attorneys, who are under an unconditional obligation to respect and apply the law, defy the law through the use of “alleged” to undermine the MUD’s obligation to comply with Texas Government Code §§ 551.041, 551.042, and 551.043. Texas Government Code §§ 551.041 and 551.043 require that written notice of governmental body meetings be given. With a rate increase or any other matter, notice of the MUD’s business *must* be given in advance by listing that business as an item on the Board Meeting Agenda (Texas Government Code § 551.042) and posting notice of the Board Meeting 72 hours in advance (Texas Government Code § 551.043(a)).

**Texas Government Code § 551.041 Notice of Meeting Required**

A governmental body shall give written notice of the date, hour, place, and subject of each meeting held by the governmental body.

**Texas Government Code § 551.043 Time and Accessibility of Notice**

(a) The notice of a meeting of a governmental body must be posted in a place readily accessible to the general public at all times for at least 72 hours before the scheduled time of the meeting, except as provided by Sections 551.044-551.046.

**Texas Government Code § 551.042 Inquiry Made at Meeting**

(a) If, at a meeting of a governmental body, a member of the public or of the governmental body inquires about a subject for which notice has not been given as required by this subchapter, the notice provisions of this subchapter do not apply to:

...

(b) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

(126) Texas Government Code, Chapter 551 “Open Meetings” requires water districts with a population of 500 or more to: [i] Post the board’s meeting minutes to the district’s website when one exists (§ 551.1283(c)). [ii] Post to the district’s website financial, operating, budget, and tax rate information (§ 551.1283(d)). Said requirements are applicable to Grand Lakes MUD No. 2, which hosts 682 residences and has a website at <https://www.grandlakesmud2.com/>. The PUCT is undoubtedly biased, prejudiced, and irresponsible when having the courage to use “alleged” in defiance of the law.

(127) Finding of Fact No. 11 states: “On June 28, 2024, Commission Staff expressed its support of Grand Lakes MUD No. 2’s motion to dismiss.” The PUCT excludes enormous details that should enable the reader to see the full picture fairly, without bias or distortion.

(128) *First*, because the MUD’s motion to dismiss was filed on June 4, 2024, PUCT Staff’s filing of June 28, 2024 is inadmissible; filed 17 days after the five working-day deadline set in Rule 22.78(a).

(129) *Second*, orchestrated by PUCT’s attorney Kevin Pierce, PUCT Staff’s recommendation [56589-83] is a conscious act of tampering, fraud, and falsification. In [56589-86], [56589-87], [56589-88], and [56589-89], the residents documented enormous falsehood in said recommendation.

(130) *Third*, PUCT’s attorney Kevin Pierce had unlawful interaction with MUD’s attorney Jamie Mauldin (see paragraph (191)), in breach of Texas Penal Code, Title 8, § 39.02(a)(1) “Abuse of Official Capacity” and § 36.04(a) “Improper Influence”, Texas Government Code § 21.013(e)/(f), 16 Texas Administrative Code § 22.161(c)(6), [Disciplinary Rules of Professional Conduct](#), and [Code of Judicial Conduct](#).

(131) *Fourth*, PUCT’s attorney Kevin Pierce and MUD’s attorney Jamie Mauldin were reported to the State Bar of Texas, [Texas Department of Public Safety – Public Integrity Unit](#), Travis County’s District Attorney, Austin Police Department, and Office of the Governor of Texas. The residents continue to pursue the different complaints. The two attorneys must receive a jail sentence. The PUCT is, in fact, liable for not acting on the violations.

(132) *Fifth*, the PUCT fails to explain its unwarranted, unlawful treatment of the case—the MUD filed its motion to dismiss June 4, 2024. The residents responded to the motion via a 25-page brief filed the next day (June 5, 2024). The PUCT issued its PFD on July 23, 2024 and Final Order on August 15, 2024. Why did the PUCT wait for 7 weeks / 10 weeks after the MUD filed its motion to dismiss on June 4, 2024? Why did the PUCT *not* call for a hearing on a motion to dismiss that is frivolous at best?

(133) Finding of Fact No. 12 states: “No hearing was held on the motions to dismiss.” An objective observer would ask the PUCT: If you are entrusted with securing justice and applying the law, why did you not hold a hearing on motions to dismiss that are baseless and fraudulent at best?!

(134) The PUCT ended its dubious list of Findings of Fact with the motions to dismiss. Why? There are some 160 new filings in the docket since June 4, 2024 (when the MUD filed its motion to dismiss). There are some 130 new filings in the docket since June 28, 2024 (when PUCT Staff filed their recommendation to grant the MUD’s motion to dismiss). Filings in the case did *not* stop after the MUD’s motion to dismiss dated June 4, 2024 or the PUCT Staff’s recommendation of June 28, 2024 [56589-83]. On June 5, 2024, the residents responded [56589-49] to the MUD’s motion to dismiss. On June 30, 2024, the residents responded [56589-88] to PUCT Staff’s recommendation. How did the PUCT play an impartial role; securing equality of the parties; and taking the residents’ pleadings into account, not just advocating and bragging about the MUD’s and PUCT Staff’s baseless pleadings?

### **C. The PUCT Erred in its Conclusions of Law**

(135) Conclusion of Law No. 3 reads: “An appeal under TWC § 13.043(b) and (c) must be initiated within 90 days after the effective day of the rate change.” Intending to crush a meritorious rate appeal, the PUCT arbitrarily *plays* with “the effective day of the rate change”. Paragraphs (119) to (124) prove that the PUCT’s position lacks reliability and legitimacy and could not be respected by an objective observer.

(136) Conclusion of Law No. 5 reads: “Under 16 TAC § 22.181(d)(1), the ALJ may recommend to the Commission that it dismiss a proceeding for lack of jurisdiction.” Our comments in the next three paragraphs prove that invoking 16 TAC § 22.181(d)(1) “lack of Jurisdiction” is baseless and unlawful.

(137) *First*, if the claim on lack of jurisdiction bears any credibility, reliability, or legitimacy, why did the PUCT wait 100 days before coming up with its final order? Why did the PUCT allow 210 filings in the docket since May 7, 2024? Why did the PUCT not declare its lack of jurisdiction a day, or a week, after it received our petition (rate appeal) on May 7, 2024?

(138) *Second*, the PUCT has jurisdiction in the case. [i] The 90-day requirement is met as proven in paragraphs (119) to (124) above. [ii] The rate order is void on its face, as detailed in Part VI | Chapter E.

(139) *Third*, through assumptions and futility, the PUCT *cannot* fantasize about the rate order’s effective date. We refer again to paragraphs (119) to (124).

(140) From the PFD to the Final order, the PUCT changed Conclusion of Law No. 6 from “Under 16 TAC § 22.181(c), this proceeding may be dismissed without a hearing because the facts necessary to support the dismissal are uncontested.” to “Under 16 TAC § 22.181(c), this proceeding may be dismissed without a hearing because the facts necessary to support the dismissal are uncontested or are established as a matter of law.” We comment on the PUCT’s malice in the next five paragraphs.

(141) *First*, the addition of “or are established as a matter of law” is *consciously* malicious; meant to justify the PUCT’s conscious, arbitrary, unlawful dismissal of a meritorious rate appeal through distortion and tampering with the law.

(142) *Second*, the PUCT added “or are established as a matter of law” to justify its unlawful invocation of Texas Government Code § 2001.062 and 16 TAC § 22.261(a) in Conclusion of Law No. 8. Said provisions apply to a *contested* case, while the PUCT claimed in the PFD of July 23, 2024 that “this proceeding may be dismissed without a hearing because the facts necessary to support the dismissal are **uncontested.**” [emphasis added]

(143) *Third*, the PUCT’s dismissal of the proceeding without a hearing is wrong, unjustified, malicious, arbitrary, and unlawful.

(144) *Fourth*, the facts necessary to support the dismissal are *strongly* contested with some 210 filings in the docket since May 7, 2024. Our pleadings [56589-49] “Rebuttal and Response to the MUD’s Frivolous Motion to Dismiss” and [56589-88] “Rebuttal of Commission Staff’s Fraudulent Comments on the MUD’s Frivolous Motion to Dismiss” documented in great detail the falsity of the PUCT’s claims.

(145) *Fifth*, as detailed throughout this appeal, no facts existed in support of the PUCT’s arbitrary dismissal of the proceeding. And the PUCT’s arbitrary dismissal of the proceeding is not established as a matter of law. The PUCT had an *unconditional obligation* to act on a rate order that is void on its face, which is the case here (see Part VI | Chapter E).

(146) Conclusion of Law No. 8 reads: “A proposal for decision was issued in accordance with Texas Government Code § 2001.062 and 16 TAC § 22.261(a).” We note that said provisions apply to a *contested* case. But under Conclusion of Law No. 6, the PUCT claims that the facts necessary to support the dismissal are *uncontested*. How can the facts supporting the dismissal be uncontested when there are some 210 filings in the *docket* by August 15, 2024?! If the facts supporting the dismissal are uncontested, why did the PUCT not grant the MUD’s baseless Motion to Dismiss of June 4, 2024 shortly after that date?! If it is uncontested that the PUCT lacks jurisdiction in the case, why did the PUCT not dismiss the petition (rate appeal) within days of May 7, 2024? Why did the PUCT wait 11 weeks since May 7, 2024 and 7 weeks since June 4, 2024 to come up with its PFD of July 23, 2024?!

(147) Conclusion of Law No. 9 reads: “The residents failed to initiate their appeal within 90 days after the effective date of the rate change, as required by TWC § 13.043(c) and 16 TAC § 24.101(b), warranting dismissal of this proceeding under 16 TAC § 22.181(d)(1) for lack of jurisdiction.” This statement is false, baseless, and malicious; it defies reason, logic, and common sense; it blatantly contradicts facts and evidence. The PUCT’s false position is refuted in paragraphs (119) to (124) above.

#### **D. The PUCT Erred in its Ordering Paragraphs**

(148) Given the PUCT’s manifestly deficient and flawed Findings of Fact and manifestly deficient and flawed Conclusions of Law, the PUCT’s Ordering Paragraphs lack any and all credibility, reliability, and legitimacy; they are baseless, malicious, arbitrary, and unlawful.

#### **E. The PUCT Erred in its Decision on Jurisdiction The PUCT has Jurisdiction as the Rate Order is Void on its Face**

(149) The PUCT has jurisdiction in the instant proceeding because the MUD’s rate order is void on its face and the MUD had no entitlement to enact, or enforce, such a rate order. As such, the PUCT has an *unconditional obligation* to declare the rate order null and void.

#### **1. A Rate Order with a Wrong Effective Date Cannot be Enforced**

(150) The rate order that was *announced* on February 19, 2024 [Exhibit 2] carried an effective date of February 1, 2023 [Exhibit 1]. Such a rate order cannot be enforced. Neither the MUD nor the PUCT can claim or assume that it was just a scrivener’s error; it can be forgotten as the effective date should have been February 1, 2024. The PUCT’s rulings cannot be based on assumptions.

**2. A Rate Order with an Effective Date in the Past Cannot be Enforced**

(151) The rate order was enforced from February 1, 2024 even though it carried an effective date of February 1, 2023 [Exhibit 1] and was announced on February 19, 2024 [Exhibit 2]. The rate order could not have retroactive effect. No matter what effective date the rate order carried, a rate order announced on February 19, 2024 could be enforced from February 19, 2024 onward; never from February 1, 2024.

**3. Changing the Rate Order’s Effective Date Constitutes Tampering**

(152) On February 26, 2024 at 9:27:59AM [Exhibit 3], and as confirmed by her affidavit of June 4, 2024 [Exhibit 5], paralegal Melia Berry at the MUD’s Attorney (the law firm Schwartz Page Harding LLP) tampered with the rate order; changing the effective date from February 1, 2023 to February 1, 2024. The revision was never documented via standard date/revision control schemes. The revision was never publicized or made known to the residents/ratepayers through a public announcement. The revised rate order was never voted on anew or signed anew. Such a treatment violates Texas Government Code §§ 551.041, 551.042, and 551.043, making the revised rate order a voidable action under Texas Government Code § 551.141.

**4. Tampering with a Governmental Record is a Criminal Offense**

(153) The rate order is indeed null and void as tampering with a governmental record is a criminal offense under Texas Local Government Code § 180.010(a) and Texas Penal Code, Title 8, § 37.10.

**5. The Rate Order is Illegitimate Under Texas Government Code § 551.042**

(154) The rate order is illegitimate pursuant to Texas Government Code § 551.042. The MUD’s governing body is prohibited from discussing items/ subjects/ topics/ matters/ issues that are not listed on the Agenda for a meeting for which notice was already posted. Item no. 11 “Operation and Maintenance Report” on the Agenda<sup>4</sup> for the MUD’s Board Meeting of December 18, 2023 did not give notice for a rate order amendment proposal. Yet, a deliberation of and decision about the subject (rate order amendment proposal) took place at the actual meeting on December 18, 2023. The matter ended up being documented under “OPERATIONS AND MAINTENANCE REPORT” in the Minutes<sup>5</sup> for the Board Meeting of December 18, 2023, approved in the next monthly meeting on January 29, 2024. [Later on February 14, 2024 at 11:35:14AM [Exhibit 4], the Minutes were scanned (converted to a PDF document) on a Canon iR-ADV C7770 copier/printer. The date February 14, 2024, the earliest the Board Meeting Minutes would/could have become public, confirms that the residents met the 90-day deadline with their May 7, 2024 filing.] This is a stark violation of Texas Government Code § 551.042. The MUD’s Board should have prevented the water company from presenting the rate order amendment proposal. The

4 [https://www.grandlakesmud2.com/static/55eb275284eb2d4a0965c6acb4937e7a/12\\_18\\_23\\_Agenda\\_GL\\_MUD\\_2\\_2eb955c87a.pdf](https://www.grandlakesmud2.com/static/55eb275284eb2d4a0965c6acb4937e7a/12_18_23_Agenda_GL_MUD_2_2eb955c87a.pdf)  
5 [https://www.grandlakesmud2.com/static/6f2cd9293360e4a960dc863323b089e7/12\\_18\\_2024\\_Minutes\\_1dc5ea670f.pdf](https://www.grandlakesmud2.com/static/6f2cd9293360e4a960dc863323b089e7/12_18_2024_Minutes_1dc5ea670f.pdf)

MUD’s Board was *limited* to propose placing the subject/item (proposal for a rate order amendment) on the agenda for a subsequent board meeting.

**Agenda for the MUD’s Board Meeting of December 18, 2023**

- 5. Presentation by Best Trash, LLC, the District's solid waste collection and recycling services provider, regarding annual rate increase and consideration of amended Rate Order in connection with same;
- 11. Operation and Maintenance Report, including:
  - A. Monthly report;
  - B. Appeals of District charges and other customer billing matters;
  - C. Repair and maintenance of District facilities, including consideration of any contracts for same and authorize acceptance of Texas Ethics Commission Form 1295 ("TEC Form 1295");
  - D. Refer accounts for collection;
  - E. Approve write-off of uncollectible accounts;
  - F. Compliance with permits and regulatory requirements, including review of any notices of violations, responses to notices and remedial action taken, self-reporting forms as and if required, and correspondence to and from regulatory agencies regarding same; and
  - G. Reclaimed water system and irrigation;

**Minutes for the MUD’s Board Meeting of December 18, 2023**

**BEST TRASH'S ANNUAL RATE ADJUSTMENT**

Mr. [Dane] Turner addressed the Board concerning Best Trash's annual Consumer Price Index ("CPI") rate adjustment of 6.5% for solid waste and recycling collection services, to be effective December 1, 2023. A copy of the notification of the CPI rate adjustment is attached hereto as **Exhibit A**.

Mr. Skinner then queried the Board as to whether it wanted to amend the District's Rate Order relative to the CPI adjustment. Following discussion, the Board concurred to approve the CPI increase, ..., and to defer, until later in the meeting, consideration of an adjustment to the District's monthly flat rate charge for residential sanitary sewer service relative to the CPI increase.

**OPERATIONS AND MAINTENANCE REPORT**

Mr. [Charlie] Chapline introduced Ms. [Kenieca] Moore and then the Board next considered the Operations and Maintenance Report, dated December 18, 2023, presented to and reviewed with the Board by Mr. [Charlie] Chapline; a copy of the report is attached hereto as **Exhibit G**.

...  
...

Mr. [Charlie] Chapline next presented to and reviewed with the Board a 2024 proposed Rate Schedule for the amendment of Section 3.02 - Monthly Rates for Residential Water Service and Section 3.03 - Monthly Rate for Residential Sanitary Sewer Service of the District's Rate Order. He noted that an additional Rate Schedule relative to Section 3.04 - Monthly Rates for Commercial Water Service of the District's Rate Order will be presented to the Board for consideration at the January Board meeting. He noted that the proposed water rate and sanitary sewer rate changes, if approved today [December 18, 2023], would go into effect on February 1, 2024. A copy of the 2024 proposed Rate Schedule is attached hereto as **Exhibit H**. it [sic] was moved by Director Baker, seconded by Director Henry and unanimously carried, that the Board: (i) approve the 2024 Rate Schedule as presented; and (ii) amend the District's Rate Order with respect to the District's 2024 proposed Rate Schedule, and that any and all Rate Orders heretofore adopted by the Board be revoked, and the attached Rate Order be passed and adopted.

**6. Unlawful Communications and a Meeting Outside of a Formal Board Meeting**

(155) The rate order is illegitimate. Unlawful communications and a meeting took place in November-December 2023, in breach of Texas Government Code §§ 551.042 and 551.143. We learned this through discovery in the proceeding before the PUCT (see [56589-56], [56589-105], [56589-114], [56589-115]).

(156) Per Gordon Cranner [56589-105] of [Schwartz, Page & Harding, LLP](#) (the MUD's Attorney/Counsel), a meeting took place on December 6, 2023 at the water company's offices. Cranner wrote:

On [Wednesday] December 6, 2023, a meeting was held at the offices of Municipal District Services ("MDS") to discuss the planned amended budget in conjunction with rate order changes set to go into effect in February 2024. In attendance were Charlie Chapline and Kenieca Moore with MDS, Taylor Watson with Municipal Accounts & Consulting, and [MUD's] Directors Michael McClusky and Brad Baker. Discussed at the meeting was the impact of the reduction of the SPA distributions on the overall budget for the MUD, the proposed changes to the rate order from the analysis done by MDS and how these changes would affect the MUD budget forecasting going into the next 5 years. From this meeting, the results were passed along to the entire board at the December board meeting upon which the board voted on any changes on the rate order and amended budget.

(157) The electronic communications and the meeting are a violation of Government Code § 551.042. The MUD's business must always be discussed, voted on, and approved in regular Board Meetings with quorum established, provided that a 72-hour notice (Government Code §§ 551.041 and 551.043) has been given for the subject in question and the subject became listed on the Agenda for said meeting. Even if the MUD's business were to be permitted outside of Board Meetings, a meeting and/or communication to that effect must be perfected by a quorum of members. If not, the action becomes a criminal offense under Government Code § 551.143. In the instant case, the participation of only two (McClusky and Baker) of the MUD's five Board Members in the November-December 2023 email exchanges and meeting on December 6, 2023, constitutes a criminal offense under Government Code § 551.143.

(158) The rate order is unlawful and invalid as two of the Board Members who voted on the proposed rates and later on the rate order in the December 18, 2023 and January 29, 2024 Board Meetings had beforehand knowledge of the rates and took part in secretive, unlawful electronic communications in November-December 2023 and in the meeting on December 6, 2023. The involvement of director Bradley Allen Baker must *not* be underestimated. Said individual knew quite well what he was doing. After participating in the secretive discussions and meeting, Baker moved on December 18, 2023 to approve the proposed rate schedule. Later in the May 20, 2024 Board Meeting, Baker moved to engage the law firm [Lloyd Gosselink Rochelle Townsend](#) as legal counsel on residents' rate appeal to the PUCT.

**Minutes for the MUD's Board Meeting of December 18, 2023**  
**OPERATIONS AND MAINTENANCE REPORT**

... it was moved by Director Baker, seconded by Director Henry and unanimously carried, that the Board: (i) approve the 2024 Rate Schedule as presented; and (ii) amend the District's Rate Order with respect to the District's 2024 proposed Rate Schedule, and that any and all Rate Orders heretofore adopted by the Board be revoked, and the attached Rate Order be passed and adopted.

**Minutes for the MUD's Board Meeting of May 20, 2024**  
**ENGAGEMENT OF LEGAL COUNSEL FOR SERVICES**

Mr. Skinner next presented to and reviewed with the Board an Engagement/Employment Agreement with Lloyd Gosselink Attorneys At Law ("Lloyd Gosselink") relative to *PUC Docket No. 56589 Rate Appeal*. After discussion, Director Baker moved to engage Lloyd Gosselink as legal counsel relative to the PUC matter. Director Varm seconded said motion, which carried unanimously.

### 7. Unlawful and Invalid Record Signing Practices

(159) The rate order’s pages are numbered at the bottom in the middle. Page 43 of the rate order includes the statement: “The President or Vice President is authorized to execute and the Secretary or Assistant Secretary is authorized to attest this Order on behalf of the Board and the District.” The rate order is then unlawful and invalid when signed by the Secretary [Exhibit 1], not the President / Vice President and when the Secretary alone signed it on January 29, 2024 without attestation by another officer.

(160) All meeting minutes issued by the MUD are unlawful and invalid as the signature is not associated with a name or a date. The minutes for a monthly meeting are normally approved and signed in the next monthly meeting. But without a date accompanying the signature, no one knows when the minutes were actually signed. The minutes linked in footnote 3 (December 18, 2023) and ¶ (60) serve as evidence.

(161) To conceal contracts, financial information, etc, and prevent the residents from challenging irregularities and improprieties, the MUD’s Attorney (the law firm [Schwartz, Page & Harding LLP](#)) purposely publishes the Board Meeting Minutes, which normally refer to 10 to 20 exhibits, without the exhibits. The minutes linked in footnote 3 and paragraph (60) serve as evidence. This is a breach of Texas Government Code § [551.1283\(c\)](#) and (d) (*see* paragraph (126)). With this, the MUD’s board meeting minutes are, again, unlawful and invalid.

### 8. The Rate Order is Signed by a Disqualified Officer

(162) The rate order is unlawful and invalid because it is signed by an officer (MUD Board Member) who is disqualified under Texas Water Code § [49.052](#).

(163) On the [Grand Lakes MUD No. 2](#) Board of Directors sits as Secretary an officer named Greg Henry (also goes by Gregory Henry, Gregory J. Henry, and Gregory Jay Henry). For serving as Secretary of the MUD’s Board, said officer received, in fees and expenses, \$5,934 in 2022 and \$7,260 in 2023.

(164) A businessman who owns a computer services company ([Xpernet Services, Inc.](#)) and a property management company ([KPM Management](#)), said officer also serves as Assistant Secretary (2020 - 2024) / Secretary (2024 - 2028) on the Fort Bend County MUD No. 165 (*see* <https://fbc mud165.org/board-and-consultants/>). This detail is noted because such profile *cannot* invoke confusion, ignorance, or negligent ignorance—the officer *must* understand what ‘conflict of interest’ is.

(165) [KPM Management](#) is a general partnership, with Greg Henry and his spouse as partners. The company does not have a Legal Name and is not registered with the Texas Secretary of State or the Texas Comptroller of Public Accounts. The company is registered with the Fort Bend County Tax Assessor/

Collector as account no. [2757000040404914](#) | [R465571](#) and address ‘5757 Flewellen Oaks Ln, Unit 404, Fulshear, TX 77441’. The company’s website is <https://kpmcommunities.com/>.

(166) While Greg Henry served as Secretary of the Board of Directors of the [Grand Lakes Municipal Utility District No. 2, KPM Management](#) (which the officer owns with his spouse) was, in 2023, awarded, by the Grand Lakes Community Association (GLCA) contract as Managing Agent of the whole Grand Lakes Community. GLCA is a homeowner association that upkeepes all property within the Grand Lakes community, totaling 37 commercial entities and 2,739 residences. The contract makes [KPM Management](#) oversee all property under the jurisdiction of the three Grand Lakes MUDs ([No. 4](#), [No. 1](#), and [No. 2](#)).

(167) The contract could be based on a personal or business relationship between Greg Henry and Richard Powell, a real-estate agent and President of GLCA’s Board of Directors. The residents demanded that the Community (Homeowner) Association present a contractor qualification matrix showing all bidders and how [KPM Management](#) was selected as the winning bidder. This is the norm in Procurement and Supply Chain. The Community (Homeowner) Association never honored the request, making it clear that something irregular was done. [KPM Management](#)’s contract was terminated as of January 31, 2024, likely based on this incident or on a deteriorating Henry-Powell relationship. [Montage Community Services](#) was awarded the contract from February 1, 2024.

(168) Richard Powell was admonished by many in the Grand Lakes community for ruling as an autocrat; refusing to sign the Community Association’s Code of Conduct under the false claim that he did not need to being a volunteer; abolishing the Association’s annual audit and discarding the Association’s financial reports every three years; amending the Association’s bylaws for personal benefits; influencing and/or tampering with the election results; indifference about and mishandling of residents’ funds; and more.

(169) When looking into conflict of interest, a rational observer would entertain worrying situations. [i] The Grand Lakes MUDs and the Grand Lakes Community/Homeowner Association govern the same constituents. [ii] Voting by the conflicted officer on the MUD’s budget is troubling, especially when projects are shared or money is transferred from the MUD to the Community/Homeowner Association for reimbursement of certain expenses. [iii] The conflicted officer could vote in favor of a project at the MUD just because the project benefits the officer’s property management company that oversees the community. [iv] Depending on the project and expense reimbursement, the MUD or the Community/Homeowner Association could have an appellate jurisdiction over the other’s decisions. In such case and in budget votes, the vote of the conflicted officer would be significant, especially when a decision would not have passed had the conflicted officer not voted in favor; or when a decision would have passed had the conflicted officer not voted against. [v] Recusal / abstention does not mean that the conflicted officer

remedied a complex situation. The officer’s action (recusal / abstention) continues to be worrying when it results in passing a decision that is either detrimental or important to the ratepayers / community or crushing a decision that is either detrimental or important to the ratepayers / community.

(170) The contract in question is a violation of [Texas Water Code § 49.052](#) ‘Disqualification of Directors’. By vote of its remaining members, the [Grand Lakes MUD No. 2](#) Board of Directors must remove the said officer/board member. This was *not* done. The Grand Lakes Community Association and the [Grand Lakes MUD No. 2](#) maintain silence, essentially covering up irregularities and shielding those involved.

(171) While disqualified, said officer has, on behalf of the Grand Lakes [MUD No. 2](#) Board of Directors, signed many documents. And on January 29, 2024 [Exhibit 1], he signed the contested rate order.

(172) This incident is representative of indifference, mismanagement, abuse of authority, conflict of interest, and disregard for the fundamentals of democracy, governance, justice, and the rule of law. An investigation is warranted because ratepayers are entitled to justice.

### **9. The Rate Order is Illegitimate**

(173) The rate schedule approved in the MUD’s Board Meeting of December 18, 2023 increased by 200% to 450% the monthly water bill for residential customers *only*. The rate order is illegitimate under Texas Water Code § [13.043](#), and based on many irregularities; cf. Part VI | Chapter A | Sections 1 to 8.

### **10. The PUCT’s Jurisdiction Needs Judicial Clarification**

(174) The PUCT’s role and jurisdiction are ambiguous and need judicial clarification so that other complainants do not go through our experience with the PUCT.

(175) *First*, Texas Water Code § [13.003](#) states that the Administrative Procedure Act (APA | [Chapter 2001](#) of the Government Code) applies to all proceedings under TWC [Chapter 13](#) except when inconsistent with the chapter. [APA](#) provides minimum standards of uniform practice and procedure for the PUCT.

(176) *Second*, the MUD is a Local Government and a Political Subdivision of the State. How can the PUCT examine a case against a MUD if it claims that it cannot enforce the Local Government Code?

(177) *Third*, under Rule [22.1\(b\)\(2\)](#), “[Chapter 22 "Procedural Rules" of 16 Texas Administrative Code] shall govern proceedings under the Texas Utilities Code, Texas Water Code, Texas Health and Safety Code, Texas Government Code, or any other statute granting the Public Utility Commission of Texas authority to conduct proceedings.” This implies that [Water Code](#), [Government Code](#), [Local Government Code](#), and all relevant state and federal laws are applicable when it comes to the PUCT carrying out its mission. How can the PUCT not have jurisdiction in our case against a MUD with everlasting violations?

(178) *Fourth*, under Rule 24.1(a), “[Chapter 24 "Substantive Rules Applicable To Water And Sewer Service Providers" of 16 Texas Administrative Code] ... establish[es] a comprehensive regulatory system under Texas Water Code, Chapter 13, to ..., and to establish the rights and responsibilities of both the retail public utility<sup>6</sup> and consumer. Th[e] chapter shall also govern the procedure for the institution, conduct and determination of all water and sewer rate causes and proceedings before the commission. ...” How can the PUCT not have jurisdiction in our case against a MUD that has persistently planned and executed violations for over twenty years?

(179) *Fifth*, under Rule 24.3(31), a MUD—a Political Subdivision—is a Retail Public Utility. Under Rule 24.1(c), retail public utilities are responsible to remain in compliance with all applicable rules and requirements, including those imposed by TCEQ or other agencies.

(180) *Sixth*, under Rule 24.1(c), the PUCT has jurisdiction to ensure that the MUD is compliant with TCEQ’s and other agencies’ rules and requirements. See Rule 22.246(b)(5) and Rule 24.539 on Violations and Fines and Penalties.

(181) *Seventh*, conflict of interest, impartiality, independence, disqualification, recusal, standard of conduct, and relationship or financial disclosure are important matters that the Legislature covered extensively in a number of codes (*see* below). Said matters are crucial for proper and lawful governance of any organization. How can the PUCT properly discharge its functions when it claims that it has no jurisdiction to look into such matters or enforce the relevant codes?

- Texas Water Code §§ 49.052, 49.054, 49.055, 49.058, 49.214, and 54.101 talk about officers, duties, oath of office, and conflict of interest.
- Government Code, Chapter 602: Administration of Oaths.
- Government Code, Chapter 572: Personal Financial Disclosure, Standard of Conduct, Conflict of Interest.
- Local Government Code, Chapter 145: Financial Disclosures and Standards of Conduct for Local Government Officers.
  - § 145.009: Criminal Penalty.
  - § 145.010: Civil Penalty.
- Local Government Code, Chapter 171: Regulation of Conflicts of Interest of Officers.
- Local Government Code, Chapter 176: Disclosure of Certain Relationships with Local Gov’t Officers.
  - § 176.013 Enforcement.
  - Local Government Officer Conflicts Disclosure Statement (Form CIS).
  - Conflict of Interest Questionnaire (Form CIQ).
- Local Government Code, Chapter 180: Provisions Affecting Officers and Employees of ... Local Gov’t.
  - § 180.010 Removal for Certain Criminal Offenses.
    - (a) "qualifying offense" means a criminal offense involving: (1) bribery; (2) theft of public money; (3) perjury; (4) coercion of public servant or voter; (5) tampering with governmental record;

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6 The MUD is a Retail Public Utility under Rule 24.3(31).

- (6) misuse of official information; (7) abuse of official capacity; or
- (8) conspiracy or the attempt to commit any of the offenses described by this subsection.

- Rule 24.1(a) A comprehensive regulatory system under TWC, Chapter 13, to establish the rights and responsibilities of both the MUD and consumer; and govern the procedure and proceedings before the commission.
- Rule 24.1(c) Retail public utilities are responsible to remain in compliance with all applicable rules and requirements, including those imposed by TCEQ or other agencies.
- Rule 22.246(b)(5) Violations of Texas Water Code, Commission Rules, or Commission Order.
- Rule 24.539 Fines and penalties collected under TWC, Chapter 13, from a retail public utility.

**F. The PUCT Erred in Not Acting on TCEQ’s Citations to the MUD**

(182) Our pleading [56589-62] highlighted to the PUCT numerous citations the Grand Lakes MUDs received from Texas Commission on Environmental Quality (TCEQ) since 2021, without ever bothering to add such violations to the board meeting agenda and minutes; without ever informing the residents; and without ever initiating corrective measures to remedy the non-compliance.

(183) Inspection of TCEQ's Central Registry (<https://www15.tceq.texas.gov/crpub/>) revealed that each of the three Grand Lakes MUDs has outstanding violations since November 2021, with new violations recorded in June and August 2024.

- Grand Lakes MUD No. 2: CN601364334; RN101175826; PWS 0790387 | Violation notice<sup>7</sup> [Exhibit 7]
- Grand Lakes MUD No. 1: CN601363484; RN102685856; PWS 0790410 | Violation notice<sup>8</sup> [Exhibit 8]
- Grand Lakes MUD No. 4: CN601363716; RN102686441; PWS 0790356 | Violation notice<sup>9</sup> [Exhibit 9]

(184) For years, the MUD’s Board, the MUD’s Attorney (the law firm Schwartz, Page & Harding LLP), and the water company (Municipal District Services | MDS Water) failed to: [i] Disclose to residents/ratepayers material facts and violations that impact the community. [ii] Document and report water-related violations in the monthly Board Meeting Minutes. [iii] Document and report violations of 30 Texas Administrative Code §§ 290.45 and 290.46 in the monthly Board Meeting Minutes. [iv] Comply with 30 Texas Administrative Code § 290.46(k) in that “the interconnect to another water supply is prohibited unless the interconnect is approved by TCEQ and the other water supply is of a safe, sanitary quality.” [v] Comply with 30 Texas Administrative Code § 290.45(f)(2) in that “a water purchase contract be available that authorizes the purchase of enough water to meet the monthly or annual needs of the MUD.” [vi] Remedy the violations and enact corrective measures.

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7 [https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=463584512002136&re\\_id=197668862002005](https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn_id=463584512002136&re_id=197668862002005)  
8 [https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=39743652002178&re\\_id=47743652002178](https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn_id=39743652002178&re_id=47743652002178)  
9 [https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=782748902002178&re\\_id=793748892002178](https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn_id=782748902002178&re_id=793748892002178)

(185) The violations should have existed as early as the different Grand Lakes MUDs were created (over 20 years ago).

(186) 30 Texas Administrative Code § 290.45(f)(2) surrounds water purchase contracts. Why do proper water purchase/supply contracts not exist? Who benefits from that; how; and by how much?

(187) 30 Texas Administrative Code § 290.46(k) surrounds water supply system interconnects. The MUD, MUD’s Attorney, and water company operated water supply system interconnects on a permanent and continuous basis *without* TCEQ’s approval and *without* assurance, following oversight by a state agency, that the other water supply system is of a safe, sanitary quality.

(188) The MUD’s Board, Attorney, and Operator (water company) *cannot* invoke confusion or ignorance. They *cannot* pick and choose what to include in the monthly Board Meeting Minutes. Citations issued by TCEQ or other state agencies must be instantly communicated to the Board and residents/ratepayers, added to the monthly meeting agendas and minutes, and tracked until resolved and closed.

(189) Under Rule 24.1(c), retail public utilities—which the Grand Lakes MUDs fall under—are responsible to remain in compliance with all applicable rules and requirements, including those imposed by TCEQ or other agencies. Also here the PUCT did not act on violations that its own rules dictate that it act.

(190) The incident qualifies as a criminal offense under Texas Local Government Code § 180.010(a). The MUD’s violations add to the enormity of consistent, persistent indifference, ill intentions, secrecy, lack of transparency, and disregard for the law that exemplify the MUD’s Board and Consultants.

**G. The PUCT Erred in Not Acting on a Criminal Violation: Unlawful Communication Involving PUCT’s Attorney Kevin Pierce and MUD’s Attorney Jamie Mauldin**

(191) Evidence disclosed on July 10, 2024 [56589-124] showed that PUCT’s attorney Kevin Pierce had, during the period May 15 – June 28, twenty-five emails and one phone call (on May 20, 2024) with the MUD’s attorney Jamie Mauldin (Lloyd Gosselink Rochelle Townsend). In the email exchanges, Pierce presented himself as a biased, prejudiced, conflicted, compromised attorney begging for attention; and a secretary to the MUD’s attorneys, alerting them to specific pleadings so that they take action. While his role at the PUCT is to advocate the general public’s interests, Pierce acted as the MUD’s attorney and residents’ counterparty, being overjoyed about wanting to unlawfully and unfairly dismiss a meritorious petition (rate appeal). As early as June 5, 2024, Pierce told Mauldin that he was “taking some additional time to make sure everything is airtight.” [56589-124] On June 17, eleven days before delivering his recommendation [56589-83], Pierce informed Mauldin that he intends to move for dismissal of the petition. Pierce did the same on June 26, two days before filing his comments. Attorney Mauldin took full

advantage of Pierce, emailing him on June 17, 2024 and asking: “Do you know yet how your [Subject Matter Experts] SMEs will be commenting on the petition? Give me a call to discuss if you’d like.”

Monday, June 17, 2024 2:31 PM

Kevin,  
Thanks for sending. In advance of the deadlines next week (6/29), is there anything we should discuss on procedural schedule? Do you know yet how your SMEs will be commenting on the petition? Give me a call to discuss if you’d like.  
Thanks,  
Jamie [Mauldin]  
Principal  
Lloyd Gosselink Rochelle & Townsend, P.C.

Monday, June 17, 2024 3:47 PM

Good afternoon Jamie,  
Just as a point of clarification the ALJ moved the deadlines to July 1, so we have a little more time to prepare everything. I’m not 100% finished with my review, both on my own and through my reviewers, but I think that we’re likely to move for dismissal and therefore not recommend a procedural schedule until the motions to dismiss are addressed.  
Best Regards,  
Kevin Pierce  
Attorney, Legal Division  
Public Utility Commission of Texas

Wednesday, June 26, 2024 9:08 AM

Hi Kevin,  
I was just looking at my calendar and wanted to confirm that we don’t need to confer on scheduling/processing for a filing Monday. I know Staff usually handles that in their recommendation but let me know if you need anything else on that.  
Thanks-  
Jamie [Mauldin]  
Principal  
Lloyd Gosselink Rochelle & Townsend, P.C.

Wednesday, June 26, 2024 12:29 PM

Good afternoon Jamie,  
I appreciate you checking in. We don’t believe it’ll be necessary to discuss a procedural schedule at this time. Subject to some unanticipated, last-minute course-reversal I intend to move for dismissal of the petition, and a procedural schedule would be moot given that motion.  
Let me know if you’d like to discuss anything else on this docket.  
Best Regards,  
Kevin Pierce  
Attorney, Legal Division  
Public Utility Commission of Texas

Wednesday, May 15, 2024 12:48 PM

... I'm also happy to hop on a call to discuss this docket if there is anything y'all want to discuss at the outset. ...

Wednesday, May 15, 2024 2:11 PM

I'll be available next Monday between 9:30-12, 3-4:30 and Tuesday between 9-10am, 11:30am-3:30pm. Let me know if there's a time that works for you in there.

Wednesday, June 5, 2024 12:15 PM

I wanted to confirm, is GLMUD not contesting the number of valid signatures? I just want to make sure I didn't miss the argument if you made it somewhere. Thank you!

Wednesday, June 5, 2024 12:25 PM

... I hope you'll understand me taking some additional time to make sure everything is airtight and cleared with my leadership team before filing our response. ...

Monday, June 24, 2024 11:13 AM

Let me know if there are any questions or anything you wish to chat about. Thanks!

Wednesday, June 26, 2024 12:28:56 PM

Let me know if you'd like to discuss anything else on this docket.

(192) The interaction between the two attorneys is a criminal offense under Texas Government Code § 21.013(e)/(f) and Texas Penal Code, Title 8, § 39.02(a)(1) “Abuse of Official Capacity” and § 36.04(a)

“Improper Influence”. It is also a breach of [Texas Code of Judicial Conduct](#), [Texas Disciplinary Rules of Professional Conduct](#), and 16 Texas Administrative Code § 22.161(c)(6).

(193) Despite three formal motions (motion to disqualify, motion for sanctions, and motion for contempt), the ALJ ignored taking action against PUCT’s attorney Kevin Pierce. The ALJ breached her responsibilities under Canon 3D(2) of the [Texas Code of Judicial Conduct](#).

**Canon 3: Performing the Duties of Judicial Office Impartially and Diligently**  
**D. Disciplinary Responsibilities**  
(2) A judge who receives information clearly establishing that a lawyer has committed a violation of the Texas Disciplinary Rules of Professional Conduct should take appropriate action. A judge having knowledge that a lawyer has committed a violation of the Texas Disciplinary Rules of Professional Conduct that raises a substantial question as to the lawyer’s honesty, trustworthiness or fitness as a lawyer in other respects shall inform the Office of the General Counsel of the State Bar of Texas or take other appropriate action.

**H. Unlawful Procedure Invalidates  
the PUCT’s Findings, Inferences, Conclusions, and Orders**

(194) In Order No. 3 and Order No. 6, ALJ Katie Moore Marx abused discretion and the law when it comes to invoking Rule 22.101(a) to demand proof of presentation from the Residents’ Representative. Said provision applies to a person’s representative, not to a party’s representative.

(195) We filed our petition (rate appeal) with the PUCT on May 7, 2024. Pursuant to Rule 24.8(a), applications must be reviewed for administrative completeness within 30 calendar days from the date the PUCT received the application. Via filing at 03:10:46PM on June 28, 2024, PUCT Staff recommended that our petition be deemed administratively incomplete and requested that our petition be dismissed. PUCT Staff’s filing is inadmissible; having come 22 days after the 30-day deadline set in Rule 24.8(a).

(196) In a June 28, 2024 brief, PUCT Staff recommended that the MUD’s motion to dismiss, filed on June 4, 2024, be granted. The PUCT’s brief is inadmissible; it is filed 17 days after the five working-day deadline set in Rule 22.78(a).

(197) Our motion to establish interim rates [56589-22] is dated May 21, 2024. Per Rule 22.78(a), PUCT Staff’s responsive pleading should have been lodged within five working days of May 21, 2024—that is, by May 28, 2024. Almost three weeks after lodging our motion, Order No. 6 [56589-50] of June 10, 2024 gave PUCT Staff until July 1, 2024 to file comments to the motion. PUCT Staff filed their comments on June 28, 2024—that is, one month after the deadline set by Rule 22.78(a). PUCT Staff’s pleading is inadmissible. The ALJ’s abuse of discretion and the law is unwarranted.

(198) The ALJ’s absent, delayed treatment of our case is damaging, unjustified, and unlawful. ALJ Katie Moore Marx pursued a plan, which she concluded with the baseless PFD of July 23, 2024. The ALJ put on hold for 7 to 12 weeks every reasonable and justified request and motion the residents filed. In

contrast, the ALJ rushed to act on frivolous, malicious, fraudulent requests and motions the MUD filed through attorney Jamie Mauldin of [Lloyd Gosselink Rochelle Townsend](#).

(199) On May 21, 2024, pursuant to 16 TAC § 24.101(h), the residents filed with the PUCT a Motion to Establish Interim Rates [56589-22]. Per July 30, 2024, after ten weeks, the ALJ did not decide the motion.

(200) Since the MUD filed its Motion to Dismiss [56589-48] on June 4, 2024, the residents filed twenty Requests for Information for the purpose of informing the case. The MUD objected to almost each and every request. The residents followed with fourteen Motions to Compel, the first on June 28, 2024. ALJ Katie Moore Marx did *not* decide any by July 30, 2024.

(201) Since June 18, 2024, the residents filed several requests and motions. ALJ Katie Moore Marx did *not* decide any by July 30, 2024.

(202) After we highlighted the ALJ’s conscious, unfair, unlawful treatment of our case, ALJ Katie Moore Marx rushed and rendered Order No. 11 [56589-189] on August 1, 2024 at 1:23:32PM; 97 minutes before the deadline for filing exceptions to the PFD. The timing is not accidental at all; it is a continuation of the ALJ’s unlawful, unfair treatment of our case. The timing is meant to prevent the residents from responding and highlighting the ALJ’s violations in their exceptions to the PFD.

(203) Order No. 11 [56589-189] of August 1, 2024 was a rushed act that unfairly and unlawfully crushed every single request and motion that the residents lodged and that ALJ Katie Moore Marx put on hold since May 21, 2024. The order:

- Denied residents’ Request to Initiate Investigation [56589-60 (June 18, 2024)].
- In response to residents’ Motion for Sanctions against the MUD [56589-90 (June 30, 2024)], the order stated: “Depending on the outcome of the pending PFD filed on July 23, 2024, the ALJ may set the residents’ motion for sanctions for a hearing at a later date.”
- In response to residents’ Motion for Sanctions, Motion to Disqualify, and Motion for Contempt against PUCT’s attorney Kevin Pierce [56589-128 (July 14, 2024)], the order stated: “Depending on the outcome of the pending PFD filed on July 23, 2024, the ALJ may set the residents’ motions for disqualification, sanctions, and contempt for a hearing at a later date.”
- Denied residents’ Motion to have Confidential Information Publicly Released [56589-123 (July 23, 2024)]. The MUD falsely designated as ‘Confidential’ and exempt from public disclosure under Texas Government Code § 552.102 or Texas Utility Code § 32.101(c) the attachment [56589-150]. The ALJ claimed that “residents are entitled to review any confidential information in this docket after signing the protective order certification form attached to the protective order as attachment A.” The ALJ decided that the MUD’s document is confidential without seeing or reviewing it. The document is believed to contain the email addresses of the MUD’s Board Members. Texas Government Code § 552.102 is *not* applicable because petitioners did not request personnel files or information that invade personal privacy. Texas Government Code § 552.024 is also *not* applicable as it relates to Board Members’ home addresses and home phone numbers, which petitioners did not ask for. In any case, property search at

<https://research.fbcad.org/> or [https://actweb.acttax.com/act\\_webdev/fbc/](https://actweb.acttax.com/act_webdev/fbc/) reveals property and owner information, making this information public. Lastly, Texas Utility Code § 32.101(c) is, as well, *not* applicable—it applies to tariff filings by an electric utility and relates to customer names and addresses.

- Denied residents’ June 28 and July 1, 8, 9, 18, and 19, 2024 Motions to Compel.

(204) On July 24, 2024, ALJ Katie Moore Marx rendered Order No. 9 [56589-176] that “stays all existing deadlines for responses to discovery requests and motions to compel pending the outcome of the proceeding.” Meant to guarantee a wrongful outcome in the case, the order is a conscious act of arbitrariness, injustice, and abuse of the law.

(205) In Order No. 10 [56589-186], ALJ Katie Moore Marx declared herself eligible and denied our motion to recuse [56589-169]. The order lacks reliability even if the rules allow an ALJ to comment on her own recusal or disqualification.

(206) Because a motion to recuse [56589-169] pended before the PUCT, 16 Texas Administrative Code § 22.3(e)(5) prevents an ALJ from rendering any orders until the issue of disqualification is finally decided. Only an SOAH-appointed ALJ can render orders in matters other than the recusal/disqualification. As such, Order No. 9 [56589-176] and Order No. 11 [56589-189], which ALJ Katie Moore Marx rendered while a motion to recuse the ALJ pended, are unlawful, invalid, null, and void.

(207) ALJ Katie Moore Marx is by all norms and standards disqualified—she is biased and prejudiced; she intended to discriminate and retaliate against the residents; she gave the MUD unlawful preferential treatment. The motives behind, and the consequences of, her actions are *not* fully known at this time. In continuing to work on case no. 56589, ALJ Katie Moore Marx—who knowingly and willfully chose to exclude evidence and abuse the law—was essentially called upon to reassess whether her previous decisions are based on genuine administration of evidence and proper application of the law. Thus, an ALJ who voluntarily chose to ignore evidence, defy the law, and deny the residents justice, was called upon to decide whether or not she herself had erred in her PFD; in result being requested to judge herself and her ability to administer evidence and apply or interpret the law. In staying on case no. 56589, ALJ Katie Moore Marx did much damage to the residents, the PUCT, and the system of justice.

(208) The PUCT did not entertain our appeals against Order No. 9, Order No. 10, and Order No. 11. Via Commission Advising letters of August 2, 2024 and August 7, 2024, the PUCT wrote: “The Commission voted to not add the Appeal of Order No. .... to any open meeting agenda.”

(209) Such letters are unlawful and invalid as they build on an unlawful procedure. [i] We remind of Rule 22.3(e)(5). [ii] The three orders (No. 9 [56589-176], No. 10 [56589-186], No. 11 [56589-189]) are

delivered by a disqualified ALJ who voluntarily chose to mishandle our case in an unlawful manner. [iii] In breach of the right to adversarial proceedings, the PUCT did not ask the MUD to file replies to the appeals against the three orders. [iv] The memoranda by which the three appeals were transferred to the Commission do not exist in the record. [v] Unlawful orders cannot remain in effect; they must be nullified even if they have no, or negligible, impact. The PUCT cannot pick and choose when and how to secure justice. Justice cannot be arbitrarily decided by Commission Advising staff.

(210) The PUCT’s final order [56589-210] relied on a baseless, unlawful PFD [56589-167] that presented false, misleading, or incomplete information. The result is a wrongful outcome in docket no. 56589.

(211) The PUCT’s PFD and Final Order lack credibility, reliability, and legitimacy because the PUCT waited 100 days after we filed the petition on May 7, 2024! We wrote in the brief [56589-166]:

(17) The Commission’s delayed treatment of the instant case is destructive. *Justice delayed is justice denied.* Unconditional disclosure of all information controlled by the Grand Lakes MUDs is crucial for the petitioners and the Commission to examine the case, understand the real financial situation, and stop mismanagement.

(212) The PUCT’s memo of August 23, 2024 reads: “The Commission voted to not add the Motion for Rehearing of the Commission’s Order to any open meeting agenda.” This memo is unlawful and invalid for two reasons:

(213) The PUCT rushed the memo of August 23, 2024 one week after we filed the motion for rehearing, without allowing the adverse party (parties) to file replies to the motion as required by APA § 2001.146(b). Obviously, replies by the MUD and PUCT Staff will not benefit the residents or add any fairness to the proceeding. But, in rushing through the procedure, disregarding the law, and denying the right to adversarial proceedings, the PUCT presented itself as a biased arbiter and another adverse party acting against the interests and rights of the residents.

(214) APA § 2001.144(a)(2) implies that if a motion for rehearing is timely filed and the filed motion for rehearing is not overruled by operation of law (which is the case here), the state agency becomes *obliged* to render a signed order overruling the filed motion for rehearing. In the absence of such a signed order overruling our motion for rehearing, the PUCT would have wrongly terminated our case (no. 56589).

**I. The PUCT’s Breach of Texas Code of Judicial Conduct and Texas Disciplinary Rules of Professional Conduct**

(215) The United States is a modern democracy built on the principles of justice and the rule of law. Tampering with such principles is a crime—that has PUCT’s staff members planned and executed.

(216) Our country criticizes regimes that do not respect the rule of law and allow fraudulent rulings and abuse of the law. In docket no. 56589, we have staff members who did just that. In consciously choosing to hinder discovery, distort facts, exclude evidence, abuse the law, endorse wrongdoing, and hinder justice, PUCT’s staff members harm democracy and the system of justice.

(217) PUCT’s staff members were not given the trust and placed in office because the State was looking for individuals who could hinder discovery, distort the facts, abuse the law, and blur legal, moral, and ethical lines. PUCT’s staff members breached every element of the [Texas Code of Judicial Conduct](#), even if such code is not meant for administrative law judges or attorneys. Canons 1 through 6 in said code set the standard as to what is expected of any individual entrusted as arbiter of facts, evidence, and law. With knowledge, will, and deliberate intent, PUCT’s staff members chose to disregard such principles.

**Texas Code of Judicial Conduct**

Canon 1: Upholding the Integrity and Independence of the Judiciary  
Canon 2: Avoiding Impropriety and the Appearance of Impropriety in All of the Judge’s Activities  
Canon 3: Performing the Duties of Judicial Office Impartially and Diligently  
    B. Adjudicative Responsibilities  
    C. Administrative Responsibilities  
    D. Disciplinary Responsibilities  
Canon 6: Compliance with the Code of Judicial Conduct  
    H. Attorneys: Any lawyer who contributes to the violation of Canons 3B(7), 3B(10), 4D(4), 5, or 6C(2), or other relevant provisions of this Code, is subject to disciplinary action by the State Bar of Texas.

(218) As lawyers, PUCT’s staff members breached a good number of the rules of [Texas Disciplinary Rules of Professional Conduct](#)—Recitals 1, 4, 5, 8, and 9 in the Preamble and Rules 3.01, 3.02, 3.03, 3.04, 3.05, 3.07, 4.01, 4.04, 8.03, and 8.04.

**Texas Disciplinary Rules of Professional Conduct**

**Preamble: A Lawyer's Responsibilities**  
Recitals 1, 4, 5, 8, and 9.

**III. Advocate**  
Rule 3.01. Meritorious Claims and Contentions  
Rule 3.02. Minimizing the Burdens and Delays of Litigation  
Rule 3.03. Candor Toward the Tribunal  
Rule 3.04. Fairness in Adjudicatory Proceedings  
Rule 3.05. Maintaining Impartiality of Tribunal  
Rule 3.07. Trial Publicity

**IV. Non-Client Relationships**  
Rule 4.01. Truthfulness in Statements to Others  
Rule 4.04. Respect for Rights of Third Persons

**VIII. Maintaining the Integrity of the Profession**  
Rule 8.03. Reporting Professional Misconduct  
Rule 8.04. Misconduct

**VII. The MUD’s Punishable Retaliation Against the Residents’ Representative**  
**A. The MUD’s, Attorney’s, and Water Company’s Premeditated Retaliatory Scheme**

(219) In the aftermath of the rate order (unlawfully) enforced from February 1, 2024, the Residents' Representative paid his monthly water bills in full according to the rates valid before February 1, 2024, such that he does not owe the water company a penny. The MUD’s Board, Attorney, and the water company (Municipal District Services | [MDS Water](#)) exploited this opportunity to the fullest. They worked in complicity, actively, consciously, willingly, deliberately, and intentionally to retaliate against someone who had the courage to document and expose their violations. They disconnected (removed) the water meter at the Residents' Representative’s property on June 18, 2024. Their actions are detailed next.

- On Saturday, May 18, 2024, the Residents' Representative received from the water company, on behalf of the MUD, a letter dated May 10, 2024 threatening/warning of Water Service Termination if payment is not made by Monday, May 20, 2024. The letter reads in part: “You may address your comments in writing BEFORE the MEETING DATE [Monday, May 20, 2024] to the Board of Directors of GRAND LAKES MUD #2 at P.O. BOX 1827 CYPRESS, TX 77410 or via [info@mdswater.com](mailto:info@mdswater.com).” It is not coincidental that the letter dated May 10 was received on May 18. To execute their malicious plan, the water company held the letter dated May 10 and posted it likely on Friday May 17.

- On May 21, 2024, the water company hung on the Residents' Representative’s door a red tag with the text: “**Delinquent Water Bill Notice** | Warning: Water Service to these premises will be discontinued unless payment is received in our office.” The Residents' Representative refused to bow to unlawful pressure.

- Shortly after, the water company disconnected water to the property '6819 Rosemont Park Ln, Katy, TX 77494-6590' by shutting the valve (turning it 90 degrees) at the meter. Having found that, the Residents' Representative put the valve back in line, allowing water to flow to his property through the meter. The Residents' Representative paid his water bill according to the consumption and the rates valid before February 1, 2024.

- On June 17, 2024, the water company put a lock on the water meter to the property '6819 Rosemont Park Ln, Katy, TX 77494-6590'. The technician drove a white Ford F-150 truck, Texas license plate no. JTL 4992. Because the MUD and water company were not entitled to such action; because the rate order enforced from February 1, 2024 was illegitimate; because the Residents' Representative paid his water bills in full pursuant to the rates that prevailed before February 1, 2024; and because humans are entitled to water, the Residents' Representative managed to remove the lock and have water flow to his property through the meter.

- On June 18, 2024, the water company disconnected (removed) the water meter to the property '6819 Rosemont Park Ln, Katy, TX 77494-6590', keeping the two ends of the line (the supply end and the other end to the property) open and subject to contamination.

- On July 3, 2024, the water company removed the supply line completely and moved the neighbor's water meter (6815 Rosemont Park Ln, Katy, TX 77494) to the middle of the box that normally houses two water meters; one to the left and one to the right.

- Through pure fraud, the water company issued the June 20, 2024 water bill adding \$300 (\$150 in Deposit and \$150 in Reconnect Fee) to the Residents' Representative’s alleged amount due. The Residents' Representative’s water account was established in January 2008. The Deposit paid then

continues to be in the account and the account was never delinquent. The water company is not entitled to any new deposit or any reconnect fee. How can the water company charge a Reconnect Fee when they disconnected the water meter to the property since June 18, 2024?

- Despite disconnecting the water meter on June 18, 2024, the water company issued a July 22, 2024 bill for the period June 13, 2024 to July 13, 2024, claiming \$25 for water and \$20 for sewer. The water bill claims a due amount of \$563.10.

- From July 18, 2024, Best Trash stopped collecting the trash at the Residents' Representative's property, based on lawless instructions from the MUD and water company. Trash collection has nothing to do with the water bill. Trash collection expenditures are paid by residents as part of the annual MUD tax.

- On August 20, 2024 at 4:20pm, the Ford F-150 White Truck belonging to the water company parked in front of the property '6819 Rosemont Park Ln, Katy, TX 77494-6590'. The water company's employee with light blue jeans and a white T-shirt illegally wandered in front of the entire property. Instructed by Chapline (the father or son, owners of the water company) or others, the technician was clearly sent on an evil assignment; to inspect how dead the grass was because of the heat and no watering. After midnight, the Residents' Representative sent an email to the MUD's five board members and the water company, writing: "The MUD and the water company must understand that this behavior is illegal and constitutes illegal trespassing. After taking the water meter, MDS Water has nothing to do at this address. If any, MDS Water's access is limited to the street. ...".

- On August 21, 2024, the Residents' Representative received the water bill for the period July 13, 2024 to August 13, 2024. The bill requests \$45 in water/sewer fees even though the MUD and water company disconnected the water meter since June 18, 2024. The bill shows a total due of \$612.60.

- Reading the MUD's Board Meeting [Minutes<sup>10</sup>](#) for July 15, 2024 (approved in the next monthly meeting of August 19, 2024 and published at the MUD's [website](#) on August 22, 2024), the Residents' Representative learned of further retaliation orchestrated by [Christopher T. Skinner](#)—the MUD's attorney, who himself has mishandled the Grand Lakes MUDs' finances for so many years. Without the Residents' Representative's participation, and based on matter Skinner fabricated, the MUD's Board passed against the Residents' Representative two civil penalties, \$200 each, under the *bogus* claim of rate order violations. Bradley Allen Baker started the motion; Gregory Jay Henry seconded it; and the other Board Members approved it.

Who are Baker and Henry? Bradley Allen Baker is the Assistant Secretary of the MUD's Board, who was part of the secretive unlawful email communications of November-December 2023 and the meeting of December 6, 2023. One can read about Baker's violations in paragraphs (155) to (158). Gregory Jay Henry is the disqualified Secretary of the MUD's Board. One can read about Henry's violations in paragraphs (162) to (172).

**Minutes for the MUD's Board Meeting of July 15, 2024**  
**RATE ORDER VIOLATIONS AND NOTICE OF A PUBLIC HEARING**

Mr. Skinner next presented to and reviewed with the Board correspondence to Dr. George J. Wakileh, Ph.D. who resides at 6819 Rosemont Park Lane, Katy, Texas, 77494-6390 advising him of his direct violations of the District's Rate Order and providing him Notice of a Public Hearing, scheduled for Monday, July 15, 2024, at 11:00 a.m. at 1300 Post Oak Boulevard, Suite 2500, Houston, Texas where the Board will determine the appropriate fine, if any, and/or other penalty to be imposed for the violations contained in the correspondence. Mr. Skinner noted that service to Dr. Wakileh was deemed proper and timely. A copy of the correspondence is attached hereto as **Exhibit J**.

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<sup>10</sup> [https://www.grandlakesmud2.com/static/32526d08d39bdfb224945167cf06392b/Minutes\\_July\\_15\\_2024\\_GLMUD\\_2\\_final\\_c2e177c9cd.PDF](https://www.grandlakesmud2.com/static/32526d08d39bdfb224945167cf06392b/Minutes_July_15_2024_GLMUD_2_final_c2e177c9cd.PDF)

Mr. Skinner then reported that Dr. Wakileh was not in attendance at the hearing. After discussion, Director Baker moved to impose a civil penalty of \$200 for each breach of the Rate Order for a total of \$400. Director Henry seconded the motion which unanimously carried.

- On August 23, 2024, a FedEx package was left at the Residents' Representative's front door. Inside is a letter dated July 19, 2024 and signed by [Christopher T. Skinner](#), the MUD's attorney at the law firm [Schwartz, Page & Harding LLP](#). The letter refers to a Notice dated June 21, 2024, two work orders by the water company to disconnect the water service, Texas Water Code § 49.004, a public hearing held on July 15, 2024 (which the Residents' Representative did not participate in), and a \$400 penalty to be included in the water company's next bill. The letter is sent in copy to [Charlie Chapline](#) of the water company ([Municipal District Services](#)).

- The Residents' Representative has been without water since June 18, 2024; borrowing some five gallons of water a day from the neighbor.

### **B. The MUD's, Attorney's, and Water Company's Unlawful Actions**

(220) The complicity of the MUD's Attorney ([Christopher T. Skinner](#)), MUD's Board, and Water Company's [Chapline](#) family to retaliate against a resident who exposed their violations, emphasizes reprehensible fearlessness, lawlessness, and hypocrisy. The retaliatory actions of said individuals are punishable, unlawful, and premeditated. The penalties they imposed on the Residents' Representative are null and void for the following reasons:

(221) *First*, no service of process exists for the MUD's alleged notice of June 21, 2024 or letter of July 19, 2024. The latter was sent via a FedEx package left on Friday, August 23, 2024 at the Residents' Representative's front door.

(222) *Second*, the item "Rate Order Violations and Notice of Public Hearing" was discussed and decided in the Board Meeting of July 15, 2024, without being on the [Agenda](#)<sup>11</sup> for that meeting, in violation of Texas Government Code § 551.042. Bringing the issue during the closed session (11:55am to 12:30pm, according to the Meeting [Minutes](#),<sup>12</sup> approved in the next monthly meeting of August 19, 2024 and published at the MUD's website on August 22, 2024) does not mean that the corresponding discussion and decision as the MUD reconvened in open session are proper and valid.

(223) *Third*, the MUD's five board members, the MUD's attorney, [Christopher T. Skinner](#), and the water company's owners (the [Chapline](#) family) are conflicted individuals, who are fighting hard to cover up their questionable, unlawful mishandling of the MUD's funds. Such individuals employ reprehensible tactics aimed at silencing the Residents' Representative and pressuring him to back down. Such individuals are disqualified for the purpose of imposing penalties on a resident who exposed their

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11 [https://www.grandlakesmud2.com/static/f3cbafbcd09d13e558a33941c64e3519/07\\_15\\_24\\_Agenda\\_GL\\_MUD\\_2\\_b0f87eacc.PDF](https://www.grandlakesmud2.com/static/f3cbafbcd09d13e558a33941c64e3519/07_15_24_Agenda_GL_MUD_2_b0f87eacc.PDF)

12 [https://www.grandlakesmud2.com/static/32526d08d39bdfb224945167cf06392b/Minutes\\_July\\_15\\_2024\\_GLMUD\\_2\\_final\\_c2e177c9cd.PDF](https://www.grandlakesmud2.com/static/32526d08d39bdfb224945167cf06392b/Minutes_July_15_2024_GLMUD_2_final_c2e177c9cd.PDF)

violations. Such individuals are acting as judges in their own case. Such individuals are the ones to be investigated, prosecuted, and penalized for conscious, everlasting tampering with the MUD's funds.

(224) *Fourth*, the MUD's actions are finalized in the full absence of the Residents' Representative. Breach of the right to adversarial proceedings invalidates the MUD's, MUD's attorney's, and water company's statements, findings, inferences, conclusions, and decisions, which are fraudulent and malicious at best.

(225) Because the MUD and the water company have been charging illegal rates using an illegitimate rate order; because the rate order is void on its face (*see* Part VI | Chapter E); because the case pended before the PUCT; and because the appeal to the PUCT has a suspensive effect, the MUD and the water company were not entitled to any enforcement action (water service termination, collection, or other) until the matter is thoroughly examined and finally decided by the PUCT and later by the courts.

(226) The MUD's and water company's physical or financial enforcement actions cause the residents to suffer concrete, immediate, and irreparable harm. The residents' rights are breached and compromised. The residents' capacity to live a normal life is impeded. Because the MUD and the water company chose defiance and arbitrariness over good judgment, those involved must be held accountable and liable for all costs, expenses, fees, and non-pecuniary compensatory damages resulting from the harm inflicted on human health and the damage caused to property (grass, plants, water pipes, water heater, etc).

### **C. The PUCT Declined Action**

(227) On May 20, 2024, the residents filed an application for temporary injunction asking the PUCT to render an order that preserves the *status quo* and prohibits the MUD and water company, during the pendency of the case before the PUCT, from undertaking any retaliatory enforcement actions (physical in the form of disconnection of service or financial in the form of collection or reporting to credit bureaus) against residents who contest the rate order and continue to pay their water bills per the rates valid before February 1, 2024. The ALJ denied the motion in Order No. 3 of May 20, 2024 and Order No. 6 of June 10, 2024, under the claim: [i] The PUCT does not have any rules on temporary injunctions. [ii] To enable granting the relief sought, residents did not inform if the request is to be entertained under Rule 22.242(h) [Procedures and Filing Requirements in Particular Commission Proceedings | Complaints] or Rule 24.155(a) [Customer Service and Protection | Resolution of Disputes]. It was unequivocally clear that Rule 24.155(a) did not apply because dealing with a lawless MUD / water company was fruitless.

(228) Our pleading of May 20, 2024 amended the prayer of the rate appeal of May 7, 2024; adding a request to prevent the MUD and water company, while the case pends before the PUCT, from initiating and executing physical or financial enforcement actions triggered by residents contesting the rate order.

(229) On May 21, 2024, the residents filed a motion for interim rates, requesting the entry of an order consistent with the following relief—rates that prevailed before February 1, 2024 become interim rates established by the PUCT to be in effect until a final and enforceable decision is made in the case.

(230) Our pleading of May 22, 2024 withdrew the application for temporary injunction because its essence was captured in amending prayer in the petition (rate appeal) and filing the motion for interim rates. The residents requested the expedited entry of an order consistent with the prayers laid down in said pleadings [amended petition (rate appeal) and motion for interim rates]. The PUCT *never* decided this request. PUCT’s Order No. 11 of August 1, 2024 denied all requests and motions the residents filed.

#### **D. The Court’s Jurisdiction**

(231) Temporary relief pending judicial review must normally be granted when:

- (a) The likelihood of irreparable harm absent the court order is strong and high. The condition is satisfied and the MUD’s reprehensible actions against the residents’ representative is an example.
- (b) There is considerable harm to the MUD from a possible court order. Such a harm does not exist.
- (c) The public interest and the proper administration of justice necessitate the court’s prompt action.

(232) Given the background under Sections A and B above, the court conducting judicial review has jurisdiction in the instant issue as well. The prayer in paragraph (246) will protect all residents, the Representative included, from the MUD’s and water company’s arbitrary, lawless, reprehensible actions.

#### **VIII. Harm Inflicted on the Residents**

(233) The harm inflicted on 682 residents served by Grand Lakes MUD No. 2 and 2,739 residents within the entire Grand Lakes community can be easily seen by an honorable observer. The residents will furnish a statement of costs and damages when requested by the court. For now, we specify the harm as follows:

[i] *Compensatory damages* for all expenses incurred as part of the proceedings before the PUCT and the district court, all caused by the MUD’s persistent, consistent, long-lasting violations. There is no sign that this case is coming to an end soon, so the figures noted below will be multiples. Residents’ costs, expenses, fees, and damages cannot be underestimated when the [Lloyd Gosselink Rochelle Townsend](#) attorneys hired to defend the MUD before the PUCT charge \$425 an hour. For the work before the PUCT, an attorney would have charged the residents: 150 pleadings x 5 hours x \$500/hour = \$375,000. The work the residents did cannot be for free just because we are self-represented, did not engage an attorney, and did the work ourselves. Our time, families, and lives count.

[ii] *Pain, suffering, and mental anguish*: An appropriate monetary value set by the court to account for such harm inflicted on the residents.

[iii] *Punitive damages*: The purpose of *punitive damages* is to punish a fearless, lawless, guilty MUD that has wasted millions of dollars in ratepayer money. The award to the residents is due to the unlawful, malicious, defiant, reprehensible behavior of the MUD's Board, Attorney (the law firm [Schwartz, Page & Harding LLP](#)), Water Company ([Municipal District Services LLC](#)), and other Consultants in the period leading to and during the proceeding before the PUCT. This pattern is expected to persist before the District Court.

(234) In assessing the gravity of the MUD's violations, the court must consider the following factors:

- Impact of the MUD's and PUCT's violations on ratepayers / residents.
- Number of customers impacted by the violations.
- How long have the violations lasted?
- History and extent of previous violations.
- How conscious, willful, voluntary, and complicit were the MUD's Board, Attorney, and Consultants?
- How conscious, willful, voluntary, and complicit were the PUCT's staff members?
- Could the violations have been avoided and/or remedied?
- Indifference and neglect of the duty of good faith, the duty of care, and the duty of loyalty.
- Good faith, including actions taken by the MUD's Board and Consultants to rectify the violations.
- Good faith, including actions taken by the PUCT to secure lawful, just treatment of the case.
- Economic benefit gained by the MUD's Board, Attorney, and Consultants through the violations.
- How can the courts deter future violations?
- How can justice be secured?

#### **IX. Public Interest and the State's Duty to Enforce Accountability and Secure Justice**

(235) This case is in the public interest because it raises a number of issues of principle; because it will help clarify the PUCT's role; because the MUDs' boards, attorneys, and consultants cannot be above the law; and because the MUD in question—through its board, attorney, and consultants—has engaged in and will continue to engage in unlawful practices that harm 2,739 residences and 37 commercial entities in the Grand Lakes community.

(236) The absence of state agencies is destructive. The problem is big—the problem is the MUD's Board, Attorney, Operator (Water Company), and Consultants, who exploit the MUD scheme to the fullest; get paid to drive the business but work on accomplishing the very opposite because their business interests rely on such; never scrutinize estimates, costs, and invoices; never bother about cost control; never conduct due diligence; execute projects at extravagant prices (20 to 50 times the actual worth); bring in contractors to present fantasy projects of no use or value at price tags of \$250k and higher; give donations to schools when the residents pay an enormous ISD annual tax; and much more. All this is orchestrated by [Christopher T. Skinner](#), the MUD's attorney at the law firm [Schwartz, Page & Harding LLP](#), with the purpose of keeping an everlasting job for himself and the law firm he works at.

(237) The MUD’s Attorney (the law firm [Schwartz, Page & Harding LLP](#)) administers all three Grand Lakes MUDs and the WCID. The state presents MUDs as local governments and political subdivisions of the state, but the Grand Lakes MUDs / WCID have, for many years, become private entities owned and operated by the law firm [Schwartz, Page & Harding LLP](#) and attorney [Christopher T. Skinner](#). Said attorney is compensated fairly; four times. In return, he does everything possible to tamper with the districts’ finances and inflict harm on the community and the residents. He must be held accountable.

(238) The Grand Lakes MUDs and WCID could easily be one water district to save enormous amounts in ‘multiplicate’ expenses. They are, however, being kept as four separate entities even though they are administered by the same Consultants (*see* paragraph (23)). The Consultants benefit tremendously from this questionable arrangement and are exploiting it to the fullest.

(239) The Grand Lakes MUDs and WCID must be forced into receivership, not because they are unable to pay their expenses, but because they are troubled with appalling, conscious mismanagement, indifference, imprudence, arbitrariness, irregularities, improprieties, wrongdoing, and more. The Grand Lakes MUD/WCID boards, the law firm [Schwartz, Page & Harding LLP](#), the water company ([Municipal District Services](#)), the Bookkeeper, the Auditor, and the Engineer must be instantly removed. Without such action, the State is turning a blind eye to wrongdoing that has lasted over 20 years by now.

(240) Part VI | Chapter A | Section 7 | Subsection (c) talked about the MUD’s engagement of [Lloyd Gosselink Rochelle Townsend](#) to defend the case before the PUCT, and the monetary amounts said law firm invoiced. Upon hearing this case in multiple instances over one to three years, the MUD’s legal fees will exceed \$1.5M—it is the residents who will ultimately pay this extra cost through their annual MUD tax. The residents’ costs will be similar and higher if contracting an attorney. Justice is of no use or value if it comes at the cost of \$1M to \$3M to the parties. The court must seriously look into this aspect and ensure swift, efficient, and trustworthy treatment of the case before it; *never* at huge costs to the parties.

(241) There are compelling reasons for the court to act in this case because: [i] The PUCT wasted 100 days and inflicted much harm on the residents. Returning the case to the PUCT will bring no result. The PUCT stated that it does not have the powers to examine all issues in the case. [ii] It is the end of the rule of law if no entity in the State can thoroughly examine the MUD’s long-lasting violations and bring all responsible actors to justice. [iii] All material facts exist without substantial controversy as the rate order is void on its face (*see* Part VI | Chapter E). [iv] The residents are entitled to a summary judgment as a matter of law; because the rate order is void on its face. [v] Actual controversy of any material fact made by the MUD, will consciously and maliciously be made in bad faith. [vi] Indisputable evidence conclusively establishes that the MUD committed the alleged acts and can lawfully and fairly face both

criminal and civil liability. [vii] The MUD will need to furnish indisputable evidence establishing that genuine issues of material fact concerning *each* element of residents’ appeal do exist. [viii] The MUD will need to furnish indisputable evidence establishing that genuine issues of material fact concerning *any* element of the MUD’s defense do *not* exist. [ix] The MUD will need to furnish indisputable evidence conclusively establishing *each* element of their defense and negating criminal liability or civil liability even if it is proven that the MUD committed illegal acts. [x] Every rational observer will agree that the MUD could by no means ever fulfill any of the aforementioned conditions, such that its denial and defiance are consciously malicious; serving no sensible purpose and lacking the slightest chance of success. It is this sanctionable behavior that the court becomes obliged to react to.

(242) The court can on its own initiative decide if expedited treatment applies to, or will benefit, this case.

#### **X. PRAYER**

(243) The issues brought in this petition and the inferences drawn from them entitle the plaintiffs to the relief sought. [i] All issues, violations, and reliefs were pleaded before the PUCT. [ii] Returning the case to the PUCT will bring no result as the PUCT stated that it does not have the powers to examine all issues in the case. [iii] This Court has the power to entertain collateral attacks against the MUD because the MUD’s rate order is void on its face (*see* Part VI | Chapter E) and the MUD had no entitlement to enact, or enforce, it. [iv] Good cause and the proper administration of justice require that the court examine the totality of the issues brought before it. If not, the MUD’s violations will persist for many years to come.

(244) Plaintiffs ask this Court to cite defendants to appear and answer this Petition.

(245) Plaintiffs ask this Court to render judgment that: [i] *Principally*, repeals the MUD’s rate order that was unlawfully enforced from February 1, 2024 and orders the MUD to reimburse the residents / taxpayers for all extra monetary amounts they were charged since February 1, 2024. [ii] *In the alternative*, reverses the PUCT’s final order as unlawful and invalid, and remands the case to the PUCT for further consideration/proceedings, consistent with the court’s opinion and judgment.

(246) Plaintiffs ask this Court to issue a temporary injunction after due notice and hearing, and a permanent injunction upon final hearing, restraining the MUD, its officers, attorneys, consultants, agents, and servants from engaging in retaliatory physical (service disconnection) and/or financial (collection) practices (*see* Part VII) against residents/ratepayers who contest the legitimacy of the rate order of December 18, 2023 that was announced on February 19, 2024 with an effective date of February 1, 2023; that was unlawfully enforced from February 1, 2024; and that was tampered with on February 26, 2024, where the MUD’s attorneys changed the effective date from February 1, 2023 to February 1, 2024 without ever announcing the change and without ever voting on or signing the ‘tampered with’ rate order anew.

(247) Plaintiffs ask this Court to:

(a) Against the background in Part VI | Chapters A and E, enter an interim order granting the following relief: [i] Rates that prevailed before February 1, 2024 become interim rates established by the Court to be in effect until a final and enforceable judgment is made in the case. [ii] The MUD, through the water company, reimburses the residents for all extra amounts invoiced from February 1, 2024 pursuant to the contested rate order.

(b) Examine, decide, and hold the MUD's Board, Attorney, and Water Company accountable for refusing to comply with TCEQ's citations issued to the three Grand Lakes MUDs in November 2021, while the violations existed since the MUDs were founded over 20 years ago. *See* Part VI | Chapter F.

(c) Examine and decide the legality of the MUD's seat at the address of its Attorney/Counsel in Houston, Harris County, Texas (*see* <https://www.grandlakesmud2.com/board-of-directors>) despite serving land and residents in Katy, Fort Bend County.

(d) Examine and decide the question of im/partiality of the MUD's Board Member Gregory Jay Henry, and the legitimacy of his continued service on the MUD's Board, per the circumstances detailed in Part VI | Chapter E | Section 8 of this petition.

(e) Order a thorough audit and investigation of the three Grand Lakes MUDs and WCID and their boards, attorney (the law firm [Schwartz, Page & Harding LLP](#)), water company ([Municipal District Services](#)), and consultants, because the case is in the public interest; the MUDs – through their boards, attorneys, water company, and consultants – have engaged in and will continue to engage in unlawful practices that harm 2,739 residences and 37 commercial entities in the Grand Lakes community; the Grand Lakes MUDs' Attorney administers over 100 districts in the state of Texas; and the water company serving the Grand Lakes community administers 130 districts in the State (*see* ¶ (94)).

(f) Examine, and–if possible–order, consolidation of the four Grand Lakes water districts (three MUDs and WCID) that cover an area of 2.17 sq mi. *In the alternative*, order that the three Grand Lakes MUDs and WCID each have a completely different set of consultants (attorney, operator, engineer, bookkeeper, auditor, tax collector, etc).<sup>13</sup>

(g) Order the MUD to comply with Texas Government Code § 551.042, never discussing and deciding matters at a Board Meeting for which notice was not given and which are not already on the Agenda.

(h) Order the MUD to comply with Texas Government Code § 551.1283(c) and (d), by publishing all exhibits together with each Board Meeting Minutes, including those minutes already published at the MUD's [website](#).

(i) Order the MUD to have the signature on its Meeting Minutes associated with a date and a name, not just a title; and invalidate all MUD's meeting minutes that breach this requirement.

(j) Order the MUD to have its records at all times signed by one officer and attested by another; and invalidate all rate orders and contracts that breach this requirement.

(k) Order the MUD to ensure correct proration-based billing and refund residents/ratepayers for all overcharges the water company made through its billing contractor, due to ignoring proration when the billing cycle does not correspond with a calendar month (*see* Part VI | Chapter A | Section 5).

(l) Order the MUD to: [i] Clarify its rate orders such that the base water fee and flat-rate wastewater fee do not apply when a residence is locked (not in use) or the water consumption is 0 gallons / \$0.

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13 This is synonymous with SEC's rushed orders to split the CEO and Chairman of the Board roles when conflict of interest is obvious, not in the public interest, and could result in irreparable harm.

[iii] Reimburse impacted residents for previous and current mishandling and over-collection (*see* Part VI | Chapter A | Section 6).

(m) Impose penalty on, and—if possible—order the prosecution of, the MUD’s attorneys – Melia Berry, Gordon Craner, and Christopher T. Skinner of the law firm [Schwartz, Page & Harding LLP](#) – for complicity and conscious tampering on February 26, 2024 with a governmental record; a criminal offense under Texas Penal Code, Title 8, § 37.10, and Texas Local Government Code § 180.010(a).

(n) Impose penalty on, and—if possible—order the prosecution of, the MUD’s attorneys – Melia Berry, Christopher T. Skinner, and Gordon Craner of the law firm [Schwartz, Page & Harding LLP](#) – for complicity and signing some security services contracts on behalf of the Grand Lakes MUDs’ board members (*see* ¶ (84)); a criminal offense under Texas Penal Code, Title 7, § 32.21 “Forgery”, and Texas Local Government Code § 180.010(a).

(o) Impose penalty on, and—if possible—order the prosecution of, the MUD’s Board Members, Michael Christopher McClusky and Bradley Allen Baker, for participation in the November – December 2023 communications and meeting on December 6, 2023 outside of the MUD’s official board meetings; a criminal offense<sup>14</sup> under Texas Government Code § 551.143 (*see* Part VI | Chapter E | Section 6).

(p) Impose penalty on, and—if possible—order the prosecution of, PUCT’s attorney Kevin Pierce and MUD’s attorney Jamie Mauldin for participating in unlawful communications in May – June 2024 and a phone call on May 20, 2024, in breach of Texas Penal Code, Title 8, § 39.02(a)(1) “Abuse of Official Capacity” and § 36.04(a) “Improper Influence”, Texas Government Code § 21.013(e)/(f), 16 Texas Administrative Code § 22.161(c)(6), [Code of Judicial Conduct](#), and [Disciplinary Rules of Professional Conduct](#) (*see* Part VI | Chapter G).

(q) For retaliating against the Residents’ Representative and leaving him with no water service since June 18, 2024 (*see* Part VII), impose a daily penalty decided by the court on each of the MUD’s five board members, the MUD’s attorney [Christopher T. Skinner](#) (law firm [Schwartz, Page & Harding](#)), and [Bryan K. Chapline](#) and [Charlie Chapline](#) of the water company [Municipal District Services](#).

(248) Plaintiffs ask this Court to examine and rule on the PUCT’s unlawful practices, namely:

(a) The practical meaning of “within 90 days after the effective day of the rate change” as mentioned in Texas Water Code § 13.043(c) and given the circumstances of the instant case.

(b) The ALJ’s abuse of discretion and the law regarding Rule 22.101(a) (*see* ¶ (194)).

(c) The legitimacy of PUCT Staff’s pleading of June 28, 2024 and the PUCT’s unconditional obligation to respect and abide by Rules 22.78(a) and 24.8(a) (*see* ¶¶ (195) to (197)).

(d) Putting residents’ requests and motions on hold from May 21, 2024 and denying all in bulk via Order No. 11 on August 1, 2024 (*see* ¶ (203)).

(e) Order No. 11 and the arbitrary treatment of what the MUD falsely designated as ‘Confidential’ and exempt from public disclosure under Texas Government Code § 552.102 or Texas Utility Code § 32.101(c) (*see* ¶ (203)).

(f) Delivering Order No. 9 and Order No. 11 while 16 Texas Administrative Code § 22.3(e)(5) prevents an ALJ the subject of a motion for recusal from rendering any orders until the issue of disqualification is finally decided. Only an SOAH-appointed ALJ can render orders in matters other than the recusal/disqualification.

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14 A misdemeanor punishable by a fine, confinement in the county jail, or both.

(g) Refusal to take action against PUCT’s attorney Kevin Pierce and MUD’s attorney Jamie Mauldin (see Part VI | Chapter G).

(h) The PUCT’s statement in the Memo of August 14, 2024: “..., the Commission has no jurisdiction to decide Texas Open Meetings Act claims ...”. Our rate appeal of May 7, 2024 is *not* a Texas Open Meetings Act claim, but the case encompasses a number of ‘open meetings’-related issues. In discharging its function of assessing appeals against MUDs’ rate orders, can the PUCT adjudicate matters related to Texas Government Code § 551.041, § 551.042, § 551.043, § 551.141, § 551.143, § 551.1283(c), § 551.1283(d)? If not, how can the PUCT discharge its functions?

(i) The arbitrary, unlawful treatment of our motion for rehearing (see ¶¶ (212) to (214)).

(249) Plaintiffs ask this Court to order the MUD and the PUCT, one for all and all for one, to pay the residents / ratepayers costs of suit; expenses; fees for time (100 days of tedious work and some 150 pleadings) spent refuting the MUD’s conscious false, misleading, or deceptive acts and practices and the PUCT’s unlawful treatment of our rate appeal; fees for time spent preparing and arguing the case before the district court; damages; and pre-judgment and post-judgment interest.

(250) Plaintiffs ask this Court to award such other and further relief to which plaintiffs are justly entitled.

Katy, Texas on the 9th day of September 2024.

Respectfully submitted,

**GRAND LAKES MUD NO. 2 RESIDENTS**



George J. Wakileh, Ph.D.  
6819 Rosemont Park Ln  
Katy, TX 77494-6590  
[george.wakileh@gmail.com](mailto:george.wakileh@gmail.com)

**REPRESENTATIVE FOR PLAINTIFFS**

**CERTIFICATE OF SERVICE**

I certify that the filing of this pleading is notified to all parties of record via e-mail on September 9, 2024.



George J. Wakileh, Ph.D.

# Exhibit 1

SIGNED AND SEALED this 29<sup>th</sup> day of January, 2024.



  
Secretary, Board of Directors

BE IT ORDERED BY THE BOARD OF DIRECTORS OF GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2, THAT THE FOLLOWING RATE ORDER IS HEREBY ADOPTED. Any Rate Order, and amendments thereto, heretofore adopted by the Board of Directors establishing rates for water and sewer service and pertaining to related matters shall be revoked on February 1, 2023, the effective date of this Rate Order (hereafter referred to as "Order"). Date must be February 1, 2024 for this Rate Order to be lawful and valid

# Exhibit 2

## Rate Order Change Notice

Feb 19, 2024

Dear Grand Lakes MUD 2 customer,

For several years Grand Lakes MUD 2 has enjoyed a robust revenue source from our **Strategic Partnership Agreement (SPA)** with the City of Houston. This additional revenue allowed us to pay off the districts debt early resulting in the low tax rate that we have today. Additionally, we were able to keep our Water and Sewer rates low.

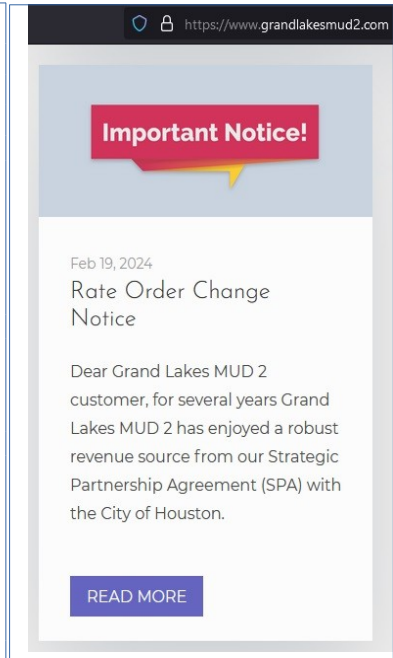
*As a reminder you may have noticed a “credit” on your bill reflecting \$2.00 / 1000 gallons used. This was to help relieve the NFBWA fee that has increased over the years.*

Beginning in early 2023 this revenue source has declined by approximately 90% and therefore we are no longer able to subsidize at previous levels. This unfortunate change has compelled the district to evaluate our rates and beginning with your February water bill we will remove the \$2.00 credit we have all enjoyed. We also find it necessary to increase water and sewer rates to allow us to meet our budget going forward.

We will continue to have one of, if not the lowest tax rate in the area. As always, your board of directors is committed to providing the highest level of service at the most economical cost to all users.

Thank you for your understanding,

Grand lakes MUD 2 Board of Directors



# Exhibit 3

Document Properties

Description Security Fonts Initial View Custom Advanced

Description

File: Rate\_Order\_12\_18\_2023\_revised\_a835042e10.PDF

Title: Microsoft Word - 699071\_2

Author: Melia

Subject:

Keywords:

Created: 2/6/2024 3:26:35 PM

Modified: 2/26/2024 9:27:59 AM

Application: PScript5.dll Version 5.2.2

Advanced

PDF Producer: Acrobat Distiller 17.0 (Windows)

PDF Version: 1.6 (Acrobat 7.x)

Location:

File Size: 316.29 KB (323,879 Bytes)

Page Size: 8.50 x 11.00 in

Number of Pages: 56

Tagged PDF: No

Fast Web View: No

# Exhibit 4

Document Properties

Description Security Fonts Initial View Custom Advanced

Description

File: 12\_18\_2024\_Minutes\_1dc5ea670f.pdf

Title:

Author:

Subject:

Keywords:

Created: 2/14/2024 11:35:14 AM

Modified:

Application: Canon iR-ADV C7770 PDF

Advanced

PDF Producer: Adobe PSL 1.3e for Canon

PDF Version: 1.4 (Acrobat 5.x)

Location:

File Size: 396.64 KB (406,155 Bytes)

Page Size: 8.50 x 11.00 in

Number of Pages: 7

Tagged PDF: No

Fast Web View: No

**Exhibit 5**

**AFFIDAVIT OF MELIA BERRY ATTESTING TO  
GLMUD'S 2024 RATE ORDER CLERICAL ERROR**

STATE OF TEXAS                   §  
  §  
COUNTY OF FORT BEND       §

BEFORE ME, the undersigned notary, on this day personally appeared Melia Berry, a person whose identity is known to me. After I administered an oath to Melia Berry, upon her oath, she said:

“My name is Melia Berry. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct to the best of my knowledge.

I am a paralegal at Schwartz, Page, & Harding, L.L.P., legal counsel for Grand Lakes Municipal Utility District No. 2 (GLMUD). I prepared the Rate Order enacted by the GLMUD Board of Directors at its public meeting of December 18, 2023. In the Rate Order, I inadvertently stipulated ‘February 1, 2023,’ rather than ‘February 1, 2024,’ as the Rate Order’s effective date. This was a clerical error that did not reflect my intent.

On December 18, 2023, the GLMUD Board of Directors convened for its duly noticed regularly scheduled open meeting. Among other items, the GLMUD Board of Directors considered and enacted the Rate Order. The clerical error did not reflect the GLMUD Board of Directors’ intent. It is not reasonable or practical to enact a Rate Order with an effective date from the previous operating year.


On or about February 25, 2024, I discovered the Rate Order’s clerical error. On or about February 26, 2024, I revised the typographical error to stipulate “February 1, 2024,” as the Rate Order’s effective date to reflect the GLMUD Board of Directors’ true intent or action taken at the December 18, 2023 meeting.”

Further affiant sayeth not.

  
\_\_\_\_\_  
MELIA BERRY

Subscribed to and sworn to before me, the undersigned authority on this the 4th day of June 2024.



  
\_\_\_\_\_  
Notary Public, State of Texas

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## Exhibit 6

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List of 101 districts administered by the law firm [Schwartz, Page & Harding LLP](#).

Addicks Utility District, Harris County

Audubon Municipal Utility District 1, Montgomery County

Baker Road Municipal Utility District

Barker-Cypress Municipal Utility District, Harris County

Brazoria County Municipal Utility District No. 6, Brazoria County

Brazoria County Municipal Utility District No. 73, Brazoria County

Central Harris County Regional Water Authority | <https://www.chcrwa.com/>

Chambers County Improvement District No. 2, Chambers County

Chambers County Improvement District No. 3, Chambers County

Charleston Municipal Utility District, Fort Bend County

Fallbrook Utility District, Harris County

Fort Bend County Levee Improvement District No. 7, Fort Bend County

Fort Bend County Levee Improvement District No. 15, Fort Bend County

Fort Bend County Municipal Utility District No. 34, Fort Bend County

Fort Bend County Municipal Utility District No. 35, Fort Bend County

Fort Bend County Municipal Utility District No. 41, Fort Bend County

Fort Bend County Municipal Utility District No. 132, Fort Bend County

Fort Bend County Municipal Utility District No. 144, Fort Bend County

Fort Bend County Municipal Utility District 145 Rio Vista

Fort Bend County Municipal Utility District No. 215, Fort Bend County

Fort Bend County Municipal Utility District No. 216, Fort Bend County

Fort Bend County Municipal Utility District No. 220, Fort Bend County

Fort Bend County Municipal Utility District No. 229, Fort Bend County

Generation Park Management District, Harris County

Grand Lakes Municipal Utility District No. 1, Fort Bend County

Grand Lakes Municipal Utility District No. 2, Fort Bend County

Grand Lakes Municipal Utility District No. 4, Fort Bend County

Grand Lakes Water Control & Improvement District, Fort Bend County

Green Trails Municipal Utility District of Harris County

Harris County Municipal Utility District No. 26, Harris County

Harris County Municipal Utility District No. 70, Harris County

Harris County Municipal Utility District No. 96, Harris County

Harris County Water Control & Improvement District No. 109, Harris County

Harris County Water Control & Improvement District No. 149, Harris County

Harris County Water Control & Improvement District No. 159, Harris County

Harris County Water Control & Improvement District No. 166, Harris County

Harris County Water Control & Improvement District No. 183, Harris County

Harris County Municipal Utility District No. 200, Harris County

Harris County Municipal Utility District No. 215, Harris County

Harris County Municipal Utility District No. 239, Harris County

Harris County Municipal Utility District No. 249, Harris County

Harris County Municipal Utility District No. 257, Harris County

Harris County Municipal Utility District No. 276, Harris County

Harris County Municipal Utility District No. 280, Harris County

Harris County Municipal Utility District No. 281, Harris County

Harris County Municipal Utility District No. 282, Harris County

Harris County Municipal Utility District No. 284, Harris County

Harris County Municipal Utility District No. 341, Harris County

Harris County Municipal Utility District No. 342, Harris County

Harris County Municipal Utility District No. 344, Harris County

Harris County Municipal Utility District No. 345, Harris County  
Harris County Municipal Utility District No. 360, Harris County  
Harris County Municipal Utility District No. 370, Harris County  
Harris County Municipal Utility District No. 387, Harris County  
Harris County Municipal Utility District No. 389, Harris County  
Harris County Municipal Utility District No. 390, Harris County  
Harris County Municipal Utility District No. 400-East, Harris County  
Harris County Municipal Utility District No. 400-West, Harris County  
Harris County Municipal Utility District No. 418, Harris County  
Harris County Municipal Utility District No. 419, Harris County  
Harris County Municipal Utility District No. 434, Harris County  
Harris County Municipal Utility District No. 489, Harris County  
Harris County Municipal Utility District No. 490, Harris County  
Harris County Municipal Utility District No. 494, Harris County  
Harris County Municipal Utility District No. 536, Harris County  
West Harris County Municipal Utility District No. 16

Harris-Fort Bend Counties Municipal Utility District No. 1  
Harris-Fort Bend Counties Municipal Utility District No. 3  
Harris-Fort Bend Counties Municipal Utility District No. 5, Harris & Fort Bend Counties  
Harris-Montgomery Counties Municipal Utility District No. 386, Harris and Montgomery Counties  
Harris-Montgomery Counties Municipal Utility District No. 386 May V, Harris-Montgomery Counties  
Harris-Waller Counties Municipal Utility District No. 2, Harris and Waller Counties

Harris County Water Control and Improvement District No. 109, Harris County  
Harris County Water Control and Improvement District No. 159, Harris County

Langham Creek Utility District  
Longhorn Town Utility District

Montgomery County Municipal Utility District No. 36, Montgomery County  
Montgomery County Municipal Utility District No. 94, Montgomery County  
Montgomery County Municipal Utility District No. 95, Montgomery County  
Montgomery County Municipal Utility District No. 96, Montgomery County  
Montgomery County Municipal Utility District No. 98, Montgomery County  
Montgomery County Municipal Utility District No. 119, Montgomery County  
Montgomery County Municipal Utility District No. 126, Montgomery County  
Montgomery County Municipal Utility District No. 128A, Montgomery County  
Montgomery County Municipal Utility District No. 152A, Montgomery County

Morton Road Municipal Utility District  
Northwest Freeway Municipal Utility District  
Northwest Harris County Municipal Utility District 15  
Northwest Harris County Municipal Utility District 32

Plantation Municipal Utility District

Rancho Isabella Municipal Utility District, Brazoria County  
Remington Municipal Utility District 1  
Ricewood Municipal Utility District  
Rock Prairie Management District No. 2, Brazos County

Waller County Municipal Utility District No. 35, Waller County  
Westador Municipal Utility District  
Westlake Municipal Utility District No. 1, Harris County  
Wood Trace Municipal Utility District No. 1, Montgomery County

The Woodlands Metro Center Municipal Utility District, Montgomery County  
The Woodlands Township, Montgomery & Harris Counties  
The Woodlands Road Utility District No. 1, Montgomery & Harris Counties

# Exhibit 7

Violation notices by TCEQ to Grand Lakes MUD No. 2: CN601364334 – RN101175826 – PWS 0790387  
[https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=463584512002136&re\\_id=197668862002005](https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn_id=463584512002136&re_id=197668862002005)

Detail of: **Public Water System/Supply Registration 0790387**  
 For: **GRAND LAKES MUD 2 (RN101175826 ...)**  
 NE CORNER FRY & PEEK RD, FULSHEAR, TX KEY MAP  
 Registration Status: **ACTIVE**  
 Held by: **Grand Lakes Municipal Utility District 2 (CN601364334 ...)** View 'Issued To' History ...  
**RESPONSIBLE PARTY**  
 Mailing Address: Not on file

**Notice of Violations Current TCEQ Rules**

NOV Date	Status	Citation/ Requirement Provision	Allegation	Classification	Self Reporting Indicator
06/18/2024	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(k) (Not applicable to CH)	Failure to obtain approval for the physical connection between the distribution system of a public drinking water supply and that of any other water supply. The interconnect shall not be permitted unless the other water supply is of a safe, sanitary quality and the interconnection is approved by the executive director.	MODERATE	NO
11/03/2021	ACTIVE	30 TAC Chapter 290, SubChapter D 290.45(f) (2) (Not applicable to CH)	Failure to provide a purchase water contract with Grand Lakes MUD 4 that authorizes the purchase of enough water to meet the monthly or annual needs of Grand Lakes MUD 2.	MODERATE	NO

# Exhibit 8

Violation notices by TCEQ to Grand Lakes MUD No. 1: CN601363484 – RN102685856 – PWS 0790410  
[https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=39743652002178&re\\_id=47743652002178](https://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=iwr.novdetail&addn_id=39743652002178&re_id=47743652002178)

Detail of: <b>Public Water System/Supply Registration 0790410</b> For: <b>GRAND LAKES MUD 1 (RN102685856 ...)</b> SE OF FRY RD & PEEK ROAD FULSHEAR TX KEY MAP 5 Registration Status: <b>ACTIVE</b> Held by: <b>Grand Lakes Municipal Utility District 1 (CN601363484 ...)</b> <a href="#">View 'Issued To' History ...</a> <b>RESPONSIBLE PARTY</b> Mailing Address: Not on file					
<hr/>					
<b>Notice of Violations Current TCEQ Rules</b>					
NOV Date	Status	Citation/ Requirement Provision	Allegation	Classification	Self Reporting
08/16/2024	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(k) (Not applicable to CH)	Failure to obtain approval for the physical connection between the distribution system of a public drinking water supply and that of any other water supply. The interconnect shall not be permitted unless the other water supply is of a safe, sanitary quality and the interconnection is approved by the executive director.	MODERATE	NO
11/03/2021	RESOLVED	30 TAC Chapter 290, SubChapter D 290.45(f)(2) (Not applicable to CH)	Failure to provide a purchase water contract with Grand Lakes MUD 4 that authorizes the purchase of enough water to meet the monthly or annual needs of Grand Lakes MUD 1.	MODERATE	NO
11/03/2021	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(k) (Not applicable to CH)	Failure to obtain approval for the physical connection between the distribution system of a public drinking water supply and that of any other water supply.	MODERATE	NO

# Exhibit 9

Violation notices by TCEQ to Grand Lakes MUD No. 4: CN601363716 – RN102686441 – PWS 0790356  
[https://www15.tceq.texas.gov/cpub/index.cfm?fuseaction=iwr.novdetail&addn\\_id=782748902002178&re\\_id=793748892002178](https://www15.tceq.texas.gov/cpub/index.cfm?fuseaction=iwr.novdetail&addn_id=782748902002178&re_id=793748892002178)

Detail of: **Public Water System/Supply Registration 0790356**  
 For: **GRAND LAKES MUD 4 (RN102686441 ...)**  
 5420 S. Fry Road KATY TX KEY MAP 525C  
 Registration Status: **ACTIVE**  
 Held by: **Grand Lakes MUD 4 (CN601363716 ...)** View 'Issued To' History ...  
**RESPONSIBLE PARTY**  
 Mailing Address: Not on file

**Notice of Violations Current TCEQ Rules**

NOV Date	Status	Citation/ Requirement Provision	Allegation	Classification	Self Reporting Indicator
06/18/2024	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(k) (Not applicable to CH)	Failure to obtain approval for the physical connection between the distribution system of a public drinking water supply and that of any other water supply. The interconnect shall not be permitted unless the other water supply is of a safe, sanitary quality and the interconnection is approved by the executive director.	MODERATE	NO
11/03/2021	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(k) (Not applicable to CH)	Failure to obtain approval for the physical connection between the distribution system of a public drinking water supply and that of any other water supply.	MODERATE	NO

# Exhibit 10

Water/wastewater rates for residential customers – 2023 and 2024													
Grand Lakes Municipal Utility District No. 2 (Grand Lakes phase II and phase IV)													
2023	Min. fee	Min. use	Flat rate	\$/1,000 gal	Usage, gallons		2024	Base fee	Min. use	Flat rate	\$/1,000 gal	Usage, gallons	
Water	\$0.00	0	N	\$0.50	1	20,000	Water	\$25.00	1	Y	\$0.00	1	10,000
			N	\$1.50	20,001	50,000		N		\$1.00	10,001	20,000	
			N	\$2.50	50,001	500,000		N		\$2.00	20,001	50,000	
								\$95.00		N	\$3.00	50,001	500,000
Wastewtr	\$10.00	0	Y	\$10.00	0	500,000	Wastewtr	\$20.00	0	Y	\$20.00	0	500,000
Reg. WA	\$2.90	1	N	\$2.90	1	500,000	Reg. WA	\$4.90	1	N	\$4.90	1	500,000

Use, gal	Water	Wastewtr	Total	Use, gal	Water	Wastewtr	Total	'24 / '23
1	\$0.00	\$10.00	\$10.00	1	\$25.00	\$20.00	\$45.00	4.50
10	\$0.03	\$10.00	\$10.03	10	\$25.05	\$20.00	\$45.05	4.49
100	\$0.34	\$10.00	\$10.34	100	\$25.49	\$20.00	\$45.49	4.40
500	\$1.70	\$10.00	\$11.70	500	\$27.45	\$20.00	\$47.45	4.06
1,000	\$3.40	\$10.00	\$13.40	1,000	\$29.90	\$20.00	\$49.90	3.72
2,000	\$6.80	\$10.00	\$16.80	2,000	\$34.80	\$20.00	\$54.80	3.26
5,000	\$17.00	\$10.00	\$27.00	5,000	\$49.50	\$20.00	\$69.50	2.57
10,000	\$34.00	\$10.00	\$44.00	10,000	\$74.00	\$20.00	\$94.00	2.14
15,000	\$51.00	\$10.00	\$61.00	15,000	\$103.50	\$20.00	\$123.50	2.02
20,000	\$68.00	\$10.00	\$78.00	20,000	\$133.00	\$20.00	\$153.00	1.96
25,000	\$110.00	\$10.00	\$120.00	25,000	\$167.50	\$20.00	\$187.50	1.56
30,000	\$132.00	\$10.00	\$142.00	30,000	\$202.00	\$20.00	\$222.00	1.56
35,000	\$154.00	\$10.00	\$164.00	35,000	\$236.50	\$20.00	\$256.50	1.56
40,000	\$176.00	\$10.00	\$186.00	40,000	\$271.00	\$20.00	\$291.00	1.56
45,000	\$198.00	\$10.00	\$208.00	45,000	\$305.50	\$20.00	\$325.50	1.56
50,000	\$220.00	\$10.00	\$230.00	50,000	\$340.00	\$20.00	\$360.00	1.57
55,000	\$297.00	\$10.00	\$307.00	55,000	\$379.50	\$20.00	\$399.50	1.30
60,000	\$324.00	\$10.00	\$334.00	60,000	\$419.00	\$20.00	\$439.00	1.31
65,000	\$351.00	\$10.00	\$361.00	65,000	\$458.50	\$20.00	\$478.50	1.33
70,000	\$378.00	\$10.00	\$388.00	70,000	\$498.00	\$20.00	\$518.00	1.34
75,000	\$405.00	\$10.00	\$415.00	75,000	\$537.50	\$20.00	\$557.50	1.34
80,000	\$432.00	\$10.00	\$442.00	80,000	\$577.00	\$20.00	\$597.00	1.35