



Control Number: 47465



Item Number: 3

Addendum StartPage: 0

APPLICATION OF MSEC
ENTERPRISES, INC. FOR A PASS-
THROUGH RATE CHANGE

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PUBLIC UTILITY COMMISSION
OF TEXAS

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STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Final Recommendation and would show the following:

I. Background

On August 1, 2017, MSEC Enterprises, Inc. (MSEC), Certificate of Convenience and Necessity (CCN) No. 12887, requested approval of a pass-through rate increase due to an increase in pumpage, import, and surface water fees imposed on the utility by the San Jacinto River Authority (SJRA) for the utility's mandatory participation in SJRA's ground water reduction program. The requested effective date for the pass-through rate change is September 1, 2017. On August 2, 2017, the Administrative Law Judge (ALJ) issued a notice setting August 22, 2017 as the deadline for Staff to file a recommendation on MSEC's application and notice. Thus, this recommendation is timely filed.

II. Recommendation

Staff has reviewed MSEC's application and notice. As supported by the attached memorandum of Jonathan Ramirez of the Water Utilities Division, Staff finds that the application contains the information necessary to evaluate the application under 16 TAC § 24.21(b)(2). Additionally, Staff finds that the provided notice meets the requirements of 16 TAC § 24.21(b)(2)(E). Finally, Staff finds that the application meets the requirements for approval under 16 TAC Code § 24.21(b)(2)(A)(vii) and should be approved.

III. Conclusion

Staff recommends the issuance of an order deeming the application and notice sufficient and approving the pass-through rate change.

Dated: August 22, 2017

PUBLIC UTILITY COMMISSION
LEGAL DIVISION

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director

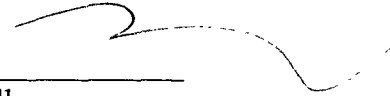
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DOCKET NO. 47067
CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on August 22, 2016 in accordance with 16 TAC § 22.74.



Landon J. Lill

PUC Interoffice Memorandum

To: Landon Lill, Attorney
Legal Division

Thru: Debi Loockerman, Financial Manager
Water Utility Regulation Division

From: Jonathan Ramirez, Financial Analyst
Water Utility Regulation Division

Date: August 22, 2017

Subject: **Tariff Control No. 47465; *Application of MSEC Enterprises, Inc. for a Pass-Through Rate Change***

On August 1, 2017, MSEC Enterprises, Inc. (Applicant), Certificate of Convenience and Necessity (CCN) No. 12887, requested approval of a pass-through rate increase due to an increase in pumpage, import, and surface water fees imposed on the utility by the San Jacinto River Authority (SJRA) for the utility's mandatory participation in SJRA's ground water reduction program. The requested effective date for the pass-through rate change is September 1, 2017.

The Applicant proposed to increase the surface water pass through rate from \$2.78 to \$2.93 per 1,000 gallons of water usage. Staff confirmed that the applicant has increased its rates using the documents provided with the application. . Notice by the applicant was correctly provided to the customers pursuant to 16 Tex. Admin. Code§ 24.21(b)(2)(A)(viii).

Staff has reviewed all the calculations, the notice, and the application and determined that the increase is correct and all notice requirements have been met.



WATER UTILITY TARIFF
Tariff Control Number: 47465

MSEC Enterprises, Inc.
(Utility Name)

P.O. Box 970
(Business Address)

Navasota, Texas 77868-0970
(City, State, Zip Code)

(936) 825-5100
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12887

This tariff is effective in the following counties:

Grimes and Montgomery

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions or systems:

See Attached List

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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APPENDIX A -- DROUGHT CONTINGENCY PLAN

| SUBDIVISION | PWS ID NUMBER |
|----------------------------------|--------------------------|
| Capitol Hills | 1700018 |
| Crown Oaks | 1700638 |
| Crown Ranch | 1700781 |
| Elk Trace Golf Estates | 1700638 |
| Elk Trace Golf Course | 1700638 |
| Grand Lakes Estates | 1700638 |
| Highland Ranch | 1700614 |
| Hills of Montgomery Section 3 | 1700638 |
| Lake Forest Lodge | 1700018 |
| Lake Forest Lodge South | 1700018 |
| Lakeview | 1700018 |
| Oaklawn Estates | 1700018 |
| Montgomery Trace | 1700638 |
| Ridge Lake Shores | 1700638 |
| Stillwater Estates | 1700677 |
| Valleywood Acres | 1700677 |

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallonage Charge</u> |
|-------------------|---|---|
| 5/8" or 3/4" | \$33.00 (Includes 0 gallons all meters) | \$3.25 per 1000 gallons, 1 st 10,000 gallons |
| 1" | \$56.00 | \$3.45 per 1000 gallons, next 10,000 gallons |
| 1½" | \$200.00 | \$3.70 per 1000 gallons over 20,000 gallons |
| 2" | \$320.00 | |
| 3" | \$375.00 | |

Lone Star Groundwater Conservation District (GCD)*\$0.07 per 1000 gallons

San Jacinto River Authority (SJRA)..... *\$2.93 per 1000 gallons
 *(The pass through fees are adjusted for line loss) (Tariff Control No. 47465)

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card X, Other (specify)_____

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT..... 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$1,200.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs).....Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER TEST FEE.....\$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

Tariff Control No. 47465

SECTION 1.0 -- RATE SCHEDULE (CONT.)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected\$25.00

TRANSFER FEE.....\$25.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE\$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY=S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [\$24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G+B/(1-L)$$

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge (per 1,000 gallons)

B = change in purchased water/district gallonage charge (per 1,000 gallons)

L = system average line loss for the preceding 12 months not to exceed 0.15