



Control Number: 47914



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Addendum StartPage: 0

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DOCKET NO. 47914

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PUBLIC UTILITY COMMISSION
FILING CLERK

PUBLIC UTILITY COMMISSION

OF TEXAS

MSEC ENTERPRISES, INC.'S TRUE-UP §
REPORT ON PASS-THROUGH RATES §
APPROVED IN DOCKETS 45485 AND §
46258 §
§

COMMISSION STAFF'S RECOMMENDTION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation

I. BACKGROUND

On November 29, 2017, MSEC Enterprises, Inc. (MSEC) filed a true-up report¹ for the pass-through rate change approved in Tariff Control Nos. 45485 and 46258.² In those proceedings, respectively, the Commission approved pass-through rates of \$2.58 and then \$2.78 per thousand gallons for charges assessed by the San Jacinto River Authority.³ Subsequently, the approved pass-through rate was increased again to \$2.93 per thousand gallons.⁴

For the period subject to MSEC's instant true-up report, which covers the pass-through rates approved in Tariff Control No. 45485 and 46258, MSEC reports an over-collection of \$128,452.24.⁵ MSEC proposes to credit the over-collection back to its customers by lowering the currently effective pass-through rate for the next year from \$2.93 to \$2.75 per thousand gallons.

¹ True-Up Report (Nov. 29, 2017) (Report).

² *Application of MSEC Enterprises, Inc. for a Pass-Through Rate Change*, Tariff Control No. 45485, Notice of Approval (Mar. 21, 2016); *Application of MSEC Enterprises, Inc. for a Pass-Through Rate Change*, Tariff Control No. 46258, Notice of Approval (Sept. 30, 2016).

³ *Id.*

⁴ *Application of MSEC Enterprises, Inc. for a Pass-Through Rate Change*, Tariff Control No. 47465, Notice of Approval (Aug. 23, 2017).

⁵ Report at 2.

On January 19, 2018, Order No. 1 was entered, requiring Staff to file a recommendation by February 9, 2018.⁶ This pleading is timely filed.

II. RECOMMENDATION

Consistent with the attached memorandum of Patricia Garcia, Water Utility Regulation Division, Staff recommends that the application is sufficient for filing. In addition, Staff recommends that MSEC's proposed true-up and revision to its pass-through charges and that the attached tariff be approved.

Specifically, MSEC's application reflects that MSEC supplied a notice to customers of the pass-through rate change, used the correct Commission-approved tariff provision for the pass-through calculations when developing the pass-through rate change, and provided a true-up reflecting the amounts billed in the previous year compared with amounts paid to water districts having jurisdiction over the applicant.

III. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above discussion.

⁶ Order No. 1 (Jan. 19, 2018).

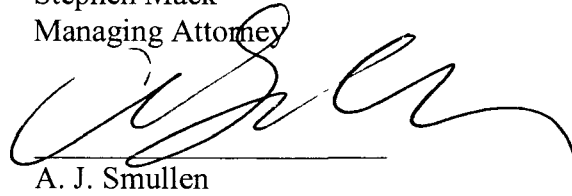
Date: January 26, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on January 26, 2018 in accordance with 16 TAC § 22.74.



A. J. Smullen

PUC Interoffice Memorandum

To: AJ Smullen, Attorney
Legal Division

Through: Heidi Graham, Manager
Water Utility Regulation Division

From: Patricia Garcia, Engineering Specialist
Water Utility Regulation Division

Date: January 23, 2018

Subject: **Tariff Control No. 47914; MSEC Enterprises, Inc.'s True-Up Report on Pass-Through Rates Approved in Dockets 45485 and 46258**

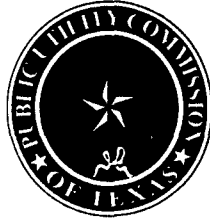
On November 29, 2017, MSEC Enterprises, Inc. (MSEC or Applicant) filed its a true-up report for its water combined pass-through gallonage charge for fees imposed on the utility by the San Jacinto River Authority. The pass-through rate change was proposed to become effective on February 1, 2018.

Based on the review of the information in the application, Staff recommends that the application be deemed sufficient for filing. This Applicant proposed to decrease the purchased water pass through rate charge to customers from \$2.93 per 1,000 gallons approved on Tariff Control No. 47465 to \$2.75 per 1,000 gallons. The Applicant provided appropriate documentation that showed:

1. MSEC supplied a notice to customers of the pass-through rate change;
2. MSEC used the correct Commission approved tariff provision for the pass-through calculations when developing the pass through rate change; and
3. MSEC provided a true up reflecting the amounts billed in the previous year compared with amounts paid to water districts having jurisdiction over the applicant. The true up is required by the Commission approved tariff and the difference between amounts billed and paid is used to adjust the pass-through provision requested in this application.

Based upon review of the information submitted, Staff recommends:

1. Issuance of an order to the Applicant for approval of the pass-through change of \$2.75 per 1,000 gallons effective February 1, 2018; and
2. Provision of a copy of the approved tariff to the Applicant (attached).



WATER UTILITY TARIFF
Tariff Control Number: 47914

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):

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES.....	4
SECTION 3.0 -- EXTENSION POLICY	11

APPENDIX A -- DROUGHT CONTINGENCY PLAN

SUBJECT	PWS ID NUMBER
Capitol Hills	1700638
Crown Oaks	1700638
Crown Ranch	1700781
Grand Lakes Estates	1700638
Highland Ranch	1700638
Hills of Montgomery	1700638
Lake Forest Lodge	1700638
Lake Forest Lodge South	1700638
Legacy Creek Estates	1700638
Lakeview	1700638
Oaklawn Estates	1700638
Old Kentucky Farms	1700638
Montgomery Trace	1700638
Ridge Lake Shores	1700638
Stillwater Estates	1700677
Valleywood Acres	1700638
Woodforest	1700638
Woodforest Golf Course	1700638

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)..... *\$0.12 per 1000 gallons
(Tariff Control No. 47757)

San Jacinto River Authority (SJRA) *\$2.75 per 1000 gallons
 *(The pass through fees are adjusted for line loss and true-up) *(Tariff Control No. 47914)*

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.

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