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DeAnn T. Walker
Chairman
Arthur C. D'Andrea
Commissioner



Greg Abbott
Governor

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John Paul Urban
Executive Director

Public Utility Commission of Texas

TO: DeAnn T. Walker, Chairman
Arthur C. D'Andrea, Commissioner

All Parties of Record

FROM: Irene Montelongo
Director, Docket Management

RE: **Open Meeting of May 10, 2018**
Docket No. 48037 – *Petition of MSEC Enterprises, Inc. for a Good Cause Exception from the Requirement to file a Statement of Intent and Request for Approval of Tariff*

DATE: April 19, 2018

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission will consider this docket at an open meeting presently scheduled to begin at 9:30 a.m. on Thursday, May 10, 2018, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Thursday, May 2, 2018.

If there are no corrections or exceptions, no response is necessary.

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DOCKET NO. 48037

PETITION OF MSEC ENTERPRISES, § PUBLIC UTILITY COMMISSION
INC. FOR A GOOD CAUSE EXCEPTION §
FROM THE REQUIREMENT TO FILE A § OF TEXAS
STATEMENT OF INTENT AND §
REQUEST FOR APPROVAL OF TARIFF §

PROPOSED ORDER

This Order addresses the petition of MSEC Enterprises, Inc. for a good cause exception from the requirement to file a statement of intent and request for approval of an amendment to its tariff to include new meter sizes and corresponding rates. Commission Staff recommended that MSEC's petition be granted and that MSEC be ordered to file a rate application within 18 months of the date it begins providing service to a larger meter size under the rates approved in this docket. The Commission grants MSEC's petition for a good cause exception.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History and Background

1. On February 8, 2018, MSEC filed a petition (a) for a good cause exception from the requirements of 16 Texas Administrative Code (TAC) § 24.22 in order to add larger meters and accompanying new rates for the larger meters; and (b) for approval of the related tariff sheet.
2. MSEC holds water certificate of convenience and necessity (CCN) 12887 and sewer CCN 20984.
3. MSEC is an independently-owned Class B water and wastewater utility in Montgomery County.
4. MSEC provides water utility services in Grimes County and water and sewer utility services in Montgomery County.
5. MSEC provides water utility service to over 5,000 connections through three permitted public water systems and sewer utility service to seven commercial connections.

6. MSEC's customer base is changing from a predominantly rural and residential base to a more varied mix of uses.
7. On February 9, 2018, Order No. 1 was issued requiring Commission Staff comments and recommendation regarding MSEC's petition, form and content of notice, if any, to be provided, and a proposed procedural schedule for processing the petition.
8. On March 9, 2018, Commission Staff recommended that MSEC be granted a good cause exception and be ordered to file a rate application within 18 months of the date it begins providing service to a larger meter size under the rates approved in this docket.

MSEC's Good Cause Request

9. MSEC requests authority to add larger meters to the water tariff to serve larger customers, and requests approval of an accompanying tariff without having to undertake the time and expense of filing a full statement of intent.
10. MSEC does not have any current customers with meters larger than 3 inches; therefore, existing customer rates will remain unchanged.
11. MSEC has a reasonable expectation that it will be required to provide water utility service to users that require larger meters than are identified in its existing tariff.
12. MSEC's current Commission-approved water utility tariff, originally implemented in 1997, has provisions for meters ranging in size from 5.8 inches to 3 inches.
13. MSEC's need for larger meters was not foreseen at the time the tariff was originally written and approved, but, because of the reasonably-anticipated need for larger meter sizes now, MSEC needs to revise the water tariff to add rates for larger meters.
14. MSEC requested the addition of base rate provisions to the existing tariff for 4-, 6-, 8-, 10- and 12-inch meters without seeking approval through a regular rate change application.

15. MSEC's proposed rate schedule for the larger meter sizes is as follows:

Meter Size	Meter Equivalencies	MSEC Proposed Base Rate
4"	32.5	\$ 715.00
6"	70	1,540.00
8"	120	2,640.00
10"	190	4,180.00
12"	310	6,820.00

16. MSEC calculated the proposed base rates for the larger meters using industry standards (meter equivalencies).
17. Commission Staff agrees that MSEC's proposed method for calculating base rates for the larger meters is appropriate.

Tariff Provisions

18. The Commission's rules require a utility to charge only those rates contained in an approved tariff.
19. A utility's approved tariff may not be changed or amended without Commission approval.
20. A tariff may be implemented without the need for a rate change application when: (a) the tariff is being implemented by a new market entrant wherein the tariff was approved via an application to obtain a certificate of convenience and necessity in accordance with 16 TAC § 24.21(b)(1); or (b) the requested change in the tariff meets the criteria of a "minor rate change" in accordance with 16 TAC § 24.21(b)(2).
21. MSEC's requested tariff amendment does not meet the requirements for a rate change without the need for a rate change application.
22. The requirement to file a complete rate filing package is applicable to MSEC's addition of new meter sizes with new base rates.
23. The Commission may grant, for good cause, an exception to filing a rate change application.
24. Good cause exists to grant MSEC's petition so that pending service requests can be filled.

Notice

25. Because no existing customers will be affected by MSEC's petition, no notice was necessary or required.

Informal Disposition

26. Commission Staff and MSEC are the only parties to this proceeding.
27. No issues of fact or law are disputed by any party.

II. Conclusions of Law

1. MSEC is a retail public utility under Texas Water Code § 13.002(19)¹ and 16 Texas Administrative Code (TAC) § 24.3(59).
2. The Commission has jurisdiction over the petition under TWC §§ 13.041 and 13.181.
3. The petition was processed in accordance with the TWC and Commission rules.
4. The Commission may make exceptions to its rules under 16 TAC §§ 22.5(b) and 24.2(b).
5. Under 16 TAC § 24.2(b), good cause exists to grant an exception from the application requirements in 16 TAC § 24.22.
6. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission grants MSEC's petition for a good cause exception.
2. MSEC's tariff sheet included with this Order is approved.
3. MSEC shall file a statement of intent and rate filing package within 18 months of the date it begins providing service to a larger meter size under the rates approved in this Order.
4. All other motions and any other requests for general or specific relief, if not granted, are denied.

¹ Tex. Water Code Ann. § 13.002(19) (West 2008 & Supp. 2017) (TWC).

Signed at Austin, Texas the _____ day of May 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

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SECTION 1.0 -- RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallons 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	\$3.75 per 1000 gallons over 20,000 gallons
2"	\$320.00	
3"	\$375.00	
4"	\$560.00	
6"	\$1,540.00	
8"	\$2,640.00	
10"	\$4,180.00	
12"	\$5,820.00	

Lone Star Groundwater Conservation District (GCD) *\$0.12 per 1000 gallons
(Tariff Control No. 47757)

San Jacinto River Authority (SJRA) *\$2.93 per 1000 gallons
*(The pass through rates 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 REMIT THE FEE TO THE TCEQ.

TAP FEE \$1,200
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 RELOCATION FEE Actual Relocation Cost. Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.