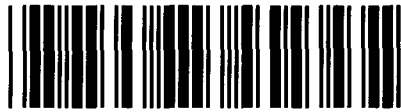


Control Number: 48657



Item Number: 1

Addendum StartPage: 0

48657

RECEIVED

NOTICE OF PASS-THROUGH RATE CHANGE

2018 AUG 31 PM 3:49

PUBLIC UTILITY COMMISSION
FILING CLERK

DATE: August 31, 2018

TO: Public Utility Commission of Texas
Central Records
1701 N. Congress Ave, Suite 8-100
Austin, TX 78701

FROM: MSEC Enterprises, Inc. ("MSEC")
Water CCN 12887
P.O. Box 970; 7625 Highway 6
Navasota, Texas 77868

BY: Ty Embrey
Attorney for MSEC Enterprises, Inc.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800 (phone)
(512) 472-0532 (facsimile)
Email: tembrey@lglawfirm.com

RE: Notice of Pass-Through Rate Change pursuant to 16 Tex. Admin. Code
§ 24.21(b)(2); Bluebonnet Groundwater Conservation District Groundwater
Production Fee

MSEC files this Notice of Pass-Through Rate Increase pursuant to 16 Tex. Admin. Code § 24.21(b)(2).

MSEC is an independently owned water utility using groundwater produced from the Gulf Coast Aquifer as a source of supply for its water utility services in Grimes and Montgomery Counties, Texas. MSEC has recently completed a new groundwater production well drilled in Grimes County, therefore MSEC and this well are for the first time under the jurisdiction of the Bluebonnet Groundwater Conservation District ("Bluebonnet") and subject to Bluebonnet's rules and regulations.

Bluebonnet charges a "water production fee" for the production of groundwater from certain aquifers within its jurisdiction. Specifically, Bluebonnet charges a production fee of \$0.045 per 1,000 gallons of groundwater produced. To offset those fees, MSEC wishes to amend its tariff to allow for a recovery of \$0.05 per 1,000 gallons used, such amount calculated to take into account both Bluebonnet's production fee and MSEC's line loss factor. MSEC wishes to pass through this rate solely to its customers who are receiving their water from the new Grimes County well. Therefore, the rate change and corresponding tariff amendment requested by MSEC in this filing would only apply to Public Water System ("PWS") No. 1700781.

PUBLIC UTILITY COMMISSION
NOTICE OF PASS-THROUGH RATE CHANGE CCN 12887
August 31, 2018
PAGE 2 of 3

At its meeting on January 18, 2017, the Bluebonnet Board of Directors took formal action to set its water production fee rate at \$0.045 per 1,000 gallons. MSEC has not previously applied to the Commission for a pass-through rate increase to mirror Bluebonnet's water production fee because, until now, MSEC was not producing groundwater for use in its utility system from any area within Bluebonnet's jurisdiction.

The minutes of Bluebonnet's January 18, 2017, meeting reflects the Board's action to set the water production fee for non-exempt wells as follows:

| | |
|---|---------------------------------|
| Production Fee | \$0.045 per 1000 gallons |
| (Monthly charge for production from a non-exempt well) | |

MSEC therefore requests to amend its tariff to allow for recovery of this fee under its tariff for the groundwater produced from MSEC's Grimes County well serving PWS No. 1700781. MSEC is mailing a Customer Notice of this Pass-Through Rate Change to all of its affected customers served by PWS No. 1700781 as required by § 24.21(b)(2)(F)(ii), with the change taking effect on October 1, 2018.

Rule 24.21(b)(2)(F)(i) attachments:

1. List of the affected subdivision(s), public water system name(s) and corresponding number(s) issued by the TCEQ, and the water quality system name(s) and corresponding number(s) issued by the TCEQ, if applicable, attached as Exhibit "A."
2. Copy of the Customer Notice of Pass-Through Rate Change sent to MSEC's affected customers on or about September 1, 2018, in advance of the billing statement (October 1, 2018) in which the revisions are to be implemented, attached as Exhibit "B."
3. Proof that the water use fee has changed by the amount stated in the form of a copy of the minutes of the January 18, 2017, meeting of Bluebonnet showing Bluebonnet's action to set its water production fee at \$0.045 per 1,000 gallons, attached as Exhibit "C."
4. Calculations and assumptions used to determine the new rates as set forth in the Customer Notice including line loss calculations attached as Exhibit "D-1," and rate calculations attached as Exhibit "D-2."
5. Copy of the pages of the tariff that contain the rates that will change if the utility's application is approved, attached as Exhibit "E."

PUBLIC UTILITY COMMISSION
NOTICE OF PASS-THROUGH RATE CHANGE CCN 12887
August 31, 2018
PAGE 3 of 3

Please process this application in accordance with all applicable rules of the Commission. Thank you for your time and attention to MSEC's request.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800 (phone)
(512) 472-0532 (facsimile)



Ty. H. Embrey
State Bar No. 24025346
J. Troupe Brewer
State Bar No. 24082728

**ATTORNEYS FOR MSEC ENTERPRISES,
INC.**

EXHIBIT "A"

CCN 12887 and Affected Subdivision

| SUBDIVISION | PWS ID Number |
|-------------|---------------|
| Crown Ranch | 1700781 |

EXHIBIT "B"

Customer Notice of Pass-Through Rate Change October 1, 2018

CUSTOMER NOTICE OF CHANGE IN WATER RATE

Effective Date of Change: OCTOBER 1, 2018

Date: September 1, 2018

To: Customers of MSEC Enterprises, Inc. in PWS 1700781

From: MSEC Enterprises, Inc., P. O. Box 970, Navasota, Texas 77868 ("Utility")

For more information regarding the Bluebonnet Groundwater Conservation District, please go to the website <https://www.bluebonnetgroundwater.org/>

Be advised that Bluebonnet GCD's Water Production Fee has become applicable.

On January 18, 2017, the BGCD Board of Directors approved a Water Production Fee rate effective January 18, 2017.

Water Production Fee to be charged is \$0.045/1,000 gallons (\$0.05/1000 gallons when adjusted for line loss).

The addition of Bluebonnet GCD Water Production Fee requires MSEC to provide you NOTICE under **Public Utility Commission of Texas Rule 24.21(b)(2)E(ii)** of a TARIFF RATE REVISION as follows:

Bluebonnet Groundwater Conservation District (BGCD).....
\$0.05* per 1,000 gallons *(The Pass Through Fees are adjusted for line loss)

The Present Calculation and the New Calculation of the Customer Billing applicable to your billing, including the BGCD Water Production Fee, are set out on the following pages.

This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code §24.21. The cost to you as a result of this change will not exceed the costs charged to your utility.

Calculation for customer billing Prior to October 1, 2018:

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 -- Rates

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

| | |
|--|--|
| Lone Star Groundwater Conservation District (LSGCD)..... | \$0.12* per 1000 gallons (Tariff Control No. 47757) |
| San Jacinto River Authority (SJRA) | \$2.75* per 1000 gallons (Tariff Control No. 47914) |

* The Pass Through Fees are adjusted for line loss

New calculation of customer billing EFFECTIVE OCTOBER 1, 2018:

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 -- Rates

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

PASS THROUGH FEES CHARGED BY:

| | |
|--|--|
| Bluebonnet Groundwater Conservation District (BGCD)(PWS 1700781 only)..... | \$0.05* per 1000 gallons |
| Lone Star Groundwater Conservation District (LSGCD)..... | \$0.12* per 1000 gallons (Tariff Control No. 47757) |
| San Jacinto River Authority (SJRA)..... | \$2.75* per 1000 gallons (Tariff Control No. 47914) |

*The Pass Through Fees are adjusted for line loss

Formula: Adjusted Gallorage Rate (AG) = G + B/(1 - L), where:

- AG = adjusted gallorage charge, rounded to nearest one cent;
- G = approved gallorage (per 1,000 gallons)
- B = change in purchased water/district gallorage charge (per 1,000 gallons)
- L = system average line loss for the preceding 12 months not to exceed 0.15

- G = 0
- B = \$0.045
- L = 0.1309

AG = 0 + \$0.045 / (1-0.1309) = 0 + \$0.051778 = \$0.05

EXHIBIT "C"

BGCD Notice of Water Production Fee Rate

BLUEBONNET GROUNDWATER CONSERVATION DISTRICT

Board of Directors Meeting

Wednesday, January 18, 2017
6:00 PM

Bluebonnet Groundwater Conservation District
Board Room, Suite B & C
303 East Washington Avenue
Navasota, Texas

In attendance:

Directors – Beckendorff, Blezinger (6:17), Eppler, Fairchild, Gage, Hopper, Huebner, Julian, Minze, Morrison (6:12), Muse, Olsta, Palout, Reed, and Vaughn
Staff - General Manager Holland and Office Manager Proffitt
Auditor – Ingram, Wallis, & Company
Visitors – N/A

Minutes of the Board of Directors Meeting

1. **Call to order.**
There being a quorum present, the Board of Directors Meeting was called to order by the President at 6:00 PM.
2. **Public Comment.**
No public comment.
3. **Accept resignation of Director Browne representing industrial interests of Austin County.**
Director Beckendorff moved the Board accept the resignation of Director Browne. Director Huebner seconded, *motion carried.*
4. **Introduction of Director Phillip Fairchild representing industrial interests of Austin County and approve bonds for appointed Director Fairchild**
Director Olsta moved the Board approve bonds of Director Fairchild. Director Muse seconded, *motion carried.*
5. **Presentation by James Ingram and discussion of FY 2016 Audit performed by Ingram, Wallis & Company.**
Ingram, Wallis & Company presented and reviewed the audit and adjustments.
6. **Discussion and possible action to accept FY 2016 Audit prepared by Ingram, Wallis & Company.**
Director Reed moved the Board approve the FY 2016 audit and adjustments. Director Minze seconded, *motion carried.*
7. **Discussion and possible action to approve the updated District Fee Schedule.**
Director Olsta moved the Board approve the updated District Fee Schedule. Director Eppler seconded, *motion carried.*
8. **Discussion and possible action to approve minutes of October 19, 2016 Rulemaking Public Hearing and Board Meeting.**
Director Vaughn moved the Board approve the meeting minutes. Director Muse seconded, *motion carried.*
9. **Discussion and possible action to approve Quarterly Financial Report**

GM Holland presented and reviewed the Quarterly Financial Report. Director Beckendorff moved the Board approve the Quarterly Financial Report. Director Reed seconded, *motion carried*.

10. **Discussion and possible action to approve Quarterly Investment Report.**

GM Holland presented and reviewed the Quarterly Investment Report. Director Oista moved the Board approve the Quarterly Investment Report. Director Minze seconded, *motion carried*.

11. **Discussion and possible action to accept Quarterly Drought Status Assessment.**

GM Holland presented and reviewed the Quarterly Drought Assessment. Director Huebner moved the Board accept the Quarterly Drought Assessment Report. Director Reed seconded, *motion carried*.

12. **Discussion and possible action regarding Texas Water Conservation Association's Groundwater Committee consensus bills and white papers.**

- A. Advisory Committee Bill
- B. Direct Deposit Bill
- C. Proposed Export Amendments
- D. Export Extension Provision
- E. Appeal Party Status
- F. Application Administrative Completeness
- G. Considering Registered Wells in Permitting
- H. DFC Adoption Process
- I. Groundwater as Alternate Supply
- J. Modeled Sustainable Definition
- K. State Auditor Review
- L. Correlative Rights and O&G Principles White Paper

GM Holland presented and reviewed the Texas Water Conservation Association's Groundwater Committee consensus bills and white papers.

13. **General Manager's Report**

- A. Well Registration/Permitting
- B. TAGD & TWCA
- C. Region G & H RWPG
- D. GMA 14 Joint Planning
- E. Legislative Update – Interim Changes
- F. BGCD Update
 - 1. Vehicle Summary

GM Holland presented and reviewed the General Manager's Report updating the Board of past, current, and upcoming meetings and events relevant to the District.

14. **Date for next Board Meeting – April 19, 2017**

15. **Adjourn**

The meeting was adjourned by the President at 7:25 PM.

The Board approved the above minutes of the regular meeting of the Board of Directors of the Bluebonnet Groundwater Conservation District, held on January 18, 2017, on April 19, 2017.

J Jared Patout, President

ATTEST.

David Minze, Vice President

Bluebonnet Groundwater Conservation District

Fee Schedule (effective January 18, 2017)

Production & Permit Fees

| | |
|--|---------------------------|
| Minimum Fee | \$3.50 per well per month |
| (Monthly administrative fee charged to all non-exempt wells regardless of the amount of water produced from the well. This fee is also charged monthly to non-exempt wells with zero pumpage.) | |

| | |
|--|-----------------------------------|
| Minimum Fee & Permit Analysis | \$10.00 per well permit per month |
| (Monthly administrative fee charged to all non-exempt wells regardless of the amount of water produced from the well. Takes effect on all permits issued for 30-year terms, including operating permits, aggregation permits and transport permits. This fee is also charged monthly to non-exempt wells with zero pumpage.) | |

| | |
|--|--------------------------|
| Production Fee | \$0.045 per 1000 gallons |
| (Monthly charge for production from a non-exempt well) | |

| | |
|---------------|--------------------------|
| Transport Fee | \$0.125 per 1000 gallons |
|---------------|--------------------------|

| | |
|--------------------|--------------------------|
| Excess Pumpage Fee | \$0.125 per 1000 gallons |
|--------------------|--------------------------|

The total of the production fee, transport fee and excess pumpage fee shall not exceed \$0.17 per 1000 gallons.

The excess pumpage fee is effective for water pumpage after December 1, 2010.

Well Development Application Fee

| | |
|--|--------|
| Exempt Well | No Fee |
| (Approved application would be valid for 1 year) | |

| | |
|---|---------|
| Non-exempt Well | \$75.00 |
| (Approved application would be valid for 2 years) | |

Well Log Deposit

| | |
|-------------|----------|
| Exempt well | \$100.00 |
|-------------|----------|

Non-exempt well \$100.00

Note: This deposit is refundable if all documents including the drillers log are received by the District within 60 days after drilling and/or completion of the well.

If the required documents are received by the District over 60 but less than 120 days after completion of the well, \$50.00 of the deposit is refunded.

If the required documents are received by the District 120 or more days after completion of the well, none of the deposit is refunded.

Operating Permit Application Fee

New well after 07/01/2004 (or after annexation of county into District)

Exempt well No fee required

Non-exempt well

Well completed with less than an eight (8) inch inside casing diameter \$375.00

Well completed with eight (8) inches or greater inside casing diameter \$375.00

PLUS Permit review deposit \$750.00

Final operating permit application fee will be fee plus the actual cost of reviewing and processing the permit application. If actual cost exceeds the deposit, the balance will be negotiable between the entities and due prior to permit issuance. If actual cost is less than the deposit, the excess will be refunded. Permit fee is not refundable.

A non-exempt well operating permit is issued for a maximum period of thirty (30) years and the fees shown above are due and payable before issuance of a permit.

If well existed on 07/01/2004 (or when county was annexed into District)

Exempt Well No fee required

Non-exempt Well \$250.00

The operating permits for these existing non-exempt wells will be issued for period thirty (30) years.

Transport Permit Application Fee

Exempt or Non-exempt well

Well completed with less than an eight (8) inch inside casing diameter \$375.00

Well completed with eight (8) inches or greater inside casing diameter \$375.00

PLUS Permit review deposit \$750.00

Final transport permit application fee will be fee plus the actual cost of reviewing and processing the permit application. If actual cost exceeds the deposit, the balance will be due prior to permit issuance. If actual cost is less than the deposit, the excess will be refunded. Permit fee is not refundable.

Transport permits shall be issued for time periods that are compliant with Texas Water Code 36.122(i).

Permit Amendment Fee

Minor Amendment \$150.00
Note: See Rule 8.10 for definition of minor amendment

Major Amendment \$375.00
PLUS
Permit amendment review deposit \$750.00

Final major permit amendment fee will be fee plus the actual cost of reviewing and processing the amendment application. If actual cost exceeds the deposit, the balance will be due prior to permit issuance. If actual cost is less than the deposit, the excess will be refunded. Permit amendment fee is not refundable.

Aggregation Permit Application Fee

Aggregation Permit \$50.00 per well

Note: Fee is charged per well to be aggregated. The aggregation permit fee is charged and due for each well for which the permit is to be issued.

Returned Check Fee

Returned check \$25.00

Special Fee

Special fee (minimum fee) \$75.00

Note: Actual fee charged at staff time rate plus cost of consultants engaged by District to assist in plan review. This fee may be assessed by the General Manager in any situation where action or a service is requested to be provided by the District and a specific fee schedule is not established. This fee may also be applicable to a variety of special cases including closed loop heat exchange wells, special or innovative well developments or closures, and special inspections or requests from local government or private entities including hydrogeologic studies or reports.

Staff Time

Staff time \$50.00/hour

Note: This fee is the hourly rate charged by the District as the cost for work performed by staff or employees of the District. This fee is assessed separately for each District staff member involved where the fee is designated or where the General Manager determines the fee to be applicable to accomplish a specific action or task or provide a specific service.

Copies

Copies of District documents see rate below

Standard paper copy \$0.10/page
(8.5 by 11 or 8.5 by 14)

Oversize copies actual cost
Minimum charge \$0.50/page

Certification of copies \$1.00/instrument

Bluebonnet Groundwater Conservation District

Fee Schedule (effective January 18, 2017)

Production & Permit Fees

Minimum Fee \$3.50 per well per month
(Monthly administrative fee charged to all non-exempt wells regardless of the amount of water produced from the well. This fee is also charged monthly to non-exempt wells with zero pumpage.)

Minimum Fee & Permit Analysis \$10.00 per well permit per month
(Monthly administrative fee charged to all non-exempt wells regardless of the amount of water produced from the well. Takes effect on all permits issued for 30-year terms, including operating permits, aggregation permits and transport permits. This fee is also charged monthly to non-exempt wells with zero pumpage.)

Production Fee \$0.045 per 1000 gallons
(Monthly charge for production from a non-exempt well)

Transport Fee \$0.125 per 1000 gallons

Excess Pumpage Fee \$0.125 per 1000 gallons

The total of the production fee, transport fee and excess pumpage fee shall not exceed \$0.17 per 1000 gallons.

The excess pumpage fee is effective for water pumpage after December 1, 2010.

Well Development Application Fee

Exempt Well No Fee
(Approved application would be valid for 1 year)

Non-exempt Well \$75.00
(Approved application would be valid for 2 years)

Well Log Deposit

Exempt well \$100.00

Non-exempt well

\$100.00

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PLUS Permit review deposit \$750.00

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\$250.00

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Exempt or Non-exempt well

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Note: See Rule 8.10 for definition of minor amendment

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PLUS
Permit amendment review deposit \$750.00

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Returned check \$25.00

Special Fee

Special fee (minimum fee) \$75.00

Note: Actual fee charged at staff time rate plus cost of consultants engaged by District to assist in plan review. This fee may be assessed by the General Manager in any situation where action or a service is requested to be provided by the District and a specific fee schedule is not established. This fee may also be applicable to a variety of special cases including closed loop heat exchange wells, special or innovative well developments or closures, and special inspections or requests from local government or private entities including hydrogeologic studies or reports.

Staff Time

Staff time \$50.00/hour

Note: This fee is the hourly rate charged by the District as the cost for work performed by staff or employees of the District. This fee is assessed separately for each District staff member involved where the fee is designated or where the General Manager determines the fee to be applicable to accomplish a specific action or task or provide a specific service.

Copies

Copies of District documents see rate below

Standard paper copy \$0.10/page
(8.5 by 11 or 8.5 by 14)

Oversize copies actual cost
Minimum charge \$0.50/page

Certification of copies \$1.00/instrument

EXHIBIT "D-1"

Calculations and Assumptions used to determine the new rates

LINE LOSS PERCENTAGE CALCULATIONS

**MSEC ENTERPRISES
LINE LOSS CALCULATIONS
BGCD PASS THROUGH RATE**

The following table documents sales and pumpage on a monthly basis for a 12 month period. Sales information comes from our billing system (SEDC) and the pumpage information is sourced from our plant logs.

| Year of BillingMonth | Month of BillingMonth | Month of Production Date | Production | Sales MG |
|---------------------------------|----------------------------------|-------------------------------------|-------------------|-----------------|
| 2017 | August | July | 4.77 MG | 4.09 MG |
| 2017 | September | August | 3.38 MG | 3.33 MG |
| 2017 | October | September | 2.94 MG | 2.47 MG |
| 2017 | November | October | 2.64 MG | 2.26 MG |
| 2017 | December | November | 1.87 MG | 1.61 MG |
| 2018 | January | December | 1.43 MG | 1.18 MG |
| 2018 | February | January | 1.20 MG | 1.05 MG |
| 2018 | March | February | 0.97 MG | 0.81 MG |
| 2018 | April | March | 1.96 MG | 1.54 MG |
| 2018 | May | April | 2.49 MG | 2.52 MG |
| 2018 | June | May | 3.47 MG | 3.26 MG |
| 2018 | July | June | 4.44 MG | 3.33 MG |
| | | Total | 31.58 MG | 27.45 MG |
| | | Loss | 13.09% | |

EXHIBIT "D-2"

Calculations and Assumptions used to determine the new rates

RATE CHANGE CALCULATIONS

EFFECTIVE 1-Oct 2018

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

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

G = BGCD Pass through per 1,000 gallons

B = change in fee (per 1,000 gallons);

L = water line loss for preceding 12 months, not to exceed 0.15 (15%)

| | |
|-------|----------|
| G | 0 |
| B | 0.045 |
| L | 0.1309 |
| 1-L | 0.8691 |
| B/1-L | 0.051778 |

| | G | B/1-L | AG | Round |
|------|--------|----------|----------|-------|
| AG = | 0.0000 | 0.051778 | 0.051778 | 0.05 |
| AG = | | 0.05 | | |

EXHIBIT "E"

Rate pages affected by the Pass-Through Rate Change

RATE PAGES

MSEC Enterprises, Inc.

Water Tariff Page No.2

SECTION 1.0 --RATE SCHEDULE

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallage 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 |
| 1 1/2" | \$200.00 | \$3.70 per 1000 gallons over 20,000 gallons |
| 2" | \$320.00 | |
| 3" | \$375.00 | |

Bluebonnet Groundwater Conservation District (BGCD) (PWS 1700781 only).....*\$0.05 per 1000 gallons

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

San Jacinto River Authority (SJRA).....*\$2.75 per 1000 gallons
(Tariff Control No. 47914)

*(The pass through fees are adjusted for line loss)

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 ASSESSMENT1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL

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.

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. [§24.2(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