



Control Number: 48657



Item Number: 7

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**TARIFF CONTROL NO. 48657**

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

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**PUBLIC UTILITY COMMISSION**  
OCT 11 11 4 32  
**OF TEXAS**  
PUBLIC UTILITIES

**COMMISSION STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation. In support thereof, Staff shows the following:

**I. BACKGROUND**

On August 31, 2018, MSEC Enterprises, Inc. (MSEC) filed an application pursuant to 16 Texas Administrative Code (TAC) § 24.21 for approval of a pass-through rate change to allow for the recovery of the water production fee charged by Bluebonnet Groundwater Conservation District. The rate increase applies to Public Water System No. 1700781.

On September 6, 2018, the Administrative Law Judge issued a Notice setting a deadline for Staff to file a recommendation on MSEC's application, address notice requirements, and propose a procedural schedule, if necessary, by October 1, 2018. On September 28, 2018, Staff requested an extension of time, because the subject matter expert initially assigned to review this matter had left the Commission. The Commission granted this request on October 1, 2018.

On October 5, 2018, Staff filed a second request for an extension of time to give Staff's newly assigned subject matter expert more time to complete an assessment of the application. On October 8, 2018, the Commission extended the deadline for Staff to file its recommendation until October 12, 2018. Therefore, this pleading is timely filed.

**II. STAFF'S RECOMMENDATION**

Consistent with the attached memorandum (Attachment A) of Emily Sears, Financial Analyst with the Water Utility Regulation Division, Staff recommends that MSEC's application is insufficient for filing. Staff further recommends that MSEC clarify whether the water losses indicated in its application reflect water losses only for the Crown Ranch Subdivision or for the entirety of MSEC's water systems. If the water losses specified in the application represent system-wide losses, Staff recommends that MSEC specify water losses for the Crown Ranch Subdivision.

### III. CONCLUSION

Staff respectfully requests the issuance of an order consistent with the above recommendations.

Dated: October 11, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
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**DOCKET NO. 48657**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on October 11, 2018, in accordance with 16 TAC § 22.74.

  
Skyler Springsteen Collins

## PUC Interoffice Memorandum

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**To:** Skyler Collins, Attorney  
Legal Division

**Through:** Debi Loockerman, Financial Manager  
Water Utility Regulation

**From:** Emily Sears, Financial Analyst  
Water Utility Regulation

**Date:** September 28, 2018

**Subject:** **Tariff Control No. 48657; *Application of MSEC Enterprises, Inc. for Approval of a Pass-Through Rate Change***

On August 31, 2018, MSEC Enterprises, Inc. (Applicant) filed an application to implement a pass-through rate pursuant to 16 Texas Administrative Code (TAC) § 24.21 for groundwater production fees from Bluebonnet Groundwater Conservation District (Bluebonnet).

The Applicant proposes to increase its approved pass-through rate for its Crown Ranch Subdivision (PWS No. 1700781) water customers effective October 1, 2018.

Staff has reviewed the application and recommends that the application be deemed insufficient for filing at this time. Staff recommends that the Commission require the Applicant to clarify if the water losses included with the application are for the Crown Ranch Subdivision only, or if the water losses are for all the Applicant's systems. Also, if the water losses are for all the Applicant's systems, provide the water losses for the Crown Ranch Subdivision only.