



Control Number: 48657



Item Number: 9

Addendum StartPage: 0

DOCKET NO. 48657

PASS-THROUGH RATE CHANGE OF §
MSEC ENTERPRISES, INC. FOR §
BLUEBONNET GROUNDWATER §
CONSERVATION DISTRICT §
GROUNDWATER PRODUCTION FEE §

RECEIVED
2018 OCT 24 PM 1:30
PUBLIC UTILITY COMMISSION
FILED CLERK
BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

**MSEC ENTERPRISES, INC. RESPONSE TO NOTICE FINDING APPLICATION
INCOMPLETE AND DEFICIENT AND OPPORTUNITY TO CURE**

COMES NOW, MSEC Enterprises, Inc. ("MSEC") and files this Response to the Public Utility Commission's Notice Finding the Application Incomplete and Deficient; and Establishing an Opportunity to Cure (the "Notice") in the above reference docket. On October 12, 2018, the Public Utility Commission ("Commission" or "PUC") issued the Notice finding MSEC's Pass-Through Rate Change Application (the "Application") incomplete and deficient, and established an opportunity for MSEC to cure those deficiencies by October 25, 2018. This Response is therefore timely filed.

In a memo dated September 28, 2018, Commission Staff noted a deficiency in the Application and requested clarification as to whether the water loss calculations included as an exhibit to the Application are specifically for the Crown Ranch Subdivision ("Crown Ranch") *only*, or if the water losses are for *all* of MSEC's water systems. Additionally, PUC Staff has requested clarification as to the existence and status of two groundwater wells and corresponding facilities within the Crown Ranch Public Water System ("PWS") No. 1700781 which is the subject of MSEC's Application.

As to the water loss calculations, the Application (and the associated groundwater well for which a pass-through of production fees is sought) pertains *only* to Crown Ranch/PWS No. 1700781, and thus the water loss calculations (attached to MSEC's Application as Exhibit "D-

1”) pertain *only* to Crown Ranch/PWS No. 1700781. For further clarification and context, Crown Ranch is a comparatively large subdivision that straddles both Grimes and Montgomery Counties. While the full build-out of Crown Ranch has not yet occurred, this is an extremely high-growth area of the state; MSEC created a stand-alone PWS at Crown Ranch and drilled a large, high-capacity groundwater well in Grimes County to accommodate that future growth.

For further clarification and to answer the additional questions posed by PUC Staff, there are now two operational and producing groundwater wells within PWS No. 1700781 owned by MSEC, each with its own corresponding “water plant,” which includes treatment and distribution facilities. The newer well was drilled in Grimes County and is a much more prolific source of water for PWS No. 1700781 compared to the older well located in Montgomery County. The jurisdiction of the Bluebonnet Groundwater Conservation District (“Bluebonnet”) includes Grimes County but *not* Montgomery County. Therefore, MSEC applied for a pass-through rate change to correspond with Bluebonnet’s production fee charged to groundwater that is now produced from MSEC’s new Grimes County well. It is MSEC’s intent to leave the older, Montgomery County well and corresponding water plant online and cycling as a back-up source of supply and/or for use in the event of an emergency. However, the vast majority of the groundwater used in PWS 1700781 will come from the new Grimes County well.

MSEC hopes this Response addresses the information deficiencies identified by PUC Staff. MSEC appreciates the Staff’s understanding and cooperation in working with MSEC to fully identify and address these deficiencies. MSEC respectfully requests that its Application be deemed administratively complete and submitted for final approval to the Commission.

Respectfully submitted,

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

816 Congress Avenue, Suite 1900

Austin, Texas 78701

(512) 322-5800

(512) 472-0532 (Fax)

tembrey@lglawfirm.com

tbrewer@lglawfirm.com



TY H. EMBREY

State Bar No. 24025346

J. TROUPE BREWER

State Bar No. 24082728

ATTORNEYS FOR MSEC ENTERPRISES, INC.

CERTIFICATE OF SERVICE

I hereby certify that on October 24, 2018, true and correct copy of the foregoing document has been served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.



Ty H. Embrey