

Control Number: 48872



Item Number: 13

Addendum StartPage: 0

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APPLICATION OF MSEC §
ENTERPRISES, INC. FOR FEDERAL §
TAX CHANGE CREDIT RIDER §

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
FILING CLERK

**JOINT MOTION TO ADMIT EVIDENCE AND
PROPOSED NOTICE OF APPROVAL**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, together with MSEC Enterprises, Inc. (MSEC) (collectively, Parties), and files this Joint Motion to Admit Evidence and Proposed Notice of Approval. In support thereof, the Parties show the following:

I. BACKGROUND

On December 14, 2018, MSEC filed an application with the Commission for approval to implement two new Federal Tax Credit Riders (FTCCR), which will be used to provide a credit to MSEC’s water and sewer customers for bills rendered on or after January 1, 2019. MSEC developed the FTCCRs as a means to pass estimated savings resulting from the federal Tax Cuts and Jobs Act of 2017 corporate income tax rate reduction to customers as quickly as possible without a rate case.

On March 20, 2019, Staff recommended approval of the Application. On March 25, 2019, the Administrative Law Judge (ALJ) issued a notice requiring the filing of these proposed findings of fact, conclusions of law, and ordering paragraphs by April 10, 2019. This pleading is therefore timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

The Parties respectfully request that the ALJ issue an order admitting the following into evidence:

- (a) MSEC’s Application, filed December 14, 2019 (AIS No. 2);
- (b) Commission Staff’s Recommendation on Sufficiency, filed January 14, 2019 (AIS No. 5);
- (c) MSEC’s Response to Commission Staff’s First Request for Information, filed February 4, 2019 (AIS No. 7);
- (d) MSEC’s Affidavit of Notice to Customers, filed February 15, 2019 (AIS No. 10); and
- (e) Staff’s Final Recommendation and attachments thereto, filed March 20, 2019 (AIS No. 11).

13

III. PROPOSED NOTICE OF APPROVAL

The Parties provide the attached Joint Proposed Notice of Approval for the ALJ's and Commission's consideration. The Joint Proposed Notice of Approval would grant MSEC's Application to implement its FTCCRs effective May 1, 2019.

IV. CONCLUSION

The Parties respectfully request that the Commission admit the evidence as requested and approve the attached Joint Proposed Notice of Approval.

Respectfully Submitted,

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

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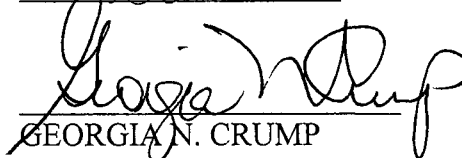
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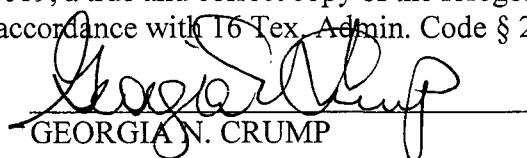
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ATTORNEYS FOR MSEC ENTERPRISES, INC.

CERTIFICATE OF SERVICE

I hereby certify that on April 9, 2019, a 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.



GEORGIA N. CRUMP

DOCKET NO. 48872

APPLICATION OF MSEC § **BEFORE THE**
ENTERPRISES, INC. FOR FEDERAL § **PUBLIC UTILITY COMMISSION**
TAX CHANGE CREDIT RIDER § **OF TEXAS**

JOINT PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of MSEC Enterprises, Inc. (MSEC) for approval of an application to implement two new Federal Tax Change Credit Riders (FTCCR) as minor tariff changes (Application). Commission Staff recommended approval of the Application with Staff's modification. The Application is approved with Staff's modification.

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

I. FINDINGS OF FACT

Procedural History/FTCCR Filing Details

1. On December 14, 2018, MSEC filed an application with the Commission for approval to implement two new FTCCRs, effective January 1, 2019. The FTCCRs give effect to the Tax Cuts and Jobs Act of 2017 (TCJA), which changed the federal maximum corporate tax rate from 35% to 21%. The FTCCR adjusts rates going forward and MSEC proposes to refund, over five months, the estimated balance of the regulatory liability for the period between August 30, 2018 and January 1, 2019.
2. MSEC developed the FTCCRs as a means to pass estimated savings resulting from the TCJA corporate income tax rate reduction to water and sewer customers as quickly as possible without a rate case.
3. MSEC's FTCCR filing does not address the accounting and ratemaking treatments of excess accumulated deferred federal income tax (ADFIT) arising from changes to federal tax law in the TCJA as it plans to address those issues in MSEC's next comprehensive major rate proceedings.
4. On January 14, 2019, Commission Staff filed its sufficiency recommendation, which recommended that the Commission find MSEC's Application administratively complete.
5. On January 16, 2019, the Commission issued a Notice Finding Application Sufficient and Establishing Procedural Schedule.
6. On February 15, 2019, MSEC filed an Affidavit of Notice to customers dated February 15, 2019.

7. On March 20, 2019, Commission Staff filed its Final Recommendation and recommended that the Application be approved with Staff's modification that the difference calculated from August 30, 2018 to the new effective date, May 1, 2019, be refunded over eight months, instead of five. Commission Staff conferred with MSEC, who agreed to Staff's modification.
8. On April 10, 2019, the parties filed a joint motion to admit evidence and proposed notice of approval.
9. On _____, 2019, the Commission issued an order admitting the following evidence into the record of this proceeding: (a) MSEC's Application, filed December 14, 2019; (b) Staff's Sufficiency Recommendation, filed January 14, 2019; (c) MSEC's Response to Commission Staff's First Request for Information, filed February 4, 2019; (d) MSEC's Affidavit of Notice to Customers, filed February 15, 2019; and (e) Staff's Final Recommendation and attachments thereto, filed March 20, 2019.

Notice

10. On February 15, 2019, MSEC's FTCCR notices were provided by first class mail to each of its water and sewer customers. Each water customer received a correct copy of the notice for water rates, and each sewer customer received a correct copy of the notice for sewer rates.
11. On February 15, 2019, MSEC filed an affidavit attesting to the provision of notice to customers.

Informal Disposition

12. More than 15 days have passed since completion of the notice provided in this docket.
13. No person filed a protest or hearing request.
14. No person filed a request to intervene in this proceeding by the March 15, 2019 deadline.
15. No hearing was requested in this matter.
16. This decision is not adverse to any party.

II. CONCLUSIONS OF LAW

1. MSEC is a retail public utility as defined in Texas Water Code (TWC) § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).

2. MSEC is a “water and sewer utility,” “public utility,” and “utility” as defined in TWC § 13.002(23) and 16 TAC § 24.3(51), (75), and (76).
3. The Commission has jurisdiction over the Application under TWC §§ 13.041, 13.042, and 13.181, and 16 TAC § 24.25(b)(2)(A)(v).
4. MSEC’s FTCCR is compliant with the requirements of TWC §§ 13.182 and 13.183 and 16 TAC § 24.25(b)(2)(A)(v).
5. MSEC provided notice of the Application that was consistent with 16 TAC § 24.25(b).
6. The Commission processed the Application consistent with the TWC and Commission rules.
7. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.
8. MSEC’s FTCCRs provide for just and reasonable rates.
9. MSEC’s FTCCR credits are not unreasonably preferential, prejudicial, or discriminatory, but are sufficient, equitable, and consistent in application to each class of consumers.

III. ORDERING PARAGRAPHS

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

1. MSEC’s Application is approved with Staff’s modification that MSEC refund over eight months the estimated balance of the regulatory liability for the period between August 30, 2018 and May 1, 2019.
2. MSEC’s FTCCRs, which will be used to provide a credit to MSEC customers effective for bills rendered on or after May 1, 2019, reflected in the tariff documents attached hereto, are approved effective May 1, 2019, and shall remain in effect until MSEC’s rates are adjusted in a future major rate proceeding or the Commission orders otherwise.
3. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.

SIGNED at Austin, Texas, on the _____ day of _____, 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE