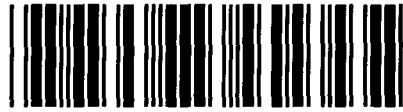


Control Number: 50459



Item Number: 1

Addendum StartPage: 0

50459

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2020 JAN 17 PM 2:06

PUBLIC UTILITY COMMISSION  
FILING CLERK

**NOTICE OF PASS-THROUGH RATE CHANGE**

DATE: January 17, 2020

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

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

RE: Notice of Pass-Through Rate Change pursuant to 16 Tex. Admin. Code  
§ 24.25(b)(2) for Lone Star Groundwater Conservation District Groundwater Use  
Fee

MSEC Enterprises, Inc. (MSEC) files this Notice of Pass-Through Rate Increase pursuant to 16 Tex. Admin. Code (TAC) § 24.25(b)(2).

MSEC is an independently owned utility using groundwater produced from the Gulf Coast Aquifer as a source of supply for its water utility services in Montgomery County, Texas. MSEC is therefore under the jurisdiction of the Lone Star Groundwater Conservation District (Lone Star) and subject to Lone Star's rules and regulations. Lone Star charges a "water use fee" for the production of groundwater from certain aquifers in Montgomery County. To offset those fees, MSEC's tariff currently allows for a recovery of \$0.12 per 1,000 gallons used by its customers when taking into account its line loss factor.

On August 13, 2019, at a meeting of Lone Star's Board of Directors, Lone Star took formal action to decrease its water use fee rate from \$0.105 per 1,000 gallons to \$0.085 per 1,000 gallons, effective January 1, 2020.

MSEC therefore requests to amend its tariff to reflect the decrease in the pass-through amount ordered by Lone Star. The pass-through amount for MSEC will be reduced by \$0.03/1,000 gallons, for a total pass-through fee in the amount of \$0.09 per 1,000 gallons used by its customers when taking into account MSEC's line loss factor. MSEC will mail a Customer Notice of this Pass-Through Rate Change to all of its customers as required by Rule 24.25(b)(2)(F) on or about January 17, 2020, such change coming into effect at the same time as Lone Star's fee decrease on January 1, 2020.

The following attachments are provided as required by 16 TAC § 24.25(b)(2)(F):

Exhibit A – a list of the affected subdivision(s), public water system name(s) and corresponding number(s) issued by the TCEQ.

**PUBLIC UTILITY COMMISSION  
NOTICE OF PASS-THROUGH RATE CHANGE CCN 12887**

January 17, 2020

Page 2

Exhibit B – a copy of the Customer Notice of Pass-Through Rate Change to be sent to MSEC’s customers on or about January 17, 2020 in advance of the billing statement (February 1, 2020) in which the revisions are to be implemented.

Exhibit C – proof that the water use fee has changed, in the form of Resolution No. #19-008 of the Lone Star Groundwater Conservation District, dated August 13, 2019.

Exhibit D-1 – line loss percentage calculations.

Exhibit D-2 – rate change calculations.

Exhibit E – tariff page affected by Pass-Through Rate Change.

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)



GEORGIA N. CRUMP

State Bar No. 05185500

[gcrump@lglawfirm.com](mailto:gcrump@lglawfirm.com)

TY H. EMBREY

State Bar No. 24025346

[tembrey@lglawfirm.com](mailto:tembrey@lglawfirm.com)

**ATTORNEYS FOR MSEC ENTERPRISES,  
INC.**

# EXHIBIT “A”

CCN 12887 and SUBDIVISIONS

| SUBDIVISION             | PWS ID Number |
|-------------------------|---------------|
| Capitol Hills           | 1700638       |
| Crown Oaks              | 1700638       |
| Crown Ranch             | 1700781       |
| Grand Lake Estates      | 1700638       |
| Highland Ranch          | 1700638       |
| Hills of Montgomery     | 1700638       |
| Lake Forest Lodge       | 1700638       |
| Lake Forest Lodge South | 1700638       |
| Legacy Creek Estates    | 1700638       |
| Lakeview                | 1700638       |
| Oaklawn Estates         | 1700638       |
| Old Kentucky Farms      | 1700638       |
| Montgomery Trace        | 1700638       |
| Ridge Lake Shores       | 1700638       |
| Stillwater Estates      | 1700677       |
| Valleywood Acres        | 1700638       |
| Woodforest              | 1700638       |
| Woodforest Golf Course  | 1700638       |

## EXHIBIT "B"

Customer Notice of Pass-Through Rate Change January 1, 2020

**CUSTOMER NOTICE OF CHANGE IN WATER RATE**  
**Effective Date of Change: JANUARY 1, 2020**

Date: January 17, 2020  
To: All customers of MSEC Enterprises, Inc.  
From: MSEC Enterprises, Inc., P. O. Box 970, Navasota, Texas 77868 ("Utility")

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

**Be advised that LSGWCD's Water Use Fee has changed effective January 1, 2020.**

On August 13, 2019, the **LSGWCD Board of Directors** approved a reduction to its Water Use Fee rate effective January 1, 2020:

**Water Use Fee to be charged is \$0.085/1,000 gallons (\$0.09/1000 gallons when adjusted for line loss).**

This change by LSGWCD requires MSEC to provide you NOTICE under **Public Utility Commission of Texas Rule 24.25(b)(2)F** of a TARIFF RATE REVISION as follows:

**Lone Star Groundwater Conservation District (LSGWCD).....**  
**\$0.09\* 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 **LSGWCD Water Use 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 §24.25. 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 January 1, 2020:**

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

| Meter Size   | Monthly Minimum Charge<br>(Includes 0 gallons all Meter Sizes) | Gallonge 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 (GCD).....\*\$0.12 per 1000 gallons  
(Tariff Control No. 47757)
- \*San Jacinto River Authority (SJRA) .....\*\$2.81 per 1000 gallons  
(The Pass Through Fees are adjusted for line loss and true-up) (Tariff Control No. 49815)
- \*Bluebonnet Groundwater Conservation District.....\*\$0.05 per 1000 gallons  
(For Crown Ranch Subdivision only) (Tariff Control No. 48657)

**New calculation of customer billing EFFECTIVE JANUARY 1, 2020:**

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

| Meter Size   | Monthly Minimum Charge<br>(Includes 0 gallons all Meter Sizes) | Gallonge 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:**

- \*Lone Star Groundwater Conservation District (GCD).....\$0.09\* per 1000 gallons  
(The Pass Through Fees are adjusted for line loss) (Tariff Control No. )
- \*San Jacinto River Authority (SJRA) .....\$2.81\* per 1000 gallons  
(The Pass Through Fees are adjusted for line loss and true-up) (Tariff Control No. 49815)
- \*Bluebonnet Groundwater Conservation District.....\*\$0.05 per 1000 gallons  
(For Crown Ranch Subdivision only) (Tariff Control No. 48657)

**Formula:** Adjusted Gallonge Rate (AG) = G / (1 - L), where:

- AG = adjusted gallonge charge, rounded to nearest one cent;
- G = approved gallonge (per 1,000 gallons)
- L = system average line loss for the preceding 12 months not to exceed 0.15
  
- G = \$0.085
- L = 5.86%
- AG =  $0.085 / (1 - 0.0586) = 0.085 / 0.9414 = \$0.09$



## EXHIBIT "C"

LSGWCD Resolution No. 19-008

**RESOLUTION NO. #19-008**

**LONE STAR GROUNDWATER CONSERVATION DISTRICT  
RESOLUTION ADOPTING 2020 WATER USE FEES FOR THE LONE STAR  
GROUNDWATER CONSERVATION DISTRICT PURSUANT TO THE RULES OF  
THE LONE STAR GROUNDWATER CONSERVATION DISTRICT**

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

**WHEREAS**, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77<sup>th</sup> Leg., R.S., ch. 1321, p. 3246, § 1(a), as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

**WHEREAS**, pursuant to said Act, § 5(a), the District Board of Directors of the District (the "Board") has the permitting and general management powers granted under Chapter 36 of the Texas Water Code;

**WHEREAS**, § 36.101 of the Texas Water Code authorizes a groundwater conservation district to make and enforce rules to provide for conserving, preserving, protecting, and recharging of the groundwater or of a groundwater reservoir or its subdivisions in order to control subsidence or prevent waste of groundwater and to carry out the powers and duties provided by Chapter 36 of the Texas Water Code;

**WHEREAS**, §§ 36.205 and 36.122 of the Texas Water Code and the Act authorize the District to assess fees on the production of groundwater within its jurisdiction and for the transfer of such water for use outside of the District;

**WHEREAS**, the assessment of such fees serves a legitimate regulatory purpose;

**WHEREAS**, the rules of the District authorize the Board of Directors of the District to establish by resolution a regulatory water use fee to accomplish the purposes of the District;

**WHEREAS**, the rules of the District authorize the Board of Directors of the District to establish by resolution a groundwater transport fee for the transportation of groundwater out of the District;

**WHEREAS**, the District staff have worked diligently to forecast all reasonably anticipated revenues, expenses, and activities; and after giving much consideration to these important factors, the Board of Directors recommends a regulatory water use fee of \$ 0.085 per 1,000 gallons for all groundwater permitted, other than agricultural use and that permitted in the Catahoula Restricted Aquifer for the calendar year 2020;

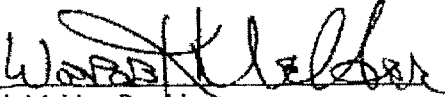
**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:**

1. A regulatory water use fee of \$1 per acre-foot of groundwater permitted for "agricultural use," as that term is defined by § 36.001(20), TEX. WATER CODE ANN. (Vernon Supp. 2004); a regulatory water use fee of \$0.085 per 1,000 gallons for all uses, other than "agricultural use", of groundwater permitted in the Gulf Coast Aquifer; and a regulatory water use fee of \$0.06 per 1,000 gallons for all uses, other than "agricultural use", of groundwater permitted in the Catahoula Restricted Aquifer, are hereby adopted as the regulatory water use fees of the District for the calendar year 2020. Notwithstanding the previous sentence, in the event that the application of these adopted rates results in a total annual regulatory water use fee payment of less than (\$10.00) for an individual permit issued by the District, the regulatory water use fee payment to be assessed to such a permit shall be the Minimum Regulatory Water Use Fee, which is hereby established as (\$10.00) and so adopted. The District shall impose a 50 percent export surcharge in addition to the District's regulatory water use fee for in-District use for transportation of groundwater for use outside of the District, subject to the Act and District Rules. Such fees set forth above shall be assessed as set forth in the Rules of the District for the time period of January 1, 2020, through December 31, 2020;
2. The regulatory water use and groundwater transport fees so adopted shall be effective January 1, 2020, and continue in effect until modified by the Board of Directors;
3. The regulatory water use and groundwater transport fees so adopted shall supersede any and all such fees previously adopted by Resolution or other action of the Board of Directors; and
4. The General Manager is further authorized to take any and all reasonable action necessary for the implementation of this resolution.

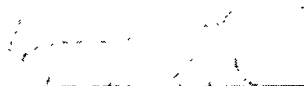
AND IT IS SO ORDERED.

PASSED AND ADOPTED this 13<sup>th</sup> day of August 2019.

**LONE STAR GROUNDWATER CONSERVATION DISTRICT**

By:   
Webb Melder, President

ATTEST:

  
Stuart Traylor, Board Secretary



## EXHIBIT "D-1"

Calculations and Assumptions used to determine the new rates

### LINE LOSS PERCENTAGE CALCULATIONS

MSEC ENTERPRISES  
 2019 LINE LOSS CALCULATIONS  
 LSGWCD PASS THROUGH RATE

**MG Production Summary 2019**

| Subdivision/PWS              | Montgomery Trace | SJRA Surface  | Stillwater  | Crown Ranch  | Subtotal      |
|------------------------------|------------------|---------------|-------------|--------------|---------------|
| Dec-18                       | 19.51            | 12.79         | 0.24        | 1.37         | 33.92         |
| Jan-19                       | 19.69            | 12.18         | 0.27        | 1.94         | 34.08         |
| Feb-19                       | 21.61            | 8.69          | 0.23        | 2.29         | 32.83         |
| Mar-19                       | 38.68            | 9.73          | 0.28        | 1.98         | 50.67         |
| Apr-19                       | 56.25            | 9.64          | 0.26        | 2.63         | 68.77         |
| May-19                       | 58.67            | 9.59          | 0.26        | 3.04         | 71.56         |
| Jun-19                       | 76.63            | 13.79         | 0.43        | 3.63         | 94.48         |
| Jul-19                       | 71.14            | 23.33         | 0.73        | 4.08         | 99.28         |
| Aug-19                       | 93.23            | 27.02         | 0.68        | 5.74         | 126.67        |
| Sep-19                       | 68.44            | 34.27         | 0.51        | 5.80         | 109.01        |
| Oct-19                       | 51.92            | 21.39         | 0.33        | 4.07         | 77.71         |
| Nov-19                       | 39.22            | 4.66          | 0.21        | 2.02         | 46.11         |
| <b>Subtotal</b>              | <b>614.99</b>    | <b>187.08</b> | <b>4.43</b> | <b>38.58</b> |               |
| <b>Total Production (MG)</b> |                  |               |             |              | <b>845.08</b> |

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.

| Month        | Sales (MG)    | Production (MG) |
|--------------|---------------|-----------------|
| Dec-18       | 31.51         | 33.92           |
| Jan-19       | 31.72         | 34.08           |
| Feb-19       | 28.49         | 32.83           |
| Mar-19       | 46.40         | 50.67           |
| Apr-19       | 67.02         | 68.77           |
| May-19       | 71.49         | 71.56           |
| Jun-19       | 88.87         | 94.48           |
| Jul-19       | 94.53         | 99.28           |
| Aug-19       | 123.46        | 126.67          |
| Sep-19       | 101.70        | 109.01          |
| Oct-19       | 67.22         | 77.71           |
| Nov-19       | 43.20         | 46.11           |
| <b>Total</b> | <b>795.59</b> | <b>845.08</b>   |
| <b>Loss</b>  | <b>5.86%</b>  |                 |

MSEC ENTERPRISES  
2019 LINE LOSS CALCULATIONS  
LSGWCD PASS THROUGH RATE

**LINE LOSS CALCULATION**

**Dec-18 through Nov-19**

|                   |         |        |
|-------------------|---------|--------|
| TOTAL MG Produced | MGP     | 845.08 |
| TOTAL MG Billed   | MGB     | 795.59 |
|                   | MGP-MGB | 49.49  |

Line Loss Calculation

$$=(MGP - MGB)/MGP$$

$$=(845.0816-795.594104)/845.0816$$

$$=49.49/845.0816$$

**Line Loss %** **5.86%**

## EXHIBIT “D-2”

Calculations and Assumptions used to determine the new rates

### RATE CHANGE CALCULATIONS



**EFFECTIVE 1-Jan 2020**

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

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

G = GCD Pass through per 1,000 gallons

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

|         |          |
|---------|----------|
| G       | 0.085    |
| L       | 0.0586   |
| 1-L     | 0.9414   |
| G/(1-L) | 0.090287 |

|      | G      | (1-L)  | AG     | Round |
|------|--------|--------|--------|-------|
| AG = | 0.0850 | 0.9414 | 0.0903 | 0.09  |

AG = 0.09

## EXHIBIT “E”

Rate pages affected by the Pass-Through Rate Change

RATE PAGES

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u>           | <u>Gallonage Charge</u>                      |
|-------------------|---|--|
| 5/8" or 3/4"      | \$33.00 (Includes 0 gallons all meters) | \$3.25 per 1000 gallons, 1" 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                                |  |

Lone Star Groundwater Conservation District (GCD).....\*\$0.09 per 1000 gallons  
 \*(The pass through fees are adjusted for line loss) (Tariff Control No. )

San Jacinto River Authority (SJRA).....\*\$2.81 per 1000 gallons  
 \*(The pass through fees are adjusted for line loss and true-up) (Tariff Control No. 49815)

Bluebonnet Groundwater Conservation District.....\$0.05 per 1000 gallons  
 (For Crown Ranch Subdivision only) (Tariff Control No. 48657)

Federal Tax Change Credit Rider

| <u>Meter Size</u> | <u>Effective</u>                       | <u>Effective</u>       |
|-------------------|--|------------------------|
|                   | <u>May 1, 2019 – December 31, 2019</u> | <u>January 1, 2020</u> |
| 5/8"              | (\$2.54)                               | (\$1.27)               |
| 3/4"              | (\$3.80)                               | (\$1.90)               |
| 1"                | (\$6.34)                               | (\$3.17)               |
| 1 1/2"            | (\$12.68)                              | (\$6.33)               |
| 2"                | (\$20.28)                              | (\$10.13)              |
| 3"                | (\$38.03)                              | (\$18.99)              |

(Docket No. 48872)

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 PAYMENT 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

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.

Tariff Control No.