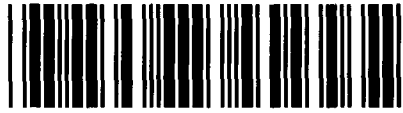




Control Number: 50459



Item Number: 8

Addendum StartPage: 0

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

PUBLIC UTILITY COMMISSION

2020 MAR 11 PM 2:21
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

NOTICE OF APPROVAL

This Notice of Approval addresses MSEC Enterprises, Inc.'s (MSEC) application for a pass-through rate change related to the water use fee imposed by the Lone Star Groundwater Conservation District (Lone Star). MSEC proposes to reduce the Lone Star pass-through fee it charges from customers from \$0.12 to \$0.09 per 1,000 gallons for customers in the in the Capitol Hills, Crown Oaks, Crown Ranch, Grand Lake Estates, Highland Ranch, Hills of Montgomery, Lake Forest Lodge, Lake Forest Lodge South, Legacy Creek Estates, Lakeview, Oaklawn Estates, Old Kentucky Farms, Montgomery Trace, Ridge Lake Shores, Stillwater Estates, Valleywood Acres, Woodforest, and Woodforest Golf Course subdivisions. The Commission approves the application to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. MSEC is a domestic for-profit corporation registered with the Texas secretary of state on July 10, 1997 under filing number 145205000.
2. MSEC provides water service under certificate of convenience and necessity (CCN) number 12887.

Application

3. On January 17, 2020, MSEC filed an application to decrease the Lone Star pass-through water use fee from \$0.12 to \$0.09 per 1,000 gallons, effective January 1, 2020, for the affected subdivisions.
4. MSEC is seeking to decrease the pass-through water use fee to offset the reduction in the fee imposed on MSEC by the Lone Star. At a meeting of its board of directors on August 13, 2019, Lone Star took formal action to decrease the water use fee it charges

MSEC from \$0.105 per 1,000 gallons to \$0.085 per 1,000 gallons, effective January 1, 2020.

5. The application contained documentation establishing line loss of 5.86% for the preceding calendar year. MSEC's requested pass-through rate includes \$0.05 per 1,000 gallons pumped, computed under the formula specified in its current tariff, as compensation for this line loss.
6. In addition to historical documentation of line loss, the application contained the affected CCN number, the affected subdivisions, the public water system names and corresponding numbers issued by the Texas Commission on Environmental Quality, a copy of the notice to customers, proof, in the form of Resolution Number #19-008, that the water use fee had changed, the rate change calculations, and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.
7. On February 18, 2020, Commission Staff recommended approval of MSEC's application.
8. In Order No. 3 filed on March 10, 2019, the administrative law judge found the application administratively complete.

Notice

9. On January 17, 2020, MSEC mailed notice to customers in the affected subdivisions, detailing the proposed Lone Star pass-through and that the new rate will be effective January 1, 2020. MSEC's application included a copy of the notice sent to affected customers.
10. The notice contained the effective date of the change, the present calculation of customer billings, the new calculation of customer billings, the change in charges from Lone Star, and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code (TAC) § 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility."
11. In Order No. 3 filed on March 10, 2019, the administrative law judge found the notice sufficient.

Jurisdiction—TWC §§ 13.002(19) and 13.041

12. MSEC is a retail public utility that purchases water.

13. MSEC is under the original jurisdiction of the Commission.

Eligibility for Pass-Through Rate Change – 16 TAC § 24.25

14. The proposed reduction in charge will pass through only the actual costs charged to MSEC by its supplier and does not duplicate costs otherwise charged to customers under the current tariff.

Tariff

15. The current tariff was approved by the Commission on December 1, 2017, in Tariff Control No. 47757.¹ The current tariff includes a Lone Star pass-through fee and provides a formula for computing changes to pass-through fees, including computation of line loss.

16. On February 18, 2020, Commission Staff filed a proposed tariff as an attachment to its recommendation. The proposed tariff reflects the proposed decrease and contains a pass-through rate change provision similar to the current tariff.

Informal Disposition

17. More than 15 days have passed since the completion of notice provided in this docket.

18. No person filed a protest or motion to intervene.

19. Commission Staff and MSEC are the only parties to this proceeding.

20. No party requested a hearing and no hearing is needed.

21. Commission Staff recommended approval of the application.

22. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following 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. The Commission has jurisdiction over the application under TWC § 13.041.

¹ *Application of MSEC Enterprises, Inc. for a Pass-Through Rate Change*, Tariff Control No. 47757, Notice of Approval (Dec. 1, 2017).

3. The Commission may approve this minor change to MSEC's water tariff under 16 TAC § 24.25.
4. The application meets the requirements set forth in 16 TAC § 24.25.
5. Notice of the application was provided in compliance with 16 TAC § 24.25(b)(2)(F).
6. The Commission processed the application as required by the TWC, the Administrative Procedure Act,² and Commission rules.
7. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

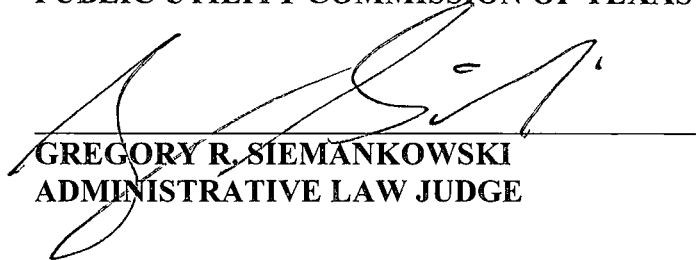
1. The Commission approves the application to the extent provided in this Notice of Approval.
2. The Commission approves MSEC's decrease of the Lone Star pass-through fee from \$0.12 to \$0.09 per 1,000 gallons, effective January 1, 2020, for customers in the Capitol Hills, Crown Oaks, Crown Ranch Grand Lake Estates, Highland Ranch, Hills of Montgomery, Lake Forest Lodge, Lake Forest Lodge South, Legacy Creek Estates, Lakeview, Oaklawn Estates, Old Kentucky Farms, Montgomery Trace, Ridge Lake Shores, Stillwater Estates, Valleywood Acres, Woodforest, and Woodforest Golf Course subdivisions.
3. The Commission approves the tariff filed by Commission Staff on February 18, 2020.
4. Within ten days after the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved in this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff book.
5. If MSEC collects an amount from the approved pass-through rate that exceeds the fees actually incurred, MSEC must refund to customers any excess amounts collected.

² Tex. Gov't Code ch. 2001.

6. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 11th day of March 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE

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