



Control Number: 50569



Item Number: 28

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DOCKET NO. 50569

**APPLICATION OF MSEC WASTE
WATER, INC. FOR AUTHORITY TO
CHANGE RATES** §
§
§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

MSEC Waste Water, Inc. (MSEC WW) files this Response to the First Request for Information (RFI) filed by the Staff of the Public Utility Commission of Texas (Staff). Order No. 8 overruled MSEC WW's objections to the RFIs and directed MSEC WW to file responsive information on or before October 9, 2020; therefore, these responses are timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
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ATTORNEYS FOR MSEC WASTE WATER,
INC.

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on October 9, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.



GEORGIA N. CRUMP

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-1 Please provide the names of all board members for each of the three separate boards for: Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy; MSEC Enterprises, Inc.; and MSEC Waste Water.

RESPONSE: The Directors of the separate entities are as follows:

Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy:

Marshal Shirley
Jack Shepherd
Paul Malek
Robert ("Danny") Pierce
Dennis McWhorter
James Morrison
Kenneth McDougald
Russell Watson

MSEC Enterprises, Inc.:

Paul Malek
Jack Shepherd
Robert ("Danny") Pierce
Dennis McWhorter
Russell Watson
Gary Baker
Steve Driver

MSEC Waste Water, Inc.

Kerry Kelton

Prepared by: Georgia Crump

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-2 Please provide the name and title of any officers, executives, or managers responsible for the day-to-day governance and operations of: Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy; MSEC Enterprises, Inc.; and MSEC Waste Water.

RESPONSE: The name and title of any officers, executives, or managers responsible for the day-to-day governance and operations of the separate entities are as follows:

Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy:

Kerry Kelton	General Manager / CEO
Troy Morris	Senior Vice President
Mike McDougald	Senior Vice President
Dennis Gilmore	Senior Vice President
Andrew Dallmeyer	Senior Vice President

MSEC Enterprises, Inc.:

Kerry Kelton	President and CEO
Troy Morris	First VP
Mike McDougald	Second VP
Andrew Dallmeyer	Secretary – Treasurer

MSEC Waste Water, Inc.:

Kerry Kelton	President and CEO
Troy Morris	First Vice President
Mike McDougald	Second Vice President
Andrew Dallmeyer	Secretary – Treasurer

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-3 For each individual listed in response to Staff 1-2, please indicate the entity that employs the individual.

RESPONSE: All of the named individuals are employed by Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy.

Prepared by: Georgia Crump

**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-4 Please admit or deny that the Master Service Agreement between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy and MSEC Enterprises, Inc. allows the parent company to exercise control over the operations, management decisions, or policies of MSEC Enterprises, Inc. directly or through an intermediary. If deny, please explain why the Master Service Agreement does not allow Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy to exercise control over the operations, management decisions, or policies of MSEC Enterprises, Inc. directly or through an intermediary.

RESPONSE: Deny.

MSEC WW disputes the relevancy of contractual agreements between MidSouth Electric Cooperative and MSEC Enterprises, Inc., to the rate application filed by MSEC WW. Also, MSEC WW is not a party to the Master Service Agreement referenced in Staff 1-4.

However, the Master Service Agreement referenced in Staff 1-4 clearly sets out the services to be provided by MidSouth Electric Co-op (MidSouth) to MSEC Enterprises, Inc. All of the services provided by MidSouth to MSEC Enterprises, Inc. are as directed by MSEC Enterprises, Inc. There is nothing in this agreement that suggests that MidSouth exercises any control over the decisions made by MSEC Enterprises, Inc. or its policies. In fact, MSEC Enterprises, Inc. does not, at any time, relinquish its control over the operations, management decisions, or policies of MSEC Enterprises, Inc. to MidSouth, MSEC Waste Water, Inc., any other subsidiary of MidSouth, or any third-party entity.

Specifically, the Master Service Agreement provides as follows:

- Paragraph I.A.: The Cooperative shall perform “all administrative services *required by Enterprises* in the ordinary course of Enterprises’ business.”
- Paragraph I.B.: The Cooperative shall provide “all customer service and billing customer accounts *required and requested by Enterprises* in the ordinary course of Enterprises’ business.”
- Paragraph I.C.: The Cooperative shall provide “all transportation service *required and requested by Enterprises* in the ordinary course of Enterprises’ business.”
- Paragraph I.D.: The Cooperative shall provide “such office space, on-site storage, parking facilities, and general access . . . *required by Enterprises* in the ordinary course of Enterprises’ business.”
- Paragraph I.E.: The Cooperative shall provide “all goods, tools, equipment, and supplies *required and requested by Enterprises* in the ordinary course of Enterprises’ business.”

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

- Paragraph I.I.: “Neither Party is an employee or agent of the other Party except as expressly stated in this Agreement. *Cooperative serves Enterprises solely as an independent contractor.*”

Prepared by: Georgia Crump

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MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION

Staff 1-5 Please admit or deny that the Master Service Agreement between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy and MSEC Waste Water allows the parent company to exercise control over the operations, management decisions, or policies of MSEC Waste Water directly or through an intermediary? If deny, please explain why the Master Service Agreement does not allow Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy to exercise control over the operations, management decisions, or policies of MSEC Waste Water directly or through an intermediary.

RESPONSE: Deny.

The Master Service Agreement clearly sets out the services to be provided by MidSouth Electric Co-op (MidSouth) to MSEC WW. All of the services provided by MidSouth to MSEC WW are as directed by MSEC WW. There is nothing in this agreement that suggests that MidSouth exercises any control over the decisions made by MSEC WW or its policies. In fact, MSEC WW does not, at any time, relinquish its control over the operations, management decisions, or policies of MSEC WW to MidSouth, MSEC Enterprises, Inc., any other subsidiary of MidSouth, or any third-party entity.

Specifically, the Master Service Agreement provides as follows:

- Paragraph I.A.: The Cooperative shall perform “all administrative services *required by MSEC WW* in the ordinary course of MSEC WW’s business.”
- Paragraph I.B.: The Cooperative shall provide “all customer service and billing customer accounts *required and requested by MSEC WW* in the ordinary course of MSEC WW’s business.”
- Paragraph I.C.: The Cooperative shall provide “all transportation service *required and requested by MSEC WW* in the ordinary course of MSEC WW’s business.”
- Paragraph I.D.: The Cooperative shall provide “such office space, on-site storage, parking facilities, and general access . . . *required by MSEC WW* in the ordinary course of MSEC WW’s business.”
- Paragraph I.E.: The Cooperative shall provide “all goods, tools, equipment, and supplies *required and requested by MSEC WW* in the ordinary course of MSEC WW’s business.”
- Paragraph I.H.: “Neither Party is an employee or agent of the other Party except as expressly stated in this Agreement. *Cooperative serves MSEC WW solely as an independent contractor.*”

Prepared by: Georgia Crump

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-6 Please provide a detailed description of the ownership structure and ownership percentages of: Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy; MSEC Enterprises, Inc.; and MSEC Waste Water.

RESPONSE: Please see previously provided organization chart and information that MSEC Enterprises, Inc. and MSEC Waste Water, Inc. are separate legal entities, each wholly-owned by Mid-South Electric Cooperative Association. (MSEC WW's Response to Order No. 1 filed on March 19, 2020, and MSEC WW's Response to Order No. 3 and Supplement to Application, filed on May 6, 2020.)

Prepared by: Georgia Crump

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**MSEC WASTE WATER, INC.'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-7 Reference the Master Service Agreement filed as Attachment 2 to MSEC Waste Water's Response to Order No. 3 and Supplement to Application filed on May 6, 2020. Please admit or deny that Kerry Kelton signed the agreement on behalf of both Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op or Mid-South Synergy and MSEC Waste Water.

RESPONSE: Admit.

Mr. Kelton serves in two distinct and separate capacities.

Mr. Kelton signed the Master Service Agreement as the General Manager/CEO of Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op.

Mr. Kelton also signed the Master Service Agreement in his capacity as President/CEO of MSEC Waste Water, Inc.

Prepared by: Georgia Crump