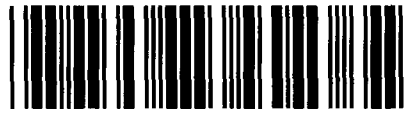


Control Number: 50569



Item Number: 3

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DOCKET NO. 50569

RECEIVED

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

BEFORE THE PUBLIC UTILITY COMMISSION
OF TEXAS
2019 MAR -9 PM 2:45
FILING CLERK

**STATEMENT OF INTENT TO CHANGE RATES
FOR SEWER SERVICE**

COMES NOW MSEC Waste Water, Inc. (Applicant) and files this Class C Rate/Tariff Change Application (Rate Application), and in support of this filing would respectfully show the following:

I. STATEMENT OF JURISDICTION

The Public Utility Commission of Texas (Commission) has original jurisdiction over this Rate Application pursuant to Texas Water Code (TWC) §§ 13.042 and 13.1872 and 16 Texas Administrative Code (TAC) § 24.27. Pursuant to TWC § 13.002(4-d), Applicant is a Class D Utility. Applicant currently provides wastewater utility service to three customers with a total of ten connections in Montgomery County, Texas. Applicant has prepared this Rate Application in accordance with Class C Utility requirements, as required by the Commission’s Notice of Approval in PUC Docket No. 44740.

II. BACKGROUND STATEMENT

Applicant is an investor-owned utility providing wastewater services in Montgomery County, Texas, to three customers at a total of ten connections. Applicant is a wholly-owned subsidiary of Mid-South Synergy (MSS), a member-owned electric cooperative corporation. Another wholly-owned subsidiary of MSS is MSEC Enterprises, Inc., formerly a water and sewer utility, from whom Applicant obtained ownership of the wastewater system whose rates are the subject of this Application.

Applicant is a relatively new entity, having been created by Mid-South Synergy by resolution of MSS’s Board of Directors on April 18, 2019. On that same date, the Board of Directors of MSEC Enterprises, Inc. adopted a resolution authorizing the transfer of all of MSEC Enterprises, Inc.’s wastewater utility assets, including the sewer CCN No. 20984, to Applicant.

On June 7, 2019, Applicant and MSEC Enterprises, Inc., filed an Application for Sale, Transfer, or Merger of a Retail Public Utility (STM Application) -- Docket No. 49615. The

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STM Application was approved by the Commission on February 28, 2020. Applicant now holds sewer CCN No. 20984 and owns all of the assets and facilities connected with the sewer utility system formerly held by MSEC Enterprises, Inc. (which remains a retail water utility).

This Application is being filed in compliance with Order No. 4 in PUC Docket No. 49200,¹ in order to true-up rates approved in Docket No. 44740, when the sewer CCN was amended to add additional customers using large meters.²

The Rate Application has been completed using the latest Class C Rate/Tariff Change Application form issued by the Commission. The Rate Application is based on a test year ending September 30, 2019, and is supported by the attached schedules and workpapers being filed contemporaneously with this Statement of Intent. Applicant does not provide wastewater utility services within any incorporated city.

III. REQUESTED RELIEF AND EFFECTIVE DATE

Applicant has based its proposed sewer rates on a test year ending September 30, 2019, in line with the definition in 16 TAC § 24.3(72), adjusted for known and measurable changes (Test Year). The operating costs in the Test Year are indicative of an ongoing level of costs to operate and maintain the facilities used and useful in providing wastewater service. The Rate Application seeks to align Applicant's rate design with the current level of expanded operations and enable Applicant to recover its operations and maintenance expenses and a reasonable return on investment. Applicant seeks an overall increase in annual revenues of approximately \$21,864.00.

Applicant is requesting approval of its capital structure of 70.67% debt and 29.33% equity, as shown in Schedule III-1. However, in order to avoid a finding of insufficiency, Applicant is including as Attachment 6 a version of Schedule III-1 that reflects an imputed capital structure of 50% debt and 50% equity. Also included in Attachment 6 are supplemental schedules affected by the imputed capital structure of 50% debt and 50% equity. The Schedules in Attachment 6 are supplemental only, and are not intended to replace the Schedules contained in the Rate Filing Package.

¹ *Petition of MSEC Enterprises, Inc. for a Good Cause Extension to Rate Filing Requirement Set in Docket No. 44740, Order No. 4 (Feb. 12, 2020).*

² *Application of MSEC Enterprises, Inc. to Amend Certificate of Convenience and Necessity in Montgomery County, Notice of Approval (Sept. 25, 2017).*

IV. PARTIES AFFECTED

The Rate Application affects three retail wastewater utility customers within the service territory of Sewer Certificate of Convenience and Necessity No. 20984, which has been issued to MSEC Waste Water, Inc.

V. FILING OVERVIEW

This Rate Application consists of the following:

1. Statement of Intent to Change Rates;
2. Rate Filing Package on the Commission-approved form, including all required schedules and attachments;
3. Notice; and
4. Proposed Tariff.

VI. CONTACT INFORMATION AND AUTHORIZED REPRESENTATIVES

Applicant's business address is:

P.O. Box 970
Navasota, Texas 77868

Applicant's authorized representative for this Rate Application is:

Troy Morris
MSEC Waste Water
P.O. Box 970 N
Navasota, Texas 77868
Telephone: (936) 825-5145
Email: tmorris@midsouthsynergy.com

Applicant's authorized legal representative is:

Georgia N. Crump
gcrump@lglawfirm.com
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)

VII. RECOVERY OF RATE CASE EXPENSES

Pursuant to the Texas Water Code and 16 Texas Administrative Code (TAC) § 24.44, Applicant seeks to recover all reasonable and necessary rate case expenses that it incurs in connection with the Application. Applicant proposes to recover reasonable and necessary rate case expenses through a surcharge over a 24-month period. Applicant reserves the right to request that all rate case expense issues be severed from this proceeding and considered in a separate docket/proceeding, if such severance would serve the interest of efficiency and avoid the need to estimate and update rate case expenses before the expenses are finalized. Applicant also reserves the right to supplement the Application with a rate case expense recovery request and evidence supporting same.

VIII. NOTICE

Pursuant to 16 Texas Administrative Code (TAC) § 24.27, Applicant is providing notice of this Rate Application to all customers of Applicant affected by the rate change, and to the Office of Public Utility Counsel. Notice will be mailed separately to each customer, or hand-delivered. Applicant is providing notice on the Commission-approved form, and will include instructions on how a ratepayer may file a protest. Applicant will provide proof of notice pursuant to Commission rules at 16 Texas Administrative Code § 24.27(b)(5) upon completing notice, which will consist of an affidavit attesting to notice completion.

IX. MOTION FOR ENTRY OF A PROTECTIVE ORDER

Applicant requests that a Protective Order of the standard form used by the Commission be entered promptly in this case. The draft Protective Order is included in the Rate Application. Until a protective order is issued in this proceeding, Applicant will provide access to confidential materials only to parties that agree in writing to be bound by the proposed protective order as if it had been issued by the Commission.

X. PRAYER

WHEREFORE, PREMISES CONSIDERED, MSEC Waste Water, Inc. respectfully requests approval of its proposed rate and tariff changes contained in this Application to be effective July 1, 2020. Additionally, Applicant requests all other and further relief, general or special, at law or in equity, to which Applicant may show itself to be justly entitled.

Respectfully submitted,

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

816 Congress Avenue, Suite 1900

Austin, Texas 78701

(512) 322-5800

(512) 472-0532 (Fax)

gcrump@lglawfirm.com

A handwritten signature in cursive script, appearing to read "Georgia N. Crump", written over a horizontal line.

GEORGIA N. CRUMP

State Bar No. 05185500

ATTORNEYS FOR MSEC WASTE WATER,
INC.

DOCKET NO. 50569

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

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§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 50569” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

¹ Tex. Gov’t Code Ann. § 552.001-552.353 (West 2012 & Supp. 2016).

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility

Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 50569” (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

² Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (PURA).

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.** With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPUC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPUC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.
9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPUC, and the OAG when the OAG is representing a party to the proceeding.
10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPUC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates

as Highly Sensitive Protected Materials and provides to Commission Staff, OPUC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.

11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPUC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPUC (if OPUC is a party) and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
13. **Restriction on Copying by Commission Staff, OPUC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPUC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs

otherwise. Commission Staff, OPUC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.

14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPUC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPUC shall be used only for the purpose of the proceeding in Docket No. 50569. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.
17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials.** 16 Texas Administrative Code § 22.144(h) (TAC) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of

whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPUC.

22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 50569 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.
26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working

days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing

disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other

documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the

³ Tex. Gov’t Code Ann. § 551.001-551.146 (West 2012 & Supp. 2016).

⁴ Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 & Supp. 2016).

order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of § 552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act.

However, the Commission, OAG, or OPUC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.

36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any

requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPUC shall be used only for the purpose of the proceeding in Docket No. 50569. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

DOCKET NO. 50569

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

§
§
§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

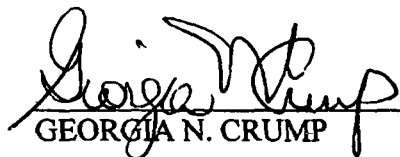
**STATEMENT UNDER SECTION 4 OF THE PROTECTIVE ORDER
AND LIST OF CONFIDENTIAL/HIGHLY SENSITIVE INFORMATION**

MSEC Waste Water, Inc.'s (MSEC) filing package includes customer specific information and confidential employee related information. The public disclosure of this information would harm MSEC or third parties with whom MSEC must maintain an ongoing business relationship. Therefore, this information is protected under the Public Information Act, Tex. Gov't Code §§ 552.101, 552.102. The following is a list of attachments that include such information, the designation of the information, and applicable legal exemption.

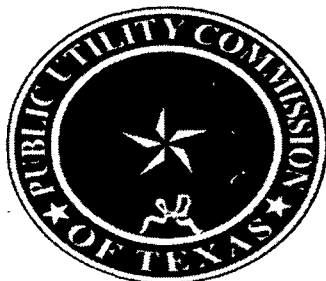
Exempt Material	Designation	Exempt Under Tex. Gov't Code
Federal forms 1096 and 1099	Confidential	§ 552.101, § 552.102
Federal forms W-2 and W-3	Confidential	§ 552.101, § 552.102

I certify that I have reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the applicable designation of Confidential (Protected) Materials or Highly Sensitive (Highly Sensitive Protected) Materials detailed in the Protective Order accompanying this Application.

Date: March 9, 2020



GEORGIA N. CRUMP



CLASS C RATE/TARIFF CHANGE APPLICATION

UTILITY NAME: MSEC Waste Water, Inc

CCN No. 20984

ADDRESS OF UTILITY: P O Box 970
P.O. Box, Street and suite number, if applicable

Navasota, Texas 77868
City and Zip Code

PHONE NUMBER: (936) 825-5100
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Georgia Crump

PHONE: 512-322-5832

EMAIL ADDRESS: gcrump@lglawfirm.com

PUCT CLASS SIZE: C X D (Mark One Box)
Connection Count **500-2299** **0-499**

FOR TEST YEAR ENDING September 30, 2019 (Enter Month/ Date/Year)

AMOUNT INCREASE (DECREASE) \$21,864.40
in dollars (From Schedule VII-1, Column B, Line 5 or
Schedule VII-2, Column C, Line 29 or
Schedule VII-3, Column C, Line 67)

PERCENT INCREASE (DECREASE) 6.14%
percent above (below) current revenue requirement (From Schedule VII-1, Column B, Line 6 or
Schedule VII-2, Column C, Line 30 or
Schedule VII-3, Column C, Line 68)

DESCRIBE OWNERSHIP OF COMPANY

MSEC Waste Water, Inc. is a wholly-owned subsidiary of Mid-South Synergy, Inc., a member-owned electric cooperative corporation

PUBLIC UTILITY COMMISSION OF TEXAS (PUCT) DOCKET NUMBER OF LAST MAJOR RATE FILING* No 44740
(If the last major rate filing was at the Texas Commission on Environmental Quality (TCEQ), provide a copy of the final order)

RATE CASE OR DOCKET NUMBER OF LAST MINOR TARIFF RATE CHANGE** N/A

IF ANY UTILITY ASSETS WERE TRANSFERRED IN A SALE, TRANSFER, MERGER APPLICATION
(STM), PROVIDE THE DOCKET NO.(S) OR TCEQ APPLICATION NUMBER(S) No 49615

* (e.g. Class B, C or D Rate Change application or TCEQ Rate/Tariff change application)

** (e.g. pass-through rate change or temporary water rate provision)

Class C RATE/TARIFF CHANGE APPLICATION

This application can only be used by Class C and Class D utilities. Class C utilities have connections counts from 500 to 2,299. Class D utilities have connections counts from 0 to 499. The application contains schedules for the calculation of rates for one type of utility service (water or sewer). While the instructions that follow relate to only one set of schedules, they apply to each type of utility service that you are providing. Remember that, if applicable, costs should be directly assigned to water and sewer functions. In the event that direct assignment is not possible, allocate expenses between water and sewer as accurately as possible, using cost-causation principles. Complete a set of rate/tariff change application schedules for each type of utility service provided. For instance, if the utility provides water and sewer service, but is only requesting a change for water service, the utility will also need to complete a set of rate/tariff change application schedules for sewer service.

These schedules are organized in a manner whereby the user can work through each section in the following order:

- 1st Record historical test year data on Schedule I-1, Column D.
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Record historical operating expenses and make known and measurable adjustments.
(Section II)**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**
- 10th Calculate the increase (decrease) in revenue for the notice.**

These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. Specifically, the utility must provide the general ledger, invoices and receipts from third party vendors supporting the test year expenses. If the applicant does not use a schedule, it should be marked "N/A", and an explanation provided.

CLASS C RATE/TARIFF CHANGE APPLICATION ATTACHMENTS REQUIRED FOR SUFFICIENCY

The utility must submit the following with the rate application as each applies to the specific utility and affiliates:

1. Payroll allocation – detail on how the split (between water and sewer, or between affiliates) was calculated and supporting documentation.
2. Customer Complaint policy and records.
3. Federal forms 1096 and 1099 supporting any contract labor requested in the cost of service or capitalized.
4. Federal forms W-2 and W-3 supporting any wages claimed in the cost of service or capitalized to plant in service.
5. Income statement and balance sheet (per books) for the test year for Texas utility operations. If the utility provides both water and sewer service, then the information provided should include information for both water and sewer service, separately stated and totaled, regardless if the application is for only a water rate change or only a sewer rate change or for both.
6. If you have any developer agreements please provide as such.
7. All required schedules and supporting workpapers for a rate change. Mark any schedules that are not applicable to the utility with "N/A"
8. If the utility's tariff includes a pass-through clause or a surcharge, please provide a reconciliation of revenues collected for the pass-through clause or surcharge, and expenses paid related to the pass-through clause or surcharge for the test year.
9. If the utility's cost of service includes any affiliated transactions (affiliates as defined in TWC § 13.002 (2)), the utility must list them separately and provide evidence that meets the affiliate transaction requirements in TWC § 13.185(e) and (f). Provide a schedule that includes direct assignment costs, allocated costs and any other changes between affiliates with a summary by account.
10. Native files for any schedules where only summaries were provided or areas where the applicant used their own created files.
11. Proposed notice forms located at puc.texas.gov.
12. An affidavit attesting to the correctness of the application included in the application form.

The federal forms above should be filed confidentially to protect sensitive information.

Affiliates and Affiliated transactions: In order to be considered for inclusion in the cost of service as a reasonable and necessary cost in accordance with Texas Water Code § 13.185(e), payment to affiliated interests for costs of any services, or any property, right or thing, or for interest expense must be supported by documentation showing that the price to the utility is no higher than prices charged by the supplying affiliate to its other affiliates or divisions for the same item or items, or to unaffiliated persons or corporations.

If the applicant is affiliated with another entity, provide the most recent annual income statement, statement of cash flow, and balance sheet for the affiliated entity(ies).

UTILITY NAME: MSEC Waste Water, Inc.
GENERAL RATE/TARIFF CHANGE APPLICATION
SCHEDULES

Complete all of the following schedules for your Class C or D utility (if the schedule does not apply, include it marked "N/A")

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 9/30/2019

	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION I		
<u>REVENUES AND REVENUE REQUIREMENT</u>		
Revenue Requirement Summary	<u>I-1</u>	<input checked="" type="checkbox"/>
Historical Revenue Summary	<u>I-2</u>	<input checked="" type="checkbox"/>
Utility Revenue Summary - Income Statement	<u>I-2(a)</u>	<input checked="" type="checkbox"/>
Application Reconciled to Income Statement	<u>I-2(b)</u>	<input checked="" type="checkbox"/>
<u>Include the appropriate schedules:</u>		
Connection Count	<u>I-3</u>	<input checked="" type="checkbox"/>
Metered Active Connections by Meter Size	<u>I-3(a)</u>	<input checked="" type="checkbox"/>
Unmetered Active (Flat Rate) Customers	<u>I-3(b)</u>	<input type="checkbox"/>
SECTION II		
<u>OPERATIONS AND EXPENSES</u>		
Production	<u>II-1</u>	<input checked="" type="checkbox"/>
Water & Sewer Production (metered rates)	<u>II-1(a)</u>	<input checked="" type="checkbox"/>
Water Production (with unmetered rates)	<u>II-1(b)</u>	<input type="checkbox"/>
Other Revenues & Expenses passed through	<u>II-2</u>	<input type="checkbox"/>
Operating Expenses	<u>II-3</u>	<input checked="" type="checkbox"/>
Large Items	<u>II-4</u>	<input checked="" type="checkbox"/>
Known & Measurable Changes	<u>II-5</u>	<input type="checkbox"/>
Allocation of Payroll Expenses	<u>II-6</u>	<input type="checkbox"/>
Employee Pensions/Benefits	<u>II-7</u>	<input type="checkbox"/>
Rate Case Expense	<u>II-8</u>	<input checked="" type="checkbox"/>
SECTION III		
<u>RETURN AND RATE BASE/PLANT & EQUIPMENT INFORMATION</u>		
Requested Return	<u>III-1</u>	<input checked="" type="checkbox"/>
Rate Base Summary	<u>III-2</u>	<input checked="" type="checkbox"/>
Utility Plant - Original Cost & Depreciation	<u>III-3</u>	<input checked="" type="checkbox"/>
Utility Plant reconciled to previous filing	<u>III-3(a)</u>	<input checked="" type="checkbox"/>
Accumulated Depreciation	<u>III-3(b)</u>	<input checked="" type="checkbox"/>
Construction Work in Progress	<u>III-4</u>	<input type="checkbox"/>
Developer Construction work in progress	<u>III-4(a)</u>	<input type="checkbox"/>
Materials and Supplies Inventory	<u>III-4(b)</u>	<input type="checkbox"/>
Working Cash Allowance Calculations	<u>III-5</u>	<input checked="" type="checkbox"/>
Long Term Debt/ Notes Payable – Water and Sewer	<u>III-6</u>	<input type="checkbox"/>
Contributions in Aid of Construction and Advances	<u>III-7</u>	<input type="checkbox"/>
Advances for Construction	<u>III-7(a)</u>	<input type="checkbox"/>
Contributions in Aid of Construction	<u>III-7(b)</u>	<input type="checkbox"/>

UTILITY NAME: MSEC Waste Water, Inc.
GENERAL RATE/TARIFF CHANGE APPLICATION SCHEDULES

Complete all of the following schedules for your Class C or D utility (if the schedule does not apply, include it marked "N/A")

TABLE OF CONTENTS (Page 2 of 2)

FOR TEST YEAR ENDED: 9/30/2019

	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION IV	<u>TAXES OTHER THAN INCOME</u>	
	Property Taxes	<input checked="" type="checkbox"/>
	Payroll Taxes	<input type="checkbox"/>
	Other Taxes	<input type="checkbox"/>
	Revenue Related Taxes	<input type="checkbox"/>
SECTION V	<u>FEDERAL INCOME TAXES (FIT)</u>	
	Income Taxes at Present Rates-effective rate	<input checked="" type="checkbox"/>
SECTION VI	<u>RATE DESIGN</u>	
	Fixed & Variable Revenue Requirement Allocation	<input type="checkbox"/>
	Flat Rate	<input type="checkbox"/>
	Rate Calculation for Single Tier Gallonage Charge for All Usage	<input type="checkbox"/>
	Multi-Tiered Rate Calculation	<input checked="" type="checkbox"/>
	Surcharge Calculation	<input checked="" type="checkbox"/>
	Flat Rate Surcharge Calculation	<input type="checkbox"/>
	Meter Equivalent Surcharge Calculation	<input checked="" type="checkbox"/>
SECTION VII	<u>RATES & REVENUE GENERATED FOR NOTICE</u>	
	Revenue Generated for Flat Rate	<input type="checkbox"/>
	Revenue Generated for Single Tier Gallonage Charge for All Usage	<input type="checkbox"/>
	Revenue Generated for Multi-Tier Gallonage Charges	<input checked="" type="checkbox"/>
	Surcharge Revenue Calculation	<input checked="" type="checkbox"/>
	Revenue Generated for Flat Rate Surcharge	<input type="checkbox"/>
	Revenue Generated for Meter Equivalent Surcharge	<input checked="" type="checkbox"/>
SECTION VIII	<u>OATH</u>	<input checked="" type="checkbox"/>
ATTACHMENTS	ATTACHMENT 1 - NATIVE FILES, WORKPAPERS AND SUPPORTING DOCUMENTS	
	ATTACHMENT 2 - CONFIDENTIAL SUPPORTING DOCUMENTS	
	ATTACHMENT 3 - AFFIDAVIT AND NOTICE OF PROPOSED RATE CHANGE	
	ATTACHMENT 4 - PROPOSED TARIFF	
	ATTACHMENT 5 - WASTEWATER CUSTOMER COMPLAINTS AND DISPUTES POLICY	
	ATTACHMENT 6 - 50/50 DEBT EQUITY SCHEDULES	

INSTRUCTIONS REVENUE REQUIREMENT

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE
SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Complete this section using the instructions on each schedule.

Instructions for Section I - Revenue Requirement and Revenues

This schedule will complete the utility's summarization of revenue requirement after all schedules except the rate design are completed.

1. Follow the instructions within the spreadsheet and complete the historical test year column (D) first using financial records. Historical data should be consistent with the applicant's annual reports and financial statements. Provide explanations
2. Complete Schedules II-2, 1-2, 1-3(a) and I-3(b).
3. Complete the remaining schedules in Sections II through V using the instructions provided in the instruction worksheets for the section or schedule and in the spreadsheets themselves.
4. Complete Schedule I-1.
5. Complete Section VI Rate Design.

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on the National Association of Regulatory Utility Commissioner (NARUC) chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

UTILITY NAME <u>MSEC Waste Water, Inc</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY PUCT Docket No. <u>50569</u> Test Year End <u>9/30/2019</u>
--

A	B		C	D	E	F=D+E	G
Line	Water	Sewer	Account Name	Historical Test Year	K & M Changes	Adjusted Test Year	Reference / Instructions
1	610	710	Purchased water/sewer treatment	-	-	-	Schedule II-3, Columns C-E, Line 1
2		711	Sludge Removal Expense	-	-	-	Schedule II-3, Columns C-E, Line 2
3	615 1	715 1	Power Expense-wells, booster pumps	71,456	-	71,456	Schedule II-3, Columns C-E, Line 3
4	618	718	Chemicals and other volume related expenses	2,758	-	2,758	Schedule II-3, Columns C-E, Line 4
5	601.1	701 1	Employee labor	-	-	-	Schedule II-3, Columns C-E, Line 5
6	620	720	Materials	-	-	-	Schedule II-3, Columns C-E, Line 6
7	631-636	731-736	Contract work	101,174	-	101,174	Schedule II-3, Columns C-E, Line 7
8	650	750	Transportation expenses	41,748	-	41,748	Schedule II-3, Columns C-E, Line 8
9	664	764	Other plant maintenance	5,570	-	5,570	Schedule II-3, Columns C-E, Line 9
10	601 2	702 2	Office salaries	-	-	-	Schedule II-3, Columns C-E, Line 10
11	603	703	Management salaries	-	-	-	Schedule II-3, Columns C-E, Line 11
12	604	704	Employee pensions & benefits	-	-	-	Schedule II-3, Columns C-E, Line 12
13	615 8	715 8	Purchased power- G&A	-	-	-	Schedule II-3, Columns C-E, Line 13
14	670	770	Bad debt expense	-	-	-	Schedule II-3, Columns C-E, Line 14
15	676	776	Office services & rentals	-	-	-	Schedule II-3, Columns C-E, Line 15
16	677	777	Office supplies & expenses	-	-	-	Schedule II-3, Columns C-E, Line 16
17	656-659	756-759	Insurance	1,017	-	1,017	Schedule II-3, Columns C-E, Line 17
18	667	767	Regulatory expense (other)	-	-	-	Schedule II-3, Columns C-E, Line 18
19	675	775	Miscellaneous expenses	28,280	-	28,280	Schedule II-3, Columns C-E, Line 19
20				-	-	-	Schedule II-3, Columns C-E, Line 20
21			Total operating Expenses	252,004	-	252,004	Add Lines 1-20
22	403		Depreciation	51,275		51,275	Schedule III-3, Column F, Line 32
23	408		Taxes Other than Income	-		-	Schedule IV-2, Column F, Line 8
24	409/10		Income Tax Expense	5,984		5,984	Schedule V, Column C, Line 8
25			TOTAL EXPENSES	309,263	-	309,263	Add Lines 21-24
26			TOTAL HISTORIC REVENUE	355,974			Schedule I-2, Line 7
27			HISTORICAL TEST YEAR RETURN	46,711			Line 26 less Line 25
28			REQUESTED RETURN			67,841	Schedule III-1, Line 3
29			TOTAL REVENUE REQUIREMENT			377,104	Line 25 plus Line 28
30			LESS OTHER REVENUES			-	Schedule II-2(b), Column D, Line 8
31			Revenue for Rate Design		(to VI, line 1)	377,104	Line 29 less Line 30 (if line 30 is negative, add the two lines)

32	666	766	Regulatory (rate case) expense			11,372	Schedule II-8, Column D, Line 19
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UTILITY NAME: MSEC Waste Water, Inc
SCHEDULES - CLASS C RATE/TARIFF CHANGE
FOR TEST YEAR ENDED 9/30/2019
I-2 HISTORICAL REVENUE SUMMARY

I-2(a) - UTILITY REVENUE SUMMARY - INCOME STATEMENT

Line No	NARUC A/C Description	Historical Test Year	
1	461 Metered connections minimum monthly charge revenue	263,826 00	From financial records
2	461 Metered connection gallonage rate revenue	12,545.00	From financial records
3	460 Unmetered (Flat rate) revenue	-	From financial records
4	Contract Revenue	79,603 00	From financial records
5	Total Metered & Flat Rate Revenue	355,974 00	
6	Plus Total Other Revenues	-	From Schedule II-2(b), Column B, Line 8
7	Total Historic Test Year Revenues per income statement and Annual Report*	355,974 00	Line 5 + Line 6

(to I-1, Column D, line 26)

*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule

* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number

I-2(b) - APPLICATION RECONCILED TO INCOME STATEMENT

Line No	Expense Source & Descriptions of Reconciling Items	A Total	B Work Paper Reference/ Reconciliation Description
1	Total Expenses Per Class C Rate Application	252,004.36	From Schedule I-1, Column D, Line 21
RECONCILING ITEMS:			
2.	Non-utility Expenses	251,918 00	From Income Statement
3	Regulatory Assessment Fee	-	From Income Statement
4	Depreciation Difference	8,080 00	Income Statement Expense minus Rate Application Expense
5	Taxes Other Than Income Difference	-	Income Statement Expense minus Rate Application Expense
6	Income Tax Difference	-	Income Statement Expense minus Rate Application Expense
7	Interest Expense	-	Income Statement
8	Other (Please Explain)		
9	Subtotal Rate Change Expenses	259,998 00	Sum of Lines 1 through 8
10	Income Statement Total Expenses	259,998 00	From Income Statement (must equal Line 9)
11	Total Revenues per Class C Rate Application	355,974 00	Schedule I-2(a) Line 7
12	Gain on Sale of Fixed Assets	-	From Income Statement
13	Interest Income	-	From Income Statement
14	Other non-utility revenue	-	From Income Statement
15.			
16			
17			
18	Subtotal Revenues	355,974 00	Sum Lines 11 through 17
19	Total Income Statement Revenues	356,461 00	From Income Statement (must equal Line 18)

*There are some variances due to timing

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
I-3 CONNECTION COUNT
 FOR TEST YEAR ENDED: 9/30/2019

**I-3(a): METERED ACTIVE CONNECTIONS BY METER SIZE
(COMPANIES WITH METERED RATE CUSTOMERS)**

A	B	C	D	E	F	G	H
		Number of Connections					
Line No.	Meter Size	End of Prior Year	Test Year Additions	End of Test Year	Average	Meter Ratios	Meter Equivalencies End of TY
		PUCT report Sch 9		(C+D)	(C + E) /2		(E x G)
1	3/4" (residential)	0	0	0	0	1 0	0
2	1" (residential)	0	0	0	0	1 0	0
3	1" (commercial)	1	0	1	1	2 5	2 52
4	1 1/2"	0	1	1	0 5	3 1	3 13
5	2" (standard commercial)	4	1	5	4 5	6 5	32 25
6	3" (non-standard commercial)	0	1	1	0 5	11 7	11 73
7	4"	0	0	0	0	15 6	0
8	6"	0	0	0	0	31 3	0
9	8" (commercial)	1	0	1	1	188 7	188 69
10	10" (commercial)	1	0	1	1	298 8	298 76
11	12"	0	0	0	0	473 0	0
12	Total	7	3	10	8 5		537 08
13	Average	0 64	0 27	0 91	0 77		48 83

**I-3(b) UNMETERED ACTIVE (FLAT RATE) CUSTOMERS
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

A	B	C	D	E	F
		Number of Active Connections			
Line No.	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUCT report Sch 9		(C + D)	(C + E) /2
1					
2					
3					
4					
5	Total				

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

Complete all schedules per instructions found in the column headers and reference column.

While working through Schedules II-3 and II-6 through II-8 transfer test year amounts to column F of Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

Schedule II-5 Known & Measurable Changes

A utility is allowed to recover reasonable and necessary expenses incurred during the test year. Certain expenses may have increased or decreased during the year, so the 12 months of test year expenses would be different from the amount you would have paid for the new level of expenses for the whole 12-month period. Additionally, the utility may know that a certain expense will be changing in the near future. If you know the amount the expense will be changing, then you can adjust your test year expenses to include the change. Known and measurable changes in expenses should be recorded if they occur, but it is possible that none have occurred. If the applicant has no known and measurable changes, simply put N/A on the appropriate schedule.

Some examples of generally allowable changes with documentation/support are:

- Electric rates went up or down during the test year.
- You hired a new employee during the test year or gave your employees a raise.
- You received notice that your chemical expenses will be going up by a specified amount.
- You received a written notice from your landlord that your office rent will increase by a specified amount.
- Your property tax is decreasing because the legislature passed a law that limits property taxes.

Some examples of increases that would generally not be allowed are:

- You are thinking about hiring an extra employee.
- You have heard that your rent might be increased in a couple of months.
- Projected inflation.

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
II-1 - PRODUCTION
 FOR TEST YEAR ENDED 9/30/2019

**II-1(a): WATER & SEWER PRODUCTION:
 (COMPANIES WITH METERED RATE CUSTOMERS)**

Line No.	(1,000 Gallons)		A	B	C=A+B	D
	Water Production	Sewer Treatment	Test Year	K & M Changes	Adjusted Test Year	Reference
1	Total water pumped	Total Number of Gallons Treated (Pumped) (Total Master Meter Reading for the year for the utility only)	5,196		5,196	PUCT Annual Report
2	Total water purchased	Total Number of Gallons Treated by Another Source (Purchased Treatment)	-		-	PUCT Annual Report
3	Total water produced	Total Number of Gallons Treated	5,196	-	5,196	Line 1 + Line 2
4	Total water sold	Total Number of Gallons Billed	2,374	1,235	3,609	PUCT Annual Report
5	Total accounted for non-revenue water*					
6	Total unaccounted for water					Lines 3 less 4 less 5
7	Percentage					Line 6 divided by Line 3

* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation. Provide all calculations and explanations for any differences between the applicant's annual report and the items requested on this schedule

Known and measurable calculations and explanations:

**II-1(b) WATER PRODUCTION
 (COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

Line No.	Description	A	B	C=A+B	D
		Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)				PUCT report Sch D-1
2	Water Pumped (1,000 gallons)				PUCT report Sch D-1
3	Total production (1,000 gallons)				Line 1 + Line 2

Known and measurable calculations and explanations:

UTILITY NAME <u>MSEC Waste Water, Inc</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE II-2 OTHER REVENUES & EXPENSES PASSED THROUGH FOR TEST YEAR ENDED 9/30/2019

II-2(a) PURCHASED WATER OR OTHER PASS THROUGH EXPENSES*

Line No.	A	B	C	D	E
	Purchased from:	Units purchased (in _____) (e.g. 1,000 gal. AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1.					
2.					
3.					
4.	Total**				

* Examples include Ground Water Conservation or subsidence district fees

** Totals of purchased water only must agree with Schedule II-1(a), Column A, Line 2, or provide a reconciliation.

II-2(b) OTHER REVENUES COLLECTED FROM CUSTOMERS

Line No	A	B		D
	Item passed thru or type of other revenue	Test year historical revenues collected		Test year revenues netted against COS
1.	Tap Fees**			
2.	Late Fees			
3.	Meter Test Fees			
4.	Reconnect Fees			
5.	Purchased Water Fees***			
6.	Groundwater Conservation District Fees***			
7.	Other (attach detail)***			
8.	Total Other Revenues			

(to Sch I-2, line 5)

(to Sch I-1, line 30)

* Do not include expenses passed-through to customers, but record these in Schedule II-2(a) Include only revenues associated with expenses included in the cost of service

** Tap fees should be reported on Sch. III-7(b) for Developer CIAC and Sch. III-3 for Customer CIAC

UTILITY NAME: MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
II-3 OPERATING EXPENSES
 FOR TEST YEAR ENDED 9/30/2019

INSTRUCTIONS: This page is required to support Schedule I-1 Rev Requirement. Complete the columns A and B with historical financial data for the last two record periods and column C with the actual financial data for the test year. Indicate the kinds of expenses included in this account by identifying all large* items in Schedule II-4 Large Items Identified. The known and measurable (K&M) change column represents the total change in expenses anticipated for the year after the test year. Identify all K&M expenses anticipated in Schedule II-5 Known & Measurable Revenues or Expenses Justifications. The K&M amount represents only the increase or decrease in line item expense from the test year.

If the actual for the Test Year is higher than previous years, explain the increase
 * A large item is more than 10% of the test year account balance and more than \$1,000

	NARUC Acct. No.		NARUC Account Description	A	B	C	D	E
				2 Years before Test Year	1 Year before Test Year	Test Year	K & M Change (K&M) Positive or (negative)	Adjusted Test Year (Column C plus Column D)
	Water	Sewer						
1	610	710	Purchased Water / Sewer Treatment				0	0
2		711	Sludge Removal Expense				0	0
3	615 1	715 1	Purchased Power-wells, booster pumps	17,126	39,807	71,456	0	71,456
4	618	718	Chemicals and other volume related expenses	5,667	3,446	2,758	0	2,758
5	601 1	701 1	Employee Labor (non-administrative)				0	0
6	620	720	Materials and Supplies				0	0
7	631-636	731-736	Contract Work	32,993	96,285	101,174	0	101,174
8	650	750	Transportation Expenses	7,557	25,754	41,748	0	41,748
9	664	764	Other Plant Maintenance	6,288	3,933	5,570	0	5,570
10	601 2	702 2	Office Salaries				0	0
11	603	703	Management Salaries				0	0
12	604	704	Employee Pensions & Benefits				0	0
13	615 8	715 8	Purchased Power - G&A				0	0
14	670	770	Bad Debt Expense				0	0
15	676	776	Office Services & Rentals				0	0
16	677	777	Office Supplies & Expenses				0	0
17	656-659	756-759	Insurance	408	404	1,017	0	1,017
18	667	767	Regulatory Expense (Other)				0	0
19	675	775	Miscellaneous Expenses	12,702	24,798	28,280	0	28,280
20								
21			TOTAL	82,742	194,425	252,004	0	252,004

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE II-4 LARGE ITEMS FOR TEST YEAR ENDED 9/30/2019
--

INSTRUCTIONS: Describe all large items listed in Schedule II-3 Operating Expenses in the test year column, the amount of the large item, and the justification for the large item. For each large item, provide documentation from the vendor, contractor, etc that supports the cost

* A large item is more than 10% of the test year account balance and more than \$1,000

#	NARUC Account Number	Description of Expense	Amount of Large Item	Justification	Schedule Reference	Supporting documentation attachment number
1.	750	Vehicle Expense	\$ 4,926 73	Vehicle expenses incurred by an affiliate charged to MSEC Waste Water for vehicles used for operations	Schedule II-3	WP II-4-I
2.	775	Property Taxes from Montgomery County	\$ 5,600 87	Property taxes levied on MSEC applicable to wastewater assets	Schedule II-3	WP II-4-II
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						

UTILITY NAME <u>MSEC Waste Water, Inc</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE II-5 KNOWN & MEASURABLE REVENUES OR EXPENSES JUSTIFICATION FOR TEST YEAR ENDED <u>9/30/2019</u>
--

INSTRUCTIONS: Describe all known and measurable changes in revenues and expenses, the amount of the change, and the justification for the change. For each change, provide documentation from the vendor, contractor, etc that supports the increase or decrease in costs. Adequate supporting documentation consists of a rate change notice, a new contract etc which must be submitted with the application. Reference the source documentation to this schedule.

	NARUC Account Number	Description of Expense	Amount of Large Item	Justification	Schedule Reference	Supporting documentation attachment number
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						

UTILITY NAME MSEC Waste Water, Inc SCHEDULES - CLASS C RATE/TARIFF CHANGE II-6 ALLOCATION OF PAYROLL EXPENSES FOR TEST YEAR ENDED 9/30/2019
--

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE

II-6(a) PAYROLL COSTS

Line No.	Employee Name	A Test Year Payroll	B Capitalized Payroll	C Expensed Payroll	D 1st 7000 or new limit (FUTA max)	E 7,001 to 9000 or new limit (SUTA max)	F 9,001 to 118500 or new limit (or FICA max)	G over 118500 or new limit	H Total Payroll
1									
2									
3									
4									
5									
6									
7									
8									
9	Total								
10	Column B, Line 9 divided by Column A, Line 9 multiply by 100 for percentage			Percentage Capitalized					

II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No	Acct No		Account Name	Test Year Expense	
	Water	Sewer			
1	601 1	701 1	Employee labor		Should equal Schedule II-3, Column C, Line 5
2	601 2	702 2	Office salaries		Should equal Schedule II-3, Column C, Line 10
3	603	703	Management salaries		Should equal Schedule II-3, Column C, Line 11
4			Total Payroll Expenses (Add Lines 1-3)		Should equal Schedule II-6(a), Column C, Line 9

*Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year

** Attach an explanation and calculation for K&M salary changes from test year

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
II-7 EMPLOYEE PENSIONS AND BENEFITS
 FOR THE TEST YEAR ENDED: 9/30/2019

This page is supplemental information. It is required to complete Schedule I-1. References below refer to Schedule I-1.

Line No.	Account No.	Account Name
13.	604	Employee pensions and benefits

Employee pensions and benefits

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

List types of Pensions & Benefits:

Year	\$	Total Amount	\$	Pensions	\$	Health	\$	Other	\$	Amount Capitalized*
------	----	--------------	----	----------	----	--------	----	-------	----	---------------------

Cost per Employee:

Year	\$	Total Amount	\$	Pensions	\$	Health	\$	Other	\$	Amount Capitalized*
------	----	--------------	----	----------	----	--------	----	-------	----	---------------------

Number of Employees covered:

Cost per Employee:

List types of Pensions & Benefits:

Year	\$	Total Amount	\$	Pensions	\$	Health	\$	Other	\$	Amount Capitalized*
------	----	--------------	----	----------	----	--------	----	-------	----	---------------------

Number of Employees covered:

Cost per Employee:

*(use % on Schedule 11-6(a), line 10)

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
II-8 RATE CASE EXPENSE
 FOR THE TEST YEAR ENDED. 9/30/2019

INSTRUCTIONS: List the amount spent on rate case expense. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense) and the items comprising the actual expenses of the rate case. Invoices should include number of hours billed, hourly rate, and services performed for each block of time billed, and the name of the person providing the service. Include a detailed list of travel, entertainment, meals expense included in rate case expense specifically by item with an attached invoice, and summarized by type of expense. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Typically, the commission allows recovery of rate case expense through a surcharge. If the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Add additional pages if necessary.

	A	B	C	D	E
	Vendor	Posting Date	Invoice Date	Amount	Supporting documentation attachment number
1	Lloyd Gosselink Rochelle & Townsend, P C		2/13/2020	\$ 3,328.50	WP II-8
2.	NewGen Strategies and Solutions, LLC		1/20/2020	\$ 3,951.25	WP II-8
3	Lloyd Gosselink Rochelle & Townsend, P C		1/16/2020	\$ 70.00	WP II-8
4	NewGen Strategies and Solutions, LLC		12/16/2019	\$ 3,150.00	WP II-8
5	Lloyd Gosselink Rochelle & Townsend, P C		12/10/2019	\$ -	WP II-8
6	NewGen Strategies and Solutions, LLC		11/18/2019	\$ 627.50	WP II-8
7	Lloyd Gosselink Rochelle & Townsend, P.C.		11/13/2019	\$ 245.00	WP II-8
8					
9					
10					
11					
12.					
16.					
17.					
18.					
19.	Total (Sum Lines 1 - 18)			\$ 11,372.25	

INSTRUCTIONS SECTION III RATE BASE

UTILITY NAME: MSEC Waste Water, Inc.
SCHEDULES - CLASS C RATE/TARIFF CHANGE
SECTION III RATE BASE INSTRUCTIONS

Section III provides working tables to allow the calculation of rate base and return on rate base.

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

Fill out the schedules as listed below.

- 1** Complete Schedules III-3 through III-7 as they apply to your company. These tables will be used to fill out Schedule III-2.
- 2** Transfer resulting year end balances (See "References" column) to Schedule III-2.
- 3** Complete Schedule III-1

INSTRUCTIONS SCHEDULE III-1 RETURN

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-1 RATE OF RETURN INSTRUCTIONS

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

Fill in the schedule using your financial information.

Determining an appropriate ROE percentage

As part of the cost that the utility passes on to its customers, a utility's ROE must be authorized by the PUCT. Other factors may be considered in establishing a ROE including, but not limited to company-specific business and financial risk factors. Return percentages should be calculated at a combined level and then applied to the rate-base amounts for water and sewer to produce the return dollars that the utility is requesting to include in the water and sewer costs of service.

Please see link below for examples of recent requests, testimonies, and Commission decisions.

http://www.puc.texas.gov/industry/water/reports/rates/ROR_Report.pdf

Note: If the utility is requesting a *hypothetical* capital structure for the determination of overall rate of return, enter the requested capital-structure percentages for equity and debt in lines 4 and 5 of Column C.

UTILITY NAME <u>MSEC Waste Water, Inc</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-1 REQUESTED RETURN FOR THE TEST YEAR ENDED <u>9/30/2019</u>
--

RETURN ON RATE BASE:

Line No	Description	Amount
1	Test year end rate base (from Schedule III-2, Line 14)	1,431,241
2	Requested ROR (Column F, Line 7 below)	4.74%
3	Return on rate base (Line 1 x Line 2)	67,841

To Sch I-1, Col F, Line 28

Rate of Return:

For col A line 5, actual equity should equal the amount the owner has contributed to the business to finance invested capital. However, if your actual debt percentage or equity percentage is greater than 60%, then use a 50/50% claimed capital structure.

Line No.	Description	Actual Amount	Actual Percentage	Claimed Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C	Proposed Capital Structure Percentage			F = C x D
4	Long Term Debt and Advances from associated companies from III-6, Col E, Line 9	31,277,447	70.67%	70.67%	4.43%	From Sch. III-6, Col. H, Line 9 ←	3.13%
5	Equity (Balance sheet plus adjustments)	12,978,643	29.33%	29.33%	5.50%	Applicant testimony/ROE*	1.61%
6	Total Capitalization Col A line 4 plus Col A line 5	44,256,090					
7	Overall Rate of Return					Line 4 + Line 5 →	4.74%

← Total Col. F, Line 7 to Line 2 above

* Please explain the applicant's requested return on Equity on Column D line 5. Include all calculations.

COMMENTS: MSEC Waste Water's requested return on equity is based on a review of recently granted returns by the Commission. The requested ROE is intended to allow MSEC Waste Water a limited return on its investment, while maintaining affordable rates for its limited number of customers. MSEC Waste Water believes this ROE to be reasonable in light of comparable returns recently granted by the Commission.

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED 09/30/2019

If more than one public water system (PWS) or Wastewater System enter the total of all of the systems here

Line No.	A Description	B Amount	C Reference (From)
Additions:			
1	Utility plant (Original Cost)	1,521,555 00	Schedule III-3, Column D, Line 32
2.	Construction work in progress	-	Schedule III-4(a), Column C, Line 5
3.	Materials and supplies	-	Schedule III-4(b), Column B, Line 3
4.	Prepayments	-	Schedule III-4(b), Column C, Line 3
5	Working cash (capital)	31,501 00	Schedule III-5, Line 2, Corresponding Column for Class C or D, Water or Sewer
6	Other Additions	-	
7	TOTAL ADDITIONS (Add Lines 1 through 6)	1,553,056.00	
Deductions:			
8	Reserve for depreciation (Accumulated)	111,318 00	Schedule III-3, Column G, Line 32
9	Advances for construction	-	Schedule III-7(a), Column F, Line 6
10	Developer Contributions in aid of construction	-	Schedule III-7(b), Column G, Line 6
12	Other Deductions	10,497 00	WP III-2
13	TOTAL DEDUCTIONS (Add lines 8 through 12)	121,815 00	
14	RATE BASE (Line 7 less Line 13)	1,431,241 00	

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

A list of all used and useful assets must be submitted for each rate/tariff change.

Provide a Schedule III-3 for each public water system or wastewater system and a summary Schedule III-3 for the applicant including all utility plant in service. If more room is needed, you may add lines or make a separate table. The PUCT will accept your own schedules as long as it has the same information as Schedule III-3. Schedule III-3(a) (required) reconciles the utility's current plant balances to the previous case filed. The instructions are for listing only one item, and you should repeat the instructions for each item added to the table. The instructions can be used to set up your own table as long as it contains the same columns.

The information developed in this table will be used in other tables throughout the application. The instructions that follow this table will tell you where to enter the information. The utility can include plant and equipment paid for by developer contributions in the depreciation schedule, but the utility cannot include plant and equipment paid for by customer contributions. Furthermore, when calculating the return on net invested capital, developer and customer contributions must be removed. This schedule may be used to capitalize regulatory assets. A group asset depreciation study may be submitted instead of Schedule III-3, for any utility that had group asset depreciation approved in its preceding rate case. Utilities electing group asset depreciation for the first time, must provide both the group asset depreciation study and Schedule III-3 in their rate filing package.

Column [A] – NARUC Account No./Item Description

Each asset should be listed individually in order to claim straight line depreciation. The description of each individual asset listed under its NARUC account in Column A must include the following in the description and identify its location by the public water system or subdivision for water assets and the wastewater system or subdivision for sewer, as applicable:

Water NARUC Accounts

- 303 Land
- 304 Structures: material type, function of each structure.
- 305 Storage Tanks: material type, capacity in gallons.
- 306 Intake Structures: quantity of pumps, horsepower per pump, capacity per pump in gallons per minute (gpm), wet well capacity in gallons.
- 307 Wells: design or rated capacity in gallons per minute (gpm).
- 310 Power Generation: size of generator in kW.
- 311 Well/Booster Pump: horsepower and capacity in gpm.
- 320 Water Treatment Equipment: type of treatment, design capacity in gallons per day (GPD).
- 331 Transmission/Distribution: material type, size of main in inches and length in feet.
- 333 Services: material type, size in inches and length in feet.
- 334 Meters and Meter Installations
- 335 Hydrants
- 340 Office Equipment
- 341 Vehicles
- 343 Shop Tools
- 344 Lab Equipment
- 345 Power Operated Equipment
- 348 Fencing & Other Tangible Plant

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Column [A] – NARUC Account No./Item Description (Continued)

Sewer NARUC Accounts

- 353 Land
- 354 Structures: building function.
- 355 Power Generation: size of generator in kW.
- 360 Force Mains: material type, size (pipe diameter) of main in inches and length in feet.
- 361 Gravity Mains: material type, size (pipe diameter) of main in inches and length in feet.
- 362 Filtration Equipment: type.
- 363 Services to Customers
- 364 Flow Meters: size in inches.
- 370 Manholes: type and quantity
- 371 Lift Station facility: quantity of pumps, horsepower per pump, capacity per pump in gallons per minute (gpm), wet well capacity in gallons.
- 375 Transmission/Distribution Mains
- 380 Treatment facility: type of treatment, design capacity in gallons per day (GPD).
- 381 Plant Sewers
- 382 Outfall Sewer Lines
- 390 Office Equipment
- 391 Vehicles
- 393 Shop Tools
- 394 Lab Equipment
- 395 Power Operated Equipment
- 396 Communication Equipment
- 397 Misc. Equipment
- 398 Fencing & Other Tangible Plant

Column [B] – Date of Installation (MM/DD/YYYY)

The date of installation is the date the asset was installed or constructed and operated in the provision of water or sewer service.

Column [C] – Service Life (Years)

Column [D.1] – Original Cost when installed (\$)

This is the amount that was paid for when the asset was installed. The original cost must be supported by invoices or receipts and must match the amount that was booked in the utility's general ledger when the asset was installed.

Column [D.2] – Customer Contributions in Aid of Construction (CIAC)(\$)

Column [D] – Adjusted Original Cost Net of Customer CIAC (\$)

This amount is calculated by subtracting the dollar amount of CIAC (Column D.2) from the asset's original cost (Column D.1)

Column [E] – Economic Life (Number of Days)

Calculate the total number of days the asset has been in service since the date the asset was installed or constructed and operated in the provision of water or sewer service.

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Column [F] – Annual Depreciation Expense (\$)

This amount is calculated by dividing the Original Cost when installed (Column D.1) by the asset's Service Life (Column C)

Column [G] – Accumulated Depreciation (\$)

This amount is calculated by multiplying the Annual Depreciation (Column F) by the Economic Life (Column E) and dividing the result by 365.25 days.

Column [H] – Net Book Value or Net Plant (\$)

This is the amount of the item remaining that has not been depreciated and is calculated by subtracting the Accumulated Depreciation (Column G) from the Adjusted Original Cost net of Customer CIAC (Column D).

UTILITY NAME MSEC Waste Water, Inc

FOR THE TEST YEAR ENDED 09/30/2019

PWS ID or WQ Discharge Permit Number WQ14638-001 & WQ00115341001

SCHEDULES - CLASS RATE/TARIFF CHANGE

(Provide a schedule for each PWS or Wastewater system)

III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

Add schedules as needed, provide a summary also

Line No.	[A.1]		[A.2]	[B]	[C]	[D.1]	[D.2]	[D]	[E.1]	[E.2]	[F]	[G]	[H]	[I]
	NARUC Acct. No.		Plant Name	Date of Installation (MM/DD/YYYY)	Service Life (Yrs)	Original Cost When Installed (\$)	Customer CIAC Amount* (\$)	Adjusted Original Cost (\$)	Economic Life (Total Days In Service)	Remaining Service Life (Yrs)	Annual Depreciation (\$)	Accumulated Depreciation (Reserve) (\$)	Net Book Value (\$)	Developer Contributions In Aid of Construction (DCIAC) (%)
	Water	Sewer												
1.	303	353												
1.01		353				\$89,855.83	\$45,578.59	\$44,277.00						
2.	304	354												
2.01		354		8/2/2006	50.00	\$18,537.92	\$9,403.20	\$9,135.00	4,807.00	37.00	\$183.00	\$2,408.00	\$6,727.00	
2.02		354		9/27/2016	50.00	\$3,400.00		\$3,400.00	1,098.00	47.00	\$68.00	\$204.00	\$1,196.00	
2.03		354		1.31/2019	50.00	\$12,542.51	\$6,324.61	\$6,218.00	242.00	49.00	\$124.00	\$82.00	\$6,136.00	
2.04		354		1/31/2019	50.00	\$32,212.72	\$15,543.64	\$18,669.00	242.00	49.00	\$173.00	\$247.00	\$18,422.00	
2.05		354		12/7/2007	10.00	\$20,508.51	\$10,402.76	\$10,106.00	4,315.00	18.00	\$317.00	\$3,981.00	\$6,125.00	
2.06		354		1/11/2019	10.00	\$349,890.58	\$260,907.61	\$88,983.00	242.00	29.00	\$2,966.00	\$1,965.00	\$87,018.00	
3	310	355												
3.01		355		01/31/2019	5.00	\$77,753.45	\$57,979.46	\$19,774.00	242.00	4.00	\$1,955.00	\$2,620.00	\$17,154.00	
3.02		355		01/31/2019	5.00	\$39,695.00	\$20,016.43	\$19,679.00	242.00	4.00	\$3,936.00	\$2,608.00	\$17,071.00	
4	331	375												
4.01														
5.	333	363												
5.01														

UTILITY NAME MSEC Waste Water, Inc

FOR THE TEST YEAR ENDED 09/30/2019

PWS ID or WQ Discharge Permit Number WQ14638-001 & WQ00115341001

SCHEDULES - CLASS RATE/TARIFF CHANGE
 III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

(Provide a schedule for each PWS or Wastewater system)
 Add schedules as needed, provide a summary also

Line No.	[A.1] NARUC Acct. No.		[A.2] Item Description	[A.2] Plant Name	[B] Date of Installation (MM/DD/YYYY)	[C] Service Life (Yrs)	[D.1] Original Cost When Installed (\$)	[D.2] Customer CIAC Amount* (\$)	[D] Adjusted Original Cost (\$) [D] = [D.1] - [D.2]	[E.1] Economic Life (Total Days In Service) [Test Year End Date] - [Date of Installation]	[E.2] Remaining Service Life (Yrs) [Service Life] - [Economic Life/365.25]	[F] Annual Depreciation (\$) [F] = [D]/[C]	[G] Accumulated Depreciation (Reserve) (\$) [G] = ([F]*[E.1])/365.25	[H] Net Book Value (\$) [H] = [D]-[G]	[I] Developer Contributions In Aid of Construction (DCIAC) (%)	
	Water	Sewer														
6	340	390	Office Equipment													
6.01																
7	341	391	Vehicles													
7.01																
8	343	393	Shop Tools													
8.01																
9	344	394	Lab Equipment													
9.01																
10	345	395	Power Operated Equipment													
10.01																
11	348	398	Fencing & Other Tangible Plant													
11.01		398	FENCES		12/27/2003	15.00	\$27,841.57	\$14,122.37	\$13,719.00	5,025.00	1.00	\$915.00	\$12,588.00	\$1,131.00		
11.02		398	LAKECREEK LIFT STAT & FORCE MAIN		01/31/2019	15.00	\$5,733.72	\$2,891.26	\$2,842.00	242.00	14.00	\$189.00	\$125.00	\$2,717.00		
11.03		398	SBR PLANT		01/31/2019	15.00	\$35,231.45	\$26,271.51	\$8,960.00	242.00	14.00	\$597.00	\$396.00	\$8,564.00		
12	305		Storage Tanks													
12.01																
13	306		Intake Structures													
13.01																
14	307		Wells													
14.01																
15	311		Well Pumps (> 5 hp)													
15.01																
16	311		Well Pumps (< 5 hp)													
16.01																
17	311		Booster Pumps (> 5hp)													
17.01																
18	311		Booster Pumps (< 5hp)													
18.01																
19	320	380	Water Treatment Equipment/ Treatment and Disposal Equipment													

UTILITY NAME: MSEC Waste Water, Inc

FOR THE TEST YEAR ENDED 09/30/2019

PWS ID or WQ Discharge Permit Number WQ14638-001 & WQ09115341001

SCHEDULES - CLASS C RATE/TARIFF CHANGE

(Provide a schedule for each PWS or Wastewater system)
Add schedules as needed, provide a summary also

III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

Line No.	NARUC Acct. No.		Item Description	Plant Name	Date of Installation (MM/DD/YYYY)	Service Life (Yrs)	Original Cost When Installed (\$)	Customer CIAC Amount* (\$)	Adjusted Original Cost (\$) [D] = [D.1] - [D.2]	Economic Life (Total Days In Service) [E.1] = [Test Year End Date] - [Date of Installation]	Remaining Service Life (Yrs) [E.2] = ([Service Life] - [Economic Life]) / 365.25	Annual Depreciation (\$) [F] = [D] / [C]	Accumulated Depreciation (Reserve) (\$) [G] = ([F] * [E.1]) / 365.25	Net Book Value (\$) [H] = [D] - [G]	Developer Contributions in Aid of Construction (DCIAC) (\$)
	Water	Sewer													
19 01		380	CHLORINATION/AMMONIA EQUIP -WW		12/07/2007	20 00	\$2,326.74	\$1,076.74	\$1,250.00	4,315 00	8 00	\$63.00	\$744.00	\$506.00	
19 02		380	25 PPD HYDRO EJECTOR		12/28/2017	20 00	\$1,548.60		\$1,549.00	641 00	18 00	\$77.00	\$135.00	\$1,414.00	
19 03		380	SBR PLANT		01/31/2019	20 00	\$188,309.17	\$140,419.03	\$47,890.00	242 00	19 00	\$2,395.00	\$1,587.00	\$46,303.00	
20.		334	Meters and Meter Installations												
20 01															
21.		335	Hydrants												
21 01															
22.		360	Collection Sewers - Force												
22 01		360	LONESTAR COMPLEX		04/01/2019	50 00	\$122,991.70		\$122,992.00	182 00	50 00	\$2,460.00	\$1,226.00	\$121,766.00	
22 02		360	LAKECREEK LIFT STAT & FORCE MAIN		01/31/2019	50 00	\$265,548.59	\$133,904.40	\$131,644.00	242 00	49 00	\$2,633.00	\$1,745.00	\$129,899.00	
23.		361	Collection Sewers - Gravity												
23 01		361	COLLECTION SEWER-FORCE		12/07/2007	50 00	\$4,446.01	\$2,255.20	\$2,191.00	4,315 00	18 00	\$44.00	\$520.00	\$1,671.00	
23 02		361	COLLECTION SEWER-GRAVITY		12/07/2007	50 00	\$75,594.18	\$34,982.61	\$40,612.00	4,315 00	38 00	\$812.00	\$9,593.00	\$31,019.00	
24.		362	Clarifier & Media												
24 01															
25.		364	Flow Meters												
25 01															
26.		370	Manholes / Receiving Wells												
26 01		370	RECEIVING WELL S/MANHOLES-WW		12/07/2007	25 00	\$104,238.13	\$48,238.13	\$56,000.00	4,315 00	11 00	\$2,240.00	\$26,463.00	\$29,537.00	
26 02		370	LAKECREEK LIFT STAT & FORCE MAIN		01/31/2019	25 00	\$145,327.84	\$73,282.39	\$72,045.00	242 00	24 00	\$2,882.00	\$1,909.00	\$70,136.00	
26 03		370	SBR PLANT		01/31/2019	25 00	\$127,564.28	\$95,122.57	\$32,442.00	242 00	24 00	\$1,298.00	\$860.00	\$31,582.00	
27.		371	Lift Station Pumps												
27 01		371	LAKECREEK 7 SHP PUMP		01/31/2019	10 00	\$110,261.92	\$55,601.21	\$54,660.00	242 00	9 00	\$5,466.00	\$1,622.00	\$51,041.00	
27 02		371	SBR PLANT		01/31/2019	10 00	\$48,595.93	\$36,237.18	\$12,359.00	242 00	9 00	\$1,236.00	\$819.00	\$11,540.00	
28.		381	Plant Sewers												
28 01		381	PLANT SEWER		12/07/2007	50 00	\$151,659.10	\$66,931.77	\$84,727.00	4,315 00	38 00	\$1,695.00	\$20,024.00	\$64,703.00	
28 02		381	SBR PLANT		01/31/2019	50 00	\$2,259,898.40	\$1,685,168.81	\$574,730.00	242 00	49 00	\$11,495.00	\$7,616.00	\$567,114.00	
29.		382	Outfall Sewer Lines												
29 01		382	OUTFALL SEWER LINES		12/07/2007	50 00	\$44,674.48	\$20,673.48	\$24,000.00	4,315 00	18 00	\$480.00	\$5,671.00	\$18,329.00	
29 02		382	LAKE CREEK DISCHARGE PIPING		01/31/2019	50 00	\$11,026.35	\$5,560.12	\$5,466.00	242 00	49 00	\$109.00	\$72.00	\$5,394.00	

UTILITY NAME MSEC Waste Water Inc

FOR THE TEST YEAR ENDED 09/30/2019

PWS ID or WQ Discharge Permit Number WQ14638-001 & WQ00115341001

SCHEDULES - CLASS C RATE/TARIFF CHANGE

(Provide a schedule for each PWS or Wastewater system)

III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

Add schedules as needed, provide a summary also

Line No	[A.1]		[A.2]	[B]	[C]	[D.1]	[D.2]	[D]	[E.1]	[E.2]	[F]	[G]	[H]	[I]
	Item Description		Plant Name	Date of Installation (MM/DD/YYYY)	Service Life (Yrs)	Original Cost When Installed (\$)	Customer CIAC Amount* (\$)	Adjusted Original Cost (\$)	Economic Life (Total Days In Service)	Remaining Service Life (Yrs)	Annual Depreciation (\$)	Accumulated Depreciation (Reserve) (\$)	Net Book Value (\$)	Developer Contributions in Aid of Construction (DCIAC) (\$)
	Water	Sewer						[D] = [D.1] - [D.2]	[Test Year End Date] [Date of Installation]	[Service Life] - [Economic Life/365.25]	[F] = [D]/[C]	[G] = ([F]*[E.1])/365.25	[H] = [D]-[G]	
30.	396													
	Communication Equipment													
30.01		396		01/31/2019	5.00	\$4,798.30	\$2,419.57	\$2,379.00	242.00	4.00	\$476.00	\$315.00	\$2,064.00	
30.02		396		01/31/2019	5.00	\$34,815.11	\$25,961.05	\$8,854.00	242.00	4.00	\$1,771.00	\$1,173.00	\$7,681.00	
31.	397													
	Misc. Equipment													
31.01														
32						4,416,829.17	2,895,275.72	1,521,555.00			51,275.00	111,318.00	1,365,960.00	0.00
	Subtotal (Items 1 - 31)													

*Any amount incurred by the utility's customers will be deducted from the original cost. The adjusted original cost (Original Cost - Customer CIAC), column D, will be depreciated and the net book value will be calculated in column H. Any item whose original cost was paid for entirely by the customer(s) will equate to zero.

SCHEDULE III-3(a) UTILITY PLANT IN SERVICE - RECONCILIATION

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE FOR TEST YEAR ENDED: 9/30/2019	
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ORIGINAL COST DATA

A Line No.	B Description	C Amount	D Amount
1.	Beginning Gross Plant balance - (from previous rate case)	Must match previous rate case	\$ 1,244,023.00
2.	Plant additions after previous rate case		
3.	Difference in Estimated and Actual Cost	\$ 349,126.98	
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.	Total additions (add lines 3 through 10, Col C)		\$ 349,126.98
	Test year plant retirements/fully depreciated since previous rate case:		
12.	ORGANIZATION -WASTEWATER	\$ 30,556.40	
13.	FLOW-MEASURING DEVICE-WW	\$ 600.00	
14.	LIFT STATION PUMP 5HP OR LESS	\$ 5,600.00	
15.	ZOELLEN GRINDER PUMP -2HP	\$ 5,590.89	
16.	ZOELLEN GRINDER PUMP -2HP	\$ 2,509.24	
17.	GENERATOR UNIT 504	\$ 26,740.00	
18.			
19.			
20.	Total retirements (add line 12 through 19, Col C)		\$ 71,596.53
21.	Ending balance (line 1 + line 11 - line 20)	Equals III-3, Column D, line 32	\$ 1,521,553.45

Please provide a full explanation of any adjustments to accounts from the prior period.

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-3(b) ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE FOR THE TEST YEAR ENDED: 09/30/2019

ACCUMULATED DEPRECIATION:

Line No.	Description	Dollar Amount
1.	Ending-Prior Rate Case (Docket No. 44740)	0
2	Ending balance per Sch III-3, Column G, Line 32	111,318.00
	Describe accounting adjustments made between the prior rate case and the current rate case:	

Must match previous rate case

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS, MATERIALS & SUPPLIES INVENTORY & PREPAYMENTS FOR THE TEST YEAR ENDED: 9/30/2019
--

Complete if the utility maintains these accounts. **Do not include this amount in your rate base unless the utility provides testimony meeting the requirements of PUCT Subst. Rule § 24.41(c)(4).**

III-4(a) AVERAGE CONSTRUCTION WORK IN PROGRESS

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	
2.	Test year costs added	
3.	Test year construction costs completed	
4.	Ending balance	
5.	Average balance - test year (line 1 plus line 4, divided by 2)	

Typically zero, to Schedule III-2, Line 2

III-4(b) MATERIALS & SUPPLIES / PREPAID EXPENSES

Include the un-expensed or capitalized portion of materials and supplies on your balance sheet. Prepayments include amounts, such as annual insurance, that the utility has prepaid, such as a discount. Prepayments must be reasonable.

	A	B	C
		Materials & Supplies inventory	Prepaid Expenses
1.	Sum of 12 test year month end balances		
2.	One month prior to the test year, month end balance		
3.	13 Month Average balance (line 6 plus line 7, divided by 13)		

To III-2, Line 3.

To III-2, Line 4.

UTILITY NAME: <u>MSEC Waste Water, Inc</u>
SCHEDULES FOR CLASS C RATE/TARIFF CHANGE
III-5 WORKING CASH ALLOWANCE CALCULATIONS
FOR THE TEST YEAR ENDED <u>9/30/2019</u>

For Class C Utilities, one-twelfth of O&M expense (excluding amounts charged to O&M expense for materials, supplies, expenses recovered through a pass-through provision or through charges other than minimum monthly charge and gallage charges, and prepayments) will be considered a reasonable allowance for cash working capital. For purposes of working capital calculations, O&M expense does not include depreciation, other taxes, or federal income taxes.

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.
2. A utility which has all metered customers and bills monthly must divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class C utility, or by 8 if it is a Class D utility filing a Class C package to calculate working cash allowance. An example follows.

	Class C	Class D
1. Annual Expenses	\$70,000	\$70,000
2. Taxes and depreciation	(10,000)	(10,000)
3. Net Expenses (Line 1 - Line 2)	60,000	60,000
4. Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5. Divisor	12	8

A Line No	B Description	Class C		Class D		
		Water	Sewer	Water	Sewer	
1	Annual O & M Expenses				\$ 252,004.36	From Sch I-1, line 21
2	Working Cash (Line 1 / Line 3)				31,501.00	To Sch III-2, line 5
3	Divisor	12	12	8	8	

INSTRUCTIONS SCHEDULE III-6 DEBT

UTILITY NAME: MSEC Waste Water, Inc.
SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-6 NOTES PAYABLE (LONG TERM DEBT) & EQUITY INFORMATION INSTRUCTIONS

Enter the water and sewer combined debt and equity information in both water and sewer tables. The calculated rate of return should be the same for water and sewer, and should be based on combined water and sewer information. The utility's debt and equity for return purposes relate to water and sewer system assets only and should not include short term debt unless it is used to finance system assets. Do not include personal debt.

Where a utility is part of an affiliated interest or organization, the commission may consider and apply a hypothetical capital structure for the utility.

For each loan enter the following information:

Column [A] - Name of lender/bank.

Column [B] - Date of issue - enter the date that you actually took out the loan.

Column [C] - Date of maturity - enter the date that the loan will be paid off.

Column [D] - Original amount of loan - enter how much you originally borrowed.

Column [E] - Balance due at the end of the test year, even though the application may be filed at a date later than the end of the test year.

Column [F] - Interest Rate - enter the interest rate that your bank/lender is charging you for each of the loans

Column [G] - Weighted Issuances - outstanding or Unpaid Balance-End of Test Year of issuance divided by total Outstanding or Unpaid Balance-End of Test Year

Column [H] - Weighted Average - weighted issuances multiplied by the Interest rate.

If a utility company's debt has been allocated from an affiliated entity, the allocation factors and the methodology used to allocate the debt must be provided.

UTILITY NAME <u>MSEC Waste Water, Inc</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER FOR THE YEAR ENDED <u>9/30/2019</u>
--

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places. If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	A Long Term Debt Name of Bank/Lender	B Date of Issue	C Date of Maturity	D Original Amount of Loan	E Outstanding or Unpaid Balance-End of Test Year	F Interest Rate	G Weighted Issuances [G=Column E /Total Column E]	H Weighted Average [H=Column G x Column F]
1								
2								
3								
4								
5								
6								
7								
8								
9	Total							

Column H To Sch
III-1, Column D,
Line 4

List short term debt, if any

INSTRUCTIONS SCHEDULE III-7 CONTRIBUTIONS IN AID OF CONSTRUCTION AND
ADVANCES

UTILITY NAME: MSEC Waste Water, Inc.
SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-7 CONTRIBUTIONS IN AID OF CONSTRUCTION AND ADVANCES INSTRUCTIONS

Schedule III-7(a)

If any of the items included in utility plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., the utility may not include depreciation or return on those items in the revenue requirement, and the utility should not include them in **Table III-7(a) or (b)**. However, if those customer contributions did **not** cover the entire cost of the asset, the utility may include the excess amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate the amount that the customers contributed for each item.

Column [A] - List all of the items of plant and equipment that were funded all or in part by Customer Contributions (e.g., meters paid for by tap fee, line extension paid for by customer).

Column [B] - List the date each specific item was placed in service.

Column [C] - Enter the total cost of each item (regardless of how much was paid for by customers contributions or the utility).

Column [D] - Enter the amount of each item that was paid for with customer contributions. In most cases, this will be the same as the number in Column [C]. However, it is possible that the item may cost more or less than the customer contribution amount.

Column [E] - Subtract the amount in Column [D] from the amount in Column [C] and enter the result here. If the amount in this column is greater than zero for any specific item, enter those items into the appropriate category in **Table III-2**.

Schedule III-7(b)

List any items of plant or equipment that you listed in **Schedule III-3** that were paid for all or in part by developer contributions. If only paid for in part by developer contributions, enter only the part that was funded by developer contributions. Enter the total Net Book Value from this table in **Schedule III-2**. If you have none, be sure to enter "N/A" on any line in the table.

Customer CIAC is entered directly into **Schedule III-3**.

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-7 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION FOR THE TEST YEAR ENDED: <u>9/30/2019</u>

III-7(a) ADVANCES FOR CONSTRUCTION

Line No.	A Item	B Date of Installation	C Total Cost	D Amount of Advance	E Repayments made to developer	F (F)=(D)-(E) Rate base Value (to Sch III-2, Line 9)	G Amount to be refunded in the future*
1.							
2.							
3.							
4.							
5.							
6.	Total						

*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

III-7(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION*

Line No.	A Item	B Date of Installation or Contribution	C Total Cost	D Amount of Developer Contribution	E Annual amortization	F Accumulated Amortization	G (G)=(D) - (F) Rate Base Value (to Sch III-2, Line 10)
1.							
2.							
3.							
4.							
5.							
6.	Total						

*Customer CIAC is entered directly on III-3

INSTRUCTIONS SECTION IV OTHER TAX

UTILITY NAME: MSEC Waste Water, Inc.

SCHEDULES - CLASS C RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

Instructions for Section IV

Follow the instructions included with individual schedules under the heading reference.

SECTION IV: TAXES OTHER THAN INCOME

Schedule IV-1

Complete for property and payroll taxes. The schedule allows for calculations if the utility proposes known and measurable changes to payroll taxes and property taxes. Use your test year property tax bills for the known and measurable calculation. Use wages expense for the adjusted total payroll in the test year to complete this schedule. If wages were capitalized, payroll taxes should be allocated between expense and capital costs in the same ratio as payroll was allocated. Attach a schedule showing the allocation calculations.

Schedule IV-2

Revenue related taxes and expenses are those that change as the gross revenue of the utility changes. Examples are Texas franchise tax and bad debt expense. This schedule allows the "gross up" of these expenses. Obtain copies of the utility's franchise tax report to complete this schedule.

IV-1 ESTIMATE OF TAXES OTHER THAN INCOME

UTILITY NAME MSEC Waste Water, Inc SCHEDULES - CLASS C RATE/TARIFF CHANGE IV-1 ESTIMATE OF TAXES OTHER THAN INCOME FOR THE TEST YEAR ENDED 09/30/2019

IV-1(a) PROPERTY TAXES

A	B	C	D	E
Line No	Description	Plant Additions	Property Taxes	Reference
1	Utility plant added in test year			Schedule III-3(a), Column D, Line 11
2	Utility plant retirements in test year			Schedule III-3(a), Column D, Line 20
3	Net additions			Line 1 minus line 2
4	Property taxes paid in in test year		7.623	per property tax bills
5	Beginning Gross Plant balance			Schedule III-3(a), Column D, Line 1
6	Net Property tax rate			Line 4 divided by Line 5 times 100
7	Test year property tax on additions (Known and measurable change)			Line 3 times Line 6
8	Adjusted Test year property tax expense		7.623	Line 4 plus Line 7

IV-1(b) PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS)

A	B	C	D	E	F	G
Line No	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6(a)	(D x E)
9	FICA	wages to _____	%		Column D+E+F Line 9	
10	Medicare	wages to _____	%		Column H Line 9	
11	Added Medicare (Affordable Care Act)	wages to _____	%			
12	Federal unemployment	wages to _____	%		Column D Line 9	
13	State unemployment	wages to _____	%		Column D+E Line 9	
14	Total (add Lines 11 through 14)					
15	Less Capitalized	Use % on Sch II-6(a), line 10	%			
16	Test year Payroll Tax Expense	Line 13 less 14				
17	Known and measurable change				(Line 13 minus Line 14)	

IV-1(c) OTHER TAXES:

A	B	C	D	E
Line No.	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses			
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)			
22	Total this page - taxes other than income (Sch IV-1(a) Line 8, Column D) + (Sch IV-1(b) Line 16, Column G) + (Sch IV-1(c) Line 21, Column E)			
23	Total known and measurable change (Sch IV-1(a) Line 7, Column D) + (Sch IV-1(b) Line 17, Column G) + (Sch IV-1(c) Line 21, Column D)			

IV-2 REVENUE RELATED TAXES AND EXPENSES

UTILITY NAME: <u>MSEC Waste Water, Inc.</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE IV-2 REVENUE RELATED TAXES AND EXPENSES FOR THE TEST YEAR ENDED. 09/30/2019
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Line No.	A	B	C	D	E	F
		Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals (F=B+C+D+E)
1	Test year expense					
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)					
3	Gross up factor (1.0 divided by (1.0 minus Line (example below)))					
4	Change in revenue requirement					
5	Adjusted revenue requirement (Line 3 x Line 4)					
6	Adjusted expense (Line 3 times Line 4)					
7	Add Schedule IV-1(c), Line 21, Column E					
8	Total taxes other than FIT (to Sch I-1, Col F, Line 23)					

Example Test Year Franchise tax	\$	100
Test Year revenues	\$	2,000
Percentage (100/2000)		0.050
Gross up factor (1/(1-0.05))		1.052631579

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE
 FOR THE TEST YEAR ENDED: 09/30/2019

Section V calculated federal income tax at present rates.

PUCT allows utilities to include normalized federal income tax in the cost of service. The federal income tax calculation is based on the utility's return dollars. The schedule includes a "gross up of taxes to allow for the cost of service to include changes in taxes due to the changes in proposed revenues.

A	B	C	D
Line		Amount	Reference
1	Requested Return	67,841	Schedule III-1, Line 3
2	Less: Synchronized Interest	44,798	Schedule III-1, Column F, Line 4 x Schedule III-2, Column B, Line 14
3	Requested taxable return	23,043	Line 1 minus Line 2
4	Corp Tax Rate	21%	Current C corporation federal income tax rate at the time of filing, if the applicant is not a C corporation, then the appropriate alternative federal income tax rate is required to be used.
5	Tax Factor	0.265822785	1.0 divided by (1.0 minus Corp Tax Rate)*Corp Tax Rate = $1/(1-\text{Corp. Tax Rate}) * \text{Corp Tax Rate}$
6	Grossed up federal income tax	6,125	Line 3 times line 5
7	Amortization of Excess ADFIT	141	Excess ADFIT times Schedule III-3, Column F, Line 32 divided by Schedule III-3, Column D, Line 32
8	Adjusted federal income tax	5,984	Line 6 minus Line 7

To Sch I-1, Line 24

INSTRUCTIONS SECTION VI RATE CALCULATION

UTILITY NAME: MSEC Waste Water, Inc.
SCHEDULES - CLASS C RATE/TARIFF CHANGE

Instructions for Section VI

Complete schedules per instructions found in the column headers and reference column.

For a flat rate calculation, use VI-2 Flat Rate Calc

For a fixed rate and a variable rate, use VI-1 Fixed & Variable Alloc and

For a single tier variable rate, use VI-3 1 Tier Gallonage Rate Calc

For a multi-tier variable rate, use VI-4 Multi-Tier Rate Calc

For surcharges, use VI-5 Surcharge Calc

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-1 FIXED & VARIABLE ALLOCATION FOR RATE DESIGN
 FOR THE TEST YEAR ENDED. 09/30/2019

Line No.	Acct. No.		Account Name	A	B	C	D	E
	Water	Sewer		Adjusted Test Year Expenses (From Schedule I-1)	Fixed % of Col. A (Adjust each row or adjust line 28 for overall percentage for Fixed Expenses)	Fixed Expenses C = A x B	Variable Expenses D = A - C	Reference
1	610	710	Purchased water/sewer treatment	0		0	0	Schedule I-1, Column F, Line 1
2		711	Sludge Removal Expense	0		0	0	Schedule I-1, Column F, Line 2
3	615 1	715 1	Purchased Power-wells, booster pumps	71,456	72%	51,448	20,008	Schedule I-1, Column F, Line 3
4	618	718	Chemicals and other volume related expenses	2,758	0%	0	2,758	Schedule I-1, Column F, Line 4
5	601 1	701 1	Employee labor	0		0	0	Schedule I-1, Column F, Line 5
6	620	720	Materials and Supplies	0		0	0	Schedule I-1, Column F, Line 6
7	631-636	731-736	Contract work	101,174	100%	101,174	0	Schedule I-1, Column F, Line 7
8	650	750	Transportation expenses	41,748	100%	41,748	0	Schedule I-1, Column F, Line 8
9	664	764	Other plant maintenance	5,570	100%	5,570	0	Schedule I-1, Column F, Line 9
10	601 2	702 2	Office salaries	0		0	0	Schedule I-1, Column F, Line 10
11	603	703	Management salaries	0		0	0	Schedule I-1, Column F, Line 11
12	604	704	Employee pensions & benefits	0		0	0	Schedule I-1, Column F, Line 12
13	615 8	715 8	Purchased power - G&A	0		0	0	Schedule I-1, Column F, Line 13
14	670	770	Bad debt expense	0		0	0	Schedule I-1, Column F, Line 14
15	676	776	Office services & rentals	0		0	0	Schedule I-1, Column F, Line 15
16	677	777	Office supplies & expenses	0		0	0	Schedule I-1, Column F, Line 16
17	656-659	756-759	Insurance	1,017	100%	1,017	0	Schedule I-1, Column F, Line 17
18	667	767	Regulatory expense (other)	0		0	0	Schedule I-1, Column F, Line 18
19	675	775	Miscellaneous expenses	28,280	100%	28,280	0	Schedule I-1, Column F, Line 19
20				0		0	0	Schedule I-1, Column F, Line 20
21	403		Depreciation	51,275	100%	51,275	0	Schedule I-1, Column F, Line 22
22	408		Taxes Other Than Income	0		0	0	Schedule I-1, Column F, Line 23
23	409/410		Income Tax Expense	5,984	100%	5,984	0	Schedule I-1, Column F, Line 24
24			TOTAL EXPENSES	309,263		286,498	22,766	Add Lines 1-23
25			REQUESTED RETURN	67,841	100%	67,841	0	Schedule I-1, Column F, Line 28
26			TOTAL REVENUE REQUIREMENT	377,104		354,339	22,766	Line 24 plus Line 25
27			LESS OTHER REVENUES	0	100%	0	0	Schedule I-1, Column F, Line 30
28			REVENUE for RATE DESIGN	377,104		354,339	22,766	Line 26 less Line 27 (if line 27 is negative, add the two lines)

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-2 Flat Rate Calculation
 FOR THE TEST YEAR ENDED: 09/30/2019

	A	B	C
Line No.	Description	Reference	Amount
1.	Expenses	Schedule VI-1, Column C, Line 28	
2.	Connection Count	Schedule I-3(b), Column E, Line 5	
3.	Billing Cycles per Year (Monthly Billing Cycle)		12
4.	Flat Rate (Line 1/Line 2/Line 3)		

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-3 Rate Calculation for Single Tier Gallonage Charge for All Usage
 FOR THE TEST YEAR ENDED: 09/30/2019

	A	B	C
Line No.	Description	Reference	Amount
1.	Fixed Expenses	Schedule VI-1, Column C, Line 28	
2.	Test Year End Meter Equivalencies	Schedule I-3(a), Column H, Line 9	
3.	Billing Cycles per Year (Monthly Billing Cycle)		
4.	Minimum Monthly Charge (Line 1/Line 2/Line 3)		
Line No.	Description	Reference	Amount
5.	Variable Expenses	Schedule VI-1, Column D, Line 28	
6.	Total Test Year Gallons Billed	Schedule II-1(a), Column C, Line 4	
7.	Volumetric Rate (Charge per 1,000 gallons) (Line 5/(Line 6/1000))		

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-4 Multi-Tiered Rate Calculation
 FOR THE TEST YEAR ENDED: 09/30/2019

	A	B	C
Line No.	Description	Reference	Amount
1.	Fixed Expenses	Schedule VII-3, Column D, Line 60	\$354,486
2.	Test Year End Meter Equivalencies	Schedule I-3(a), Column H, Line 12	537.08
3.	Billing Cycles per Year (Monthly Billing Cycle)		12
4.	Minimum Monthly Charge (Line 1/Line 2/Line 3)		55.00

	A	B	C	D
Multi-Tiered Rates				
Line No.	Gallage Tier (Gallons)	Gallons Billed (Gallons)	Tier Multiplier	Adjusted Volumes
5.	1" or less	141,965	-	-
6.	1 1/2"	448,341	1.00	448,341.00
7.	2" - 6"	882,495	1.09	959,233.70
8.	8" - 12"	2,136,400	1.72	3,669,034.78
9.	Test Year End Volume Equivalencies			5,076,609.48
10.	Variable Expenses	Schedule VII-3, Column D, Line 72		\$ 23,352.40
11.	Minimum Volumetric Rate per 1,000 gallons			\$ 4.60

COMMENTS: MSEC Waste Water's selected rate design seeks to take into account the existing rate design previously approved by the Commission and expand upon the established rate schedule, while seeking to minimize rate shock, particularly to MSEC's lowest volume users. As noted in our Statement of Intent, MSEC Waste Water provides service to 3 customers through 10 connections. These customers include a religious institution, a school district, and MSEC Waste Water's parent company, Mid South Synergy, a not-for-profit energy cooperative. The rate design developed by MSEC Waste Water increases annual revenues for the religious institution by 0.04%, the school district by 5.25%, and Mid-South Synergy by 29.43% over Test Year revenues. MSEC Waste Water believes this rate design to be just and reasonable to our customers, while not being unreasonably preferential, prejudicial, or discriminatory.

UTILITY NAME: MSEC Waste Water, Inc.
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-5 Surcharge Calculation
 FOR THE TEST YEAR ENDED: 09/30/2019

VI-5(a): FLAT RATE SURCHARGE CALCULATION

	A	B	C
Line No.	Description	Reference	Amount
1.	Rate Case Expense or Other Surcharged Expense	Schedule II-8, Column D, Line 19	
2.	Connection Count	Schedule I-3(a), Column E, Line 12 + Schedule I-3(b), Column E, Line 5	
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)		
4.	Surcharge Calculation (Line 1/Line 2/Line 3)		

VI-5(b): METER EQUIVALENTS SURCHARGE CALCULATION

	A	B	C
Line No.	Description	Reference	Amount
1.	Rate Case Expense or Other Surcharged Expense	Schedule II-8, Column D, Line 19	\$11,372
2.	Connection Count	Schedule I-3(a), Column H, Line 12	537.08
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)		24
4.	Surcharge Calculation (Line 1/Line 2/Line 3)		0.88

INSTRUCTIONS SECTION VII RATES REVENUE FOR NOTICE

UTILITY NAME: MSEC Waste Water, Inc.
SCHEDULES - CLASS C RATE/TARIFF CHANGE

Instructions for Section VII

Complete schedules per instructions found in the reference column.

Use schedules in this section to calculate the proposed rates and total revenue to include in notice to customers. Only use the needed schedule depending on which schedule rates were calculated with.

For VI-2 Flat Rate Calc use VII-1 Revenue Flat Rate.

For VI-3 1 Tier Gallonage Rate Calc use VII-2 Revenue Generated 1 Tier.

For VI-4 Multi-Tier Rate Calc use VII-3 Revenue Gen Multi-Tier.

For VI-5(a) Flat Rate Surcharge Calc use VII-4(a) Revenue Generated for Flat Rate Surcharge.

For VI-5(b) Meter Equivalent Surcharge Calc use VII-4(b) Revenue Generated for Meter Equivalent Surcharge.

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-1 Revenue Generated for Flat Rate
 FOR THE TEST YEAR ENDED 09/30/2019

	A	B	C	D	E
Line No.		Existing Rates	Proposed Rates	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
1	Rate for a Flat Rate Unit			Column C, Line 1 = Schedule VI-2, Column C, Line 4	Column B & C
2	No of Meters			Schedule I-3(b), Column E, Line 5	
3	Total Revenue Generated			Line 1 multiplied by Line 2	
4	Revenue Requirement in Application			Schedule I-1, Column F, Line 31	
5	Over / (Under) Recovery			Line 3 minus Line 4	Column B
6	Percentage of (Under) Recovery			Line 5 divided by Line 4 multiplied by 100 for percentage If entering in excel do not multiply by 100, enter number as a decimal	Column B

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
 VII-2 Revenue Generated for Single Tier Gallonage Charge for All Usage
 FOR THE TEST YEAR ENDED 09/30/2019

Line No.	A	B Meter Ratios	C Existing Rates	D Proposed Rates	E Reference (unless otherwise noted reference is for both Column C & D)	F Items to Notice
	RATES					
	Minimum Monthly Charge					
1.	5/8"	1.0			Column D, Line 1 = Schedule VI-3, Column C, Line 4	Column C & D
2	3/4"	1.5			Column D, Line 2 = Column D, Line 1 multiplied by Column B, Line 2	Column C & D
3	1"	2.5			Column D, Line 3 = Column D, Line 1 multiplied by Column B, Line 3	Column C & D
4	1 1/2"	5.0			Column D, Line 4 = Column D, Line 1 multiplied by Column B, Line 4	Column C & D
5	2"	8.0			Column D, Line 5 = Column D, Line 1 multiplied by Column B, Line 5	Column C & D
6	3"	15.0			Column D, Line 6 = Column D, Line 1 multiplied by Column B, Line 6	Column C & D
7	Other				Must be provided by Utility, if applicable	Column C & D
	Volumetric Charge per tier					
8	All Usage				Column D, Line 8 = Schedule VI-3, Column C, Line 7	Column C & D
	No. of Meters					
9	5/8"				Schedule I-3(a), Column E, Line 1	
10	3/4"				Schedule I-3(a), Column E, Line 2	
11	1"				Schedule I-3(a), Column E, Line 3	
12	1 1/2"				Schedule I-3(a), Column E, Line 4	
13	2"				Schedule I-3(a), Column E, Line 5	
14	3"				Schedule I-3(a), Column E, Line 6	
15	Other				Schedule I-3(a), Column E, Line 7	
16	Total				Add Lines 9-15	
	Gallons Billed					
17	All Usage				Schedule II-1(a), Column C, Line 4	
	REVENUE					
	Minimum Monthly Charge					
18	5/8"				Line 1 multiplied by Line 9 multiplied by 12	
19	3/4"				Line 2 multiplied by Line 10 multiplied by 12	
20	1"				Line 3 multiplied by Line 11 multiplied by 12	
21	1 1/2"				Line 4 multiplied by Line 12 multiplied by 12	
22	2"				Line 5 multiplied by Line 13 multiplied by 12	
23	3"				Line 6 multiplied by Line 14 multiplied by 12	
24	Other				Line 7 multiplied by Line 15 multiplied by 12	
25	Total revenue generated by minimum monthly charges				Add Lines 18-24	
	Volumetric Revenue					
26	Total revenue generated by Volumetric Usage				Line 8 multiplied by (Line 17/1000)	
27	Total Revenue Generated				Line 25 plus Line 26	
28	Revenue Requirement in Application				Schedule I-1, Column F, Line 31	
29	Over / (Under) Recovery				Line 27 minus Line 28	Column C
30	Percentage of (Under) Recovery				Line 29 divided by Line 28 multiplied by 100 for percentage. If entering in excel do not multiply by 100, enter number as a decimal	Column C

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-3 Revenue Generated for Multi-Tier Gallonage Charges
 FOR THE TEST YEAR ENDED 09/30/2019

Line No.	A	B Meter Ratios	C Existing Rates	D Proposed Rates	E Reference (unless otherwise noted reference is for both Column C & D)	F Items to Notice
	RATES					
	Minimum Monthly Charge					
1	3/4" (residential)	1 0	\$40 00	\$55 00	Column D, Line 1, Column C, Line 1	Column C & D
2	1" (residential)	1 0	\$40 00	\$55 00	Column D, Line 2, Column C, Line 2	Column C & D
3	1" (commercial)	2 5	\$100 00	\$138 50	Column D, Line 3, Column C, Line 3	Column C & D
4	1 1/2"	3 1	\$200 00	\$172 00	Column D, Line 4, Column C, Line 4	Column C & D
5	2" (standard commercial)	6 5	\$275 00	\$355 00	Column D, Line 5, Column C, Line 5	Column C & D
6	3" (non-standard commercial)	11 7	\$500 00	\$645 00	Column D, Line 6, Column C, Line 6	Column C & D
7	4"	15 6		\$860 00	Column D, Line 7, Column C, Line 7	Column C & D
8	6"	31 3		\$1,720 00	Column D, Line 8, Column C, Line 8	Column C & D
9	8" (commercial)	188 7	\$8,046 00	\$10,378 00	Column D, Line 9, Column C, Line 9	Column C & D
10	10" (commercial)	298 8	\$12,739 50	\$16,432 00	Column D, Line 10, Column C, Line 10	Column C & D
11	12"	473 0		\$26,017 00	Column D, Line 11, Column C, Line 11	Column C & D
12	Other				Must be provided by Utility, if applicable	Column C & D
	Volumetric Charge per tier					
	<i>Example: 0-3,000</i>					
	<i>3,001-5,000 +</i>					
13	3/4" (residential)		\$3.25	\$0 00	Column D, Line 13, Column C, Line 13	Column C & D
14	1" (residential)		\$3 25	\$0 00	Column D, Line 14, Column C, Line 14	Column C & D
15	1" (commercial)		\$3 25	\$0 00	Column D, Line 15, Column C, Line 15	Column C & D
16	1 1/2"		\$3 50	\$4 60	Column D, Line 16, Column C, Line 16	Column C & D
17	2" (standard commercial)		\$3 50	\$5 00	Column D, Line 17, Column C, Line 17	Column C & D
18	3" (non-standard commercial)		\$3 50	\$5 00	Column D, Line 18, Column C, Line 18	Column C & D
19	4"			\$5 00	Column D, Line 19, Column C, Line 19	Column C & D
20	6"			\$5 00	Column D, Line 20, Column C, Line 20	Column C & D

UTILITY NAME MSEC Waste Water Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-3 Revenue Generated for Multi-Tier Gallonage Charges
 FOR THE TEST YEAR ENDED 09/30/2019

Line No.	A	B Meter Ratios	C Existing Rates	D Proposed Rates	E Reference (unless otherwise noted reference is for both Column C & D)	F Items to Notice
21	8" (commercial)		\$5 50	\$7 90	Column D, Line 21, Column C, Line 21	Column C & D
22	10" (commercial)		\$5 50	\$7 90	Column D, Line 22, Column C, Line 22	Column C & D
23	12"			\$7 90	Column D, Line 23, Column C, Line 23	Column C & D
	No. of Meters					
24	3/4" (residential)		0	0	Schedule I-3(a), Column E, Line 1	
25	1" (residential)		0	0	Schedule I-3(a), Column E, Line 2	
26	1" (commercial)		1	1	Schedule I-3(a), Column E, Line 3	
27	1 1/2"		1	1	Schedule I-3(a), Column E, Line 4	
28	2" (standard commercial)		5	5	Schedule I-3(a), Column E, Line 5	
29	3" (non-standard commercial)		1	1	Schedule I-3(a), Column E, Line 6	
30	4"		0	0	Schedule I-3(a), Column E, Line 7	
31	6"		0	0	Schedule I-3(a), Column E, Line 8	
32	8" (commercial)		1	1	Schedule I-3(a), Column E, Line 9	
33	10" (commercial)		1	1	Schedule I-3(a), Column E, Line 10	
34	12"		0	0	Schedule I-3(a), Column E, Line 11	
35	Other					
36	Total		10	10	Add Lines 24-35	
	Gallons Billed					
37	3/4" (residential)		0	0	Column A, C & D - Must be provided by the Utility	
38	1" (residential)		0	0	Column A, C & D - Must be provided by the Utility	
39	1" (commercial)		141,965	141,965	Column A, C & D - Must be provided by the Utility	
40	1 1/2"		448,341	448,341	Column A, C & D - Must be provided by the Utility	
41	2" (standard commercial)		171,995	171,995	Column A, C & D - Must be provided by the Utility	

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-3 Revenue Generated for Multi-Tier Gallonage Charges
 FOR THE TEST YEAR ENDED 09/30/2019

Line No.	A	B Meter Ratios	C Existing Rates	D Proposed Rates	E Reference (unless otherwise noted reference is for both Column C & D)	F Items to Notice
42	3" (non-standard commercial)		710,500	710,500	Column A, C & D - Must be provided by the Utility	
43	4"		0	0	Column A, C & D - Must be provided by the Utility	
44	6"		0	0	Column A, C & D - Must be provided by the Utility	
45	8" (commercial)		1,751,000	1,751,000	Column A, C & D - Must be provided by the Utility	
46	10" (commercial)		385,400	385,400	Column A, C & D - Must be provided by the Utility	
47	12"		0	0	Column A, C & D - Must be provided by the Utility	
	REVENUE					
	Minimum Monthly Charge					
48	3/4" (residential)		\$0	\$0	Line 1 multiplied by Line 24 multiplied by 12	
49	1" (residential)		\$0	\$0	Line 2 multiplied by Line 25 multiplied by 12	
50	1" (commercial)		\$1,200	\$1,662	Line 3 multiplied by Line 26 multiplied by 12	
51	1 1/2"		\$2,400	\$2,064	Line 4 multiplied by Line 27 multiplied by 12	
52	2" (standard commercial)		\$16,500	\$21,300	Line 5 multiplied by Line 28 multiplied by 12	
53	3" (non-standard commercial)		\$6,000	\$7,740	Line 6 multiplied by Line 29 multiplied by 12	
54	4"		\$0	\$0	Line 7 multiplied by Line 30 multiplied by 12	
55	6"		\$0	\$0	Line 8 multiplied by Line 31 multiplied by 12	
56	8" (commercial)		\$96,552	\$124,536	Line 9 multiplied by Line 32 multiplied by 12	
57	10" (commercial)		\$152,874	\$197,184	Line 10 multiplied by Line 33 multiplied by 12	
58	12"		\$0	\$0	Line 11 multiplied by Line 34 multiplied by 12	
59	Other		\$0	\$0	Line 12 multiplied by Line 35 multiplied by 12	
60	Total revenue generated by base rates		\$275,526 00	\$354,486 00	Add Lines 48-59	
	Volumetric Revenue					
61	3/4" (residential)		\$0.00	\$0 00	Line 13 multiplied by Line 37 divided by 1,000	
62	1" (residential)		\$0 00	\$0 00	Line 14 multiplied by Line 38 divided by 1,000	

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-3 Revenue Generated for Multi-Tier Gallonage Charges
 FOR THE TEST YEAR ENDED 09/30/2019

Line No.	A	B Meter Ratios	C Existing Rates	D Proposed Rates	E Reference (unless otherwise noted reference is for both Column C & D)	F Items to Notice
63	1" (commercial)		\$461 39	\$0 00	Line 15 multiplied by Line 39 divided by 1,000	
64	1 1/2"		\$1,569 19	\$2,062 37	Line 16 multiplied by Line 40 divided by 1,000	
65	2" (standard commercial)		\$601 98	\$859 98	Line 17 multiplied by Line 41 divided by 1,000	
66	3" (non-standard commercial)		\$2,486 75	\$3,552 50	Line 18 multiplied by Line 42 divided by 1,000	
67	4"		\$0 00	\$0 00	Line 19 multiplied by Line 43 divided by 1,000	
68	6"		\$0 00	\$0 00	Line 20 multiplied by Line 44 divided by 1,000	
69	8" (commercial)		\$9,630 50	\$13,832 90	Line 21 multiplied by Line 45 divided by 1,000	
70	10" (commercial)		\$2,119 70	\$3,044 66	Line 22 multiplied by Line 46 divided by 1,000	
71	12"		\$0 00	\$0 00	Line 23 multiplied by Line 47 divided by 1,000	
72	Total revenue generated by Volumetric Usage		\$16,869 51	\$23,352 40	Add Lines 61-71	
73	Total Revenue Generated		\$292,395 51	\$377,838 40	Line 60 plus Line 72	
74	Revenue Requirement in Application		\$377,104 36	\$377,104 36	Schedule I-1, Column F, Line 31	
75	Over / (Under) Recovery		(\$84,708 85)	\$734.04	Line 73 less Line 74	Column C
76	Percentage of (Under) Recovery		-22%	0%	Line 75 divided by Line 74 multiplied by 100 for percentage If entering in excel do not multiply by 100, enter number as a decimal	Column C

UTILITY NAME MSEC Waste Water, Inc SCHEDULES - CLASS C RATE/TARIFF CHANGE VII-4 Surcharge Revenue Calculation FOR THE TEST YEAR ENDED 09/30/2019
--

VII-4(a): REVENUE GENERATED FOR FLAT RATE SURCHARGE

Line No.	A	B	C	D
		Proposed Surcharge Rate	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
1	Surcharge Rate		Column B, Line 1 = Schedule VI-5(a), Column C, Line 4	Column B
2	No. of Meters		Schedule I-3(a), Column E, Line 9 or Schedule I-3(b), Column E, Line 5	
3	Total Surcharge Revenue Generated		Line 1 multiplied by Line 2	
4	Rate Case Expense or Other Surcharged Expense		Schedule II-8, Column D, Line 19	
5	Over / (Under) Recovery		Line 3 minus Line 4	Column B
6	Percentage of (Under) Recovery		Line 5 divided by Line 4 multiplied by 100 for percentage. If entering in excel do not multiply by 100, enter number as a decimal	Column B

VII-4(b): REVENUE GENERATED FOR METER EQUIVALENTS SURCHARGE

Line No.	A	B	C	D	E
	Surcharge Rate	Meter Ratios	Proposed Surcharge Rates	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
1	3/4" (residential)	1.0	\$0.88	Column C, Line 1 = Schedule VI-5(b), Column C, Line 4	Column C
2	1" (residential)	1.0	\$0.88	Column C, Line 2 = Column C, Line 1 multiplied by Column B, Line 2	Column C
3	1" (commercial)	2.5	\$2.22	Column C, Line 3 = Column C, Line 1 multiplied by Column B, Line 3	Column C
4	1 1/2"	3.1	\$2.76	Column C, Line 4 = Column C, Line 1 multiplied by Column B, Line 4	Column C
5	2" (standard commercial)	6.5	\$5.69	Column C, Line 5 = Column C, Line 1 multiplied by Column B, Line 5	Column C
6	3" (non-standard commercial)	11.7	\$10.35	Column C, Line 6 = Column C, Line 1 multiplied by Column B, Line 6	Column C
7	4"	15.6	\$13.80	Column C, Line 7 = Column C, Line 1 multiplied by Column B, Line 7	Column C
8	6"	31.3	\$27.59	Column C, Line 8 = Column C, Line 1 multiplied by Column B, Line 8	Column C
9	8" (commercial)	188.7	\$166.47	Column C, Line 9 = Column C, Line 1 multiplied by Column B, Line 9	Column C
10	10" (commercial)	298.8	\$263.58	Column C, Line 10 = Column C, Line 1 multiplied by Column B, Line 10	Column C
11	12"	473.0	\$417.34	Column C, Line 11 = Column C, Line 1 multiplied by Column B, Line 11	Column C

UTILITY NAME MSEC Waste Water, Inc
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VII-4 Surcharge Revenue Calculation
 FOR THE TEST YEAR ENDED 09/30/2019

12	Other			Must be provided by Utility, if applicable	Column C
	No. of Meters				
13	3/4" (residential)			0 Schedule I-3(a), Column E, Line 1	
14	1" (residential)			0 Schedule I-3(a), Column E, Line 2	
15	1" (commercial)			1 Schedule I-3(a), Column E, Line 3	
16	1 1/2"			1 Schedule I-3(a), Column E, Line 4	
17	2" (standard commercial)			5 Schedule I-3(a), Column E, Line 5	
18	3" (non-standard commercial)			1 Schedule I-3(a), Column E, Line 6	
19	4"			0 Schedule I-3(a), Column E, Line 7	
20	6"			0 Schedule I-3(a), Column E, Line 8	
21	8" (commercial)			1 Schedule I-3(a), Column E, Line 9	
22	10" (commercial)			1 Schedule I-3(a), Column E, Line 10	
23	12"			0 Schedule I-3(a), Column E, Line 11	
24	Other				
25	Total			10 Add Lines 13-24	
	SURCHARGE RATE REVENUE				
26	3/4" (residential)			\$0 Line 1 multiplied by Line 13 multiplied by 12	
27	1" (residential)			\$0 Line 2 multiplied by Line 14 multiplied by 12	
28	1" (commercial)			\$27 Line 3 multiplied by Line 15 multiplied by 12	
29	1 1/2"			\$33 Line 4 multiplied by Line 16 multiplied by 12	
30	2" (standard commercial)			\$341 Line 5 multiplied by Line 17 multiplied by 12	
31	3" (non-standard commercial)			\$124 Line 6 multiplied by Line 18 multiplied by 12	
32	4"			\$0 Line 7 multiplied by Line 19 multiplied by 12	
33	6"			\$0 Line 8 multiplied by Line 20 multiplied by 12	
34	8" (commercial)			\$1,998 Line 9 multiplied by Line 21 multiplied by 12	

UTILITY NAME MSEC Waste Water, Inc SCHEDULES - CLASS C RATE/TARIFF CHANGE VII-4 Surcharge Revenue Calculation FOR THE TEST YEAR ENDED 09/30/2019
--

35	10" (commercial)		\$3,163	Line 10 multiplied by Line 22 multiplied by 12	
36	12"		\$0	Line 11 multiplied by Line 23 multiplied by 12	
37	Other		\$0	Line 12 multiplied by Line 24 multiplied by 12	
38	Total revenue generated by surcharge rate		\$5,686	Add Lines 26-37	

CLASS C RATE/TARIFF CHANGE

UTILITY NAME: MSEC Waste Water, Inc
CCN No.: 20984
DOCKET NUMBER 50569

VERIFICATION OF ACCURACY

OATH

STATE OF TEXAS

COUNTY OF MONTGOMERY

Troy Morris makes an oath and says that he/she is First Vice-President
(Name of Affiant) (Official Title of Affiant)

of MSEC Waste Water, Inc
(Exact Legal Title or Name of the Respondent)

The signed officer has reviewed the application

Based on the officer's knowledge, the rate application does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading

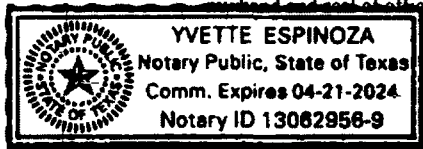
Based on such officer's knowledge, the financial statements, operations and other financial information included in the rate application fairly present in all material respects the financial condition and results of operations of the preparers as of, and for, the periods presented in the rate application

He/she swears that all other statements contained in the said rate application are true, and that the said rate application is a correct and complete statement of the business and the above-named respondent during the test year time frame of

1-Oct-18 to 30-Sep-19

and including any additional time frames aside from the aforementioned test year resulting from rate case requests for information

Subscribed and sworn to and before me, a Notary Public in and for the State and County
above-named, this 5th day of March, 2020, to certify which witness



[Signature]
(Signature of Affiant)

My commission expires 4-21-2024 [Signature]
(Notary Public In And For The State Of Texas)

Yvette Espinoza
Print or Type Name of Notary

**Attachment 1
(Native Files, Workpapers
and Supporting
Documents) is being
provided on CD.**

**Attachment 2
(Confidential Supporting
Documents) is Confidential
and being provided under
seal.**

NOTICE OF PROPOSED RATE CHANGE

TO BE PROVIDED TO RATEPAYERS

PURSUANT TO

TEXAS WATER CODE §§ 13.1871 AND 13.18715

AFFIDAVIT

STATE OF TEXAS

COUNTY OF MONTGOMERY

I, Troy Morris being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE**

as First Vice-President (indicate relationship to Utility that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such notice; and that all statements and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by HAND DELIVERY (method of delivery)

to each customer or other affected party on or about MARCH 6TH, 20 20

[Signature]
AFFIANT
(Utility's Authorized Representative)

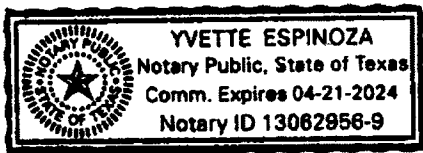
MSEC Waste Water, Inc.
NAME OF UTILITY

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE

this the 6 day of March, 20 20, to certify which witness my hand and seal of office.

SEAL



Yvette Espinoza
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Yvette Espinoza
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES April 21, 2024

PUCT DOCKET NO. 50569*

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO
TEXAS WATER CODE §§ 13.1871 AND 13.18715**

MSEC Waste Water, Inc.

20984

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUCT). The application may be reviewed online at interchange.puc.texas.gov. You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter, from at least one ratepayer (10 percent of the utility's customers over whose rates the Commission has original jurisdiction) or from any affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the next page for instructions on how to protest.**

EFFECTIVE DATE OF PROPOSED INCREASE: July 1, 2020

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

Reason(s) for Proposed Rate Change:

This rate change is being filed in accordance with Commission requirements from PUC Docket No. 44740. It seeks to align MSEC Waste Water's rate design with the current level of expanded operations and enable the utility to recover its operations and maintenance expenses and a reasonable return on investment.

BILLING COMPARISON

Sewer – 3/4" Meter

Existing 5,000 gallons: \$ 56.25 /mo Proposed 5,000 gallons: \$ 55.00 /mo

Montgomery Independent School District, Mid-South Synergy Operations Center: WQ14638-001

Lake Creek High School, Oak Hill Junior High School, Keenan Elementary School: WQ00115341001

Subdivision(s) or System(s) Affected by Rate Change

P.O. Box 970

Navasota

Texas

77868

Company Address

City

State

Zip

(936) 825-5100

Company Phone Number

\$ 21,864.40

Water Annual Revenue Increase

Water Pass-Through Annual Revenue Increase

Sewer Annual Revenue Increase

September 7, 2017

Date Current Rate Change Notice Delivered

Date of Last Rate Change

*Prior to providing notice, the utility shall file a request for the assignment of a docket number for the application.

PUCT DOCKET NO. 50569

RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must submit this form and 10 copies to:

**Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326**

Unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing, no hearing will be held, and the rates will be effective as proposed.

CUSTOMER INFORMATION (to be completed by customers submitting protests)

First Name: _____ Last Name: _____

Phone Number: _____ Fax Number: _____

Address, City, State: _____

Location where service is received: _____
(if different from the mailing address)

Please fill out the following:

I wish to PROTEST the following proposed rate action/s:

I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Protester:

_____ Date: _____

**Si desea informacion en Espanol, puede llamar al
1-888-782-8477**

**Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline
at
512-936-7136**

NOTICE OF PROPOSED RATE CHANGE – SEWER

CURRENT RATES				PROPOSED RATES			
Minimum	Monthly	Charge		Minimum	Monthly	Charge	
includes			0	includes			0
			gallons				gallons
Meter Size:				Meter Size:			
3/4" or 1" (residential)		\$	40.00	3/4" or 1" (residential)		\$	55.00
1" (commercial)		\$	100.00	1" (commercial)		\$	138.50
1 1/2"		\$	200.00	1 1/2"		\$	172.00
2" (standard commercial)		\$	275.00	2" (standard commercial)		\$	355.00
3" (non-standard commercial)		\$	500.00	3" (non-standard commercial)		\$	645.00
4"		\$		4"		\$	860.00
6"		\$		6"		\$	1,720.00
8" (commercial)		\$	8,046.00	8" (commercial)		\$	10,378.00
10" (commercial)		\$	12,739.50	10" (commercial)		\$	16,432.00
12"		\$		12"		\$	26,017.00
Other:		\$		Other:		\$	
GALLONAGE OR FIXED CHARGE:				GALLONAGE OR FIXED CHARGE:			
Meter Size:			\$/1,000 gallons	Meter Size:			\$/1,000 gallons
3/4" or 1" (residential)		\$	3.25	3/4" or 1" (residential)		\$	0.00
1" (commercial)		\$	3.25	1" (commercial)		\$	0.00
1 1/2"		\$	3.50	1 1/2"		\$	4.60
2" (standard commercial)		\$	3.50	2" (standard commercial)		\$	5.00
3" (non-standard commercial)		\$	3.50	3" (non-standard commercial)		\$	5.00
4"		\$		4"		\$	5.00
6"		\$		6"		\$	5.00
8" (commercial)		\$	5.50	8" (commercial)		\$	7.90
10" (commercial)		\$	5.50	10" (commercial)		\$	7.90
12"		\$		12"		\$	7.90
\$ _____ per <input type="checkbox"/> month; OR <input checked="" type="checkbox"/> Volumes for meter sizes up to 8" are based on the winter average water consumption for November through February.				\$ _____ per <input type="checkbox"/> month; OR <input checked="" type="checkbox"/> for each additional 1,000 gallons over the minimum. Gallonage charges are determined based on actual water usage.			

NOTICE OF PROPOSED RATE CHANGE –SEWER

continued

MISCELLANEOUS FEES		MISCELLANEOUS FEES	
Tap Fee	\$ 1,300.00	Tap Fee	\$ 1,300.00
Reconnect Fee: Non-payment	\$ 25.00	Reconnect Fee: Non-payment (Maximum - \$25.00)	\$ 25.00
Customer's Request	\$ 30.00	Customer's Request	\$ 30.00
Transfer Fee	\$ 25.00	Transfer Fee	\$ 25.00
Late Charge	10%	Late Charge (Indicate either \$5.00 or 10%)	10%
Returned Check Charge	\$ 25.00	Returned Check Charge	\$ 25.00
Deposit	\$ 50.00	Deposit (Maximum \$50.00)	\$ 50.00
Meter Test Fee	\$	Meter Test Fee (Maximum - \$25.00)	\$

Regulatory Assessment of 1% is added to the minimum monthly charge and gallonage charges. Additional fees and meter sizes may be shown on a separate page.

If applicable, list any bill payment assistance programs to low income ratepayers.



SEWER UTILITY TARIFF

Docket No. 50569

(this number will be assigned by the Public Utility Commission after your tariff is filed)

<u>MSEC Waste Water, Inc.</u>	<u>P.O. Box 970</u>
(Utility Name)	(Business Address)
<u>Navasota, Texas, 77868</u>	<u>(936) 825-5100</u>
(City, State, Zip Code)	(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

20984

This tariff is effective in the following county (ies):

Montgomery

This tariff is effective in the following cities or unincorporated towns (if any):

This tariff is effective in the following subdivision or systems:

Montgomery Independent School District, Mid-South Synergy Operations Center, Lake Creek High School, Oak Hill Junior High School, Keenan Elementary School

This tariff is effective for the following public Sewer system numbers(s):

WQ0014638001 and WQ00115341001

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

TABLE OF CONTENTS

SECTION 1.0 – RATE SCHEDULE	2
SECTION 2.0 – SERVICE RULES AND POLICIES	4
SECTION 3.0 – EXTENSION POLICY	10
APPENDIX A – SAMPLE SERVICE AGREEMENT	15

(Utility Name)

SECTION 1.0 -- RATE SCHEDULESection 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallage Charge
3/4" or 1" (residential)	\$ 55.00 (Includes 0 gallons)	\$ 0.00 per 1000 gallons
1" (commercial)	\$ 138.50 (Includes 0 gallons)	\$ 0.00 per 1000 gallons
1 1/2"	\$ 172.00 (Includes 0 gallons)	\$ 4.60 per 1000 gallons
2"	\$ 355.00 (Includes 0 gallons)	\$ 5.00 per 1000 gallons
3"	\$ 645.00 (Includes 0 gallons)	\$ 5.00 per 1000 gallons
4"	\$ 860.00 (Includes 0 gallons)	\$ 5.00 per 1000 gallons
6"	\$ 1,720.00 (Includes 0 gallons)	\$ 5.00 per 1000 gallons
8"	\$ 10,378.00 (Includes 0 gallons)	\$ 7.90 per 1000 gallons
10"	\$ 16,432.00 (Includes 0 gallons)	\$ 7.90 per 1000 gallons
12"	\$ 26,017.00 (Includes 0 gallons)	\$ 7.90 per 1000 gallons

Volume charges are determined based on actual consumption.

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash , Check , Money Order , Credit Card , Other (Specify) _____

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS 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 ASSESSMENT1.00%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fee**TAP FEE**\$1,300.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Connection Tap)Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

(Utility Name)

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

a) Nonpayment of bill (Maximum \$25.00)	\$ 25.00
b) Customer’s request that service be disconnected	\$ 30.00
c) _____	\$ _____

TRANSFER FEE

\$ 25.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)

10%

COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY’S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT

1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

\$ _____

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas Rules relating to sewer utilities available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the commission rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected**(A) Customer Deposits**

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with the commission rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

(Utility Name)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the residential customer's deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property (ies) is located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by P.U.C. SUBST. R. 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

(Utility Name)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

Section 2.06 Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed professional shall occur at the customer's expense.

(Utility Name)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

The back flow assembly shall be tested upon installation by a licensed back flow prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a licensed back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense. The test form must be returned to the utility within 14 days of the test.

Section 2.10 - Billing**(A) Regular Billing**

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the commission rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the commission rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the commission rules.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**Section 2.13 - Reconnection of Service**

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ's rules.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the commission's complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

SECTION 3.0 -- EXTENSION POLICY**Section 3.01 - Standard Extension Requirements**

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with commission rules and policies, and upon extension of the utility's certified service area boundaries by the commission.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with commission rules and policies, and upon extension of the utility's certificated service area boundaries by the commission.

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)**Section 3.02 - Costs Utilities and Service Applicants Shall Bear**

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TCEQ, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of sewer mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional treatment facilities. Contributions in aid of construction of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or Texas Commission on Environmental Quality minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16TAC 2486(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 16 TAC 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, commission rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

The utility will provide a written service application form to the applicant for each request for service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted online or by mail if hand delivery is not possible.

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the commission for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, commission rules and/or order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by commission rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A -- SAMPLE SERVICE AGREEMENT

From TCEQ Rules, 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.

- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

- III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent when there is reason to believe that cross-connections or other potential contamination hazards exist.
 - C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on their premises.
 - E. The Customer shall, at their expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE

DATE

MSEC Waste Water, Inc.

Wastewater Customer Complaints and Disputes Policy

When MSEC Waste Water receives a complaint from a customer, every effort is made to promptly investigate the complaint and to let the customer know as soon as possible of the utility company's findings regarding the complaint. All complaints are logged as provided in the rules of the Public Utility Commission of Texas, including the name and address of the customer making the complaint, the date the complaint was received by the utility, a description of the nature of the complaint, and if/how the complaint was resolved or any adjustments were made. These records will be maintained for a period of two years after the final settlement or resolution of the complaint.

Service will not be disconnected pending completion of the investigation by the utility company. If the customer does not agree with the utility's decision on their complaint, the utility will provide information to the customer of their option to contact the Public Utility Commission. Pending resolution of a complaint, the Commission may require continuation or restoration of service.

If there is a dispute between a customer and the utility company regarding any bill for utility services, the utility will investigate and provide the results to the customer. If the utility company and the customer cannot resolve the dispute, the utility will inform the customer that a complaint may be filed with the Commission.

**Attachment 6
(versions of schedules
reflecting an imputed
capital structure of 50%
debt and 50% equity) is
being provided on CD.**