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DOCKET NO. 50569



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

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PUBLIC UTILITY COMMISSION
OF TEXAS

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS OF THE APPLICATION AND NOTICE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness of the Application and Notice. In support thereof, Staff shows the following:

I. BACKGROUND

On March 9, 2020, MSEC Waste Water, Inc. (MSEC or the Applicant) filed as a Class D utility using a Class C rate change application for its sewer customers. MSEC holds sewer certificate of convenience and necessity (CCN) number 20984 with a total of 10 active connections.

On March 12, 2020, the administrative law judge (ALJ) issued Order No. 1, directing MSEC to file additional information and supporting documentation by March 23, 2020. On April 8, 2020, the ALJ issued Order No. 2, directing Staff to file comments on the administrative completeness of the application and notice, and, if necessary, to file a recommendation on final disposition including the proposed tariff sheet reflecting the requested rate change by April 15, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application, and, as detailed in the attached memoranda of Debi Loockerman, Rate Regulation Division, Staff recommends that MSEC's application and notice be found deficient and administratively incomplete. Staff recommends that the effective date of the requested rate change be suspended pursuant to Texas Water Code Annotated § 13.1871(e) and 16 Texas Administrative Code (TAC) § 24.33(b)(1). Staff also recommends that once the application is deemed administratively complete, MSEC be required to provide notice to customers reflecting the new effective date.

III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Event	Date
Deadline for Timbercrest to amend its application and cure deficiencies	May 6, 2020
Deadline for Staff's supplemental recommendation on administrative completeness and notice	May 27, 2020

IV. CONCLUSION

Staff respectfully requests that the ALJ find the application administratively incomplete, adopt the above proposed procedural schedule, and order that the effective date of rates be suspended until the application and notice is determined to be administratively complete.

Dated: April 15, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Taylor P. Denison
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on April 15, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Taylor P. Denison
Taylor P. Denison

Public Utility Commission of Texas

Memorandum

TO: Taylor Denison, Attorney
Legal Division

FROM: Debi Loockerman
Rate Regulation Division

DATE: April 15, 2020

SUBJECT: **Docket No. 50569:** *Application of MSEC Waste Water, Inc. for Authority to Change Rates*

On March 9, 2020, MSEC Waste Water, Inc. (MSEC or Applicant) filed an application with the Public Utility Commission of Texas (Commission) for a rate/tariff change under Certificate of Convenience and Necessity (CCN) No. 20984, for wastewater, in Montgomery County. An administrative review of the application and notice has been made under Texas Water Code (TWC) §§ 13.1872(c)(2) and 13.1871 and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33.

MSEC Waste Water, Inc. is a wholly-owned subsidiary of Mid-South Electric Cooperative, Inc. d/b/a Mid-South Synergy (Mid-South Electric Coop). Mid-South Electric Coop also owns MSEC Enterprises,¹ providing water utility service to 5,486² water connections in Texas. Therefore, the affiliated entities may be considered a Class B utility under the definition in TWC § 13.002(4-b). However, MSEC, providing wastewater service to 3 commercial customers with 10 active connections, filed as a Class D utility using a Class C rate change application.

¹ Docket No. 49200, *Petition of MSEC Enterprises, Inc. for a Good Cause Extension to Rate Filing Requirement set in docket No. 44740*, January 13, 2020, *Petition for Additional Extension to Rate Filing Requirement*.

² Project No. 48918, MSEC Enterprises Inc. 2018 Annual Report at 8.

Based on a review of the information in the application required for the Rate Regulation Division's analysis, Staff cannot determine the classification of utility MSEC Waste Water, Inc., and requires additional information to determine if the Applicant is a Class B or Class D utility.

Therefore, Staff determines that the application contains material deficiencies. Staff recommends that the Commission:

1. Deem the rate change application insufficient for filing and administratively incomplete;
2. Suspend the proposed effective date of the rate increase under 16 TAC § 24.33(b)(1); and
3. Require the Applicant to provide the following information:
 - a. an organization chart reflecting the ownership of all affiliates;
 - b. a written description of which affiliates provide services in support of the provision of wastewater service to MSEC's customers and the types of services provided;
 - c. a cost allocation manual, or a detailed description of what costs are direct billed and how costs are allocated between affiliates, if costs are allocated; and
 - d. an explanation referencing the Texas Water Code and the Commission rules as to why the Applicant filed as a Class D utility.