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Item Number - 1

NOTICE OF PASS-THROUGH RATE CHANGE

DATE: August 5, 2024

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

FROM: MSEC Enterprises, Inc. (MSEC)
P.O. Box 970; 7625 Highway 6
Navasota, Texas 77868
Water CCN No. 12887

RE: Notice of Modification of Pass-Through Provision and Rate Change pursuant to 16 Tex. Admin. Code (TAC) § 24.25(b)(2) for San Jacinto River Authority Pumpage/Import Fee and Surface Water Fee Decrease

MSEC files this Notice of Modification of Pass-Through Provision and Rate Decrease pursuant to 16 Tex. Admin. Code § 24.25(b)(2), as set forth herein.

MSEC is an independently owned water utility and a participant in a Groundwater Reduction Plan (Plan or GRP) entered into between the San Jacinto River Authority (SJRA) and groundwater producers in Montgomery County, Texas to reduce production of groundwater in the county. MSEC is under the jurisdiction of the SJRA and subject to SJRA's rules and regulations. As part of the Plan, SJRA charges water use fees in the form of a Pumpage Fee to its participants based on groundwater that is produced in Montgomery County and purchased water costs in the form of a Surface Water Fee to those participants purchasing water under the Plan. MSEC is subject to both the Pumpage/Import Fee and the Surface Water Fee.

In Docket No. 53912, MSEC amended its tariff to allow for recovery of the amounts due to SJRA for the Pumpage/Import Fees and Surface Water Fees. MSEC determined that its water usage ratio was 82% groundwater and 18% surface water. MSEC blended the two fees in that proportion to calculate a pass-through rate, which was approved at \$3.64/1,000 gallons.

The pass-through rates are being adjusted to enable MSEC to fully recover the amounts paid to the water supplier or groundwater district due to a decrease in SJRA's fees to MSEC. Specifically, on June 24, 2024, the SJRA Board of Directors took formal action to adopt a rate decrease. This resulted in the Pumpage Fee and Import Fee to decrease from \$2.99/1,000 gallons to \$2.67/1,000 gallons, and the Surface Water Fee to decrease from \$3.41/1,000 gallons to \$3.26/1,000 gallons. These decreases will go into effect on September 1, 2024.

The noticed decrease by SJRA prompts this filing, in which MSEC provides updated calculations for:

- (1) Line losses. As shown on Exhibit C-1, the actual line loss experience is 3.02%.

- (2) The ratio of groundwater to surface water subject to the two SJRA fees. As shown on Exhibit C-2, the current ratio for calendar year 2024 is estimated to be 100% groundwater (subject to the \$2.67/1,000 gallons Pumpage/Import Fee), and 0% surface water (subject to the \$3.26/1,000 gallons Surface Water Fee).
- (3) The difference between the amounts SJRA billed to MSEC and the amounts billed by MSEC to its customers on behalf of the SJRA Groundwater Reduction Plan. As shown on Exhibit C-3, the previous difference between these two figures netted a \$410,109.42 under-collection that resulted in a \$0.43/1,000 gallon true-up to customer bills (approved in Docket 53912). The current difference between these two figures, as of June 2024, is netting to a \$708,782.47 over-collection that resulted in a \$0.25/1,000 gallon true-up to customer bills. Further, MSEC requests a modification to its tariff to include the SJRA Blended Water Pass-Through Clause with True-Up, as shown on Exhibit D (Proposed Rate Schedule).

MSEC therefore requests to amend its tariff to allow for recovery of these fees under its tariff. MSEC also requests to refund customers the amount of fees over-collected, pursuant to the previous pass-through fee calculations, for a total pass-through of \$2.50 per 1,000 gallons used, such amount calculated to take into account SJRA's decreased fees.

MSEC will post electronically, email, and mail a Customer Notice of this Pass-Through Rate Change to all of its affected customers as required by 16 TAC § 24.25(b)(2)(F) on or about August 5, 2024, such change taking effect on September 1, 2024.

Exhibits as required by 16 TAC § 24.25(b)(2)(F):

- (1) List of the affected subdivision(s), public water system name(s) and corresponding number(s) issued by the TCEQ, and the water quality system name(s) and corresponding number(s) issued by the TCEQ, if applicable, attached as **Exhibit A**.
- (2) Copy of the Customer Notice of Pass-Through Rate Change to be sent to MSEC's customers on or about August 5, 2024, such change coming into effect at the same time as SJRA's fee decrease—September 1, 2024, in which the revisions are to be implemented, attached as **Exhibit B**.
- (3) Calculations and Assumptions used to determine the new rates as set forth in the Customer Notice, specifically Line Loss Percentage Calculations, attached as **Exhibit C-1**.
- (4) Pumped/Imported and Surface Water Blend Calculations, including Notice of Amended Rate Order for GRP Participants from SJRA, dated June 28, 2024, attached as **Exhibit C-2**.
- (5) True-Up Calculations, attached as **Exhibit C-3**.
- (6) Rate Change Calculations, attached as **Exhibit C-4**.

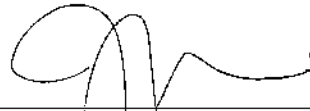
- (7) Copy of the pages of the tariff that contain the rates that will change if the utility's application is approved attached as **Exhibit D**.

Please process this application in accordance with all applicable substantive rules of the Commission. Thank you for your time and attention to MSEC's request.

Respectfully submitted,

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

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800 (phone)
(512) 472-0532 (facsimile)



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**ATTORNEYS FOR MSEC ENTERPRISES,
INC.**

EXHIBIT A

List of Subdivisions

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

EXHIBIT B

**Customer Notice of Pass-Through
Rate Change September 1, 2024**

CUSTOMER NOTICE OF CHANGE IN WATER RATE
Effective Date of Change: SEPTEMBER 1, 2024

Date: August 5, 2024

To: All customers of MSEC Enterprises, Inc.

From: MSEC Enterprises, Inc., P. O. Box 970, Navasota, Texas 77868 (“Utility”)

The Utility is a participant in a Groundwater Reduction Plan entered into between the San Jacinto River Authority (“SJRA”) and groundwater producers in Montgomery County to reduce production of groundwater in the county.

For more information regarding the GRP, please go to the SJRA Website: <http://www.sanjacintoriverauthority.com/grp>.

Be advised that SJRA’s Pumpage / Import Fee and Surface Water Fee for Participants has changed effective September 1, 2024. According to the SJRA, these fees generate the revenues necessary to pay for the operation and maintenance of the GRP facilities and to fund debt service.

On June 24, 2024, the **SJRA Board of Directors** approved an Amended Rate Order for GRP Participants effective September 1, 2024:

Pumpage / Import Fee to be charged each Participant is \$2.67 / 1,000 gallons. (\$2.75 / 1,000 gallons when adjusted for line loss)

Surface Water Fee to be charged each Participant is \$3.26 / 1,000 gallons. (\$3.36 / 1,000 gallons when adjusted for line loss)

This change by SJRA requires the Utility to provide you NOTICE under 16 Texas Administrative Code § 24.25(b)(2)(F) of a TARIFF RATE REVISION as follows:

San Jacinto River Authority (SJRA).....\$2.50* per 1,000 gallons
***(The Pass Through Fees are a blended rate adjusted for line loss and include a true-up adjustment.**

The Present Calculation and the New Calculation of the Customer Billing applicable to your billing, including the **SJRA Pumpage/Import Fee and Surface Water Fee**, are set out on the following pages.

This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code § 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility.

Calculation for customer billing Prior to September 1, 2024:

SECTION 1.0 -- RATE SCHEDULE		
Section 1.01 – Rates		
Meter Size	Monthly Minimum Charge (includes 0 gallons all Meter Sizes)	Gallonge Charge
5/8” or 3/4”	<u>\$ 33.00</u>	<u>\$3.25</u> per 1,000 gallons, first 10,000 gallons
1”	<u>\$ 56.00</u>	<u>\$3.45</u> per 1,000 gallons, first 10,000 gallons
1 1/2”	<u>\$200.00</u>	<u>\$3.70</u> per 1,000 gallons, over 20,000 gallons
2”	<u>\$320.00</u>	
3”	<u>\$375.00</u>	

PASS THROUGH FEES CHARGED BY:

Lone Star Groundwater Conservation District (GCD)	\$0.09* per 1,000 gallons
San Jacinto River Authority (SJRA).....	\$3.64* per 1,000 gallons
*(The Pass Through Fees are adjusted for line loss and true-up) (Tariff Control No. 53912)	
Bluebonnet Groundwater Conservation District.....	\$0.05 per 1,000 gallons

New calculation of customer billing EFFECTIVE SEPTEMBER 1, 2024:

SECTION 1.0 -- RATE SCHEDULE		
Section 1.01 – Rates		
Meter Size	Monthly Minimum Charge (includes 0 gallons all Meter Sizes)	Gallonge Charge
5/8” or 3/4”	<u>\$ 33.00</u>	<u>\$3.25</u> per 1,000 gallons, first 10,000 gallons
1”	<u>\$ 56.00</u>	<u>\$3.45</u> per 1,000 gallons, first 10,000 gallons
1 1/2”	<u>\$200.00</u>	<u>\$3.70</u> per 1,000 gallons, over 20,000 gallons
2”	<u>\$320.00</u>	
3”	<u>\$375.00</u>	

PASS THROUGH FEES CHARGED BY:

Lone Star Groundwater Conservation District (GCD)	\$0.09* per 1,000 gallons
San Jacinto River Authority (SJRA).....	\$2.50* per 1,000 gallons
*(The Pass Through Fees are adjusted for line loss and true-up) (Pending PUC approval Docket No. _____)	
Bluebonnet Groundwater Conservation District.....	\$0.05 per 1,000 gallons

Formula: **Adjusted Gallonge Rate** **(AG)=[(AGp*p%)+(AGs*s%)] + TU where:**

- AG = adjusted gallonge charge, rounded to nearest one cent;
- AGp = adjusted SJRA Pumpage and Import Fee per 1,000 gallons
- p% = cumulative total gallons pumped divided by cumulative total gallons
- AGs = adjusted SJRA Surface Water Fee per 1,000 gallons
- s% = cumulative total surface water divided by cumulative total gallons
- TU = (previous true-up amount + \$ paid to SJRA - \$ billed to customer) divided by cumulative total gallons

EXHIBIT C-1

**Calculations and Assumptions used
to determine the new Rates**

**LINE LOSS PERCENTAGE
CALCULATIONS**

MSEC ENTERPRISES INC
2024 LINE LOSS CALCULATIONS
SJRA PASS THROUGH RATE

Million Gallons (MG) Production Summary

Subdivision / PWS	Montgomery Trace	SJRA Surface	Stillwater	Grimes Co Crown Ranch	Montgomery Co Crown Ranch	Subtotal
Jun-22	149.110100	23.159000	0.446000	10.350000	0.274000	183.34
Jul-22	167.084500	42.009000	0.511000	11.269000	0.214000	221.09
Aug-22	146.700900	7.535000	0.369000	8.975000	0.191000	163.77
Sep-22	131.426600	4.766000	0.327000	7.222000	0.146000	143.89
Oct-22	129.770900	6.259000	0.506000	7.201000	0.165000	143.90
Nov-22	53.023900	8.026000	0.276000	2.633000	0.160000	64.12
Dec-22	50.399400	5.087000	0.276000	2.022000	0.160000	57.94
Jan-23	44.520300	0.757000	0.217000	1.762000	0.160000	47.42
Feb-23	44.197300	1.049000	0.213000	2.144000	0.135000	47.74
Mar-23	82.483800	0.721000	0.231000	4.747000	0.077000	88.26
Apr-23	74.155500	0.857000	0.199000	3.790000	0.208000	79.21
May-23	95.967200	1.557000	0.251000	4.755000	0.151000	102.68
Jun-23	131.809400	4.317000	0.260000	7.381000	0.222000	143.99
Jul-23	174.271900	25.559000	0.423000	10.457000	0.342000	211.05
Aug-23	203.417800	40.849000	0.649000	14.311000	0.409000	259.64
Sep-23	151.814300	34.595000	0.390000	10.788000	0.305000	197.89
Oct-23	90.522100	24.348000	0.304000	5.787000	0.193000	121.15
Nov-23	58.300600	13.807000	0.263000	3.688000	0.140000	76.20
Dec-23	50.673700	11.359000	0.245000	2.909000	0.068000	65.25
Jan-24	50.134300	6.038000	0.275000	2.379000	0.216000	59.04
Feb-24	50.400800	7.090000	0.209000	2.303000	0.274000	60.28
Mar-24	88.811400	4.692000	0.266000	4.643000	0.172000	98.58
Apr-24	108.852400	0.000000	0.246000	5.141000	0.196000	114.44
May-24	97.588100	0.000000	0.274000	4.792000	0.187000	102.84
Jun-24	124.892400	0.000000	0.304000	8.746000	0.375000	134.32
Subtotal	2,550.33	274.44	7.93	150.20	5.14	

Total Production (MG)

2,988.03

The following table documents sales and pumpage on a monthly basis for a 25 month period. Sales information comes from our billing system (SEDC) and the pumpage information is sourced from our plant logs.

Month Produced	Sales (MG)	Production (MG)
Jun-22	184.474375	183.339100
Jul-22	221.894907	221.087500
Aug-22	154.265629	163.770900
Sep-22	148.423964	143.887600
Oct-22	131.798467	143.901900
Nov-22	61.080043	64.118900
Dec-22	51.762080	57.944400
Jan-23	45.542710	47.416300
Feb-23	50.586839	47.738300
Mar-23	80.699512	88.259800
Apr-23	78.669732	79.209500
May-23	98.482813	102.681200
Jun-23	149.400418	143.989400
Jul-23	210.690983	211.052900
Aug-23	255.154663	259.635800
Sep-23	188.579916	197.892300
Oct-23	116.396703	121.154100
Nov-23	70.903266	76.198600
Dec-23	59.378235	65.254700
Jan-24	53.708990	59.042300
Feb-24	56.063323	60.276800
Mar-24	94.964469	98.584400
Apr-24	102.921116	114.435400
May-24	97.841024	102.841100
Jun-24	134.153309	134.317400
Total	2,897.84	2,988.03
Loss	3.02%	

**MSEC ENTERPRISES INC
2024 LINE LOSS CALCULATIONS
SJRA PASS THROUGH RATE**

LINE LOSS CALCULATION

June 2022 through June 2024

TOTAL MG Produced	MGP	2,988.030600
TOTAL MG Billed	MGB	2,897.837486
	MGP - MGB	90.193114

Line Loss Calculation

$=(MGP-MGB)/MGP$

$=(2,988.030600 - 2,897.837486)/2,988.030600$

$=90.193114/2,988.030600$

Line Loss %

3.02%

EXHIBIT C-2

**Calculations and Assumptions used
to determine the new rates**

**PUMPED AND IMPORTED/SURFACE
WATER BLEND CALCULATIONS**



Notice of Groundwater Reduction Plan (GRP) Fiscal Year 2025
Rates for Participants
Effective September 1, 2024

June 28, 2024

Dear Participants,

On June 24, 2024, the GRP Review Committee voted to recommend adoption of the proposed GRP Fiscal Year 2025 Operating Budget and to reduce both the groundwater pumpage and surface water delivery wholesale rates for GRP Participants. The motion passed with five votes in favor, and one absent. The San Jacinto River Authority (SJRA) Board of Directors also approved the reduction in wholesale water rates on June 27, 2024.

Effective September 1, 2024, the Pumpage Fee and Import Fee will decrease to the rate of **\$2.67** per 1,000 gallons, and the Surface Water Fee will decrease to the rate of **\$3.26** per 1,000 gallons.

These fees generate the revenues necessary to pay for the operation and maintenance of the GRP facilities and to fund debt service. SJRA strives to effectively manage the costs of operation and maintenance of the GRP facilities so that the lowest possible fees are adopted under the Rate Order.

If you have any questions, please feel free to contact GRP Division staff by telephone at: (936) 588-1662.

Sincerely,

A handwritten signature in black ink that reads "Chris Meeks".

Chris Meeks
 GRP Administrator
 San Jacinto River Authority

ADMINISTRATIVE OFFICES P.O. Box 329 Conroe, Texas 77305 (T) 936.588.3111 (F) 936.588.3043	LAKE CONROE DIVISION P.O. Box 329 Conroe, Texas 77305 (T) 936.588.1111 (F) 936.588.1114	GRP DIVISION P.O. Box 329 Conroe, Texas 77305 (T) 936.588.1662 (F) 936.588.7182	WOODLANDS DIVISION 2436 Sawdust Road The Woodlands, Texas 77380 (T) 281.367.9511 (F) 281.362.4385	HIGHLANDS DIVISION P.O. Box 861 Highlands, Texas 77562 (T) 281.843.3300 (F) 281.426.2877	FLOOD MANAGEMENT DIVISION P.O. Box 329 Conroe, Texas 77305 (T) 936.588.3111 (F) 936.588.3043
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MSEC ENTERPRISES INC
2024 PUMPED AND IMPORTED/SURFACE WATER BLEND CALCULATIONS
SJRA PASS THROUGH RATE

PUMPED AND IMPORTED/SURFACE WATER BLEND CALCULATION
January 2024 through December 2024

TOTAL MG Estimated to be Pumped/Imported	MGP	2,988.030600
TOTAL MG Estimated to be Surface Water (Note 1)	MGS	0.000000
	MGP + MGS	2,988.030600

Blend Calculation: Pumped/Imported (p%)
=MGP/(MGP + MGS)
=2,988.030600 / (2,988.030600 + 0.000000)
=2,988.030600 / 2,988.030600
=100

ROUND 100%

Blend Calculation: Surface (s%)
=MGS/(MGP + MGS)
=0.000000 / (2,988.030600 + 0.000000)
=0.000000 / 2,988.030600
=0

ROUND 0%

p% = cumulative total estimated gallons pumped divided by cumulative total permitted gallons **100%**
s% = cumulative total estimated surface water divided by cumulative total permitted gallons **0%**

Note 1: Surface Water operations ceased March 10, 2024

EXHIBIT C-3

**Calculations and Assumptions used
to determine the new rates**

TRUE-UP CALCULATIONS

Comparison of Amounts Billed by SJRA to Amounts Billed by MSEC Enterprises Inc to Customers

<u>Month</u>	<u>Billed to Customer</u>	<u>Billed by SJRA</u>	<u>(Due to)/Due From Customer</u>
Jun-22	\$ 540,384.68	\$ 506,650.90	\$ (33,733.78)
Jul-22	651,807.90	620,449.38	(31,358.52)
Aug-22	449,807.43	447,914.17	(1,893.26)
Sep-22	476,524.74	409,654.14	(66,870.60)
Oct-22	451,034.86	409,851.53	(41,183.33)
Nov-22	211,405.61	186,388.53	(25,017.08)
Dec-22	179,680.94	168,519.27	(11,161.67)
Jan-23	156,824.64	136,175.47	(20,649.17)
Feb-23	170,760.02	136,130.67	(34,629.35)
Mar-23	274,976.32	249,315.41	(25,660.91)
Apr-23	270,847.04	225,269.23	(45,577.81)
May-23	338,972.50	292,702.79	(46,269.71)
Jun-23	514,884.22	409,494.86	(105,389.36)
Jul-23	722,137.96	609,251.75	(112,886.21)
Aug-23	872,965.67	748,737.22	(124,228.45)
Sep-23	645,458.47	572,805.65	(72,652.82)
Oct-23	399,670.27	354,264.83	(45,405.44)
Nov-23	242,778.80	221,819.26	(20,959.54)
Dec-23	204,626.01	190,451.88	(14,174.13)
Jan-24	185,418.74	171,136.98	(14,281.76)
Feb-24	192,540.48	175,694.55	(16,845.93)
Mar-24	326,917.98	282,060.09	(44,857.89)
Apr-24	355,081.42	326,054.72	(29,026.70)
May-24	337,842.18	292,347.55	(45,494.63)
Jun-24	463,233.36	374,549.52	(88,683.84)
Total	<u>\$ 9,636,582.24</u>	<u>\$ 8,517,690.35</u>	<u>\$ (1,118,891.89)</u>

<u>Month</u>	<u>Charges Assessed by SJRA</u>	<u>Gallons Assessed by SJRA</u>
Jun-22	\$ 506,650.90	172,543,100
Jul-22	620,449.38	209,307,500
Aug-22	447,914.17	154,426,900
Sep-22	409,654.14	136,338,600
Oct-22	409,851.53	136,194,900
Nov-22	186,388.53	61,209,900
Dec-22	168,519.27	55,646,400
Jan-23	136,175.47	45,437,300
Feb-23	136,130.67	45,381,300
Mar-23	249,315.41	83,281,800
Apr-23	225,269.23	75,220,500
May-23	292,702.79	97,675,200
Jun-23	409,494.86	136,348,400
Jul-23	609,251.75	200,172,900
Aug-23	748,737.22	244,675,800
Sep-23	572,805.65	186,714,300
Oct-23	354,264.83	115,063,100
Nov-23	221,819.26	72,247,600
Dec-23	190,451.88	62,100,700
Jan-24	171,136.98	56,388,300
Feb-24	175,694.55	57,764,800
Mar-24	282,060.09	93,675,400
Apr-24	326,054.72	109,048,400
May-24	292,347.55	97,775,100
Jun-24	374,549.52	125,267,400
Total	\$ 8,517,690.35	2,829,905,600

MSEC ENTERPRISES INC
2022 TRUE-UP CALCULATIONS
SJRA PASS THROUGH RATE

TRUE-UP CALCULATION

June 2022 through June 2024

Previously Filed True-Up Amount	\$	410,109.42
TOTAL Billed to Customers (June 2022 - June 2024)	\$	9,636,582.24
TOTAL Paid to SJRA (June 2022 - June 2024)	\$	8,517,690.35
Current True-Up Amount [(Due to)/Due From Customers]	\$	(708,782.47)
Gallons sold June 2022 - June 2024		2,897,837,486

Current True-Up Amount Calculation

= Previously Filed True-Up Amount + TOTAL Paid to SJRA - TOTAL Billed to Customers

= 410,109.42 + 8,517,690.35 - 9,636,582.24

= (708,782.47)

True-Up Rate Calculation

= (Current True-Up Amount/Gallons Sold) * 1,000

= (-708,782.47 / 2,897,837,486) * 1,000

= -0.000245 * 1,000

= -.245

True-Up Rate per 1,000 gallons for next 12 months

(0.25)

EXHIBIT C-4

**Calculations and Assumptions used
to determine the new rates**

RATE CHANGE CALCULATIONS

EFFECTIVE September 1, 2024

The following formula calculates each pass through fee when adjusted for line loss.

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

AGp	Adjusted gallonage charge for SJRA Pumpage and Import Fee, rounded to nearest one cent
AGs	Adjusted gallonage charge for SJRA Surface Water Fee, rounded to nearest one cent
Gp	Approved pumpage/import gallonage Pass through charge, per 1,000 gallons
Gs	Approved surface water gallonage Pass through charge, per 1,000 gallons
L	Water Line loss for preceding 25 months, not to exceed 0.15 (15%)

Gp	\$	2.67
Gs	\$	3.26
L		0.0302
1 - L		0.9698

		G	(1-L)	AG	
AGp		2.670000	0.969815	2.753102	2.75
AGp	\$				2.75
AGs		3.260000	0.969815	3.361465	3.36
AGs	\$				3.36

EFFECTIVE September 1, 2024

The following formula calculates a combined pass through fee when adjusted for pumpage and import/surface water blend and includes a true-up adjustment.

$$AG = [(AGp * p\%) + (AGs * s\%)] + TU$$

AG	Adjusted gallonage charge, rounded to the nearest one cent
AGp	Adjusted gallonage charge for SJRA Pumpage and Import Fee, rounded to nearest one cent
p%	Cumulative total permitted gallons pumped divided by cumulative total permitted gallons
AGs	Adjusted gallonage charge for SJRA Surface Water Fee, rounded to nearest one cent
s%	Cumulative total permitted gallons surface water divided by cumulative total permitted gallons
TU	(Previously Filed True-Up Amount + TOTAL Paid to SJRA - TOTAL Billed to Customers) divided by previous 25 months' total cumulative gallons

AGp	\$	2.75
p%		100%
AGs	\$	3.36
s%		0%
TU	\$	(0.25)

	(AGp*p%)	(AGs*s%)	TU
AG	\$ 2.75	\$ -	\$ (0.25)
AG	\$ 2.50		

EXHIBIT D

Rate pages affected by the Pass-Through Rate Change

RATE PAGES

MSEC Enterprises, Inc.
(Utility Name)

Water Tariff Page No. 2

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge*</u>
5/8" or 3/4"	<u>\$33.00</u> (Includes 0 gallons all meters)	<u>\$3.25</u> per 1000 gallons, 1 st 10,000 gallons
1"	<u>\$56.00</u>	<u>\$3.45</u> per 1000 gallons, next 10,000 gallons
1½"	<u>\$200.00</u>	<u>\$3.70</u> per 1000 gallons over 20,000 gallons
2"	<u>\$320.00</u>	
3"	<u>\$375.00</u>	

Lone Star Groundwater Conservation District (GCD)..... *\$0.09 per 1000 gallons
*(Pass through fees reduced by \$0.03, from \$0.12 to \$0.09 effective January 1, 2020, inclusive of MSEC's line loss factor) (*Tariff Control No. 50459*)

San Jacinto River Authority (SJRA) *\$2.50 per 1000 gallons
*(For all subdivisions except Crown Ranch and Stillwater Estates. The pass through fees are adjusted for line loss and true-up) (*Tariff Control No. _____*)

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

Federal Tax Change Credit Rider

<u>Meter Size</u>	<u>Effective</u> <u>May 1, 2019 – December 31, 2019</u>	<u>Effective</u> <u>January 1, 2020</u>
5/8"	(\$2.54)	(\$1.27)
3/4"	(\$3.80)	(\$1.90)
1"	(\$6.34)	(\$3.17)
1½"	(\$12.68)	(\$6.33)
2"	(\$20.28)	(\$10.13)
3"	(\$38.03)	(\$18.99)

(*Docket No. 48872*)

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) _____

THE UTILITY MAY REQUIRE EXACT CHANGE FOR 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 ASSESSMENT 1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,200.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

MSEC Enterprises, Inc.

Water Tariff Page No. 3

(Utility Name)

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

TAP FEE (Unique costs)..... Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)..... Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER TEST FEE \$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$25.00

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%
 PUC 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 TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

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.

Tariff Control No. _____

MSEC Enterprises, Inc.

Water Tariff Page No. 4

(Utility Name)

SECTION 1.0 – RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

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

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 15%.

The SJRA pass-through fee is based on blended surface water and ground water at different costs per 1,000 gallons. MSEC is required to annually true up amounts paid for SJRA charges to amounts charged to customers over the true up period from June 1 through May 31. The true up adjustment should be filed by June 30 following the true up period. The resulting over or under charge shall be rolled into the rates to be charged for the next true up period. In the event that system line loss exceeds 15% and is not justified as reasonable and necessary by the utility, recovery of line loss will be limited to 15% and will not be recovered through the true up process. The true-up must be calculated using the following formula:

$$AG = [(AGp * p\%) + (AGs * s\%)] + TU$$

Where:

AG = adjusted gallonage charge, rounded to nearest one cent

AGp = adjusted gallonage charge for SJRA Pumpage and Import Fee

p% = cumulative total permitted gallons pumped divided by cumulative total permitted gallons

AGs = adjusted gallonage charge for SJRA Surface Water Fee

s% = cumulative total permitted surface water divided by cumulative total permitted gallons

TU = previous true-up amount + \$ paid to SJRA - \$ billed to customers) divided by previous 12 months' total cumulative gallons

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

Tariff Control No. _____