



## **Filing Receipt**

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**Control Number - 56918**

**Item Number - 8**

**DOCKET NO. 56918**

**APPLICATION OF MSEC § BEFORE THE**  
**ENTERPRISES, INC. FOR A PASS- § PUBLIC UTILITY COMMISSION**  
**THROUGH RATE CHANGE § OF TEXAS**

**JOINT MOTION TO ADMIT EVIDENCE**  
**AND PROPOSED NOTICE OF APPROVAL**

COMES NOW MSEC Enterprises, Inc. (MSEC), together with the Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, Parties), and files this Joint Motion to Admit Evidence and Proposed Notice of Approval. In support thereof, the Parties show the following:

**I. BACKGROUND**

On August 5, 2024, MSEC filed an application under 16 Texas Administrative Code § 24.25(b)(2) for approval of a pass-through rate change (Application). On September 4, 2024, the Administrative Law Judge (ALJ) issued Order No. 2 finding the Application administratively complete.<sup>1</sup> On November 7, 2024, Staff filed its Final Recommendation (Recommendation) recommending approval of MSEC’s pass-through rate change for a decrease in the Pumpage Fee and Import Fee as well as the Surface Water Fee billed under the San Jacinto River Authority (SJRA) Groundwater Reduction Plan.<sup>2</sup>

In Order No. 2, the ALJ required the Parties to file a joint motion to admit evidence, proposed findings of fact, conclusions of law, and ordering paragraphs by December 6, 2024.<sup>3</sup> Therefore, this pleading is timely filed.

**II. JOINT MOTION TO ADMIT EVIDENCE**

The Parties respectfully request that the following documents be admitted into evidence in this proceeding for the purpose of supporting a Commission notice of approval or final order consistent with the Parties’ agreement.

1. MSEC’s Application for a Pass-Through Rate Change, and all attachments thereto, filed on August 5, 2024;

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<sup>1</sup> Order No. 2—Finding Application Administratively Complete, Notice Sufficient, and Establishing Procedural Schedule (Sep. 4, 2024) (Order No. 2).

<sup>2</sup> Commission Staff’s Final Recommendation, Memorandum of Frederick Quijano (Memorandum) at 2. (Nov. 7, 2024).

<sup>3</sup> Order No. 2.

2. Commission Staff's Recommendation on Administrative Completeness of the Application, Notice, and Proposed Procedural Schedule filed on September 4, 2024; and
3. Commission Staff's Final Recommendation, and all attachments thereto, filed on November 7, 2024.

### **III. PROPOSED NOTICE OF APPROVAL**

The Parties request that the attached Joint Proposed Notice of Approval be adopted.

### **IV. CONCLUSION**

Therefore, the Parties request that the Commission grant the Joint Motion to Admit Evidence and adopt the Proposed Notice of Approval.

Respectfully submitted,

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& TOWNSEND, P.C.**

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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 December 6, 2024, in accordance with the Order Suspending Rules, issued in Project No. 50664.

  
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JAMIE L. MAULDIN

**DOCKET NO. 56918**

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

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**BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS**

**JOINT PROPOSED NOTICE OF APPROVAL**

This Notice of Approval addresses the application of MSEC Enterprises, Inc. (MSEC) for approval of pass-through rate change due to a decrease in fees charged by the San Jacinto River Authority (SJRA). The pass-through rate change affects only those customers within the service area of the following subdivisions, under water certificate of convenience and necessity (CCN) number 12887: Capitol Hills, Crown Oaks, Crown Ranch, Grand Lakes Estates, Highland Ranch, Hills of Montgomery, Lake Forest Lodge, Lake Forest Lodge South, Legacy Creek Estates, Lakeview, Oaklawn Estates, Old Kentucky Farms, Montgomery Trace, Ridge Lake Shores, Stillwater Estates, Valleywood Acres, Woodforest, and Woodforest Golf Course. The Commission approves the requested pass-through rates to the extent provided in this Notice of Approval.

**I. FINDINGS OF FACT**

The Commission makes the following findings of fact.

**Applicant**

1. MSEC is a Texas corporation registered with the Texas secretary of state under filing number 145205000.
2. MSEC holds CCN number 12887, which obligates MSEC to provide water service in its certificated service area in Grimes and Montgomery counties.
3. MSEC owns and operates the public water system that serves the affected subdivisions, which is registered with the Texas Commission on Environmental Quality (TCEQ) under public water system identification number 1700638.

**Application**

4. On August 5, 2024, MSEC filed the application at issue in this proceeding.

5. MSEC seeks an adjustment to the pass-through clause in its approved tariff for the following public water systems registered with the TCEQ:

<b>SUBDIVISION</b>	<b>PWS IDENTIFICATION NUMBER</b>
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

6. MSEC's requested changes are a result of a decrease to the Pumpage/Import Fee and Surface Water Fee billed under the SJRA Groundwater Reduction Plan.
7. Effective September 1, 2024, SJRA decreased the Pumpage/Import Fee from \$2.99/1,000 gallons to \$2.67/1,000 gallons.
8. Effective September 1, 2024, SJRA decreased the Surface Water Fee from \$3.41/1,000 gallons to \$3.26/1,000 gallons.
9. MSEC's application seeks to adjust the pass-through rates for the affected subdivisions, effective September 1, 2024.

10. MSEC's requested pass-through fee of \$2.50 per 1,000 gallons used includes compensation for line loss of 3.02%, calculated in accordance with the pass-through equation in the approved tariff.
11. The application contained the affected CCN number, the affected subdivisions, the affected public water system names and corresponding numbers issued by the TCEQ, a copy of the notice to the customers, documentation supporting the stated amounts of any new or modified pass-through costs, historical documentation of line loss for one year, all calculations and assumptions for any true-up of pass-through costs, the calculations and assumptions used to determine the new rates, and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.
12. In Order No. 2 filed on September 4, 2024, the administrative law judge (ALJ) found the Application administratively complete.

**Notice**

13. On or about August 5, 2024, MSEC provided notice of the pass-through rate change to affected customers.
14. The notice contained the effective date of the change, the present calculation of customer billings, the new calculation of customer billings, the change in charges to MSEC for purchased water, and the following language: "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code (TAC) § 24.25. The cost to you as a result of this change will not exceed the costs charged to your utility."
15. In Order No. 2 filed on September 4, 2024, the ALJ found the notice sufficient.

**Jurisdiction**

16. MSEC is a utility that purchases water.
17. MSEC is under the original jurisdiction of the Commission.

**Eligibility for Pass-Through Rate Change**

18. The Pumpage Fee/Import Fee and Surface Water Fee to be recovered by the proposed pass-through rate is not included in the cost of service used to calculate the rates in MSEC's currently approved tariff.
19. The proposed charge will pass through only the actual costs charged to MSEC by SJRA.

### **Tariff**

20. MSEC's current pass-through fees for the subdivisions affected by this application were approved by the Commission on November 28, 2022, in Tariff Control No. 53912.<sup>1</sup>
21. On November 7, 2024, Commission Staff filed a proposed tariff for this case as an attachment to its Final Recommendation on the application and notice. The proposed tariff reflects the pass-through fee approved in this Notice.

### **Evidentiary Record**

22. In Order No. \_\_\_ filed on \_\_\_\_\_, 2024, the ALJ admitted the following evidence into the record of this proceeding:
  - a. MSEC's Application for a Pass-Through Rate Change, and all attachments thereto, filed on August 5, 2024;
  - b. Commission Staff's Recommendation on Administrative Completeness of the Application, Notice, and Proposed Procedural Schedule filed on September 4, 2024; and
  - c. Commission Staff's Final Recommendation, and all attachments thereto, filed on November 7, 2024.

### **Informal Disposition**

23. More than 15 days have passed since the completion of notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. MSEC and Commission Staff are the only parties to this proceeding.
26. No party requested a hearing and no hearing is needed.
27. Commission Staff recommended approval of the application.
28. This decision is not adverse to any party.

## **II. CONCLUSIONS OF LAW**

The Commission makes the following conclusions of law.

1. The Commission has authority over the application under Texas Water Code (TWC) § 13.041.
2. MSEC is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31), and a water utility as defined in TWC § 13.002(23) and 16 TAC § 24.3(38).

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<sup>1</sup> *Application of MSEC Enterprises, Inc. For a Pass Through Rate Change*, Tariff Control No. 53912, Notice of Approval, (Nov. 28, 2024).



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

### **III. ORDERING PARAGRAPHS**

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

1. The Commission approves a pass-through rate decrease from \$3.64 per 1,000 gallons to \$2.50 per 1,000 gallons, effective September 1, 2024, for customers in the Capitol Hills, Crown Oaks, Crown Ranch, Grand Lakes Estates, Highland Ranch, Hills of Montgomery, Lake Forest Lodge, Lake Forest Lodge South, Legacy Creek Estates, Lakeview, Oaklawn Estates, Old Kentucky Farms, Montgomery Trace, Ridge Lake Shores, Stillwater Estates, Valleywood Acres, Woodforest, and Woodforest Golf Course subdivisions.
2. The Commission approves the proposed tariff attached to Commission Staff's Final Recommendation filed on November 7, 2024.
3. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with a clean copy of MSEC's tariff to be marked *Approved* and retained by Central Records.
4. If MSEC collects an amount as a result of this pass-through rate increase that is higher than the purchased water costs incurred, MSEC must refund any amounts collected in excess of the purchased water costs.
5. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

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<sup>2</sup> Tex. Gov't Code §§ 2001.001-.903.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**REBECCA NASH WHITE**  
**ADMINISTRATIVE LAW JUDGE**