



Control Number: 44404



Item Number: 5

Addendum StartPage: 0

PUC DOCKET NO. 44404

APPLICATION OF PAUL H. KREBS §  
AND STEPHEN P. KREBS FOR SALE, §  
TRANSFER, OR MERGER OF §  
FACILITIES AND CERTIFICATE §  
RIGHTS IN HARRIS COUNTY §

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### COMMISSION STAFF'S RESPONSE TO ORDER NO. 1

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Response to Order No. 1, and would show the following:

#### I. BACKGROUND

On February 3, 2015, Paul H. Krebs (K Lake/Padok Utilities Inc.) and Stephen P. Krebs (East Houston Utilities, Inc.) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County, Texas. On February 5, 2015, Order No. 1 was issued, which requires Staff to file comments/recommendation regarding administrative completeness of the application on or before March 5, 2015. Accordingly, this response is timely filed.

#### II. RECOMMENDATION ON APPLICATION SUFFICIENCY

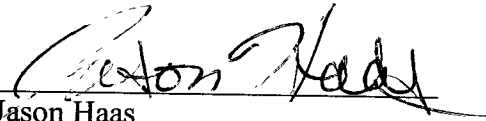
Based on the attached memorandum from Elisabeth English, Engineering Specialist in the Water Utilities Division, Staff has identified deficiencies in the application and recommends that it be found insufficient for filing. Staff recommends that the applicant be given 30 days to file additional information to correct the deficiencies identified, after which Staff recommends 30 days to review the additional information and to file a supplemental recommendation.

**Dated: March 4, 2015**

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director - Legal Division

Karen S. Hubbard  
Managing Attorney – Legal Division

  
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Jason Haas

Attorney-Legal Division  
State Bar No. 24032386  
(512) 936-7295 (telephone)  
(512) 936-7268 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on March 4, 2015, in accordance with P.U.C. Procedural Rule 22.74.

  
\_\_\_\_\_  
Jason Haas

## PUC Interoffice Memorandum

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**To:** Jason Haas, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Water Utilities Division

**From:** Elisabeth English, Engineering Specialist  
Water Utilities Division

**Date:** 02/25/2015

**Subject:** Docket No. 44404, Application of Paul H. Krebs and Stephen P. Krebs for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County

On February 3, 2015, Stephen P. Krebs (East Houston Utilities, Inc.) filed an application for approval of the sale, transfer, or merger (STM) of facilities and Certificate of Convenience and Necessity No. 12598 held by Paul H. Krebs (K Lake & Padok Utilities Inc.) and in Harris County, Texas. The application is being reviewed under the PUC Subst. R. 24.109.

Based on an administrative review of the application, the application was found to be insufficient for filing. Specifically, the application had deficiencies in the provided content as well as an insufficient notice to customers.

1. Part A: Proposed effective date of this transaction must be at least 120 days after proper notice is provided. The date listed on the application was 06/2010. Notice shall only be given to customers once the application has been found sufficient for filing
2. Part C: The purchaser, East Houston Utilities Inc., should provide the charter number as recorded with the Office of the Secretary of State, and a "Certification of Account Status". The answers in Part C shall address any financial, managerial and technical information that supports the acquiring entities position that it is capable of rendering adequate and continuous service to every customer within the certified area. The applicant did not provide any descriptions in the submitted application; all answers were stated to be not-applicable (N/A).
3. Part F: There should be separate answers for each distinct water system associated with the certificated area being acquired. The application indicates that there are three public water systems; therefore there should be three separate answers for questions seventeen (17) through twenty-two (22).
  - a. The applicant should indicate whether or not the system has met 85% capacity by answering question twenty (20) with yes or no.
4. Part F: The operator license provided in question twenty-three (23) expired January 31, 2015.
5. The applicant is required to attach supporting documentation of the proposed transaction, such as an agreement between the parties. The sale will not be completed until approval by the commission.
6. The applicant is required to attach a copy of the tariff reflecting the current rates being charged to the customers.

**Notice of Intent to Sell Facilities and Transfer CCN**: The provided (proposed) notice states that the notice to customers was mailed in June 2010. Applicant is required to give notice to current customers at the time the application is deemed administratively complete and accepted for filing;

therefore, the applicant should amend the provided notice accordingly and anticipate noticing the affected customers once the application is accepted for filing. Additionally, the applicant should not publish notice until their 2-mile list of entities have been reviewed and approved by CCN mapping staff. Applicant may contact mapping staff for mapping and notice related guidance.

7. Amend the area subject to this transaction as: located approximately 15.5 miles northeast of downtown Houston, Texas and is generally bounded on the north by Padok Rd, on the east by Sheldon Rd, on the south by US Business 90, and on the west by Aqueduct & Maritime Dr.
8. Provide a list of entities who must receive notice within a 2-mile boundary of the proposed water service areas to be transferred (**Part C**: Question fifteen (15)).
  - a. Please note, it is the responsibility of the applicant to provide correct notice of the application to the following:
    - i. any districts, groundwater conservation districts, counties, utilities, cities, cities with an extraterritorial jurisdiction within two miles of your proposed service area, and
    - ii. any city with an extraterritorial jurisdiction which overlaps the proposed service area, and
    - iii. any customers transferred, or other affected parties in your requested area.
9. Maps to be used for the notices should have the three CCN areas highlighted to be more obvious to those receiving the notice and notice map.

**Ownership**: The application needs to clearly present how the ownership of the CCN is changing, and provide documentation to support the transaction. Please consider the following when amending the application:

- The current CCN holder for K Lake Water System & Padok Utility has Stephen P. Krebs as the responsible official, not Paul H. Krebs as indicated on the application.
- The purchaser is listed as East Houston Utilities Inc., which also lists the responsible official as Stephen P. Krebs. The secretary of state lists Stephen P. Krebs as the president of East Houston Utilities Inc. (DBA Krebs Utilities or Trikay Environmental Services).
- The public water systems associated with the CCN ownership information (per TCEQ record)

<b>Public Water System</b>	<b>Ownership</b>
Padok Timbers Subdivision WS	East Houston Utilities Inc.
K lake Terrace	Krebs Utilities Inc.
K Estates WS	Krebs Utilities Inc.

- Krebs Utilities Inc., a domestic for-profit corporation, forfeited existence February 8<sup>th</sup> 2014.
- Krebs Utilities Inc. owns the CCN No. 11984, and has Stephen P. Krebs as the responsible official.
- Krebs Utility (East Houston Utilities Inc.) owns the sewer CCN No. 20781, and has Stephen P. Krebs as the responsible official.