

Control Number: 50038



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DOCKET NO. 50038

**APPLICATION OF GUM ISLAND
UTILITY AND EAST HOUSTON
UTILITIES, INC. DBA KREBS
UTILITIES FOR A SALE, TRANSFER,
OR MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN LIBERTY
COUNTY**

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PUBLIC UTILITY COMMISSION

OF TEXAS

**COMMISSION STAFF'S SECOND SUPPLEMENTAL RECOMMENDATION ON
ADMINISTRATIVE COMPLETENESS AND PROPOSED PROCEDURAL SCHEDULE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and in response to Order No. 3, files this Second Supplemental Recommendation on Administrative Completeness and Proposed Procedural Schedule. Staff continues to recommend that the application be deemed administratively incomplete and that the applicants be ordered to address the identified deficiencies. In support thereof, Staff shows the following:

I. BACKGROUND

On September 20, 2019, Gum Island Utility (Gum Island) and East Houston Utilities, Inc. d/b/a Krebs Utilities (Krebs) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger of water facilities and certificate rights in Liberty county. Specifically, Krebs seeks to acquire Gum Island's public water system and water service area held under certificate of convenience and necessity (CCN) no. 12042. Applicants filed supplemental information on February 3, 2020.

On December 30, 2019, the administrative law judge (ALJ) issued Order No. 3, establishing a deadline of February 11, 2020, for Staff to file a supplemental recommendation on the administrative completeness of the application and notice and propose a procedural schedule for further processing of the application. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

As detailed in the attached memorandum of Patricia Garcia in the Commission's Infrastructure Division, Staff has reviewed the application and continues to recommend that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the

supplemental information filed on February 3, 2020. Staff recommends that Applicants submit information resolving the deficiencies, as further detailed in the attached memorandum.

III. PROCEDURAL SCHEDULE

Staff recommends that the application be found administratively incomplete. Therefore, Staff recommends that a deadline of February 25, 2020, be established for Applicants to supplement the application. Staff further recommends that a deadline of March 10, 2020, be established for Staff to review Applicants' supplemental information and make a supplemental recommendation on the administrative completeness of the application. Staff notes that Applicants should not issue notice until the application is found administratively complete.

IV. CONCLUSION

For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

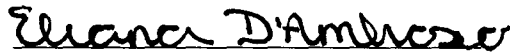
Dated: February 11, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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**DOCKET NO. 50038
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on February 11, 2020, in accordance with 16 TAC § 22.74.



Eleanor D'Ambrosio

PUC Interoffice Memorandum

To: Eleanor D'Ambrosio, Attorney
Legal Division

From: Patricia Garcia, Engineering Specialist
Infrastructure Division

Date: February 11, 2020

Subject: **Docket No. 50038**, *Application of Gum Island Utility and East Houston Utilities, Inc. dba Krebs Utilities for a Sale, Transfer, or Merger of Facilities and Certificate Rights in Liberty County*

On September 20, 2019, East Houston Utilities, Inc. dba Krebs Utilities (Krebs Utilities, Inc. or Purchaser) and Gum Island Utility (Gum Island or Seller) (collectively, Applicants) filed an application for Sale, Transfer, or Merger (STM) of facilities and certificate rights in Liberty County, Texas, under Texas Water Code § 13.301 and the 16 Texas Administrative Code (TAC) § 24.239.

Specifically, the Purchaser seeks approval to acquire facilities and to transfer all of the Seller's water service area under certificate of convenience and necessity CCN no. 12042. The requested area includes approximately 86 acres and 28 connections.

Staff has reviewed the information provided by the Applicants and recommends the application be deemed administratively incomplete and not accepted for filing. Staff requests the applicant provide the information filed in Docket No. 48342 on January 7, 2020 (AIS Item No. 64) and January 27, 2020 (AIS Item No. 66) in this docket. Docket No. 48342 is Gum Island's rate case, and the financial information contained in these filings is needed to process the STM application that is the subject of this docket.

Note: Any confidential items should be submitted as confidential filings with the PUC. The instructions for filing confidential documents can be found on our website at: (<http://www.puc.texas.gov/industry/filings/FilingProceed.aspx>).