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Reference 16 TAC § 24.11(e)(3), which states: "The owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations. An affiliated interest may provide a written guarantee of coverage of temporary cash shortages. The affiliated interest of the owner or operator must satisfy the leverage test." a. Please admit or deny that Gum Island's parent company will cover the net losses projected in the next five years of operations. If the answer is admit, please provide a signed written guarantee that Gum Island's parent company will cover any cash shortages in the next five years of operations.

East Houston Utilities, the Parent Company to Gum Island Utilities, admits to covering the projected net losses for the next 5 years operation.

Thank you,
Stephen Krebs
Owner, East Houston Utilities

 4/1/2020

