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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 §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMISSION STAFF'S RECOMMENDATION ON SUFFICIENCY OF CLOSING
DOCUMENTS**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Sufficiency of Closing Documents and would show the following:

I. BACKGROUND

On September 20, 2019, Gum Island Utility (Gum Island) and East Houston Utilities, Inc. d/b/a Krebs Utilities (Krebs Utilities) (collectively, Applicants) filed an application for approval of the sale, transfer, or merger (STM) of water facilities and certificate rights in Liberty County. Specifically, Krebs Utilities seeks to acquire Gum Island's public water system and water service area under Certificate of Convenience and Necessity (CCN) No. 12042.

Order No. 8, issued July 9, 2020, approved the transfer and directed the Applicants to proceed with the transaction. The order required the Applicants to file monthly updates regarding the status of the closing and to submit documents evidencing that the transaction was consummated and that customer deposits were properly addressed no later than 30 days after the effective date of the transaction. The also order required Staff to file a recommendation on the sufficiency of the closing documents and to propose a procedural schedule within 15 days of the Applicants' filing.

The Applicants filed closing documents on September 16, 2020. Fifteen days from September 16, 2020, is October 1, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON CLOSING DOCUMENTS

Staff has reviewed the proof that the transaction has been consummated filed by the Applicants and recommends that it meets the requirements of 16 Texas Administrative Code (TAC) §§ 24.239(k)-(n). The Applicants filed the affidavit of Stephen P. Krebs, owner of Krebs

Utilities, executed on September 16, 2020, which is more than 120 days from March 26, 2020—the date notice was mailed to customers.¹ Additionally, the closing documents were filed on September 16, 2020, which is within 30 days of the execution of the affidavit.²

The affidavit is signed only by Stephen Krebs because the seller, Fred G. McCoy, is deceased. Order No. 5, issued March 13, 2020, acknowledged this fact and granted a waiver of the oath of transferor required by the STM application. For the reasons set forth in detail in Staff's Third Supplemental Recommendation on Administrative Completeness, Proposed Notice, and Procedural Schedule filed on March 10, 2020, Staff recommends a waiver of the requirement that the documents evidencing the consummation of the transaction be signed by both the transferor and transferee.³

Staff further recommends that the Applicants have sufficiently addressed outstanding customer deposits. Mr. Krebs' affidavit states that "the customer deposits have been addressed," and the application indicated that there are 28 customers without deposits held by Gum Island. Consequently, Staff recommends that there are not customer deposits to be addressed and that the documentation evidencing that customer deposits have been addressed be found sufficient.

IV. PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Event	Date
Deadline for Staff to provide the final map, certificate, and tariff (if applicable), to Krebs Utilities for review and consent	November 2, 2020
Deadline for Krebs Utilities to file signed consent form with the Commission	November 16, 2020
Deadline for parties to jointly file Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs	December 4, 2020

¹ 16 Tex. Admin. Code § 24.239(a), (i) (TAC).

² 16 TAC § 24.239(l).

³ *Id.*

V. CONCLUSION

For the reasons detailed above, Staff respectfully recommends that the Applicants' proof that the transaction has been consummated and that customer deposits have been addressed be found sufficient and that the proposed procedural schedule be adopted.

Dated: October 1, 2020

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

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DOCKET NO. 50038 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 October 1, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Eleanor D'Ambrosio
Eleanor D'Ambrosio