

Control Number: 50038



Item Number: 4

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DOCKET NO. 50038

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

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

COMES NOW the Commission Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this recommendation. Staff recommends that the application be deemed administratively incomplete and that the applicants be ordered to address the identified deficiencies. In support thereof, Staff would 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 October 8, 2019.

On September 24, 2019, the administrative law judge (ALJ) issued Order No. 1, requiring Staff to file a recommendation on the administrative completeness of the application and notice and propose a procedural schedule for further processing of the application on or before October 24, 2019. Therefore, this pleading is timely filed.

II. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as is detailed in the attached memorandum from Patricia Garcia, Water Utility Engineering Section, Infrastructure Division, recommends that it be found administratively incomplete. Specifically, Staff has identified deficiencies in the mapping and application content. Staff recommends that Applicants submit the additional mapping and application content, 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 November 25, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of December 20, 2019 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.

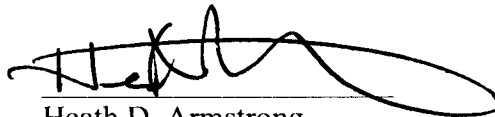
Dated: October 23, 2019

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Rachelle Nicolette Robles
Managing Attorney

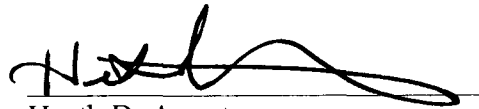
A handwritten signature in black ink, appearing to read 'Heath D. Armstrong', with a large, sweeping loop at the end.

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on October 23, 2019, in accordance with 16 TAC § 22.74.


Heath D. Armstrong

PUC Interoffice Memorandum

To: Heath Armstrong, Attorney
Legal Division

Thru: Heidi Graham, Manager
Infrastructure Division

From: Patricia Garcia, Engineering Specialist
Infrastructure Division

Date: October 24, 2019

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, pursuant to Texas Water Code (TWC) § 13.301 and the 16 Texas Administrative Code (TAC) § 24.239.

Specifically, the Purchaser seeks approval to acquire facilities and to transfer all of Seller's facilities and certificate rights relating to water CCN No. 12042. The requested area includes approximately 86 acres and 28 connections.

Staff has reviewed the information provided by the Applicant and recommends the application be deemed administratively incomplete and not accepted for filing due to the deficiencies detailed below:

Application Content:

Staff requests the applicant provide the following:

1. The corporation number for the Purchaser;
2. How the following Texas Commission on Environmental Quality (TCEQ) violations from both Krebs Utilities & Gum Island with TCEQ letters indicating compliance or construction plan approval letters have been addressed;
 - a. Gum Island does not have a drought contingency plan;
 - b. Gum Island does not have a monitoring plan (Sampling); and
 - c. No notification of certain installed plant.
3. The physical address for the location where the STM map can be viewed. (the address was not included in the notice provided);
4. Seller's oath was not signed. In the event that the seller is not able to sign the seller's oath, the Purchaser will need to request a waiver of that requirement;

5. Financial information was not provided (Please reference question #10 in the STM application); and
6. Information for the value of the facilities to be transferred was not provided. At a minimum, provide clarification for the \$10,000 promissory note included in the application.

Mapping Information:

Maps submitted with Item 1 on 9/9/2019 are deficient. Applicant must submit the following items to resolve the mapping deficiencies:

1. A general location map identifying only the requested area, in reference to the nearest county boundary, city, or town.
2. A detailed map identifying only the requested area, in reference to verifiable man-made and natural landmarks, such as roads, rivers, and railroads.

PUC Mapping Staff requests that applicant please contact Gary Horton, PUC mapping staff at 512-936-7146, for guidance in meeting the mapping requirements.

Additional Information for Applicant:

The CCN Numbers associated with Krebs Utilities, Inc. were not provided in the application. The name we have on file for the Purchaser is Krebs Utilities, Inc., CCN No. 11984. It is recommended that the applicant consistently use this CCN number.

In response to Order No. 1, the Purchaser provided the following public water systems associated with East Houston Utilities. Please note the CCN numbers associated with Stephen P. Krebs and the public water systems provided in the response are listed as follows in the Commission's water utility database:

1. CCN No. 12598 - K Lake Water System & Padok Utility
 - a. 1012130 – Padok Timbers Subdivision WS
 - b. 1012710 – K Lake Terrace
2. CCN No. 11984 - Krebs Utilities, Inc.
 - a. 0360090 – River Oaks Subdivision
 - b. 0360117 – Timber Ridge Section 2
 - c. 1010675 – Estates Water Corp
 - d. 1012260 – Roving Meadows Water System
3. CCN No. 20781 – Krebs Utilities
 - a. Water Quality Permit - WQ0012691001 – Roving Meadows Utilities WWTP

Two of these water systems are not associated with the CCN numbers in the water utility database. They are public water system numbers 1012868 - K Estates Water System and 1460061 – Whitewing Subdivision. Whitewing Subdivision is the public water system to be transferred with this application. Please identify which CCN public water system number 1012868 - K Estates Water System should be associated with.

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>).