



Control Number: 50038



Item Number: 7

Addendum StartPage: 0

**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 SUPPLEMENTAL 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 supplemental 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 and November 19, 2019.

On October 28, 2019, Order No. 2 was issued establishing a deadline of December 20, 2019, for Staff to file a supplemental recommendation on the administrative completeness of the application and notice and to propose a procedural schedule for further processing of the application. Therefore, this pleading, is timely filed.

**II. ADMINISTRATIVE COMPLETENESS**

Staff has reviewed the supplemental information submitted by the Applicants and, as detailed in the attached memorandum from Patricia Garcia, Infrastructure Division, recommends that the application as supplemented be found administratively incomplete and not accepted for filing due to the required financial information not being provided. Specifically, the Applicants have not provided documentation that supports the financial test required by 16 TAC § 24.11.

Staff recommends that Applicants submit the required financial documentation as detailed in the attached memorandum.

### **III. PROCEDURAL SCHEDULE**

Staff recommends that the application be found administratively incomplete. Therefore, Staff recommends that a deadline of January 20, 2019 be established for Applicants to supplement the application. Staff further recommends that a deadline of January 31, 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**

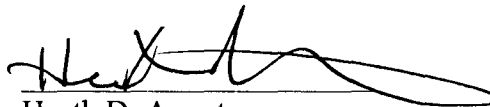
For the reasons discussed above, Staff respectfully recommends that the application be found administratively incomplete. Staff further recommends that the procedural schedule proposed above be adopted for further processing of this docket.

Dated: December 20, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Thomas S. Hunter  
Division Director

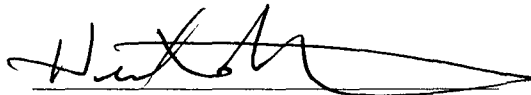


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**DOCKET NO. 50038**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on December 20, 2019, in accordance with 16 TAC § 22.74.



Heath D. Armstrong

## PUC Interoffice Memorandum

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**To:** Heath Armstrong, Attorney  
Legal Division

**From:** Patricia Garcia, Engineering Specialist  
Infrastructure Division

**Date:** December 20, 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, 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 Seller's water 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 due to the required financial information not being provided. Provide documentation that supports the financial test listed in 16 TAC § 24.11. Acceptable documentation would include an income statement and a balance sheet.

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>).