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DOCKET NO. 53331

APPLICATION OF CROSS TIMBERS	§	PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION	§	
AND STONEBRIDGE WATER	§	OF TEXAS
SUPPLY CORPORATION FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN DENTON COUNTY	§	

**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING
SALE AND ALLOWING TRANSACTION TO PROCEED**

On March 10, 2022, Cross Timbers Water Supply Corporation (Cross Timbers WSC) and Stonebridge Water Supply Corporation (Stonebridge WSC) (collectively, Applicants) filed an application for sale, transfer, or merger, of facilities and certificate rights in Denton County. Specifically, Cross Timbers WSC seeks approval to acquire facilities and to transfer all of the water service area from Stone Bridge WSC's water Certificate of Convenience and Necessity (CCN) No. 12415 to Cross Timbers WSC's water CCN No. 10197. The Applicants also seek the cancellation of Stonebridge WSC's water CCN No. 12415. The requested water service area is approximately 127 acres and includes 16 customer connections.

On September 29, 2022, the administrative law judge (ALJ) filed Order No. 5, establishing a deadline of October 7, 2022 for Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a joint motion to admit evidence along with a proposed order, including proposed findings of fact and conclusions of law, approving the sale and allowing the transaction to proceed.

I. JOINT MOTION TO ADMIT EVIDENCE

The Parties request that the following evidence be admitted into the record of this proceeding:

1. Applicants' application for sale, transfer, or merger of facilities, filed on March 10, 2022 (Interchange Item No. 1);
2. Applicants' Supplemental Information filed on March 17, 2022 (Interchange Item No. 3);
3. Applicants' Supplemental Information filed on April 5, 2022 (Interchange Item No. 5);
4. Applicants' response to Order No. 2, filed on April 11, 2022 (Interchange Item No. 8);

5. Applicants' general location map and detailed map, filed on April 27, 2022 (Interchange Item No. 9);
6. Applicants' Water Rate Comparison, filed on June 1, 2022 (Interchange Item No. 10);
7. Staff's supplemental recommendation on administrative completeness and proposed notice, filed on June 8, 2022 (Interchange Item No. 11);
8. Affidavit of mailed notice to current customers, neighboring utilities, and affected parties, customer mailing list, and map attachment, filed on June 14, 2022 and July 18, 2022 (Interchange Item Nos. 13 and 14);
9. Staff's recommendation on sufficiency of notice, filed on July 18, 2022 (Interchange No. 15);
10. Applicants' Supplemental Information, filed on July 18, 2022 (Interchange Item No. 16);
11. Staff's recommendation on the transaction, filed on September 2, 2022, (Interchange Item No. 19).

II. JOINT PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

The Parties move for adoption of the attached Proposed Order Approving the Sale and Allowing the Transaction to Proceed, which would authorize the transfer of all of the water service and facilities held under Stonebridge WSC's water CCN No. 12415 to Cross Timbers WSC's water CCN No. 10197 and the cancellation of Stonebridge WSC's water CCN No. 12415.

III. CONCLUSION

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the Order proposed by the Parties be adopted.

Dated: October 7, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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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 7, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Forrest Smith
Forrest Smith

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APPLICATION OF CROSS TIMBERS	§	PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION AND	§	
STONEBRIDGE WATER SUPPLY	§	
CORPORATION FOR SALE,	§	OF TEXAS
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN DENTON COUNTY	§	

PROPOSED ORDER APPROVING SALE AND ALLOWING TRANSACTION TO PROCEED

This Order addresses the March 10, 2022 application of Cross Timbers Water Supply Corporation and the Stonebridge Water Supply Corporation for approval of the sale and transfer of certificate of convenience and necessity (CCN) rights in Denton County. Cross Timber WSC and Stonebridge WSC seek and the sale and transfer of all facilities and service areas held under Stone Bridge WSC's water CCN No. 12415 to Cross Timbers WSC's water CCN No. 10197 and The cancellation of Stonebridge WSC's water CCN No. 12415. The administrative law judge (ALJ) grants that the sale is approved and the transaction between Cross Timbers WSC and Stonebridge WSC may proceed and be consummated.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Stonebridge WSC is a Texas corporation registered with the Texas secretary of state under file number 0119657601.
2. Stonebridge WSC is a member-owned, non-profit water supply corporation that owns, operates, and controls facilities for providing water service in Denton County under water CCN No. 12415.
3. Stonebridge WSC owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system (PWS) identification number 0610085.

4. Cross Timbers WSC is a member-owned, non-profit water supply corporation registered with the Texas secretary of state under file number 20253301.
5. Cross Timbers WSC operates, maintains, and controls facilities for providing water service in Denton County under water CCN No. 10197.
6. Cross Timbers WSC owns one public water system registered with the Texas Commission on Environmental Quality (TCEQ) under public water system (PWS) identification number 0610020.

Application

7. On March 10, 2022, Cross Timbers WSC and the Stonebridge WSC (Applicants) filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Denton County, Texas.
8. In the application, the Applicants seek approval of the following transaction: (a) Cross Timbers WSC will acquire all of Stonebridge WSC's facilities and service area under water CCN No. 12415 and (b) Stonebridge WSC's water CCN No. 12415 will be cancelled.
9. The total requested area includes approximately 127 acres and includes 16 customers connections; 77 acres will have single certification and 50 acres will have dual certification with Argyle WSC's CCN No. 10199.
10. The requested area subject to this transaction is located approximately 4 miles north of downtown Bartonville, Texas and is generally bounded on the north by the town of Argyle; on the east by the town of Bartonville; on the south by Bartonville; and on the west by Argyle.
11. On March 17, 2022, April 5, 2022, April 11, 2022 April 27, 2022, June 1, 2022, and July 18, 2022, the Applicants supplemented the application.
12. In Order No. 3 filed on June 13, 2022, the ALJ deemed the application, as supplemented, administratively complete.

Notice

13. On June 14, 2022, the Applicants filed the affidavit of Jackson Wolf, general manager for Cross Timbers WSC, attesting that notice was provided to all neighboring utilities and affected parties on June 11, 2022.
14. In Order No. 4 filed on July 19, 2022, the ALJ deemed the notice sufficient.

Evidentiary Record

15. On October 7, 2022, the parties filed a joint motion to admit evidence.
16. In Order No. 6 filed on October ___, 2022, the ALJ admitted the following evidence into the record: (a) applicants' application for sale, transfer, or merger of facilities, filed on March 10, 2022; (b) applicants' supplemental information filed on March 17, 2022; (c) applicants' supplemental information filed on April 5, 2022; (d) applicants' response to Order No. 2, filed on April 11, 2022; (e) applicants' general location map and detailed map, filed on April 27, 2022; (f) applicants' water rate comparison, filed on June 1, 2022; (g) staff's supplemental recommendation on administrative completeness and proposed notice, filed on June 8, 2022; (h) affidavit of mailed notice to current customers, neighboring utilities, and affected parties, customer mailing list, and map attachment, filed on June 14, 2022 and July 18, 2022; (i) staff's recommendation on sufficiency of notice, filed on July 18, 2022; (j) applicants' supplemental information, filed on July 18, 2022; and (k) staff's recommendation on the transaction, filed on September 2, 2022.

System Compliance

17. Cross Timbers WSC has one TCEQ-approved public water system.
18. Cross Timbers WSC does not have any violations listed in the TCEQ database.
19. The Commission's complaint records, which date back to 2017, show no complaints against Cross Timbers WSC.
20. No additional construction is necessary for Cross Timbers WSC to serve the requested area.
21. Stonebridge WSC has a TCEQ approved PWS registered under PWS identification number 0610085.

22. The last TCEQ compliance investigation of the Stonebridge WSC system was on June 1, 2020. No violations or concerns were noted as a result of that investigation.
23. The Commission's complaint records, which date back to 2014, show no complaints against Stonebridge WSC.

Adequacy of Existing Service

24. There are currently 16 water connections in the requested area that is being served by Stonebridge WSC through the Stonebridge WSC's public water system under identification number 0610085, and such service has been continuous and adequate.
25. Stonebridge WSC does not have any violations listed in the TCEQ database.

Need for Additional Service

26. There are currently 16 existing customer connections in the requested area, which are currently served by Stonebridge WSC, and there is a need for those customers to continue receiving water service.
27. No additional service has been requested or is needed at this time.

Effect of Approving the Transaction

28. Approving the proposed transaction will result in Cross Timbers WSC being the sole certificated entity for the requested area and will obligate Cross Timbers WSC to provide continuous and adequate water service to existing and future customers in the requested area.
29. There will be no effect on any retail public utility servicing the proximate area. All retail public utilities in the proximate area were provided notice of the transaction proposed in this application. No adjacent retail public utility filed a protest, adverse comment, or motion to intervene.
30. There will be no adverse effect on any landowner in the requested area or retail public utility providing service in the proximate area.

Ability to Serve: Managerial and Technical

31. Cross Timbers WSC has the managerial and technical ability to provide continuous and adequate service to the requested area.
32. Cross Timbers WSC employs TCEQ-licensed operators who will be responsible for the operation of its water system.
33. Cross Timbers WSC has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of Chapter 341 of the Texas Health and Safety Code, Chapter 13 of the TWC, and the TCEQ's rules.
34. No additional construction is necessary for Cross Timbers WSC to serve the requested area.
35. Cross Timbers WSC has a TCEQ-approved public water system.
36. Cross Timbers WSC does not have any violations listed in the TCEQ database.

Ability to Serve: Financial Ability and Stability

37. Cross Timbers WSC has a debt-to-equity ratio of less than 1., satisfying the leverage test.
38. Cross Timbers WSC has sufficient cash and net operating income available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction, satisfying the operations test.
39. Cross Timbers WSC has demonstrated the financial ability and financial stability to provide continuous and adequate service to the requested area.

Financial Assurance

40. There is no need to require Cross Timbers WSC to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

Regionalization or Consolidation

41. The construction of a physically separate water system is not necessary for Cross Timbers WSC to serve the requested area; therefore, concerns about regionalization or consolidation do not apply.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

42. Stonebridge WSC is currently serving customers in the requested area with existing facilities that have sufficient capacity.
43. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnect would need to be installed in order to connect a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Environmental Integrity and Effect on the Land

44. The environmental integrity of the land will not be affected as no additional construction is needed to provide water service to the requested area.

Improvement in Service or Lowering of Cost to Consumers

45. Cross Timbers WSC will continue to provide water service to the existing customers in the area.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The Applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239.
2. After consideration of the factors in TWC § 13.246(c), Cross Timbers WSC has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate water service to the requested area as required by TWC § 13.301(b).
3. Cross Timbers WSC and Stonebridge WSC have demonstrated that the sale and the transfer of the water service area held under water CCN No. 12415 to Cross Timbers WSC will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders:

1. The sale and transfer proposed in the application are approved and the transaction between Cross Timbers WSC and Stonebridge WSC may proceed and be consummated.

2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. The applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not consummated within this 180-day period, or an extension is not granted, the approval is void and the Applicants will have to reapply for approval.
5. The applicants are advised that the corresponding service area will remain under CCN No. 12415 and be held by Stone Bridge WSC until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the Applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the Applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a procedural schedule for continued processing of this docket.

Signed at Austin, Texas the _____ day of October __, 2022.

CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE