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Received - 2022-10-24 10:47:00 AM

Control Number - 53331

ItemNumber - 23

DOCKET NO. 53331

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

**ORDER NO. 7
APPROVING SALE AND TRANSFER TO PROCEED**

This Order addresses the application of Cross Timbers Water Supply Corporation and Stonebridge Water Supply Corporation for approval of the sale, transfer, or merger of facilities and certificate rights in Denton County. The applicants seek approval of the sale and transfer of Stonebridge WSC's facilities and service area held under certificate of convenience and necessity (CCN) number 12415 to Cross Timbers WSC, the cancellation of Stonebridge WSC's CCN number 12415, and the amendment of Cross Timbers WSC's CCN number 10197 to include the facilities and service area previously held under Stonebridge WSC's CCN number 12415. The administrative law judge (ALJ) approves the transaction between Stonebridge WSC and Cross Timbers WSC and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Stonebridge WSC is a Texas non-profit water supply corporation organized under chapter 67 of the Texas Water Code (TWC).
2. Stonebridge WSC is registered with the Texas secretary of state under file number 119657601.
3. Stonebridge WSC holds CCN number 12415 which obligates it to provide retail water service in its certificated service area in Denton County.
4. Stonebridge WSC owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0610085.

5. Cross Timbers WSC is a Texas non-profit water supply corporation organized under chapter 67 of the TWC.
6. Cross Timbers WSC is registered with the Texas secretary of state under file number 20253301.
7. Cross Timbers WSC holds CCN number 10197 which obligates it to provide retail water service in its certificated service area in Denton County.
8. Cross Timbers WSC owns a public water system registered with the TCEQ under identification number 0610020.

Application

9. On March 10, 2022, Stonebridge WSC and Cross Timbers WSC filed the application at issue in this proceeding.
10. On March 17, April 4, 5, 11, and 27, June 1, and July 18, 2022, the applicants filed supplements to the application.
11. In the application, the applicants seek approval of the sale and transfer of all facilities and service area held under Stonebridge WSC's certificate of convenience and necessity (CCN) number 12415 to Cross Timbers WSC, the cancellation of Stonebridge WSC's CCN number 12415, and the amendment of Cross Timbers WSC's CCN number 10197 to include the facilities and service area previously included in Stonebridge WSC's CCN number 12415.
12. The total area affected subject to this transaction is comprised of approximately 127 acres and 16 existing customers, with 77 acres having single certification and 50 acres having dual certification with Argyle Water Supply Corporation under CCN number 10199.
13. The requested area is located approximately two miles north of downtown Bartonville, Texas, and is generally bounded on the north by Farm-to-Market Road 407 East, on the east by Leeslev Lane, on the south by Noble Champions Way, and on the west by Steeplechase Circle.
14. In Order No. 3 filed on June 13, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

15. On June 14, 2022, Cross Timbers WSC filed the affidavit of Jackson Wolf, general manager of Cross Timbers WSC, attesting that notice along with map, was mailed to current customers, neighboring systems, and cities on June 11, 2022.
16. On July 18, 2022, the applicants filed a copy of the notice and map sent.
17. In Order No. 4 filed on July 19, 2022, the ALJ found the notice sufficient.

Evidentiary Record

18. In Order No. 6 filed on October 13, 2022, the ALJ admitted the following evidence into the record: (a) the application and all attachments filed on March 10, 2022; (b) the applicants' supplement to the application filed on March 17, 2022; (c) the applicants' supplement to the application filed on April 5, 2022; (d) the applicants' customer deposit information filed on April 11, 2022; (e) the applicants' general location map and detailed map filed on April 27, 2022; (f) the applicants' water rate comparison filed on June 1, 2022; (g) Commission Staff's supplemental recommendation on administrative completeness and proposed notice filed on June 8, 2022; (h) the applicants' proof of notice filed on June 14, 2022; (i) the applicants' copy of the notice, list of parties notified, and map sent to affected parties filed on July 18, 2022; (j) Commission Staff's recommendation on sufficiency of notice filed on July 18, 2022; (k) the applicants' supplement to the application filed on July 18, 2022; and (l) Commission Staff's recommendation on the transaction filed on September 2, 2022.

Cross Timbers WSC's Compliance History

19. Cross Timbers WSC has not been under an enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
20. There is no evidence Cross Timbers WSC has a history of continuing mismanagement or misuse of revenues as a utility service provider.
21. Cross Timbers WSC has demonstrated a compliance status that is adequate for approval of the transaction to proceed.

Adequacy of Existing Service

22. Stonebridge WSC's lost its licensed water operator in January 2022 to retirement and its water wells are at the end of their life and are being capped and closed.
23. Stonebridge WSC is currently serving customers but must limit customer usage during certain periods and has no fire protection available.
24. Cross Timbers WSC has extended a six-inch water line and added a fire hydrant to the requested area and has been temporarily providing water to Stonebridge WSC since January 2022 under a temporary agreement approved by the TCEQ, pending approval of this application.
25. There are currently 16 customers currently receiving water service from Stonebridge WSC.
26. Cross Timbers WSC has the ability to provide adequate service the requested area.

Need for Additional Service

27. There is a continuing need for service because Stonebridge WSC is currently serving 16 customers in the requested area.
28. This is an application to transfer only existing facilities, customers, and service area.
29. There is no evidence of specific requests for additional service.

Effect of Approving the Transaction and Granting the Amendment

30. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and none filed a protest or motion to intervene.
31. There is no evidence that approval of the transaction will have any adverse effect on any other retail public utility providing service in the proximate area.
32. There will be no effect on landowners as the requested area is currently certificated.
33. Approving the sale and transfer to proceed and granting the CCN amendment will obligate Cross Timbers WSC to provide continuous and adequate water service to current and future customers.

Ability to Serve: Managerial and Technical

34. Cross Timbers WSC has an approved public water system registered with TCEQ and has been providing water the Stonebridge WSC since January 2022.

35. Cross Timbers WSC employs TCEQ-licensed operators who will be responsible for the operation of the water system.
36. 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 TCEQ rules.
37. Cross Timbers WSC has the technical and managerial capability to provide adequate and continuous service to the requested area.

Ability to Serve: Financial Ability and Stability

38. Cross Timbers WSC has a debt-to-equity ratio of less than one, satisfying the leverage test.
39. 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.
40. Cross Timbers WSC demonstrated the financial capability and stability to provide continuous and adequate service to the requested area and customers.

Financial Assurance

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

Regionalization or Consolidation

42. It will not be necessary for Cross Timbers to construct a physically separate water system to serve the requested area.
43. Because the requested area will not require construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

44. Cross Timbers WSC has extended facilities to supply Stonebridge WSC with water and installed a fire hydrant in the requested area.
45. It is not feasible to obtain service from another adjacent retail public utility.

Environmental Integrity and Effect on the Land

46. The existing customers will continue to be served with existing facilities.
47. There will be no effects on environmental integrity and on the land as a result of the proposed transaction.

Improvement of Service or Lowering Cost to Consumers

48. The rates charged to existing customers will be higher than the current rates charged by Stonebridge WSC as a result of the proposed transaction.
49. Reliability and quality of water service is expected to improve under Cross Timbers WSC's management.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246(a) and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(a) through (c).
2. After consideration of the factors in TWC § 13.246(c), Cross Timbers WSC demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. Cross Timbers WSC demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b) and 16 TAC § 24.239(e).
4. The applicants have demonstrated that the sale and transfer of Stonebridge WSC's certificated service area and existing facilities under CCN number 12415 to Cross Timbers WSC will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between Stonebridge WSC and Cross Timbers WSC in this proceeding is approved and may be completed as proposed.
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 completed and customer deposits, if any, have been addressed.
3. Stonebridge WSC and Cross Timbers WSC have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this period, or an extension is not granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the requested areas and associated facilities will remain under CCN number 12415 and will be held by Stonebridge WSC until the final order or notice of approval is issued in this matter, 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 completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 24th day of October 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read "Christina Denmark", written in a cursive style.

**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**

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