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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	§	

NOTICE OF APPROVAL

This Notice of Approval 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 Commission approves the sale and transfer of Stonebridge WSC's facilities and certificated water 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 area previously held under Stonebridge WSC's CCN number 12415.

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 jointly 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 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 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 Leesley 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.

19. In Order No. 11 filed on March 8, 2023, the ALJ admitted the following additional evidence into the record:
- (a) the applicants' notice of completed transaction filed on November 17, 2022;
 - (b) Commission Staff's recommendation on the sufficiency of the closing documents filed on December 2, 2022;
 - (c) the applicants' consent forms filed on December 27, 2022; and
 - (d) the final map and certificate attached to the supplemental joint motion to admit evidence filed on February 2, 2023.

Sale

20. In Order No. 7 filed on October 24, 2022, the ALJ approved the transaction to proceed and required the applicants to file proof that the transaction had been completed and the customer deposits, if any, had been addressed.
21. On November 17, 2022, the applicants filed a proof of transaction document with an effective date of November 10, 2022, and confirmed that there were no customer deposits to be addressed.
22. In Order No. 8 filed on December 2, 2022, the ALJ found the closing documentation sufficient.

Cross Timbers WSC's Compliance History

23. 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.
24. There is no evidence Cross Timbers WSC has a history of continuing mismanagement or misuse of revenues as a utility service provider.
25. Cross Timbers WSC demonstrated a compliance status that is adequate for approval of the transaction.

Adequacy of Existing Service

26. 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.
27. Stonebridge WSC is currently serving customers but must limit customer usage during certain periods and has no fire protection available.
28. 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.
29. There are currently 16 customers currently receiving water service from Stonebridge WSC.
30. Cross Timbers WSC has the ability to provide adequate service the requested area.

Need for Additional Service

31. There is a continuing need for service because Stonebridge WSC is currently serving 16 customers in the requested area.
32. This is an application to transfer only existing facilities, customers, and service area.
33. There is no evidence in the record indicating a need for additional service.

Effect of Approving the Transaction and Granting the Amendment

34. 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.
35. 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.
36. There will be no effect on landowners as the requested area is currently certificated.
37. Approving the sale and transfer 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

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

39. Cross Timbers WSC employs TCEQ-licensed operators who will be responsible for the operation of the water system.
40. 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

41. Cross Timbers WSC has a debt-to-equity ratio of less than one, satisfying the leverage test.
42. 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.
43. Cross Timbers WSC demonstrated the financial capability and stability to provide continuous and adequate service to the requested area and to customers.

Financial Assurance

44. 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

45. It will not be necessary for Cross Timbers WSC to construct a physically separate water system to serve the requested area.
46. 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

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

Environmental Integrity and Effect on the Land

49. The existing customers will continue to be served with existing facilities.
50. 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

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

Map and Certificate

53. On December 20, 2022, Commission Staff emailed the final proposed map and certificate to the applicants.
54. On December 27, 2022, Stonebridge WSC, Cross Timbers WSC, and Argyle WSC filed their consent forms concurring with the final proposed map and certificate.
55. On February 2, 2023, the final map and certificate were filed as attachments to the joint supplemental motion to admit evidence.

Informal Disposition

56. More than 15 days have passed since the completion of notice provided in this docket.
57. No person filed a protest or motion to intervene.
58. Stonebridge WSC, Cross Timbers WSC, and Commission Staff are the only parties to this proceeding.
59. No party requested a hearing and no hearing is needed.
60. Commission Staff recommended approval of the application.
61. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
2. Stonebridge WSC and Cross Timbers WSC are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).

3. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission Rules.
4. The application meets the requirements of TWC § 13.244 and 16 TAC § 24.233.
5. Stonebridge WSC and Cross Timbers WSC provided notice of the application in compliance with TWC §§ 13.246(a) and 13.301(a)(2) and 16 TAC § 24.239(a) through (c).
6. Stonebridge WSC and Cross Timbers WSC have complied with the requirements of 16 TAC § 24.239(k) and (l) with respect to customer deposits.
7. Stonebridge WSC and Cross Timbers WSC completed the sale within the time frame required by 16 TAC § 24.239(m).
8. After consideration of the factors in TWC § 13.246(c), and 16 TAC §§ 24.11(e), 24.227(e), and 24.239(h), Cross Timbers WSC demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.251 and 13.301(b) and 16 TAC § 24.239(e).
9. Regionalization or consolidation concerns under TWC § 13.241(d) do not apply in this proceeding because construction of a physically separate water or sewer system is not required.
10. It is not necessary for Cross Timbers WSC to provide a bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
11. Stonebridge WSC and Cross Timbers WSC demonstrated that the sale and transfer of Stonebridge WSC's water facilities and water service area held under 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 will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d).
12. Under TWC § 13.257(r) and (s), Cross Timbers WSC must record a certified copy of its certificate and the approved map, along with a boundary description of the service area in

¹ Tex. Gov't Code §§ 2001.001–.903.

the real property records of Denton County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording.

13. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission approves the sale and transfer of all Stonebridge WSC's facilities and certificated service area held under CCN number 12415 to Cross Timbers WSC, as shown on the attached map.
2. The Commission amends Cross Timbers WSC's CCN number 10197 to include the area previously included in Stonebridge WSC's CCN number 12415, as shown on the map attached to this Notice of Approval.
3. The Commission cancels Stonebridge WSC's CCN number 12415.
4. The Commission approves the map attached to this Notice of Approval.
5. The Commission issues the certificate attached to this Notice of Approval.
6. Cross Timbers WSC must provide service to every customer and qualified applicant for service within the approved area under CCN number 10197 that requests water service and meets the terms of Stonebridge WSC's water service policies, and such service must be continuous and adequate.
7. Cross Timbers WSC must comply with the recording requirements in TWC § 13.247(r) and (s) for the area in Denton County affected by the application and must submit to the Commission evidence of the recording no later than 45 days after receipt of this Notice of Approval.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted herein.

Signed at Austin, Texas the 10th day of March 2023.

PUBLIC UTILITY COMMISSION OF TEXAS

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

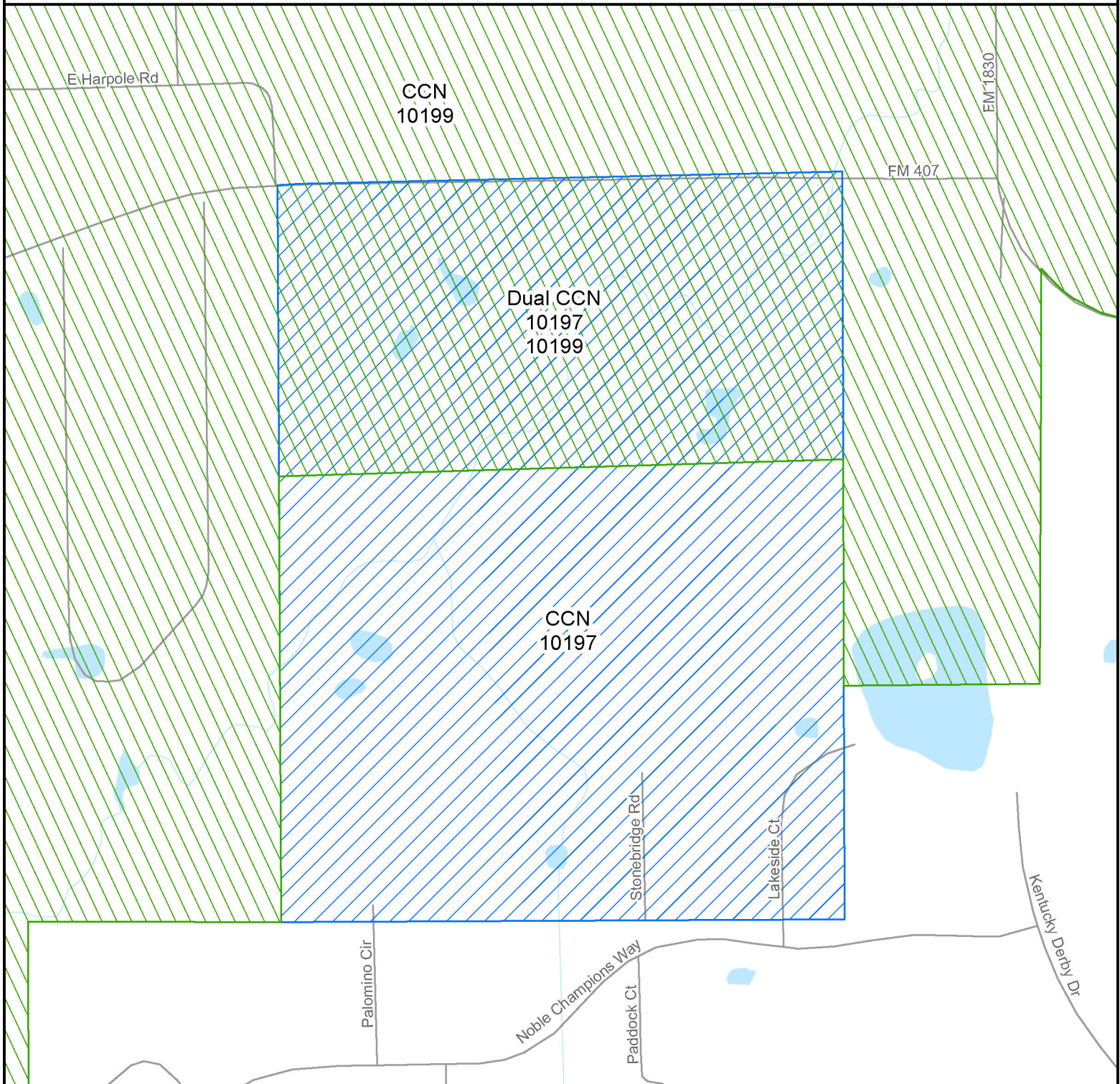
**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**

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Cross Timbers Water Supply Corporation
Portion of Water CCN No. 10197
PUC Docket No. 53331

Transferred all of Stonebridge Water Supply Corporation, CCN No. 12415 in Denton County



Water CCN

-  10197 - Cross Timbers WSC
-  10199 - Argyle WSC

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Public Utility Commission of Texas

By These Presents Be It Known To All That

Cross Timbers Water Supply Corporation

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Cross Timbers Water Supply Corporation is entitled to this

Certificate of Convenience and Necessity No. 10197

to provide continuous and adequate water utility service to that service area or those service areas in Denton County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 53331 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Cross Timbers Water Supply Corporation to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.