



## Filing Receipt

**Received - 2021-12-23 01:23:37 PM**  
**Control Number - 52628**  
**ItemNumber - 24**

**DOCKET NO. 52628**

<b>APPLICATION OF TRITON TEXAS</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>HOLDINGS LLC FOR APPROVAL OF</b>	<b>§</b>	
<b>CHANGES IN OWNERSHIP UNDER</b>	<b>§</b>	<b>OF TEXAS</b>
<b>TEXAS WATER CODE § 13.302</b>	<b>§</b>	

**ORDER NO. 7**  
**APPROVING TRANSACTION TO PROCEED**

This Order addresses the application of Triton Texas Holdings LLC for Commission approval, under Texas Water Code (TWC) § 13.302 and 16 Texas Administrative Code (TAC) § 24.243, of the acquisition of a controlling interest in two utilities doing businesses in Texas—Horseshoe Bend Water Company LLC and Lone Star Water Company. Triton Texas Holdings seeks to acquire, from Triton Utilities, Inc., 100% of the issued and outstanding limited liability company interests of Horseshoe Bend and 100% of the issued and outstanding shares of Lone Star stock. The administrative law judge (ALJ) approves the transfers and authorizes the transaction between Triton Texas Holdings and Triton Utilities to proceed and be consummated.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant and Other Interested Parties**

1. Triton Texas Holdings is a Texas limited liability company registered with the Texas secretary of state under filing number 804219628.
2. Horseshoe Bend is a Texas limited liability company registered with the Texas secretary of state under filing number 803436754.
3. Horseshoe Bend has a sale, transfer, or merger (STM) application<sup>1</sup> with Castle Water, Inc. dba Horseshoe Bend Water System pending before the Commission to transfer water facilities and service area in Parker County under certificate of convenience and necessity (CCN) number 10263 to Horseshoe Bend. Horseshoe Bend closed on the acquisition effective October 2, 2020, after receiving Commission approval to proceed with the

---

<sup>1</sup> *Application of Castle Water, Inc. dba Horseshoe Bend Water System and Horseshoe Bend Water Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 50085 (pending).*

transaction. Horseshoe Bend has not yet been assigned its own water CCN for that system because the STM application remains pending.

4. Once Horseshoe Bend receives final Commission approval of the STM transaction pending in Docket No. 50085, it will operate, maintain, and control facilities for providing retail water service in Parker County under CCN number 10263.
5. Lone Star is a Texas corporation registered with the Texas secretary of state under file number 803137555.
6. Lone Star operates, maintains, and controls facilities for providing retail water service in Denton County under CCN number 13279, which was based on an acquisition that closed May 20, 2020.<sup>2</sup>
7. Triton Utilities is a Texas corporation registered with the Texas secretary of state under filing number 802074645.
8. Triton Utilities owns 100% of the issued and outstanding limited liability company interests of Horseshoe Bend, and 100% of the issued and outstanding shares of Lone Star stock.

#### **Application**

9. On September 22, 2021, Triton Texas Holdings and Kauffman Family Living Trust, dated April 9, 2015; Disciple Asset Holdings, LP; and Malakoff Family Holdings, LP filed an application for approval to acquire interests from Triton Utilities through a proposed two-step transaction.
10. As envisioned in the original application, Triton Utilities would initially transfer 100% of the issued and outstanding limited liability company interests of Horseshoe Bend, and 100% of the issued and outstanding shares of Lone Star stock, to the Kauffman Family Living Trust, dated April 9, 2015; Disciple Asset Holdings, LP; and Malakoff Family Holdings, LP. Thereafter, the interests would be transferred from the Kauffman Family

---

<sup>2</sup> *Application of Ponder Enterprises, Inc. dba Longhorn Company and Lone Star Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Denton County, Docket No. 49231, Notice of Approval (May 20, 2020).*

Living Trust, dated April 9, 2015; Disciple Asset Holdings, LP; and Malakoff Family Holdings, LP to Triton Texas Holdings.

11. On October 20, 2021, Triton Texas Holdings amended its application so that it would be the sole applicant and proposed a one-step transaction from Triton Utilities to Triton Texas Holdings instead of the transaction originally proposed.
12. In the application, the applicant seek approval of the following: Triton Utilities will transfer to Triton Texas Holdings 100% of the issued and outstanding limited liability company interests of Horseshoe Bend, and 100% of the issued and outstanding shares of Lone Star stock.
13. Triton Texas Holdings supplemented its application November 3, 2021.
14. In Order No. 3 filed on November 16, 2021, the ALJ found the application administratively complete.
15. Triton Texas Holdings further supplemented its application on November 22 and 29, 2021.

**Adequacy of Financial Capability**

16. Triton Texas Holdings' application included a certificate of assurance confirming that it will cover any operations and maintenance shortages, if any, of Lone Star and Horseshoe Bend over the first five years of operations of each company, satisfying the operations test.
17. Horseshoe Bend and Lone Star have debt service coverage ratios that are greater than 1.25, satisfying the leverage test.
18. Triton Texas Holdings has demonstrated adequate financial capability for providing continuous and adequate service.
19. Additional financial assurance is not necessary for approval of the proposed transaction.

**Adequacy of Managerial and Technical Capability**

20. Horseshoe Bend and Lone Star personnel, including their licensed water operators, will continue to manage and operate the systems after the closing.
21. The proposed transaction will not change or alter the service provided to existing customers served by Horseshoe Bend and Lone Star or the rates charged for such service within the services areas under CCN numbers 10263 and 13279.

22. Triton Texas Holdings has demonstrated adequate managerial and technical capability for providing continuous and adequate service.

**Notice**

23. Triton Texas Holdings, Triton Utilities, Horseshoe Bend, and Lone Star are the only entities affected by the application and are aware of the transaction.
24. In Order No. 3 filed on November 16, 2021, the ALJ found the notice sufficient.

**Evidentiary Record**

25. On December 9, 2021, Triton Texas Holdings and Commission Staff filed a joint motion to admit evidence.
26. In Order No. 6 filed on December 10, 2021, the ALJ admitted the following evidence into the record: (a) the application filed on September 22, 2021; (b) confidential filing - attachment A to the application filed September 23, 2021; (c) Commission Staff's recommendation on sufficiency of the application and request for extension filed on October 14, 2021; (d) applicant's amended application and all attachments filed on October 20, 2021; (e) applicant's supplemental information and all attachments filed on November 3, 2021; (f) Commission Staff's supplemental recommendation on administrative completeness and notice, request to restyle dockets and proposed procedural schedule, filed on November 10, 2021; (g) confidential filing - attachment A to supplemental information filed on November 22, 2021; (h) applicant's supplemental information filed on November 29, 2021; (i) Commission Staff's final recommendation filed on December 6, 2021; and (j) applicant's response to Commission Staff's final recommendation filed on December 8, 2021.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.041 and 13.302.
2. Horseshoe Bend and Lone Star are each a "water utility," "public utility," or "utility" as defined by TWC § 13.002(23) and 16 TAC § 24.3(39).

3. The Commission processed this application as required by the TWC, the Administrative Procedure Act,<sup>3</sup> and Commission rules.
4. Notice complies with 16 TAC § 22.55.
5. Triton Texas Holdings has demonstrated that it has adequate financial, managerial, and technical capability for providing continuous and adequate service to the certificated service areas for CCN numbers 10263 and 13279 in accordance with TWC § 13.302(b) and 16 TAC § 24.243(b).
6. Triton Texas Holdings, Horseshoe Bend, and Lone Star have demonstrated that the application meets the requirements in TWC § 13.302 and 16 TAC § 24.243.

### **III. Ordering Paragraphs**

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

1. The transaction proposed in Triton Texas Holdings' amended and supplemented application 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, Triton Texas Holdings must file proof that the transaction has been consummated.
3. Within 15 days following the filing the of the applicant's proof that the transaction has been consummated, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.
4. Triton Texas Holdings has 180 days to complete the transaction.
5. Under 16 TAC § 24.243(i), if the transaction is not consummated within the 180-day period, or an extension has not been granted, this approval is void and Triton Texas Holdings will have to reapply for approval.
6. Water CCN numbers 10263 and 13279 will remain in the name of their current holders.

---

<sup>3</sup> Tex. Gov't Code §§ 2001.001–.903.

7. In an effort to finalize this case as soon as possible, Triton Texas Holdings must file monthly updates regarding the status of the closing if the transaction has not been consummated within 30 days after entry of this Order.

**Signed at Austin, Texas the 23rd day of December 2021.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in black ink, appearing to read "Christina Denmark", written over a horizontal line.

**CHRISTINA DENMARK  
ADMINISTRATIVE LAW JUDGE**