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**DOCKET NO. 52628**

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

**JOINT SUPPLEMENTAL MOTION TO ADMIT EVIDENCE**  
**AND JOINT PROPOSED NOTICE OF APPROVAL**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

Pursuant to Order No. 9, Triton Texas Holdings LLC (TTH) and the Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, the Parties) jointly file this Supplemental Motion to Admit Evidence along with the attached Proposed Notice of Approval. In support of the same, the parties respectfully show the following:

**I. BACKGROUND**

On September 22, 2021, Triton Texas Holdings, LLC filed an application to acquire 100% of the issued and outstanding limited liability company interests of Horseshoe Bend Water Company LLC (Horseshoe Bend) and 100% of the issued and outstanding shares of Lone Star Water Company (Lone Star). On February 15, 2022, the ALJ filed Order No. 9, which provided a deadline of February 25, 2022, for the parties to file a Joint Supplemental Motion to Admit Evidence and Proposed Notice of Approval. This pleading is therefore timely filed.

**II. JOINT SUPPLEMENTAL MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following supplemental evidence into the record of this proceeding: (a) Triton Texas Holdings, LLC's Proof of Closing filed on January 5, 2022 (Interchange No. 25); (b) Confidential filing – Attachment A to Proof of Closing filed on January 5, 2022 (Interchange No. 26); and (c) Staff's Recommendation on Sufficiency of Closing Documents, filed on January 21, 2022 (Interchange No. 27).

### **III. PROPOSED ORDER APPROVING TRANSACTION TO PROCEED**

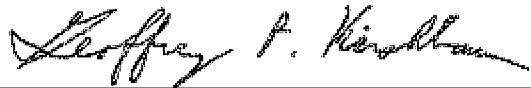
The Parties move for adoption of the attached Joint Proposed Notice of Approval, which would approve TTH's application to acquire 100% of the issued and outstanding limited liability company interests of Horseshoe Bend and 100% of the issued and outstanding shares of Lone Star.

### **IV. CONCLUSION**

The Parties respectfully request that the Commission grant this Joint Supplemental Motion to Admit Evidence and issue a Notice of Approval consistent with the attached Joint Proposed Notice of Approval.

**Respectfully submitted,**

**TERRILL & WALDROP**

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**ATTORNEYS FOR TRITON TEXAS HOLDINGS, LLC**

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

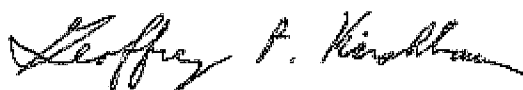
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**CERTIFICATE OF SERVICE**

I hereby CERTIFY that on February 25, 2022, a true and complete copy of the above was sent to the parties of record in accordance with P.U.C. PROC. R. 22.74.

  
Geoffrey P. Kirshbaum

**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>	

**JOINT PROPOSED NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Triton Texas Holdings LLC (TTH) 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 (Horseshoe Bend) and Lone Star Water Company (Lone Star). 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 Commission approves the transfers between Triton Texas Holdings and Triton Utilities.

**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) No. 10263 to Horseshoe Bend. Horseshoe Bend closed on the acquisition effective October 2, 2020, after receiving Commission approval to proceed

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<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).*

with the 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 No. 10263.
5. Lone Star is a Texas corporation registered with the Texas secretary of state under filing number 803137555.
6. Lone Star operates, maintains, and controls facilities for providing retail water service in Denton County under CCN No. 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 original co-applicants in this proceeding, Kauffman Family Living Trust, dated April 9, 2015,<sup>3</sup> Disciple Asset Holdings, LP, and Malakoff Family Holdings, LP, filed the original version of the application at issue in this proceeding 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

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<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).

<sup>3</sup> The reference to “dated April 9, 2015” is part of the trust name.

Family 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 two-step transaction originally proposed in the initial application filed.
12. In the application as amended, Triton Texas Holdings as sole applicant seeks 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 filed supplemental information to its application on 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, 2021 and November 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 No. 10263 and CCN No. 13279.
22. Triton Texas Holdings has demonstrated adequate managerial and technical capability for providing continuous and adequate service to the requested area.

**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.
27. On February 25, 2022, Triton Texas Holdings and Commission Staff filed a joint supplemental motion to admit evidence.
28. In Order No. \_\_ filed on February \_\_\_\_, 2022, the ALJ admitted the following evidence into the record: (a) Triton Texas Holdings, LLC's Proof of Closing filed on January 5, 2022 (Interchange No. 25)); (b) Confidential filing – Attachment A to Proof of Closing,



filed on January 5, 2022 (Interchange No. 26); and (c) Commission Staff's Recommendation on Sufficiency of Closing Documents filed on January 21, 2022 (Interchange No. 27).

**Informal Disposition**

29. More than 15 days have passed since the completion of notice provided in this docket.
30. No party requested a hearing and no hearing is necessary.
31. Triton Texas Holdings, LLC, Triton Utilities, Inc., and Commission Staff are the only parties to this proceeding.
32. Commission Staff recommended approval of Triton Texas Holdings' application.
33. 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 §§ 13.041 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>4</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 No. 10263 and CCN No. 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.
7. The Commission evaluated the application as amended and supplemented under the requirements in TWC § 13.302 and 16 TAC § 24.243 and authorized Triton Texas Holdings to consummate the proposed application transaction in Order No. 7.

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<sup>4</sup> TEX. GOV'T CODE §§ 2001.001–.903.

8. Triton Texas Holdings has provided proof of closing for its proposed application transaction with Triton Utilities, Inc. that satisfies Commission requirements under 16 TAC § 24.243(i).
9. The requirements for informal disposition in 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 has approved the transfers between Triton Texas Holdings and Triton Utilities of controlling interests in Horseshoe Bend and Lone Star as proposed in the application.
2. The Commission finds that the proposed application transaction between Triton Texas Holdings and Triton Utilities was completed as the Commission approved.
3. Water CCN No. 10263 and CCN No. 13279 will remain in the name of their current holders.
4. The Commission denies all other motions and any other requests for general or specific relief, not expressly granted.

**Signed at Austin, Texas the \_\_\_\_ day of February 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**CHRISTINA DENMARK**  
**ADMINISTRATIVE LAW JUDGE**