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Received - 2022-03-09 01:33:26 PM
Control Number - 52628
ItemNumber - 33

DOCKET NO. 52628

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

NOTICE OF APPROVAL

This Notice of Approval 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, for 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 Commission approves Triton Texas Holdings’ acquisition of controlling interests in Horseshoe Bend and Lone Star.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants and 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) application¹ 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

¹ *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 filing 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, 2020.²
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 and 23, 2021, Triton Texas Holdings and Kauffman Family Living Trust, dated April 9, 2015, Disciple Asset Holdings, LP, and Malakoff Family Holdings, LP, filed the original 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 first 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. Then, the interests would be transferred from the Kauffman Family Living Trust, dated

² *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).*

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 the 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.
12. In the application, as amended, Triton Texas Holdings is the sole applicant and 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 supplemented its application November 3, 2021.
14. In Order No. 3 filed on November 16, 2021, the administrative law judge (ALJ) found the application administratively complete.
15. Triton Texas Holdings further supplemented its application on November 22 and 29, 2021.

Notice

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

Evidentiary Record

18. On December 9, 2021, Triton Texas Holdings and Commission Staff filed a joint motion to admit evidence.
19. 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.

20. On February 25, 2022, Triton Texas Holdings and Commission Staff filed a joint supplemental motion to admit evidence.
21. In Order No. 10 filed on February 28, 2022, the ALJ admitted the following evidence into the record: (a) Triton Texas Holdings' proof of closing filed on January 5, 2022; (b) confidential filing - attachment A to proof of closing filed on January 5, 2022; and (c) Commission Staff's recommendation on sufficiency of closing documents filed on January 21, 2022.

Sale

22. In Order No. 7 filed on December 23, 2021, the ALJ approved the transaction to proceed and required Triton Texas Holdings to file proof that the transaction had been consummated.
23. On January 5, 2022, Triton Texas Holdings filed proof of closing.
24. In Order No. 8 filed on January 25, 2022, the ALJ found the closing documents sufficient.

Adequacy of Financial Capability

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

Adequacy of Managerial and Technical Capability

29. Horseshoe Bend and Lone Star personnel, including their licensed water operators, will continue to manage and operate the systems after the closing.
30. 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.
31. Triton Texas Holdings has demonstrated adequate managerial and technical capability for providing continuous and adequate service to the requested area.

Informal Disposition

32. More than 15 days have passed since the completion of notice provided in this docket.
33. No person filed a protest or motion to intervene.
34. No party requested a hearing and no hearing is necessary.
35. Triton Texas Holdings and Commission Staff are the only parties to this proceeding.
36. Commission Staff recommended approval of the application.
37. 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, Administrative Procedure Act,³ and Commission rules.
4. Notice complies with 16 TAC § 22.55.
5. Triton Texas Holdings completed the transaction within the time required by 16 TAC § 24.243.

³ Tex. Gov't Code §§ 2001.001–.903.

6. 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).
7. It is not necessary for Triton Texas Holdings to provide a bond or other financial assurance under TWC § 13.302(c).
8. Triton Texas Holdings has demonstrated that the application meets the requirements of TWC § 13.302 and 16 TAC § 24.243.
9. Triton Texas Holdings has provided proof of closing for its proposed application transaction with Triton Utilities that satisfies Commission requirements under 16 TAC § 24.243(i).
10. 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 approves Triton Texas Holdings' acquisition of controlling interests in Horseshoe Bend and Lone Star as set forth in this Notice of Approval.
2. Water CCN numbers 10263 and 13279 will remain in the name of their current holders.
3. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 9th day of March 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE