



Filing Receipt

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DOCKET NO. 54629

APPLICATION OF HEARTHSTONE	§	BEFORE THE PUBLIC UTILITY
WATER, INC., THE KAUFFMAN	§	
FAMILY LIVING TRUST, DATED	§	COMMISSION OF TEXAS
APRIL 9, 2015, DISCIPLE ASSET	§	
HOLDINGS, LP, MALAKOFF FAMILY	§	
HOLDINGS, LP, AND TRITON TEXAS	§	
HOLDINGS, LLC FOR APPROVAL OF	§	
CHANGES IN OWNERSHIP UNDER	§	
TEXAS WATER CODE § 13.302	§	

**APPLICATION FOR APPROVAL OF A CHANGE IN OWNERSHIP
UNDER TEXAS WATER CODE § 13.302**

Hearthstone Water, Inc., a Texas corporation (HWI), respectfully files this Application, together with and as authorized by The Kauffman Family Living Trust, Dated April 9, 2015, Disciple Asset Holdings, LP, and Malakoff Family Holdings, LP (Sellers) and Triton Texas Holdings LLC, a Texas limited liability company (TTH) (collectively, the Applicants), for Commission approval under Texas Water Code (TWC) § 13.302 and 16 Texas Administrative Code (TAC) § 24.243 for a change in ownership of the controlling interests in Horseshoe Bend Water Company LLC, a Texas limited liability company (Horseshoe Bend), and Lone Star Water Company, a Texas corporation (Lone Star, and together with Horseshoe Bend, the Texas Companies). Each of the Texas Companies are Texas water utilities. The Applicants seek approval to transfer and assign Sellers' interests in TTH to HWI immediately followed by a merger of TTH into its parent HWI. HWI would then be the surviving entity holding 100% of the issued and outstanding shares of stock in the Texas Companies. In support thereof, the Applicants show the following.

I. PROPOSED TRANSACTION AND REQUESTED ACTION¹

Sellers are the record and beneficial owners of all the issued and outstanding equity interests of TTH. TTH is the current owner of 100% of the issued and outstanding shares of the Texas Companies (the Interests).² Sellers, HWI, and TTH propose a transfer, assignment, and merger that will result in the transfer of TTH to HWI, immediately followed by a merger of TTH into HWI, with a resulting ownership of the Interests by HWI and TTH ceasing to exist (the “Transaction”). A draft copy of the underlying document that would affect the transfer and assignment of TTH to HWI if approved is being confidentially filed with the Commission as part of this Application (**Exhibit A**) along with a proposed Secretary of State Form 623 Certificate of Merger for TTH and HWI (**Exhibit B**). The Commission action requested herein is approval for the Transaction as described above and reflected in **Exhibits A and B**.

HWI is a Texas corporation formed in 2014 that was formerly initially known as Potable Products Incorporated and then Triton Utilities, Inc.³ Ullico Infrastructure Triton Holdco, LLC acquired Triton Utilities, Inc. on December 28, 2021 and, by internal restructuring, all interests of Ullico Infrastructure Triton Holdco, LLC are now interests of Hearthstone Holdings, Inc.⁴ Triton Utilities, Inc. changed its name to HWI in 2022.⁵ HWI owns 15 water and wastewater utilities in Arizona and Michigan. HWI is part of the Hearthstone family of companies that also owns six

¹ 16 TAC § 22.73(4)-(5).

² Triton Utilities, Inc., now known as HWI, previously owned the Texas Companies before the Interests were transferred to TTH as approved in Docket No. 52628. Application of Triton Texas Holdings LLC for Approval of Changes in Ownership Under Texas Water Code § 13.302, Docket No. 52628, Notice of Approval (Mar. 9, 2021).

³ **Exhibit E** – Certificate of Amendment changing name from Potable Products Incorporated to Triton Utilities, Inc.

⁴ Acquisition of Triton Utilities, Inc. was made by Equity Purchase Agreement by and among Triton Utilities, Inc., Triton Texas Holdings LLC, The Shareholders of Triton Utilities, Inc., Ullico Infrastructure Triton Holdco, LLC, and Paul D. Kauffman, dated October 21, 2021 included in **Exhibit C** attached hereto. Such Equity Purchase Agreement likewise facilitated the subsequent proposed (subject to Commission approval) transfer described herein of TTH to Ullico infrastructure Triton Holdco, LLC and, by assignment (reflected in **Exhibit A** attached hereto) to Triton Utilities, Inc. (now known as Hearthstone Water, Inc.) As shown in **Exhibit C**, by contribution, assignment, and assumption, all interests of Ullico Infrastructure Triton Holdco, LLC are now interests of Hearthstone Holdings, Inc.

⁵ **Exhibit F** – Certificate of Amendment changing name from Triton Utilities, Inc. to HWI.

natural gas local distribution companies serving over 200,000 residential, commercial, and industrial customers across Indiana, Maine, Montana, North Carolina, Ohio, and West Virginia. Hearthstone and HWI remain interested in growing both their water and natural gas utility businesses organically and through acquisitions of other utilities.

From the perspective of customers served by the Texas Companies, operations before and after TTH's transfer, assignment, and merger with HWI will be seamless. After the closing, the Texas Companies will continue to exist in their current form but with HWI as their owner in place of TTH and without involvement of the Sellers. There will be no change to the water service or rates for customers of the Texas Companies resulting from the proposed transaction. The Texas Companies will continue to own all their respective utility property, easements, and water rights/permits. The Texas Companies personnel, including their licensed water operators, will continue to manage and operate the Texas Companies systems both before and immediately after the closing.

The primary benefit of the Transaction to the Texas Companies and their customers is that the Texas Companies will be brought into the family of Hearthstone companies, which serves over 200,000 customers, has a large network of experienced staffing, and has greater access to capital than TTH or either of the Texas Companies standing alone. Thus, access to these resources will serve to enhance the Texas Companies' respective independently sound financial, managerial, and technical capabilities if the need arises and will be beneficial to the Texas Companies' utility customers.

Additionally, HWI submits the following information to assist the Commission Staff in considering the Application:

Exhibit A Draft Assignment and Assumption Agreement by and between The Kauffman Family Living Trust, dated April 9, 2015, Disciple Asset

Holdings, LP, Malakoff Family Holdings, LP and Hearthstone Water, Inc. (f/k/a Triton Utilities, Inc.).

Exhibit B Proposed Certificate of Merger between Triton Texas Holdings LLC and Hearthstone Water, Inc.

Exhibit C The following set of background documents: (1) Equity Purchase Agreement by and among Triton Utilities, Inc., Triton Texas Holdings LLC, The Shareholders of Triton Utilities, Inc., Ullico Infrastructure Triton Holdco, LLC, and Paul D. Kauffman, solely in his capacity as Seller Representative Dated as of October 21, 2021; (2) Assignment and Assumption Agreement by and among Ullico Infrastructure Triton Holdco, LLC, Triton Utilities, Inc., and Ullico Infrastructure Master Fund, L.P. dated March 10, 2022; and (3) Contribution, Assignment and Assumption Agreement by and among Ullico Infrastructure Master Fund, L.P., Ullico Hearthstone Holdco, LLC, and Hearthstone Holdings, Inc. dated March 10, 2022

Exhibit D Affidavit of Bryan Thomas, President of Hearthstone Water, Inc.

Exhibit 1 – Hearthstone Water, Inc.’s Balance Sheet as of November 30, 2022

Exhibit 2 – Debt Service Coverage Analysis

Exhibit 3 – Supporting financial documents

Exhibit E Certificate of Amendment changing name from Potable Products Incorporated to Triton Utilities, Inc.

Exhibit F Certificate of Amendment changing name from Triton Utilities, Inc. to HWI

Exhibit G 2020 and 2021 Annual Reports for Horseshoe Bend and Lone Star

Exhibit H Proof of Payment of 2020 – 2022 Regulatory Assessment Fees for Horseshoe Bend and Lone Star

Exhibit I Statement of Confidentiality

Exhibit J Proposed Protective Order

II. JURISDICTION AND APPLICABLE LAW⁶

The Commission has jurisdiction to consider this application under TWC § 13.302. The Commission’s rule adopted for TWC § 13.302 implementation is 16 TAC § 24.243.

⁶ 16 TAC § 22.73(1).

TWC § 13.302 provides, “A utility may not purchase voting stock in another utility doing business in this state and a person may not acquire a controlling interest in a utility doing business in this state unless the person or utility files a written application with the utility commission not later than the 61st day before the date on which the transaction is to occur.”⁷ TWC § 13.302 and 16 TAC § 24.243 set forth criteria for the Commission to consider for transactions subject to same, but do not specify precisely what a TWC § 13.302 applicant should provide to the Commission for review.⁸ There are no specific Commission forms or notice requirements for TWC § 13.302 applications other than this report to the Commission. However, this Application presents information relevant to considerations set forth in TWC § 13.302, 16 TAC § 24.243, and the general application information provisions of 16 TAC § 22.73.

If the Commission has questions based on the criteria listed in TWC § 13.301(e) or 16 TAC § 24.239(h) (per TWC § 13.302(d) and 16 TAC § 24.243(d)),⁹ Applicants are committed to working with the Commission to address those concerns. Those criteria generally speak to public interest considerations and may be considered here even though most are more appropriate for changes in CCN possession or ownership of utility system facilities, neither of which would occur here if the Commission approves the Transaction. Applicants submit that the Transaction is in the public interest for reasons expressed in this Application. Thus, Applicants respectfully request the Commission deem this Application and its attachments an administratively complete filing sufficient for Commission consideration under TWC § 13.302 and 16 TAC § 24.243 and ultimately authorize the Transaction described herein. HWI and TTH are prepared to provide additional information to the Commission for review upon request.

⁷ TWC § 13.302(a); *see also* 16 TAC § 24.243(a).

⁸ TWC § 13.302(b); *see also* 16 TAC § 24.243(b).

⁹ Based on the reference in TWC § 13.302(d) to TWC § 13.301(e), Applicants believe 16 TAC § 24.243(d) is intended to refer to 16 TAC § 24.239(h), not (k) as currently reflected in the Commission’s rules.

III. AFFECTED PARTIES, CUSTOMER CLASSES, AND TERRITORIES¹⁰

The known parties, customer classes, or territories that would be affected by the proposed transaction if the relief requested in this Application is granted include HWI, TTH, and Sellers who are parties to the proposed Transaction. Neither of the Texas Companies nor the water utility services they currently provide to their customers within their existing water CCN service territories will change if the requested relief is granted.

HWI was previously described. TTH is a Texas limited liability company created to own the two Texas Companies. Lone Star Water Company is a Texas utility company that owns three public water systems in Denton County, Texas: Longhorn Meadows Addition (PWS ID No. 0610217); Double Rock Estates (PWS ID No. 0610179); and Meadow Ranch Water System (PWS ID No. 0610223). Horseshoe Bend Water Company LLC is a Texas utility company that owns and operates the Horseshoe Bend Water System (PWS ID No. 1840002) in Parker County, Texas.¹¹ Sellers are trusts that are the record and beneficial owners of all the issued and outstanding equity interests of TTH.

Attached for the Commission's review as **Exhibit D** is an affidavit from Bryan Thomas, President of Hearthstone Water, Inc., that verifies that the statements and matters set forth in all the documents filed with this application are generally true and correct. That affidavit also contains and attests to the accuracy of a balance sheet for HWI, the entity that will own the Interests following the Transaction proposed herein, a debt service coverage analysis for the Texas Companies, and other supporting financial documents.¹² HWI's balance sheet shows that HWI

¹⁰ See 16 TAC § 22.73(2)-(3).

¹¹ A final notice of approval for the Horseshoe Bend Water System acquisition was recently issued. *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, Notice of Approval (Nov. 29, 2022).

¹² **Exhibit D** at **Exhibits 1, 2, and 3**.

has a significant cash balance and that the debt service coverage ratios for the Texas Companies exceed that required by the Commission's "leverage test."¹³ Further, neither of the Texas Companies is anticipated to have short-term cash shortages in the near term.¹⁴ Thus, there is good cause to only apply the "leverage test" in this matter as that will be the case whether the Interests are owned by HWI or TTH.¹⁵

IV. SERVICE CONTACT INFORMATION¹⁶

Please serve all notices and communications related to this Application upon:

Geoffrey P. Kirshbaum
TERRILL & WALDROP
810 W. 10th Street
Austin, Texas 78701
(512) 474-9100
(512) 474-9888 (fax)
gkirshbaum@terrillwaldrop.com

V. MOTION FOR PROTECTIVE ORDER

Applicants are filing confidential information in this docket and recognize a potential need to file additional confidential information. Therefore, Applicants move for adoption of the Protective Order included as **Exhibit J**. The Protective Order accords with the Commission's standard protective order.

VI. CONCLUSION

Based on the foregoing, HWI, Sellers, and TTH respectfully request the Commission adopt the requested Protective Order for use in this docket and approve the Transaction described herein that would result in TTH ceasing to exist and the Interests being owned by HWI going forward.

¹³ **Exhibit D** at **Exhibits 1** and **2**; 16 TAC § 24.11(e)(2)(A).

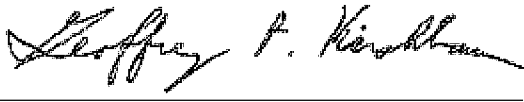
¹⁴ See 16 TAC § 24.11(e)(3).

¹⁵ See 16 TAC § 24.11(e)(2).

¹⁶ See 16 TAC § 22.73(8).

Respectfully submitted,

TERRILL & WALDROP


By: 

Geoffrey P. Kirshbaum
State Bar No. 24029665
810 West 10th Street
Austin, Texas 78701
Tel: (512) 474-9100
Fax: (512) 474-9888
gkirshbaum@terriwwaldrop.com

ATTORNEYS FOR HEARTHSTONE WATER, INC.

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on February 6, 2023, in accordance with the Orders Suspending Rules issued in Project No. 50664.



Geoffrey P. Kirshbaum

Exhibit A has been filed confidentially in
this docket.

The file number, if any, is: _____
State Country Texas Secretary of State file number
If not a domestic entity, its registered or principal office address in its jurisdiction of formation is:

Street Address City State Country
The number of outstanding ownership interests of each class or series and the number and percentage of ownership interests of each class or series owned by the parent organization are as follows:
Number of ownership interests outstanding Class Series Number owned by parent Percentage Owned

☐ The organization will survive the merger. ☐ The organization will not survive the merger.

Subsidiary 3

Name of Organization
The organization is a: _____ It is organized under the laws of: _____
Specify organizational form (e.g., for-profit corporation)
The file number, if any, is: _____
State Country Texas Secretary of State file number
If not a domestic entity, its registered or principal office address in its jurisdiction of formation is:

Street Address City State Country
The number of outstanding ownership interests of each class or series and the number and percentage of ownership interests of each class or series owned by the parent organization are as follows:
Number of ownership interests outstanding Class Series Number owned by parent Percentage Owned

☐ The organization will survive the merger. ☐ The organization will not survive the merger.

Resolution of Merger

☒ A copy of the resolution of merger is attached.

The attached resolution was adopted and approved by the governing authority of the parent organization as required by the laws of its jurisdiction of formation and by its governing documents.

The resolution was adopted by the parent organization on _____
mm/dd/yyyy

Organizations Created by Merger

The name, jurisdiction of organization, principal place of business address, and entity description of each entity or other organization to be created pursuant to the resolution of merger are set forth below. The certificate of formation of each new domestic filing entity to be created is being filed with this certificate of merger.

Name of New Organization 1 Jurisdiction Entity Type (See instructions)

Principal Place of Business Address City State Zip Code

Name of New Organization 2	Jurisdiction	Entity Type (See instructions)
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Principal Place of Business Address	City	State	Zip Code
-------------------------------------	------	-------	----------

Name of New Organization 3	Jurisdiction	Entity Type (See instructions)
----------------------------	--------------	--------------------------------

Principal Place of Business Address	City	State	Zip
-------------------------------------	------	-------	-----

Effectiveness of Filing (Select either A, B, or C.)

A. ☒ This document becomes effective when the document is accepted and filed by the secretary of state.

B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____

C. ☐ This document takes effect on the occurrence of the future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Text Area

Tax Certificate

☐ Attached hereto is a certificate from the comptroller of public accounts that all taxes under title 2, Tax Code, have been paid by the non-surviving filing entity.

☒ In lieu of providing the tax certificate, one or more of the surviving, acquiring or newly created organizations will be liable for the payment of the required franchise taxes.

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument. The undersigned certifies that the statements contained herein are true and correct, and that the person signing is authorized under the provisions of the Business Organizations Code, or other law applicable to and governing the parent organization, to execute the filing instrument.

Date: _____

Hearthstone Water, Inc.

Parent Organization Name

Signature of authorized person (see instructions)

Printed or typed name of authorized person

Exhibits C-1, C-2, and C-3 have been filed
confidentially in this docket.

AFFIDAVIT OF BRYAN THOMAS

THE STATE OF ARIZONA §
 §
 COUNTY OF MARICOPA §

BEFORE ME, the undersigned official on this day personally appeared Bryan Thomas, who is personally known to me and first being duly sworn according to law, upon his oath deposed and said:

My name is Bryan Thomas. I am over the age of 18 years and reside in Maricopa County, Arizona. I am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.

I am the President of Hearthstone Water, Inc. an Applicant in the above styled and numbered case. I am authorized to make this affidavit on behalf of Hearthstone Water, Inc.


In support of the application for Commission approval under Texas Water Code (TWC) § 13.302 and 16 Texas Administrative Code (TAC) § 24.243 by Hearthstone Water, Inc., together with and as authorized by The Kauffman Family Living Trust, Dated April 9, 2015, Disciple Asset Holdings, LP, and Malakoff Family Holdings, LP and Triton Texas Holdings LLC, for changes in ownership of Horseshoe Bend Water Company LLC and Lone Star Water Company, please find attached as **Exhibit 1** (filed confidentially) Hearthstone Water, Inc.'s Balance Sheet as of November 30, 2022. Please also find attached as **Exhibit 2** (filed confidentially) a debt service coverage analysis for Horseshoe Bend Water Company LLC and Lone Star Water Company. Finally, please find attached as **Exhibit 3** other supporting financial documents for Hearthstone Water, Inc.

I do hereby attest to the accuracy of the attached Balance Sheet for Hearthstone Water, Inc. and the debt service coverage analysis for Horseshoe Bend Water Company LLC and Lone Star

Water Company. The Balance Sheet demonstrates that Hearthstone Water, Inc. has a significant cash balance. The debt service coverage analysis demonstrates that the debt service coverage ratio for Horseshoe Bend Water Company LLC and Lone Star Water Company exceed that required by the Commission's "leverage test."¹

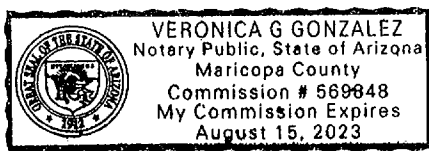
I also attest that I am personally familiar with the documents filed with the application and that all statements and matters set forth therein are true and correct.

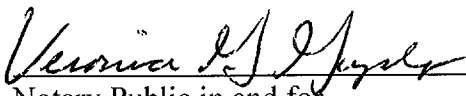
Further Affiant sayeth not.



Bryan Thomas

SUBSCRIBED AND SWORN TO BEFORE ME on this the 1st day of February, 2023, to which witness my hand and official seal.





Notary Public in and for
The State of Arizona

¹ 16 TAC § 24.11(e)(2)(A).

Exhibits 1 through 3 of the Affidavit of
Bryan Thomas have been filed
confidentially in this docket.

Form 424

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709

Filing Fee: See instructions

**Certificate
of Amendment**

**Filed in the Office of the
Secretary of State of Texas
Filing #: 802074645 05/08/2020
Document #: 969161560003
Image Generated Electronically
for Web Filing**

Entity Information

The filing entity is a: **Domestic For-Profit Corporation**

The name of the filing entity is: **Potable Products Incorporated**

The file number issued to the filing entity by the secretary of state is: **802074645**

Amendment to Name

The amendment changes the formation document of the filing entity to change the article or provision that names the entity. The article or provision is amended to read as follows:

The name of the filing entity is:

Triton Utilities, Inc.

A letter of consent, if applicable, is attached.

Statement of Approval

The amendment has been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

Effectiveness of Filing

☒ A. This document becomes effective when the document is filed by the secretary of state.

☐ B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is:

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and declares under penalty of perjury that the undersigned is authorized under the Texas Business Organizations Code to execute the filing instrument.

Date: **May 8, 2020**

Paul D. Kauffman

Signature of authorized person

EXHIBIT**E**

FILING OFFICE COPY

Form 424

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709

Filing Fee: See instructions

**Certificate
of Amendment**

Filed in the Office of the
Secretary of State of Texas
Filing #: 802074645 05/26/2022
Document #: 1151709300004
Image Generated Electronically
for Web Filing

Entity Information

The filing entity is a: **Domestic For-Profit Corporation**

The name of the filing entity is: **Triton Utilities, Inc.**

The file number issued to the filing entity by the secretary of state is: **802074645**

Amendment to Name

The amendment changes the formation document of the filing entity to change the article or provision that names the entity. The article or provision is amended to read as follows:

The name of the filing entity is:

Hearthstone Water, Inc.

A letter of consent, if applicable, is attached.

Statement of Approval

The amendment has been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

Effectiveness of Filing

☒ A. This document becomes effective when the document is filed by the secretary of state.

☐ B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is:

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and declares under penalty of perjury that the undersigned is authorized under the Texas Business Organizations Code to execute the filing instrument.

Date: **May 26, 2022**

Paul D. Kauffman

Signature of authorized person

EXHIBIT**F**

FILING OFFICE COPY



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS C ANNUAL FINANCIAL REPORT

OF

Horseshoe Bend Water Company LLC

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

3 Months Ending December 31, 2020

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission: 5/14/2021

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Schedule I

Annual Report for Class C Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name: Horseshoe Bend Water Company LLC

List all assumed names or dba names:

B. Street Address, City or Town & Zip code: 5910 N Central Expy, Ste 1580
Dallas, TX 75206

County: Parker CCN #s: 10263

C. List All PWS System names and numbers:
Horseshoe Bend Water System PWS 1840002

D. List All WQ Permitted system names and numbers: N/A
(attach a separate list if necessary)

E. Type of Ownership:
Corporation: Partnership: Individual: Other: LLC

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).
Triton Utilities, Inc. - 1120

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.
Triton Utilities, Inc.

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.
Acquisition Date 10/02/2020
Castle Water Inc, PO Box 613, Mansfield, TX 76063

I. Date the utility was formed or incorporated: 4/9/1991

J. Is the utility commonly owned or controlled by another corporation? Yes
If yes, by whom?
Triton Utilities, Inc.

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.
- Lone Star Water Company CCN # 13279
Double Rock Estates PWS 0610179
Longhorn Meadows PWS 0610217
Meadow Ranch PWS 0610223

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:
N/A

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:

Paul Kauffman, President

- B. Street Address, city, zip code

6808 N Dysart Rd, Ste 112
Glendale, AZ 85307

- C. Telephone Number with Area Code:

623-233-1612

Cell Phone Number with Area Code:

Fax Number with Area Code:

623-935-7321

Email address:

pkuffman@tritonutilities.com

- D. If not an officer, owner or employee, give name of firm employed by:

N/A

BALANCE SHEET

(Except for blue cells, the values in this table will populate)
(Attach additional pages as necessary)

	End of Year mm/dd/yyyy	End of Prior Year mm/dd/yyyy
ASSETS		
UTILITY PLANT		
Utility Plant in Service	\$1,940,098	\$0
Property held for Future Use	0	0
Construction Work In Progress	0	0
Net Utility Plant Acquisition Adjustment	0	0
TOTAL UTILITY PLANT	1,940,098	0
Less: Accumulated Depreciation	1,614,453	0
Less: Accumulated Amortization	354	0
NET UTILITY PLANT	\$325,291	\$0
CURRENT ASSETS		
Cash	\$46,777	\$0
Accounts Receivable	42,144	0
Notes Receivable	0	0
Accounts Receivable-Affiliates/Common Ownership	0	0
Plant Materials and Supplies	0	0
Prepayments	0	0
Other Current Assets	4,371	0
TOTAL CURRENT ASSETS	\$93,292	\$0
OTHER ASSETS and DEFERRED CHARGES		
Deferred Debt Expense	\$0	\$0
Deferred Charges/Debits	97,660	0
Accum. Deferred Income Taxes	398	0
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$98,058	\$0
TOTAL ASSETS	\$516,641	\$0
LIABILITIES & EQUITY		
STOCKHOLDERS' EQUITY		
Common Stock	\$0	\$0
Other paid in capital	191,000	0
Retained Earnings	17,943	0
TOTAL STOCKHOLDERS' EQUITY	\$208,943	\$0
LONG-TERM DEBT		
Long-term debt, excluding current portion	\$236,743	\$0
CURRENT LIABILITIES		
Current Portion of Long-term Debt	\$5,108	\$0
Accounts Payable	31,583	0
Notes Payable	0	0
Payables to Affiliates/Common Ownership	0	0
Accrued Taxes	13,482	0
Accrued Interest	0	0
Other Current Liabilities	20,782	0
TOTAL CURRENT LIABILITIES	\$70,955	\$0
OTHER LIABILITIES and DEFERRED CREDITS		
Advances for Construction	\$0	\$0
Other Deferred Credits	0	0
Deferred Investment Tax Credits	0	0
Net Contributions in Aid of Construction	0	0
Accumulated Deferred Inc. Taxes	0	0
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$0	\$0
TOTAL LIABILITIES	\$307,698	\$0
TOTAL LIABILITIES & EQUITY	\$516,641	\$0

STATEMENT OF REVENUE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

(Actual Revenues for the report year)				
Water CUSTOMER CLASS	Prior Year Reported yyyy (a)	Current Reporting Year yyyy (b)	Earnings Report adjustments (c)	Adjusted (d)
Metered Sales:				
5/8"	\$0	\$83,314	\$0	\$83,314
3/4"	0	0	0	0
1"	0	0	0	0
1 1/2"	0	0	0	0
2"	0	0	0	0
List all additional meter sizes:	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$0	\$83,314	\$0	\$83,314
Unmetered Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
List and explain if any rates are set on a basis other than meter size.	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$0	\$0	\$0	\$0
Late fees - Water	\$0	\$0	\$0	\$0
Other Revenue	0	1,950	0	1,950
TOTAL WATER REVENUE	\$0	\$85,264	\$0	\$85,264
To Statement of Income				
Sewer CUSTOMER CLASS	Prior Year Reported yyyy (A)	Current Reporting Year yyyy (B)	Earnings Report adjustments (C)	Adjusted (D=B+C)
Metered (measured) Sales (if any):				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-METERED SALES	\$0	\$0	\$0	\$0
Unmetered (flat rate) Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-UNMETERED SALES	\$0	\$0	\$0	\$0
Late fees - Sewer	\$0	\$0	\$0	\$0
Other Revenue	0	0	0	0
TOTAL SEWER REVENUE	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$0	\$85,264	\$0	\$85,264
To Statement of Income				

STATEMENT OF INCOME

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Water Test Year yyyy (a)	Sewer Test Year yyyy (b)	Total - Water and Sewer (c)	Earnings Report adjustments (d)	Adjusted for Earnings Report (e)
1 Total Revenue: 1	\$85,264	\$0	\$85,264	\$0	\$85,264
<u>Operating Expenses:</u>					
2 O & M Salaried Labor	\$0	\$0	\$0	\$0	\$0
3 Employee Benefits	0	0	0	0	0
4 O & M Contract labor	0	0	0	0	0
5 Operating/Maint Supplies	14,566	0	14,566	0	14,566
6 Purchased Water	0	0	0	0	0
7 Purchased Power	1,050	0	1,050	0	1,050
8 Testing Expense	0	0	0	0	0
9 Chemicals	763	0	763	0	763
10 Insurance	908	0	908	0	908
11 General Office Salaries	0	0	0	0	0
12 Transportation	0	0	0	0	0
13 General Office Expenses	1,660	0	1,660	0	1,660
14 Contract Acctg, legal, Mgnt	30,863	0	30,863	0	30,863
15 Amortization- Rate Case Expense	0	0	0	0	0
16 Depreciation Expense	10,255	0	10,255	0	10,255
17 Other Misc. Expenses	831	0	831	0	831
<u>Taxes:</u>					
18 Federal Income Taxes	4,850	0	4,850	0	4,850
19 State Franchise Taxes	305	0	305	0	305
20 All Other Taxes	2,133	0	2,133	0	2,133
21 Total Expenses	\$68,184	\$0	\$68,184	\$0	\$68,184
22 Net Operating Income	\$17,080	\$0	\$17,080	\$0	\$17,080
23 Non-Operating Income	863	0	863	0	863
24 Non-Operating Deductions:					
25 Other	0	0	0	0	0
26 Interest	0	0	0	0	0
27 Net Income	\$17,943	\$0	\$17,943	\$0	\$17,943

1. Carried over from Statements of Revenues

WATER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 SOURCE OF SUPPLY AND PUMPING PLANT	0	261,798	0	0	261,798	261,798
101.3 WATER TREATMENT EQUIPMENT	0	926	0	0	926	926
101.4 TRANSMISSION AND DISTRIBUTION PLANT	0	1,641,586	0	0	1,641,586	1,641,586
101.5 GENERAL PLANT	0	35,788	0	0	35,788	35,788
TOTAL	\$0	\$1,940,098	\$0	\$0	\$1,940,098	\$1,940,098

Explanation of adjustments in Column (e):

SEWER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 COLLECTION SYSTEM	0	0	0	0	0	0
101.4 TREATMENT and DISPOSAL FACILITIES	0	0	0	0	0	0
101.6 RECLAIMED WATER DISTRIBUTION PLANT	0	0	0	0	0	0
101.7 GENERAL PLANT	0	0	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

Explanation of adjustments in Column (e):

CAPITAL STRUCTURE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Per Books	Adjustments for Earnings Report	Adjusted	Ratio
232.00 Short-Term Debt	\$5,108	\$0	\$5,108	1%
224.0 Long-Term Debt	236,743	0	236,743	53%
Common Equity:				
201.0 Common Stock	0	0	0	0%
218.0 Proprietary Capital	0	0	0	0%
211.0 Misc. Paid-in-Capital	191,000	0	191,000	0%
215.0 Retained Earnings	17,943	0	17,943	0%
216.0 Reacquired Stock	0	0	0	0%
Total Equity	\$208,943	\$0	\$208,943	46%
Total Capital	\$450,794	\$0	\$450,794	100%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense	
232.0 Short Term Debt:				
CoBank	\$5,108	3.65%	\$0	\$186
(Lender name B)	0	0%	0	0
(Lender name C)	0	0%	0	0
Total Short-Term Debt	\$5,108	3.65%	\$0	\$186
224.0 Long-Term Debt:				
CoBank	\$236,743	3.65%	\$0	\$8,641
(Lender name E)	0	0%	0	0
(Lender name F)	0	0%	0	0
Total Long-Term Debt	\$236,743	3.65%	\$0	\$8,641

Schedule VIb RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c)=(a) + (b)	Reference (schedule)
1 Additions:				
2 Utility plant	\$1,940,098	\$0	\$1,940,098	Va & Vb
3 Materials and supplies	0	0	0	II
4 Working cash (capital) (attach schedule)	0	0	0	
5 Prepayments	0	0	0	II
6 Other (attach schedule or itemize)	0	0	0	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	\$1,940,098	\$0	\$1,940,098	
8 Deductions:				
9 Reserve for depreciation (Accumulated)	1,614,807	0	1,614,807	II
10 Advances for construction	0	0	0	II
11 Contributions in aid of construction	0	0	0	II
12 Accumulated deferred income taxes	(398)	0	(398)	II
13 Accumulated deferred investment tax credits	0	0	0	II
14 Other (attach schedule or itemize)	0	0	0	II
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	\$1,614,409	\$0	\$1,614,409	
16 RATE BASE (Line 7, less Line 15)	\$325,689	\$0	\$325,689	

EARNINGS CALCULATION

17 Return (Note 1)	\$17,080
18 Rate of Return (Line 17/Line 16)	5.24%
19 <u>Earned</u> Return on Ending Equity (Notes 2, 3)	7.05%

Note 1: Schedule IV, *Statement of Income*, Line 22 plus Line 26.

Note 2: Based on reported capital structure in *Schedule IV, Capital Structure_Earnings*.

Note 3: Line 19 (above) will automatically calculate correctly only after *Schedule IV, Statements of Income*, *Schedule 7, Rate of Return*, and the above portions of this schedule (tab) have been completed.

*If the company currently has an authorized return on equity (ROE), enter that ROE in Column (c) and provide the docket number in which that ROE was granted here ==>>

RATE OF RETURN

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c)=(a) x (b)
Long-Term Debt	\$236,743	53.12%	3.65%	1.94%
Common Equity*	\$208,943	46.88%	10.00%	4.69%
Total	\$445,686	100.00%		6.63%

*Company's most recent PUC-authorized rate of return on equity (ROE):

N/A

Docket number in which PUC authorized the ROE:

XXXXXX

If company has no authorized ROE, provide estimate of required ROE:

10.00%

CONNECTION COUNT

(Except for blue cells, the values in this table will populate)

METERED CUSTOMERS BY METER SIZE

(Attach additional pages as necessary)

		Number of Customers				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line	Meter	End of	Additions	End of	Meter	Meter
No.	Size	Prior Year	or change	Report Year	Ratios	Equivalencies
Water				(c + d)		(e x f)
	Metered					
1	5/8"	510	0	510	1	510
2	3/4"	0	0	0	1.5	0
3	1"	0	0	0	2.5	0
4	1 1/2"	0	0	0	5	0
5	2"	0	0	0	8	0
6		0	0	0		0
7		0	0	0		0
8		0	0	0		0
9	Unmetered	0	0	0		0
10	Total Water	510	0	510		510
	Sewer					
11		0	0	0	1	0
12		0	0	0	1	0
13		0	0	0	1	0
14		0	0	0	1	0
15	Total Sewer	0	0	0		0

Attach a schedule if any customers are charged on any basis other than meter size.

VOLUMETRIC INFORMATION

(Except for blue cells, the values in this table will populate)

	(Report in 1,000 gallons)	Report Year
1	Water Pumped	6,871
2	Purchased Water	0
3	Total Water Produced (1 + 2)	6,871
4	Total Water Sold	6,240
5	Water Lost (3 - 4)	631
6	Water Line Lost (percentage)	9.18%

AFFILIATED TRANSACTIONS

(Except for blue cells, the values in this table will populate)

Charges by an Affiliate to the Reporting Utility

Name of Affiliated company: See Below

(Attach additional pages as necessary)

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
	Triton Utilities, Inc.:	\$0	\$0	\$0
634	Management	\$900,000	\$75,000	\$15,000
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

Charges by an Reporting Utility to Affiliates

Name of Affiliated company: N/A

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of annual revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?
N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SIGNATURE PAGE--PUC CLASS C ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 3 Months Ending December 31, 2020 .

05/14/2021

Date



Signature

President

Title



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS C ANNUAL FINANCIAL REPORT

OF

Horseshoe Bend Water Company LLC

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2021

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission:

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Schedule I

Annual Report for Class C Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name: Horseshoe Bend Water Company LLC

List all assumed names or dba names:

B. Street Address, City or Town & Zip code: 5910 N Central Expy, Ste 1580
Dallas, TX 75206

County: Parker CCN #s: 10263

C. List All PWS System names and numbers:
Horseshoe Bend Water System PWS 1840002

D. List All WQ Permitted system names and numbers: N/A
(attach a separate list if necessary)

E. Type of Ownership:
Corporation: Partnership: Individual: Other: LLC

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).
Triton Utilities, Inc. - 1120 (01/01/2021 - 12/26/2021)
Triton Texas Holdings, LLC - 1065 (12/27/2021 - 12/31/2021)

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.
Triton Texas Holdings, LLC

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.
Acquisition Date 12/27/2021
Triton Utilities, Inc., 5910 N Central Expy, Ste 1580, Dallas, TX 75206

I. Date the utility was formed or incorporated: 4/9/1991

J. Is the utility commonly owned or controlled by another corporation? Yes
If yes, by whom?
Triton Texas Holdings, LLC

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.

Lone Star Water Company CCN # 13279

Double Rock Estates PWS 0610179

Longhorn Meadows PWS 0610217

Meadow Ranch PWS 0610223

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:

Double Rock Estates PWS 0610179

Longhorn Meadows PWS 0610217

Meadow Ranch PWS 0610223

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:

Paul Kauffman, President

- B. Street Address, city, zip code

6808 N Dysart Rd, Ste 112

Glendale, AZ 85307

- C. Telephone Number with Area Code:

623-233-1612

Cell Phone Number with Area Code:

Fax Number with Area Code:

623-935-7321

Email address:

pkuffman@tritonutilities.com

- D. If not an officer, owner or employee, give name of firm employed by:

N/A

BALANCE SHEET

(Except for blue cells, the values in this table will populate)
(Attach additional pages as necessary)

	End of Year 12/31/2021	End of Prior Year 12/31/2020
ASSETS		
UTILITY PLANT		
Utility Plant in Service	\$2,107,165	\$1,940,098
Property held for Future Use	0	0
Construction Work In Progress	0	0
Net Utility Plant Acquisition Adjustment	0	0
TOTAL UTILITY PLANT	2,107,165	1,940,098
Less: Accumulated Depreciation	1,645,295	1,614,453
Less: Accumulated Amortization	1,770	354
NET UTILITY PLANT	\$460,100	\$325,291
CURRENT ASSETS		
Cash	\$70,298	\$46,777
Accounts Receivable	33,056	42,144
Notes Receivable	0	0
Accounts Receivable-Affiliates/Common Ownership	0	0
Plant Materials and Supplies	0	0
Prepayments	0	0
Other Current Assets	1,615	4,371
TOTAL CURRENT ASSETS	\$104,969	\$93,292
OTHER ASSETS and DEFERRED CHARGES		
Deferred Debt Expense	\$0	\$0
Deferred Charges/Debits	88,619	97,660
Accum. Deferred Income Taxes	961	398
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$89,580	\$98,058
TOTAL ASSETS	\$654,649	\$516,641
LIABILITIES & EQUITY		
STOCKHOLDERS' EQUITY		
Common Stock	\$0	\$0
Other paid in capital	191,000	191,000
Retained Earnings	94,206	17,943
TOTAL STOCKHOLDERS' EQUITY	\$285,206	\$208,943
LONG-TERM DEBT		
Long-term debt, excluding current portion	\$291,602	\$236,743
CURRENT LIABILITIES		
Current Portion of Long-term Debt	\$16,793	\$5,108
Accounts Payable	23,503	31,583
Notes Payable	0	0
Payables to Affiliates/Common Ownership	0	0
Accrued Taxes	13,262	13,482
Accrued Interest	0	0
Other Current Liabilities	24,283	20,782
TOTAL CURRENT LIABILITIES	\$77,841	\$70,955
OTHER LIABILITIES and DEFERRED CREDITS		
Advances for Construction	\$0	\$0
Other Deferred Credits	0	0
Deferred Investment Tax Credits	0	0
Net Contributions in Aid of Construction	0	0
Accumulated Deferred Inc. Taxes	0	0
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$0	\$0
TOTAL LIABILITIES	\$369,443	\$307,698
TOTAL LIABILITIES & EQUITY	\$654,649	\$516,641

STATEMENT OF REVENUE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

(Actual Revenues for the report year)

Water CUSTOMER CLASS	Prior Year Reported 3 Months Ended 12/31/2020 (a)	Current Reporting Year 2021 (b)	Earnings Report adjustments (c)	Adjusted (d)
Metered Sales:				
5/8"	\$83,314	\$356,310	\$0	\$356,310
3/4"	0	0	0	0
1"	0	0	0	0
1 1/2"	0	0	0	0
2"	0	0	0	0
List all additional meter sizes:	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$83,314	\$356,310	\$0	\$356,310
Unmetered Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
List and explain if any rates are set on a basis other than meter size.	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$0	\$0	\$0	\$0
Late fees - Water	\$0	\$8,542	\$0	\$8,542
Other Revenue	1,950	3,042	0	3,042
TOTAL WATER REVENUE	\$85,264	\$367,894	\$0	\$367,894
To Statement of Income				
Sewer CUSTOMER CLASS	Prior Year Reported 2020 (A)	Current Reporting Year 2021 (B)	Earnings Report adjustments (C)	Adjusted (D=B+C)
Metered (measured) Sales (if any):				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-METERED SALES	\$0	\$0	\$0	\$0
Unmetered (flat rate) Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-UNMETERED SALES	\$0	\$0	\$0	\$0
Late fees - Sewer	\$0	\$0	\$0	\$0
Other Revenue	0	0	0	0
TOTAL SEWER REVENUE	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$85,264	\$367,894	\$0	\$367,894
To Statement of Income				

STATEMENT OF INCOME

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Water Test Year 2021 (a)	Sewer Test Year 2021 (b)	Total - Water and Sewer (c)	Earnings Report adjustments (d)	Adjusted for Earnings Report (e)
1 Total Revenue: 1	\$367,894	\$0	\$367,894	\$0	\$367,894
<u>Operating Expenses:</u>					
2 O & M Salaried Labor	\$0	\$0	\$0	\$0	\$0
3 Employee Benefits	0	0	0	0	0
4 O & M Contract labor	0	0	0	0	0
5 Operating/Maint Supplies	19,502	0	19,502	0	19,502
6 Purchased Water	0	0	0	0	0
7 Purchased Power	8,981	0	8,981	0	8,981
8 Testing Expense	2,940	0	2,940	0	2,940
9 Chemicals	1,627	0	1,627	0	1,627
10 Insurance	1,644	0	1,644	0	1,644
11 General Office Salaries	0	0	0	0	0
12 Transportation	0	0	0	0	0
13 General Office Expenses	8,862	0	8,862	0	8,862
14 Contract Acctg, legal, Mgnt	141,350	0	141,350	0	141,350
15 Amortization- Rate Case Expense	0	0	0	0	0
16 Depreciation Expense	46,090	0	46,090	0	46,090
17 Other Misc. Expenses	22,703	0	22,703	0	22,703
<u>Taxes:</u>					
18 Federal Income Taxes	20,449	0	20,449	0	20,449
19 State Franchise Taxes	0	0	0	0	0
20 All Other Taxes	8,000	0	8,000	0	8,000
21 Total Expenses	\$282,148	\$0	\$282,148	\$0	\$282,148
22 Net Operating Income	\$85,746	\$0	\$85,746	\$0	\$85,746
23 Non-Operating Income	150	0	150	0	150
24 Non-Operating Deductions:					
25 Other	0	0	0	0	0
26 Interest	9,633	0	9,633	0	9,633
27 Net Income	\$76,263	\$0	\$76,263	\$0	\$76,263

1. Carried over from Statements of Revenues

WATER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 SOURCE OF SUPPLY AND PUMPING PLANT	283,424	23,809	0	0	23,809	307,233
101.3 WATER TREATMENT EQUIPMENT	926	1,365	0	0	1,365	2,291
101.4 TRANSMISSION AND DISTRIBUTION PLANT	1,641,586	136,903	3,918	0	132,985	1,774,571
101.5 GENERAL PLANT	14,162	8,908	0	0	8,908	23,070
TOTAL	\$1,940,098	\$170,985	\$3,918	\$0	\$167,067	\$2,107,165

Explanation of adjustments in Column (e):

SEWER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 COLLECTION SYSTEM	0	0	0	0	0	0
101.4 TREATMENT and DISPOSAL FACILITIES	0	0	0	0	0	0
101.6 RECLAIMED WATER DISTRIBUTION PLANT	0	0	0	0	0	0
101.7 GENERAL PLANT	0	0	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

Explanation of adjustments in Column (e):

CAPITAL STRUCTURE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Per Books	Adjustments for Earnings Report	Adjusted	Ratio
232.00 Short-Term Debt	\$16,793	\$0	\$16,793	3%
224.0 Long-Term Debt	291,602	0	291,602	49%
Common Equity:				
201.0 Common Stock	0	0	0	0%
218.0 Proprietary Capital	0	0	0	0%
211.0 Misc. Paid-in-Capital	191,000	0	191,000	0%
215.0 Retained Earnings	94,206	0	94,206	0%
216.0 Reacquired Stock	0	0	0	0%
Total Equity	\$285,206	\$0	\$285,206	48%
Total Capital	\$593,601	\$0	\$593,601	100%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense	
232.0 Short Term Debt:				
CoBank	\$16,793	3.65%	\$0	\$613
(Lender name B)	0	0%	0	0
(Lender name C)	0	0%	0	0
Total Short-Term Debt	\$16,793	3.65%	\$0	\$613
224.0 Long-Term Debt:				
CoBank	\$291,602	3.65%	\$0	\$10,643
(Lender name E)	0	0%	0	0
(Lender name F)	0	0%	0	0
Total Long-Term Debt	\$291,602	3.65%	\$0	\$10,643

Schedule VIb RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c) = (a) + (b)	Reference (schedule)
1 Additions:				
2 Utility plant	\$2,107,165	\$0	\$2,107,165	Va & Vb
3 Materials and supplies	0	0	0	II
				IV #2-#17+
4 Working cash (capital) (attach schedule)	25,951	0	25,951	#19 / 8
5 Prepayments	0	0	0	II
6 Other (attach schedule or itemize)	0	0	0	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	\$2,133,116	\$0	\$2,133,116	
8 Deductions:				
9 Reserve for depreciation (Accumulated)	1,647,065	0	1,647,065	II
10 Advances for construction	0	0	0	II
11 Contributions in aid of construction	0	0	0	II
12 Accumulated deferred income taxes	(961)	0	(961)	II
13 Accumulated deferred investment tax credits	0	0	0	II
14 Other (attach schedule or itemize)	0	0	0	II
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	\$1,646,104	\$0	\$1,646,104	
16 RATE BASE (Line 7, less Line 15)	\$487,012	\$0	\$487,012	

EARNINGS CALCULATION

17 Return (Note 1)	\$85,746
18 Rate of Return (Line 17/Line 16)	17.61%
19 Earned Return on Ending Equity (Notes 2, 3)	31.87%

Note 1: Schedule IV, *Statement of Income*, Line 22 plus Line 26.

Note 2: Based on reported capital structure in *Schedule IV, Capital Structure_Earnings*.

Note 3: Line 19 (above) will automatically calculate correctly only after *Schedule IV, Statements of Income*, *Schedule 7, Rate of Return*, and the above portions of this schedule (tab) have been completed.

*If the company currently has an authorized return on equity (ROE), enter that ROE in Column (c) and provide the docket number in which that ROE was granted here ==>>

RATE OF RETURN

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c)=(a) x (b)
Long-Term Debt	\$291,602	50.55%	3.65%	1.85%
Common Equity*	\$285,206	49.45%	10.00%	4.94%
Total	\$576,808	100.00%		6.79%

*Company's most recent PUC-authorized rate of return on equity (ROE):

N/A

Docket number in which PUC authorized the ROE:

XXXXXX

If company has no authorized ROE, provide estimate of required ROE:

10.00%

CONNECTION COUNT

(Except for blue cells, the values in this table will populate)

METERED CUSTOMERS BY METER SIZE

(Attach additional pages as necessary)

		Number of Customers		(e) End of Report Year (c + d)	(f) Meter Ratios	(g) Meter Equivalencies (e x f)
(a) Line	(b) Meter	(c) End of	(d) Additions			
No.	Size	Prior Year	or change			
Water						
	Metered					
1	5/8"	510	(1)	509	1	509
2	3/4"	0	0	0	1.5	0
3	1"	0	0	0	2.5	0
4	1 1/2"	0	0	0	5	0
5	2"	0	0	0	8	0
6		0	0	0		0
7		0	0	0		0
8		0	0	0		0
9	Unmetered	0	0	0		0
10	Total Water	510	(1)	509		509
Sewer						
11		0	0	0	1	0
12		0	0	0	1	0
13		0	0	0	1	0
14		0	0	0	1	0
15	Total Sewer	0	0	0		0

Attach a schedule if any customers are charged on any basis other than meter size.

VOLUMETRIC INFORMATION

(Except for blue cells, the values in this table will populate)

	(Report in 1,000 gallons)	Report Year
1	Water Pumped	34,653
2	Purchased Water	0
3	Total Water Produced (1 + 2)	34,653
4	Total Water Sold	27,108
5	Water Lost (3 - 4)	7,545
6	Water Line Lost (percentage)	21.77%

AFFILIATED TRANSACTIONS

(Except for blue cells, the values in this table will populate)

Charges by an Affiliate to the Reporting Utility

Name of Affiliated company: See Below

(Attach additional pages as necessary)

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
	Triton Utilities, Inc.:	\$0	\$0	\$0
634	Management	\$1,001,300	\$120,000	\$60,000
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

Charges by an Reporting Utility to Affiliates

Name of Affiliated company: N/A

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of annual revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?
N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SIGNATURE PAGE--PUC CLASS C ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2021 .

05/09/2022

Date



Signature

President

Title



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS C ANNUAL FINANCIAL REPORT

OF

Lone Star Water Company

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2020

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission: 5/14/2021

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Schedule I

Annual Report for Class C Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name: Lone Star Water Company

List all assumed names or dba names:

B. Street Address, City or Town & Zip code: 5910 N Central Expy, Ste 1580
Dallas, TX 75206

County: Denton CCN #s: 13279

C. List All PWS System names and numbers:
Double Rock Estates PWS 0610179
Longhorn Meadows PWS 0610217
Meadow Ranch PWS 0610223

D. List All WQ Permitted system names and numbers: N/A
(attach a separate list if necessary)

E. Type of Ownership:
Corporation: X Partnership: Individual: Other:

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).
Triton Utilities, Inc. - 1120

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.
Paul D. Kauffman, President; Howard L. Armistead III, Vice President and Treasurer;
Cary S. Newman, Vice President and Secretary; Bryan Thomas, Officer

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.
N/A

I. Date the utility was formed or incorporated: 10/9/2018

J. Is the utility commonly owned or controlled by another corporation? Yes
If yes, by whom?
Triton Utilities, Inc.

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.

Horseshoe Bend Water Company CCN # 10263 PWS 1840002

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:

Horseshoe Bend Water Company CCN # 10263

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:

Paul Kauffman, President

- B. Street Address, city, zip code

6808 N Dysart Rd, Ste 112

Glendale, AZ 85307

- C. Telephone Number with Area Code:

623-233-1612

Cell Phone Number with Area Code:

Fax Number with Area Code:

623-935-7321

Email address:

pkuffman@tritonutilities.com

- D. If not an officer, owner or employee, give name of firm employed by:

N/A

BALANCE SHEET

(Except for blue cells, the values in this table will populate)
(Attach additional pages as necessary)

	End of Year mm/dd/yyyy	End of Prior Year mm/dd/yyyy
ASSETS		
UTILITY PLANT		
Utility Plant in Service	\$2,232,659	\$2,114,753
Property held for Future Use	0	0
Construction Work In Progress	0	0
Net Utility Plant Acquisition Adjustment	0	0
TOTAL UTILITY PLANT	2,232,659	2,114,753
Less: Accumulated Depreciation	877,330	823,729
Less: Accumulated Amortization	3,505	468
NET UTILITY PLANT	\$1,351,824	\$1,290,556
CURRENT ASSETS		
Cash	\$12,346	\$16,773
Accounts Receivable	34,275	33,396
Notes Receivable	0	0
Accounts Receivable-Affiliates/Common Ownership	0	2,212
Plant Materials and Supplies	0	0
Prepayments	0	0
Other Current Assets	0	0
TOTAL CURRENT ASSETS	\$46,621	\$52,381
OTHER ASSETS and DEFERRED CHARGES		
Deferred Debt Expense	\$0	\$0
Deferred Charges/Debits	92,546	102,305
Accum. Deferred Income Taxes	0	0
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$92,546	\$102,305
TOTAL ASSETS	\$1,490,991	\$1,445,242
LIABILITIES & EQUITY		
STOCKHOLDERS' EQUITY		
Common Stock	\$0	\$0
Other paid in capital	590,000	590,000
Retained Earnings	44,453	947
TOTAL STOCKHOLDERS' EQUITY	\$634,453	\$590,947
LONG-TERM DEBT		
Long-term debt, excluding current portion	\$714,501	\$754,004
CURRENT LIABILITIES		
Current Portion of Long-term Debt	\$39,837	\$37,945
Accounts Payable	80,664	25,403
Notes Payable	0	0
Payables to Affiliates/Common Ownership	0	30,000
Accrued Taxes	14,188	3,835
Accrued Interest	0	0
Other Current Liabilities	6,014	600
TOTAL CURRENT LIABILITIES	\$140,703	\$97,783
OTHER LIABILITIES and DEFERRED CREDITS		
Advances for Construction	\$0	\$0
Other Deferred Credits	0	0
Deferred Investment Tax Credits	0	0
Net Contributions in Aid of Construction	0	0
Accumulated Deferred Inc. Taxes	1,334	2,508
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$1,334	\$2,508
TOTAL LIABILITIES	\$856,538	\$854,295
TOTAL LIABILITIES & EQUITY	\$1,490,991	\$1,445,242

STATEMENT OF REVENUE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

(Actual Revenues for the report year)				
Water CUSTOMER CLASS	Prior Year Reported yyyy (a)	Current Reporting Year yyyy (b)	Earnings Report adjustments (c)	Adjusted (d)
Metered Sales:				
5/8"	\$69,837	\$316,851	\$0	\$316,851
3/4"	0	0	0	0
1"	0	0	0	0
1 1/2"	0	0	0	0
2"	0	0	0	0
List all additional meter sizes:	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$69,837	\$316,851	\$0	\$316,851
Unmetered Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
List and explain if any rates are set on a basis other than meter size.	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$0	\$0	\$0	\$0
Late fees - Water	\$0	\$7,053	\$0	\$7,053
Other Revenue	450	2,380	0	2,380
TOTAL WATER REVENUE	\$70,287	\$326,284	\$0	\$326,284
To Statement of Income				
Sewer CUSTOMER CLASS	Prior Year Reported yyyy (A)	Current Reporting Year yyyy (B)	Earnings Report adjustments (C)	Adjusted (D=B+C)
Metered (measured) Sales (if any):				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-METERED SALES	\$0	\$0	\$0	\$0
Unmetered (flat rate) Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-UNMETERED SALES	\$0	\$0	\$0	\$0
Late fees - Sewer	\$0	\$0	\$0	\$0
Other Revenue	0	0	0	0
TOTAL SEWER REVENUE	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$70,287	\$326,284	\$0	\$326,284
To Statement of Income				

STATEMENT OF INCOME

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Water Test Year yyyy (a)	Sewer Test Year yyyy (b)	Total - Water and Sewer (c)	Earnings Report adjustments (d)	Adjusted for Earnings Report (e)
1 Total Revenue: 1	\$326,284	\$0	\$326,284	\$0	\$326,284
<u>Operating Expenses:</u>					
2 O & M Salaried Labor	\$0	\$0	\$0	\$0	\$0
3 Employee Benefits	0	0	0	0	0
4 O & M Contract labor	0	0	0	0	0
5 Operating/Maint Supplies	3,566	0	3,566	0	3,566
6 Purchased Water	0	0	0	0	0
7 Purchased Power	16,676	0	16,676	0	16,676
8 Testing Expense	2,610	0	2,610	0	2,610
9 Chemicals	6,049	0	6,049	0	6,049
10 Insurance	2,648	0	2,648	0	2,648
11 General Office Salaries	0	0	0	0	0
12 Transportation	0	0	0	0	0
13 General Office Expenses	4,891	0	4,891	0	4,891
14 Contract Acctg, legal, Mgnt	126,834	0	126,834	0	126,834
15 Amortization- Rate Case Expense	0	0	0	0	0
16 Depreciation Expense	67,028	0	67,028	0	67,028
17 Other Misc. Expenses	4,194	0	4,194	0	4,194
<u>Taxes:</u>					
18 Federal Income Taxes	11,851	0	11,851	0	11,851
19 State Franchise Taxes	1,163	0	1,163	0	1,163
20 All Other Taxes	0	0	0	0	0
21 Total Expenses	\$247,510	\$0	\$247,510	\$0	\$247,510
22 Net Operating Income	\$78,774	\$0	\$78,774	\$0	\$78,774
23 Non-Operating Income	2,404	0	2404	0	2404
24 Non-Operating Deductions:					
25 Other	0	0	0	0	0
26 Interest	37,672	0	37672	0	37672
27 Net Income	\$43,506	\$0	\$43,506	\$0	\$43,506

1. Carried over from Statements of Revenues

WATER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 SOURCE OF SUPPLY AND PUMPING PLANT	210,649	0	0	0	0	210,649
101.3 WATER TREATMENT EQUIPMENT	1,040	1,530	0	0	1,530	2,570
101.4 TRANSMISSION AND DISTRIBUTION PLANT	1,852,471	48,110	0	0	48,110	1,900,581
101.5 GENERAL PLANT	50,593	68,266	0	0	68,266	118,859
TOTAL	\$2,114,753	\$117,906	\$0	\$0	\$117,906	\$2,232,659

Explanation of adjustments in Column (e):

SEWER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 COLLECTION SYSTEM	0	0	0	0	0	0
101.4 TREATMENT and DISPOSAL FACILITIES	0	0	0	0	0	0
101.6 RECLAIMED WATER DISTRIBUTION PLANT	0	0	0	0	0	0
101.7 GENERAL PLANT	0	0	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

Explanation of adjustments in Column (e):

CAPITAL STRUCTURE

(Except for blue cells, the values in this table will populate)
(Attach additional pages as necessary)

	Per Books	Adjustments for Earnings Report	Adjusted	Ratio
232.00 Short-Term Debt	\$39,837	\$0	\$39,837	3%
224.0 Long-Term Debt	714,501	0	714,501	51%
Common Equity:				
201.0 Common Stock	0	0	0	0%
218.0 Proprietary Capital	0	0	0	0%
211.0 Misc. Paid-in-Capital	590,000	0	590,000	0%
215.0 Retained Earnings	44,453	0	44,453	0%
216.0 Reacquired Stock	0	0	0	0%
Total Equity	\$634,453	\$0	\$634,453	46%
Total Capital	\$1,388,791	\$0	\$1,388,791	100%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense	
232.0 Short Term Debt:				
CoBank	\$39,837	4.55%	\$0	\$1,813
(Lender name B)	0	0%	0	0
(Lender name C)	0	0%	0	0
Total Short-Term Debt	\$39,837	4.55%	\$0	\$1,813
224.0 Long-Term Debt:				
CoBank	\$714,501	4.55%	\$0	\$32,510
(Lender name E)	0	0%	0	0
(Lender name F)	0	0%	0	0
Total Long-Term Debt	\$714,501	4.55%	\$0	\$32,510

Schedule VIb RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c)=(a) + (b) (schedule)	Reference
1 Additions:				
2 Utility plant	\$2,232,659	\$0	\$2,232,659	Va & Vb
3 Materials and supplies	0	0	0	II
4 Working cash (capital) (attach schedule)	0	0	0	
5 Prepayments	0	0	0	II
6 Other (attach schedule or itemize)	0	0	0	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	\$2,232,659	\$0	\$2,232,659	
8 Deductions:				
9 Reserve for depreciation (Accumulated)	880,835	0	880,835	II
10 Advances for construction	0	0	0	II
11 Contributions in aid of construction	0	0	0	II
12 Accumulated deferred income taxes	1,334	0	1,334	II
13 Accumulated deferred investment tax credits	0	0	0	II
14 Other (attach schedule or itemize)	0	0	0	II
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	\$882,169	\$0	\$882,169	
16 RATE BASE (Line 7, less Line 15)	\$1,350,490	\$0	\$1,350,490	

EARNINGS CALCULATION

17 Return (Note 1)	\$78,774
18 Rate of Return (Line 17/Line 16)	5.83%
19 <u>Earned</u> Return on Ending Equity (Notes 2, 3)	7.28%

Note 1: Schedule IV, *Statement of Income*, Line 22 plus Line 26.

Note 2: Based on reported capital structure in *Schedule IV, Capital Structure_Earnings*.

Note 3: Line 19 (above) will automatically calculate correctly only after *Schedule IV, Statements of Income*, *Schedule 7, Rate of Return*, and the above portions of this schedule (tab) have been completed.

*If the company currently has an authorized return on equity (ROE), enter that ROE in Column (c) and provide the docket number in which that ROE was granted here ==>>

RATE OF RETURN

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c)=(a) x (b)
Long-Term Debt	\$714,501	52.97%	4.55%	2.41%
Common Equity*	\$634,453	47.03%	10.00%	4.70%
Total	\$1,348,954	100.00%		7.11%

*Company's most recent PUC-authorized rate of return on equity (ROE): N/A

Docket number in which PUC authorized the ROE:

XXXXXX

If company has no authorized ROE, provide estimate of required ROE:

10.00%

CONNECTION COUNT

(Except for blue cells, the values in this table will populate)

METERED CUSTOMERS BY METER SIZE

(Attach additional pages as necessary)

		Number of Customers				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line	Meter	End of	Additions	End of	Meter	Meter
No.	Size	Prior Year	or change	Report Year	Ratios	Equivalencies
Water				(c + d)		(e x f)
	Metered					
1	5/8"	340	0	340	1	340
2	3/4"	0	0	0	1.5	0
3	1"	0	0	0	2.5	0
4	1 1/2"	0	0	0	5	0
5	2"	0	0	0	8	0
6		0	0	0		0
7		0	0	0		0
8		0	0	0		0
9	Unmetered	0	0	0		0
10	Total Water	340	0	340		340
	Sewer					
11		0	0	0	1	0
12		0	0	0	1	0
13		0	0	0	1	0
14		0	0	0	1	0
15	Total Sewer	0	0	0		0

Attach a schedule if any customers are charged on any basis other than meter size.

VOLUMETRIC INFORMATION

(Except for blue cells, the values in this table will populate)

	(Report in 1,000 gallons)	Report Year
1	Water Pumped	29,635
2	Purchased Water	0
3	Total Water Produced (1 + 2)	29,635
4	Total Water Sold	25,555
5	Water Lost (3 - 4)	4,080
6	Water Line Lost (percentage)	13.77%

AFFILIATED TRANSACTIONS

(Except for blue cells, the values in this table will populate)

Charges by an Affiliate to the Reporting Utility

Name of Affiliated company: See Below

(Attach additional pages as necessary)

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
	Triton Utilities, Inc.:	\$0	\$0	\$0
634	Management	\$900,000	\$75,000	\$60,000
		\$0	\$0	\$0
	Valley Utilities Water Co., Inc.:	\$0	\$0	\$0
632	Accounting	\$20,100	\$2,100	\$2,100
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

Charges by an Reporting Utility to Affiliates

Name of Affiliated company: N/A

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of annual revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?
N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SIGNATURE PAGE--PUC CLASS C ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2020 .

05/14/2021
Date



Signature

President
Title



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS C ANNUAL FINANCIAL REPORT

OF

Lone Star Water Company

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2021

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission:

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Schedule I

Annual Report for Class C Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name: Lone Star Water Company

List all assumed names or dba names:

B. Street Address, City or Town & Zip code: 5910 N Central Expy, Ste 1580
Dallas, TX 75206

County: Denton CCN #s: 13279

C. List All PWS System names and numbers:

Double Rock Estates PWS 0610179
Longhorn Meadows PWS 0610217
Meadow Ranch PWS 0610223

D. List All WQ Permitted system names and numbers: N/A
(attach a separate list if necessary)

E. Type of Ownership:

Corporation: ☒ Partnership: ☐ Individual: ☐ Other: ☐

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).

Triton Utilities, Inc. - 1120 (01/01/2021 - 12/26/2021)
Lone Star Water Company (12/27/2021 - 12/31/2021)

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.

Paul Kauffman, President; Howard L. Armistead III, Vice President and Treasurer;
Cary S. Newman, Vice President and Secretary; Bryan Thomas, Officer

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.

Acquisition Date 12/27/2021
Triton Utilities, Inc., 5910 N Central Expy, Ste 1580, Dallas, TX 75206

I. Date the utility was formed or incorporated: 10/9/2018

J. Is the utility commonly owned or controlled by another corporation? Yes

If yes, by whom?

Triton Texas Holdings, LLC

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.

Horseshoe Bend Water Company CCN # 10263 PWS 1840002

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:

Horseshoe Bend Water Company CCN # 10263

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:

Paul Kauffman, President

- B. Street Address, city, zip code

6808 N Dysart Rd, Ste 112

Glendale, AZ 85307

- C. Telephone Number with Area Code:

623-233-1612

Cell Phone Number with Area Code:

Fax Number with Area Code:

623-935-7321

Email address:

pkuffman@tritonutilities.com

- D. If not an officer, owner or employee, give name of firm employed by:

N/A

BALANCE SHEET

(Except for blue cells, the values in this table will populate)
(Attach additional pages as necessary)

	End of Year 12/31/2021	End of Prior Year 12/31/2020
ASSETS		
UTILITY PLANT		
Utility Plant in Service	\$2,289,637	\$2,232,659
Property held for Future Use	0	0
Construction Work In Progress	0	0
Net Utility Plant Acquisition Adjustment	0	0
TOTAL UTILITY PLANT	2,289,637	2,232,659
Less: Accumulated Depreciation	936,148	877,330
Less: Accumulated Amortization	6,542	3,505
NET UTILITY PLANT	\$1,346,947	\$1,351,824
CURRENT ASSETS		
Cash	\$24,509	\$12,346
Accounts Receivable	30,653	34,275
Notes Receivable	0	0
Accounts Receivable-Affiliates/Common Ownership	0	0
Plant Materials and Supplies	0	0
Prepayments	0	0
Other Current Assets	0	0
TOTAL CURRENT ASSETS	\$55,162	\$46,621
OTHER ASSETS and DEFERRED CHARGES		
Deferred Debt Expense	\$0	\$0
Deferred Charges/Debits	93,515	92,546
Accum. Deferred Income Taxes	0	0
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$93,515	\$92,546
TOTAL ASSETS	\$1,495,624	\$1,490,991
LIABILITIES & EQUITY		
STOCKHOLDERS' EQUITY		
Common Stock	\$0	\$0
Other paid in capital	590,000	590,000
Retained Earnings	94,399	44,453
TOTAL STOCKHOLDERS' EQUITY	\$684,399	\$634,453
LONG-TERM DEBT		
Long-term debt, excluding current portion	\$673,120	\$714,501
CURRENT LIABILITIES		
Current Portion of Long-term Debt	\$41,714	\$39,837
Accounts Payable	80,975	80,664
Notes Payable	0	0
Payables to Affiliates/Common Ownership	0	0
Accrued Taxes	6,120	14,188
Accrued Interest	0	0
Other Current Liabilities	7,452	6,014
TOTAL CURRENT LIABILITIES	\$136,261	\$140,703
OTHER LIABILITIES and DEFERRED CREDITS		
Advances for Construction	\$0	\$0
Other Deferred Credits	0	0
Deferred Investment Tax Credits	0	0
Net Contributions in Aid of Construction	1,678	0
Accumulated Deferred Inc. Taxes	166	1,334
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$1,844	\$1,334
TOTAL LIABILITIES	\$811,225	\$856,538
TOTAL LIABILITIES & EQUITY	\$1,495,624	\$1,490,991

STATEMENT OF REVENUE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

(Actual Revenues for the report year)				
Water CUSTOMER CLASS	Prior Year Reported 2020 (a)	Current Reporting Year 2021 (b)	Earnings Report adjustments (c)	Adjusted (d)
Metered Sales:				
5/8"	\$316,851	\$325,695	\$0	\$325,695
3/4"	0	0	0	0
1"	0	0	0	0
1 1/2"	0	0	0	0
2"	0	0	0	0
List all additional meter sizes:	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$316,851	\$325,695	\$0	\$325,695
Unmetered Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
List and explain if any rates are set on a basis other than meter size.	0	0	0	0
	0	0	0	0
SUB-TOTAL	\$0	\$0	\$0	\$0
Late fees - Water	\$7,053	\$7,071	\$0	\$7,071
Other Revenue	2,380	2,275	0	2,275
TOTAL WATER REVENUE	\$326,284	\$335,041	\$0	\$335,041
To Statement of Income				
Sewer CUSTOMER CLASS	Prior Year Reported 2020 (A)	Current Reporting Year 2021 (B)	Earnings Report adjustments (C)	Adjusted (D=B+C)
Metered (measured) Sales (if any):				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-METERED SALES	\$0	\$0	\$0	\$0
Unmetered (flat rate) Sales:				
	\$0	\$0	\$0	\$0
	0	0	0	0
	0	0	0	0
	0	0	0	0
TOTAL-UNMETERED SALES	\$0	\$0	\$0	\$0
Late fees - Sewer	\$0	\$0	\$0	\$0
Other Revenue	0	0	0	0
TOTAL SEWER REVENUE	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$326,284	\$335,041	\$0	\$335,041
To Statement of Income				

STATEMENT OF INCOME

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Water Test Year 2021 (a)	Sewer Test Year 2021 (b)	Total - Water and Sewer (c)	Earnings Report adjustments (d)	Adjusted for Earnings Report (e)
1 Total Revenue: 1	\$335,041	\$0	\$335,041	\$0	\$335,041
Operating Expenses:					
2 O & M Salaried Labor	\$0	\$0	\$0	\$0	\$0
3 Employee Benefits	0	0	0	0	0
4 O & M Contract labor	0	0	0	0	0
5 Operating/Maint Supplies	4,802	0	4,802	0	4,802
6 Purchased Water	0	0	0	0	0
7 Purchased Power	18,171	0	18,171	0	18,171
8 Testing Expense	1,968	0	1,968	0	1,968
9 Chemicals	5,205	0	5,205	0	5,205
10 Insurance	1,955	0	1,955	0	1,955
11 General Office Salaries	0	0	0	0	0
12 Transportation	0	0	0	0	0
13 General Office Expenses	5,244	0	5,244	0	5,244
14 Contract Acctg, legal, Mgnt	120,303	0	120,303	0	120,303
15 Amortization- Rate Case Expense	0	0	0	0	0
16 Depreciation Expense	72,223	0	72,223	0	72,223
17 Other Misc. Expenses	13,647	0	13,647	0	13,647
Taxes:					
18 Federal Income Taxes	14,732	0	14,732	0	14,732
19 State Franchise Taxes	0	0	0	0	0
20 All Other Taxes	0	0	0	0	0
21 Total Expenses	\$258,250	\$0	\$258,250	\$0	\$258,250
22 Net Operating Income	\$76,791	\$0	\$76,791	\$0	\$76,791
23 Non-Operating Income	7,760	0	7760	0	7760
24 Non-Operating Deductions:					
25 Other	0	0	0	0	0
26 Interest	34,605	0	34605	0	34605
27 Net Income	\$49,946	\$0	\$49,946	\$0	\$49,946

1. Carried over from Statements of Revenues

WATER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 SOURCE OF SUPPLY AND PUMPING PLANT	299,894	0	0	0	0	299,894
101.3 WATER TREATMENT EQUIPMENT	2,570	925	0	0	925	3,495
101.4 TRANSMISSION AND DISTRIBUTION PLANT	1,900,581	56,053	0	0	56,053	1,956,634
101.5 GENERAL PLANT	29,614	0	0	0	0	29,614
TOTAL	\$2,232,659	\$56,978	\$0	\$0	\$56,978	\$2,289,637

Explanation of adjustments in Column (e):

SEWER PLANT IN SERVICE

(Except for blue cells, the values in this table will populate)

1. Report the original cost of utility plant in service value by prescribed accounts, and the additions and retirements of such plant during the year. (Attach additional pages as necessary.)
2. Do not include as adjustments, corrections to additions and retirements for the current or preceding year. Corrections for the current year should be included in appropriate Column (c) or (d).
3. Credit adjustments in Column (e) should be shown in red, or in black enclosed in parentheses.
4. Complete the explanation, with individual amounts, for each adjustment included Column (e).

Account No. and Title	Balance Previous Year	Additions	Retirements	Adjustments (+ or -)	Total change during report year	Report year Ending Balance
(a)	(b)	(c)	(d)	(e)	(f)=(c)-(d)+(e)	(g)=(b)+(f)
101.1 INTANGIBLE PLANT	\$0	\$0	\$0	\$0	\$0	\$0
101.2 COLLECTION SYSTEM	0	0	0	0	0	0
101.4 TREATMENT and DISPOSAL FACILITIES	0	0	0	0	0	0
101.6 RECLAIMED WATER DISTRIBUTION PLANT	0	0	0	0	0	0
101.7 GENERAL PLANT	0	0	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

Explanation of adjustments in Column (e):

CAPITAL STRUCTURE

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Per Books	Adjustments for Earnings Report	Adjusted	Ratio
232.00 Short-Term Debt	\$41,714	\$0	\$41,714	3%
224.0 Long-Term Debt	673,120	0	673,120	48%
Common Equity:				
201.0 Common Stock	0	0	0	0%
218.0 Proprietary Capital	0	0	0	0%
211.0 Misc. Paid-in-Capital	590,000	0	590,000	0%
215.0 Retained Earnings	94,399	0	94,399	0%
216.0 Reacquired Stock	0	0	0	0%
Total Equity	\$684,399	\$0	\$684,399	49%
Total Capital	\$1,399,233	\$0	\$1,399,233	100%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense
232.0 Short Term Debt:			
CoBank	\$41,714	4.55%	\$0
(Lender name B)	0	0%	0
(Lender name C)	0	0%	0
Total Short-Term Debt	\$41,714	4.55%	\$0
224.0 Long-Term Debt:			
CoBank	\$673,120	4.55%	\$30,627
(Lender name E)	0	0%	0
(Lender name F)	0	0%	0
Total Long-Term Debt	\$673,120	4.55%	\$30,627

Schedule VIb RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c) = (a) + (b)	Reference (schedule)
1 Additions:				
2 Utility plant	\$2,289,637	\$0	\$2,289,637	Va & Vb
3 Materials and supplies	0	0	0	II
				IV #2-#17+
4 Working cash (capital) (attach schedule)	21,412	0	21,412	#19 / 8
5 Prepayments	0	0	0	II
6 Other (attach schedule or itemize)	0	0	0	
7 TOTAL ADDITIONS (Add Lines 2 through 6)	\$2,311,049	\$0	\$2,311,049	
8 Deductions:				
9 Reserve for depreciation (Accumulated)	942,690	0	942,690	II
10 Advances for construction	0	0	0	II
11 Contributions in aid of construction	(1,678)	0	(1,678)	II
12 Accumulated deferred income taxes	166	0	166	II
13 Accumulated deferred investment tax credits	0	0	0	II
14 Other (attach schedule or itemize)	0	0	0	II
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	\$941,178	\$0	\$941,178	
16 RATE BASE (Line 7, less Line 15)	\$1,369,871	\$0	\$1,369,871	

EARNINGS CALCULATION

17 Return (Note 1)	\$76,791
18 Rate of Return (Line 17/Line 16)	5.61%
19 Earned Return on Ending Equity (Notes 2, 3)	6.64%

Note 1: Schedule IV, *Statement of Income*, Line 22 plus Line 26.

Note 2: Based on reported capital structure in *Schedule IV, Capital Structure_Earnings*.

Note 3: Line 19 (above) will automatically calculate correctly only after *Schedule IV, Statements of Income*, *Schedule 7, Rate of Return*, and the above portions of this schedule (tab) have been completed.

*If the company currently has an authorized return on equity (ROE), enter that ROE in Column (c) and provide the docket number in which that ROE was granted here ==>>

RATE OF RETURN

(Except for blue cells, the values in this table will populate)

(Attach additional pages as necessary)

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital
	(a)	(b)	(c)	(c)=(a) x (b)
Long-Term Debt	\$673,120	49.58%	4.55%	2.26%
Common Equity*	\$684,399	50.42%	10.00%	5.04%
Total	\$1,357,519	100.00%		7.30%

*Company's most recent PUC-authorized rate of return on equity (ROE):

N/A

Docket number in which PUC authorized the ROE:

XXXXXX

If company has no authorized ROE, provide estimate of required ROE:

10.00%

CONNECTION COUNT

(Except for blue cells, the values in this table will populate)

METERED CUSTOMERS BY METER SIZE

(Attach additional pages as necessary)

		Number of Customers				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line	Meter	End of	Additions	End of	Meter	Meter
No.	Size	Prior Year	or change	Report Year	Ratios	Equivalencies
Water				(c + d)		(e x f)
Metered						
1	5/8"	340	(2)	338	1	338
2	3/4"	0	0	0	1.5	0
3	1"	0	0	0	2.5	0
4	1 1/2"	0	0	0	5	0
5	2"	0	0	0	8	0
6		0	0	0		0
7		0	0	0		0
8		0	0	0		0
9	Unmetered	0	0	0		0
10	Total Water	340	(2)	338		338
Sewer						
11		0	0	0	1	0
12		0	0	0	1	0
13		0	0	0	1	0
14		0	0	0	1	0
15	Total Sewer	0	0	0		0

Attach a schedule if any customers are charged on any basis other than meter size.

VOLUMETRIC INFORMATION

(Except for blue cells, the values in this table will populate)

	(Report in 1,000 gallons)	Report Year
1	Water Pumped	30,860
2	Purchased Water	0
3	Total Water Produced (1 + 2)	30,860
4	Total Water Sold	26,383
5	Water Lost (3 - 4)	4,477
6	Water Line Lost (percentage)	14.51%

AFFILIATED TRANSACTIONS

(Except for blue cells, the values in this table will populate)

Charges by an Affiliate to the Reporting Utility

Name of Affiliated company: See Below

(Attach additional pages as necessary)

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
	Triton Utilities, Inc.:	\$0	\$0	\$0
634	Management	\$1,001,300	\$120,000	\$60,000
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

Charges by an Reporting Utility to Affiliates

Name of Affiliated company: N/A

NARUC Account and type of service		Total Affiliated Company (Dollars transacted)	Total Texas (Dollars transacted)	Total for reporting entity (Dollars transacted)
Account #	Account name or type of service			
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$0	\$0	\$0

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of annual revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period?
N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.
N/A

(b) provide the amount of revenues collected through the SIC for the reporting period.
N/A

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.
N/A

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.
N/A

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.
N/A

SIGNATURE PAGE--PUC CLASS C ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2021 .

05/09/2022

Date



Signature

President

Title

RAF CY 2020 Confirmation

14:42

SUNSS 

Please print this page.

This page confirms your submittal to the TCEQ.

Your confirmation number is 8248.

The security data hash code is

88F9FA15469187B009C975A5DD2BA31DD7BD1FB093D88078D7D48FDA6763F159.

You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

EXHIBIT

H

Regulatory Assessment for the Calendar Year 2020

—CCN Information—

CCN: 10263**CCN Name:** HORSESHOE BEND WATER SYSTEM**CCN Address:** 1030 E HIGHWAY 377 STE 110
PMB 272
GRANBURY, TX 76048-1244**County:** HOOD**CCN Phone Number:** 817-579-8100**RN:** RN102682051**Account Receivable (AR):** 89910263

—RAF Information—

Assessment Rate: 1%**Total Revenues:** \$358,870.19**Report Exemption Amount:** NO**Report Year Length:** FULL YEAR

—RAF CY 2020 Assessment Amount—

Total Assessment Amount: \$3,588.70

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2020.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS[Pay with TCEQ ePay](#)[Other Payment](#)[Exit Application](#)

CHASE *for* BUSINESS

\$3,588.70

Total

Apr 1, 2021
Post date1042
Check #

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

Horseshoe Bend Water Company
6808 N. Dysart Rd., Ste 112
Glendale, AZ 85307

JPMORGAN CHASE BANK, NA
91-2/1221

1042
3/19/2021

Pay to the
Order of Texas Commission on Environmental Quality \$**3,588.70

Three Thousand Five Hundred Eighty-Eight and 70/100*****Dollars

Texas Commission on Environmental Quality
PO Box 13089
Austin, TX 78711-3089

memo INV # RAF0008259

001042 122100024 639630612

Details on Back

JPMorgan Chase Bank, N.A. Member FDIC

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Equal Opportunity Lender

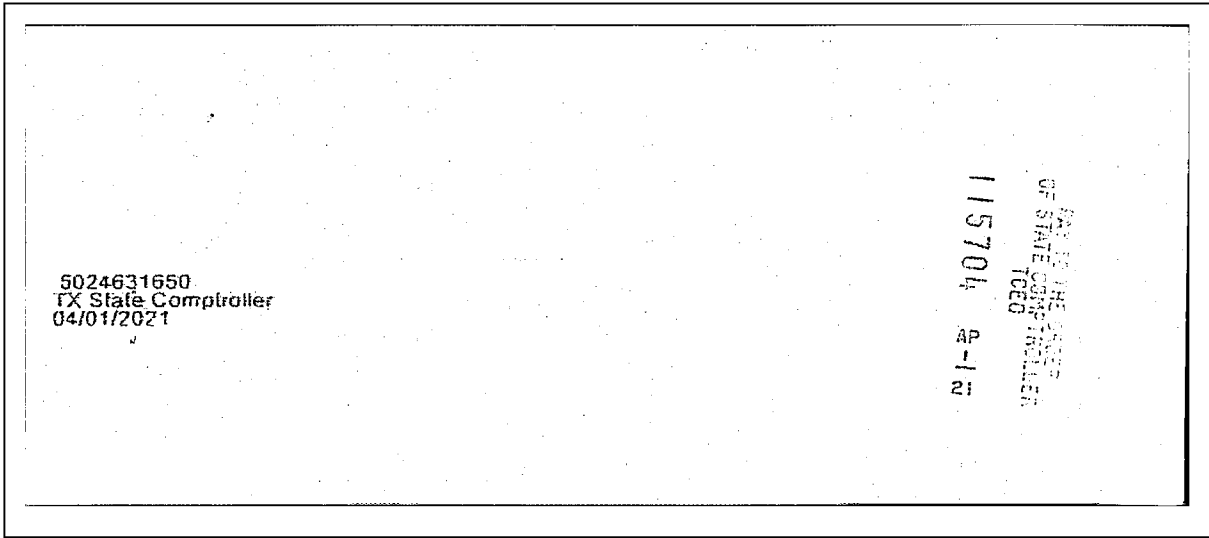
CHASE *for* BUSINESS

\$3,588.70

Total

Apr 1, 2021
Post date

1042
Check #





Please print this page.

This page confirms your submittal to the TCEQ.

Your confirmation number is 10171.

The security data hash code is

CBB3899BB12A1C33677D813C6BAD4F2178EA6C64DD4484980499D5CD206B298B.

You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

Regulatory Assessment for the Calendar Year 2021

CCN Information

CCN: 10263

CCN Name: HORSESHOE BEND WATER SYSTEM

CCN Address: 6808 N DYSART RD STE 112
GLENDALE, AZ 85307-2233

County: HOOD

CCN Phone Number: 972-679-7489

RN: RN102682051

Account Receivable (AR): 89910263

RAF Information

Assessment Rate: 1%

Total Revenues: \$356,310.19

Report Exemption Amount: NO

Report Year Length: FULL YEAR

RAF CY 2021 Assessment Amount

Total Assessment Amount: \$3,563.10

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2021.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS

[Pay with TCEQ ePay](#)

[Other Payment](#)

[Exit Application](#)

Bryan Thomas

From: steers@tceq.texas.gov
Sent: Thursday, January 27, 2022 1:23 PM
To: Bryan Thomas
Subject: TCEQ ePay Receipt for 582EA000472509

This is an automated message from the TCEQ ePay system. Please do not reply.

Trace Number: 582EA000472509

Date: 01/27/2022 02:22 PM

Payment Method: ACH - Authorization 0000000000 TCEQ Amount: \$3,563.10 Texas.gov Price: \$3,563.10*

* This service is provided by Texas.gov, the official website of Texas. The price of this service includes funds that support the ongoing operations and enhancements of Texas.gov, which is provided by a third party in partnership with the State.

Actor: BRYAN THOMAS
Email: bryan@vuwco.com

Payment Contact: BRYAN THOMAS
Phone: 623-935-1100
Company: HORSESHOE BEND WATER COMPANY
Address: 6808 N DYSART RD STE 112, GLENDALE, AZ 85307

Fees Paid:

Fee Description	AR Number	Amount
REGULATORY ASSESSMENT FEE	89910263	\$3,563.10

TCEQ Amount: \$3,563.10

=====

Voucher: 556642

Trace Number: 582EA000472509

Date: 01/27/2022 02:22 PM

Payment Method: ACH - Authorization 0000000000 Voucher Amount: \$3,563.10 Fee Paid: REGULATORY ASSESSMENT FEE
Billing Name: HORSESHOE BEND WATER SYSTEM Billing Address: 6808 N DYSART RD STE 112, GLENDALE, AZ 85307 2233

=====

To print out a copy of the receipt and vouchers for this transaction either click on or copy and paste the following url into your browser:

https://www3.tceq.texas.gov/epay/index.cfm?fuseaction=cor.search&trace_num_txt=582EA000472509.

This e-mail transmission and any attachments are believed to have been sent free of any virus or other defect that might affect any computer system into which it is received and opened. It is, however, the recipient's responsibility to ensure that the e-mail transmission and any attachments are virus free, and the sender accepts no responsibility for any damage that may in any way arise from their use.

RAF CY 2020 Confirmation

14:43

SUNSS 

Please print this page.

This page confirms your submittal to the TCEQ.

Your confirmation number is 7866.

The security data hash code is

934A190C846800388F040DACD7E9D3C01895ED06247F6478E4DD369033DAD80B.

You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

Regulatory Assessment for the Calendar Year 2020**—CCN Information—**

CCN: 13279

CCN Name: LONE STAR WATER COMPANY

CCN Address: 5910 N CENTRAL EXPY STE 1580
DALLAS, TX 75206-5148

County: DENTON

CCN Phone Number: 214-219-7534

Account Receivable (AR): 89913279

—RAF Information—

Assessment Rate: 1%

Total Revenues: \$316,851.09

Report Exemption Amount: NO

Report Year Length: FULL YEAR

—RAF CY 2020 Assessment Amount—

Total Assessment Amount: \$3,168.51

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2020.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS

[Pay with TCEQ ePay](#)

[Other Payment](#)

[Exit Application](#)

Your transaction is complete. Thank you for using TCEQ ePay.

Note: It may take up to 3 working days for this electronic payment to be processed and be reflected in the TCEQ ePay system. Print this receipt and the vouchers for your records. An email receipt has also been sent.

Transaction Information

Trace Number: 582EA000416198

Date: 01/26/2021 04:31 PM

Payment Method: ACH - Authorization 0000000000

ePay Actor: BRYAN THOMAS

Actor Email: bryan@vuwco.com

IP: 24.249.254.147

TCEQ Amount: \$3,168.51

Texas.gov Price: \$3,168.51*

* This service is provided by Texas.gov, the official website of Texas. The price of this service includes funds that support the ongoing operations and enhancements of Texas.gov, which is provided by a third party in partnership with the State.

Payment Contact Information

Name: BRYAN THOMAS

Company: LONE STAR WATER COMPANY

Address: 6808 N DYSART RD STE 112, GLENDALE, AZ 85307

Phone: 623-935-1100

Cart Items

Click on the voucher number to see the voucher details.

Voucher	Fee Description	AR Number	Amount
494616	REGULATORY ASSESSMENT FEE	89913279	\$3,168.51
TCEQ Amount:			\$3,168.51

[Return to SUNSS](#)

Note: It may take up to 3 working days for this electronic payment to be processed and be reflected in the TCEQ ePay system. Print this receipt for your records.



Press Cancel to return to the previous screen.

REGULATORY ASSESSMENT FEE**AR Number:** 89913279**AR Name:** LONE STAR WATER COMPANY**Address:** 5910 N CENTRAL EXPY STE 1580

DALLAS, TX 75206 5148

Balance: \$0.00

This account has a balance of \$0.00 and doesn't need to be paid at this time.

[Cancel](#)

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[Statewide Links: Texas.gov](#) | [Texas Homeland Security](#) | [TRAIL Statewide Archive](#) | [Texas Veterans Portal](#)

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Please print this page.

This page confirms your submittal to the TCEQ.

Your confirmation number is 10211.

The security data hash code is

E509D24EFB1D6E02EE7A1F0BE19B64117B08F46BC21D36C852BB2DF97188BA3E.

You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

Regulatory Assessment for the Calendar Year 2021

CCN Information

CCN: 13279

CCN Name: LONE STAR WATER COMPANY

CCN Address: 5910 N CENTRAL EXPY STE 1580
DALLAS, TX 75206-5148

County: DENTON

CCN Phone Number: 214-219-7534

Account Receivable (AR): 89913279

RAF Information

Assessment Rate: 1%

Total Revenues: \$325,695.26

Report Exemption Amount: NO

Report Year Length: FULL YEAR

RAF CY 2021 Assessment Amount

Total Assessment Amount: \$3,256.95

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2021.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS

[Pay with TCEQ ePay](#)

[Other Payment](#)

[Exit Application](#)



Your transaction is complete. Thank you for using TCEQ ePay.

Note: It may take up to 3 working days for this electronic payment to be processed and be reflected in the TCEQ ePay system. Print this receipt and the vouchers for your records. An email receipt has also been sent.

Transaction Information

Trace Number: 582EA000472617
Date: 01/27/2022 05:00 PM
Payment Method: ACH - Authorization 0000000000
ePay Actor: BRYAN THOMAS
Actor Email: bryan@vuwco.com
IP: 24.249.254.147
TCEQ Amount: \$3,256.95
Texas.gov Price: \$3,256.95*

* This service is provided by Texas.gov, the official website of Texas. The price of this service includes funds that support the ongoing operations and enhancements of Texas.gov, which is provided by a third party in partnership with the State.

Payment Contact Information

Name: BRYAN THOMAS
Company: LONE STAR WATER COMPANY
Address: 6808 N DYSART RD STE 112, GLENDALE, AZ 85307
Phone: 623-935-1100

Cart Items

Click on the voucher number to see the voucher details.

Voucher	Fee Description	AR Number	Amount
556774	REGULATORY ASSESSMENT FEE	89913279	\$3,256.95
TCEQ Amount:			\$3,256.95

[Return to SUNSS](#)

Note: It may take up to 3 working days for this electronic payment to be processed and be reflected in the TCEQ ePay system. Print this receipt for your records.



Please print this page.

This page confirms your submittal to the TCEQ.

Your confirmation number is 12204.

The security data hash code is

E1365E55FCC78B060CAF01CC3653B7B4A73744F918A8108295D1AB1DAAE8F6C4.

You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

Regulatory Assessment for the Calendar Year 2022

CCN Information

CCN: 10263

CCN Name: HORSESHOE BEND WATER SYSTEM

CCN Address: 6808 N DYSART RD STE 112
GLENDALE, AZ 85307-2233

County: HOOD

CCN Phone Number: 972-679-7489

RN: RN102682051

Account Receivable (AR): 89910263

RAF Information

Assessment Rate: 1%

Total Revenues: \$373,864.20

Report Exemption Amount: NO

Report Year Length: FULL YEAR

RAF CY 2022 Assessment Amount

Total Assessment Amount: \$3,738.64

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2022.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS

[Pay with TCEQ ePay](#)

[Other Payment](#)

[Exit Application](#)

Bryan N. Thomas

From: steers@tceq.texas.gov
Sent: Thursday, January 26, 2023 1:29 PM
To: Bryan N. Thomas
Subject: 2022 Regulatory Assessment Fee (RAF) Report Submitted

This confirms the submission of your calendar year 2022 RAF report to the TCEQ. Your submission was received at 01/26/2023 02:29:17 PM.

The confirmation number for this submission is 12204.

The data hash code is E1365E55FCC78B060CAF01CC3653B7B4A73744F918A8108295D1AB1DAAE8F6C4.

You may access the copy of record from the submissions search which is available from the Home page of SUNSS Internet Version 1.3.

CCN: 10263

CCN Name: HORSESHOE BEND WATER SYSTEM

Account Receivable (AR) number: 89910263 Total Assessment Amount: \$3,738.64

Important: This confirms your submission of the RAF data to TCEQ. If you have not paid the assessment, you must do so to complete the process.

To pay electronically using the TCEQ ePay application, please follow these instructions:

1. Login to TCEQ ePay at <https://www3.tceq.texas.gov/epay/index.cfm>.
2. Using Option 1, enter your AR number (listed above) to load your statement into the shopping cart.

For other payments, you will receive an invoice from TCEQ in the next 2 weeks. Please remit your payment with the invoice statement.

If you have any questions please contact the RAF Program Coordinator at 512-239-4691 or email wufees@tceq.texas.gov

This e-mail transmission and any attachments are believed to have been sent free of any virus or other defect that might affect any computer system into which it is received and opened. It is, however, the recipient's responsibility to ensure that the e-mail transmission and any attachments are virus free, and the sender accepts no responsibility for any damage that may in any way arise from their use.

Bryan N. Thomas

From: steers@tceq.texas.gov
Sent: Thursday, January 26, 2023 1:34 PM
To: Bryan N. Thomas
Subject: TCEQ ePay Receipt for 582EA000524482

This is an automated message from the TCEQ ePay system. Please do not reply.

Trace Number: 582EA000524482

Date: 01/26/2023 02:33 PM

Payment Method: ACH - Authorization 0035331646 TCEQ Amount: \$3,738.64 Texas.gov Price: \$3,738.64*

* This service is provided by Texas.gov, the official website of Texas. The price of this service includes funds that support the ongoing operations and enhancements of Texas.gov, which is provided by a third party in partnership with the State.

Actor: BRYAN THOMAS
Email: bnthomas@hearthstonecompany.com

Payment Contact: BRYAN THOMAS
Phone: 623-935-1100
Company: HORSESHOE BEND WATER COMPANY
Address: 6808 N DYSART RD STE 116, GLENDALE, AZ 85307

Fees Paid:
Fee Description AR Number Amount
REGULATORY ASSESSMENT FEE 89910263 \$3,738.64

TCEQ Amount: \$3,738.64

=====

Voucher: 614052

Trace Number: 582EA000524482

Date: 01/26/2023 02:33 PM

Payment Method: ACH - Authorization 0035331646 Voucher Amount: \$3,738.64 Fee Paid: REGULATORY ASSESSMENT
FEE Billing Name: HORSESHOE BEND WATER SYSTEM Billing Address: 6808 N DYSART RD STE 112, GLENDALE, AZ 85307
2233

=====

To print out a copy of the receipt and vouchers for this transaction either click on or copy and paste the following url into your browser:

https://www3.tceq.texas.gov/epay/index.cfm?fuseaction=cor.search&trace_num_txt=582EA000524482.

This e-mail transmission and any attachments are believed to have been sent free of any virus or other defect that might affect any computer system into which it is received and opened. It is, however, the recipient's responsibility to ensure that the e-mail transmission and any attachments are virus free, and the sender accepts no responsibility for any damage that may in any way arise from their use.



Please print this page.
This page confirms your submittal to the TCEQ.
Your confirmation number is 12221.
The security data hash code is
33F779BF131458DB93C082FEAB1B2102AAB39D0725DE124F9C33BE30DCA769FA.
You will also receive a confirmation e-mail.

Your assessment amount is listed below. You may pay electronically using the TCEQ ePay application. Please press either the Pay with TCEQ ePay or the Other Payment below for more information.

Regulatory Assessment for the Calendar Year 2022

CCN Information

CCN: 13279
CCN Name: LONE STAR WATER COMPANY
CCN Address: 5910 N CENTRAL EXPY STE 1580
DALLAS, TX 75206-5148
County: DENTON
CCN Phone Number: 214-219-7534
Account Receivable (AR): 89913279

RAF Information

Assessment Rate: 1%
Total Revenues: \$360,007.55
Report Exemption Amount: NO
Report Year Length: FULL YEAR

RAF CY 2022 Assessment Amount

Total Assessment Amount: \$3,600.08

I certify that I have personally examined and am familiar with the information being submitted in this regulatory assessment report and that the submitted information is true, accurate and complete to the best of my knowledge. I am aware that there are significant penalties for submitting false information. By entering my name below and pressing the "Sign and Submit" button, I certify that:

1. I am BRYAN THOMAS.
2. I have the authority to submit this information.
3. I am knowingly and intentionally submitting the Regulatory Assessment for the Calendar Year 2022.
4. By entering my name below and pressing "Sign and Submit", I am executing an electronic signature equivalent to my written signature.

Legal Name: BRYAN THOMAS

[Pay with TCEQ ePay](#)

[Other Payment](#)

[Exit Application](#)

Bryan N. Thomas

From: steers@tceq.texas.gov
Sent: Thursday, January 26, 2023 3:03 PM
To: Bryan N. Thomas
Subject: 2022 Regulatory Assessment Fee (RAF) Report Submitted

This confirms the submission of your calendar year 2022 RAF report to the TCEQ. Your submission was received at 01/26/2023 04:03:05 PM.

The confirmation number for this submission is 12221.

The data hash code is 33F779BF131458DB93C082FEAB1B2102AAB39D0725DE124F9C33BE30DCA769FA.

You may access the copy of record from the submissions search which is available from the Home page of SUNSS Internet Version 1.3.

CCN: 13279

CCN Name: LONE STAR WATER COMPANY

Account Receivable (AR) number: 89913279 Total Assessment Amount: \$3,600.08

Important: This confirms your submission of the RAF data to TCEQ. If you have not paid the assessment, you must do so to complete the process.

To pay electronically using the TCEQ ePay application, please follow these instructions:

1. Login to TCEQ ePay at <https://www3.tceq.texas.gov/epay/index.cfm>.
2. Using Option 1, enter your AR number (listed above) to load your statement into the shopping cart.

For other payments, you will receive an invoice from TCEQ in the next 2 weeks. Please remit your payment with the invoice statement.

If you have any questions please contact the RAF Program Coordinator at 512-239-4691 or email wufees@tceq.texas.gov

This e-mail transmission and any attachments are believed to have been sent free of any virus or other defect that might affect any computer system into which it is received and opened. It is, however, the recipient's responsibility to ensure that the e-mail transmission and any attachments are virus free, and the sender accepts no responsibility for any damage that may in any way arise from their use.

Bryan N. Thomas

From: steers@tceq.texas.gov
Sent: Thursday, January 26, 2023 3:07 PM
To: Bryan N. Thomas
Subject: TCEQ ePay Receipt for 582EA000524532

This is an automated message from the TCEQ ePay system. Please do not reply.

Trace Number: 582EA000524532

Date: 01/26/2023 04:07 PM

Payment Method: ACH - Authorization 0035334346 TCEQ Amount: \$3,600.08 Texas.gov Price: \$3,600.08*

* This service is provided by Texas.gov, the official website of Texas. The price of this service includes funds that support the ongoing operations and enhancements of Texas.gov, which is provided by a third party in partnership with the State.

Actor: BRYAN THOMAS
Email: bnthomas@hearthstonecompany.com

Payment Contact: BRYAN THOMAS
Phone: 623-935-1100
Company: LONE STAR WATER COMPANY
Address: 6808 N DYSART RD STE 116, GLENDALE, AZ 85307

Fees Paid:
Fee Description AR Number Amount
REGULATORY ASSESSMENT FEE 89913279 \$3,600.08

TCEQ Amount: \$3,600.08

=====

Voucher: 614139
Trace Number: 582EA000524532
Date: 01/26/2023 04:07 PM
Payment Method: ACH - Authorization 0035334346 Voucher Amount: \$3,600.08 Fee Paid: REGULATORY ASSESSMENT
FEE Billing Name: LONE STAR WATER COMPANY Billing Address: 5910 N CENTRAL EXPY STE 1580, DALLAS, TX 75206
5148

=====

To print out a copy of the receipt and vouchers for this transaction either click on or copy and paste the following url into your browser:
https://www3.tceq.texas.gov/epay/index.cfm?fuseaction=cor.search&trace_num_txt=582EA000524532.

This e-mail transmission and any attachments are believed to have been sent free of any virus or other defect that might affect any computer system into which it is received and opened. It is, however, the recipient's responsibility to ensure that the e-mail transmission and any attachments are virus free, and the sender accepts no responsibility for any damage that may in any way arise from their use.

DOCKET NO. 54629

APPLICATION OF HEARTHSTONE	§	BEFORE THE PUBLIC UTILITY
WATER, INC. AND TRITON TEXAS	§	
HOLDINGS, LLC FOR APPROVAL OF	§	COMMISSION OF TEXAS
CHANGES IN OWNERSHIP UNDER	§	
TEXAS WATER CODE § 13.302	§	

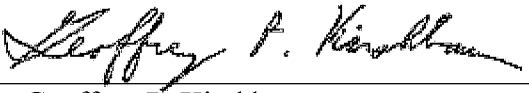
STATEMENT OF CONFIDENTIALITY

Hearthstone Water, Inc. and Triton Texas Holdings, LLC (collectively, the Applicants) have designated as Protected Material certain documents in their Application for Approval of Changes in Ownership under Texas Water Code § 13.302 and 16 Texas Administrative Code § 24.243 for a change in ownership of the controlling interests in Horseshoe Bend Water Company LLC and Lone Star Water Company. The Applicants consider the information identified below to be competitively-sensitive commercial or financial information that is confidential and exempted from disclosure under the Public Information Act §§ 552.101 and 552.110.

INDEX OF CONFIDENTIAL DOCUMENTS

1. Exhibit A, Exhibit C-1, C-2, C-3, and Exhibits 1-3 of Exhibit D – Affidavit of Brian Thomas
 - a) Designation of Information: Protected Material
 - b) Description of Documents: Transfer and Assignment Agreements and Financial Information
 - c) Applicable Exemptions: Public Information Act of Texas §§ 552.101 and 552.110.
 - d) Explanation of Designation: The Transfer and Assignment Agreement contains competitively-sensitive business operations information, commercial information, or financial information.
 - e) Certification of Counsel: The undersigned counsel has reviewed the information sufficiently to state in good faith that the information is exempt from discovery under the Public Information Act of Texas and is entitled to its classification specified above.

Respectfully submitted,

By: 

Geoffrey P. Kirshbaum

State Bar No. 24029665

TERRILL & WALDROP

810 West 10th Street

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ATTORNEYS FOR TRITON TEXAS HOLDINGS, LLC

CONFIDENTIAL

DOCKET NO. 54629

APPLICATION OF HEARTHSTONE	§	BEFORE THE PUBLIC UTILITY
WATER, INC. AND TRITON TEXAS	§	
HOLDINGS, LLC FOR APPROVAL OF	§	COMMISSION OF TEXAS
CHANGES IN OWNERSHIP UNDER	§	
TEXAS WATER CODE § 13.302	§	

Submitting Party: Hearthstone Water, Inc.

Confidential Document – Attachments to Application of Hearthstone Water, Inc. and Triton Texas Holdings, LLC for Approval of Changes in Ownership under Texas Water Code § 13.302

Brief Description of Documents:

1. **Exhibit A** - Draft Assignment and Assumption Agreement by and between The Kauffman Family Living Trust, dated April 9, 2015, Disciple Asset Holdings, LP, Malakoff Family Holdings, LP and Hearthstone Water, Inc. (f/k/a Triton Utilities, Inc.).
2. **Exhibit C** - (1) Equity Purchase Agreement by and among Triton Utilities, Inc., Triton Texas Holdings LLC, The Shareholders of Triton Utilities, Inc., Ullico Infrastructure Triton Holdco, LLC, and Paul D. Kauffman, solely in his capacity as Seller Representative Dated as of October 21, 2021; (2) Assignment and Assumption Agreement by and among Ullico Infrastructure Triton Holdco, LLC, Triton Utilities, Inc., and Ullico Infrastructure Master Fund, L.P. dated March 10, 2022 and (3) Contribution, Assignment and Assumption Agreement by and among Ullico Infrastructure Master Fund, L.P., Ullico Hearthstone Holdco, LLC, and Hearthstone Holdings, Inc. dated March 10, 2022
3. **Exhibit 1** to Affidavit of Bryan Thomas – Hearthstone Water, Inc.’s Balance Sheet as of November 30, 2022
4. **Exhibit 2** to Affidavit of Bryan Thomas – Debt Service Coverage Analysis
5. **Exhibit 3** to Affidavit of Bryan Thomas – Supporting Financial Documents

Page Range:

Envelope 1 of 1

Submitted to the Commission on February 7, 2023.

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PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials) by a party providing information to the Public Utility Commission of Texas (Commission), including information whose confidentiality is currently under dispute.

It is ORDERED that:

1. Designation of Protected Materials. Upon producing or filing a document, including, but not limited to, records stored or encoded on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____" or words to this effect and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include not only the documents so designated, but also the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. Materials Excluded from Protected Materials Designation. Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Texas Public Information Act. Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in a proceeding, is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. Reviewing Party. For the purposes of this Protective Order, a Reviewing Party is a party to this docket.
4. Procedures for Designation of Protected Materials. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (1) any and all exemptions to the Public Information Act, Tex. Gov't Code Ann., Chapter 552, claimed to be applicable to the alleged Protected Materials; (2) the reasons supporting the providing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (3) that counsel for the providing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. Persons Permitted Access to Protected Materials. Except as otherwise provided in this Protective Order, a Reviewing Party shall be permitted access to Protected Materials only through its Reviewing Representatives who have signed the Protective Order Certification Form. Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in these proceedings. At the request of the Commissioners or their staff, copies of Protected Materials may be produced by the Commission Staff (Staff) or the Commission's Docket Management and Commission Advising (CADM) to the Commissioners. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. Highly Sensitive Protected Material Described. The term Highly Sensitive Protected Materials is a subset of Protected Materials and refers to documents or information which a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as set forth herein) would expose a producing party to unreasonable risk of harm, including but not limited to: (1) customer-specific information

protected by Tex. Util. Code Ann. § 32.101(c); (2) contractual information pertaining to contracts that specify that their terms are confidential or which are confidential pursuant to an order entered in litigation to which the producing party is a party; (3) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (4) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____” or words to this effect and shall be consecutively Bates Stamped in accordance with the provisions of this Protective Order. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. Restrictions on Copying and Inspection of Highly Sensitive Protected Material. Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. A record of any copies that are made of Highly Sensitive Protected Material shall be kept and a copy of the record shall be sent to the producing party at the time the copy or copies are made. The record shall include information on the location and the person in possession of the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as provided by Paragraphs 9 and 13. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.
8. Restricting Persons Who May Have Access to Highly Sensitive Protected Material. With the exception of Commission Staff and the Office of Public Utility Counsel (OPC), and

except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (1) outside counsel for the Reviewing Party; (2) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel; or (3) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review each Highly Sensitive Protected document to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. Copies Provided of Highly Sensitive Protected Material. A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8, and be either outside counsel or an outside consultant. Other representatives of the reviewing party who are authorized to view Highly Sensitive Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Each reviewing party may make two additional copies of Highly Sensitive Protected Materials for outside consultants and/or Reviewing Party's employees whose business offices are located outside of Travis County. The additional copies may be maintained at the outside consultant's offices outside Travis County. All restrictions on Highly Sensitive documents in this Order shall apply to additional copies maintained outside the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected documents provided to a Reviewing Party may not be copied except as provided in Paragraph 7 and shall be returned along with any copies made pursuant to Paragraph 7 to the producing party

within two weeks after the close of the evidence in this proceeding. The restrictions contained herein do not apply to Commission Staff, OPC, and the Office of the Attorney General (OAG) when the OAG is representing a party to the proceeding.

10. Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict. The procedures set forth in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC, and the OAG. When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures set forth herein.
12. Delivery of the Copy of Highly Sensitive Protected Material to Staff and Outside Consultants. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification provided in Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials

received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification attached hereto.

13. Restriction on Copying by Commission Staff, OPC, and the OAG. Except as allowed by Paragraphs 7, Commission Staff, OPC, and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the Presiding Officer directs otherwise. Limited notes may be made by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) of Highly Sensitive Protected Materials furnished to them and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken. Commission Staff, OPC (if OPC is a party), and the OAG (if OAG is a representing party) may make two additional copies of Highly Sensitive documents for outside consultants whose business offices are located outside Travis County. All restrictions on Highly Sensitive documents in this Order shall apply to additional copies maintained in the outside consultant's offices.
14. Public Information Requests. In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. Required Certification. Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification set forth in the attachment to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be

used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification set forth in the Attachment to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

A copy of each signed certification shall be provided by the reviewing party to counsel for the producing party and served upon all parties of record.

16. Disclosures Between Reviewing Representatives and Continuation of Disclosure Restrictions After a Person is no Longer Engaged in the Proceeding. Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials. Except for Highly Sensitive Protected Materials which shall be provided to the Reviewing Parties pursuant to Paragraph 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.
18. Procedures Regarding Voluminous Protected Materials. Production of voluminous Protected Materials will be governed by 16 Tex. Admin. Code § 22.144(h). Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. Reviewing Period Defined. The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. Procedures for Making Copies of Voluminous Protected Materials. Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical, or electronic copies of the Protected Materials, subject to the conditions hereof; provided, however, that before photographic, mechanical, or electronic copies can be made, the Reviewing Party seeking photographic, mechanical, or electronic copies must complete a written receipt for copies on the

attached form identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.

21. Protected Materials to be Used Solely for the Purposes of These Proceedings. All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (1) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (2) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. Procedures for Confidential Treatment of Protected Materials and Information Derived from those Materials. Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to ensure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. Procedures for Submission of Protected Materials. If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion, or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "CONFIDENTIAL" and shall be filed under seal with the Presiding

Officer and served under seal to the counsel of record for the Reviewing Parties. The Presiding Officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (1) shall notify the party which provided the information within sufficient time so that the providing party may seek a temporary sealing order; and (2) shall otherwise follow the procedures set forth in Tex. R. Civ. P. 76a.

24. Maintenance of Protected Status of Materials During Pendency of Appeal of Order Holding Materials are not Protected Materials. In the event that the Presiding Officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the Presiding Officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a Presiding Officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. Notice of Intent to Use Protected Materials or Change Materials Designation. Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. _____ at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first

file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. Procedures to Contest Disclosure or Change in Designation. In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate Presiding Officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or alternatively that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.
27. Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation. If the party asserting confidentiality files an objection, the appropriate Presiding Officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or reviewing party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the Presiding Officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such

determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such Presiding Officer's ruling.

28. Maintenance of Protected Status During Periods Specified for Challenging Various Orders. Any party electing to challenge, in the courts of this state, a Commission or Presiding Officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (1) the date of an unfavorable Commission order; or (2) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this Paragraph. For purposes of this Paragraph, a favorable ruling of a state district court, state appeals court, supreme court or other appellate court includes any order extending the deadlines set forth in this Paragraph.
29. Other Grounds for Objection to Use of Protected Materials Remain Applicable. Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless and until such additional disclosure is order by the Commission or a court, all parties will abide by the restrictions imposed by the Protective Order.
30. Protection of Materials from Unauthorized Disclosure. All notices, applications, responses, or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials. Following the conclusion of these proceedings, each Reviewing

Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit, or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. Applicability of Other Law. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act, and any other applicable law, provided that parties subject to those acts will give the party asserting confidentiality notice, if possible under those acts, prior to disclosure pursuant to those acts.
33. Procedures for Release of Information under Order. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (1) the Reviewing Party shall notify the party asserting confidentiality of such order at least five (5) calendar days in advance of the release of the information in order for the party

asserting confidentiality to contest any release of the confidential information; (2) the Reviewing Party shall notify the producing party that there is a request for such information within five (5) calendar days of the date the Reviewing Party is notified of the request for information; and (3) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein.

34. Best Efforts Defined. The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body or written opinion of the Texas Attorney General which was sought in compliance with the Public Information Act. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of Tex. Gov’t Code Ann. § 552.301, or intends to comply with the final governmental or court order.
35. Notify Defined. Notify, for purposes of Paragraphs 32, 33, and 34, shall mean written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. Requests for Non-Disclosure. If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Order, the producing party shall tender the information for in camera review to the presiding officers within 10 calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the

classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information. Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the commission.

37. Sanctions Available for Abuse of Designation. If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 Tex. Admin. Code § 22.161.
38. Modification of Protective Order. Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. Breach of Protective Order. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

SIGNED AT AUSTIN, TEXAS as of the _____ day of _____, 2023.

ADMINISTRATIVE LAW JUDGE

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

DOCKET NO. 54629

I request to view/copy the following documents:

Document requested	# of Copies	Non-Confidential	Confidential &/or H.S.

Signature

Party Represented

Printed Name

Date