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Received - 2023-04-11 03:18:04 PM
Control Number - 54147
ItemNumber - 19

DOCKET NO. 54147

**APPLICATION OF ROLLING V
RANCH WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 3
OF WISE COUNTY FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AND FOR DUAL
CERTIFICATION WITH THE CITY OF
RHOME IN WISE COUNTY**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**ORDER NO. 8
REQUIRING ADDITIONAL ANALYSIS FROM COMMISSION STAFF**

In this proceeding, Rolling V Ranch Water Control and Improvement District No. 3 of Wise County seeks to obtain a water certificate of convenience and necessity (CCN) and dual certification with the City of Rhome in Wise County. On multiple occasions, Commission Staff has filed recommendations on the administrative completeness of the application. Those recommendations have included memos from subject matter experts. Specifically, Jolie Mathis has offered her opinions as to the sufficiency (or lack thereof) of the application from a technical and managerial perspective, and Fred Bednarski has offered his opinions from a financial perspective.

On November 4, 2022, Mr. Bednarski opined that the application contained deficiencies related to leverage test, operations test, and capital improvement plan requirements. On November 21, 2022, Rolling V asked for a good cause exception from certain requirements applicable to the leverage test and operations test. On December 5, 2022, Mr. Bednarski stated: “I opine that the good cause exception should be granted if the ALJ determines the financial statements provided [by Rolling V] on November 21, 2022, can be substituted for the audited financial statements requirement per 16 TAC § 24.11(e)(4)(B)(i) as required by 16 TAC § 24.11(e)(4)(C).”

In Order No. 5 filed on December 8, 2022, the ALJ *denied* Rolling V’s good cause exception request, meaning that the financial statements the company had provided *could not* be substituted for ones that meet the requirements of 16 TAC § 24.11. On January 4, 2023, Commission Staff explained that, in light of Order No. 5, it needed additional time to evaluate the sufficiency of the application as it relates to the operations and leverage tests. On February 6, 2023, Commission Staff filed a new memo from Mr. Bednarski which did not address the operations and leverage tests. This is notable because, at the time, Rolling V had not yet filed any financial documents

other than those for which a good cause exception request had been denied.

In February and March 2023, Rolling V filed additional financial information. On April 10, 2023, Commission Staff filed a new recommendation on administrative completeness which includes a memo by Ms. Mathis addressing technical and managerial issues, but no memo from Mr. Bednarski (or any other financial analyst) addressing financial issues.

By April 25, 2023, Commission Staff must supplement its April 10, 2023 recommendation with a memo from Mr. Bednarski or another financial subject matter expert as to the administrative completeness of the application, from a financial standpoint.

Signed at Austin, Texas the 11th day of April 2023.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'HB', is written over a horizontal line.

**HUNTER BURKHALTER
CHIEF ADMINISTRATIVE LAW JUDGE**