



**Control Number: 54147**



**Item Number: 72**

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PUBLIC UTILITY COMMISSION

# OPEN MEETING COVER SHEET COMMISSIONER MEMORANDUM

**MEETING DATE:** September 12, 2024

**DATE DELIVERED:** September 11, 2024

**AGENDA ITEM NO.:** 3

**CAPTION:** 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


**DESCRIPTION:** Chairman Thomas Gleeson Memorandum

# *Public Utility Commission of Texas*

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## **Commissioner Memorandum**

**TO:** Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty  
Commissioner Kathleen Jackson  
Commissioner Courtney K. Hjaltman

**FROM:** Chairman Thomas J. Gleeson 

**DATE:** September 11, 2024

**RE:** September 12, 2024 Open Meeting – Item No. 3  
*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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Before the Commission is a proposed order recommending approval of the application of Rolling V Ranch Water Control and Improvement District No. 3 of Wise County for a new water certificate of convenience and necessity number (CCN) number 13315 for 2,367.5 acres in four noncontiguous areas in Wise County. The requested areas are currently certificated to the city of Rhome under CCN number 10989. If the application is approved, then the requested areas would be dually certificated between Rolling V Ranch and Rhome. The amended proposed order recommends approval of Rolling V Ranch’s application. I would modify the amended proposed order to grant Rolling V Ranch a good-cause exception to the requirements of 16 Texas Administrative Code (TAC) § 24.11(e)(5)(B)(ii). I would also modify the amended proposed order to add an ordering paragraph related to the dual certification as proposed by Commission Staff.<sup>1</sup>

### **I. Good Cause Exception**

Commission rules require owners and operators of retail public utilities to demonstrate they have the financial resources to operate and manage a retail public utility and to provide continuous and adequate service.<sup>2</sup> Generally, an owner or operator may demonstrate financial assurance by satisfying financial tests or providing an irrevocable stand-by letter of credit.<sup>3</sup> However, the owner or operator of a retail public utility that requests to serve a new CCN area or new subdivision must provide additional financial assurance if more than \$100,000 in capital improvements are necessary to provide service.<sup>4</sup> The additional financial assurance must be in the form of loan

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<sup>1</sup> Commission Staff’s Exceptions and Correction to the Amended Proposed Order (July 2, 2024).

<sup>2</sup> 16 TAC §§ 24.11(b), .227(f).

<sup>3</sup> *Id.* § 24.11(c)–(e).

<sup>4</sup> *Id.* § 24.11(e)(5).

approval documents or firm capital commitments affirming that all funds are available to install the CCN applicant's proposed water and sewer utility systems for the requested service area.<sup>5</sup>

In this proceeding, there is a letter from Vantage Bank related to the developer, PMB Rolling V Land LP, and its affiliates. Rolling V Ranch is not expressly named in the letter from Vantage Bank. However, under the reimbursement agreement, the developer is responsible for the construction of the capital improvements,<sup>6</sup> and the Vantage Bank letter indicates that the developer is in a satisfactory financial position to do so.<sup>7</sup> Rolling V Ranch is obligated to issue bonds to reimburse the developer for the costs of the capital improvements,<sup>8</sup> and its financial advisor asserts that Rolling V Ranch has the bond-issuing capacity to make the project financially feasible.<sup>9</sup> Therefore, good cause exists to grant Rolling V Ranch an exception to the requirements of 16 TAC § 24.11(e)(5)(B)(ii). I recommend modifying the amended proposed order to grant Rolling V Ranch a good-cause exception to the requirements of 16 TAC § 24.11(e)(5)(B)(ii).

## II. New Ordering Paragraph

I recommend adding an ordering paragraph related to the dual certification as proposed by Commission Staff in its corrections to the amended proposed order. The order would be clearer if it included an ordering paragraph expressly stating that the Commission is dually certifying the requested area between Rolling V Ranch and Rhome.

I look forward to discussing this matter with you at the open meeting.

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<sup>5</sup> *Id.* § 24.11(e)(5)(B)(ii).

<sup>6</sup> Revised Mapping Items and Supplemental Financial Test Items, Exhibit 8, Reimbursement Agreement at 2–3 (March 3, 2023).

<sup>7</sup> *Id.*, Exhibit 5, Bank Letter.

<sup>8</sup> *Id.*, Exhibit 8, Reimbursement Agreement at 4–6.

<sup>9</sup> *Id.*, Exhibit 9, Feasibility Letter District Financial Advisor.