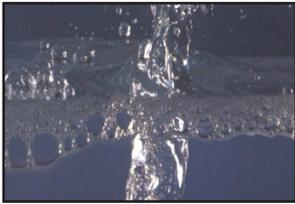


UTILI-FACTS

Establishing a consumer's group for privately-owned utilities

Although the majority of Texans receive water or sewer services from publicly owned utilities, many Texans obtain those services from utilities that are owned by individuals, associations or corporations.



Customers of publicly owned utilities—such as non-profit water supply corporations (WSCs), cities and water districts—have a voice in the decisions made regarding their utility by exercising their right to elect the

board of directors or the city council that represents their constituents' interests.

On the other hand, customers of privately owned utilities located outside the corporate boundaries of a city do not elect their utility's decision makers. The Public Utility Commission of Texas (PUCT) regulates the rates and customer service practices of these utilities. Customers participate in the oversight and review process of these utilities in three ways:

- By advising the Commission of their comments or objections to an authorization to provide service or a rate change,
- By asking the Commission to investigate and correct customer service rule violations, and
- By participating in the hearings held to consider a utility's proposed rate change or request for authorization to provide service.

Customers can enhance their effectiveness by taking advantage of the strength in numbers concept and by presenting a unified voice when communicating with their utility and with regulatory agencies.

For areas served by privately owned utilities located inside the corporate boundaries of a city, the elected city council members regulate the rates and service practices of these utilities. Customers of these utilities should voice their concerns and issues with their elected city council members.

Why Should Consumers Organize?

The interests and concerns of a specific area are best understood by the people who live there. When well organized, a consumer group can aid in opening lines of communication between consumers, their utility, and the agencies responsible for regulating the utility.

Consumers can get more for their money by pooling their financial and personal resources. Residents with specific talents can be identified and asked to lend their expertise to resolving consumer related concerns.

Utilities typically recover their legal and consulting expenses through the rates they charge for water and sewer service. Minimizing those

expenses in contested cases before the PUCT helps keep rates lower. An organized consumer group can be more effective in achieving a settlement and avoiding the costs of a prolonged hearing process.

When Should Consumers Organize?

When complaints and concerns regarding the availability or cost of service first begin to occur:

- When an application for a service area request or a rate change application has been filed with the Commission,
- When a utility is not complying with state guidelines and rules, or
- When a problem requiring the state's intervention exists.

How Can a Consumer Organization Assist Its Members?

Improving Service: A consumer organization can bring recurring complaints and areas of concern to a utility's attention in a non-hostile atmosphere. The group can then work with the utility on a plan for improvements. Service problems that are not corrected by a utility can, and should, be directed to the PUCT as well.

Education of Members: The organization can become familiar with state laws and rules regarding customer relations, utility operations, utility rates, and the rate appeal process. The group can inform residents about the expectations they can have of their utility, and about the rules and laws of the PUCT.

Ratemaking: The organization can work with the utility and the PUCT to set rates that will allow the utility to maintain its financial integrity while providing good service at a reasonable cost to consumers.

Rulemaking: Consumer organizations can influence the rules and laws governing water and sewer utilities by discussing needed changes with the PUCT, elected officials, other regulatory agencies, trade groups and associations. State agencies publish proposed rules in the Texas Register to allow public comment.

Communicating with Regulatory Agencies: A consumer organization can select representatives to attend hearings before the PUCT. The group can also be a conduit for ongoing communication with the Commission and other regulatory agencies. The organization can assist state agencies in monitoring a utility's compliance with orders or directives issued by regulators.

The Commission intends to increase its efforts to involve interested consumers in local monitoring efforts. A consumer group can help the Commission meet its goal of timely, effective response to concerns.

How to Begin?

Getting the Word Out: An existing homeowner association's records or

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county records could be researched to generate a mailing list. Flyers could be passed out or posted on community billboards. Announcements of an organizational meeting could be published in a local newspaper.

Although utilities are not required to provide names and addresses of their customers, they are required to allow public access to maps showing the areas they serve. Door-to-door campaigning is very effective and allows those contacted to ask questions before a community meeting is held.



QUESTIONS:
Call: 512-936-7405

Write:
Public Utility Commission
Water Utilities Division
1701 N. Congress Ave.
P.O. Box 13326,
Austin, TX 78711-3326

Finding a Place to Meet: Local churches, businesses, schools, libraries and governmental bodies often have space available that can be used for meetings.

Selecting Community Representatives: Community members can be asked to volunteer their time and expertise. "Officers" of the group, with specific duties,

can be nominated and elected. For example, a chairperson would lead meetings, a secretary would keep records for the group and a treasurer would collect and account for money that might be donated. If necessary, a spokesperson for the group can be chosen to participate in hearings before the PUCT.

Representatives with specific backgrounds can be especially helpful. Examples include accountants, bookkeepers, attorneys, small business owners, engineers, plumbers and people with experience in construction.

What Kind of Group Should be Formed?

The type of organization created is up to local residents. The group or committee could be formal or informal, temporary or permanent.

If a homeowner association already exists, the association may want to form a committee to address utility-related issues.

Consumers interested in creating their own or buying an existing one, may want to investigate forming a non-profit WSC or a water district.

Note that if the group engages in fund raising activities, it may need to register with the Texas Secretary of State's office and the federal Internal Revenue Service.

Who Can Assist Consumer Group Efforts?

- Nearby utilities, cooperatives, licensed well drillers, consulting engineers and others may be willing to answer questions that a consumer group may have.
- The Community Resources Group, Inc., can sometimes assist small rural communities in several areas, depending on the community and resource constraints. These areas include community organizing, evaluating options for new systems, locating financing sources and providing management guidance.

- The Office of Public Utility Counsel can address questions regarding public participation in hearings before the Commission.
- Information about creating a water district is available from the TCEQ's Water Supply Division.
- Information about organizing non-profit WSCs and their operating procedures is available from the Texas Rural Water Association.
- Information on how to contact these and other organizations is listed below.

Public Drinking Water and Sewer System Regulation or Water Districts:

Texas Commission on Environmental Quality

P.O. Box 13087

Austin, Texas 78711-3087

512-239-4691 (Water Supply Division)

512-239-0028 (Publications)

www.tceq.state.tx.us

Help In Getting Organized:

Community Resources Group, Inc.

7701 North Lamar, Suite 503

Austin, Texas 78752

512-454-1033

www.crg.org

Operating Procedures & Organization of Water Supply Corporations:

Texas Rural Water Association

1616 Rio Grande Street

Austin, Texas 78701-1122

512-472-8591

www.trwa.org

Funding Sources:

Texas Water Development Board

P.O. Box 13231

Austin, Texas 78711-3231

512-463-7847

www.twdb.state.tx.us

Rules in Progress:

Texas Register

P.O. Box 13824

Austin, Texas 78711-3824

512-463-5561

www.sos.state.tx.us