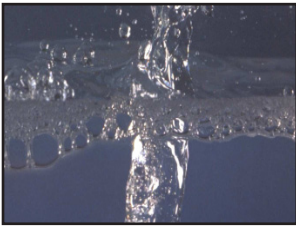


UTILI-FACTS

A Customer Guide to the Public Hearing Process

You have received a notice telling you that your utility has requested approval to change the rates it charges you for water or wastewater service. You can either:



Accept the rate change because you believe it is reasonable.

Contact your utility for additional information so you can decide if the change is reasonable.

File a protest of the rate change with the Public Utility Commission

of Texas (PUCT) or the municipality listed in the notice and ask that a hearing be held because you believe the change is not reasonable. If you request a hearing, you should be prepared to actively participate in the hearing process, either personally or through a representative named, in writing, by you.

Knowing how rates are designed and how utilities fund improvements may help you decide whether the rate change is reasonable. To find out, you may call PUCT and ask for GI-257, Utility Funding and Rate Design: A Guide to Customers of Private or Investor-Owned Utilities. You can also download this publication from the PUCT's website at www.puc.texas.gov.

THERE IS A DEADLINE FOR REQUESTING A HEARING should you decide to protest the rate increase. Be sure to read the utility's notice carefully, because it includes information you need to know about when and how to protest the rate change or request a hearing. The remainder of this publication describes what to expect from the hearing process itself.

The Public Hearing Process

The hearing process is required by law if the regulatory authority receives a complaint from any affected municipality, or from the lesser of 1,000 or 10 percent of the utility's affected customers request a hearing. Hearings are normally held in Austin.

The Prehearing Conference

The process begins with a prehearing conference, which usually lasts one day. This prehearing conference allows for an opportunity for everyone participating in the hearing:

- To discuss their concerns and issues in a semi-formal environment;
- To see if they can reach an agreement about how to address those concerns and issues;
- To agree on rates that would be appropriate; and
- To become a party to the rate-change case.

The preliminary hearing is conducted by an administrative law

judge (ALJ) assigned by the State Office of Administrative Hearings (SOAH). The administrative law judge (ALJ):

- Presides over the hearing;
- Grants party status to persons who want to actively participate in the hearing. For more information about party status, see "Participants and Their Roles;"
- Takes public comments from anyone who does not want to participate as a party, and then leaves the hearing to allow the named parties the opportunity to talk with each other and reach an agreement on the rates; and
- Prepares an order for PUCT's approval, if the parties reach an agreement.

If the parties cannot reach an agreement, the administrative law judge can extend the hearing to a formal evidentiary hearing.

The Formal Evidentiary Hearing

This formal hearing generally lasts several days and is usually held in Austin. The formal hearing may:

- Involve rate payers representing themselves, but since it is a formal legal hearing, obtaining the services of an attorney is usually in your best interest;
- Involve a significant amount of pre-hearing work to gather information from all named parties;
- Require that the parties have witnesses to provide sworn testimony to document their positions;
- Require that the parties cross-examine the other parties' witnesses;
- Involve post-hearing filings and review of the ALJ's proposed decision;
- Involve costs which can, by law, be passed on to the customers in their rates;
- Involve expenses for you as a hearing participant for which you cannot be directly reimbursed, although all customers could benefit from a decrease in rates; and
- Require pre-filed testimony.

Participants and Their Roles

Parties Named by the ALJ:

(Note: Customers of a utility seeking a rate change are generally entitled to party status.)

- Must appear at the preliminary hearing, either personally or

(continued on back)

(continued from front)

through an authorized representative;

- Must show they have a personal interest that could be affected by the rate change;
- Have the right to participate in settlement negotiations;
- Have the right and the responsibility to participate in discovery

if the case does not settle. "Discovery" is an exchange of questions and answers among all the parties and can result in significant costs if there are many parties;

- Have the right and the responsibility to file motions and arguments;
- Have the right to present witnesses and evidence at an evidentiary hearing;
- Have the right to cross-examine (question) other parties' witnesses;
- Have the right to appear before

the PUCT Commissioners when the case is considered for a final decision; and

- Could be required to pay a portion of the cost for a court reporter if an evidentiary hearing is required.

SOAH ALJ:

Opens and presides over the hearing and ensures the hearing process complies with applicable laws and rules.

PUCT:

The PUCT is represented by a staff attorney, financial examiner, and engineer who:

- Evaluate the application for compliance with state law and PUCT rules and policies;
- Provide support and information to help the parties reach an agreement that is fair to the customers and the utility.
- Office of Public Utility Counsel (OPUC):
- Is, by law, a party to the hearing;
- Is charged with the responsibility of helping parties understand the process and everyone's role in it; and
- Can be contacted at 512-936-7500 or 877-839-0363.

Utility:

- Is the party requesting the rate/tariff change;
- Is responsible for presenting its application and justifying the information in the application;
- Has to provide sufficient documentation to support its request; and
- Is typically represented by an attorney and a rate consultant.

Additional Information

Please contact:

Public Utility Commission of Texas
Water Utilities Division
1701 N Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
Phone (512) 936-7405
www.puc.texas.gov

State Office of Administrative Hearings
300 W 15th Street, Suite 502
P.O. Box 13025
Austin, Texas 78711
Phone 512-475-4993
www.soah.state.tx.us



QUESTIONS:

Call: 512-936-7405

Write:

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