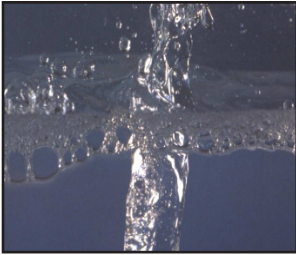


UTILI-FACTS

Water Supply Corporations: Frequently Asked Questions

What is WSC?

WSC stands for "Water Supply or Sewer Service Corporation." WSCs are non-profits, member-owned and member-controlled corporations organized under Chapter 67, Texas Water Code. As such, WSCs are subject to the laws and regulations governing the operations of non-profit corporations. The operation of a WSC is the responsibility of its board of directors. Directors are elected by the corporation members.



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Is the WSC Required to Provide Me With Service?

Yes, if your property is located within the area granted under the WSC's "Certificate of Convenience and Necessity" (CCN). If you are not sure whether your property is within a particular WSC's area, contact the WSC or the Public Utility Commission of Texas (PUCT). When calling the PUCT, call (512) 936-7405 and ask to speak to a member of the Water Utilities Division mapping team.

How Do I Become a Member and Get Service?

Most WSCs require you to fill out an application form. You may be asked to appear at a board meeting to formally request membership. You will be asked to pay a "membership" fee. You will become a member upon qualification for service and membership is accordance with the WSC's tariff. Note: Membership fees and indication of interest fees are two different fees.

The membership entitles you to (1) vote as a member/stockholder of the WSC, and (2) receive utility services. The amount of the membership or indication of interest fee is specified in the WSC's tariff and can range from \$50 to \$250. The membership fees are generally used as emergency reserve funds.

If service is not readily available in your area, you may be asked to pay an "Indication of Interest" fee in lieu of the membership fee. Once service is made available, the indication of interest fee may be converted to a membership fee.

Will I Have to Pay Anything Else?

If a tap and meter are not already in place, you will be asked to pay a tap fee. The tap fee generally includes the cost of labor and materials for installation and administrative costs. You may also be charged a buy-in, extension or capital recovery fee (applicant's pro-rata share of the WSC's capital investment to increase capacity).

The total cost to obtain service may range from several hundred to several thousand dollars. The WSC retains ownership of the meter and distribution lines.

Charges (other than those for regular membership and tap fees) for the installation of service may be appealed to the PUCT by ap-

plicants for service from a WSC. This type of appeal is initiated by writing the PUCT within 90 days after obtaining written information from the WSC on the costs involved. For additional information on this type of appeal, contact the PUCT's Customer Protection Division toll-free at 888-782-8477.

Why Does it Take So Long to Get Service?

In some cases, honoring a new customer's request for service will require an upgrade to the existing system. An engineering study must be prepared by the WSC and plans must be reviewed and approved by various government agencies. The WSC may seek a loan to finance the construction and the loan approval process takes time. Once plans are approved and financing arranged, WSCs will start construction as soon as possible.

How Are WSC Facilities Funded?

In most cases, the money to construct the WSC's water or sewer plants and pipelines comes from loans provided by the United States Department of Agriculture (USDA) or the Texas Water Development Board (TWDB). Loan repayments and daily operational costs are generally paid off with revenue from water and/or sewer service sales. Reserve funds established by capital recovery fees, developer contributions and other forms of private finance are other means of developing the water or sewer system. Because the funds and customer base are so limited, WSCs generally do not "over-build" to accommodate future growth. Therefore, each new applicant may have to pay his share of the cost of enlarging or extending the system.

What Are My Alternatives for Service?

- Drill your own water well for water service.
- Build your own septic system for sewer service.
- Find an alternative service provider.

If there is another utility nearby, you could ask if it would be willing to serve your property. If it is willing and the WSC does not object, your property could be removed from the WSC's certificated area and added to the other utility's area. This requires PUCT approval.

Who Sets the Rates Charges by a WSC?


The WSC's board of directors sets the WSC's rates. The term "rates" as it is used here includes charges for deposits, retail water and sewer service, connection fees, late charges, membership fees, etc. The rates set by the board of directors are not subject to review or approval by the PUCT unless ten percent or more of the affected ratepayers petition the PUCT to review the board's decision changing the rates. This appeal must be filed within 90 days following

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the effective date of the rate change. Contact the PUCT for information on how to file a petition. Ask for a free copy of publications GI-24, "Appealing a Rate Change Decision" or download it from the website at www.puc.texas.gov.

Are WSCs Subject to the Open Meetings and Open Records Acts?



QUESTIONS:
Call: 512-936-7405

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

WSCs are required to comply with the Open Records and Open Meetings Act and are subject to articles 1396-2.23, and 1396-2.23A, Vernon's Texas Civil Statutes, relating to the inspection of certain records of nonprofit corporations.

What Government Agencies "Regulate" WSCs?

WSCs govern themselves under the direction of their elected board of directors. However, the following agencies have some regulatory authority:

- The USDA/Rural Development

and the TWDB establish guidelines and impose requirements in conjunction with loans provided to WSCs.

- The PUCT issues Certificates of Convenience and Necessity (CCNs). These certificates grant the right and the obligation to provide retail utility service in a particular area. WSCs are required to obtain a CCN. (Also see comments under "Will I have to pay anything else?" and "Who sets the rates charged by a WSC?")
- The TCEQ regulates the operations of all public drinking water systems and sewer systems and conducts periodic inspections. Those regulations address water quality, water pressure, and system design specifications.

Where Can I Go to Find Out More About WSCs?

The Texas Rural Water Association (TRWA) is a non-profit, professional organization of WSCs. TRWA provides technical assistance and information to member WSC boards, managers, bookkeepers and operators. State and federal grants provide "TRWA Circuit Riders" for on-site assistance to systems eligible for state and federal funding.

Questions may be directed to:

Texas Rural Water Association
1616 Rio Grande Street
Austin, Texas 78701-1122
512-472-8591

Questions may also be directed to:

Customer Protection Division
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326
888-782-8477