

UTILI-FACTS

PUC Jurisdiction over Utility Rates and Service Policies

The tables in this publication summarize the Public Utility Commission of Texas (PUC) jurisdiction over the rates charged, areas served, and customer service policies followed by retail public utilities owned by cities, counties, districts, water supply or sewer service corporations, and investors. For definitions of the terms and abbreviations used in this publication, look below the table on page 2.

What jurisdiction does PUC have over retail rates charged by a water or sewer utility?

If the utility is owned by a(n) ...		What type of jurisdiction does the PUC have over its retail rates? (Note: the PUC has appellate jurisdiction over wholesale rates charged by one utility to another.)		Is customer notice of a retail rate change required?
		Original	Appellate	
City	with customers inside city limits	No	No	No
	with customers outside city limits	No	Yes, if 10% of customers outside the city limits protest or if an affected city that receives service from the IOU protests	Yes*
County (other than an "affected county")		No	No	No
Affected County (within 50 miles of the US-Mexico border)		No	Yes, if 10% of customers protest	Yes*
District	with customers inside district	No	Yes, if 10% of customers protest	No
	with customers outside district	No	Yes, if 10% of customers protest	Yes*
Water Supply Corporation (WSC) (if not exempt)		No	Yes, if 10% of customers protest	No
Exempt WSC		No	No	No
Investor-Owned Utility (IOU) (if not exempt)	Inside a city	No, unless the city surrenders its jurisdiction to the PUC	Yes, if 10% of customers protest or if a party to a rate case before the city files an appeal to the city's ruling	Yes
	Outside a city	Yes	Not applicable.	Yes
Exempt IOU		No	Yes, if 50% of customers protest	No

- *This notice must tell the old rates, the new rates, and the date the new rates take effect. The PUC recommends that customers be told of their right to appeal.

On page 2, find information on these topics:

- When must utilities obtain a CCN and observe PUC tariff and service policies?
- Terms used in this publication
- How to learn more

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When must utilities obtain a CCN and observe PUCT tariff and service policies?

If a utility is owned by a(n)...		Is a CCN required?	Do TECQ Tariff and Customer Service Policies apply?
City		No*	No
County	within 50 miles of the US-Mexico border	Yes	Yes
	elsewhere in Texas	No*	No
District		No*	No
WSC (if not exempt)		Yes	No, but must file tariff with TCEQ
Exempt WSC		Water, No*; Sewer, Yes	No, but must file tariff with TCEQ
	Inside a city	Yes	Yes, if city does not adopt its own
	Outside a city	Yes	Yes
Exempt IOU		Water, No*; Sewer, Yes	Yes

Terms used in this publication:

Affected County. Counties within 50 miles of the US- Mexico border. Chapter 13 of the Texas Water Code gives these counties specific authority to provide water or sewer utility service.

Appellate Jurisdiction. Circumstances where the PUCT has the authority to review and either approve or modify the decision of another authority after receiving an appeal from affected customers or parties.

CCN—Certificate of Convenience and Necessity. Issued by the PUCT, authorizes a utility to provide water or sewer utility service to a specific area and obligates the utility to provide continuous and adequate service to every customer who requests service in that area.

District. A "district" created by the Legislature or under the Texas Water Code. There are various types, such as MUD (municipal utility district), FWSD (fresh water supply district), WCID (water control and improvement district), or SUD (special utility district).

Exempt IOU or Exempt WSC. A water utility or water supply corporation with fewer than 15 potential service connections. The exemption (from the requirement to obtain a CCN) does not apply to sewer utilities.

IOU, Investor-Owned Utility. A retail public utility owned by an individual, partnership, corporation or homeowners association.

Original Jurisdiction. Circumstances where the TCEQ has the authority to review and approve or modify the rates charged by an individual or corporation for water or sewer services.

Potable Water. Water that meets state standards for drinking water, whether consumed or not.

Retail Public Utility. Any person, corporation, public utility, water supply or sewer service corporation, municipality, political subdivision, or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation.

Retail water or sewer utility service. Potable water service or sewer service, or both, provided by a retail public utility to the ultimate consumer for compensation.

Tariff. A document listing the rates charged by and related service policies practiced by a utility providing retail service.

WSC—Water Supply Corporation. A nonprofit water supply or sewer service corporation owned and controlled by its members.

Wholesale Utility. A utility that sells potable water service or sewer service to a retail public utility that is not the ultimate consumer of the service.

How to learn more:

- See Chapter 13 of the Texas Water Code, titled Water Rates and Services
- See the PUCT's rules in Title 16, Texas Administrative Code, Chapter 24
- Contact the PUCT's Water Utilities Division by phone at: (512) 936-7405 or by email at water@puc.texas.gov. You may also visit the PUCT's website at www.puc.texas.gov.

UTILI-FACTS

Appealing a Rate Change Decision

Made by a Board of Directors, A City Council, or County Commissioners

If your water or sewer utility¹ changes its rates and you wish to contest the decision, the Public Utility of Texas (PUCT) cannot review the retail rates charged by some types of utilities unless you file an appeal in the form of a petition. [Texas Water Code (TWC), Section 13.043(b)] Parties to a rate proceeding before the governing body of a municipality may have different appeal rights under TWC, Section 13.043(a).



The petition must be signed by 10 percent of the affected ratepayers (customers) eligible to appeal. (If there are more than 100,000 eligible ratepayers, the petition is valid if at least 10,000 affected ratepayers sign it.)

You must send the petition to the PUCT within a specific period of time, as discussed later in this publication.

Who Can Appeal a Rate Change Decision?

You and your fellow ratepayers may file an appeal if you are served by one of the types of utilities listed below. Also shown is who has original authority to approve or "set" the rates.

Type of Utility	Who sets the rates?
Water Supply Corporations (WSC)	Board of Directors of the WSC
Water District or River Authority	Board of Directors of the District or Authority
Private- or Investor-Owned Utility Operating Inside a City	City Council
City-Owned Utility Serving Customers Outside the City ²	City Council
County within 50 Miles of the U.S.-Mexico Border Who Sets the Rates?	County Commissioners

Who Can Sign the Petition?

Each person receiving a separate bill is considered a "ratepayer." However, you can only be considered a single ratepayer regardless of the number of bills you receive. A petition can be signed by

¹ The term "utility," as used in this publication, corresponds with "retail public utility" as defined by the Texas Water Code, §13.002(19).

² Only ratepayers living outside the city are eligible to appeal. The PUCT does not have jurisdiction to review the rates charged by a city to in-city, retail customers.

either you as the ratepayer, or by your spouse.

What Should the Petition Say?

Each signature page of the petition should include the following:

1. A statement that the petition is an appeal of the decision that set the new rates. In the case of an investor-owned utility (IOU) operating within a city, the petition should state that it appeals the decision that the city made on a rate change requested by the utility.
2. A short description of the rate change, noting both the old and the new rates.
3. The effective date of the rate change and the date the ratepayers were notified of the rate change.
4. A statement about why you and your fellow ratepayers are requesting that the PUCT review the decision setting the rates.
5. The name and address of an individual or organization that is willing to act as the ratepayers' representative.
6. The mailing address and phone number of the utility. In the case of an IOU operating within a city, the petition should also include the name, mailing address, and phone number of the city.

Each ratepayer signing the petition should write legibly and provide the following information:

- Name,
- Telephone number,
- Street or rural address where the utility service is received (a post office box is not sufficient), and
- Mailing address (if it differs from the address where service is received).

A sample petition appears on the back of this information sheet. This sample should only be used as a guideline. The wording underlined on the sample should be revised as needed for your petition. All the information noted above should be included in your petition.

How is the Petition Filed?

Send a copy of the petition to the utility, and file seven copies of the petition, including the original with the PUCT at:



QUESTIONS:

Call: 512-936-7405

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

(continued on back)

(continued from front)

Public Utility Commission of Texas

Central Records

Attn: Filing Clerk

1701 N. Congress Avenue

P.O. Box 13326

Austin, TX 78711-3326

No filing fee is required. For most utilities, you must submit the petition within 90 days after the effective date of the rate change.

However, if the petition is appealing the rates approved by a city or county for a utility under its jurisdiction (inside the corporate limits of the municipality or a utility owned by an affected county), the petition should be submitted within 90 days of the date on which the city or county made its final decision regarding those rates. A copy of the petition should be sent to the city or county and to the utility at the same time it is filed with the PUCT. As noted above, seven copies of the petition, including the original should be filed with the PUCT.

What Happens Next?

The PUCT must review the petition to see if it is complete. If additional information is required, the ratepayers' representative will be contacted. The petition is then either accepted for filing or, if it is incomplete, returned. The ratepayers' representative will be notified if the petition was accepted.

If the petition is accepted for filing, a PUCT engineer, accountant, and attorney are assigned and the petition is forwarded to the State Office of Administrative Hearings (SOAH) so that a contested case hearing can be scheduled. SOAH will assign an administrative law judge (ALJ) to hear the case.

As a first step in the contested case hearing process, known as the prehearing conference, an ALJ will name parties to the case and give the parties an opportunity to reach a settlement on the appeal.

If the parties cannot agree to a settlement, the ad-

ministrative law judge will set a procedural schedule. At the very least, this schedule will include an opportunity for parties to obtain information from each other through a procedure called discovery, and the date(s) for the next phase, called the evidentiary hearing. The evidentiary hearing is a legal proceeding subject to the Texas Rules of Civil Procedure, the Texas Rules of Evidence, and the PUCT Procedural Rules.

If you are a party to the contested case hearing, you are required to respond to requests for information during the discovery period. During the evidentiary hearing, you may call your own witnesses and cross-examine other parties' witnesses, but you do not have to do so.

When the hearing process is completed, the ALJ prepares a "Proposal for Decision" to submit to the three PUCT Commissioners. The Commissioners make the final decision on the ratepayers' appeal.

Note that the rates you are appealing can be put into effect by your utility even though you have filed an appeal or the appeal is pending. If the Commissioners set lower rates, refunds may be ordered.

Who Can Answer Any Other Questions I Have?

For 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

Sample Petition

(The wording underlined should be revised as needed for your petition.)

Petition to Appeal Rates Established by the Board of Directors

XYZ Water Supply Corporation

1234 Main Street

Anytown, Texas 99999

The undersigned ratepayers of XYZ Water Supply Corporation hereby appeal the decision of the board of directors of the Corporation affecting the rates charged to them by XYZ Water Supply Corporation. The rate change was effective on September 1, 2000, and affected the rates charged for water utility service, tap fees, late charges, and reconnect fees. On September 5, 2000, the ratepayers were notified by the service provider of this rate increase. The undersigned request that the Texas Commission on Environmental Quality review the decision to determine if the rates established are just and reasonable. The old rates charged by the service provider are \$20.00 minimum bill plus \$1.25 for each additional 1,000 gallons, and the new rates are \$25.00 minimum bill plus \$2.00 for each addition 1,000 gallons. The undersigned designate the XYZ Property Owners Association as their representative on this matter. Correspondence to the ratepayers' representative may be directed to Mrs. Jane Doe, President, XYZ Property Owners Association, 1235 Main Street, Anytown, Texas 99999, 512-555-4321.

Name (Please Print and Signature)	Service Address (AND Mailing Address If Different from Service Address)	Phone Number
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____