

# ESTABLISHING A CONSUMERS GROUP FOR PRIVATELY-OWNED UTILITIES

**A**lthough 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, 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 do not elect their utility's decision makers. The Texas Commission on Environmental Quality (TCEQ) regulates the rates and customer service practices of these utilities. Their customers participate in the oversight and review process in three ways:

- ◆ by advising the Commission of their objections to 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.

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

## 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 their 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. Minimizing those expenses in contested cases before the TCEQ helps keep rates lower. An organized consumer group can be more effective in achieving a settlement and avoiding the costs of a prolonged hearings process.

## When Should Consumers Organize?

- ◆ When complaints and concerns regarding the quality or cost of service first begin to occur.
- ◆ When an application has been filed with the Commission.
- ◆ When a utility is not complying with state guidelines and rules.
- ◆ 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 TCEQ as well.

**Education of Members:** The organization can become familiar with state laws and rules regarding customer relations, utility operations 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 TCEQ.

**Ratemaking:** The organization can work with the utility and the TCEQ 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 utilities by discussing needed changes with the TCEQ, elected officials, other regulatory agencies and water utility 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 TCEQ in Austin. 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 consumer concerns.

## How to Begin?

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

**Finding a Place to Meet:** Local churches, businesses, schools, libraries and governmental bodies often have space available.

**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 TCEQ.

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 utility or buying an existing one, may want to investigate forming a non-profit water supply corporation 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 TCEQ's Office of Public Interest Counsel can address questions regarding public participation in hearings before the Commission.
- ◆ Information about creating a water district is available from the Utilities & Districts Section in the TCEQ's Water Supply Division.
- ◆ Pamphlets about obtaining the rules, the Commission's hearings process, the Office of Public Interest Counsel and other topics are available from TCEQ Publications.
- ◆ Information about organizing non-profit water supply corporations and about water supply corporation operating procedures are available from the Texas Rural Water Association.  
Information on how to contact these and other organizations is listed at right.

## Utility & Public Drinking Water System Regulation, Procedures, Hearings, Water Districts, etc.:

TCEQ  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-4691 (Water Supply Division)  
239-6363 (Office of Public Interest Counsel)  
239-0028 (Publications)  
[www.tceq.state.tx.us](http://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](http://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](http://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](http://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](http://www.sos.state.tx.us)



WATER SUPPLY DIVISION, MC 153  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY  
PO BOX 13087  
AUSTIN TX 78711-3087

The TCEQ is an equal opportunity/affirmative action employer. The agency does not allow discrimination on the basis of race, color, religion, national origin, sex, disability, age, sexual orientation or veteran status. In compliance with the Americans with Disabilities Act, this document may be requested in alternate formats by contacting the TCEQ at 512/239-0028, Fax (512) 239-4488 or 1-800-RELAY-TX (TDD), or by writing P.O. Box 13087, Austin, TX 78711-3087.



printed on recycled paper using soy-based ink