

WATER SUPPLY CORPORATIONS

Frequently Asked Questions

What is a WSC?

WSC stands for "Water Supply or Sewer Service Corporation." WSCs are non-profit, member-owned and member-controlled corporations organized under Article 1434(a), Vernon's Texas Codes Annotated. 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.

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 Texas Natural Resource Conservation Commission (TNRCC). When calling the TNRCC, call 512-239-6960 and ask for the Water Utilities Division cartographer.

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 in 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 TNRCC by applicants for service from a WSC. This type of appeal is initiated by writing the TNRCC (and paying a \$100 filing fee) within 90 days after obtaining written information from the WSC on the costs involved. For additional information on this type of appeal, contact TNRCC's Consumer Assistance Team at 239-6100.

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 made 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 usually start construction as soon as possible.

How Are WSC Facilities Funded?

In most cases, the money to construct the WSC's water plants and pipelines comes from loans provided by the Rural Economic and Community Development Service or the Texas Water Development Board. Loan repayments and daily operational costs are generally paid off with revenue from water sales. Reserve funds established by capital recovery fees, developer contributions and other forms of private finance are other means of developing the water 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 well.
- ◆ Find an alternate 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 TNRCC approval.

Who Sets the Rates Charged 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, 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 TNRCC unless ten percent of the ratepayers petition the TNRCC to review the board's decision changing the rates. This appeal must be filed within 90 days following the effective date of the rate change. Contact the TNRCC's Consumer Assistance Team for information on how to file a petition. Ask for a free copy of "Appealing a Rate Change Decision" (Publication no. GI-24).

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

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, V.T.C.S., relating to the inspection of certain records of nonprofit corporations.

What Government Agencies "Regulate" WSCs?

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

- ◆ The Rural Economic and Community Development Service and the Texas Water Development Board establish guidelines and impose requirements in conjunction with loans provided to WSCs.

- ◆ The TNRCC issues Certificates of Convenience and Necessity. These Certificates grant the right and the obligation to provide utility service in a particular area. WSCs are required to obtain a certificate. (Also see comments under "*Will I have to pay anything else?*" and "*Who sets the rates charged by a WSC?*")

- ◆ The TNRCC also issues regulations governing the operations of all public drinking water 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 water supply corporations. 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 member systems.

Questions May be Directed to:

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

Questions Also May be Directed to:

TNRCC
Water Utilities Division, MC 153
Consumer Assistance Team
P.O. Box 13087
Austin, Texas 78711
512/239-6100



WATER UTILITIES DIVISION, MC 153
TEXAS NATURAL RESOURCE CONSERVATION COMMISSION
PO BOX 13087
AUSTIN TX 78711-3087

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