

District No. 1, Town of Edgewood, and Southwest Cheese Company. At the pre-hearing conference the parties agreed to the procedural schedule provided in this order.

4. The Company is a public utility as defined in the Public Utility Act, NMSA 1978, Section 62-1-1, **et seq.**, (Repl.Pamp.2004) and is subject to the jurisdiction of the Commission.

5. The Commission has jurisdiction over the parties and the subject matter of this case.

6. The procedural schedule and other procedural details provided below should be adopted for this case.

It is **ORDERED** as follows:

A. A public hearing in this case will be held at 10:00 a.m. beginning on January 20, 2009, and, if necessary, continuing beyond that date. The hearing will be held at the Commission's offices located at Marian Hall, 224 East Palace Avenue, Santa Fe, New Mexico, for the purpose of hearing and receiving testimony, exhibits and arguments in order to determine whether the proposed ratemaking treatment or other treatment should be approved by the Commission.

B. Any person who desires to intervene to become a party to this case must file a motion for leave to intervene, pursuant to 17.1.2.26 NMAC on or before October 20, 2008.

C. Commission Staff and Intervenors shall file any direct testimony on or before December 12, 2008.

D. Any rebuttal testimony shall be filed on or before January 5, 2009.

E. By September 15, 2008, NMA shall cause, at its sole expense, the Notice appended hereto as Attachment A to be mailed to all its current customers in the

Clovis service district, and to be published immediately one time in a newspaper or newspapers of general circulation in every county where NMA provides service to the customers of the Clovis and Edgewood service districts. NMA shall promptly file affidavits of publication and mailing with the Commission.

F. Interested persons should contact the Commission for confirmation of the hearing date, time and place since hearings are, on occasion, rescheduled.

G. Any interested person may examine the rate filings together with any exhibits and related papers that may be filed at NMA's main business office, 1005 Norris Street, Clovis, New Mexico 88102-0430, telephone: (505) 763-5536, at the business office for NMA's Edgewood district, 38 Cactus Road, Edgewood, New Mexico 87015, telephone: (505) 281-3294, or at the Commission's offices, 224 E. Palace Avenue, Santa Fe, New Mexico 87501, telephone: (505) 827-6940.

H. Anyone filing pleadings, documents or testimony in this case will serve copies on all parties of record and the Commission Staff. In addition to a paper filing, parties and Staff are required to serve the Hearing Examiner by e-mail.

I. Any person whose testimony has been filed will attend the hearing and submit to examination under oath.

J. Any interested person may appear at the time and place of hearing and make a written or oral comment at the hearing pursuant to the Commission's Utility Division Procedures, 17.1.2.26 NMAC, without becoming an intervenor, but the comment will not be considered as evidence in the proceeding.

K. The Commission's Utility Division Procedures, 17.1.2 NMAC, will apply to the proceeding unless otherwise ordered.

L. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission as soon as possible prior to the commencement of the proceedings mentioned herein.

M. The parties have agreed to shorten discovery response time to 10 days.

ISSUED at Santa Fe, New Mexico this **15th** day of August, 2008.

NEW MEXICO PUBLIC REGULATION COMMISSION

WILLIAM J. HERRMANN
Hearing Examiner

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE PETITION BY NEW
MEXICO AMERICAN WATER COMPANY, INC.
FOR ADJUSTMENT OF WATER RATES FOR
ITS CLOVIS DISTRICTS,

NEW MEXICO AMERICAN WATER
COMPANY, INC.,**

Case No. 08-00134-UT

Petitioner.

NOTICE

Pursuant to 17.1.2.53.C NMAC, notice is hereby given to all water service customers of New Mexico-American Water Company, Inc. ("NMAW") that:

1. On June 30, 2008, NMAW filed with the New Mexico Public Regulation Commission its Advice Notice No. 26 and accompanying proposed Fifth Revised Rate No.1, Fifth Revised Rate No. 2, and Second Revised Rate No. 5 proposing revised rates for its Clovis service district (the "Proposed Rates"), and petitioned the Commission for authorization to place the Proposed Rates into effect. The Commission has suspended the Proposed Rates pending a public hearing and has docketed this proceeding as NMPRC Case No. 08-00134-UT. The undersigned has been designated Hearing Examiner for this proceeding.

2. Through the Proposed Rates, NMAW is requesting additional annual revenues from its water utility operations in its Clovis service district of \$2,158,987, representing an increase of 24.78% above its adjusted water service revenues for the twelve months ending December 31, 2007. The proposed rate increase will affect all of NMAW's customer classifications in the Clovis service district.

3. The following table compares the Proposed Rates with the current water service rates for each customer classification in the Clovis service district:

<u>Customer Classification</u>	<u>General Metered Rates/KGal¹</u>			<u>School & Municipal Service Rates/KGal¹</u>		
	<u>Proposed</u>	<u>Present</u>	<u>% Change</u>	<u>Proposed</u>	<u>Present</u>	<u>% Change</u>
<u>Residential (0-4,500 Gal.)</u>	<u>\$3.2374</u>	<u>\$2.7780</u>	<u>16.54%</u>			
<u>Residential (4,501-15,000 Gal.)</u>	<u>\$4.0468</u>	<u>\$3.4680</u>	<u>16.69%</u>			
<u>Residential (> 15,000 Gal.)</u>	<u>\$4.6539</u>	<u>\$3.9480</u>	<u>17.88%</u>			
<u>Commercial 3/4" (0-22,400 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 3/4" (> 22,400 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 1" (0-63,600 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 1" (> 63,600 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 1 1/2" (0-67,300 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 1 1/2" (> 67,300 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 2" (0-187,000 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 2" (> 187,000 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 3" (0-261,800 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 3" (> 261,800 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 4" (0-336,600 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 4" (> 336,600 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 6" & above (0-897,700 Gal.)</u>	<u>\$3.2909</u>	<u>\$3.1390</u>	<u>4.84%</u>			
<u>Commercial 6" & above (> 897,700 Gal.)</u>	<u>\$3.7845</u>	<u>\$3.6290</u>	<u>4.28%</u>			
<u>Commercial 8" & above (> 897,600 Gal.)</u>	<u>\$3.2909</u>	<u>N/A</u>	<u>N/A</u>			
<u>Commercial 8" & above (> 897,600 Gal.)</u>	<u>\$3.7845</u>	<u>N/A</u>	<u>N/A</u>			
<u>Commercial 10" & above (> 897,600 Gal.)</u>	<u>\$3.2909</u>	<u>N/A</u>	<u>N/A</u>			
<u>Commercial 10" & above (> 897,600 Gal.)</u>	<u>\$3.7845</u>	<u>N/A</u>	<u>N/A</u>			
<u>Commercial 12" & above (> 897,600 Gal.)</u>	<u>\$3.2909</u>	<u>N/A</u>	<u>N/A</u>			
<u>Commercial 12" & above (> 897,600 Gal.)</u>	<u>\$3.7845</u>	<u>N/A</u>	<u>N/A</u>			
<u>Public Authority (0-135,307,300 Gal.)</u>				<u>\$2.8040</u>	<u>\$2.4130</u>	<u>16.20%</u>
<u>Public Authority (> 135,307,300 Gal.)</u>				<u>\$3.3648</u>	<u>\$2.8870</u>	<u>16.55%</u>
<u>SW Cheese Contract (310,000 Daily Minimum-490,000 Gal.)</u>	<u>\$1.6325</u>	<u>\$1.3750</u>	<u>18.73%</u>			
<u>SW Cheese Contract (> 490,000 Gal.)</u>	<u>\$1.9997</u>	<u>\$1.6841</u>	<u>18.74%</u>			
<u>Public Fire</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>0.00%</u>			
<u>Private Fire</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>0.00%</u>			

¹ Water service is actually measured and billed in units of 100 cubic feet (Ccf) (100 cubic feet = 748 gallons.)

<u>Meter Sizes</u>	<u>General Metered Service Charge Rates</u>			<u>School & Municipal Service Service Charge Rates</u>		
	<u>Proposed</u>	<u>Present</u>	<u>% Change</u>	<u>Proposed</u>	<u>Present</u>	<u>% Change</u>
<u>5/8" - 3/4"</u>	<u>\$12.65</u>	<u>\$11.00</u>	<u>15.00%</u>	<u>\$12.65</u>	<u>\$11.00</u>	<u>15.00%</u>
<u>1"</u>	<u>\$31.63</u>	<u>\$16.50</u>	<u>91.70%</u>	<u>\$31.63</u>	<u>\$16.50</u>	<u>91.70%</u>
<u>1 1/2"</u>	<u>\$63.25</u>	<u>\$27.50</u>	<u>130.00%</u>	<u>\$63.25</u>	<u>\$27.50</u>	<u>130.00%</u>
<u>2"</u>	<u>\$101.20</u>	<u>\$38.50</u>	<u>162.86%</u>	<u>\$101.20</u>	<u>\$38.50</u>	<u>162.86%</u>
<u>3"</u>	<u>\$113.85</u>	<u>N/A</u>	<u>N/A</u>	<u>\$113.85</u>	<u>N/A</u>	<u>N/A</u>
<u>4"</u>	<u>\$316.25</u>	<u>\$99.00</u>	<u>219.44%</u>	<u>\$316.25</u>	<u>\$99.00</u>	<u>219.44%</u>
<u>6"</u>	<u>\$632.50</u>	<u>\$137.50</u>	<u>360.00%</u>	<u>\$632.50</u>	<u>\$137.50</u>	<u>360.00%</u>
<u>8"</u>	<u>\$1,012.00</u>	<u>N/A</u>	<u>N/A</u>	<u>\$1,012.00</u>	<u>N/A</u>	<u>N/A</u>
<u>10"</u>	<u>\$1,454.75</u>	<u>N/A</u>	<u>N/A</u>	<u>\$1,454.75</u>	<u>N/A</u>	<u>N/A</u>
<u>12"</u>	<u>\$1,454.75</u>	<u>N/A</u>	<u>N/A</u>	<u>\$1,454.75</u>	<u>N/A</u>	<u>N/A</u>
<u>Public Fire¹</u>	<u>\$366.24/yr</u>	<u>\$280.08/yr</u>	<u>30.76%</u>			
<u>Private Fire¹</u>	<u>\$630.96/yr</u>	<u>\$346.80/yr</u>	<u>81.94%</u>			

¹ The Company will bill Public and Private Fire on a monthly basis.

4. The following table compares bills for a 5/8 - 3/4 inch residential water service customer at the indicated level of usage under the Proposed Rates and the current rates in the Clovis service district:

<u>Consumption Level (1000 Gal)¹</u>	<u>General Metered Rates/KGal</u>		
	<u>Proposed</u>	<u>Present</u>	<u>% Change</u>
<u>0</u>	<u>\$12.65</u>	<u>\$11.00</u>	<u>15.00%</u>
<u>5</u>	<u>\$29.25</u>	<u>\$25.24</u>	<u>15.88%</u>
<u>10</u>	<u>\$49.49</u>	<u>\$42.58</u>	<u>16.21%</u>
<u>15</u>	<u>\$69.74</u>	<u>\$59.94</u>	<u>16.35%</u>
<u>25</u>	<u>\$116.28</u>	<u>\$99.42</u>	<u>16.96%</u>

¹ Water service is actually measured and billed in units of 100 cubic feet (Ccf)
100 cubic feet = 748 gallons.

5. The above changes stated by class and, for residential customers, by consumption levels are for informational purposes only, and the final rate design may vary the rates ultimately charged to each class and for each consumption level.

6. NMAW is also requesting approval of two additional changes to its Clovis district rate schedules. First, NMAW is requesting a well replacement surcharge to its service rates intended to enable New Mexico-American Water to recover certain costs associated with its investment in replacement and rehabilitated wells on an expedited basis. NMAW proposes that the surcharge would be adjusted semi-annually subject to hearing and prior approval by the Commission. Second, NMAW is requesting approval of a purchased power adjustment clause in its service rates that would allow its rates to be adjusted periodically to account for changes in the cost of purchased power.

7. NMAW is also proposing to eliminate the conservation surcharge included in its current Clovis rates but to continue the conservation rebate program using revenue collected from the surcharge through the date of termination.

8. With Advice Notice No. 27, on July 20, 2008, NMAW filed proposed Rule 24 for addition to its service rules. Proposed Rule 24 provides for service curtailment and is intended by NMAW to implement Ordinance No. 1755-2003 adopted by the City of Clovis, New Mexico. Advice Notice No. 27 and proposed Rule 24 may be considered in this case.

9. Although NMAW is proposing no change to the rates effective in its Edgewood district in this case, cost and other determinations may be made in this case that could affect rates in the Edgewood district in future cases.

10. The Hearing Examiner has established the following procedural schedule for NMPRC Case No. 08-00134-UT:

A. A public hearing will be held beginning at 10:00 a.m. on January 20, 2009 at the Commission's offices, 224 E. Palace Avenue, Santa Fe, New Mexico, for the purpose of hearing and receiving testimony, exhibits, arguments and any other

appropriate matters in order to determine whether the Proposed Rates or other rates, if appropriate, should be approved by the Commission.

B. Any person who desires to intervene to become a party to this case must file a motion for leave to intervene, pursuant to 17.1.2.26 NMAC on or before October 20, 2008.

C. The Commission Staff and any intervenors shall file any direct testimony on or before December 12, 2008.

D. Any rebuttal testimony shall be filed on or before January 5, 2009. Interested persons should contact the Commission for confirmation of the hearing date, time and place since hearings are, on occasion, rescheduled.

11. Any interested person may examine the rate filings together with any exhibits and related papers that may be filed at NMAW's main business office, 1005 Norris Street, Clovis, New Mexico 88102-0430, telephone: (505) 763-5536, or at the Commission's offices, 224 E. Palace Avenue, Santa Fe, New Mexico 87501, telephone: (505) 827-6940.

12. Any interested person may intervene by filing a motion for leave to intervene pursuant to 17.1.2.26 NMAC herein on or before the date specified above.

13. Any interested person may appear at the time and place of hearing and make a written or oral comment at the hearing pursuant to the Commission's Utility Division Procedures, 17.1.2.26 NMAC, without becoming an intervenor, but the comment will not be considered as evidence in the proceeding.

14. The Commission's Utility Division Procedures, 17.1.2 NMAC, will apply to the proceeding except as modified by order of the Commission or Presiding Officer in this proceeding.

15. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD

CONTACT THE OFFICES OF THE COMMISSION AS SOON AS POSSIBLE PRIOR TO THE COMMENCEMENT OF THE PROCEEDINGS MENTIONED HEREIN.

16. Further information may be obtained by contacting either NMAW or the Commission at the addresses and telephone numbers provided above.

ISSUED at Santa Fe, New Mexico this **15th** day of August, 2008.

NEW MEXICO PUBLIC REGULATION COMMISSION

WILLIAM J. HERRMANN
Hearing Examiner