

IMPORTANT INFORMATION FROM EPCOR

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION BY EPCOR WATER NEW MEXICO INC. FOR ADJUSTMENT OF WATER RATES FOR ITS CLOVIS DISTRICT

EPCOR WATER NEW MEXICO INC., PETITIONER

CASE NO. 18-00124-UT

NOTICE OF PROCEEDING AND HEARING

Notice is hereby given to all water service customers of EPCOR Water New Mexico Inc. ("EPCOR") of the following:

- On August 31, 2018, EPCOR filed with the New Mexico Public Regulation Commission its Advice Notice No. 40 and the following accompanying proposed rates for its Clovis service district (the "Proposed Rates"), and petitioned the Commission for authorization to place the Proposed Rates into effect.
 - General Water Service (Eleventh Revised Rate No. 1)
 - Fire Protection Service (Tenth Revised Rate No. 2)
 - Contract Rate Southwest Cheese Co. (Sixth Revised Rate No. 5)
 - Purchased Water & Power Cost Adjustment Clause (Second Revised Rate Rider No. 7)
 - Low Income Program (Original Rate Rider No. 8)
 - Disabled Military Veteran Program (Original Rate Rider No. 9)
 - Deployed Service Member Program (Original Rate Rider No. 10)
 - Posting Fee Surcredit (Original Rate Rider No. 11)
 - Water Revenue Adjustment Mechanism (Original Rate Rider No. 12)
- The Commission has suspended the Proposed Rates pending a public hearing and designated the undersigned as Hearing Examiner for this proceeding.
- Through the Proposed Rates, EPCOR is requesting additional annual revenues from its water utility operations in its Clovis service district of \$910,113, representing an increase of 8.47% above its adjusted water service revenues for the 12 months ending December 31, 2017. The proposed rate increase will affect all of EPCOR's customer classifications in the Clovis service district.
- The following tables compare the proposed General Water Service rates with the current General Water Service rates for each customer classification in the Clovis service district. The Clovis municipal franchise charge of 2% will appear as a separate line item on bills to customers within the Clovis city limits.

Customer Classification	General Metered Rates/Kgal ¹			School & Municipal Service Rates/Kgal ¹		
	Present	Proposed	% Change	Present	Proposed	% Change
Residential (0-4,500 Gallons)	\$3.6440	\$3.9981	9.72%			
Residential (4,501-15,000 Gallons)	\$4.5549	\$5.0098	9.99%			
Residential (> 15,000 Gallons)	\$5.2382	\$5.6625	8.10%			
Commercial 3/4" (0-22,400 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 3/4" (> 22,400 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 1" (0-63,600 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 1" (> 63,600 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 1 1/2" (0-67,300 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 1 1/2" (> 67,300 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 2" (0-187,000 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 2" (> 187,000 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 3" (0-261,800 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 3" (> 261,800 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 4" (0-336,600 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 4" (> 336,600 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 6" (0-897,700 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 6" (> 897,700 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 8" & above (0-897,700 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 8" & above (> 897,700 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 10" & above (0-897,700 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 10" & above (> 897,700 Gallons)	\$4.6711	\$5.1856	11.01%			
Commercial 12" & above (0-897,700 Gallons)	\$4.0619	\$4.4073	8.50%			
Commercial 12" & above (> 897,700 Gallons)	\$4.6711	\$5.1856	11.01%			
Public Authority (0-135,307,300 Gallons)				\$3.5432	\$3.5432	0.00%
Public Authority (> 135,307,300 Gallons)				\$4.2519	\$4.2519	0.00%
SW Cheese Contract (310,000 Daily Minimum-490,000 Gallons)	\$1.5376	\$1.9220	25.00%			
SW Cheese Contract (> 490,000 Gallons)	\$1.8833	\$2.3541	25.00%			
Public Fire ²	\$0.0000	\$0.0000	0.00%			
Private Fire ²	\$0.0000	\$0.0000	0.00%			

¹ Water service is actually measured and billed in units of 100 cubic feet (Ccf) 1 Ccf = 750 gallons

² The Company will bill Public and Private Fire on a monthly basis

Meter Size	General Metered Service Charge Rates			School & Municipal Service Charge Rates		
	Present	Proposed	% Change	Present	Proposed	% Change
5/8" - 3/4"	\$14.34	\$15.58	8.64%	\$14.34	\$15.58	8.64%
1"	\$21.52	\$23.38	8.64%	\$21.52	\$23.38	8.64%
1 1/2"	\$35.87	\$38.97	8.64%	\$35.87	\$38.97	8.64%
2"	\$50.21	\$54.55	8.64%	\$50.21	\$54.55	8.64%
3"	\$71.72	\$77.92	8.64%	\$71.72	\$77.92	8.64%
4"	\$129.10	\$140.26	8.64%	\$129.10	\$140.26	8.64%
6"	\$179.30	\$194.80	8.64%	\$179.30	\$194.80	8.64%
8"	\$358.60	\$389.60	8.64%	\$358.60	\$389.60	8.64%
10"	\$502.02	\$545.41	8.64%	\$502.02	\$545.41	8.64%
12"	\$932.37	\$1,012.96	8.64%	\$932.37	\$1,012.96	8.64%
Public Fire ¹	\$32.01	\$32.01	0.00%			
Private Fire ¹	\$63.14	\$68.60	8.64%			

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

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. The proposed charges do not include the Clovis municipal franchise charge of 2%, which will appear as a separate line item on bills to customers within the Clovis city limits.

EPCOR WATER NEW MEXICO - CLOVIS DISTRICT Typical Base Rate Bills - Residential 5/8" Meter

Usage ¹	Gallons	Cubic Feet	Present Charges	Proposed Charges	Difference	
					Amount	Percent
0	0		\$14.34	\$15.58	\$1.24	8.65%
5,000	668		\$33.03	\$36.09	\$3.06	9.26%
10,000	1337		\$55.80	\$61.14	\$5.34	9.57%
15,000	2005		\$78.60	\$86.21	\$7.61	9.68%
25,000	3342		\$130.99	\$142.84	\$11.85	9.05%
Average Usage						
4,996	686		\$ 33.62	\$36.74	\$3.12	9.28%

¹ Water service is actually measured and billed in units of 100 cubic feet (Ccf) 1 Ccf = 750 gallons

The Proposed Rates would result in an increase of \$3.12 to the average monthly residential bill with a 5/8 inch meter.

- 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 from the rates ultimately charged to each class and for each consumption level.
- In addition, EPCOR proposes five new rate riders and changes to an existing rate rider.
- EPCOR is requesting approval of changes to its existing purchased water and power cost adjustment clause mechanism which will adjust annually to allow future changes over 2017 expense levels in the purchased water and power costs to be added as an extra charge to all rates to recover or refund the cost of water purchased for resale in its Clovis system and changes in power costs. The changes will update the base cost of purchased water and power included in EPCOR's current service rates from \$0.3955 per Ccf to 2017 expense levels of \$0.4687 per Ccf. On the date of application (August 31, 2018), the customers were receiving a credit of \$0.0275 per Ccf or \$0.19 for the average residential customer. At the time a decision is issued in this proceeding, the purchased water and power cost adjustment clause factor will be set to zero under the Company's proposal. Any future impact to rates will be calculated after new rates have been in effect for a full year. Until that time, customers would see no bill impact.
- Original Rate Riders 8 through 10, included in the Proposed Rates, propose three new customer assistance programs that will affect service rates but which EPCOR intends to be revenue neutral. The first is the Low Income Program which will offer monthly credits of \$10.00 to a limited number of qualified low income applicants and will be supported by a monthly rate surcharge of \$0.16 per month applicable to all Clovis customers. The second is the Deployed Service Member Credit Program which will provide temporary rate relief for a limited number of service members serving away from their primary residence for an extended period of time and whose residence is unoccupied during the period of deployment. The cost of this program will be deferred for recovery in EPCOR's next rate case, but is estimated to cost approximately \$96,000 per year if fully subscribed, which would result in a monthly rate surcharge of \$0.51 per month applicable to all Clovis customers. The third is the Disabled Military Veteran Credit Program which will offer monthly credits of \$10.00 to a limited number of service members who have suffered a disability as a result of their service. The costs of this program are estimated to be \$0.16 per month applicable to all Clovis customers based on full subscription to the program, but the costs will also be deferred for recovery in EPCOR's next rate case.
- Original Rate Rider 11, included in the Proposed Rates, proposes to establish a surcredit to share posting fees collected from May 29, 2012 through December 31, 2017. It will result in a monthly credit of \$1.68 to residential and commercial customers.
- Original Rate Rider 12, included in the Proposed Rates, proposes to establish an annual water revenue adjustment mechanism (WRAM) designed to enable annual adjustments to EPCOR's rates intended to adjust for changes in customer usage patterns and reduce the frequency of rate cases. The impact to rates will be calculated after new rates have been in effect for a full year. Until that time, customers would see no bill impact. Based on the historical declining usage experienced by the Company over the past ten years, estimated potential bill increases for an average residential customer vary from approximately \$0.00 to \$0.35 per month. This represents an average residential bill increase of approximately 0.00% to 1.04% on a current monthly bill.
- Although EPCOR is proposing no change to 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.
- Any interested person may examine the rate filings together with any exhibits and related papers that may be filed at EPCOR's main business office, 1005 Norris Street, Clovis, New Mexico 88102-0430, telephone: (575) 763-5536, or at the Commission's offices.
A copy of this Notice and a copy of the Company's Petition to Adjust Water Rates for its Clovis District can also be viewed at online at www.epcor.com/clovisratecase.
The address, telephone number, and website address of the Commission are as follows:
New Mexico Public Regulation Commission
1120 Paseo de Peralta
P.E.R.A. Building
P.O. Box 1269
Santa Fe, NM 87504
1-888-427-5772
<http://www.nmprc.state.nm.us>
Further information can also be obtained at "Case Lookup EdoCKET" on the Commission's website at www.nmprc.state.nm.us.
- The Commission has assigned Case No. 18-00124-UT to this proceeding, and all correspondence, pleadings, inquiries, written comments, or other communications concerning this matter should refer to that case number.
- The present procedural schedule for this proceeding established in the Procedural Order issued by the Hearing Examiner on October 18, 2018 is as follows:
 - Any person desiring to become a party to this case must file the original and five copies of a motion for leave to intervene in conformity with Commission Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before November 30, 2018. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record.
 - EPCOR shall file supplemental testimony by November 15, 2018, addressing the disposition of the savings resulting from the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA), including the issue of possible refunds to customers of the savings resulting from the enactment of the TCJA from January 1, 2018 to the effective date of new rates, as raised by the Commission in Case No. 18-00016-UT in its January 24, 2018 order therein.
 - Direct testimony by the Utility Division Staff ("Staff") and any intervenors shall be filed on or before January 28, 2019.
 - Rebuttal testimony may be filed on or before February 18, 2019.
 - A public hearing will be held on March 12, 2019, starting at 9:00 a.m., and continuing thereafter through March 15, 2019, if necessary, in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501. Copies of all filings shall be served on all parties of record and Staff as specified in the most recent Certificate of Service issued in this case. Copies of all filings shall also be e-mailed on the date of filing to the Hearing Examiner at ashley.schannauer@state.nm.us by no later than 5:00 pm Mountain Prevailing Time.
- Any person filing prepared testimony under Commission Rule 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath.
- Any interested person may appear at the time and place of the hearing and make a written or oral comment pursuant to the Commission's Rules of Procedure without becoming an intervenor. Written comments, which shall reference Case No. 18-00124-UT, also may be sent to the Commission at the mailing address provided above. However, pursuant to Commission Rule 1.2.2.23(F) NMAC, comments will not be considered as evidence in the proceeding.
- Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's Procedural Order issued on October 18, 2018.
- ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico this 18th day of October, 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION

/S/

Ashley C. Schannauer
Hearing Examiner