

NOTICE TO CUSTOMERS OF EPCOR WATER NEW MEXICO INC.'S THUNDER MOUNTAIN DISTRICT OF PROPOSED WATER RATE INCREASE



15626 N. Del Webb Blvd.
Sun City, AZ 85351-1602

EPCOR Water New Mexico Inc. ("EPCOR Water") intends to increase overall water revenues by 3.1% for all of its ratepayers served by the Thunder Mountain water district. This rate increase is estimated to increase EPCOR Water's annual revenues by \$17,077. The proposed rate increase would apply to all customer classifications (residential and commercial). Rate comparison tables are enclosed, providing information for all customer classes served by the Thunder Mountain water district.

EPCOR Water intends to file the new rates with the New Mexico Public Regulation Commission ("Commission") on May 2, 2017. EPCOR Water will promptly notify any ratepayer who requests to be notified of the actual date on which EPCOR Water actually files with the Commission the schedule proposing the new rates.

The new rates will go into effect automatically and will not be subject to review and hearing by the Commission unless Commission staff files a motion for review or a ratepayer protest is filed with the Commission by 10 percent (10%) or more of the customers receiving service from the Thunder Mountain district at the time the change in rates is filed. As of December 31, 2016, there were 768 customers served by EPCOR Water's Thunder Mountain water district. Ten percent of the Thunder Mountain district's ratepayers, as of December 31, 2016, is 77 customers.

Protests shall be filed with the Commission no later than twenty (20) days after EPCOR Water has filed with the Commission the advice notice proposing the change in rates. IF A HEARING IS HELD BY THE COMMISSION, ANY COSTS INCURRED BY EPCOR WATER MAY BE INCLUDED IN FUTURE RATES FOLLOWING EPCOR WATER'S NEXT RATE CASE.

For purposes of protests, "ratepayer" means a person in whose name service is carried. For purposes of protests, under Section 62-8-7.1 NMSA 1978, "each person who receives a separate bill equals one ratepayer and each person who receives multiple bills equals one ratepayer."

Procedures for protesting proposed rates are set forth in 17.12.770 NMAC, a copy of which can be obtained upon request from, or inspected at, EPCOR Water's Thunder Mountain office in Edgewood or the offices of the Utility Division of the Commission in Santa Fe. Forms for protests are available from EPCOR Water or the Commission. EPCOR Water can be reached by telephone at **1-800-383-0834**, by email at **RateCaseQuestions@epcor.com** or in person at 38 Cactus Road, Edgewood, NM 87015. The Commission can be reached by telephone at **1-888-427-5772** or in person at P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, NM 87501.

Any interested person may examine the rate filings together with any exhibits and related papers that may be filed at EPCOR Water's Thunder Mountain office in Edgewood or at the offices of the Commission in Santa Fe.

Additional information may be obtained by contacting either EPCOR Water or the Commission.

IMPORTANT INFORMATION FROM EPCOR WATER

Printed on Recycled Paper

DEAR CUSTOMER,

At EPCOR Water, we're committed to providing you with safe, quality, reliable water service every day. We're equally committed to providing current information about your service, including information about changes or potential changes before they take place.

We take our responsibility as your water provider seriously. In addition to stringent water quality standards to ensure that the water we deliver to your home or business meets or exceeds federal and state drinking water guidelines, we're also maintaining, repairing and replacing the complex system that delivers the water to your tap. But while we operate as efficiently as possible, the company has experienced some increases in its operating expenses and some upgrades were needed to critical infrastructure to ensure the continued safety, quality, and reliability of your service.

Your rates for water service are approved by the New Mexico Public Regulation Commission, based on the reasonable costs and necessary capital investments to provide service. We understand that every penny matters and that's why we work every day to keep our costs down, so that any changes to your rates for service are modest and gradual. On May 2, 2017, EPCOR Water intends to file a request with the New Mexico Public Regulation Commission to increase overall water revenues by 3.1% for all of its ratepayers served by the Thunder Mountain water district, with the impact on individual customers varying by water usage. If approved, the new rates would be effective June 1, 2017.

Included with this letter is important information about this request. We also invite you to join us for an Open House where our team will be available to answer questions you might have.

Tuesday, March 28, 2017 – 5:30 p.m. to 7 p.m.
Woodsend Church • 87 State Road 344
Edgewood, NM 87015

If you are unable to attend but have questions, please visit epcor.com or call our Customer Care team at **1-800-383-0834**. At EPCOR, we take seriously our obligation to deliver water and service you and your families can trust and count on, every day. Thank you for being our customer.

Best regards, Daniel Bailet
Vice President and General Manager, New Mexico

[SEE REVERSE SIDE FOR MORE INFORMATION](#)

IMPACT OF PROPOSED RATE INCREASE

Rate Comparison - Residential EPCOR Water New Mexico Inc., Thunder Mountain District										
Basic Service Charge:	Present	Proposed	Difference	% Increase	Commodity Charge :		Present*	Proposed*	Difference	% Increase
5/8" Meter	\$23.00	\$23.00	\$ -	0%	1st Block	0-4,000	\$5.5600	\$5.7500	\$0.19	3%
3/4" Meter	\$32.80	\$23.00	\$(9.80)	-30%	2nd Block	4,001-10,000	\$5.6200	\$6.0000	\$0.38	7%
1" Meter	\$52.38	\$52.38	\$ -	0%	3rd Block	> 10,000	\$5.6700	\$6.1900	\$0.52	9%
1 1/2" Meter	\$101.32	\$101.32	\$ -	0%						
2" Meter	\$160.06	\$160.06	\$ -	0%						
3" Meter	\$297.12	\$297.12	\$ -	0%						
4" Meter	\$558.57	\$558.57	\$ -	0%						

* per thousand gallons

Residential Billing/Rate Analysis																														
Usage	5/8" & 3/4" Meter (752 customers)					1" Meter (2 customers)					1 1/2" Meter (0 customers)					2" Meter (0 customers)					3" Meter (0 customers)					4" Meter (0 customers)				
	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust
-	\$23.00	\$23.00	\$ -	0.00%	16	\$52.38	\$52.38	\$ -	0.00%	-	\$101.32	\$101.32	\$ -	0.00%	-	\$160.06	\$160.06	\$ -	0.00%	-	\$297.12	\$297.12	\$ -	0.00%	-	\$558.57	\$558.57	\$ -	0.00%	-
1,000	\$28.56	\$28.75	\$0.19	0.67%	42	\$57.94	\$58.13	\$0.19	0.33%	-	\$106.88	\$107.07	\$0.19	0.18%	-	\$165.62	\$165.81	\$0.19	0.11%	-	\$302.68	\$302.87	\$0.19	0.06%	-	\$564.13	\$564.32	\$0.19	0.03%	-
2,000	\$34.12	\$34.50	\$0.38	1.11%	56	\$63.50	\$63.88	\$0.38	0.60%	-	\$112.44	\$112.82	\$0.38	0.34%	-	\$171.18	\$171.56	\$0.38	0.22%	-	\$308.24	\$308.62	\$0.38	0.12%	-	\$569.69	\$570.07	\$0.38	0.07%	-
3,000	\$39.68	\$40.25	\$0.57	1.44%	65	\$69.06	\$69.63	\$0.57	0.83%	1	\$118.00	\$118.57	\$0.57	0.48%	-	\$176.74	\$177.31	\$0.57	0.32%	-	\$313.80	\$314.37	\$0.57	0.18%	-	\$575.25	\$575.82	\$0.57	0.10%	-
4,000	\$45.24	\$46.00	\$0.76	1.68%	81	\$74.62	\$75.38	\$0.76	1.02%	-	\$123.56	\$124.32	\$0.76	0.62%	-	\$182.30	\$183.06	\$0.76	0.42%	-	\$319.36	\$320.12	\$0.76	0.24%	-	\$580.81	\$581.57	\$0.76	0.13%	-
5,000	\$50.86	\$52.00	\$1.14	2.24%	72	\$80.24	\$81.38	\$1.14	1.42%	-	\$129.18	\$130.32	\$1.14	0.88%	-	\$187.92	\$189.06	\$1.14	0.61%	-	\$324.98	\$326.12	\$1.14	0.35%	-	\$586.43	\$587.57	\$1.14	0.19%	-
6,000	\$56.48	\$58.00	\$1.52	2.69%	70	\$85.86	\$87.38	\$1.52	1.77%	-	\$134.80	\$136.32	\$1.52	1.13%	-	\$193.54	\$195.06	\$1.52	0.79%	-	\$330.60	\$332.12	\$1.52	0.46%	-	\$592.05	\$593.57	\$1.52	0.26%	-
7,000	\$62.10	\$64.00	\$1.90	3.06%	43	\$91.48	\$93.38	\$1.90	2.08%	-	\$140.42	\$142.32	\$1.90	1.35%	-	\$199.16	\$201.06	\$1.90	0.95%	-	\$336.22	\$338.12	\$1.90	0.57%	-	\$597.67	\$599.57	\$1.90	0.32%	-
8,000	\$67.72	\$70.00	\$2.28	3.37%	49	\$97.10	\$99.38	\$2.28	2.35%	-	\$146.04	\$148.32	\$2.28	1.56%	-	\$204.78	\$207.06	\$2.28	1.11%	-	\$341.84	\$344.12	\$2.28	0.67%	-	\$603.29	\$605.57	\$2.28	0.38%	-
9,000	\$73.34	\$76.00	\$2.66	3.63%	28	\$102.72	\$105.38	\$2.66	2.59%	-	\$151.66	\$154.32	\$2.66	1.75%	-	\$210.40	\$213.06	\$2.66	1.26%	-	\$347.46	\$350.12	\$2.66	0.77%	-	\$608.91	\$611.57	\$2.66	0.44%	-
10,000	\$78.96	\$82.00	\$3.04	3.85%	41	\$108.34	\$111.38	\$3.04	2.81%	-	\$157.28	\$160.32	\$3.04	1.93%	-	\$216.02	\$219.06	\$3.04	1.41%	-	\$353.08	\$356.12	\$3.04	0.86%	-	\$614.53	\$617.57	\$3.04	0.49%	-
15,000	\$107.31	\$112.95	\$5.64	5.26%	104	\$136.69	\$142.33	\$5.64	4.13%	-	\$185.63	\$191.27	\$5.64	3.04%	-	\$244.37	\$250.01	\$5.64	2.31%	-	\$381.43	\$387.07	\$5.64	1.48%	-	\$642.88	\$648.52	\$5.64	0.88%	-
20,000	\$135.66	\$143.90	\$8.24	6.07%	34	\$165.04	\$173.28	\$8.24	4.99%	-	\$213.98	\$222.22	\$8.24	3.85%	-	\$272.72	\$280.96	\$8.24	3.02%	-	\$409.78	\$418.02	\$8.24	2.01%	-	\$671.23	\$679.47	\$8.24	1.23%	-
25,000	\$164.01	\$174.85	\$10.84	6.61%	21	\$193.39	\$204.23	\$10.84	5.61%	-	\$242.33	\$253.17	\$10.84	4.47%	-	\$301.07	\$311.91	\$10.84	3.60%	-	\$438.13	\$448.97	\$10.84	2.47%	-	\$699.58	\$710.42	\$10.84	1.55%	-
30,000	\$192.36	\$205.80	\$13.44	6.99%	10	\$221.74	\$235.18	\$13.44	6.06%	-	\$270.68	\$284.12	\$13.44	4.97%	-	\$329.42	\$342.86	\$13.44	4.08%	-	\$466.48	\$479.92	\$13.44	2.88%	-	\$727.93	\$741.37	\$13.44	1.85%	-
35,000	\$220.71	\$236.75	\$16.04	7.27%	3	\$250.09	\$266.13	\$16.04	6.41%	-	\$299.03	\$315.07	\$16.04	5.36%	-	\$357.77	\$373.81	\$16.04	4.48%	-	\$494.83	\$510.87	\$16.04	3.24%	-	\$756.28	\$772.32	\$16.04	2.12%	-
40,000	\$249.06	\$267.70	\$18.64	7.48%	7	\$278.44	\$297.08	\$18.64	6.69%	-	\$327.38	\$346.02	\$18.64	5.69%	-	\$386.12	\$404.76	\$18.64	4.83%	-	\$523.18	\$541.82	\$18.64	3.56%	-	\$784.63	\$803.27	\$18.64	2.38%	-
45,000	\$277.41	\$298.65	\$21.24	7.66%	3	\$306.79	\$328.03	\$21.24	6.92%	-	\$355.73	\$376.97	\$21.24	5.97%	-	\$414.47	\$435.71	\$21.24	5.12%	-	\$551.53	\$572.77	\$21.24	3.85%	-	\$812.98	\$834.22	\$21.24	2.61%	-
50,000	\$305.76	\$329.60	\$23.84	7.80%	1	\$335.14	\$358.98	\$23.84	7.11%	1	\$384.08	\$407.92	\$23.84	6.21%	-	\$442.82	\$466.66	\$23.84	5.38%	-	\$579.88	\$603.72	\$23.84	4.11%	-	\$841.33	\$865.17	\$23.84	2.83%	-

Rate Comparison - Commercial EPCOR Water New Mexico Inc., Thunder Mountain District										
Basic Service Charge:	Present	Proposed	Difference	% Increase	Commodity Charge:		Present*	Proposed*	Difference	% Increase
5/8" Meter	\$23.00	\$23.00	\$ -	0%	All Usage		\$5.6200	\$6.0000	\$0.38	7%
3/4" Meter	\$32.80	\$23.00	\$(9.80)	-30%						17 Customers as of July 2016
1" Meter	\$52.38	\$52.38	\$ -	0%						
1 1/2" Meter	\$101.32	\$101.32	\$ -	0%						
2" Meter	\$160.06	\$160.06	\$ -	0%						
3" Meter	\$297.12	\$297.12	\$ -	0%						
4" Meter	\$558.57	\$558.57	\$ -	0%						

* per thousand gallons

Commercial Billing/Rate Analysis																														
Usage	5/8" & 3/4" Meter (3 customers)					1" Meter (7 customers)					1 1/2" Meter (3 customers)					2" Meter (3 customers)					3" Meter (1 customer)					4" Meter (0 customers)				
	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust	Present	Proposed	Incr/ (Decr)	% Incr/ (Decr)	Approx # of Cust
-	\$23.00	\$23.00	\$ -	0.00%	-	\$52.38	\$52.38	\$ -	0.00%	-	\$101.32	\$101.32	\$ -	0.00%	-	\$160.06	\$160.06	\$ -	0.00%	-	\$297.12	\$297.12	\$ -	0.00%	-	\$558.57	\$558.57	\$ -	0.00%	-
1,000	\$28.62	\$29.00	\$0.38	1.33%	2	\$58.00	\$58.38	\$0.38	0.66%	1	\$106.94	\$107.32	\$0.38	0.36%	-	\$165.68	\$166.06	\$0.38	0.23%	1	\$302.74	\$303.12	\$0.38	0.13%	-	\$564.19	\$564.57	\$0.38	0.07%	-
2,000	\$34.24	\$35.00	\$0.76	2.22%	-	\$63.62	\$64.38	\$0.76	1.19%	-	\$112.56	\$113.32	\$0.76	0.68%	-	\$171.30	\$172.06	\$0.76	0.44%	-	\$308.36	\$309.12	\$0.76	0.25%	-	\$569.81	\$570.57	\$0.76	0.13%	-
3,000	\$39.86	\$41.00	\$1.14	2.86%	-	\$69.24	\$70.38	\$1.14	1.65%	1	\$118.18	\$119.32	\$1.14	0.96%	-	\$176.92	\$178.06	\$1.14	0.64%	-	\$313.98	\$315.12	\$1.14	0.36%	-	\$575.43	\$576.57	\$1.14	0.20%	-
4,000	\$45.48	\$47.00	\$1.52	3.34%	-	\$74.86	\$76.38	\$1.52	2.03%	-	\$123.80	\$125.32	\$1.52	1.23%	-	\$182.54	\$184.06	\$1.52	0.83%	-	\$319.60	\$321.12	\$1.52	0.48%	-	\$581.05	\$582.57	\$1.52	0.26%	-
5,000	\$51.10	\$53.00	\$1.90	3.72%	-	\$80.48	\$82.38	\$1.90	2.36%	-	\$129.42	\$131.32	\$1.90	1.47%	-	\$188.16	\$190.06	\$1.90	1.01%	-	\$325.22	\$327.12	\$1.90	0.58%	-	\$586.67	\$588.57	\$1.90	0.32%	-
6,000	\$56.72	\$59.00	\$2.28	4.02%	-	\$86.10	\$88.38	\$2.28	2.65%	2	\$135.04	\$137.32	\$2.28	1.69%	1	\$193.78	\$196.06	\$2.28	1.18%	-	\$330.84	\$333.12	\$2.28	0.69%	-	\$592.29	\$594.57	\$2.28	0.38%	-
7,000	\$62.34	\$65.00	\$2.66	4.27%	-	\$91.72	\$94.38	\$2.66	2.90%	1	\$140.66	\$143.32	\$2.66	1.89%	-	\$199.40	\$202.06	\$2.66	1.33%	-	\$336.46	\$339.12	\$2.66	0.79%	-	\$597.91	\$600.57	\$2.66	0.44%	-
8,000	\$67.96	\$71.00	\$3.04	4.47%	-	\$97.34	\$100.38	\$3.04	3.12%	-	\$146.28	\$149.32	\$3.04	2.08%	-	\$205.02	\$208.06	\$3.04	1.48%	-	\$342.08	\$345.12	\$3.04	0.89%	-	\$603.53	\$606.57	\$3.04	0.50%	-
9,000	\$73.58	\$77.00	\$3.42	4.65%	-	\$102.96	\$106.38	\$3.42	3.32%	-	\$151.90	\$155.32	\$3.42	2.25%	-	\$210.64	\$214.06	\$3.42	1.62%	-	\$347.70	\$351.12	\$3.42	0.98%	-	\$609.15	\$612.57	\$3.42	0.56%	-
10,000	\$79.20	\$83.00	\$3.80	4.80%	-	\$108.58	\$112.38	\$3.80	3.50%	-	\$157.52	\$161.32	\$3.80	2.41%	-	\$216.26	\$220.06	\$3.80	1.76%	1	\$353.32	\$357.12	\$3.80	1.08%	-	\$614.77	\$618.57	\$3.80	0.62%	-
15,000	\$107.30	\$113.00	\$5.70	5.31%	-	\$136.68	\$142.38	\$5.70	4.17%	-	\$185.62	\$191.32	\$5.70	3.07%	-	\$244.36	\$250.06	\$5.70												