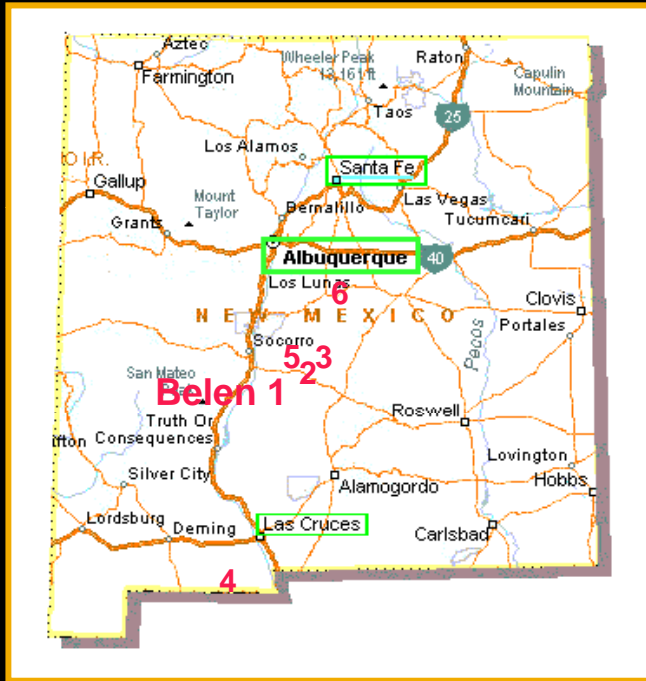


New Mexico Water Service Company



Who We Are



- New Mexico Water Service Company (NMWSC) formed in 2000 as a subsidiary of California Water Service Group
- Rio Grande Utility Company – July 2002
 - 3 water systems
 - 2 wastewater systems, treatment plants
- National Utility – May 2004
 - 2 water systems
- Cypress Gardens – 2006
 - Water system



Independent Utility Company

- Previous owners filed for bankruptcy in 2002
- NMWSC purchased IUC in 2006
- Approximately 400 active customers within and near Sandia Knolls subdivision, 3 in Juan Tomas system



NMWSC Personnel

- Sandia Knolls staff
 - 1 Customer Service Representative
 - 1 Water Operator
- Additional NMWSC staff to provide support as needed, including 8 water operators and 3 CSRs
- 6 supervisory staff for statewide NMWSC Operations



Sandia Knolls Water System

- Source of Supply - Groundwater
 - 2 wells
- Storage tanks
 - 107 k/gal
 - 3 - 30k/gal
- Treatment
 - Liquid chlorine



Improvements By NMWSC

- Water quality
 - Automated chlorination
 - Resolved lead and copper sampling issue
- Reliability, safety
 - Replaced roof at well and booster station
 - Upgraded booster station electrical
 - Stocked extra pumps for booster stations
 - Replaced well pump (second scheduled for this year)
 - SCADA project in 2008 (computerized monitoring and control)
 - Surge protection and lightning arrestor at well
 - Will install portable generator connection at well site



Improvements By NMWSC (Continued)

■ Professionalized operations

- Pumped 77 acre feet in 2007 (previous high was 101af in 2002)
- Repaired several main leaks - had leaked for 2+ years
- Insulated meter boxes to help prevent lines from freezing

■ Meter reading, billing

- Replaced unreadable meters
- Installed extensions or replaced meter cans on 25 services to ensure meters could be read accurately
- Marked all meter locations with blue flags for reads, emergencies
- Will begin using handheld computer for meter reading this year



Serving New Customers

- NMPRC regulations require that utilities provide service to new customers if they can reasonably do so (an obligation to serve)
- Such provision of service should not adversely affect existing ratepayers or utility



Extension of Service to Campbell Ranch

Filed “Sandia Knolls Water System Improvement and Water Line Extension Agreement” with NMPRC in April 2008



Key Aspects of Agreement

- Agreement ensures that there will be adequate water rights available to meet needs of existing and future Sandia Knolls subdivision customers
- Campbell Ranch system to be connected to and part of NMWSC's Sandia Knolls water system
- Paid for by Campbell Ranch Communities, LLC, not NMWSC or its customers; there are refund provisions for a small percentage of those costs as customers come online



Key Aspects of Agreement

- Structured so existing rates won't be increased as a result of extension
- More customers and new facilities expected to have positive effect on rates over the long term



Benefits to Sandia Knolls Customers

- **New well**
 - Second source of supply
 - Greater capacity
 - Generator back-up

- **New storage tank**
 - Significant increase in storage capacity
 - Better able to meet peak demands
 - Firefighting capability
 - Supply during power outages
 - May avoid cost of replacing existing tank(s) – 25-30% rate increase

- **Fire hydrants**
 - Firefighting capability
 - Backbone to future improvements



Regulatory Filings — NMPRC

- Extension agreement filings are for informational purposes; no direct approval required
- NMPRC Final Order in Case Nos. 05-00208-UT and 05-00305-UT
 - Final Order in Case Nos. 05-00208-UT and 05-00305-UT issued by NMPRC states: “The Commission finds that all water rights became dedicated to public service at the time the State Engineer declared them for the use of the water utility and they shall remain with the utility.”
 - Public service clearly includes fulfilling our obligation to serve new customers



Regulatory Filings — NMPRC

- The water rights remained with the utility, not to any particular part of its service area
- NMWSC will be asking the NMPRC to clarify its order relative to some aspects of the water rights

Regulatory Filing — NMOSE

- Will file to expand place of use of NMWSC's S-1 water rights (325 acre feet)
- Filing will include request to make Campbell Corporation's existing permitted well an additional point of diversion of NMWSC's S-1 water rights
- Highest amount pumped of S-1 water right is 101 acre feet (a.f.)
- In NMWSC's first full year of operation, 77 a.f. pumped, leaving nearly 250 a.f. available for use. This in large part due to NMWSC's professional operation (not overflowing the tanks, fixing leaks promptly, etc.)
- new production meter installed in May 2007



Next Steps

- NMPRC filing
- NMOSE filing
- Please sign our contact list if you wish to receive updates from us.

Questions?



New Mexico Water Service Company

