

RULES AND REGULATIONS

WATER SERVICE

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COMPANY

ORIGINAL RULE NO. 1
Cancelling NMPSC Sheet No. _____

PREAMBLE

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These Rules and Regulations shall cover domestic water distribution service furnished by the _____ Company. The properties to be serviced are more particularly described in the filings submitted to the New Mexico Public Service Commission pursuant to NMPSC Rule 210. These rules are intended to promote safe and adequate water service to the public and to provide standards for uniform and reasonable practice.

Conformed copies of these rules and regulations are available for inspection at the Company's main offices at _____ New Mexico, or at the New Mexico Public Service Commission's offices in Santa Fe.

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COMPANY

ORIGINAL RULE NO. 2
Cancelling NMPSC Sheet No. _____

DEFINITIONS AND EXPLANATIONS

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A. COMPANY-- _____ Company

B. CUSTOMER--Any person, firm, association, corporation, or any agency of the federal, state, or local government being supplied with and/or responsible for payment for water services by Company.

C. WATER SERVICE--The general term for furnishing the customer with water; also, the pipe connection from a distribution water main to a customer's water meter.

D. POINT OF DELIVERY--The point of delivery shall be the point where the facilities of the Company connect to the facilities furnished by the customer as provided herein.

E. YARD LINE OR CUSTOMER'S WATER LINE--The piping owned and installed by the customer on the customer's side of the meter to his point of service.

F. RECONNECT CHARGE--A charge made by the Company at the time application is made for reconnection of water service at a place where water service has been previously disconnected.

G. PRESSURE--Under normal conditions, including expected peak, water pressure at the customer's meter connection shall not be less than 30 p.s.i. nor more than 125 p.s.i., in accordance with NMPSC Rule 750.13 of the Commission's minimum design standards.

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DEFINITIONS AND EXPLANATIONS (Cont.)

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H. CHRONICALLY DELINQUENT - The status of a residential customer who during the prior twelve (12) months has been disconnected by the Company for nonpayment or who during the prior twelve (12) months has not paid a bill by the date that a subsequent bill is rendered on three (3) or more occasions.

I. DELINQUENT--The status of a bill rendered to a residential customer for utility service which remains unpaid after the due date of the bill.

J. DISCONTINUANCE OF SERVICE--An intentional cessation of service by the Company not voluntarily requested by a residential customer.

K. ESTIMATED BILL--A bill for utility service which is not based on an actual reading of the residential customer's meter or other measuring device for the period billed.

L. RENDITION OF A BILL--The date of mailing or personal delivery of a bill by the Company.

M. RESIDENTIAL SERVICE OR USE--The provision of or use of water for household or domestic purposes.

N. SPECIAL SERVICE--A service provided to a residential customer by the Company which is not subject to a tariff schedule.

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DEFINITIONS AND EXPLANATIONS (Cont.)

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O. UTILITY CHARGES--The billing or charges for the provision of utility service and other charges authorized by the Commission pursuant to approved tariffs.

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_____ COMPANY

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CHARACTER OF SERVICE

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A. Water service for domestic use will be furnished under conditions as stated in these Rules and Regulations and the applicable provisions of the Company's Rate Schedules.

B. Water service will be furnished under the rate specified in the rate schedule based upon the size of meter required by the Company to meet the needs of the expected use.

C. Each separate service or meter location will be metered and billed separately.

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ORIGINAL RULE NO. 4
Cancelling NMPSC Sheet No. _____

APPLICATION FOR SERVICE

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A. All applicants for service may be required to sign:

- 1. the Company's Standard Service Agreement, or
- 2. such special written contract as shall be required to cover the particular service desired.

B. The applicant for new service shall submit an application for service and shall furnish to the Company any permits required by law for the facilities where the water service will be used. Upon approval of such application the Company shall have a reasonable time thereafter to provide water service.

C. A reconnection fee may, if approved by and on file with the Commission, be paid by an applicant for transfer of existing service or for service which has been previously involuntarily disconnected from any system operated by the Company. In addition to the reconnection fee the applicant shall pay all delinquent fees and charges owed to the Company.

D. The conditions of piping and character of installation on the premises shall be subject to inspection by the Company and be approved by the appropriate governmental inspection agency. If such piping and/or installation is found to be faulty, the Company may refuse to provide service until and after such faulty installation

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APPLICATION FOR SERVICE (Cont.)

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has been corrected to the satisfaction of such appropriate governmental agency or the Company. The company does not, however, assume the responsibility for such inspections and shall not be held liable for failure of such piping or installations.

E. The Company reserves the right to limit each lot to a maximum daily average usage where circumstances warrant.

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ORIGINAL RULE NO. 5
Cancelling NMPSC Sheet No. _____

RENDERING AND PAYMENT OF BILLS

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A. The Company shall render a bill to every residential customer for each billing period in accordance with applicable tariffs.

B. When billing for concurrent service at a residence, the usage and charge attributable to each such service shall be clearly set forth on the bill. Utility service to multiple locations billed to a single residential customer shall be separately stated for each location.

C. A residential customer shall be given at least twenty (20) calendar days from the date of rendition of a bill for payment in full before the bill is deemed delinquent.

D. A residential customer shall be given at least fifteen (15) calendar days from the date the bill is deemed delinquent before the Company may disconnect utility service, pursuant to the requirements of Rule No. 9.

E. If the last day for payment of a bill falls on a Sunday, legal holiday, or any other day when the offices of the Company regularly used for the payment of residential customer bills are not open to the general public, the final payment date shall be extended through the next business day.

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ORIGINAL RULE NO. 6
Cancelling NMPSC Sheet No. _____

SECURITY DEPOSITS--GUARANTEES OF PAYMENTS

Page 1 of 5

A. Residential Security Deposits or Guarantees. A utility may not require a security deposit or other guarantee of payment as a condition of new or continued service to a residential customer except in the case of service:

1. to a residential customer who has not previously had utility service with that utility and who has not established an acceptable credit rating,
2. to a chronically delinquent residential customer of that utility,
3. as a condition for reconnection of service following discontinuance of service by the utility, and
4. to a residential customer who in an unauthorized manner has interfered with or diverted the service of the utility situated on or about or delivered to the residential customer's premises.

B. Methods to Establish Acceptable Credit Rating for Residential Customers.

1. A residential customer or guarantor may establish an acceptable credit rating in any reasonable manner, such as the following:

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SECURITY DEPOSITS--GUARANTEES OF PAYMENTS (Cont.)

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- a. owns or is purchasing a home,
 - b. is or has been regularly employed on a full time basis for at least one (1) year,
 - c. has an adequate regular source of income,
 - d. can provide adequate credit references from a commercial credit source or utility where the residential customer had prior utility service.
2. If a residential customer or prospective residential customer cannot establish an acceptable credit rating but can demonstrate to the utility that the residential customer has inadequate financial resources to pay the security deposit because the residential customer has a low income and is elderly, disabled, or subject to other special considerations, the utility shall give special consideration to such a residential customer in determining whether and in what amount a security deposit will be charged.
3. If a prospective residential customer cannot establish an acceptable credit rating but previously received utility service under the name of a spouse, the utility may consider prior utility service to that spouse in determining whether and in what amount a security deposit will be charged.

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SECURITY DEPOSITS--GUARANTEES OF PAYMENTS (Cont.)

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C. Refund of Deposits, Termination of Guarantees for Residential Customers.

1. Any residential customer who has not been chronically delinquent for the twelve-month period from the date of deposit or guarantee shall promptly receive a credit or refund in the amount of the deposit together with accrued interest due or shall be permitted to terminate any guarantee. If the amount of the deposit exceeds the amount of the current bill, the residential customer may request a refund in the amount of the excess if such excess exceeds ten dollars (\$10). If the residential customer fails to qualify for a refund of the deposit on the first anniversary date of the deposit, that account shall be reviewed on each succeeding anniversary date of the deposit and the amount of the deposit shall be credited if the residential customer has not been chronically delinquent during the preceding twelve (12) months. A residential customer may request a refund at any time after twelve (12) months, which refund shall promptly be paid if the residential customer has not been chronically delinquent during the prior twelve-month period, or a utility may pay such refund in the absence of a request within a reasonable period of time.

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SECURITY DEPOSITS--GUARANTEES OF PAYMENTS (Cont.)

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2. Unclaimed deposits shall be handled as provided by law.

D. Security Deposits or Guarantees for Nonresidential Customers. If a utility requires a deposit from nonresidential customers, it shall have on file with the Commission an approved rule setting forth the terms and conditions under which that deposit will be collected and refunded.

E. Amounts Of and Accounting for Security Deposits. Any deposit policy shall be as set forth in the utility's tariff on file with the Commission, pursuant to NMPSC Rule 210, but shall conform to the following.

1. A deposit for a customer shall not exceed an amount equivalent to one sixth (1/6) of that customer's estimated annual billings or not more than one and one half (1 1/2) times that customer's estimated maximum monthly bill.
2. Simple interest on deposits at the rate not less than the rate required by law shall accrue annually to the customer's credit for the time it is held by the utility. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated, or on the date the refund is sent to the customer's last known address.

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SECURITY DEPOSITS--GUARANTEES OF PAYMENTS (Cont.)
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- 3. Each customer posting a security deposit shall receive in writing at the time of tender of deposit or with the first bill a receipt as evidence therof. The receipt shall contain the following minimum information:
 - a. name of customer,
 - b. date of payment,
 - c. amount of payment,
 - d. statement of the terms and conditions governing the payment, retention, interest, and return of deposits.

- 4. A utility shall provide means whereby a customer entitled to a return of deposit is not deprived of the deposit refund even though the customer may be unable to produce the original receipt for the deposit, provided the customer can produce adequate identification to insure that the customer is entitled to refund of the deposit.

F. Records of Deposits. A utility shall keep records of deposits and issue receipts of deposits in accordance with the requirements of NMPSC Rule 560.19(c), (d), (f), and (g) and NMPSC Rule 650.19(c), (d), (f), and (g).

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DISPUTED BILLS

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A. The Company agrees to promptly investigate any question as to the accuracy of metering (if applicable) or of bills for service rendered, and if the bill is in error the Company shall submit a corrected bill to the customer as promptly as circumstances permit or give credit on the bill rendered to the customer.

B. In the event the customer disputes the amount of a bill for services rendered, the Company shall promptly make a complete investigation of the matter and if the bill is correct the Company shall use its best efforts to explain the questionable points to the customer.

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SERVICE CONNECTION

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A. The Company shall determine the point of service to any premises. The Company shall be called upon for exact information regarding the service entrance before any piping in the interior of the building has been started. If such information is not secured, expensive changes in piping installation may result for which the Company shall not be held liable in any way and will not assume any responsibility.

B. Not more than one (1) service line shall be installed on the premises for any one (1) customer unless agreed to by the Company where special circumstances exist.

C. No more than one (1) single family residential unit shall be served through any single domestic water service connection. In the case of multiple dwelling units or condominiums, service can be rendered by a single connection or by individual meters for each dwelling unit at the option of the owner.

D. The Company's service laterals shall terminate at the property line and it shall be the owner's responsibility and at the owner's expense to install a stop and waste valve and to make the necessary connection from the Company's service lateral to the building or buildings to be served. For those systems providing fire protection the customer shall install a pressure regulating device.

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SERVICE CONNECTION

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E. The Company will endeavor to install meters as close as possible to the property line provided there is public access to the meter location.

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ORIGINAL RULE NO. 9
Cancelling NMPSC Sheet No. _____

DISCONTINUANCE AND DENYING RESTORATION OF SERVICE

Page 1 of 11

A. Customers who intend to move from the premises or discontinue the use of water or in any way terminate their liability hereunder shall give the Company reasonable notice of such intentions, and the customer will be liable for all water that may be used upon the premises until such notice is given and the Company has made the final meter reading. Upon receipt of such notice the Company will read the meter within a reasonable period of time.

B. Any customer desiring service disconnected shall give notice in writing to the Company at its office. The Company will endeavor to the best of its ability to act upon telephone or verbal orders to discontinue service, but in the event of a dispute only a written order will be considered proof of notice.

C. The Company reserves the right to interrupt service for a reasonable period for repairs to its property or equipment.

D. The Company may discontinue utility service to a residential customer without prior notice:

1. in the event of a condition determined by the Company to be hazardous;
2. in the event of residential customer use of equipment in such manner as to adversely affect the Company's equipment or the Company's service to others;

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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- 3. in the event of residential customers tampering with, damaging, or deliberately destroying the equipment furnished and owned by the Company;
- 4. in the event of unauthorized use of service provided by the Company.

E. The Company may discontinue utility service to a residential customer for:

- 1. nonpayment of a delinquent water or sewer account if the utility is providing both water and sewer service;
- 2. failure to comply with the terms and conditions of a settlement agreement;
- 3. discontinuance of utility service under this subparagraph shall be governed by subparagraph L, M, N, O, and P of this rule.

F. After three (3) days' prior written notice the Company may discontinue utility service to a residential customer for:

- 1. refusal to grant access at reasonable times to equipment installed upon the premises of the residential customer for the purpose of inspection, meter reading, maintenance, or replacement;

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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service, which shall stay the discontinuance during the review, and a statement that a complaint may be filed with the Commission if the residential customer disagrees with the Company's determination of the facts upon which the proposed discontinuance is based.

- H. The Company shall not discontinue service for:
 - 1. the failure of a residential customer to pay for special services;
 - 2. the failure of a residential customer to pay for service received at a separate metering point, residence, or location; however, in the event of discontinuance or termination of service at a separate residential metering point, residence, or location, the Company may transfer any unpaid balance due to any other residential service account of the residential customer and proceed in accordance with Paragraph E;
 - 3. the failure of the residential customer to pay for a different class of service received at the same or different location; however, the placing of more than one meter at the same location for the purposes of billing the usage of specific devices under optional rate tariffs or provisions is not construed as a different class of service;

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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- 4. nonpayment of the disputed amount of a bill;
- 5. delinquency in payment for service to a previous occupant of the same premises unless a court has found the new customer legally liable for the debt of the previous occupant, or the previous occupant continues to reside at the premises;
- 6. failure of a residential customer to pay the bill of another customer as guarantor thereof;
- 7. failure of a residential customer to pay an estimated bill rendered in violation of Rule No. 23.

I. Use of the Company's curb or meter shutoff valve by customer or customer's agent is prohibited. This practice by unauthorized persons may be reason for discontinuance of service.

J. If during a shortage of supply the Company finds evidence of excessive waste of water by a customer, or if it becomes necessary to ration water, the Company will advise the customer of such condition. If within twenty-four (24) hours of receiving notice from the Company the customer has failed to correct the condition causing excessive use, failed to comply with rationing orders, or failed to demonstrate to the Company's satisfaction why he/she cannot comply within this time period, the Company may proceed with discontinuance of service.

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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K. Any customer whose service is involuntarily disconnected may be required to pay a reconnection fee in addition to all other fees and charges before being reconnected to any system operated by the Company.

L. At least fifteen (15) days before the Company proposes to discontinue service to a residential customer the Company shall provide that residential customer with notice of each of the rights such residential customer may have relating to discontinuance of service and settlement agreements. Such notice shall be in writing in both English and Spanish and shall be in simple language. Such notice shall be delivered to the affected residential customer in person or by depositing a copy of the notice in the U. S. Mail, postage prepaid, addressed to the residential customer at the address for the affected residential customer known to the Company. Such notice shall contain the following:

1. the title(s), address, telephone number(s), and working hours of the Company personnel responsible for carrying out the rights;

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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2. the amount owed and the date by which the residential customer must either pay the amount due or make other arrangements with the Company concerning payment of the charges, including arrangements for a settlement agreement; the consumption period over which said amount was incurred and the date and amount of the last payment shall be available upon request;
3. a statement that if the residential customer pays that portion of the bill which is not in a bona fide dispute, the residential customer can obtain a review by Company personnel of the portion of the bill which the residential customer does dispute;
4. a statement that a residential customer may file a complaint with the New Mexico Public Service Commission in accordance with NMPSC Rule 110 if the residential customer disagrees with the Company's determination concerning discontinuance of service;
5. a statement that the Company will not discontinue service to any residence where a person resides who is seriously ill or whose life may be endangered by discontinuance of service if at least two (2) days prior to the proposed service discontinuance date indicated in the notice the designated Company personnel receives a

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certificate or copy thereof from a practitioner of the healing arts on forms provided by the Company or other suitable forms stating that discontinuance of service might endanger the person's life and the residential customer must demonstrate to the designated Company personnel in writing on forms provided by the Company or other suitable forms that such residential customer has inadequate financial resources to pay the utility charges when due, whether or not the accuracy of such charges is the subject of a bona fide dispute; and that if service has been discontinued the Company shall reestablish service within twelve (12) hours of receipt of said certificate;

- 6. a blank medical certificate which shall permit the practitioner to indicate the expected duration of the residential customer's serious illness or life endangering situation and a form for notifying the Company that a residential customer has inadequate financial resources to pay utility charges when due. Such forms properly executed shall be adequate to delay discontinuance for at least thirty (30) days, and at the Company's option the Company may delay discontinuance for up to one hundred twenty (120) days or for a longer period of time. The Company shall promptly notify the residential customer in writing as to how long it deems the certificate

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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to be valid; provided, however, that should the circumstances upon which the certificate is based appear to have changed, the Company may require additional certification;

- 7. a statement of the cost of reconnection;
- 8. a statement to the effect, "If you are a recipient of public assistance, contact your caseworker immediately."

M. The Company shall take reasonable steps to communicate with a residential customer by telephone or personal contact at least two (2) days prior to the actual date of discontinuance of service in order to obtain payment of delinquent accounts. The Company employee who personally contacts a residential customer two (2) days prior to discontinuance and the utility employee sent to discontinue utility service shall note any information which is made known to the employee by the residential customer regarding any resident's serious illness or life endangering health condition, such as whether a resident is physically disabled, frail, or elderly. Such information shall immediately be reported in writing to a Company employee authorized to prevent discontinuance. That employee shall either delay the discontinuance order if it is apparent that the forms provided for in Paragraph No. 5 will be received or shall state in writing why such delay is not effected. The Company and Company employee's noting of the information made known by the residential customer,

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acting upon such information, or failing to act upon such information in good faith shall cause the Company and Company employee to be held harmless for error made. The Company employee sent to discontinue utility service shall be empowered to receive payment of delinquent bills, and upon receipt of payment said employee shall be empowered to cancel the discontinuance order.

N. The Company shall offer its residential customers a third party notification program and develop adequate procedures for notification to its residential customers of the availability of the program. The third party notification program shall be extended only to residential customers who notify the Company in writing of their desire to participate in the program and designate a specific person, organization, or governmental agency who is ready, willing, and able to assist the residential customer in the payment of utility bills. Upon receipt of such notice from a residential customer the Company shall not discontinue service to the residential customer for nonpayment of past due charges without (1) contacting the designated person, organization, or governmental agency by phone or in writing at least fifteen (15) days prior to the proposed discontinuance of service; and (2) determining that the designated person, organization, or governmental agency has not made a commitment to assist payment of the past due charges of that residential customer within a reasonable period of time.

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DISCONTINUANCE AND DENYING RESTORATION OF SERVICE (Cont.)
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O. When a residential customer has indicated to the Company an inability to pay utility charges and has not been chronically delinquent, the Company shall attempt to arrange an installment payment plan for the payment of past due utility charges. While an installment payment plan is being negotiated the Company shall not discontinue service to such residence. In the event that either negotiation of the installment plan is discontinued or progress in its negotiation is stalled, the Company may proceed with discontinuance of service.

P. The Company shall provide a procedure for reviewing residential customer allegations that a proposed installment payment plan is unreasonable, that a utility charge is not due and owing, or that it has not violated an existing installment payment plan. Such procedure shall provide due notice to residential customers and the reviewing employee shall have authority to order appropriate corrective action. Such review shall stay the discontinuance of utility service until the review is completed.

Q. Utility service to a residential customer may be discontinued only during the hours from 8:00 a.m. to 3:00 p.m. on Monday through Thursday and may not be discontinued less than twenty-four (24) hours prior to a holiday or weekend unless the Company's business office is open for receipt of payment of past due charges and Company personnel are available to restore such service upon payment during said holiday or weekend.

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COMPANY

ORIGINAL RULE NO. 10
Cancelling NMPSC Sheet No. _____

RESPONSIBILITY FOR WATER SERVICE EQUIPMENT

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A. Company's Responsibility. The Company does not assume any responsibility for the yard line or customer's water line.

B. Customer's Responsibility. The customer shall use due diligence to protect the property of the Company installed on the premises of the customer or on premises under his/her control, and the representative of the Company shall have the right of access to the premises at all reasonable hours for the purpose of inspecting, testing, repairing, installing, or removing the property of the Company.

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ORIGINAL RULE NO. 11
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INTERRUPTION OF SERVICE

A. The Company agrees to use reasonable diligence in rendering continuous service and in furnishing a regular and uninterrupted supply of water, but the Company does not guarantee uninterrupted of such service and supply and shall not be liable for damages in case such supply should be interrupted or fail by reason of an act of God, the public enemy, accidents, strikes, legal processes, state, county or municipal interferences, breakdowns or damage to the machinery or supply, processing and distribution or any cause beyond the control of the Company.

B. The Company reserves the right to discontinue water distribution service for the purpose of making connections or extensions, repairs, raising or lowering of its pipe, or for any alterations, improvements, repairs, emergencies, or in connection with its business, and will not be liable for damages occasioned by interruption of or reduction in service when such interruptions or reductions are necessary to make repairs or changes in the Company's transmission or distribution facilities. The Company will endeavor to give reasonable notice in advance of any planned shutoff.

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ORIGINAL RULE NO. 12
Cancelling NMPSC Sheet No. _____

RATES AND OPTIONAL RATES

Page 1 of 1

A. The rates to be charged by and paid to the Company for domestic water service will be the rates legally in effect, approved by and on file with the New Mexico Public Service Commission. Complete schedules of all rates legally in effect will be kept at all times at the Company's office at _____, New Mexico, at all branch offices, and at the office of the New Mexico Public Service Commission in Santa Fe.

B. Any and all changes duly made in the filed rate or in terms and conditions of service under which the contract between the Company and the customer is made shall apply to the contract on and after the date such changes have been approved by the New Mexico Public Service Commission and said changes become effective.

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ORIGINAL RULE NO. 13
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ACCEPTABLE STANDARDS

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The Company will adhere to the applicable NMPSC minimum design and construction standards.

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COMPANY

ORIGINAL RULE NO. 14
Cancelling NMPSC Sheet No. _____

COMPANY'S RIGHT TO INGRESS TO AND EGRESS FROM
CUSTOMER'S PROPERTY

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Duly authorized agents or employees of the Company carrying proper credentials and identification shall have free access at all reasonable hours to all parts of the premises of the customer for the purpose of inspection and testing or for reading, changing, or removing the Company's water meters. If such duly authorized agents or employees, after showing proper credentials and identification, are refused admittance or hindered or prevented from making such inspections, the service may be discontinued until free access is given in accordance with Rule 9, Section F,1.

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ORIGINAL RULE NO. 15
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UNAUTHORIZED CONNECTIONS

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Domestic water service furnished by the Company to any customer shall be used only in connection with such customer's residence to which the service is piped. No additional facilities or supplies shall be connected to the existing service nor shall service be piped from one residence, dwelling, or building to another residence, dwelling, or building without first obtaining written permit, authorization, and/or statement of requirements from the Company.

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ORIGINAL RULE NO. 16
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STOPPAGE OR OBSTRUCTIONS OF SERVICE

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The Company shall not be responsible for the stoppage or obstruction or breaks in facilities or lines of the customer.

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ORIGINAL RULE NO. 17
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TEMPORARY AND SPECIAL SERVICES

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A. Where service connections are available, temporary domestic water service will be furnished under the Company's established rules, regulations, and rates for the type of service required; provided, however, that the customer shall pay, in addition to the cost of service rendered under its applicable rate, the cost of installing and removing, of connecting and disconnecting the necessary facilities required to provide such services.

B. Temporary and special service connections are primarily available to furnish and supply domestic water during states of building construction prior to the permanent connection to the completed structure. Service for specialized usage shall be considered as a special case when not covered by a specific rate or schedule filed for the specialized usage.

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METERING

A. Ownership of Meters. All meters used in connection with metered service shall be installed, maintained, and owned by the Company.

B. Meter Testing. Each meter, whether new or repaired or removed from service for any cause, shall be tested and in good order before being installed. All tests to determine the accuracy of registration shall be made with standard meter testing equipment.

C. Upon request by a customer the Company shall make a test of the meter serving him/her and shall advise him/her that he/she may be present. If the meter has been tested within the last twelve (12) months, the Company may charge the customer a meter test charge, as approved by and on file with the Commission, for making such a test. Such charge will be refunded to the customer whenever the meter proves to be in excess of two percent (2%) fast.

D. The customer or his/her representative may be present, if he/she desires, when his/her meter is tested. If the customer wishes to be present, he/she should so notify the Company at the time of his/her request for the meter test. The Company shall give the customer reasonable advance notification as to the day, time, and place of said meter test.

E. A report of the results of the test shall be made to the customer within a reasonable time after the completion of test, and a record of the report together

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METERING (Cont.)

with a complete record of each test shall be kept on file at the office of the Company with compliance to such retentions as authorized by the New Mexico Public Service Commission under NMPSC Rule 310.

F. Fast Meters. When a meter is found to be in fact in excess of two percent (2%) error against the customer in tests made at any time, the Company shall refund to the customer an amount equal to the excess charged for the water incorrectly metered. The period over which the correction is to be made shall be the time of apparent failure; provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded.

G. Slow Meters. If upon testing the meter is determined to be more than two percent (2%) slow, the amount of the under-charge resulting from the error will be billed to the customer, but the period employed in calculating the under-charge shall not exceed six (6) months. The customer will not be billed for the period between his/her advice to the Company that he/she doubts the meter's accuracy and the test of the meter by the Company if the interval exceeds a time reasonable under the circumstances.

H. Failure to Register. In the event of stoppage or failure of the meter to register the full amount of water consumed, the customer will be billed for such period from

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METERING (Cont.)

the time elapsed since the last previous test or the time of apparent failure on an estimated consumption based upon such customer's use of water in a similar period of like use; provided, however, the period shall not exceed six (6) months.

I. The Company reserves the right to test any meter at any time during business hours and to enter the premises of a customer if necessary for that purpose.

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LINE EXTENSION POLICY

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NEW WATER SERVICE

When an extension of a Company's lines is required to serve an individual applicant or a group of applicants or a commercial enterprise or residential subdivision with the understanding that reasonably consistent applications will be expected, extension shall be made under the following terms and conditions.

1. All line extensions shall be sized to provide adequate domestic service and, where required, fire protection service including fire hydrants.

2. Investment in the line extension required to serve the applicant may be required to be paid in total by the applicant requesting the extension in the form of an Advance for Construction or a Contribution in Aid of Construction.

3. The Company shall not under any condition make an extension that would be unprofitable and thereby cause undue financial burden to existing customers, which means that there shall result no increase in rates for service to existing customers which is unduly discriminatory.

4. All lines shall be installed in existing public roads, alleys, or easements. The applicant shall furnish such rights-of-way, as required, without charge to the Company.

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LINE EXTENSION POLICY (Cont.)

5. When the applicant is an individual single family residence or an individual residential structure that will house up to four (4) single family residences, the following will apply.

A. Advances for Construction may be refunded to the original applicant on the following basis.

I. The estimated annual revenue for actual consumption will be determined using rates currently in effect.

II. The refund to the original customer shall be no greater than three (3) times the estimated annual revenue determined in paragraph 5.A.I. if no new customers connect to the original extension.

III. For each new customer connected to the original extension a refund of no greater than three (3) times the estimated annual revenue for that new customer will be made if a refund is not provided for under paragraph B below.

IV. In no event may refunds to an applicant total more than the Advance for Construction.

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LINE EXTENSION POLICY (Cont.)

- V. Up to ten (10) years after the original request for extension the remaining advances shall become Contribution and will no longer be subject to refund.

- B. Advance for Construction may also be refunded on the following basis.
 - I. The pro rata cost of a line extension incurred by reason of its installation along property owned by others who will benefit from such extension may be computed for all such parcels and recorded for future collection when water service is requested to any such parcel. The pro rata cost of facilities installed along each abutting or benefited property may be computed on a front foot basis for individual lots or on an acreage basis for undeveloped tracts and may be recorded to be charged against that property.

 - II. The total construction cost for the line extension may be paid as an advance in aid of construction by the applicant, but the advance may be subject to future refunds to that applicant when water service is connected to each abutting or benefited property up to ten (10) years.

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LINE EXTENSION POLICY (Cont.)

III. When a request for water service to any such abutting property is received by Company, the pro rata cost originally computed and recorded as applicable to that property may be billed to and paid by the party when requested service before water service will be provided to the abutting or benefiting property. This amount may then be refunded to the original applicant or customer if it can be determined that such applicant or customer still exists as such and if within ten (10) years of the date of the original line extension agreement.

IV. Refunds made under this provision shall not exceed the original advance less that portion needed to serve the original applicant.

6. Parties requesting subsequent connections or extensions to lines already installed by the Company at its expense may be required to reimburse the Company for a pro rata share of the cost of the lines at the time connection is completed. This will be based on lines and appurtenances sized to serve the new applicant with adequate domestic and fire protection service, if required. Total collections by the Company under this provision shall not exceed the total cost of the lines.

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LINE EXTENSION POLICY (Cont.)

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7. In the instance of residential subdivisions, commercial enterprises, or where special circumstances warrant in the case of residential line extensions otherwise includable under paragraph 5, a line extension may be under a specific contract provided that all contract terms shall be such that no adverse financial burden will be imposed on existing utility customers. This means that the effect of a specific contract shall not cause an increase in rates for service to existing customers which is unduly discriminatory.

All such line extension contracts shall be filed with the Public Service Commission. Any special or unusual conditions which affect the cost of furnishing an adequate or required (i.e., fire protection) supply of water for a line extension, such as elevation, terrain, construction conditions, the volume of water available from the existing supply and distribution system, or any other conditions which would result in increased cost to the Company, shall be included in the cost of all line extensions. Such special contracts shall be entered into with residential customers otherwise includable under paragraph 5 when the cost of such line extensions includes such special or unusual conditions.

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ORIGINAL RULE NO. 20
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LIMITATIONS AND RESTRICTIONS OF USE OF WATER

Page 1 of 1

A. Before undertaking anything which will use unusually large quantities of water, the customer shall consult the Company for its approval of such additional service and for the terms and advice as to conditions under which the water will be supplied to the premises of the customer.

B. The Company reserves the right to limit the size of service connections or openings through which its service is furnished and to prohibit the customer's waste of excessive quantities of water which exceed or strain the capacity of the Company for supplying water to all customers. Noncompliance of this rule by any customer shall constitute grounds for discontinuing service in accordance with Rule 9.

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SETTLEMENT AGREEMENTS

A. Settlement Agreements to Be in Writing. When a Company and a residential customer settle a dispute or when a residential customer does not dispute liability for an outstanding bill or bills but demonstrates an inability to pay the outstanding bill or bills then due, the Company and such residential customer shall enter into a settlement agreement to pay the amount of the bill. The terms of a settlement agreement reached by telephone which extends beyond forty-five (45) days shall be confirmed by the Company in writing and mailed or delivered to the residential customer. The Company is not required to enter into a settlement agreement with a chronically delinquent residential customer. However, if a chronically delinquent residential customer can demonstrate to the Company that the residential customer has inadequate financial resources to pay the outstanding bill without participation in the settlement agreement and because the residential customer has a low income and is elderly, disabled, or subject to other special considerations, the Company shall give special consideration to such residential customer in determining whether to extend a settlement agreement to that residential customer.

B. Installment Payments.

1. Every settlement agreement involving an inability to pay an outstanding bill in full when due shall provide that service will not be discontinued if the residential customer

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SETTLEMENT AGREEMENTS (Cont.)

pays a reasonable portion of the outstanding bill upon signing the settlement agreement and agrees to pay the remaining outstanding balance in reasonable installments until the bill is paid. For purposes of determining reasonableness the parties shall consider the following:

- (a) the size of the outstanding balance,
- (b) the residential customer's ability to pay,
- (c) the residential customer's payment history,
- (d) the time that the balance has been outstanding,
- (e) the reasons why the balance has been outstanding, and
- (f) any other factors relevant to the residential customer's service.

A settlement agreement to pay an outstanding past due balance on a bill does not relieve a residential customer from the obligation to pay future bills on a current basis.

- 2. If the residential customer has entered into an installment plan pursuant to a settlement agreement the residential customer shall receive a statement of:

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SETTLEMENT AGREEMENTS (Cont.)

- (a) the actual service charges incurred for the current billing period,
- (b) the amount of the installment payment due,
- (c) the total amount due [sum of (a) and (b)], and
- (d) an acknowledgement of previous installment payments.

C. Failure to Comply with Settlement Agreements.

- 1. If a residential customer fails to comply with a settlement agreement, the Company may discontinue service after notifying the residential customer by personal delivery of written notice or by first class mail that the residential customer is in default of the settlement agreement; stating the nature of the default; and stating that unless a payment which brings the settlement agreement current is made within seven (7) days from the date of notice, the Company will discontinue service on a certain date.
- 2. Nothing in this section shall preclude the Company and a residential customer from renegotiating the terms of a settlement agreement.

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COMMISSION COMPLAINT PROCEDURES

Page 1 of 3

A. Pursuit of Remedies with the Company as a Condition to Filing a Complaint with the Commission. The Commission shall not accept a formal or an informal complaint from a residential customer until the residential customer has made a good faith effort to resolve the complaint directly with the Company. The Commission specifically reserves the right to waive this requirement when in equity and good conscience circumstances so require.

B. Informal Complaints. Informal complaints should be in writing but may be initiated by telephone or in person at the offices of the Commission. If in writing the complaint need not be in affidavit form. An informal complaint shall state the name and address of the residential customer, the name of the Company, the nature of the original complaint in a clear and concise manner, the relief requested, whether the residential customer has pursued all remedies with the Company which are available, and such other information as is required under the complaint provisions of NMPSC Rules 110.42 through 110.50. If the informal complaint does not initially contain this information, a member of the Commission staff will contact the complainant to attempt to obtain the missing data.

C. Commission Investigation of Complaint. Upon receipt of an informal complaint the Commission shall, when appropriate, advise the Company within a reasonable period of time that a complaint has been filed against it; the Commission staff shall review and investigate the complaint

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COMMISSION COMPLAINT PROCEDURES (Cont.)

and shall within a reasonable time advise the complainant and the Company of the results of the investigation

D. Informal Staff Conferences. If the staff of the Commission is unable to resolve the complaint to the satisfaction of the parties, either party may within five (5) days after receipt of the results of the investigation request an informal conference with staff or file a formal complaint in accordance with the Rules of Practice and Procedure, NMPSC Rule 110. The Commission must find probable cause for the complaint prior to setting the matter down for hearing.

E. Formal Complaints. If the parties are unable to reach a settlement of their dispute, a formal complaint may be filed with the Commission pursuant to the provisions of NMPSC Rule 110.

F. An Appeal of the Commission Prevents Discontinuance. The Company shall not discontinue utility service to a residential customer or issue a notice of discontinuance relative to the matter in dispute once a formal complaint has been filed with the Commission. The Commission shall immediately notify the Company that a formal complaint has been filed against it.

G. In Forma Pauperis. The Commission shall authorize the commencement, prosecution, defense, and investigation of any complaint filed under these rules

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COMMISSION COMPLAINT PROCEDURES (Cont.)

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without payment of fees and costs or security by a residential customer who makes an affidavit that the residential customer is unable to pay such costs or security, as may be provided by law.

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ORIGINAL RULE NO. 23
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ESTIMATED BILLS

Page 1 of 2

A. The Company may not render a bill based on estimated usage to a residential customer, other than a seasonally billed customer unless:

1. the utility is unable to obtain access to the residential customer's premises through no fault of its own for the purpose of reading the meter or in situations where the residential customer makes reading the meter unnecessarily difficult,
2. a meter is defective or has been evidently tampered with or bypassed, or
3. weather conditions prohibit meter readings or where other force majeure conditions exist.

If the utility is unable to obtain an actual meter reading for these reasons, it shall attempt to contact the residential customer and attempt to obtain access to the premises, or it shall undertake reasonably practical alternatives to obtain a meter reading. The Company must for no less than twelve (12) months maintain accurate records of the reasons for each estimate and of the efforts made to secure an actual reading.

B. The Company may not render a bill based on the estimated usage for more than two (2) consecutive billing periods with prior notification to the Commission nor for an initial reading or final bill for service unless otherwise agreed to by the residential customer and the Company.

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ESTIMATED BILLS (Cont.)

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C. If the Company underestimates a residential customer's usage and subsequently seeks to correct the bill, the residential customer shall be given an opportunity to participate in an installment payment plan with regard to the underestimated amount.

D. Meter Reading. Meters will be read as nearly as possible at regular monthly intervals; provided, however, that if one month's meter reading is missed the Company may bill the customer on an estimated consumption and the difference adjusted when the meter is read again. The basis for this estimate shall be the normal consumption for corresponding periods in the preceding year and/or normal consumption of preceding months. At the first reading subsequent to the nonreading the rate structure shall be taken into account when adjusting the bill.

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