

NEW MEXICO  
PUBLIC REGULATION  
COMMISSION  
FILED

2015 JUN 29 PM 1 46

# Annual Report

(For Class A and B Sewer Utilities)

Of

**NEW MEXICO WATER SERVICE COMPANY-SEWER**

(Exact legal name of Respondent)

**401 HORNER STREET  
BELEN, NM 87002**

(Address of Respondent)

TO THE  
  
NEW MEXICO  
  
PUBLIC REGULATION COMMISSION  
  
FOR THE  
  
YEAR ENDED DECEMBER 31, 2014

Report for Year Ended December 31, 2014

**OFFICERS AND DIRECTORS**

Report below the officers and directors of respondent at end of year. If there were any changes during the year, show title, name, and address of previous officer or director and date of change. List officers first, then directors, listing twice officers who are also directors.

Line No.	Name ( a )	Official Title ( b )	Principal business address ( c )
1	<b>Martin A. Kropelnicki</b>	President & Chief Exec. Officer	401 Horner St. Belen, NM 87002
2	<b>Francis S. Ferraro</b>	Vice President	401 Horner St. Belen, NM 87002
3	<b>David B. Healey</b>	Assistant Corporate Secretary	401 Horner St. Belen, NM 87002
4	<b>Ronald D. Webb</b>	Vice President	401 Horner St. Belen, NM 87002
5	<b>Paul G. Townsley</b>	Vice President	401 Horner St. Belen, NM 87002
6	<b>Michael B. Luu</b>	Vice President	401 Horner St. Belen, NM 87002
7	<b>Timothy D. Treloar</b>	Vice President	401 Horner St. Belen, NM 87002
8	<b>Lynne P. McGhee</b>	Corporate Secretary	401 Horner St. Belen, NM 87002
9	<b>Michael J. Rossi</b>	Vice President	401 Horner St. Belen, NM 87002
10	<b>Thomas F. Smegal</b>	Vice Pres., CFO and Treasurer	401 Horner St. Belen, NM 87002
11	Peter C. Nelson	Director	401 Horner St. Belen, NM 87002
12	Martin A. Kropelnicki	Director	401 Horner St. Belen, NM 87002
13	Lynne P. McGhee	Director	401 Horner St. Belen, NM 87002
14			
15			

- 1 State number of meetings of board of directors held during year  
 2 State number of directors required to constitute a quorum  
 3 State total amount of directors' fees paid during year

4
2
\$ -

**SECURITY HOLDERS AND VOTING POWERS**

Report below the names and addresses of the 9 security holders of the respondent who, at the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had a right to cast on that date, if a meeting were then in order. If any such holder held in trust, give the known particulars of the trust.

Line No.	Name of Security Holder ( a )	Address of security holder ( b )	Total number of votes ( c )	Common Stock ( d )	Preferred Stock ( e )	Other Securities with voting power ( f )
1	California Water Service Group	1720 N. First St. San Jose, CA 95112	1100	1100	0	0
	AUTHORIZED @ 12/31/14 COMMON 99,000 SHARES					
	OUTSTANDING @ 12/31/14 COMMON 1,100 SHARES					
	AUTHORIZED @ 12/31/14 PREFERRED 1,000 SHARES					
	OUTSTANDING @ 12/31/14 PREFERRED -0- SHARES					

**COMPARATIVE BALANCE SHEET  
ASSETS AND OTHER DEBITS**

Line No.	Acct. No.	TITLE OF ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	BALANCE END OF YEAR (c)
1		<b>UTILITY PLANT</b>		
2	100-105	Utility Plant	\$ 12,093,153	12,620,428.69
3	108-110	Less: Accumulated Provision for Depreciation and Amortization of Utility Plant	(4,647,315)	(5,056,289.21)
4	114	Utility Plant Acquisition Adjustment	(182,804)	(182,804.00)
5	115	Accumulated Amortization of Utility Plant Acq. Adj. Acquisition Adjustment	84,138	91,491.89
6		Net Utility Plant	<b>7,347,172</b>	<b>7,472,827.37</b>
7		<b>OTHER PROPERTY AND INVESTMENTS</b>		
8	121	Non-utility Property (Less: Account 122, Accumulated Provision for Depreciation and Amortization) 121 \$ _____ 122 \$ _____ (Net)	-	-
9	123	Investment in Associated Companies	-	-
10	124	Utility Investments	-	-
11	125	Other Investments	-	-
12	127	Special Funds	-	-
13		Total Other Property and Investments	-	-
14		<b>CURRENT AND ACCRUED ASSETS</b>		
15	131	Cash and Working Funds	-	-
16	132	Special Deposits	-	-
17	134	Working Funds	-	-
18	135	Temporary Cash Investments	-	-
19	141	Customer Accounts Receivable	151,721	152,495.31
20	142	Other Accounts Receivable (Accrued)	45,057	44,556.19
21	143	Accumulated Provision for Uncollectible Accounts - Cr	(2,683)	(4,670.87)
22	144	Notes Receivable	-	-
23	145	Accounts Receivable from Associated Companies	-	-
24	146	Notes Receivable from Associated Companies	-	-
25	151	Plant Materials and Supplies	-	-
26	162	Prepayments	48,924	65,690.64
27	171-174	Other Current and Accrued Assets (incl. A/R other)	-	-
28		Total Current and Accrued Assets	<b>243,019</b>	<b>258,071.27</b>
29		<b>DEFERRED DEBITS</b>		
30	181	Unamortized Debt Discount and Expenses	-	-
31	182	Extraordinary Property Losses	-	-
32	186-190	Other Deferred Debits (Reg. Assets)	131,758	118,459.27
33		Total Deferred Debits	<b>131,758</b>	<b>118,459.27</b>
34		Total Assets and Other Debits	<b>\$ 7,721,949</b>	<b>7,849,357.91</b>

Remarks:

**COMPARATIVE BALANCE SHEET  
LIABILITIES AND OTHER CREDITS**

Line No.	Acct. No.	TITLE OF ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	BALANCE END OF YEAR (c)
1		<b>PROPRIETARY CAPITAL</b>		
2	201	Common Capital Stock	\$ 1,120,531	1,120,530.50
3	204	Preferred Capital Stock		
4	211	Other Paid-in Capital	1,470,286	1,470,286.09
5	212	Discount on Capital Stock		
6	213	Capital Stock Expense		
7	214	Appropriated Earned Surplus		
8	215	Unappropriated Earned Surplus- <b>NET OF DIVIDENDS</b>	(695,043)	(613,916.36)
9	216	Reacquired Capital Stock		
10		Total Proprietary Capital	<b>1,895,774</b>	<b>1,976,900.23</b>
11		<b>LONG-TERM DEBT</b>		
12	221	Bonds		
13	223	Advances from Associated Companies	1,377,102	2,300,730.21
14	224	Other Long-Term Debt	698,626	-
15		Total Long-Term Debt	<b>2,075,728</b>	<b>2,300,730.21</b>
16		<b>CURRENT AND ACCRUED LIABILITIES</b>	-	-
17	231	Accounts Payable (incl. accrued a/p)	37,248	44,002.82
18	232	Notes Payable	-	-
19	233-234	Payables to Associated Companies	193,863	118,863.82
20	235	Customer Deposits		
21	236	Taxes Accrued (incl. property/income/payroll taxes/GRT)	10,611	11,347.27
22	237	Interest Accrued	3,401	-
23	238-241	Other Current and Accrued Liabilities (Incl. PRC, lease, payroll/vacation)	45,321	54,146.81
24		Total Current and Accrued Liabilities	<b>290,444</b>	<b>228,360.72</b>
25		<b>DEFERRED CREDITS</b>		
26	251	Unamortized Premium on Debt		
27	252	Advances for Construction	87,657	-
28	253	Other Deferred Credits	12,156	12,893.35
29	255	Accumulated Deferred Investment Tax Credits		
30		Total Deferred Credits	<b>99,813</b>	<b>12,893.35</b>
31		<b>OPERATING RESERVES</b>	-	-
32	261	Property Insurance Reserve		
33	262	Injuries and Damages Reserve		
34	263	Pensions and Benefits Reserve		
35	265	Miscellaneous Operating Reserve		
36		Total Operating Reserves	-	-
37		<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>		
38	271	Contributions in Aid of Construction	4,343,464	4,402,706.43
39	272	Accumulated Amortization of Contributions In Aid of Construction	(993,527)	(1,084,527.03)
40	281-283	Accumulated Deferred Income Tax	10,253	12,294.00
41		Total Liabilities and Other Credits	<b>\$ 5,826,175</b>	<b>5,872,457.68</b>

Remarks:

## SEWER UTILITY PLANT

Include in column (e) entries reclassifying property from one account to another. Corrections of entries of the immediately preceding year should be recorded in column (c) or column (d) accordingly as they are corrections of additions or retirements.						
LINE NO.	ACCT. NO.	ACCOUNT (a)	BALANCE AT BEGINNING YEAR (b)	PLANT ADDED (c)	PLANT RETIRED (d)	BALANCE AT END OF YEAR (f)
1		<b>INTANGIBLE PLANT</b>				
2	351	Organization				-
		Asset Retirement Obligation	7,589.00			7,589.00
3	353	Franchises	-			-
4		<b>Total Intangible Plant</b>	<b>7,589.00</b>	<b>-</b>	<b>-</b>	<b>7,589.00</b>
5		<b>COLLECTION PLANT</b>				
6	363	Land and Land Rights	103,109.54			103,109.54
7	364	Structures and Improvements	2,585,072.56	149,441.89		2,734,514.45
8	360	Collection Sewers - Force	-			-
9	361	Collection Sewers - Gravity	4,239,302.97	1,651.51		4,240,954.48
10	362	Special Collecting Structure	-			-
11	363	Services to Customers	196,632.63			196,632.63
12	364	Flow Measuring Devices	-			-
13	365	Flow Measuring Installations	-			-
14	370	Receiving Wells				
15		<b>Total Collection Plant</b>	<b>7,124,117.70</b>	<b>151,093.40</b>	<b>-</b>	<b>7,275,211.10</b>
16		<b>PUMPING TREATMENT AND DISPOSAL PLANT</b>				
17	371	Pumping Equipment	811,670.52	78,804.65		890,475.17
18	380	Treatment and Disposal Equipment	3,779,060.31	106,935.13		3,885,995.44
19	381	Plant Sewers				-
20	382	Outfall Sewer Lines				-
21	389	Other Plant and Disposal				-
22		<b>Total Treatment and Disposal Plant</b>	<b>4,590,730.83</b>	<b>185,739.78</b>	<b>-</b>	<b>4,776,470.61</b>

LINE NO.	ACCT. NO.	ACCOUNT (a)	BALANCE AT BEGINNING YEAR (b)	PLANT ADDED (c)	PLANT RETIRED (d)	ADJUSTMENTS (e)	BALANCE AT END OF YEAR (f)
23		<b>GENERAL PLANT</b>					
24	390	Office Furniture and Equipment	120,825.30	3,442.86			124,268.16
25	391	Transportation Equipment	141,449.02	6,397.14			147,846.16
26	392	Stores Equipment					
27	393	Tools, Shop and Garage Equipment	70,196.52				70,196.52
28	394	Laboratory Equipment					
29	395	Power Operated Equipment					
30	396	Communication Equipment					
31	397	Miscellaneous Equipment-System Control Equip.	-	62,180.53			
32	398	Other Tangible Property					
33		<b>Total General Plant</b>	<b>332,470.84</b>	<b>72,020.53</b>	<b>-</b>	<b>-</b>	<b>342,310.84</b>
34		<b>Total Utility Plant in Service Directly</b>	<b>12,054,908.37</b>	<b>408,853.71</b>	<b>-</b>	<b>-</b>	<b>12,463,762.08</b>
35		Assignable Common Utility Plant Allocated					-
36		<b>Total Sewer Utility Plant in Service</b>	<b>12,054,908.37</b>	<b>408,853.71</b>	<b>-</b>	<b>-</b>	<b>12,463,762.08</b>
NOTE: give full explanation of "adjustments, col. (e)".					Construction Work in Progress		156,666.61
					Amount shown on Page 2 Line 2		<b>12,620,428.69</b>

## ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Account 143)

CLASS OF ACCOUNTS	BALANCE BEGINNING OF YEAR	PROVISION FOR UNCOLLECTIBLES FOR YEAR	NET CHARGES DURING YEAR		ADJUSTMENTS	BALANCE END OF YEAR
			ACCOUNTS WRITTEN OFF	COLLECTION OF ACCOUNTS WRITTEN OFF		
Utility Customers	2,683.11	10,420.93	15,397.19	6,964.02	-	4,670.87
Other						
Total	2,683.11	10,420.93	15,397.19	6,964.02	-	4,670.87

## CAPITAL STOCK (Accounts 201-204)

CLASSIFICATION	NUMBER OF SHARES		PAR VALUE OF SHARES		TOTAL AMOUNT OUTSTANDING	DIVIDENDS DECLARED DURING YEAR
	AUTHORIZED	ISSUED				
Common	99,000	1,100	1		\$ 1,120,530.50	\$ -

## LONG - TERM DEBT (Accounts 221-224)

NATURE OF OBLIGATION	TOTAL AMOUNT AUTHORIZED	DATE ISSUED	AMOUNT ISSUED	AMOUNT OUTSTANDING	DATE OF MATURITY / INTEREST RATE	INTEREST FOR CURRENT YEAR
All debt is short-term and payable to California Water Service Group						

## RESERVE FOR DEPRECIATION (Accounts 108-110)

	AMOUNT
Balance at the beginning of Year (Credit)	\$ 4,647,314.86
ADD: Amount charged for Depreciation Expense	408,600.86
Other credits in detail - Asset Retirement Obligation Reserve for Depr.	216.82
Other - MISC. ADJUSTMENT IN ASSET TRANSFERS	156.67
Total Credits	408,974.35
DEDUCT: Book cost of plant retired	
Cost of removal	
Other debits in detail	
Total Debits	-
Balance at the end of the Year (Credit) Schedule B, Page 7	\$ 5,056,289.21
Show detail of the "other" debits and credits to the depreciation reserve during the year on a separate sheet	

UTILITY PLANT (Accounts 101 - 105)			
Schedule A			
TOTAL UTILITY PLANT			
A/C No.	(Col. 1) Sewer Plant	(Col. 2) Common Plant	(Col. 3) Total Utility Plant (Col.1 & 2)
101 Utility Plant in Service	12,463,762.08		12,463,762.08
102 Utility Plant Leased to Others			-
103 Property Held for Future Use			-
104 Utility Plant Purchased or Sold			-
105 Construction Work in Progress	156,666.61		156,666.61
Total Utility Plant (to pg.2, line 2)	12,620,428.69	-	12,620,428.69
Accumulated Provision for Depreciation and Amortization of Utility Plant (Accounts 108-110)			
Schedule B			
TOTAL UTILITY PLANT RESERVES			
A/C No.	(Col. 1) Sewer Plant Deprec. & Amort.	(Col. 2) Common Plant Deprec. & Amort.	(Col. 3) Total Acc. Prov. For Deprec. & Amort. Of Utility Plant (Col.1 & 2)
108 Accumulated provision for Deprec. of Utility Plant in Service	5,056,289.21		5,056,289.21
110 Accumulated provision for Amort. of Utility Plant in Service			-
114 Utility Plant Acquisition Adjustments	182,804.00		182,804.00
116 Accumulated Amort. of Utility Plant Acquisitions Adjustments	(91,491.89)		(91,491.89)
Total Utility Plant Reserve (to pg. 2, line 2)	5,147,601.32	-	5,147,601.32



**MATERIALS AND SUPPLIES (Accounts 151)**

1. Report below the amount of materials and supplies at end of year under titles which are indicative of the character of the material included. Appliances for resale shall be reported as a separate class of material.
2. Show in Column (c) the departments which use each class of material and in Column (d) designate the department to which predominant use of the class of material is attributable.

**A. Summary of Materials and Supplies at End of Year**

Line No.	Class of Material (a)	Amount End of Year (b)	Depts. Which Use Material (c)	Dept. to which Predom. Use of Material is Attributable (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
(Total of Col. (b) to page 2, line 25)		0		

**PREPAYMENTS (Account 162)**

1. Give below the particulars called for concerning each prepayment.
2. Minor items may be grouped by classes, showing number of such items.

Line No.	Nature of Prepayment	Balance Beginning of Year (b)	Balance End of Year (c)
1	Insurance	1,493.05	1,031.72
2	Allocated Misc. PPD. Expenses	3,407.85	3,991.23
3	Income Taxes	41,471.35	46,630.46
4	Deferred Tax Asset-NOL	892.33	(35,798.11)
5	Unapplied Overhead	1,659.93	49,835.34
6			
7			
(Total of Col. (c) to page 2, line 26)		48,924.51	65,690.64

INCOME AND EARNED SURPLUS STATEMENT		
Acct. No.	ACCOUNT (a)	AMOUNT FOR CURRENT YEAR (b)
	<b>UTILITY OPERATING INCOME</b>	
400	Operating Revenues	1,441,169.59
	Operating Expenses	
401	Operations and Maintenance Expenses	874,505.46
403	Depreciation Expense	408,600.86
407	Amortization Expense	(74,989.39)
408	Taxes Other Than Income Taxes	19,326.25
409	Income Taxes-Federal & State	54,562.83
	Total Operating Expenses	1,282,006.01
	Net Operating Revenues	159,163.58
410	Provision for Deferred Income Taxes	
411	Provision for Deferred Income Taxes - Credit	
	Income from Utility Plant Leased to Others	
412	Investment Tax Credit	
413	Utility Operating Income	
414	Gains (losses) from Disposition of Utility Property	
	<b>OTHER INCOME</b>	
415-416	Income from Merchandising, Jobbing, and Contract Work:	
	415 Revenues \$ _____ 416 Costs & Expenses \$ _____ (Net)	
419	Interest and Dividend Income	-
420	Allowances for Funds Used During Construction	
421	Nonutility Income	
	Total Other Income	-
	Total Income	159,163.58
	<b>MISCELLANEOUS INCOME DEDUCTIONS</b>	
426	Miscellaneous Nonutility Expenses	599.98
	Total Income Deduction	599.98
	Income Before Interest Charges	158,563.60
	<b>INTEREST CHARGES</b>	
427	Interest on Long-Term Debt	15,668.80
428	Amortization of Debt Discount and Expenses / OTHER INTEREST	61,768.06
429	Amortization of Premium on Debt--Credit	
	Total Interest Charges	77,436.86
433-434	Extraordinary Income or Deductions	-
	Net Income	81,126.74

### STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Each credit and debit during the year should be identified as to the retained earnings account in which recorded and the contra-primary account effected shown in column (b).

2. For each reservation or appropriation of retained earnings state the purpose and amount.

3. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.

4. Show separately the state and federal income tax effect of items shown in Account 439 and give a brief description of each adjustment.

Item (a)	Contra Primary Account Affected (b)	Amount (c)
Unappropriated Retained Earnings (Account 215):		
Balance Beginning of year		(695,043.10)
Changes (identify by prescribed retained earnings accounts)		
Adjustments to Retained Earnings (Account 439)		
Credits		
Total Credits to Retained Earnings (Account 439)		
Debits		
Total Debits to Retained Earnings (Account 439)		
Balance transferred from Income (Account 435)		81,126.74
Appropriations of Retained Earnings (Account 436)		
Total Appropriations of Retained Earnings (Account 436)		
Dividends Declared-Preferred & Common Stock (Accounts 437-438)		-
<b>Adjustment to prior year dividend allocation</b>		
Total Dividends Declared		
Balance - End of Year		<b>(613,916.36)</b>
Appropriated Retained Earnings (Account 214)		
State balance and purpose of each appropriated		
retained earnings amount of end-of-year and give		
accounting entries for any applications of		
appropriated retained earnings during the year.		
Total Appropriated Retained Earnings (Account 214)		
Total Retained Earnings (Accounts 214, 215)		<b>(613,916.36)</b>

Notes to Statement of Retained Earnings for the Year:

## SEWER OPERATING REVENUES (Account 500)

Line No.	Acct. No.	ACCOUNT (a)	BEGINNING NUMBER CUSTOMERS (b)	ENDING NUMBER CUSTOMERS (c)	AMOUNTS (d)
1		FLAT RATE REVENUES-GENERAL CUSTOMERS			
2	521	Flat Rate Revenues - General Customers			
3	521.1	Residential Revenues			
4	521.2	Commercial Revenues			
5	521.3	Industrial Revenues			
6	521.4	Revenues From Public Authorities			
7	521.5	Multiple Family Dwelling Revenues			
8	521.6	Other Revenues			
9		MEASURED REVENUES-GENERAL CUSTOMERS			
10	522	Measured Revenues - General Customers			
11	522.1	Residential Revenues	2,211	2,230	\$ 1,244,676.83
12	522.2	Commercial Revenues	46	48	\$ 196,492.76
13	522.3	Industrial Revenues			
14	522.4	Revenues From Public Authorities			
15	522.5	Multiple Family Dwelling Revenues			
16		Total Revenues - General Customers	2,257	2,278	\$ 1,441,169.59
17	523	Revenues from Public Authorities			
18	524	Revenues from Other Systems			
19	525	Interdepartmental Revenues			
20		OTHER OPERATING REVENUES			
21	531	Sale of Sludge			
22	532	Customers' Forfeited Discounts			
23	534	Rents from Sewer Property			
24	535	Interdepartmental Rents			
25	536	Other Sewer Revenues			-
26		Total Other Operating Revenues			
27		Total Operating Revenues			\$ 1,441,169.59

SEWER OPERATION AND MAINTENANCE				
Line No.	Acct. No.	ACCOUNT (a)	THIS YEAR (b)	LAST YEAR (c)
1		Salaries and Wages		
2	701	Employees	143,973.26	153,688
3	703	Officers, Directors and Majority Stockholders		
4	704	Employee Pensions and Benefits		
5	710	Purchased Sewage Treatment		
6	711	Sludge Removal Expense		
7	715	Purchased Power	115,433.45	121,382
8	716	Fuel for Power Production	1,861.75	2,505
9	718	Chemicals	6,771.78	6,048
10	720	Materials and Supplies (postage & cust records supplies)	26,455.14	22,304
11		Contractual Services		
12	731	Engineering		
13	732	Accounting		
14	733	Legal		
15	734	Management Fees		
16	735	Other	71,214.50	67,623
		Lab/testing	23,862.08	25,322
17	741	Rental of Building/Real Property		
18	742	Rental of Equipment		
19	750	Transportation Expenses	31,666.95	32,606
20		Insurance		
21	756	Vehicle		
22	757	General Liability		
23	758	Workmans Compensations		
24	759	Other		
25	760	Advertising Expense		
26		Regulatory Commission Expenses		
27	766	Amortization of Rate Case Expense		
28	767	Other Regulatory Expense		
29	770	Bad Debt Expense	10,420.93	5,060
30	775	Miscellaneous Expense (743000+538100)	27,967.57	26,292
		G&A ALLOCATION	414,878.05	460,317
		Total Operation and Maintenance Expense	874,505.46	923,147

**PUMPING STATION EQUIPMENT**

1. Use separate columns for each pump and associated power equipment. Use insert sheets if necessary.

2. If the utility operates more than one integrated meter system, use insert sheets to show information requested below for each

Line No.	Items (a)	(b)	(c)	(d)	(e)			
1.	<b>PUMPING EQUIPMENT</b>							
2.	Lift Station number	HWY 304	Industrial					
3.	Make or type and nameplate data of pump	Flygt	Flygt					
4.	Year Installed	1995	1990					
5.	Rated Capacity	50	100					
6.	Size	6' Ø	8' Ø					
7.	Power:							
8.	Electric	480V-3 phase	480V-3 phase					
9.	Mechanical							
10.	Give nameplate date of motor	Flygt-5Hp	Flygt-30 Hp					
11.	<b>SERVICE CONNECTIONS</b>							
12.	Size (inches)	4"						
13.	Type (C1, PVC, etc.	PVC						
14.	Average length	15'						
15.	<b>NUMBER OF ACTIVE SERVICE CONNECTIONS</b>							
16.	Beginning of Year							
17.	Added during Year							
18.	Retired during Year							
19.	Close of Year	0						
20.	Give full particulars concerning inactive connections							
21.								
22.	<b>COLLECTING, INTERCEPTOR &amp; FORCEMAINS</b>	<b>Collecting Mains</b>				<b>Intercepton Mains</b>	<b>Force Mains</b>	
23.	Size (inches)	6	8	10	12	24	15	6
24.	Type of Main (C1, PVC, etc.)	PVC	PVC	PVC	PVC	Concrete	PVC	PVC
25.	Length of Pipe (nearest ft.)							
26.	Beginning of Year	9,800	67,834	2,000	9,260	1,500	5,700	15,700
27.	Added during Year	0	0	0	0	0	0	0
28.	Retired during Year	0	0	0	0	0	0	0
29.	Close of Year	9,800	67,834	2,000	9,260	1,500	5,700	15,700
30.	<b>MANHOLES</b>							
31.	Size	4' Ø				4' Ø	4' Ø	N/A
32.	Type	Concrete				Concrete	Concrete	
33.	Number							
34.	Beginning of Year	214				20	12	
35.	Added during Year	48				0	0	
36.	Retired during Year	0				0	0	
37.	Close of Year	262				20	12	

**PUMPING STATION EQUIPMENT**

1. Use separate columns for each pump and associated power equipment. Use insert sheets if necessary.  
 2. If the utility operates more than one integrated meter system, use insert sheets to show information requested below for each system.

Line No.	Items (a)	(b)	(c)	(d)	(e)
1.	<b>PUMPING EQUIPMENT</b>				
2.	Lift Station Name	Manzerro Plaza	C.D. Cañada	Primary	Eastland Hills Tome Vista
3.	Make or type and nameplate data of pump	Flygt	Flygt	Flygt	Flygt NP3171-452 HT
4.	Year Installed	2006	2001	1986	2005
5.	Rated Capacity	500 gpm@103TDH	100 gpm	100gpm-50TDH	90 gpm @ 112' TDH
6.	Size	8' Ø	8' Ø	8' Ø	8' Ø
7.	Power:				
8.	Electric	480V-3 phase	480V-3 phase	480V-3 phase	480V-3 phase
9.	Mechanical				
10.	Give nameplate date of motor	Flygt-30Hp	Flygt-20Hp	Flygt-20Hp	Flygt-30Hp
11.	<b>SERVICE CONNECTIONS</b>				
12.	Size (inches)	4"			
13.	Type (C1, PVC, etc.)	PVC			
14.	Average length	15'			
15.	<b>NUMBER OF ACTIVE SERVICE CONNECTIONS</b>				
16.	Beginning of Year				
17.	Added during Year				
18.	Retired during Year				
19.	Close of Year	0			
20.	Give full particulars concerning inactive connections				
21.					
22.	<b>COLLECTING, INTERCEPTOR &amp; FORCEMAINS</b>	<b>Collecting Mains</b>			<b>Force Mains</b>
23.	Size (inches)	8	10	12	15
24.	Type of Main (C1, PVC, etc.)	PVC	PVC	PVC	DIP
25.	Length of Pipe (nearest ft.)				
26.	Beginning of Year	58,525	580	3,515	12,400
27.	Added during Year	0	0	0	0
28.	Retired during Year	0	0	0	0
29.	Close of Year	58,525	580	3,515	12,400
30.	<b>MANHOLES</b>				
31.	Size	Collector Mains - 4' Ø		15" Interceptor Mains-4' Ø	16" Interceptor Mains-4' Ø
32.	Type	Concrete		Concrete	Concrete
33.	Number				
34.	Beginning of Year	228		31	7
35.	Added during Year	0		0	0
36.	Retired during Year	0		0	0
37.	Close of Year	228		31	7

**New Mexico Jurisdictional Information  
Year Ending December 31, 2014**

Sewer Company Name                      New Mexico Water Service Co.  
 Address:                                      401 Horner Street Belen, NM 87002  
 Phone Number:                              (505) 864-2218  
 Person Completing Form:                Cynthia Apodaca, Controller

Customer Class	Residential	Other	Total
Number of Customers <b>(Note: This is Average No. of Customers)</b>	2,221	47	2,268
Gross Revenues <b>(Note: Does not include "Other" Revenue)</b>	1,244,676.83	196,492.76	1,441,169.59
Avg. Annual Bill per Customer (1)	560.54	4,180.70	635.58
Avg. Monthly Bill per Customer (2)	46.71	348.39	52.96

Directions for the completion of (1) and (2):

- (1) Divide gross revenues by number of customers
- (2) Divide (1) by 12 months



1.	Important Physical Changes During Year
2.	Exhibit "A" to NM Water Service Company Annual Report for Sewer - 2014
3.	
4.	
5.	
6.	Please the attached regarding NMWSC's land purchase agreement to discharge treated effluent from the Rio del Oro facility. NMWSC anticipates to close on this Land purchase in 2015. NMWSC is proposing to purchase 116 acres for \$100,000.00, thus negating the need to rely on the attached discharge agreements.
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## Apodaca, Cynthia

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**From:** Risso, Paul  
**Sent:** Monday, June 29, 2015 10:02 AM  
**To:** Apodaca, Cynthia  
**Subject:** FW: New Mexico Water Service - Wastewater Discharge License Agreement docs - Indian Hills Customer Notification/Welcome Letter  
**Attachments:** VIA License Agreement and Renewal.pdf; VIA Discharge License Agreement Extension 10-9-14.pdf; VIA Discharge License Agreement Extension 10-31-14.pdf; Indian Hills - Customer Notification Letter 4-24-15.pdf

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**From:** Risso, Paul  
**Sent:** Wednesday, April 29, 2015 9:41 AM  
**To:** 'Martinez, Timothy, PRC'; Leyba-Tercero, Elisha, PRC; Decesare, Vincent, PRC; Park, Julie, PRC  
**Cc:** 'Jeff Fornaciari'; Apodaca, Cynthia  
**Subject:** New Mexico Water Service - Wastewater Discharge License Agreement docs - ~~Indian Hills Customer Notification/Welcome Letter~~

Good morning everyone.

Attached are the following documents:

- License Agreement, Addendum, and Renewal between New Mexico Water Service Company and the Valley Improvement Association for the discharge of treated effluent, and the 10-9-14 and 10-31-14 extensions of such

~~• Indian Hills customer notification letter~~

As noted during our meeting yesterday, Valley Improvement Association is the owner of the land we'll be purchasing.

Sincerely,

Paul Risso  
General Manager  
New Mexico Water Service Company  
505-864-2218 ext 226

Paul Risso  
General Manager  
New Mexico Water Service Company  
505-864-2218 ext 226

## LICENSE AGREEMENT

This license agreement (Agreement) is entered into on October 7, 2004, between Valley Improvement Association, Inc., a New Mexico nonprofit corporation ("VIA") and New Mexico Water Service Company, a New Mexico corporation ("NMWSC").

### RECITALS

1. WHEREAS, VIA owns the following described property (Property) located in Rio del Oro, County of Valencia, State of New Mexico. The legal description of the Property is attached hereto as Exhibit "A". The Property is commonly referred to and known as the eastern portion of Rio Grande Veteran's Memorial Park and lies between Manzano Expressway on the east and East DeHaan Loop on the west;
2. WHEREAS, NMWSC owns and operates the Rio Del Oro Treatment Plant located west of the Property on the western side. The treatment plant produces effluent, which is required to meet and adhere to various quality standards prior to discharge (Effluent); and
3. WHEREAS, the parties wish to enter into this Agreement so NMWSC will make available its discharge effluent to the Property, and VIA will take the effluent to irrigate parks, open space and recreation areas in accordance with the terms and conditions set forth in this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which shall be deemed a relative part of this Agreement, and the mutual covenants, promises, agreements, representations and warranties contained herein, for good and valuable consideration, the parties:

1. Consideration: agree that NMWSC shall pay VIA \$1.00 payable upon execution of this Agreement, which the parties acknowledge has been paid, for VIA taking all NMWSC's Effluent as set forth paragraph 2.
2. Discharge Standards: agree that as a condition to NMWSC providing VIA its Effluent, NMWSC's Effluent must comply with certain discharge standards as set forth in ground water discharge permit #DP356, issued by the New Mexico Environment Department (NMED) to NMWSC on July 31, 2003; and, the NPDES #NM0030414, issued by the United States Environmental Protection Agency (EPA) to NMWSC or subsequent NMED or EPA permits, which may be required to discharge at least Class 1B effluent (Discharge Standards).
3. NMWSC Option to Sell Class 1A Effluent: agree that, once available and authorized by the New Mexico Public Regulation Commission, NMWSC may wish to sell Class 1A effluent to institutional customers (Class 1A). The sale of Class 1A will reduce the available

No. GWB 10-10 (P)

NMWSC  
Exhibit # 6

Effluent to VIA. In consideration for VIA's acceptance of all Effluent (Class 1A or Class 1B) at any time pursuant to the terms and conditions of this Agreement, NMWSC shall make available, and not sell as Class 1A, at least 100 acre feet per year of Effluent to the Property, notwithstanding limitations on NMWSC obligations as set forth in paragraph 4.2, herein.

4. Term of Agreement: The term of this Agreement is for a period of five years, beginning on October 7, 2004 and ending on October, 2009. NMWSC has the option to renew this Agreement for an additional five-year period on the following conditions:

4.1 NMWSC agrees to make available its Effluent on the Property at no additional cost to VIA, and its successors or assigns;

4.2 The Effluent meets the quality standards established under the Agreement; and

4.3 NMWSC gives VIA written notice of its intent to exercise the option by November 15, 2008.

5. NMWSC Obligations:

5.1 Discharge Locations: agree that NMWSC shall only make available the Effluent at mutually agreed to locations.

5.2 Obligation to Serve: agree, if NMWSC is unable to discharge Effluent, which complies with Discharge Standards, NMWSC has no obligation to VIA to provide Effluent.

5.3 Election to Terminate: agree if NMWSC is unable to discharge Effluent under section 5.2 of the Agreement, for 30 days, VIA may terminate this License Agreement. Termination occurs upon VIA's giving NMWSC written notice of such.

~~5.4 Permits and Fees~~: agree NMWSC shall be responsible for all permits, fees and compliance with Discharge Standards. NMWSC shall provide VIA with copies of all correspondence with state and federal agencies pertaining to the plant's discharge quality, including all Effluent quality reports, at the time of their submission.

6. VIA Obligations:

6.1 Use of Effluent: agree VIA shall use Effluent only in accordance with applicable state irrigation standards.

6.2 Obligation to Take: agree VIA is not obligated to take effluent if NMWSC is unable to discharge effluent which complies with Discharge Standards.

6.3 Force Main Easement: agree that during the term of this License Agreement and unless this License Agreement is terminated, VIA shall grant a 20' wide utility non-exclusive

easement to NMWSC, centered on its existing six-inch effluent force main, which extends from the wastewater treatment plant to the upper portion of Veteran's Park, during the license period. NMWSC shall record and pay for such easement.

6.4 Ingress and Egress: agree that VIA shall provide NMWSC unrestricted ingress and egress to its facilities located on the Property.

7. Indemnification: NMWSC to indemnify, protect and defend VIA for any and from any and all liability or loss arising out of the performance by NMWSC of this Agreement save that loss, liability or damage that is the legal responsibility of VIA. VIA agrees to indemnify, protect and defend NMWSC for any and from any and all liability or loss arising out of the performance by VIA of this Agreement save that loss, liability or damage that is the legal responsibility of NMWSC.
8. Notice: agree all notices, requests, demands and other communications under this Agreement shall be in writing or by email and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing or emailed if mailed or emailed to the party to whom notice is to be given, by first class mail registered or certified, postage prepaid, and properly addressed as follows:

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To VIA	Valley Improvement Association
Attention:	Robert J. Davey, President
	PO Box 8
	Belen, NM 87002
	BDavey@v-i-a.org

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To NMWSC	New Mexico Water Service Company
Attention:	Paul Risso, General Manager
	401 Horner Street
	Belen, NM 87002
	prisso@newmexicowater.com

Any party may change its address by giving the other party written notice of the new address in the manner set forth above.

9. Further Assurances: agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other document, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and to comply with Discharge Standards.
10. No Third Party Beneficiaries: agree that this Agreement is not intended to confer any rights or remedies hereunder upon any person(s) other than the parties hereto. There are no written or oral agreements modifying this agreement and no warranties other than as set forth herein.

11. Disputes and Attorney Fees: agree first to mediate any dispute between the parties by retaining mutually acceptable mediator, who fees shall be equal shared by the parties. If mediation is unsuccessful, any remaining dispute may be resolved by the commencement of a civil action in a court of competent jurisdiction in the State of New Mexico. In any such action, the prevailing Party shall be entitled to recover its reasonable attorneys' fees in addition to all other remedies.
12. Miscellaneous: This Agreement represents the entire agreement between NMWSC and VIA. The terms of this Agreement may only be modified or amended in writing by the mutual agreement of the parties. If any portion of this Agreement shall be deemed by a court or regulatory agency of competent jurisdiction to be unenforceable, the remaining portions shall be valid and enforceable only if, after excluding the portion deemed to be unenforceable, the remaining terms hereof shall provide for provision and use of Effluent as contemplated herein in substantially the same manner as originally set forth at the date of execution of this Agreement. This Agreement is made and entered into in the State of New Mexico and the laws of the State of New Mexico shall govern the validity and interpretation hereof and the performance of the parties.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the 7<sup>th</sup> day of October 2004.

NMWSC

By: 

Paul Risso, General Manager

VALLEY IMPROVEMENT ASSOCIATION

By: 

Robert J. Davey, President

## ADDENDUM TO LICENSE AGREEMENT

This addendum (Addendum) to the LICENSE AGREEMENT (Agreement) entered into on October 7, 2004 between Valley Improvement Association, Inc, a New Mexico nonprofit corporation ("VIA") and New Mexico Water Service Company, a New Mexico Corporation ("NMWSC"), is entered into on July 21, 2006, between VIA and NMWSC.

1. WHEREAS, NMWSC owns and operates the Rio Del Oro Treatment Plant located on the western side of Manzano Expressway. The treatment plant produces effluent, which is required to meet and adhere to various quality standards prior to discharge (Effluent);
2. WHEREAS, Agreement provided for NMWSC to make Effluent available from its Rio Del Oro Treatment Plant only at mutually agreed to locations within the Rio Grande Veteran's Memorial Park, the parties now wish to add a new discharge location on another VIA property located in Las Maravillas, County of Valencia, State of New Mexico. The legal description of the added property is attached hereto as Exhibit "A-1," and the property is commonly referred to and known as the Las Maravillas Park, which lies east of the Manzano Expressway (the "Property2"); and
3. WHEREAS, the parties wish to enter into this Addendum to the Agreement so NMWSC will make available its discharge Effluent to Property2, and VIA will take the Effluent to irrigate parks, open space and recreation areas and for use in ponds subject to VIA obtaining all necessary permits and approvals and in accordance with the terms and conditions set forth in this Agreement.

### ADDENDUM

NOW, THEREFORE, in consideration of the foregoing recitals, which shall be deemed a relevant part of this Addendum, and the mutual covenants, promises, agreements, representations and warranties contained herein, for good and valuable consideration, the parties:

1. Additional Point of Diversion: agree that pursuant to Sections 4, 5 and 6 of the Agreement, VIA may use the Property2 as a supplemental point of discharge for NMWSC's Effluent, subject to VIA being issued a groundwater discharge permit by EPA for its intended use.
2. Discharge Standards: agree that as a condition to NMWSC providing VIA its Effluent, NMWSC's Effluent must comply with certain discharge standards as set forth in ground water discharge permit #DP356, issued by the New Mexico Environment Department (NMED) to NMWSC on July 31, 2003; and NMWSC's NPDES permit #NM0030414, issued by the United States Environmental Protection Agency (EPA) to NMWSC or subsequent NMED or EPA permits, which may be required to discharge at least Class 1B Effluent (Discharge Standards). VIA shall pay for any tests required by the NMED, EPA or any other regulatory agency as a result of using Property2 as an additional point of discharge for the Effluent.
3. Return Flow Credits: agree that all existing and future Return Flow Credits associated with the Effluent shall remain the sole property of NMWSC.

4. Correspondence: VIA shall provide NMWSC with copies of all correspondence with state and federal agencies pertaining to VIA application for a discharge permit.
5. VIA Use of Effluent: VIA shall use Effluent only in accordance with applicable state and federal irrigation standards. VIA shall submit for approval by NMWSC engineering plans for the design of the irrigation system to ensure that it meets NMWSC requirements relative to the operation of its discharge system.
6. Easements: VIA shall grant NMWSC, during the term of the License Agreement, all necessary easements to discharge location on Property2.
7. Testing: NMWSC shall be responsible for performing Effluent tests as directed by VIA in order for VIA to comply with its discharge permit.
8. Compliance: VIA shall be solely responsible for compliance with its discharge permit. If NMWSC believes that the Effluent will not meet VIA's discharge permit standards for class 1A water, NMWSC will discontinue the flow of Effluent to Property2.
9. Hold Harmless: VIA shall hold NMWSC harmless for any and all liability or loss arising from its use of Effluent under its discharge permit unless Effluent fails to meet standards and comply with NMWSC's discharge permit.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed it as of the 21<sup>st</sup> day of July 2006.

NMWSC

By: \_\_\_\_\_

Paul Risso, General Manager

VALLEY IMPROVEMENT ASSOCIATION

By: \_\_\_\_\_

Robert J. Davey, President





**NEW MEXICO WATER SERVICE COMPANY**

401 HORNER STREET • BELEN, NM 87002  
(505) 864-2218 • FAX (505) 864-8438

August 15, 2008

Mr. Robert Davey, President  
Valley Improvement Association

Hand Delivered by Paul Risso

Re: License Agreement – October 7, 2004

Dear Bob:

---

In accordance with the section Agreement, 4. Term of Agreement, of our License Agreement with the Valley Improvement Association dated October 7, 2004, New Mexico Water Service Company hereby exercises the option to renew the above-referenced agreement for an additional 5-year period beginning on October 7, 2009 and ending on October 7, 2014.

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New Mexico Water Service Company is also interested in obtaining future renewals of this agreement, which I would like to discuss with you at your earliest convenience.

Should you have any questions or concerns regarding this matter please do not hesitate to contact me at 505-864-2218, ext. 226.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul Risso". The signature is fluid and cursive, with the first and last names being clearly legible.

Paul Risso  
General Manager



401 HORNER STREET • RIO COMMUNITIES, NM 87002  
PHONE (505) 864-2218 • FAX (505) 864-8438

October 9, 2014

Mr. Paul Baca, President and CEO  
Valley Improvement Association  
386 Rio Communities Blvd  
Rio Communities, NM 87002  
Hand Delivered

Re: **License Agreement between Valley Improvement Association and New Mexico Water Service Company**

Dear Paul:

This letter agreement is issued in connection with that certain License Agreement entered into on October 7, 2004, between Valley Improvement Association, Inc., a New Mexico nonprofit corporation ("VIA") and New Mexico Water Service Company, a New Mexico corporation ("NMWSC"), as modified or amended by that certain Addendum to License Agreement dated October 7, 2004, and the letter agreement dated August 15, 2008 (collectively the "License Agreement"). The parties hereby agree that the terms and provisions of the License Agreement shall remain in full force and effect, and the term of the License Agreement is hereby extended to October 31, 2014, or until such time as VIA and NMWSC have completed their good faith negotiations and executed a new license agreement, whichever is sooner.

If this letter correctly expresses your understanding, please sign the enclosed copy, where indicated, and return it to us.

Sincerely,

New Mexico Water Service Company,  
a New Mexico corporation

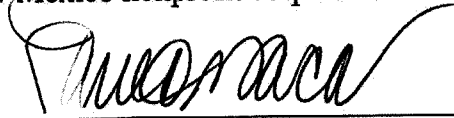
By:

Paul Risso, its General Manager

ACCEPTED as of this 9<sup>th</sup> day of October, 2014.

Valley Improvement Association, Inc.,  
a New Mexico nonprofit corporation

By:

A handwritten signature in black ink, appearing to read "Paul Baca", written over a horizontal line.

Paul Baca, its President and CEO

401 HORNER STREET • RIO COMMUNITIES, NM 87002  
PHONE (505) 864-2218 • FAX (505) 864-8438

October 31, 2014

Mr. Paul Baca, President and CEO  
Valley Improvement Association  
386 Rio Communities Blvd  
Rio Communities, NM 87002  
Hand Delivered

Re: **License Agreement between Valley Improvement Association and New Mexico Water Service Company**

Dear Paul:

This letter agreement is issued in connection with that certain License Agreement entered into on October 7, 2004, between Valley Improvement Association, Inc., a New Mexico nonprofit corporation ("VIA") and New Mexico Water Service Company, a New Mexico corporation ("NMWSC"), as modified or amended by that certain Addendum to License Agreement dated October 7, 2004, the letter agreement dated August 15, 2008, and the letter agreement dated October 9, 2014 (collectively the "**License Agreement**"). The parties hereby agree that the terms and provisions of the License Agreement shall remain in full force and effect, and the term of the License Agreement is hereby extended until the occurrence of one of the following events; (1) NMWSC closing its purchase of VIA land that is currently the subject of good faith negotiations between NMWSC and VIA; or (2) VIA and NMWSC executing a new license agreement.

If this letter correctly expresses your understanding, please sign the enclosed copy, where indicated, and return it to us.

Sincerely,

New Mexico Water Service Company,  
a New Mexico corporation

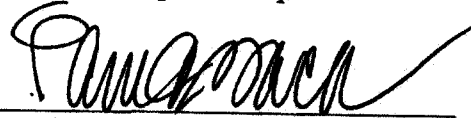
By: Paul Baca

Paul Risso, its General Manager

ACCEPTED as of this 30th day of October, 2014.

Valley Improvement Association, Inc.,  
a New Mexico nonprofit corporation

By:

A handwritten signature in black ink, appearing to read "Paul Baca", written over a horizontal line.

Paul Baca, its President and CEO