

NEW MEXICO WATERWORKS, INC.

ORIGINAL RULE NO. 21

SETTLEMENT AGREEMENTS

Page 1 of 2

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 when 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 has inadequate financial resources to pay the outstanding bill without a 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 in full when due shall provide that service will not be discontinued if the residential customer 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:

- (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.

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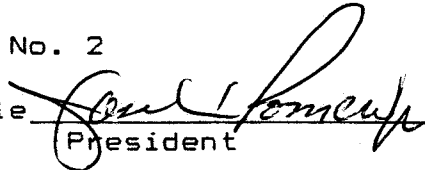
JAN 28 1992

BY Ed. Case No. 2347
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President

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Page 2 of 2

A settlement agreement to pay an outstanding 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:

- (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 an agreement.

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New Mexico Public Service Commission

Advice Notice No. 2

Signature/Title *For C. L. Brown Jr.*
President