



Western Conference 2017

**Water:**  
*When*  
*Government Fails*

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

WESTERN CONFERENCE OF PUBLIC SERVICE COMMISSIONERS  
WATER: WHEN GOVERNMENT FAILS

# WATER REGULATION IN NEW MEXICO

NEW MEXICO PUBLIC REGULATION COMMISSION  
DISTRICT 2 COMMISSIONER PATRICK H. LYONS

# WHO REGULATES WATER UTILITIES IN NEW MEXICO?

- NEW MEXICO PUBLIC REGULATION COMMISSION
  - OVERSEES INVESTOR OWNED WATER UTILITIES
  - PRIMARY FUNCTION IS TO REVIEW RATE APPLICATIONS AND APPROVES RATES
  - OTHER FILINGS TYPICALLY FILED BY WATER UTILITIES AT THE COMMISSION: CCN'S, CONSUMER COMPLAINTS, LINE EXTENSION AGREEMENTS
- NEW MEXICO ENVIRONMENT DEPARTMENT
  - THROUGH THE SAFE DRINKING WATER ACT OVERSEES THE QUALITY AND SAFETY OF WATER PROVIDED BY ALL WATER UTILITIES IN THE STATE OF NEW MEXICO
  - ALMOST ALL OF THE WATER UTILITIES IN THE STATE ARE MUNICIPAL SYSTEMS, MUTUAL DOMESTIC WATER ASSOCIATIONS, WATER CO-OPERATIVES OR WATER AND SANITATION DISTRICTS

# NEW MEXICO LAW

- STATUTES AND REGULATIONS
  - PUBLIC UTILITY ACT
    - CHAPTER 62: ELECTRIC, GAS AND WATER UTILITIES
  - NEW MEXICO ADMINISTRATIVE CODE
    - REGULATIONS DERIVED FROM STATUTES
      - TITLE 17: PUBLIC UTILITIES AND UTILITY SERVICES, CHAPTER 12: WATER SERVICES
        - CHAPTER 12: PROVIDES THE WATER UTILITY REQUIREMENTS FOR WATER UTILITIES
        - INCLUDES REQUIREMENTS FOR ANNUAL REPORTS, FINANCIAL ACCOUNTING, RATE APPLICATIONS, CCN'S, MINIMUM STANDARDS FOR SYSTEM DESIGN, CONSTRUCTION AND OPERATION, AND CUSTOMER SERVICE RULES

# OUR REGULATED UTILITIES

- MOST OF OUR UTILITIES ARE SMALL
  - APPROXIMATELY THREE-FOURTHS HAVE LESS THAN 500 CUSTOMERS
  - TWO LARGEST COMPANIES ARE OPERATED BY LARGE REGIONAL COMPANIES
  - MANY OF THE UTILITIES WERE STARTED BY RESIDENTIAL DEVELOPERS
    - WHAT HAPPENS AFTER DEVELOPMENT IS FINISHED?
    - CUSTOMERS PROBLEM

# COMMISSION INTERVENTION

- COMMISSION REQUIRES SAFE RELIABLE WATER SERVICE FROM ITS IOU'S
- COMMISSION HAS BEEN EXPERIENCING UTILITY OWNERS WHO ARE UNABLE OR UNWILLING TO MAINTAIN THEIR SYSTEMS
  - DEVELOPERS USUALLY GOOD AT BUILDING BUT NOT SO GOOD AT MAINTAINING
  - OPTION OF LAST RESORT: RECEIVERSHIP

# SEEKING OTHER OPTIONS

- THE COMMISSION HAS BEEN TRYING TO FIND ALTERNATIVES FOR ASSISTING TROUBLED WATER SYSTEMS
  - DUE TO SIZE, IOU WATER UTILITIES HAVE TROUBLE GETTING ADEQUATE FINANCING
  - IOU'S ARE NOT ELIGIBLE FOR STATE FINANCING LIKE WATER ASSOCIATIONS AND MUNICIPALITIES
- WORKING WITH ITS SISTER AGENCIES: NEW MEXICO ENVIRONMENT DEPARTMENT, STATE BOARD OF FINANCE, ATTORNEY GENERAL

The background features a light gray gradient with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# THANK YOU!

- QUESTIONS OR COMMENTS