

**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT**

Page 1 of 1  
July 22, 2019

ADVICE NOTICE NUMBER 41

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NEW MEXICO PUBLIC REGULATION COMMISSION  
OF THE STATE OF NEW MEXICO

EPCOR Water New Mexico Inc. hereby gives notice to the public and the Commission of the filing and publishing of the following tariff schedules which are attached hereto for its Clovis District:

<u>RATE NUMBER</u>	<u>TITLE</u>	<u>CANCELLING RATE NUMBER</u>	<u>EFFECTIVE DATE</u>
Eleventh Revised Rate Number 1	General Water Service	Tenth Revised Rate Number 1	July 18, 2019
Tenth Revised Rate Number 2	Fire Protection Service	Ninth Revised Rate Number 2	July 18, 2019
Eighth Revised Rate Number 3	Miscellaneous Fees and Charges	Seventh Revised Rate Number 3	July 18, 2019
Sixth Revised Rate Number 5	Contract Rate Southwest Cheese Co.	Fifth Revised Rate Number 5	July 18, 2019
Second Revised Rate Rider No. 7	Purchased Water & Power Cost Adjustment Clause	First Revised Rate Rider Number 7	July 18, 2019
Original Rate Rider No. 8	Posting and Late Fee Surcredit		July 18, 2019

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Advice Notice Number 41

  
Sheryl L. Hubbard

Director, Regulatory & Rates

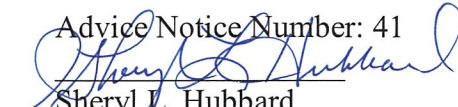
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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT**

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July 22, 2019

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Rate Rider Number 6	Clovis District Deep Well Surcharge	
Rate Rider Number 7	Clovis Purchased Water and Power Cost Adjustment Clause	
Rate Rider Number 8	Posting and Late Fee Rider	X

Advice Notice Number: 41  
  
Sheryl L. Hubbard  
Director, Regulatory & Rates

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
ELEVENTH REVISED RATE NUMBER 1  
CANCELLING TENTH REVISED RATE NUMBER 1**

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**GENERAL WATER SERVICE**

Page 1 of 4

APPLICABILITY: This rate is applicable in the Company's Clovis operating systems to normal and customary water supply and delivery for domestic residential, commercial, industrial and public authority use. This rate is not applicable to temporary, breakdown, standby or supplementary services, or resale of shared service. Service shall be furnished in accordance with the Company's General Rules and Regulations, terms and conditions available at the Company's office and on file with the New Mexico Public Regulation Commission, which General Rules or subsequent revisions thereof are a part of this rate as if fully written herein.

MONTHLY RATE:

CUSTOMER CHARGE AND MONTHLY MINIMUM CHARGE IN CLOVIS is based on the size of the meter serving the Customer's facility as follow:

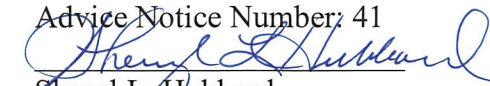
	<u>Clovis</u>	
5/8" - 3/4" Meter	\$ 15.06	X
1" Meter	22.60	X
1 1/2" Meter	37.66	X
2" Meter	52.72	X
3" Meter	75.31	X
4" Meter	135.56	X
6" Meter	188.27	X
8" Meter	376.53	X
10" Meter	527.12	X
12" Meter	978.99	X

PLUS

RESIDENTIAL COMMODITY CHARGE IN CLOVIS: For all water consumption by residential customers during the billing month or part of month as follows:

For consumption: up to 4500 gallons (600 cubic feet)	\$3.9302 per 1,000 Gallons	\$2.9398 per 100 Cubic Feet	X
4501 to 15000 gallons (601 To 2000 cubic feet)	\$4.9246 per 1,000 Gallons	\$3.6836 per 100 Cubic Feet	X
Over 15000 gallons (over 2000 cubic feet)	\$5.5662 per 1,000 Gallons	\$4.1635 per 100 Cubic Feet	X

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
ELEVENTH REVISED RATE NUMBER 1  
CANCELLING TENTH REVISED RATE NUMBER 1**

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**GENERAL WATER SERVICE**

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Conservation Surcharge: A conservation surcharge is added to the highest block units for all residential customers. The surcharge is \$0.00 per 100 Cubic Feet for consumption above 15,000 gallons (2000 cubic feet).

COMMERCIAL COMMODITY CHARGE IN CLOVIS: For all water consumption by commercial customers during the billing month or part of month as follows:

For consumption:

5/8" Meter

Up to 22,400 gallons (3000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 22,400 gallons (3000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

1" Meter

Up to 63,600 gallons (8,500 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 63,600 gallons (8,500 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

1-1/2" Meter

Up to 67,300 gallons (9,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 67,300 gallons (9,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

2" Meter

Up to 187,000 gallons (25,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 187,000 gallons (25,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

3" Meter

Up to 261,800 gallons (35,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 261,800 gallons (35,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
ELEVENTH REVISED RATE NUMBER 1  
CANCELLING TENTH REVISED RATE NUMBER 1**

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**GENERAL WATER SERVICE**

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COMMERCIAL COMMODITY CHARGE IN CLOVIS (Continued from Page 2 of 4):

For consumption:

4" Meter

Up to 336,600 gallons (45,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 336,600 gallons (45,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

6" Meter

Up to gallons 897,700 (120,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 897,700 gallons (120,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

8" Meter

Up to gallons 897,700 (120,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 897,700 gallons (120,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

10" Meter

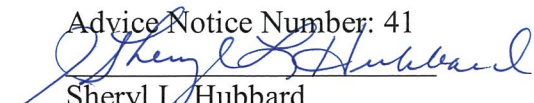
Up to gallons 897,700 (120,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 897,700 gallons (120,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

12" Meter

Up to gallons 897,700 (120,000 Cubic Feet)	\$4.3193 per 1,000 Gallons	\$3.2308 per 100 Cubic Feet	X
Over 897,700 gallons (120,000 Cubic Feet)	\$5.0821 per 1,000 Gallons	\$3.8014 per 100 Cubic Feet	X

Conservation Surcharge: A conservation surcharge is added to the highest block units for all commercial customers. The surcharge is \$0.00 per 100 Cubic Feet for consumption above the first block for each meter size (See first block break points above).

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EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
ELEVENTH REVISED RATE NUMBER 1  
CANCELLING TENTH REVISED RATE NUMBER 1

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GENERAL WATER SERVICE

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PUBLIC SCHOOL AND MUNICIPAL GOVERNMENT COMMODITY CHARGE IN CLOVIS: For all water consumption by public school and municipal government customers during the billing month or part of month as follows:

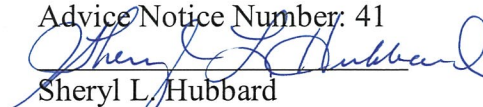
For consumption:  
up to 135,307,300 gallons  
(18,088,000 cubic feet)      \$3.5432 per 1,000 Gallons    \$2.6503 per 100 Cubic Feet

Over 135,307,300 gallons  
(over 18,088,000 cubic feet)    \$4.2519 per 1,000 Gallons    \$3.1804 per 100 Cubic Feet

Conservation Surcharge: A conservation surcharge is added to the highest block units for all public customers. The surcharge is \$0.00 per 100 Cubic Feet for consumption above 135,307,300 gallons (18,088,000 cubic feet).

TAX ADJUSTMENT: Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
TENTH REVISED RATE NUMBER 2  
CANCELLING NINTH REVISED RATE NUMBER 2**

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**FIRE PROTECTION SERVICE**

Page 1 of 1

APPLICABILITY: This rate is applicable in the Company's Clovis operating systems to private fire protection service through a fire service line or fire hydrant, or to public fire protection service from a fire hydrant. Service shall be furnished in accordance with the Company's General Rules and Regulations, terms and conditions available at the Company's office and on file with the New Mexico Public Regulation Commission, which General Rules or subsequent revisions thereof are a part of this rate as if fully written herein.

MONTHLY RATE AND MONTHLY MINIMUM CHARGE: The monthly rate and the monthly minimum charge are based on the nature of service supplied as follow.

Private Fire Service	<u>Clovis</u> \$ 66.30	X
Private or Public Fire Hydrant Service	\$ 32.01	

PAYMENT: Billings for service under this rate shall commence with the commencement of service, and shall be made monthly thereafter.

TAX ADJUSTMENT: Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
EIGHTH REVISED RATE NUMBER 3  
CANCELLING SEVENTH REVISED RATE NUMBER 3**

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**MISCELLANEOUS FEES AND CHARGES**

Page 1 of 3

APPLICABILITY: The charges contained herein are applicable to the services provided as described below. Service shall be furnished in accordance with the Company's General Rules and Regulations, terms and conditions available at the Company's office and on file with the New Mexico Public Regulation Commission, which General Rules or subsequent revisions thereof are a part of this rate as if fully written herein.

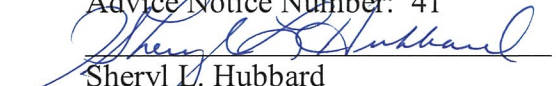
NEW SERVICE CONNECTION CHARGES: In the event a customer requests a new service connection to existing Company facilities which are in the near vicinity of the customer's facility, and which does not require new service facilities beyond a normal and customary service line and meter installation, the customer shall pay to the Company a non-refundable connection charge as follows:

<u>Service or Meter Size</u>	<u>Connection Charge</u>
	<u>Clovis</u>
5/8" - 3/4"	\$ 550.00
1"	700.00
1 1/2"	1,400.00
2"	1,500.00
4"	Actual Cost
6"	Actual Cost
8"	Actual Cost
10"	Actual Cost

SERVICE CONNECTION, DISCONNECTION OR RECONNECTION DURING NORMAL BUSINESS HOURS:

- A. In the event a customer requests commencement and connection of water service through existing facilities as a new service account, there shall be no charge for this service.
- B. In the event a customer requests termination and disconnection of water service to an existing service and account, the charge for this service shall be \$16.50.

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
EIGHTH REVISED RATE NUMBER 3  
CANCELLING SEVENTH REVISED RATE NUMBER 3**

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**MISCELLANEOUS FEES AND CHARGES**

Page 2 of 3

C. In the event a customer requests restoration of water service previously disconnected in accordance with Rule 9 of the Company's Rules and Regulations, the charge for such service shall be \$30.00 in the Clovis district.

SERVICE CONNECTION, DISCONNECTION OR RECONNECTION BEFORE OR AFTER NORMAL BUSINESS HOURS: In the event a customer requests commencement and connection or water service through existing facilities, termination and disconnection of water service, or restoration of water service previously disconnected, the charge for such service shall be \$90.00.

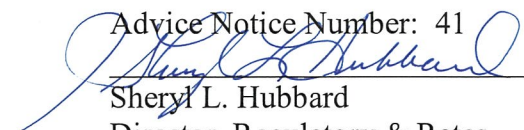
METER TESTING SERVICE: In the event a customer requests a test of the customer's meter, the Company shall make the test and shall advise the customer that he/she may be present. If the meter has been tested within the previous twelve months, the Company shall charge the customer as provided herein. In the event the meter proves to be in excess of two percent (2%) in error against the customer, no charge shall be made and the customer's account shall be adjusted for such error in billings for the previous six months. In the event that the meter proves to be accurate within two percent (2%), the Company shall charge the customer as provided herein.

Meter Testing Charge            \$32.00

RETURNED CHECK CHARGE: For each check returned or electronic funds transfer not honored, the charge shall be \$25.00.

LATE FEE: In the event a customer is delinquent in paying its bill by the due date, a late payment penalty will be applied to the outstanding balance at a rate of 0.67% per month.

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EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
EIGHTH REVISED RATE NUMBER 3  
CANCELLING SEVENTH REVISED RATE NUMBER 3

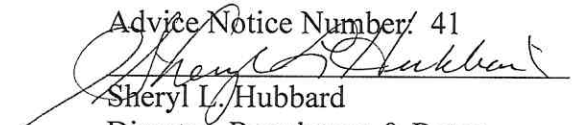
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MISCELLANEOUS FEES AND CHARGES

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TAX ADJUSTMENT: Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
SIXTH REVISED RATE NUMBER 5  
CANCELLING FIFTH REVISED RATE NUMBER 5

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CONTRACT RATE FOR SOUTHWEST CHEESE COMPANY LLC

Page 1 of 1

APPLICABILITY: This rate is applicable only to Southwest Cheese Company LLC for water service to its cheese and whey manufacturing plant located near Clovis, New Mexico. Service under this rate schedule shall be furnished in accordance with the rates, terms, and conditions of the Water Service Agreement (the "WSA") between NMA and Southwest Cheese Factory LLC dated as of December 13, 2004. A copy of the WSA is attached to and incorporated in this rate schedule.

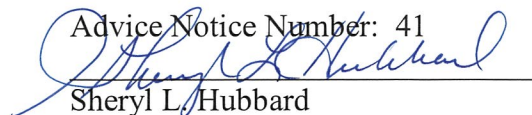
RATE:

Rates for all services provided under this rate schedule shall be as set forth in the WSA, except that effective as of the date of this Third Revised Rate No. 5 the "Base Rate" as defined by the WSA shall be \$1.9220 per thousand gallons of water and a surcharge of \$2.3541 per thousand gallons for "Excess Deliveries" as defined by the WSA consistent with the terms set forth in Section 6.1 of the WSA.

X

TAX ADJUSTMENT: Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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11/2/05 or  
was sent to  
Kent Gathright  
200-25-1000 - Patrick  
Gathright

Southwest Cheese Co., LLC  
P.O. Box 1509  
1141 Curry Road 4  
Clovis, NM 88102  
Tel: 505.742.3660  
Fax: 505.769.1494

March 30, 2005

Kent Turner  
Vice President  
NMAW  
303 H Street, Suite 250  
Chula Vista, CA 90910

Re: Water Services agreement

Dear Kent,

Enclosed are two signed and fully executed copies as requested.

Thanks for your on-going help. Filling of the wastewater anaerobic chamber is complete and SWC were very pleased with the performance of NMAW.

I understand that you will also be providing water to IIC and Westway adjacent to our plant, and we have been working to get the appropriate easements agreements in place to enable this.

We look forward to building an on-going relationship.

Yours sincerely,

Maurice Keane

cc: Tom Gathright, Environmental Manager SWC

## WATER SERVICE AGREEMENT

THIS AGREEMENT is made and entered into as of the 13th day of December, 2004 by and between NEW MEXICO-AMERICAN WATER COMPANY, INC ("NM-A"), a New Mexico corporation, whose address is 1005 Norris Street, Clovis, New Mexico 88101 and SOUTHWEST CHEESE COMPANY LLC ("Purchaser"), a Delaware limited liability company, whose address is P.O. Box 1509, 1141 Curry Road #4, Clovis, New Mexico 88102.

### Background

A. Purchaser is constructing and will own and operate a cheese and whey manufacturing plant near Clovis, New Mexico, (the "Plant") and will require a substantial water supply under special terms and conditions of service for the operation of the Plant.

B. NM-A is a public utility providing water service in the City of Clovis, New Mexico, and surrounding areas and desires to provide water service to the Plant.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, do hereby covenant and agree as follows:

#### 1. Definitions.

"Agreement" shall mean this Agreement.

"Base Rate" shall mean \$1.25 per thousand gallons of water or such other rate as the NMPRC may from time to time approve during the term of this Agreement.

"Delivery Meter" shall mean NM-A's meter located at the Delivery Point.

"Delivery Point" shall mean the point at which NM-A's facilities connect to Purchaser's water system at the outlet of the Delivery Meter at the location described on Exhibit "A" to this Agreement.

"Discretionary Deliveries" shall mean such quantities of water in excess of the Maximum Daily Demand as Purchaser may ask NM-A to deliver on a designated day and as NM-A may, in its sole discretion and in accordance with Paragraph 3 of this Agreement, agree to deliver on the designated day.

"Effective Date" shall mean the date on which service commences in accordance with Paragraph 3 of this Agreement.

"Excess Deliveries" shall mean quantities of water in excess of the Maximum Daily Demand delivered on any day that are not Discretionary Deliveries.

“Maximum Daily Demand” shall mean 490,000 gallons of water per day.

“Minimum Daily Demand” shall mean 310,000 gallons of water per day.

“NM-A” shall mean New Mexico-American Water Company, Inc.

“NM-A’s Tariffs” shall mean NM-A’s rates, rules of service and forms as filed with and approved by the NMPRC at the applicable time.

“NMPRC” shall mean the New Mexico Public Regulation Commission.

“Plant” shall mean the cheese and whey manufacturing plant owned and operated by Purchaser and located at 1141 Curry Road 4, Clovis, New Mexico.

“Public Utility Act” shall mean the New Mexico Public Utility Act, NMSA 1978, §§ 62-3-1 *et seq.*, as amended from time to time.

“Purchaser” shall mean Southwest Cheese Company LLC.

## **2. Sale and Supply of Water.**

Subject to the terms and conditions of this Agreement, NM-A shall deliver and sell water to Purchaser at the Delivery Point in daily quantities not exceeding the Maximum Daily Demand plus, when applicable, Discretionary Deliveries in such quantities as NM-A has agreed to deliver on a particular day; subject, however, to such interruptions and fluctuations in service as may from time to time occur as a result of or arising out of the operation of NM-A’s system, including, but not limited to interruptions and curtailments pursuant to the rules and regulations of the NMPRC and NM-A’s Tariffs. Water furnished shall conform to the following conditions:

Total Dissolved Solids: 1000 parts per million  
Nitrate: 10 parts per million  
Arsenic: 10 parts per billion  
pH: 6-9 standard units  
Fluoride: 4 parts per million

Commencing two hundred and forty days after the Effective Date, Purchaser agrees to purchase and accept daily water deliveries at least equal to the Minimum Daily Demand. For the period commencing on the Effective Date and extending not more than two hundred and forty days after the Effective Date Purchaser may receive daily water deliveries under this Agreement as necessary for the sole purpose of commissioning the Plant and Plant start up, and the Minimum Daily Demand shall not apply during this period. NM-A shall have no obligation to deliver quantities of water on any day in excess of the Maximum Daily Demand or to agree to deliver Discretionary Deliveries on any day. Purchaser and NM-A will mutually establish procedures and

protocols for requesting and confirming Discretionary Deliveries. Purchaser may request and NM-A may agree to deliver Discretionary Deliveries on a designated day or days in accordance with such procedures and protocols. NM-A shall have no obligation to agree to deliver Discretionary Deliveries on any day or to explain or justify its denial of a request for Discretionary Deliveries. Quantities of water taken by Purchaser in excess of the Maximum Daily Demand on any day shall be Excess Deliveries unless NM-A has confirmed its agreement to provide such quantities as Discretionary Deliveries in accordance with the procedures and protocols established by Purchaser and NM-A. The surcharge provided in Paragraph 6.1 of this Agreement shall apply to all quantities of water delivered on any day in which Purchaser takes Excess Deliveries. Water service provided under this Agreement shall not include service provided prior to the Effective Date during the construction of the Plant or fire protection service. Such service, if requested by Purchaser, shall be provided under NM-A's Tariffs.

**3. Term; Effective Date.**

This Agreement shall be for a term of twenty years commencing on the Effective Date and ending on the day preceding the Twentieth anniversary of the Effective Date. The Effective Date shall be the date on which Purchaser requests water deliveries to commence under this Agreement; provided, however, that either party may, at its option, cancel this Agreement if the Effective Date has not occurred by April 1, 2006, in which case Purchaser shall pay NM-A the termination payment required by Paragraph 9.1 of this Agreement.

**4. Facilities and Easements.**

NM-A shall install, own, operate and maintain the Delivery Meter and such distribution lines and other equipment and facilities as are necessary in NM-A's reasonable judgment to deliver water to Purchaser at the Delivery Point in quantities up to the Maximum Daily Demand. NM-A shall bear the cost of all such facilities, except that Purchaser shall provide or reimburse NM-A for the cost of such easements and rights of way as NM-A may reasonably require for pipelines and other facilities needed to extend service to the Delivery Point, including, but not limited to, a suitable and reasonably secure site for the meter located at the Delivery Point. Purchaser shall be solely responsible for the installation, operation and maintenance of all water equipment and facilities located on Purchaser's side of the Delivery Point.

**5. Metering.**

The quantities of water delivered pursuant to this Agreement shall be determined from the registrations of the Delivery Meter. NM-A shall inspect, test, calibrate, repair, and maintain the Delivery Meter in accordance with the requirements of NM-A's Tariffs and the rules and regulations of the NMPRC. Purchaser may witness inspections and tests of the Delivery Meter and may, at its expense and after reasonable notice to NM-A, arrange for inspection and testing of the Delivery Meter by a qualified, independent

individual or firm reasonably acceptable to NM-A. NM-A may witness inspections and tests performed on behalf of Purchaser. In the event the Delivery Meter malfunctions or is determined to be registering inaccurately, charges for water deliveries during the period of malfunction or inaccuracy shall be adjusted in the manner prescribed by NM-A's Tariffs and the rules and regulations of the NMPRC. NM-A shall also promptly repair and calibrate the Delivery Meter to measure within applicable limits of tolerance.

## **6. Charges and Billing.**

### **6.1. Rates.**

The rate for all quantities of water delivered pursuant to this Agreement up to the Maximum Daily Demand and for Discretionary Deliveries shall be the Base Rate. In the event the delivered quantities for any day are less than the Minimum Daily Demand, Purchaser shall pay for deliveries equal to the Minimum Daily Demand for the applicable day. In the event Purchaser takes Excess Deliveries on any day, Purchaser shall, in addition to the Base Rate, pay a surcharge of \$ 1.6841 per thousand gallons (or such other rate as the NMPRC may from time to time approve during the term of this Agreement) for all quantities of water delivered on the applicable day. Purchaser shall reimburse NM-A for gross receipts and other revenue-related taxes and fees applicable to all charges for water delivered pursuant to this Agreement. For purposes of determining the charges for water delivered pursuant to this Agreement, NM-A shall read the Delivery Meter at intervals of no more than thirty-one days but may, in its discretion, obtain readings at more frequent intervals.

### **6.2. Bills.**

NM-A may, in its discretion, determine the billing period applicable from time to time, to water deliveries pursuant to this Agreement; provided, however, that the billing period shall not exceed thirty-one days, and NM-A shall notify Purchaser at least thirty days before changing the billing period. NM-A shall render bills for water deliveries pursuant to this Agreement for each billing period in accordance with NM-A's Tariffs and the rules and regulations of the NMPRC. Bills shall be due and payable twenty days after the date of rendition, and balances not paid by the due date shall be delinquent and shall accrue late charges at the rate of 1.5% per month. After thirty days, NM-A shall pay interest on credit balances at the rate of 1.5% per month. Purchaser shall pay the total amount of any disputed bill when due. Upon resolution of the dispute, NM-A shall pay Purchaser any refund to which Purchaser may be entitled together with interest accrued from the date of payment at the prime rate published by the *Wall Street Journal* on the date of payment plus one percentage point.

## **7. Changes in Water Demands.**

If Purchaser's long-term water demand increases or decreases, or it expects its long-term water demand to increase or decrease, the parties will, in good faith, discuss and negotiate revised contract terms with the intent of amending this Agreement to



address the actual or expected long-term change to arrive at a price competitive with alternatives available to Purchaser.

## **8. Force Majeure.**

If either party is rendered unable, wholly or in part, by force majeure to perform its obligations under this Agreement, the party unable to perform shall, as promptly as practical upon learning of the force majeure, give written notice to the other party describing (i) the circumstances of the force majeure in reasonable detail, (ii) the extent to which the performance of the party giving the notice is affected thereby, and (iii) the anticipated duration of the force majeure. The party giving the notice shall thereupon be relieved from the performance of its obligations under this Agreement, insofar as such performance is prevented by the force majeure, for the duration of the force majeure; provided, however, that the party shall exercise reasonable efforts to remove, cure or remedy the force majeure and otherwise minimize its duration and the extent to which it impairs its performance. As used in this paragraph, the term "force majeure" shall include acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, wars, insurrections, riots, civil or military disturbances, explosions, sabotage, epidemics, land slides, lightening, earth quakes, fires, storms, floods, washouts, inability to secure labor, or essential materials, supplies or permits, present and future orders of any government bodies, breakage or accident to machinery, pipelines or equipment, shutdowns for necessary repairs or maintenance, provided that if the shutdown is for scheduled repairs or maintenance the party subject to the shutdown shall give notice to the other party of the dates of the shutdown as soon as practicable after scheduling the repairs and maintenance, and other events or circumstances not reasonably within the control of the party unable to perform.

## **9. Termination.**

### **9.1 Termination Prior to the Effective Date.**

If either party terminates this Agreement pursuant to Paragraph 3, Purchaser shall pay NM-A a termination payment in an amount equal to NM-A's actual cost of facilities and equipment constructed or installed not to exceed \$50,000 in order to provide service to Purchaser under this Agreement, and the parties hereby stipulate such amount to be fair and reasonable liquidated damages for Purchaser's failure to commence deliveries under this Agreement.

### **9.2. Termination by Purchaser after the Effective Date.**

Purchaser may, at its option, terminate this Agreement at any time after the Effective Date by giving NM-A notice in writing at least 365 days prior to the date of

termination and, if the date of termination is prior to the first anniversary of the Effective Date, tendering with the notice the termination payment required by Paragraph 9.1.

### **9.3. Discontinuance of Service; Termination by Seller.**

NM-A may discontinue service to Purchaser or, in its discretion, terminate this Agreement (i) 15 days after written notice to Purchaser of the failure of Purchaser to pay any statement then delinquent pursuant to Paragraph 6.2 of this Agreement, together with applicable late charges, or to pay any other amount then due pursuant to this Agreement, if Purchaser fails to pay the required amount within the notice period; or (ii) 30 days after written notice to Purchaser of Purchaser's failure to perform any other obligation owed NM-A under this Agreement, if such failure is not corrected within the notice period. Service discontinued pursuant to this paragraph shall not be restored until Purchaser fully cures or removes the cause of the discontinuance and pays NM-A an amount equal to the charge for deliveries in the amount of the Minimum Daily Demand for each day of the discontinuance. If NM-A terminates this Agreement pursuant to this paragraph, Purchaser shall pay NM-A, in addition to all other amounts then due, the greater of the termination payment that would have been due had Purchaser terminated this Agreement pursuant to Paragraph 9.2 of this Agreement or \$100,000.

### **10. NMPRC Regulation.**

This Agreement, and the rates, terms and conditions of service set forth herein are subject to the regulatory jurisdiction and authority of the NMPRC under the Public Utility Act. The rights and obligations of the parties hereunder are expressly conditioned upon the receipt of such approvals and authorizations from the NMPRC as may be required under the New Mexico Public Utility Act and the rules and regulations of the NMPRC. Should NM-A be unable to obtain any such approvals or authorizations, should the NMPRC, whether at the request of NM-A or otherwise, approve increases in the rates for service as specified in this Agreement aggregating more than 10% in any five-year period, or should the NMPRC require any other material change in the terms and conditions of this Agreement, then Purchaser may, at its option, terminate this Agreement without further payment or obligation to NM-A except payment for water deliveries prior to the date of termination. Except as otherwise provided in this Agreement, the parties intend their respective rights and obligations under this Agreement to be governed by NM-A's Tariffs and the rules and regulations of the NMPRC; provided, however, that in the event of any conflict between the provisions of this Agreement and NM-A's tariffs or the rules and regulations of the Commission, the parties intend that the provisions of this Agreement shall control.

### **11. Notices.**

Unless otherwise specified in this Agreement, any notice or other communication required or permitted under this Agreement shall be in writing and deemed to have been given only if addressed, in each case, to the receiving party at its address specified in

the first paragraph of this Agreement, or at such other address as the party may hereafter specify by notice given in accordance with this paragraph, and (i) delivered in person, (ii) mailed by first class, prepaid, certified mail, (iii) sent by courier, or (iv) if receipt is confirmed, transmitted by telecopier. All such notices and communications shall be deemed to have been received on date of delivery or on the third business day after mailing in accordance with this paragraph.

**12. Binding Agreement.**

This Agreement will be binding upon and enforceable against the parties and their respective successors and assigns, and will inure solely to the benefit of the parties and their respective successors and assigns. No person or entity other than NM-A, Purchaser, and their respective successors and assigns shall be entitled to any of the benefits conferred by this Agreement.

**13. Entire Agreement.**

This Agreement contains the entire agreement of the parties and supersedes all prior oral or written negotiations, representations, understandings and agreements with respect to the subject matter hereof. This Agreement may not be amended or modified except by a writing signed by the party to be bound thereby.

**14. Governing Law.**

This Agreement and the rights of the parties hereunder will be governed by and construed in all respects in accordance with the laws of the State of New Mexico. The venue for any lawsuit between the parties arising from or related to this Agreement shall be either the District Court of Curry County, New Mexico, or the United States District Court for the District of New Mexico.

**15. Severability.**

Any term of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability, but will not cause any other or remaining provision of this Agreement to be invalid or unenforceable.

**16. Captions.**

The captions of the several paragraphs of this Agreement are for convenient reference only and do not constitute a part of this Agreement.

17. Counterparts.

This Agreement may be executed in one or more counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Purchaser and NM-A have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

SOUTHWEST CHEESE COMPANY LLC

By Maurice Meene 3/30/05  
President

NEW MEXICO-AMERICAN WATER COMPANY, INC.

By B. Kent Dwyer  
Vice President

**EPCOR WATER NEW MEXICO INC.**  
**CLOVIS DISTRICT**  
**SECOND REVISED RATE RIDER NUMBER 7**  
**CANCELLING FIRST REVISED RATE RIDER NUMBER 7**  
**PURCHASED WATER AND POWER COST ADJUSTMENT CLAUSE**  
**(PWPCAC)**

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APPLICABILITY: This rate is applicable to all water rate schedules of EPCOR Water New Mexico Inc. in the Clovis district.

BASE COSTS: Included in the commodity rate for all rate blocks of all applicable rate schedules is water production costs of \$0.4687 per hundred cubic feet of water sold based on the Company's weighted average cost of purchased water and power purchased for operation of its water system for its Clovis district for the 2017 test year hereafter referred to as Base Costs. Power purchased for operation of the Company's water system shall include only power used in operating the Company's wells and its transmission and distribution system, and shall not include power used for general office purposes.

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CALCULATION OF PURCHASED WATER AND POWER SURCHARGE: On an annual basis and not later than thirty days after the end of the applicable year, the Company shall submit to the Public Regulation Commission ("Commission") a summary of bills rendered to it by the electric utilities providing power for operation of its water system and the cost of leased and purchased water for the year. In addition, the Company will provide schedules showing, for the same period, all water pumped and sold, metered quantities of water purchased for each location and each measurement period, the current estimated total daily deliverability from the Company's wells, the current estimated peak day requirements for its system, and metered production from each of the Company's wells by month.

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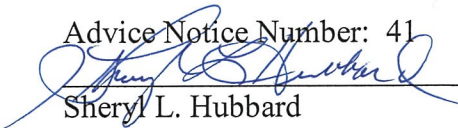
From these data the Company shall calculate, to the nearest hundredth of a cent per unit, the amount by which its purchase water costs and purchased power costs for the preceding year have increased or decreased from the Base Costs. The difference between the Base Costs and cost for any subsequent year shall be added to or subtracted from, as the case may be, the commodity charge in the customers' authorized rates to determine the commodity charge for the next succeeding year for bills rendered on or after a specified year end.

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A balancing account of any over- or under- collection of the costs of purchased water and purchased power for water treatment following the approval of the initial surcharge shall be maintained in the records of account on the Company's balance sheet. Coincident with any adjustment to the commodity charges pursuant to the preceding paragraph, the Company shall also adjust the commodity charges to refund any over collected balance or recover any under collected balance over the next succeeding year.

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The calculation of the amount to be added to or subtracted from the commodity charge (the Purchased Water & Power Surcharge) is illustrated in the following table. The

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Sheryl L. Hubbard  
Director, Regulatory & Rates

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
SECOND REVISED RATE RIDER NUMBER 7  
CANCELLING FIRST REVISED RATE RIDER NUMBER 7  
PURCHASED WATER AND POWER COST ADJUSTMENT CLAUSE  
(PWPCAC)**

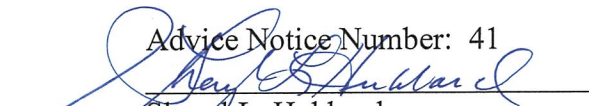
Purchased Water & Power Surcharge and resulting adjustment to the commodity charge shall be shown as a line item on customers' bills.

Conceptual Annual Workpaper			
	PER ccf Rate Calculation	Year Ended 12/31/18	2017 Test Year
1	Purchased Water Expense (A/C 602)	\$ (1.63)	\$ 239,723.00
2	Purchased Power Expense (A/C 623)	\$ 165,468.72	832,858.00
3	Actual Annual Cost (In 1+ In 2)	\$ 165,467.09	\$ 1,072,581.00
4	Water Sold (ccf)	464,128.00	2,288,182.00
5	Unit Cost/ccf (In 3 ÷ In 4)	\$ 0.3565	\$ 0.4687
6	Base Costs/ccf (From Case No. 18-XXXX Rate Case)	\$ 0.4687	
7	Annual Unit Cost/ccf (In 5 - In 6)	\$ (0.1122)	
8	Water Sold (ccf) (Ln 4 above)	464,128.00	
9	Annual Surcharge Amount (In 7 X In 8)	\$ (52,092.04)	
10	(Over)/Under-collection from Prior Year (INPUT)	\$ (2,178.97)	
11	Total Surcharge/(Surcredit) Amount (In 9 + Ln 10)	\$ (54,271.01)	
12	Projected Water Sales (ccf) (next year)	735,529.00	
13	Purchased Water Surcharge/ccf (In 11 ÷ In 12)	\$ (0.0738)	

**ADDITIONAL CONDITIONS:**

Future Modification: This Rate Rider shall be subject to review and modification in any subsequent rate case applicable to the Company and shall be modified as necessary to comply with any rules and regulations the Commission may hereafter adopt in the future applicable to the Company and other water utilities.

Filing Purchased Water Agreements: In addition to the annual filing requirements specified above, the Company shall file a complete copy of each agreement and lease for purchased water with the Commission not later than 30 days after execution.

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
SECOND REVISED RATE RIDER NUMBER 7  
CANCELLING FIRST REVISED RATE RIDER NUMBER 7  
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Hearings:

A. Unless otherwise ordered by the Commission, formal hearings will not be held prior to the effective date of any adjustment made in accordance with the provisions of this Rate Rider. The Commission may, upon its own motion or upon the filing of a complaint, and after notice to the utility, public, attorney general, and intervenors of record in the Company's last filed rate case, suspend any adjustment pending hearing. However, the Commission may allow the factor in effect immediately preceding the period in which the suspended adjustment otherwise would have become effective, to remain in effect, subject to refund or surcharge, during the interim time period in which an adjustment is suspended pending hearing. In the event that a suspended adjustment ultimately is approved, in whole or in part, following a hearing, interest charges computed at the statutory rate established under NMSA 1978, Section 62-13-13, or any amendment to it, and computed for the period commencing with the date the suspended adjustment actually becomes effective, shall, as provided by the Commission, be added to the calculation resulting from the approved adjustment.

B. The matters which the Commission might notice for hearing may include but are not limited to:

- (1) any unusual or substantial increases in the costs recoverable under this Rate Rider;
- (2) the development of any dispute over the interpretation of contracts or laws concerning the pricing of any significant amount of purchased power, water or treatment chemicals;
- (3) any new or amended contractual arrangements for purchases or leases of water; and
- (4) any other matter that the Commission determines requires a hearing.

Refunds: The Commission in its discretion may order refunds of charges collected under the provisions of this Rate Rider to the customers of the Company where the Commission determines, after notice and hearing, that the Company's collection of such amounts is contrary to the provisions of this Rate Rider, the previously approved adjustment factor, or otherwise is unfair, unjust or unreasonable.

Prudence Review: The Commission in its discretion may order that a prudence

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Sheryl L. Hubbard

Director, Regulatory & Rates

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
SECOND REVISED RATE RIDER NUMBER 7  
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(PWPCAC)**

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review be conducted to assure that costs collected by the Company pursuant to the Rate Rider are prudently incurred. Any prudence review shall be conducted under such procedures as the Commission may direct. Unless otherwise ordered by the Commission for good cause shown, the costs of the prudence review shall be paid by the Company and the costs treated as a regulatory asset, which shall accrue carrying costs at a rate to be set by the Commission in its order authorizing the prudence review, until included in base rates and recovered in the Company's next general rate proceeding.

Tax Adjustment: Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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Sheryl L. Hubbard

Director, Regulatory & Rates

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**EPCOR WATER NEW MEXICO INC.  
CLOVIS DISTRICT  
ORIGINAL RATE RIDER NO. 8**

**POSTING AND LATE FEE SURCREDIT**

Page 1 of 1

**APPLICABLE:** To all customers in the Clovis district of EPCOR Water New Mexico Inc. (the "Company") that pay base rates. Not applicable to special contract rate customers.

**POSTING AND LATE FEE SURCREDIT:**

The purpose of the rate rider is to refund, through a surcredit to existing residential, commercial, and public authority customers, a portion of the revenue related to the posting fees collected from Clovis customers. The Company is refunding a total of \$1,067,636, inclusive of carrying costs, or \$189,783 a year over a 4-year period.

**EFFECTIVE DATE** The surcredit will become effective with service rendered by the Company to its customers on or after the date the Commission approves this tariff, and shall continue in effect until the \$1,067,636 total has been refunded.

<b>RATE:</b>	<u>Per Month</u>
Flat Surcredit:	(\$1.41)

**TAX ADJUSTMENT:** Billings under this rate shall be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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