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NEWS RELEASE

Commission Sets January 18 Hearing on Potential Transfer of Harvest Gold Operations

Transfer Hinges on Blanco MDWUA Accepting Terms

SANTA FE – The New Mexico Public Regulation Commission on Wednesday January 11, unanimously adopted to include several provisions proposed by the agency’s Office of General Counsel in reference to the operation of the Harvest Gold water system. That system is presently operated by AV Water Company LLC in San Juan County. The provisions included in the motion approved by the Commission today must be agreed upon by the board of the Blanco Mutual Domestic Water User’s Association (Blanco), the entity that has been in discussions to take over operations at Harvest Gold.

The Commission agreed to set a hearing for Wednesday, January 18, at 9:30 a.m., at the Commission’s Fourth Floor Hearing Room, located at the PERA Building, 1120 Paseo de Peralta, in Santa Fe, to consider the following conditions.

Provisions included in the motion universally approved by the Commission today would grant authority to Blanco to operate the Harvest Gold water system indefinitely, subject to further order of the Commission and Blanco’s right to cease operating the system upon six months’ notice to the Commission and AV Water. Blanco would manage, operate, and maintain the Harvest Gold water system and accessories in compliance with the Public Utility Act and applicable Commission rules and orders as well as the applicable regulations and orders of the state’s Environment Department. Blanco would also be ordered to respond to service calls, customer complaints, and customer inquiries in a timely fashion. Blanco would be ordered to employ properly certified and qualified staff to operate the system.

Blanco would maintain records of operation and maintenance activities, which would be available for inspection upon request by the Commission.

Blanco would be granted authority to collect revenues from Harvest Gold customers during Blanco’s operation of the system. These revenues would be pursuant to rates to be proposed by Blanco by application to the

Commission upon the Commission issuing any order authorizing Blanco to act as operator, and these rates would be subject to Commission approval. Blanco would issue bills to Harvest Gold customers in Blanco's name, and such bills would be required to include contact information, allowing customers to inquire or complain directly to Blanco's staff about billing and/or service issues. AV Water would have no right to the revenues collected.

Blanco would be ordered to separate revenues received from Harvest Gold customers from Blanco's revenues and funds collected from other sources. Blanco would also maintain separate accounting records for such revenues and associated expenditures. Any expenditures made from the revenues received from Harvest Gold customers would be made for the benefit of Harvest Gold customers.

Neither Blanco nor AV Water would be granted authority to collect amounts due from customers of the Harvest Gold water system for service rendered prior to Blanco's assuming operational authority over the system. Customers of the Harvest Gold water system would be relieved of any duty they may have had to pay such amounts.

Blanco would not be liable for any current or future penalties that have been or could be issued by the Commission against AV Water.

Blanco would be ordered to interconnect the water facilities of the Harvest Gold system with those of Blanco. Blanco would be granted authority to take all actions reasonable and necessary to do so, and AV Water would be ordered to provide reasonable and necessary cooperation in order to achieve the interconnection.

AV Water would retain ownership of the facilities and property in regard to the Harvest Gold water system to the same extent as AV Water currently owns such facilities and real property. The order endorsed by the Commission does not approve or require the transfer of ownership of the Harvest Gold water system. That matter is the subject of a separate, pending case before the Commission (Case No. 16-00295-UT).

AV Water would be ordered to provide reasonable access to its financial books and records concerning the Harvest Gold water system to Blanco, upon request by Blanco, including allowing Blanco to copy such books and records should that be reasonably necessary. AV Water would be ordered to reasonably cooperate with Blanco to ensure adequate operation of the Harvest Gold water system for the benefit of the system's customers.

Regarding the Harvest Gold water system, AV Water would maintain and renew all current insurance policies as well as all warranties, guarantees, easements, permits, authorizations, and licenses granted to AV Water.

AV Water would be ordered to pay all amounts associated with the ownership of the Harvest Gold water system, including but not limited to all property, franchise, and other taxes associated with the system.

ABOUT THE NMPRC

The NMPRC regulates public utilities, telecommunications companies and motor carriers operating in the State of New Mexico. It also administers the State Fire Marshal's Office, the New Mexico Firefighters Training Academy in Socorro, N.M., and the Pipeline Safety Bureau.

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