



NEW MEXICO PUBLIC REGULATION COMMISSION FROM THE OFFICE OF DISTRICT 5 COMMISSIONER SANDY JONES

FOR IMMEDIATE RELEASE

June 27, 2018

CONTACT:

Kristin Haase, Assistant to PRC Chairman Sandy Jones

Phone: (505) 827-8020

Cell: (505) 216-8569

Email: kristin.haase@state.nm.us

Public Regulation Commission resolves water crisis in Bernalillo County neighborhood

SANTA FE, NM – The Public Regulation Commission (PRC) has transferred ownership of a beleaguered water system that services a South Valley community, ending decades of water woes for families that reside there.

After years of litigation, ongoing disputes over water system ownership, and state, county, and city involvement, Honest Dollar Enterprises LLC is poised to take over the troubled system which provides water to about 30 households within the Western Terrace II subdivision, located in the vicinity of Coors Boulevard SW and Powers Way in Bernalillo County.

“Western Terrace families have been plagued by unreliable water service and are finally getting some long-overdue relief,” said PRC Chairman Sandy Jones. “The PRC reached out to our sister agencies, all of which are solution driven, and everybody stepped up.”

Honest Dollar Enterprises LLC owner and operator, Jerry Esquivel, is a certified water system operator and also oversees the La Joya Mutual Domestic Water Consumers Association. Esquivel is taking steps to meet conditions set by the PRC which should allow the Western Terrace water system to provide adequate and reliable service at reasonable rates.

In the late 1990s, the system’s previous owner defaulted on a contract with the City of Albuquerque to lease San Juan-Chama Project water rights; therefore state engineer well permit conditions could no longer be met. Whereas the community had no other source of water, the PRC worked with the Office of the State Engineer to locate available water rights resulting in Sandoval County leasing up to 20 acre-feet, or 6.5 million gallons, of water per year from the San Juan-Chama Project at a cost Esquivel told commissioners he could absorb without a rate increase for one year. After the 12-month period, Esquivel will submit his earnings and expenses to the PRC for review.

Also under previous ownership, the water system suffered repeated outages and water quality violations, including boil water advisories. Plus, the owners failed to read water meters consistently or bill customers regularly, leaving insufficient revenues to cover operating expenses or pay outstanding electric bills and property taxes.

The change in ownership also resolves pending litigation. When the original developer, Jose Leon “Buddy” Romero sold the system to Dan Serrano in 2007, they failed to obtain the necessary approval from the PRC. As financial and technical conditions of the water system declined, the parties disputed responsibility.

The PRC pursued a statutory remedy in the Public Utility Act, and in 2012 filed a petition in the Second Judicial District Court to appoint a receiver to manage the water system. Although no independent receiver was identified in the proceeding, the judge recognized the responsibility of both Romero and Serrano and ordered the parties to find a permanent solution. So began six years of negotiations in hopes of an amicable transfer.

Over the years, efforts by the PRC included: petitioning the court for a temporary restraining order authorizing the PRC to appoint an independent operator to manage the water system; calling on Romero and Serrano to be jointly responsible for payment of outstanding electric bills and the costs associated with an interim operator; enlisting Henry Coors, owner and operator of the South Hills Water System, to act as a potential interim operator pending his purchase of the water system; appealing to the Albuquerque Bernalillo County Water Utility Authority to act as the receiver for the water system; and asking Western Terrace customers to form a mutual domestic water users association to take over and operate the water system – all of which proved unsuccessful.

“This conclusion to such a lengthy, multi-faceted case is a testament to the diligence and quality work of PRC staff and my fellow commissioners,” said PRC Vice-chair Cynthia Hall.

“Our collective priority is to protect the health and welfare of every New Mexican and I appreciate the many people who worked with the commission over the years to reach a viable solution,” said Commissioner Lynda Lovejoy.

The Public Regulation Commission (PRC) regulates the utilities, telecommunications, and motor carrier industries to ensure fair and reasonable rates, and to assure reasonable and adequate services to the public as provided by law. The PRC promotes public safety through the offices of State Fire Marshal, the Firefighter Training Academy, Pipeline Safety Bureau, and Transportation Division.