



New Mexico American Water P 575.763.5538
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Clovis, NM 88101

www.newmexicoamwater.com

June 5, 2011

Dear Customer:

In May, New Mexico American Water filed a request with the New Mexico Public Regulation Commission (NMPRC) to increase rates in Clovis. This increase funds investments to our water supply that have benefited you and your neighbors and the reliability of water supply in Clovis. If approved, a residential customer using an average of 5000 gallons per month will pay about 33 cents more per day for water service and water will cost about one penny per gallon.

Before the New Mexico Public Regulation Commission determines whether or not to approve our requested increase, or how much of it to approve, they will review our request through an open and transparent process with opportunities for customer input. They will hold a public evidentiary hearing and consider community input prior to reaching a decision. This process could take as long as ten months from the date the case was filed. No change to your rates would occur before the case concludes and the NMPRC votes on a decision. This letter includes an official notice that provides detailed information on how to become involved in the ratemaking process.

We last increased water rates 3 years ago. This proposed increase is being driven by investments made to ensure a reliable water supply for our customers. Since the prior request we have invested approximately \$6,154,708 to convert irrigation wells to municipal use, install pumping equipment and lay water mains to connect them to the system. Other projects include \$1,249,578 for hydrants, services and meters. Increased operating and maintenance costs, increased power costs and the increased cost of capital are also covered in the proposed rate adjustment.

Please contact us anytime if you have questions about this rate case or the water service we provide. Our office is open at 1005 Norris Street between the hours of 8 am and 4:30 pm here in Clovis or you can reach us at (575) 763-5538.

Sincerely,

Daniel S. Bailet
Vice President/General Manager
New Mexico American Water