

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF NEW MEXICO WATER)
SERVICE COMPANY’S APPLICATION FOR)
APPROVALS OF REVISED RATES)
PURSUANT TO ADVICE NOTICE NO. 23,)
FOURTEENTH REVISED RATE NOS. 1, 2,)
AND 4 AND FIRST REVISED RATE NO. 5)
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NEW MEXICO WATER SERVICE COMPANY,)
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APPLICANT.)
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Case No. _____

DIRECT TESTIMONY

OF

CYNTHIA APODACA

ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY

June 26, 2026

NMPRC CASE NO.

**DIRECT TESTIMONY OF CYNTHIA APODACA
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 **Q. PLEASE STATE YOUR NAME.**

2 A. My name is Cynthia Apodaca.

3 **Q: WHAT IS YOUR POSITION WITH NEW MEXICO WATER SERVICE**
4 **COMPANY (“NEW MEXICO WATER” OR “NMWSC”)?**

5 A: I retired as General Manager in February 2026. I am currently on contract with the
6 Company to assist with transition issues including the filing of this general sewer rate case.

7 **Q: HOW LONG DID YOU HOLD THAT POSITION?**

8 A: I served as Controller for New Mexico Water from its acquisition of Rio Grande Utility
9 Corporation (“RGUC”) in 2002 through 2019. Prior to the acquisition, I was the RGUC
10 Controller from 1995 through 2002. I was selected by California Water Service Group to
11 become the General Manager of New Mexico Water in 2019 and served in that position
12 until my retirement earlier this year.

13 **Q: PLEASE DESCRIBE YOUR DUTIES AND ROLES AS CONTROLLER AND**
14 **GENERAL MANAGER.**

15 A: As General Manager, I had responsibility and oversight for New Mexico Water’s
16 operational, administrative, customer service, capital improvements, budgeting and human
17 resource matters. This includes those matters concerning rates, customer complaints and
18 acquisitions. As Controller, I was responsible for all aspects of accounting, financial and
19 regulatory reporting, budgeting and banking.

20 **Q: CAN YOU PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
21 **BACKGROUND APART FROM YOUR EMPLOYMENT WITH NEW MEXICO**
22 **WATER?**

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1 A: I have an MBA from the University of New Mexico, as well as a Bachelor's degree in
2 Business Administration from the University of Phoenix. As noted, I worked for RGUC
3 prior to New Mexico Water's purchase of it, from 1995 until 2002, as the Controller. In
4 that capacity, I was responsible for all aspects of accounting and financial reporting. I also
5 have 12 years of accounting experience working for other firms in New Mexico, California,
6 and Ohio.

7 **Q: HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**
8 **COMMISSION?**

9 A: Yes, I have testified in nine cases before the New Mexico Public Regulation Commission
10 ("NMPRC" or "Commission"): 1) Case No. 2857 on behalf of Rio Grande Utility's
11 application for approval to issue securities; 2) Case No. 04-00314-UT on behalf of New
12 Mexico Water's application for approval to issue securities; 3) Case No. 04-00323-UT on
13 behalf of New Mexico Water's application to acquire the assets for Cypress Gardens Water
14 Users, Inc.; 4) Case No. 04-00247-UT on behalf New Mexico Water's application for
15 sewer rate increase; 5) Case No. 05-00251-UT on behalf of New Mexico Water's proposed
16 ratemaking treatment of return flow credits; 6) Case No. 21-00041-UT regarding New
17 Mexico Water's application to acquire the Valencia Mesa water system; 7) Case No. 21-
18 00188-UT regarding New Mexico Water's application to acquire the AV Water Company
19 water system; 8) Case No. 23-00026-UT regarding New Mexico Water's application to
20 acquire the Monterey Water Company water system; and 9) Case No. 25-00035-UT
21 regarding New Mexico Water's application for a Revised Rate No. 5 – Sewer Utility
22 Capacity Charge.

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1 **Q. WHAT DOES YOUR TESTIMONY IN THIS CASE ADDRESS?**

2 A. I will address NMWSC's sewer rate case history, explaining why NMWSC has not filed a
3 sewer general rate case since 2004. I will also address NMWSC's use of Rule 19 special
4 contracts and its compliance with the Commission's Order regarding its Rule 19 special
5 contracts in Case No. 25-00035-UT.

6 **Q: DO YOU SPONSOR ANY EXHIBITS AS PART OF YOUR TESTIMONY?**

7 A: No.

8 **I. NMWSC RATE CASE HISTORY**

9 **Q. WHEN WAS NMWSC'S LAST SEWER GENERAL RATE CASE?**

10 A. It was filed in 2004 under NMPRC Case No. 04-00247-UT.

11 **Q. HAS NMWSC IMPLEMENTED SEWER RATE INCREASES SINCE THE LAST**
12 **GENERAL RATE CASE?**

13 A. Yes. However, new legislation that created 17.13.970 NMAC in 2007 provides for a much
14 abbreviated and simplified process to increase rates for small sewer utilities, such as New
15 Mexico Water. NMWSC has utilized 17.13.970 NMAC to adjust sewer rates after
16 NMPRC Case No. 04-00247-UT was finalized, and the rule became available.

17 **Q. WHEN WAS NMWSC'S LAST SEWER RATE INCREASE?**

18 A. Sewer monthly base and usage rates were last increased effective October 14, 2024
19 utilizing 17.13.970 NMAC. This rate adjustment increased sewer monthly base and usage
20 rates by 8%. Since 2002, NMWSC has made a total of nine rate adjustments utilizing
21 17.13.970 NMAC.

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1 **Q. WHY HAS NMWSC NOT FILED A SEWER GENERAL RATE CASE SINCE**
2 **2004?**

3 A. As mentioned earlier in my testimony, 17.13.970 NMAC became available for use in 2007.
4 While 17.13.970 NMAC is beneficial to small sewer utilities in managing rate adjustments,
5 the real benefit accrues to the customers of NMWSC. 17.13.970 NMAC allows smaller
6 annual increases (if necessary) up to 8% under a much simplified filing process. As such,
7 utilizing 17.13.970 NMAC significantly reduces litigation and general rate case
8 preparation costs that would be added to any general rate case. In addition, customers
9 avoid large single increases, known as rate shock, which can occur when small utilities
10 avoid general rate case filings due to complexity and costs that are sought to be recovered
11 and passed on to customers.

12 **II. NMWSC SEWER RULE 19**

13 **Q: CAN YOU EXPLAIN THE COMPANY'S UNDERSTANDING AND USE OF RULE**
14 **19?**

15 A: Yes. Rule 19 exists to ensure that existing customers do not bear the costs of new
16 development. With regard to sewer, Rule 19 provides for two distinct approaches to
17 ensuring the new development pays for itself. First, Rule 19 provides for what is
18 traditionally referred to as line extension agreements. These agreements are as between the
19 Company and a developer to allow the necessary infrastructure, lines, transmission and
20 other facilities necessary to allow a new subdivision to be connected to the main trunk line
21 or transmission to the sewer plant – what we refer to as “collection infrastructure”. Second,
22 the rule also explicitly provides for special contracts to allow for costs to be properly

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1 allocated to new development where special circumstances exist such as the need for
2 increased capacity due to the new development. Those costs can be folded into a line
3 extension where those special circumstances exist or allocated in a separate special
4 contract.

5 **Q: DID THE COMMISSION PROVIDE ANY GUIDANCE REGARDING NMWSC'S**
6 **USE OF RULE 19 SPECIAL CONTRACTS TO PAY FOR EXPANSION OF**
7 **WASTEWATER TREATMENT CAPACITY IN NMWSC'S RIO SEWER**
8 **DISTRICT AS PART OF ITS DISPOSITION OF CASE NO. 25-00035-UT?**

9 A. Yes. The Commission's Order of February 13, 2026, granting leave for NMWSC to
10 withdraw and dismiss its Application in Case No. 25-00035-UT provides that NMWSC
11 must "amend any special contracts for sewer connections in Rio Communities to reflect
12 the current Rate No. 5, subject to truing up the actual cost of connection determined in the
13 2026 general rate case." The Commission's Order Partially Granting Rehearing of March
14 27, 2026, modified this decretal paragraph to provide that NMWSC must refund any fees
15 paid to NMWSC in excess of the original Rate No. 5 during the pendency of a
16 determination regarding the actual cost of connection in the 2026 general rate case. The
17 Commission further ordered NMWSC to provide the ordered refund and contract
18 amendments by no later than May 8, 2026.

19 **Q. DID NMWSC COMPLY WITH THE COMMISSION'S ORDER WITH RESPECT**
20 **TO ITS RULE 19 SPECIAL CONTRACTS?**

21 A. Yes. As reflected in its Affirmation of Compliance, filed into Case No. 25-00035-UT on
22 May 15, 2026, NMWSC identified three developer entities and one individual requiring

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1 contract amendments and associated refunds. On or before May 8, 2026, two of the
2 developers and the individual received their refunds and executed contract amendments.
3 The third developer entity, Las Maravillas II, LLC would not execute the contract
4 amendment required by the Commission. Consequently, NMWSC is holding the refund
5 for Las Maravillas II, LLC until the developer agrees to accept the contract amendment or
6 a determination is made in the general rate case.

7 **Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

8 **A:** Yes.

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NEW MEXICO WATER SERVICE COMPANY,
APPLICANT.

Dated: 06/24/26 /s/ Cynthia Apodaca
Cynthia Apodaca