
25-00054-UT; Order Appointing Hearing Examiner and Order to Show Cause

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF MELODY RANCH WATER
COMPANY LLC'S WATER SYSTEM BREAKDOWN
AND DISRUPTION OF SERVICE**

)
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) **Docket No. 25-00054-UT**
)

Sincerely,
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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF MELODY RANCH WATER)
COMPANY LLC’S WATER SYSTEM BREAKDOWN)
AND DISRUPTION OF SERVICE) Docket No. 25-00054-UT
_____)**

ORDER APPOINTING HEARING EXAMINER AND ORDER TO SHOW CAUSE

THIS MATTER comes before the New Mexico Public Regulation Commission (“Commission”) upon the Legal Division’s Petition for the Commission to Open a Docket Regarding Melody Ranch Water Company LLC’s Water System Breakdown and Disruption of Service with Request for Expedited Commission Action (“Petition”), filed on July 21, 2025, and the Commission’s order instructing the Legal Division of the Commission (the “Legal Division”) to conduct an investigation, filed on July 22, 2025.

The Commission files this Order to appoint a hearing examiner to preside over this matter and to issue an Order to Show Cause, as discussed below.

BACKGROUND

1. According to the Petition, Melody Ranch Water Company LLC (“Melody Ranch”)¹ is experiencing an ongoing water system breakdown and disruption of service because Melody Ranch’s primary well is not producing enough water to meet demand.²

2. The Petition explains that, on July 11, 2025, the Legal Division sent Melody Ranch a letter informing Melody Ranch that it must restore water in conformance with its legal obligations or provide the Legal Division with an adequately detailed plan which stated how and when Melody Ranch planned on restoring the water.³ On July 16, 2025, Melody Ranch responded

¹ Melody Ranch is a water utility regulated by the Commission.

² Petition at 2.

³ *Id.*

to the Legal Division with its current situation, status, and alleged obstacles preventing the water service from being provided to the community.⁴

3. The Petition further explains that the Legal Division's and the Commission's Utility Division's Staffs conducted a site visit to Melody Ranch during the week of July 21, 2025, to assess the status and efforts Melody Ranch is taking to restore water and to further investigate the circumstances that led to the water system breakdown.⁵

4. On July 29, 2025, the New Mexico Environment Department ("NMED") sent a letter to the Commission regarding Melody Ranch. In its letter, NMED asserts it has attempted to provide support to Melody Ranch, but despite NMED's efforts, Melody Ranch continues to fail to provide consistent and adequate water service to its community, and the situation is becoming unstable.⁶ NMED further asserts that Melody Ranch's well is not capable of producing sufficient water to meet basic demand, and that customers endure outages and pressure loss.⁷ Customers expressed concerns that water is only available for limited hours and that Melody Ranch has not attended public meetings or communicated a clear plan for addressing the system breakdown.⁸ For these reasons, NMED requested the Commission open a formal investigation into Melody Ranch, assess whether the utility is meeting its obligations under the Public Utility Act, and for the Commission to consider appointing a receiver to manage and restore operations.⁹

5. On August 8, 2025, the Legal Division filed its Report and Recommendation Pursuant to the Commission's July 22, 2025, Initial Order Opening Investigation ("Report"). In its

⁴ *Id.*

⁵ *Id.* See NMSA 1978, § 62-6-23 (allowing officers and employees of the Commission to enter any premises occupied by any utility for purposes of examinations, tests, and inspections).

⁶ See NMED Letter at 1, 2.

⁷ *Id.* at 1.

⁸ *Id.*

⁹ *Id.* at 2.

Report, the Legal Division notes that Melody Ranch has two wells, a pump house, storage tank, and a distribution system to service its small community of 77 connections.¹⁰ One well is not functioning and the other well provides only four gallons of water per minute.¹¹

6. According to the Report, Melody Ranch represents that it has communicated with one or more well drillers to rehabilitate the existing producing well or to drill a new well.¹² In order to move forward, Melody Ranch is seeking financial assistance and submitted a loan application to CoBank and is seeking other sources of funding.¹³ Melody Ranch also represents that it submitted an emergency application to the Office of the State Engineer to obtain a permit and authorization for the drilling.¹⁴ In the interim, Melody Ranch indicates that East Mountain Water Hauling is providing water in 16,000-gallon increments, which only provides water to the community for twelve hours at a time, and is not meeting the community's demand for adequate water.¹⁵

7. Customers of Melody Ranch expressed to the Legal Division their concerns and frustrations related to the water system breakdown and disruption of service.¹⁶ A number of issues were brought to the Legal Division's attention, including: Melody Ranch's lack of appropriate communications and interactions with its customers, the effectiveness of the water hauling and the time-limited use, the inconvenience, burden, and monetary costs and loss caused by the water system breakdown, and the effects of the water system breakdown on the mental and physical

¹⁰ Report at 2.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at 3.

¹⁴ *Id.*

¹⁵ *Id.* at 3-4.

¹⁶ *Id.* at 5.

well-being of customers, including elderly members of the community whose medical situations may be exacerbated by this situation.¹⁷

8. Through its investigation, the Legal Division was informed of two entities interested in developing a sustainable solution to Melody Ranch's water system breakdown. First, Estancia, Moriarity, Willard, and Torrance County ("EMWT") Regional Water Association is interested in acquiring Melody Ranch, evaluating and rehabilitating the infrastructure, possibly drill a new well, and working towards restoring water service to acceptable standards.¹⁸ According to the Report, Melody Ranch is amenable to transferring the utility to EMWT.¹⁹ Next, EPCOR Utilities is also interested in connecting its existing Edgewood District through a new pipeline that would run directly to the existing Melody Ranch pump house.²⁰ Either of these solutions would take time and require appropriate abandonment or transfer proceedings to be heard by the Commission.

9. In its Report, the Legal Division makes three recommendations to the Commission.
- a. The Commission should issue an Order to Show Cause, requiring Melody Ranch to file a detailed response demonstrating how it plans to restore water service to the community in conformance with 17.12.750.11 NMAC, why Melody Ranch did not violate the requirement to furnish and maintain sufficient facilities and provide a continuous and adequate water supply in conformance with 17.12.750.11 NMAC, and why Melody Ranch should not be assessed an administrative penalty of up to \$100,000 for its alleged violations and, if a

¹⁷ *Id.*

¹⁸ *Id.* at 6.

¹⁹ *Id.*

²⁰ *Id.* at 7.

continuing violation, for each day of any such violations since onset of the disruption of water service pursuant to NMSA 1978, Sections 62-12-4, 62-12-5, and 62-12-6.²¹

- b. The Commission should appoint a hearing examiner to preside over this matter to conduct a full evidentiary hearing related to the issues identified in the Legal Division's Report.²²
- c. The Commission should consider pursuing a receivership action regarding Melody Ranch pursuant to NMSA 1978, Section 62-13-15, if the evidence presented during the briefing and/or hearing supports the necessary findings for initiation of a receivership action in district court.²³

DISCUSSION

10. Under the Commission's Procedural Rules, the Commission may investigate any matter within its jurisdiction at any time.²⁴ The Commission may also consider any matter within its jurisdiction against any person by issuing an order to show cause.²⁵ In all proceedings, the Commission may designate a hearing examiner to preside over the proceeding.²⁶ Additionally, entities other than an individual must be represented by an attorney licensed to practice in New Mexico for all formal proceedings.²⁷

11. The Commission agrees with the Legal Division that an Order to Show Cause is warranted to require Melody Ranch demonstrate why it should not be found to have violated the

²¹ *Id.* at 8.

²² *Id.* at 9.

²³ *Id.*

²⁴ 1.2.2.22(A) NMAC.

²⁵ 1.2.2.22(B) NMAC.

²⁶ 1.2.2.29(B)(1) NMAC.

²⁷ 1.2.2.9(D) NMAC.

requirement of 17.12.750.11 NMAC to “. . . furnish and maintain sufficient facilities to provide a continuous and adequate supply of water. . . [etc.].” Further, it is necessary to appoint a hearing examiner to preside over the proceedings to resolve any issues of material fact that have arisen and may arise in relation to Melody Ranch’s water system breakdown and water service interruption, to evaluate and assess any filings related to this Show Cause Order, and to resolve any other issues in furtherance of the public interest.

12. The Commission does not wish to disrupt progress toward a permanent solution to provide the customers of Melody Ranch with adequate water service. The priority is to restore adequate water service for customers in accordance with 17.12.750.11 NMAC. The Commission is encouraged by EMWT’s and EPCOR’s interest in developing a sustainable solution to Melody Ranch’s water system breakdown.²⁸ To that end, the Commission instructs the Legal Division to mediate the quickest and most prudent solution that results in adequate water service. Therefore, the Commission will not decide to file a receivership action in district court at this time, but retains the right to do so if it determines such an action is warranted.

13. Lastly, as an entity that is not an individual, Melody Ranch is required to be represented by a New Mexico licensed attorney throughout the course of these proceedings.

FINDINGS AND CONCLUSIONS

14. A hearing examiner should be appointed to preside over this matter in relation to Melody Ranch’s water system breakdown and continuous service interruptions, the evaluation and assessment of the parties’ filings related to this Show Cause Order, and to resolve any other issues in furtherance of the public interest in this matter.

²⁸ While the Commission determines it is necessary to issue an order to show cause, it is not the Commission’s intent to discourage EMWT, EPCOR, or any other entity interested in receiving transfer of the utility.

15. Melody Ranch must provide a response to this Order to Show Cause which answers the inquiries set forth in Decretal Paragraph C of this Order. Staff shall also reply to Melody Ranch's response. The deadline for the responses to the Order to Show Cause will be determined by the Hearing Examiner in a separate filing.

16. The Commission incorporates by reference any findings and conclusions stated in the body of this order.

IT IS THEREFORE ORDERED:

A. Hearing Examiner Patrick Schaefer is hereby appointed to preside over this matter, take all action necessary and convenient within the limits of the Hearing Examiners' authority, conduct any necessary hearings, and take any other action in this case that is consistent with law, including issuing a Recommended Decision.

B. Melody Ranch shall respond to this Show Cause Order, and Staff shall reply to Melody Ranch's response. The deadlines to file such responses will be determined by the Hearing Examiner in a separate filing.

C. In its Response to this Show Cause Order, Melody Ranch shall answer the following inquiries:

1. How and when Melody Ranch will restore water service to its community in conformance with 17.12.750.11 NMAC, and all other statutes, rules, regulations, and requirements of the Commission, the New Mexico Environment Department, and the New Mexico Office of the State Engineer. In its Response to this inquiry, Melody Ranch shall identify when it first encountered issues with its well(s), including a timeline and sequence of events which ultimately lead to the service interruption, the steps it has

taken to address such issues, the alleged obstacles which prohibit Melody Ranch from restoring water service, and the steps it has taken or which it plans on taking to overcome such obstacles.

2. Why Melody Ranch should not be found to have violated Rule 17.12.750.11 NMAC, which requires Melody Ranch to “furnish and maintain sufficient facilities to provide a continuous and adequate supply of water[.]”
3. Why Melody Ranch should not be assessed an administrative penalty of up to \$100,000 for its violations and, for continuous violations, for each day since the water system breakdown and complete disruption of water began, in accordance with NMSA 1978, Sections 62-12-4, 62-12-5 and 62-12-6.

D. This Order is effective when signed.

E. The Commission shall serve a copy of this Order upon all persons listed on the attached Certificate of Service via e-mail if their e-mail addresses are known, and otherwise, via regular mail.

F. In computing time in accordance with statute, regulation, or Commission order, computation shall begin on the date that this Order is filed with the Chief Clerk of the Commission’s Records Management Bureau or the Chief Clerk’s designee.

SIGNED under the Seal of the Commission at Santa Fe, New Mexico, this 21st day of August, 2025.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Gabriel Aguilera, electronically signed
GABRIEL AGUILERA, COMMISSIONER

/s/ Greg Nibert, electronically signed
GREG NIBERT, COMMISSIONER

/s/ Patrick J. O'Connell, electronically signed
PATRICK J. O'CONNELL, COMMISSIONER



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_____)**

CERTIFICATE OF SERVICE

I CERTIFY that a true and correct copy of the foregoing *Order Appointing Hearing Examiner and Order to Show Cause* was electronically sent to each of the following:

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DATED this 22nd day of August, 2025.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ LaurieAnn Santillanes, electronically signed
LaurieAnn Santillanes, Paralegal