

Rebuttal to Statements Made by Tracey Padilla on Behalf of Melody Ranch Water Company

Re: NMPRC Case No. 25-0054-UT

This rebuttal is submitted to correct the record regarding multiple statements made by Ms. Tracey Padilla, representing Melody Ranch Water Company (MRWC) during the 7 April 2026 Status Hearing held by NMPRC. The purpose of this filing is to ensure the New Mexico Public Regulation Commission (NMPRC) has a complete, accurate, and evidence-based understanding of MRWC's billing practices, fee allocations, and operational deficiencies.

1. Misrepresentation of the \$38.02 "Basic Fee"

Ms. Padilla stated that customers are "only being charged a basic fee of \$38.02."

While the bill does itemize the components of this charge, her statement is materially misleading because it omits the fact that the \$38.02 includes fees that are legally the responsibility of the water system—not the customers.

The \$38.02 charge includes:

\$0.20 Water Conservation Fee

\$3.57 Government Test Expense

These fees are not customer obligations. They are regulatory and operational costs imposed on the utility itself. Embedding these fees inside the base rate misrepresents the true nature of the charge and shifts MRWC's statutory responsibilities onto ratepayers without Commission approval.

2. Legal Requirements for the Water Conservation Fee

The New Mexico Taxation & Revenue Department (NMTRD) clearly defines the Water Conservation Fee as an operator-level fee, not a customer charge. NMTRD states:

“Every person who operates a public water supply system must pay a water conservation fee. The fee equals three cents (\$0.03) per thousand gallons of water produced.”

And:

“The water conservation fee is due on or before the 25th day of the month following the month in which the water was produced. We deposit the revenue from this fee in the Water Conservation Fund for the administration of a public water supply program.”

Key points:

The fee is based on water produced, not water consumed.

The fee is imposed on the operator, not the customer.

The lawful rate is \$0.03 per thousand gallons, not a flat monthly charge.

3. MRWC’s Inflated and Improper Fee Pass-Through

Despite the statutory rate of \$0.03 per thousand gallons produced, Melody Ranch Water Company is charging each customer a flat \$0.20 every month.

This represents:

A 566% increase over the lawful fee rate

A charge applied per customer, not per thousand gallons produced

A fee shifted to consumers despite being an operator obligation

A charge with no correlation to actual production volume

A pass-through imposed without NMPRC rate-case approval

This practice is not supported by statute, rule, or Commission precedent. It is an inflated, misapplied fee that improperly burdens customers.

4. Government Test Expense Misallocation — Especially During the State of Emergency

The \$3.57 “Government Test Expense” included in the base fee is another example of MRWC shifting its own operational costs onto customers. These testing and compliance expenses are utility responsibilities, not customer-level charges, unless specifically approved through a rate case.

This misallocation is even more significant because:

During the State of Emergency and under the Governor’s Executive Order, the New Mexico Environment Department (NMED) is already performing monthly testing of the Melody Ranch water system.

Therefore:

MRWC is not paying for these tests

MRWC is not performing these tests

MRWC has no justification to charge customers for a “Government Test Expense”

The fee is duplicative, unnecessary, and misleading

Charging customers for a test that the State of New Mexico is already performing — at no cost to MRWC — is improper and deceptive.

MRWC has not demonstrated:

Any Commission-approved tariff authorizing this pass-through

Any cost-of-service justification

Any regulatory basis for embedding this operator expense into the base rate

This further demonstrates a pattern of misallocating utility obligations to customers.

5. Failure to Provide Accurate Customer Usage Data

Ms. Padilla has repeatedly failed to provide exact, verifiable per-customer usage statistics. The reason is clear: MRWC is not reading customer meters on a monthly basis.

Instead, MRWC is:

Estimating usage

Using historical averages

Pulling totals from the pump house rather than individual meters

This practice results in:

Inaccurate billing

No customer-specific consumption records

No ability for customers to verify their usage

Potential overcharging or misallocation of water usage

A complete lack of transparency and accountability

This is a fundamental failure of utility operation and violates basic standards of metering and billing integrity.

6. Pattern of Misleading or Incomplete Statements

The statements made by Ms. Padilla regarding:

The \$38.02 base fee

The Water Conservation Fee

The Government Test Expense

Customer usage data

...reflect a broader pattern of incomplete, inaccurate, or misleading representations to both customers and the Commission.

This pattern obstructs regulatory oversight and prevents the NMPRC from making informed decisions based on accurate information.

7. Impact on Melody Ranch Residents

These practices directly harm the community:

Customers are paying fees that legally belong to the utility

Residents are being charged for tests already performed by NMED at no cost

Bills are based on estimates rather than actual meter readings

Residents cannot verify or challenge their charges

The utility is not meeting basic operational standards

The community is being misled about the true nature of charges

The residents of Melody Ranch Subdivision deserve transparent, lawful, and accurate billing—not inflated fees, misallocated costs, and estimated usage.

Conclusion

The statements made by Ms. Tracey Padilla regarding the \$38.02 basic fee, the Water Conservation Fee, the Government Test Expense, and customer usage are materially inaccurate and misleading. Melody Ranch Water Company is:

Inflating a statutory operator fee

Improperly shifting operator obligations onto customers

Charging customers for tests already performed by NMED during the State of Emergency

Misrepresenting the structure of the base rate

Failing to read meters and relying on estimated usage

Providing incomplete or inaccurate information to the NMPRC

These issues warrant continued regulatory scrutiny and corrective action to protect the public interest and ensure lawful utility operation.