NEW MEXICO
PUBLIC REGULATION
COMMISSION

# REGULATORY FRAMEWORK FOR SMALL WATER UTILITIES

## REGULATORY OVERVIEW

The Public Regulation Commission (PRC) currently regulates approximately 26 water utilities, including two multi-state corporations and one political subdivision.

## WATER UTILITY CLASSIFICATIONS

| CLASS A & B (9 total) | CLASS C (11 total) | CLASS D (6 total) |
|---|---|---|
| Above $500,000 in annual operating revenues for a 3-year period | $50,000–$500,000 in annual operating revenues | Less than $50,000 in annual operating revenues |

## REGULATORY COORDINATION

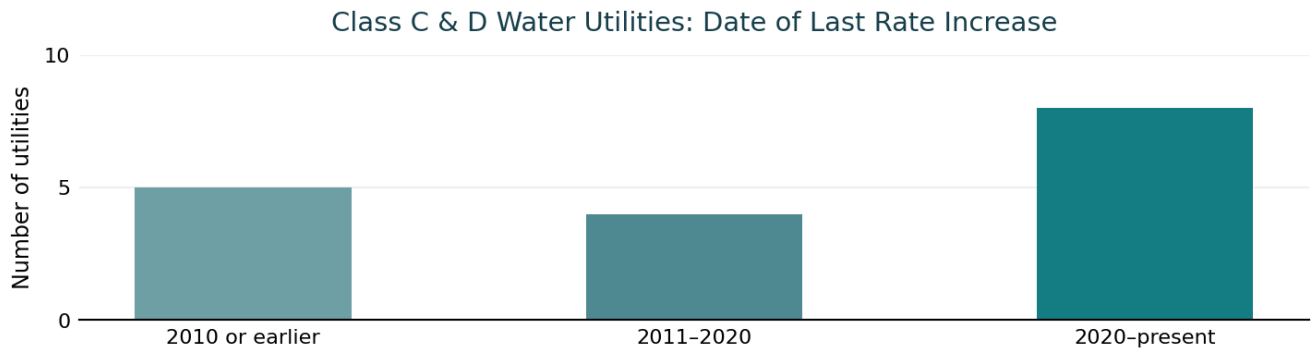
Water utilities operate within a multi-agency regulatory environment, and coordination between agencies is essential.

- New Mexico Environment Department (NMED): water quality
- Office of the State Engineer (OSE): water quantity
- PRC: service and price

## CHALLENGES FACING SMALL WATER UTILITIES

Small water utilities (Classes C and D), some of which originated as part of private housing developments, face significant operational and financial constraints (see NMSA 1978, Section 62-6-4):

• Underfunding, with rate increases rarely filed • Limited personnel • Aging infrastructure




## POTENTIAL SOLUTIONS

• More proactive, faster, and adaptable regulation
• Encouraging regionalization and consolidation
• Transformation into political subdivisions