

For Immediate Release – JANUARY 19, 2007

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**WATER UTILITY AUTHORITY FILES CONDEMNATION SUIT TO PROTECT
AQUIFER AND RATEPAYERS FROM ACTIONS BY NEW MEXICO
UTILITIES, INC.**

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ALBUQUERQUE, NM – In a move designed to preserve area groundwater for future generations and protect local ratepayers, the Albuquerque Bernalillo County Water Utility Authority, jointly with the city of Rio Rancho, filed suit today to acquire New Mexico Utilities, Inc. NMUI provides water and wastewater services to portions of Rio Rancho and Albuquerque's West Side.

The decision to move forward with the condemnation came after NMUI, a for-profit corporation headquartered in Los Angeles, refused to enact an effective conservation plan; refused to relieve ABCWUA's 170,000 customers of accountability for NMUI's depletion of the aquifer; failed to pay \$3.7 million in delinquent sewer treatment costs; and failed to develop a surface water rights acquisition plan. The lawsuit has been filed in the Second Judicial District Court in Albuquerque.

"Condemnation proceedings are always the solution of last resort," said Authority Chair Martin Heinrich. "In the case of New Mexico Utilities, however, we feel that all other options have been exhausted. Today's filing is made necessary by the utility's uncompromising position on a number of issues. We cannot expect Water Authority customers to financially subsidize a California corporation and allow them to deplete the aquifer and not be held accountable for water rights to offset its pumping, which could cost Water Authority rate payers more than \$50 million and damage the region's sustainable water supply."

Heinrich emphasized that customer rates in the NMUI service territory will not be increased to support the costs of acquiring NMUI. NMUI has claimed, through a well-financed media campaign, that its acquisition would cause rates to "skyrocket."

City Councillor Michael Cadigan, who represents the area on Albuquerque's West Side now served by NMUI, supports the Authority's action.

"I am convinced that the acquisition of the utility is the best way to assure a long-term water supply and stable rates for customers in the New Mexico Utilities area," Cadigan said. "New Mexico Utilities has been irresponsible in its stewardship of a precious resource, and has refused, in the name of profit, to be held accountable. NMUI's actions stand in stark contrast to the efforts of the Authority and its ratepayers, who have undertaken an aggressive conservation effort and who have moved to protect the aquifer by investing \$400 million in the San Juan-Chama Drinking Water Project."

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NMUI, which has no water conservation plan, has recently requested authorization from the State of New Mexico to pump an additional 50,000 acre feet per year of water from underneath Albuquerque. That represents a six-fold increase over the current authorization. Meanwhile, the utility owes more than \$3.7 million in delinquent sewage treatment costs (which the Authority is attempting to recover through a pending lawsuit filed in 2004).

In August 2006, the Authority and Rio Rancho offered to purchase NMUI for \$37 million. NMUI refused the offer, alleging that it is worth \$98 million.

The condemnation case filed today should be heard by the State District Court before the end of 2007.

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The Albuquerque Bernalillo County Water Utility Authority governs the water and wastewater utility for all of Albuquerque and Bernalillo County. The Authority was created on June 21, 2003 by New Mexico Senate Bill 887 (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10).