

NEW MEXICO GAS COMPANY  
SECOND REVISED RULE NO. 37  
CANCELLING FIRST REVISED RULE NO. 37

RATE RIDER NO. 15 DETAILS

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I. Purpose

This Rule establishes detailed procedures which will permit the Company to recover from its customers Rate Rider No. 15 Amounts as determined and ordered by the Commission to be administered through this mechanism. The surcharge may also include the costs associated with removal of disincentives to, and provision of incentives for, expenditures by the Company on energy efficiency measures. This mechanism is specific as to Amounts pertaining to Affected Customer Classes. x

II. Definitions

The following definitions shall apply to this Rule:

1. Affected Customer Classes: Customer classes subject to Rate Rider 15 with an opportunity to participate in the energy efficiency programs approved by the Commission.
2. Amortization Period: The Amortization Period will comply with the period specified in the respective Commission Order for each Rate Rider No. 15 Amount introduced into this mechanism.
3. Annual Budgeted Sales and Transportation Therms: Therms for the Company budgeted for the 12 months ending March 31, for each Affected Customer Class.
4. Billing Cycle: A period of time consisting of thirty-two (32) days or less, employed by the Company's billing system and used by the Company to render bills for service to customers. The Company employs twenty-one (21) billing cycles, which constitute a billing month and may or may not coincide with a calendar month.
5. Commission: New Mexico Public Regulation Commission.
6. Company: New Mexico Gas Company.
7. M&V Report: The annual monitoring and verification report of the independent evaluator for the prior 12 months ending March 31.
8. New Mexico End-Use Transportation Service Customers: A transportation end-user located in New Mexico receiving transportation gas services directly from the Company.
9. Rate Rider No. 15 Amounts: The dollar amounts of Rate Rider No. 15 shall be determined by Commission Orders and will be collected from Sales Service Customers and all New Mexico End-use transportation service customers, if so specified in their applicable tariff, within the Affected Customer Classes. A separate pool of dollar amounts will be set up for each Affected Customer Class.

**EFFECTIVE**

FEB 15 2017

REPLACED BY NMPRC

BY Comm. Final Order Case # 16-00100-UT

Advice Notice No. 60



Nicole Strauser  
Director, Legal & Regulatory Affairs

NMGCO# 3284643

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10. Reconciliation Amounts: Consists of Rate Rider No. 15 Amounts that were under-recovered/credited or over-recovered/credited during their respective amortization terms.
11. Sales Service Customer: A customer receiving gas directly from the Company within the Company's New Mexico service territory.

III. Methodology for Developing and Administering the Rate Rider No. 15 Amounts

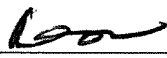
1. Effective Date: The date specified by Order of the Commission to implement this Rule.
2. Rate Rider No. 15 Amounts: Rulings by the Commission establish the individual amounts to be collected through this mechanism. The Commission's rulings also determine the collection-beginning period. This mechanism is designed to accommodate only those amounts ordered for collection on a per therm basis whereby the billing factors will be derived using Annual Budgeted Sales and Transportation Therms associated with Sales Service Customers and all New Mexico End-use transportation service customers, if so specified in their applicable tariff, within Affected Customer Classes adjusted for anticipated savings from the energy efficiency programs approved by the Commission.
3. Reconciliation Amounts: Reconciliation Amounts will be summed with and absorbed into existing Rate Rider No. 15 Amounts and will assume that respective amount's collection conditions and terms. This transaction will be specifically noted and identified in the next subsequent Energy Efficiency Surcharge Factor filing.

IV. Calculation of the Energy Efficiency Surcharge Factors

For purposes of determining the Energy Efficiency Surcharge Factors, each of the amounts will be fully amortized (exhausted) over their respective periods commencing with the first Billing Cycle of the month following approval of the Rate Rider 15 Amounts. The factor for each Rate Rider 15 Amount will be determined as follows:

1. Each Energy Efficiency Surcharge Factor for Customers will be determined by dividing the annual recovery amount by the respective combined total Annual Budgeted Sales and Transportation Therms for Affected Customer Classes;
2. Reconciliation Amounts incapable of generating a factor out to four (4) decimal places are summed with and absorbed into existing Rate Rider No. 15 Amounts and their disposition is recognized within the respective existing factor.
3. A carrying charge shall be computed based upon the estimated average outstanding monthly Reconciliation Amounts over the course of the Amortization Period. The carrying charge amount shall be added or credited to the monthly cumulative balance in twelve monthly installments. The carrying

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charge installment amounts may change over the course of the Amortization Period based upon changes in the estimated average outstanding monthly Reconciliation Account balance over the course of the Amortization Period. The total amount of the carrying charge will be reconciled and trued-up annually through the Annual Reconciliation process. The carrying charge rate used to make this calculation shall be equal to the pre-tax cost of capital (rate of return) approved by the Commission in the Company's most recent gas rate case.

V. Annual Reconciliation Filings

The Company shall file with the Commission an annual report on its energy efficiency programs. The report will be due on July 1 and will cover the period of 12 months ended March 31 of that year. That report will contain: x

1. Energy Efficiency Surcharge Factor Report: Schedules shall contain sufficient information describing:
  - a. A Summary of the Energy Efficiency Surcharge Factors;
  - b. Calculation of each Energy Efficiency Surcharge Factor, for each package of programs and Incentive/Disincentive Adder Revenues and by each Affected Customer Class; x
  - c. Calculation of the Energy Efficiency Surcharge Factor to be applied for the subsequent 12 months;
  - d. A Summary of Annual Budgeted Sales and Transportation Therms; and
  - e. A summary consisting of the beginning balance of each Rate Rider No. 15 Amount, the sum total of the annual transactions, and the ending balance.

[Paragraph deleted] x

2. M&V Report: The M&V Report shall be submitted with the annual reconciliation filing as a separate document.
3. Amounts Not Generating a Factor: If the sum of all Rate Rider No. 15 Amounts have been depleted to the extent that an annual factor cannot be calculated out to four (4) decimals, the residual amount will be held by the Company until:
  - a. Additional Rate Rider No. 15 Amounts occur and these amounts can be combined with these existing amounts to create an annual factor; or
  - b. The disposition of this amount is determined in conjunction with a subsequent proceeding before the Commission.

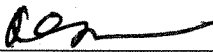
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4. Other Annual Reconciliation Filings Content: The Annual Reconciliation Filings shall contain sufficient information describing:
- a. Any material change in Rate Rider No. 15 Amounts and explanations of the sources of those changes;
  - b. Any material difference in respective annual budgeted therms and anticipated savings, and the reasons for any proposed difference; and
  - c. The addition/deletion of and to any individual Rate Rider No. 15 Amount due to accounting adjustments, the M&V Report or other reasons, including a true-up of the Incentive/Disincentive calculation for M&V and performance results. x  
x

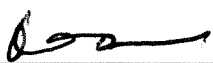
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