

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF NEW MEXICO GAS COMPANY, INC.)
FOR APPROVAL OF REVISIONS TO ITS)
RATES, RULES, AND CHARGES PURSUANT)
TO ADVICE NOTICE NO. 78)
NEW MEXICO GAS COMPANY, INC.)
Applicant.)**

Case No. 19-00317-UT

**APPLICATION FOR REVISIONS TO RETAIL
NATURAL GAS RATES, RULES AND CHARGES**

New Mexico Gas Company, Inc. (“NMGC” or the “Company”), through its undersigned counsel, files this Application for approval of revisions to its rate schedules and rules and for an increase in its retail natural gas sales and transportation rates. In support of its Application, NMGC states as follows:

1. NMGC is a public utility headquartered in Albuquerque, New Mexico. The Company provides natural gas sales and transportation service to approximately 530,000 customers throughout the State of New Mexico. NMGC is subject to the jurisdiction of the New Mexico Public Regulation Commission (“NMPRC” or the “Commission”), which, among other things has the authority to revise the Company’s rates, rules and charges for service provided to NMGC’s customers.

2. NMGC’s currently-authorized sales and transportation rates and charges for natural gas service are:

<u>RATE NO.</u>	<u>TITLE</u>
Original Rate No. 1-4	Rate Rider No. 4 - Cost of Gas Component
Original Rate No. 1-8	Rate Rider 8 - Weather Normalization Adjustment Mechanism
Original Rate No. 1-14	Rate Rider 14 - Miscellaneous Surcharge and Credits
Tenth Revised Rate No. 1-15	Rate Rider 15 - Energy Efficiency Program
Second Revised Rate No. 10	Residential Service
Third Revised Rate No. 11	Miscellaneous Fees and Charges
Second Revised Rate No. 30	Irrigation Service
Second Revised Rate No. 31	Water and Sewage Pumping
Second Revised Rate No. 35	Cogeneration Service
First Revised Rate No. 37	Gas Air Conditioning
Original Rate No. 39	Alternative Fuels Vehicle (AFV)
Second Revised Rate No. 54	Small Volume - General Service
Second Revised Rate No. 56	Medium Volume - General Service
Second Revised Rate No. 58	Large Volume - General Service
Third Revised Rate No. 61	Sale for Resale
Fourth Revised Rate No. 70	Transportation Service
Second Revised Rate No. 114	District Energy System Service
Second Revised Rate No. 116	Landlord Standby Service
Original Rate No. 701	Transportation for Frontier Field Services – Maljamar
First Revised Rate No. 702	Transportation for Compania de Autobastecedores de Gas Natural de San Jeronimo, S.A. de C.V.
Original Rate No. 703	Transportation from Bioenergy Plant
Original Rate No. 706	Transportation to Holly Frontier Field Services - Maljamar
First Revised Rate No. 708	Transportation to Bloomfield Refining Company
First Revised Rate No. 741	Transportation to City of Farmington—Animas River Power Plant
First Revised Rate No. 742	Transportation to Mosaic Potash
Fifth Revised Rate No. 817	Transportation for Public Service Company of New Mexico (Delta Persons and Reeves Station)
First Revised Rate No. 819	Transportation to Giant Refining Company - Ciniza Refinery

3. NMGC’s proposed rates are based on a twelve-month Future Test Year Period (“Future Test Year”) ending December 31, 2021. The Future Test Year reflects the expected

financial and operating conditions NMGC will experience during the first year the proposed rates are in effect.

4. NMGC is filing a Future Test Year rate case primarily to recover significant capital investments it has made to its system since September 2017 and will make through the end of 2021. During this same period, NMGC will also be investing in initiatives to reduce green-house-gas-emissions (“GHG Emissions”) associated with its system and its customers to help New Mexico meet its declared goal of reducing GHG Emissions in the state.

5. NMGC’s currently-authorized rates and charges and the revenues they produce, as presently allocated, no longer adequately reflect the cost of service for the various classes of sales and transportation customers served by the Company.

6. NMGC’s currently-authorized cost of service rates and charges result in an annual base rate revenue deficiency of approximately \$13.23 million, based on a future test period ending in December, 2021 and a requested weighted average cost of capital of 7.36%, including a requested return on equity of 10.2%.

7. NMGC’s currently authorized rates and charges do not address the future costs of maintaining the safety and reliability of its system, or the need to reduce GHG Emissions in the State of New Mexico.

8. NMGC is proposing changes to its rate design to include an integrity management cost recovery mechanism, a modification to its Rate No. 39 to facilitate the development of compressed natural gas stations and vehicles usage in the State, and increases in access fees for certain rate classes. NMGC is also proposing changes to 1) its Rate No. 11 to institute a meter tampering penalty, and 2) its Rate No. 70 to revise the amount of gas

charged to transportation customers when NMGC is required to use its compressors to transport gas to interstate pipelines.

9. NMGC is seeking permission to establish a certain new regulatory asset to recover rate case expenses incurred in this proceeding. NMGC is also seeking permission to continue recovery of the remaining balance of the rate case expenses approved for recovery in NMGC's last rate case (NMPRC Case No. 18-00038-UT) with an updated amortization period of three years.

10. NMGC's exact legal name, address and telephone number are:

New Mexico Gas Company, Inc.
P.O. Box 97500
Albuquerque, New Mexico 87199-7500
(505) 697-3833

11. The name, address and telephone number of NMGC's attorneys are:

Thomas M. Domme, Esq.
Nicole V Strauser, Esq.
New Mexico Gas Company, Inc.
P. O. Box 97500
Albuquerque, NM 87199-7500
Telephone No.: (505) 697-3834
Telefax No.: (505) 797-7901
thomas.domme@nmgco.com
nicole.strauser@nmgco.com

Clyde Worthen, Esq.
Brian J. Haverly, Esq.
Julianna T. Hopper, Esq.
Keleher & McLeod, PA
P.O. Drawer AA
Albuquerque, NM 87103
Telephone No.: (505) 346-4646
Telefax No.: (505) 346-1345
cfw@keleher-law.com
bjh@keleher-law.com
jth@keleher-law.com

12. NMGC requests that all pleadings, correspondence and other documents that are served on NMGC be mailed and delivered to its attorneys at the above addresses and to:

Rebecca Carter
New Mexico Gas Company, Inc.
P.O. Box 97500
Albuquerque, NM 87199-7500
(505) 697-3832
rebecca.carter@nmgco.com

13. Pursuant to the requirements of 17.1.2.10B(1) NMAC, NMGC is submitting the following documents with this Application:

- A. NMGC Advice Notice No. 78;
- B. NMGC's Proposed Form of Notice to Customers;
- C. 17.10.630 NMAC Schedules A through R;
- D. 17.10.630 NMAC Schedule S, NMGC's Prefiled Direct Testimony and Exhibits of Ryan A. Shell, Tom C. Bullard, Edward J. Kacer, Kevin D. Sturgill, Denise E. Wilcox, Lesley J. Nash, Deirdre M. Kann, Ph.D., Davicel Avellan, Adrien M. McKenzie, Michael J. Adams, Jimmie L. Blotter; and Daniel P. Yardley,
- E. NMGC proposes changes to the following Rate Schedules and Rules

listed below:

<u>RATE NO.</u>	<u>TITLE</u>
Original Rate No. 1-9	Rate Rider No. 9—Integrity Management Program Cost Recovery Mechanism
Third Revised Rate No. 10	Residential Service
Fourth Revised Rate No. 11	Miscellaneous Fees and Charges
Third Revised Rate No. 35	Cogeneration Service
Second Revised Rate No. 37	Gas Air Conditioning
Second Revised Rate No. 39	Compressed Natural Gas Vehicles Fuel
Third Revised Rate No. 54	Small Volume - General Service
Third Revised Rate No. 56	Medium Volume - General Service
Third Revised Rate No. 58	Large Volume - General Service
Fourth Revised Rate No. 61	Sale for Resale
Fifth Revised Rate No. 70	Transportation Service
Third Revised Rate No. 114	District Energy System Services

<u>RULE NO.</u>	<u>TITLE</u>
First Revised Rule No. 29	Rate Rider No. 8 - Details
Original Rule No. 30	Rate Rider No. 9 – Details

14. Pursuant to 17.1.2.10(B)(2)(d) NMAC, NMGC confirms that it has fully complied with all Commission final orders in each of NMGC’s cases decided during the preceding five years, as evidenced by NMGC’s annual informational filings of April 30, 2019.

15. NMGC confirms that its Application and supporting testimony, exhibits, and schedules fully comply with the requirements contained in 17.1.3 NMAC.

16. Pursuant to 17.1.210.11(B) NMAC, NMGC is serving a copy of this Application and Advice Notice No. 78 on the Attorney General and all counsel of record in NMGC’s last rate case.

Wherefore, NMGC respectfully requests that the Commission authorize and approve the revised rates, charges and rules as set forth in this Application and the accompanying Advice Notice and grant the Company such other approvals and relief as may be just and proper.

Respectfully submitted this 23rd day of December, 2019.

NEW MEXICO GAS COMPANY, INC.

By: _____

THOMAS M. DOMME
Vice President and General Counsel
P. O. Box 97500
Albuquerque, NM 87199-7500
Phone: (505) 697-3834
Fax: (505) 797-4752
thomas.domme@nmgco.com

KELEHER & McLEOD, P. A.

CLYDE F. WORTHEN
BRIAN J. HAVERLY
JULIANNA T. HOPPER
Post Office Box AA
Albuquerque, NM 87103
Phone: (505) 346-9113
Fax: (505) 346-1345
cfw@keleher-law.com
bjh@keleher-law.com
jth@keleher-law.com
Attorneys for New Mexico Gas Company, Inc.