

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF NEW MEXICO GAS COMPANY, INC.</b>	)	
<b>FOR REVISIONS TO ITS RATES, RULES,</b>	)	
<b>AND CHARGES PURSUANT TO ADVICE</b>	)	<b>Case No. 18-_____ -UT</b>
<b>NOTICE NOS. 70 AND 71</b>	)	
	)	
<b>NEW MEXICO GAS COMPANY, INC.</b>	)	
	)	
<u>                    <b>Applicant.</b></u>	)	

**NEW MEXICO GAS COMPANY, INC.’S  
APPLICATION FOR REVISIONS TO 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 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 524,000 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>
Third Revised Rate Rider No. 1	Rate Rider No. 1—TECO Acquisition Credit
Original Rate No. 1-2	Rate Rider No. 2—NTUA Transportation Charge
Original Rate No. 1-4	Rate Rider No. 4—Cost of Gas Component
Original Rate No. 1-7	Rate Rider No. 7—Special Charges
Original Rate No. 1-14	Miscellaneous Surcharge and Credits
Eighth Revised Rate No. 1-15	Energy Efficiency Rider
First Revised Rate No. 10	Residential Service
Second Revised Rate No. 11	Miscellaneous Fees and Charges
First Revised Rate No. 30	Irrigation Service
First Revised Rate No. 31	Water and Sewage Pumping
First Revised Rate No. 35	Cogeneration Service
Original Rate No. 37	Gas Air Conditioning
Original Rate No. 39	Alternative Fuels Vehicle (AFV)
First Revised Rate No. 54	Small Volume—General Service
First Revised Rate No. 56	Medium Volume—General Service
First Revised Rate No. 58	Large Volume—General Service
Second Revised Rate No. 61	Sale for Resale
Third Revised Rate No. 70	Transportation Service
First Revised Rate No. 114	District Energy System Service
Original Rate No.115	Transportation Service to Residential and Small Volume End-Users
First Revised Rate No. 116	Landlord Standby Service
Original Rate No. 701	Transportation for Frontier Field Services – Maljamar
First Revised Rate No. 702	Transportation for Companis de Autobastecedores de Gas Natuaral de San Jeronimo, S.A. de C.V.
Original Rate No. 703	Transportation from Bioenergy Plant
Original Rate No. 706	Transportation to Holly Frontier Refinery and Marketing
Second Revised Rate No. 708	Transportation to Bloomfield Refining Company
First Revised Rate No. 741	Transportation to City of Farmington—Animas River and Bluffview Power Plants
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 currently-authorized rates and charges are no longer just and reasonable and do not allow the Company to fully recover its costs of providing service to customers, and therefore, do not provide a fair opportunity to earn an adequate return on its investments. Changes in the costs of serving customers are primarily due to investments made to maintain or improve service to customers over the last seven years.

4. In addition, 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.

5. NMGC's currently-authorized rates and charges result in an annual base rate revenue deficiency of approximately \$8 million, based on a historic twelve-month period ending September 30, 2017, as adjusted (test period) and a requested overall rate of return of 7.65%, including a requested return on equity of 10.2%. Additionally, NMGC requests an increase of \$453,031 in miscellaneous service fees.

6. Furthermore, NMGC's existing rate design does not fairly reflect the impact of fluctuations in weather on usage, the future costs of maintaining the safety and reliability of its system, or the need to encourage economic development in the state of New Mexico.

7. NMGC is proposing changes to its rate design to include a weather normalization adjustment mechanism, an integrity management program cost recovery mechanism, and an economic development rate. This proposal also includes increases in certain access fees.

8. NMGC is also requesting approval for a change in the amortization of net regulatory assets related to its overfunded retiree medical plan.

9. Consistent with its response to the Commission's Order Commencing Review and the Effects of the Federal Tax Cuts and Jobs Act of 2017 ("TCJA") on Regulated New Mexico Utilities, NMGC's proposed rates incorporate the reduction in corporate income taxes set forth in the TCJA.

10. NMGC is proposing changes to rate schedules 31, 35, 54, 56, and 58 to better reflect the Company's current practice used in its annual review of the rate classifications for its customers.

11. 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

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

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

- A. NMGC Advice Notice Nos. 70 and 71;
- 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 Shell, Edward Kacer, John Fernald, Nicole Strauser, Dr. Deirdre Kann, Adrien McKenzie, Daniel Yardley, and Scott Hastings; and
- E. NMGC's proposed changes to the following Rate Schedules and Rules:

<u>RATE NO.</u>	<u>TITLE</u>
Original Rate No. 1-8	Rate Rider No. 8—Weather Normalization Adjustment Mechanism
Original Rate No. 1-9	Rate Rider No. 9—Integrity Management Program Cost Recovery Mechanism
Second Revised Rate No. 10	Residential Service
Third Revised Rate No. 11	Miscellaneous Fees and Charges
Original Rate No. 20	Economic Development
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
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. 116	Landlord Standby Service

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

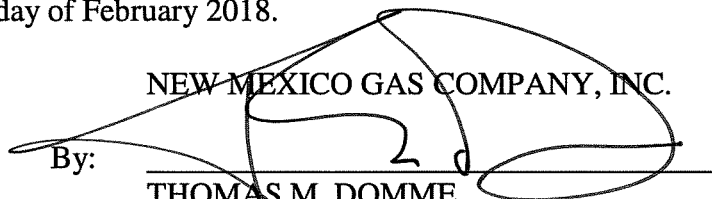
15. NMGC also requests the following two existing rate schedules be cancelled due to non-use:

<u>RATE NO.</u>	<u>TITLE</u>
Original Rate No. 1-2	Rate Rider No. 2—NTUA Transportation Charge
Original Rate No. 1-7	Rate Rider No. 7—Special Charges

16. Pursuant to 17.1.2.10B(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, including the Final Order Approving Certification of Stipulation in NMPRC Case No. 15-00327-UT, as evidenced by NMGC's annual informational filings of April 30, 2017.

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 Notices and grant the Company such other approvals and relief as may be just and proper.

Respectfully submitted this 26th day of February 2018.

By:   
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