

**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 )** **Case No. 19-00317-UT**  
**TO ADVICE NOTICE NO. 78 )**  
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**NEW MEXICO GAS COMPANY, INC. )**  
 )  
 )  
 Applicant. )

**NOTICE OF PROCEEDING AND HEARING**

New Mexico Gas Company, Inc. (“NMGC” or “Company”) is providing the following information to you regarding NMGC’s request to change the rates it charges for delivering natural gas to your home and business as required by the New Mexico Public Regulation Commission (“NMPRC” or the “Commission”). This notice is being given to you for your information, and describes the process the NMPRC uses to consider NMGC’s rate change request. No action is required on your part unless you would like to participate in this process.

The information below outlines rate changes that could take place for delivering natural gas to your home and business. You are welcome to review documents related to the filing or attend the hearing on the filing itself. See items (11) through (17) below for details on those options.

Please keep in mind the cost of natural gas will continue to be billed to you with no mark-up. NMGC passes the actual cost it pays for gas on to you, as required by the Commission. This portion of your bill is shown separately under “Cost of Gas.”

On December 23, 2019, NMGC filed a request with the Commission to amend its rate schedules and change its rates for delivering natural gas services to your home and business. NMGC is requesting total additional base rate revenues of \$13.23 million, which would be an

increase of approximately 6.9% above its projected operating revenue for December 31, 2021 if the rates requested here are not approved.

The proposed changes may affect all customer classes.

Examples of the anticipated residential bills at various gas consumption levels, assuming that the new rates NMGC has proposed are approved, but excluding applicable fees and taxes, are shown below. The average residential therm use ranges from a low of 14 therms in August to a high of 127 therms in January.

<b>ANTICIPATED MONTHLY RESIDENTIAL BILL</b>	<b>\$ PER THERM</b>	<b>0 THERMS</b>	<b>50 THERMS</b>	<b>100 THERMS</b>	<b>200 THERMS</b>	<b>300 THERMS</b>
Cost of Gas	\$ 0.2550*	\$ 0.00	\$ 12.75*	\$ 25.50*	\$ 51.00*	\$ 76.50*
Residential Transmission Rate	\$ 0.0732	\$ 0.00	\$ 3.66	\$ 7.32	\$ 14.64	\$ 21.96
Residential Distribution Rate	\$ 0.1661	\$ 0.00	\$ 8.31	\$ 16.61	\$ 33.22	\$ 49.83
Residential Monthly Access Fee	\$ 12.70	\$ 12.70	\$ 12.70	\$ 12.70	\$ 12.70	\$ 12.70
Total Proposed Monthly Residential Bill		\$ 12.79 **	\$ 38.09**	\$ 63.38**	\$ 113.97**	\$ 164.56**
Current Monthly Residential Bill		\$ 11.74**	\$ 36.55**	\$ 61.35**	\$ 110.96**	\$ 160.57**

\*For illustration purposes, this is the weighted average Cost of Gas from July 1, 2018 through June 30, 2019, which is the Base Period for the rate case. This is the actual cost of gas that NMGC passes on to you with no mark-up.

\*\*Excluding applicable franchise fees and taxes.

When NMGC’s proposed new residential rates are applied to the Base Period consumption levels, the resulting increase in the average monthly residential customer bill is approximately 4.2%, assuming that the cost of gas portion of the bill does not change.

Below are the present and proposed rate components for each customer rate class for which an increase is proposed. These rates are included as portions of the lines labeled “Distribution”, “Transmission”, and “Access Fee”. Your customer rate class is listed above the line on your bill that reads “Cost of Gas.”

<b>CUSTOMER RATE CLASS</b>	<b>RATE COMPONENT</b>	<b>PRESENT RATE</b>	<b>AUGUST 2020 RATE</b>	<b>PROPOSED RATE</b>
Residential (Rate No. 10)	Monthly Access Fee	\$ 11.57	\$ 11.65	\$ 12.70
	Transmission (\$/Therm)	\$ 0.0634	\$ 0.0634	\$ 0.0732
	Distribution (\$/Therm)	\$ 0.1661	\$ 0.1661	\$ 0.1661
Cogeneration (Rate No. 35)	Monthly Access Fee (<450,000 Therms/Year)	\$ 55.00	\$ 55.00	\$ 55.00
	Monthly Access Fee (>450,000 Therms/Year)	\$ 350.00	\$ 350.00	\$ 350.00
	Transmission (\$/Therm)	\$ 0.0329	\$ 0.0329	\$ 0.0352
	Distribution (\$/Therm)	\$ 0.0454	\$ 0.0768	\$ 0.0821
Gas Air Conditioning (Rate No. 37)	Monthly Access Fee	\$ 16.75	\$ 17.75	\$ 19.40
	Transmission (\$/Therm)	\$ 0.0259	\$ 0.0259	\$ 0.0259
	Distribution (\$/Therm)	\$ 0.0326	\$ 0.0333	\$ 0.0381
Compressed Natural Gas Vehicle Fuel (Rate No. 39)	Monthly Access Fee	\$ 0.00	\$ 0.00	\$ 0.00
	Transmission (\$/Therm)	\$ 0.00	\$ 0.00	\$ 0.00
	Distribution (\$/Therm)	\$ 0.05	\$ 0.05	\$ 0.0569
Small Volume – General Service (Rate No. 54)	Monthly Access Fee	\$ 21.00	\$ 22.78	\$ 24.90
	Transmission (\$/Therm)	\$ 0.0707	\$ 0.0707	\$ 0.0787
	Distribution (\$/Therm)	\$ 0.0788	\$ 0.0788	\$ 0.0788
Medium Volume – General Service (Rate No. 56)	Monthly Access Fee	\$ 100.00	\$ 100.00	\$ 109.00
	Transmission (\$/Therm)	\$ 0.0521	\$ 0.0544	\$ 0.0647
	Distribution (\$/Therm)	\$ 0.0514	\$ 0.518	\$ 0.0561
Large Volume – General Service (Rate No. 58)	Monthly Access Fee	\$1,220.00	\$1,240.00	\$1,240.00
	Transmission (\$/Therm)	\$ 0.0489	\$ 0.0492	\$ 0.0492
	Distribution (\$/Therm)	\$ 0.0367	\$ 0.0369	\$ 0.0576
Sale for Resale (Rate No 61)	Monthly Access Fee	\$2,000.00	\$2,000.00	\$2,000.00
	Transmission (\$/Therm)	\$ 0.0247	\$ 0.0259	\$ 0.0315
Non-NMGC End Use (Rate No 70)	Monthly Access Fee	\$ 0.00	\$ 0.00	\$ 0.00
	Transmission (\$/Therm)	\$ 0.0192	\$ 0.0197	\$ 0.0224
District Energy System Service (Rate No. 114)	Monthly Access Fee	\$1,250.00	\$1,250.00	\$1,250.00
	Transmission (\$/Therm)	\$ 0.0342	\$ 0.0342	\$ 0.0413
	Distribution (\$/Therm)	\$ 0.0340	\$ 0.0340	\$ 0.0366

The rate changes by customer class identified above are for informational purposes only, and the final rate design approved may vary the rates ultimately charged to each customer class and for each consumption level.

NMGC’s proposed new rates are based on a Base Year Period measured from July 1, 2018 through June 30, 2019, and a Future Test Year measured from January 1, 2021 through December 31, 2021.

NMGC is requesting a return on common equity of 10.2%, and a weighted average cost of capital of 7.36%.

The Company is also proposing changes to its rate design to include an integrity management program cost recovery mechanism, a modified Compressed Natural Gas Rate, a meter tampering penalty, and increases to its monthly access charges.

New Mexico Gross Receipts Tax and any applicable franchise fees charged by governmental entities will remain as a separate line item on your bill, and are not part of NMGC's revenue request in this case.

On January 8, 2020, the Commission issued an Order suspending NMGC's proposed rates for a period of nine months starting January 22, 2020 and appointing the undersigned to preside over this proceeding and to issue a Recommended Decision.

The Commission has assigned Case No. 19-00317-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case is as follows:

- a. On or before April 24, 2020, any person desiring to intervene to become a party ("intervenor") in this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure, 1.2.2.23(A) and (B) NMAC.
- b. Staff and any intervenor testimony shall be filed by July 10, 2020.
- c. Rebuttal testimony shall be filed by July 23, 2020.
- d. A prehearing conference is tentatively scheduled to begin at 9:30 a.m. on August 3, 2020 in the Ground Floor Hearing Room of the Commission in the PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501. The prehearing conference may be canceled if the Hearing Examiner determines it is not necessary.

e. A public hearing on this matter shall be held beginning on August 10, 2020, commencing at 9:00 a.m. in the Ground Floor Hearing Room of the Commission, P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, and continuing on succeeding days through August 18, 2020, as determined by the Hearing Examiner.

The procedural dates and requirements of this case are subject to further order of the Commission or Hearing Examiner.

The Commission's Rules of Procedure, 1.2.2 NMAC shall apply to this case except as modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and such Rules are available at the official NMAC website: <http://www.srca.nm.gov/parts/title01/01.002.0002.html>.

Any person whose testimony has been filed shall attend the hearing and submit to examination under oath.

Any interested person may appear at the time and place of the hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Written comments, which shall reference NMPRC Case No. 19-00317-UT, also may be sent to the Commission at the following address:

New Mexico Public Regulation Commission  
P.E.R.A. Building  
1120 Paseo de Peralta  
P.O. Box 1269  
Santa Fe, NM 87504-1269  
Telephone: (888) 427-5772

If you make written comments in this case, you do not also have to attend the hearing, although you may attend the hearing if you would like to do so. However, pursuant to Commission rule 1.2.2.23(F) NMAC, comments will not be considered as evidence in this proceeding.

Interested persons should contact the Commission at for confirmation of the hearing date, time and place since hearings are occasionally rescheduled. Any interested person may examine NMGC's Application and all other pleadings, testimony, exhibits and other documents filed in the public record for this case at the Commission's address set out above, at the Commission's Case Lookup EdoCKET at <https://edocket.nmprc.state.nm.us/Login.aspx?ReturnUrl=%2f> or at the offices of NMGC at the following address:

New Mexico Gas Company  
7120 Wyoming Blvd., NE  
Albuquerque, New Mexico 87109  
Telephone: (888) 664-2716

Further information may also be found on NMGC's website at [https://www.nmgco.com/en/regulatory\\_filings](https://www.nmgco.com/en/regulatory_filings).

Anyone filing pleadings, testimony and other documents in this case may file them either in person at the Commission's docketing office in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail to the Commission's address at P.O. Box 1269, Santa Fe, New Mexico 87504-1269, and must serve copies thereof on all parties of record and the Commission's Utility Division Staff ("Staff") in the manner indicated on the Certificate of Service for this case. Pursuant to 1.2.2.11(H) NMAC, when submitting a document for filing with the Commission, you must submit one (1) original plus five (5) copies of your proposed filing unless the presiding officer directs otherwise. All filings shall also be e-mailed to Staff and the parties on the date they are filed with the Commission. All filings shall be e-mailed to the Hearing Examiner at [Ashley.Schannauer@state.nm.us](mailto:Ashley.Schannauer@state.nm.us).

Individuals with a disability who are in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, may contact the Commission at least 24 hours prior to the hearing. Public documents associated with

the hearing can be provided in various accessible forms for disabled individuals. Requests for summaries or other types of accessible forms also should be addressed to the Utility Division at (888) 427-5772.

**ISSUED at Santa Fe, New Mexico this February 7, 2020.**

**NEW MEXICO PUBLIC REGULATION COMMISSION**

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**Ashley C. Schannauer**  
**Hearing Examiner**