

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. 21-00267-UT
TO ADVICE NOTICE NO. 87)	
)	
NEW MEXICO GAS COMPANY, INC.)	
<u>Applicant.</u>)	

NOTICE TO NMGC CUSTOMERS

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 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 the rate changes that could take place for delivering natural gas to your home or business. The changes requested may affect all customer classes. You are welcome to review documents related to the filing or attend the hearing on the filing itself.

Please keep in mind that the cost of the natural gas you use will continue to be billed to you with no mark-up. According to NMGC, this rate request is for an increase to the cost of service which includes the “Monthly Access Fee” and does not affect the cost of the natural gas provided to you.

On December 13, 2021, 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 \$40.7 million, which if approved, would be an increase of approximately 20.8% above its current operating revenues.

Examples of the anticipated residential bills at various gas consumption levels, assuming that the new proposed rates NMGC are approved, but excluding applicable fees and taxes, are shown below in Table 1.

Table 1 – Anticipated Residential Bills by Consumption level.

ANTICIPATED MONTHLY RESIDENTIAL BILL	\$ PER THERM	0 THERMS	50 THERMS	100 THERMS	200 THERMS	300 THERMS
Monthly Access Fee	\$ 14.25	\$ 14.25	\$ 14.25	\$ 14.25	\$ 14.25	\$ 14.25
Transmission Rate	\$ 0.1207	\$ 0.00	\$ 6.04	\$ 12.07	\$ 24.14	\$ 36.21
Distribution Rate	\$ 0.1661	\$ 0.00	\$ 8.31	\$ 16.61	\$ 33.22	\$ 49.83
Cost of Gas*	\$ 0.5822	\$ 0.00	\$ 12.75	\$ 25.50	\$ 51.00	\$ 76.50
Other Fees and Taxes**		\$ 1.67	\$ 7.15	\$ 12.63	\$ 23.58	\$ 34.54
Residential Total Proposed Monthly Bill		\$ 15.92	\$ 64.85	\$ 113.78	\$ 211.63	\$ 309.49
Residential Current Monthly Bill		\$ 13.42	\$ 59.39	\$ 105.37	\$ 197.31	\$ 289.26

*For illustration purposes, this is the forecasted weighted average Cost of Gas for the 2023 Future Test Year in the rate case. NMGC passes through the direct costs of gas on to you with no mark-up.

**Includes other applicable fees and taxes for residential customers.

Currently, the average residential therm-use ranges from a low of 14 therms in August to a high of 127 therms in January. If NMGC’s proposed new residential rates are approved, the monthly bill for an average residential customer using 53 therms of gas a month would increase \$5.63 reflecting a 9.1% increase over 2021 residential rates, if 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” on your bill. Also, on your bill, your particular

customer rate class is listed above the line on your bill that reads “Cost of Gas.”

Table 2 – Present and Proposed Rate Changes by Rate Class

CUSTOMER RATE CLASS	RATE COMPONENT	PRESENT RATE	PROPOSED RATE	PERCENT CHANGE
Residential Rate No. 10	Monthly Access Fee	\$ 12.00	\$ 14.25	18.8%
	Transmission (\$/Therm)	\$ 0.0675	\$ 0.1207	78.8%
	Distribution (\$/Therm)	\$ 0.1661	\$ 0.1661	0.0%
Total Percentage Change				20.05%
Irrigation Service Rate No. 30	Monthly Access Fee	\$ 34.80	\$ 36.40	4.6%
	Transmission (\$/Therm)	\$ 0.0381	\$ 0.0354	-7.1%
	Distribution (\$/Therm)	\$ 0.0376	\$ 0.0376	0.0%
Total Percentage Change				0.0%
Water and Sewage Pumping Rate No. 31	Monthly Access Fee (<200,000 Therms/Year)	\$ 101.90	\$ 107.00	5.0%
	Monthly Access Fee (>200,000 Therms/Year)	\$ 175.00	\$ 175.00	0.0%
	Transmission (\$/Therm)	\$ 0.0439	\$ 0.0432	-1.6%
	Distribution (\$/Therm)	\$ 0.0462	\$ 0.0415	-10.2%
Total Percentage Change				0.0%
Cogeneration Rate No. 35	Monthly Access Fee (<450,000 Therms/Year)	\$ 55.00	\$ 55.00	0.0%
	Monthly Access Fee (>450,000 Therms/Year)	\$ 350.00	\$ 350.00	0.0%
	Transmission (\$/Therm)	\$ 0.0337	\$ 0.0342	0.0%
	Distribution (\$/Therm)	\$ 0.0786	\$ 0.0454	0.0%
Total Percentage Change				0.0%
Gas Air Conditioning Rate No. 37	Monthly Access Fee	\$ 19.40	\$ 23.00	18.6%
	Transmission (\$/Therm)	\$ 0.0259	\$ 0.0259	0.0%
	Distribution (\$/Therm)	\$ 0.0340	\$ 0.0431	26.8%
Total Percentage Change				26.0%
Compressed Natural Gas Vehicle Fuel Rate No. 39	Distribution (\$/Therm)	\$ 0.0514	\$ 0.0648	26.1%
Total Percentage Change				26.1%
Small Volume – General Service Rate No. 54	Monthly Access Fee	\$ 23.50	\$ 27.75	18.1%
	Transmission (\$/Therm)	\$ 0.0737	\$ 0.1074	45.7%
	Distribution (\$/Therm)	\$ 0.0788	\$ 0.0788	0.0%
Total Percentage Change				20.5%
Medium Volume – General Service Rate No. 56	Monthly Access Fee	\$ 109.00	\$ 130.00	19.3%
	Transmission (\$/Therm)	\$ 0.0564	\$ 0.0708	25.5%
	Distribution (\$/Therm)	\$ 0.0521	\$ 0.0661	26.9%
Total Percentage Change				26.0%
Large Volume – General Service Rate No. 58	Monthly Access Fee	\$1,240.00	\$1,475.00	19.0%
	Transmission (\$/Therm)	\$ 0.0492	\$ 0.0492	0.0%
	Distribution (\$/Therm)	\$ 0.0404	\$ 0.0799	97.8%
Total Percentage Change				26.0%
Sale for Resale Rate No. 61	Monthly Access Fee	\$2,000.00	\$2,000.00	0.0%
	Transmission (\$/Therm)	\$ 0.0270	\$ 0.0382	41.5%
Total Percentage Change				26.0%

CUSTOMER RATE CLASS	RATE COMPONENT	PRESENT RATE	PROPOSED RATE	PERCENT CHANGE
Non-NMGC End Use Rate No. 70 Total Percentage Change	Transmission (\$/Therm)	\$ 0.0202	\$ 0.0254	25.7% 25.7%
Compressor Fuel Rate No. 72 Total Percentage Change	Monthly Access Fee Transmission (\$/Therm)	\$ 0.00 \$ 0.00	\$ 250.00 \$ 0.0251	N/A
District Energy System Service Rate No. 114 Total Percentage Change	Monthly Access Fee Transmission (\$/Therm) Distribution (\$/Therm)	\$1,250.00 \$ 0.0356 \$ 0.0342	\$1,475.00 \$ 0.0461 \$ 0.0420	18.0% 29.5% 22.8% 26.1%
Transportation to Ciniza Refinery Rate No. 819	Proposed Cancellation			

The rate changes by customer class identified above are for informational purposes only, and the final rate design approved may vary the rates ultimately charge 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, 2020 through June 30, 2021, and a Future Test Year measured from January 1, 2023 through December 31, 2023.

NMGC is requesting a return on common equity of 10.1%, and a weighted average cost of capital of 6.89%.

NMGC is proposing changes to its rate design to include an integrity management cost recovery mechanism, a new proposed rate for customers operating compressor facilities, 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.

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 5, 2022, the Commission issued an Initial Order suspending NMGC's proposed rates for a period of nine months starting January 12, 2022 and appointing the undersigned to preside over the proceeding and issue a recommended decision.

NMGC's application has been assigned Case No. 21-00267-UT by the Commission and inquiries should refer to that case number.

The present procedural schedule for this case is as follows:

- a. Any person desiring to intervene in the proceeding must file a motion to intervene by April 4, 2022, pursuant to 1.2.2.23 NMAC. All motions for leave to intervene shall be served on all existing parties and prospective intervenors of record.
- b. Staff shall, and any intervenors may, file testimony shall by May 25, 2022.
- c. Any stipulation and supporting documents pursuant to 1.2.2.20 NMAC including the reconciliation statement containing the information listed in 1.2.2.36(F) NMAC may be filed on or before June 7, 2022. Any stipulation shall, at a minimum, identify the following cost of service components to apply following issuance of a final order: depreciation rates; return on equity; tax unadjusted weighted average cost of capital; and annual amortization amount for each amortized item in the cost of service.
- d. Opposition to any stipulation shall be filed by June 13, 2022.
- e. Rebuttal testimony or in the alternative, testimony in support of a stipulation shall be filed by June 15, 2022.
- f. Testimony in opposition to any stipulation shall be filed by June 22, 2022.
- g. A prehearing conference will be held on June 24, 2022, at 9:30 A.M. via the Zoom

platform.

- h. A public hearing to hear and receive testimony, exhibits, arguments is set to commence at 9:00 A.M. on June 27, 2022, and continue thereafter, if necessary, on June 28-30, and July 5-8, 2022. The hearing will take place via the Zoom platform in whole or in part depending on potential Covid restrictions, guidelines, or safety concerns, and/or space considerations in the Commission offices. Participation in the evidentiary hearing shall be limited to party-participants (i.e., counsel, witnesses, and other representatives of the parties), the and the Commissioners. Interested persons may view the evidentiary hearing via a livestream on YouTube provided on the Commission's website at <http://www.nmprc.state.nm.us/>

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, §§1.2.2.1 NMAC, et seq., shall apply to this case except as modified by order. A copy of the Rules may be obtained from the offices of the Commission or at <http://www.srca.nm.gov/parts/title01/01.002.0002.html>.

Interested persons may examine NMGC's Application, and all other documents filed in this case, together with any exhibits and related papers at NMGC offices located at 7120 Wyoming Boulevard, NE, Albuquerque, New Mexico 87109, 1-888-664-2716 or online at NMGC's website at nmgco.com/en/regulatory_filings or at the Commission's website online at <http://nmprc.state.nm.us> under "Case Lookup EdoCKET."

Interested persons who are not affiliated with a party may make written or oral comments without becoming intervenors. Oral comments will be entertained only at the 9:00 A.M. start of

the hearing on June 27, 2022 and will be limited to three minutes. Persons interested in providing public comment must request a Zoom invitation by e-mailing Ana Kippenbrock at ana.kippenbrock@state.nm.us by no later than 3:00 pm MT on June 24, 2022. Interested persons may also send written comments, which shall reference NMPRC Case No. 21-00267-UT, to the Commission at prc.records@state.nm.us. Such comments will not be considered as evidence in this case.

Anyone filing pleadings, documents or testimony in this case shall, until further notice, comply with the Commission's electronic filing policy, as amended from time to time. This includes filings in .pdf format, with electronic signatures, sent to the Records Bureau's email address, as set out on the Commission's website, at: prc.records@state.nm.us within regular business hours of the due date, in order to be considered timely filed. Parties shall serve a copy on all parties of record and Staff. All filings shall be emailed on the date they are filed with the Commission. In addition, all filings shall be emailed to the Hearing Examiner on the date filed at elizabeth.hurst@state.nm.us. Such emailing shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in such format.

ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

I S S U E D at Santa Fe, New Mexico this 24th day of January 2022.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/Elizabeth C. Hurst

**Elizabeth C. Hurst
Hearing Examiner**