

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>)	

PROPOSED FORM OF NOTICE TO CUSTOMERS

As required by the New Mexico Public Regulation Commission (“Commission”), 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.

This notice is being given to you for your information and describes the process the Commission uses to consider NMGC’s rate change request. No action is required on your part, however 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.

- 1) 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 would be an increase of approximately 20.8% above its current operating revenues.

- 2) This request is for an increase to the **cost of service only**, and does not affect the cost of the natural gas provided to you. The cost of the natural gas you use will continue to be billed to you with no mark-up. This portion of your bill is shown separately under “Cost of Gas.”

- 3) 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 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.

- 4) Currently, the average residential therm-use ranges from a low of 14 therms in August to a high of 127 therms in January.
- 5) 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 9.1%, assuming that the cost of gas portion of the bill does not change.
- 6) The changes requested may affect all customer classes. Below are the present and proposed rate components for each customer rate class for which an increase is proposed. These

proposed rate changes by customer class, and for residential customers by consumption levels, 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. 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%

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

- 7) 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.
- 8) NMGC is requesting a return on common equity of 10.1%, and a weighted average cost of capital of 6.89%.
- 9) 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.

- 10) 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.
- 11) NMGC's application has been assigned Case No. 21-00267-UT by the Commission and inquiries should refer to that case number. A hearing will be held beginning _____ at ____ AM at _____. Due to the COVID-19 pandemic, the public hearing shall be conducted via the Zoom videoconference platform. Participation in the evidentiary hearing shall be limited to party-participants (i.e., counsel, witnesses, and other representatives of the parties), the Commission, and other Commission personnel. Other interested persons may view the evidentiary hearing via a live stream on YouTube provided on the Commission's website at www.nmprc.state.nm.us. You can contact the Commission for confirmation of the hearing date, time, and place, since hearings are on occasion rescheduled.
- 12) You may examine NMGC's rate filings, together with any exhibits and related papers, at NMGC offices located at 7120 Wyoming Boulevard, NE, Albuquerque, New Mexico 87109, 1-888-664-2716, contact the Commission at 1-888-427-5772; or access the Commission's website at <https://edocket.nmprc.state.nm.us>.

- 13) You may intervene by filing a Motion for Leave to Intervene pursuant to 1.2.2.23 NMAC on or before _____.
- 14) You may appear at the hearing and make a written or oral comment without becoming an intervenor, but your comments will not be considered as evidence in this proceeding. 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.
- 15) 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. Documents received after regular business hours will be considered as being filed the next business day. Regular business hours are from 8:00 a.m. to 5:00 p.m. Mountain Time (MT). 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 <<Hearing Examiner E-mail Address>> by no later than 5:00 p.m. MT. Such emailing shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in such format.
- 16) The Commission's Rules of Practice and Procedure will apply to this proceeding except as modified by Commission order or the presiding officer.

17) Further information can be obtained from NMGC, at its website https://www.nmgco.com/en/regulatory_filings, or the Commission.

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.

ISSUED at Santa Fe, New Mexico this _____, 2022.

NEW MEXICO PUBLIC REGULATION COMMISSION
