

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) Case No. 23-00255-UT
PURSUANT TO ADVICE NOTICE NO. 96)**

NOTICE TO NMGC CUSTOMERS OF PROCEEDING AND HEARING

1. To New Mexico Gas Company (“NMGC or Company”) Customers: This document is required by the New Mexico Public Regulation Commission (“NMPRC or Commission”). The purpose of this document is to provide you with notice of the Application NMGC filed with the NMPRC requesting to amend its rate schedules and change its rates for delivering natural gas services to your home and business. NMGC is requesting a total base rate revenue increase of \$48.97 million. Under this proposal, the monthly bill for delivering natural gas service to the average residential customer using 53 therms of gas per month would increase \$6.71.

This notice describes the NMPRC process to consider NMGC’s proposed rates and how you can participate. If you wish to participate in this process, the information below details how you may participate. **If you do not wish to participate, no action is required on your part.**

2. The information below describes proposed changes in rates for delivering natural gas to your home or business. The requested changes may affect all customer classes. NMGC customers are encouraged to review documents related to the filing and are welcome to attend the hearing regarding the Company’s Application.

3. 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 and does not affect the cost of the natural gas delivered to you.

4. NMGC is requesting total additional base rate revenues of \$48.97 million which, if approved, would be an increase of approximately 22.7% above its current base rate revenues. If NMGC’s proposed new residential rates are approved, the monthly bill for a residential customer

using an average of 53 therms of gas a month would increase \$6.71, an 11.2% increase over current residential rates, assuming the cost of gas portion of the bill does not change. 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		0 THERMS	50 THERMS	100 THERMS	200 THERMS	300 THERMS
Monthly Access Fee	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Transmission Rate	\$ 0.1253	\$ 0.00	\$ 6.27	\$ 12.53	\$ 25.06	\$ 37.59
Distribution Rate	\$ 0.2018	\$ 0.00	\$ 10.09	\$ 20.18	\$ 40.36	\$ 60.54
Cost of Gas*	\$ 0.4781	\$ 0.00	\$ 23.91	\$ 47.81	\$ 95.63	\$ 143.44
Other Fees and Taxes**		\$ 1.77	\$ 7.83	\$ 13.88	\$ 25.99	\$ 38.10
Residential Total Proposed Monthly Bill		\$ 17.27	\$ 63.59	\$ 109.90	\$ 202.54	\$ 295.17
Residential Current Monthly Bill		\$ 13.83	\$ 57.06	\$ 100.29	\$ 186.75	\$ 273.21

*For illustration purposes, this is the forecasted weighted average Cost of Gas for the 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.

5. In this filing, NMGC is seeking to recover additional capital investments it has made and will be making to its system, including investments made related to reduce risks to NMGC’s system. These investments include ongoing investment in the Company’s ongoing annual capital investment program, Integrity Management Program, and investments in information technology software such as an upgrade to the Company’s aging Customer Information System (“CIS”) to allow NMGC to better engage with and serve customers. NMGC alleges it is also experiencing increased operating costs, including pressures to expand and retain its workforce to better serve its customers, which are expected to continue to increase throughout

the Future Test Year.

6. NMGC is seeking permission to establish and/or recover regulatory assets to recover rate cases expenses incurred in relation to this case, costs the Company experienced related to increased bad debt during the COVID-19 Pandemic, and some of the costs incurred in implementing an upgrade to the Company's CIS. NMGC is also seeking approval to establish two new regulatory assets for potential recovery in a future rate case including some of the costs incurred for Pre-FEED and FEED studies related to NMGC's Liquefied Natural Gas project and fees the Company actually incurs when customers pay their bills with credit cards. NMGC is also seeking to revise the amortization schedules of two regulatory assets established in prior cases and to continue to credit customers for Accumulated Deferred Income Taxes in the same manner NMGC has been since its 2019 Rate Case. NMGC is also requesting approval to establish and begin crediting to customers a new regulatory liability.

7. NMGC's proposed new rates are based on a Base Year Period measured from April 1, 2022 through March 31, 2023, and a Future Test Year measured from October 1, 2024 through September 30, 2025. NMGC is requesting a return on common equity of 10.5% and a weighted average cost of capital of 7.38%. 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 request.

8. NMGC's Application has been assigned Case No. 23-00255-UT by the Commission and inquiries should refer to that case number. Further information regarding the case may be obtained from NMGC or the NMPRC at the addresses and telephone numbers provided below.

9. The present procedural schedule for this case is as follows:

a. Any person desiring to intervene in the proceeding must file a motion to for leave to intervene by January 3, 2024, 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. NMPRC Staff shall, and any intervenors may, file testimony by February 21, 2024.

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 by February 26, 2024.

d. Opposition to any stipulation shall be filed by March 4, 2024.

e. Rebuttal testimony or in the alternative, testimony in support of a stipulation, shall be filed by March 8, 2024.

f. Testimony in opposition to any stipulation shall be filed by March 15, 2024.

g. A prehearing conference will be held on March 29, 2024, at 9:30 a.m. via the Zoom platform.

h. A public hearing to hear and receive testimony, exhibits, and legal arguments is set to commence at 9:00 a.m. on April 1, 2024. The hearing will take place via the Zoom platform and participation in the evidentiary hearing shall be limited to party participants and the Commissioners. Interested persons may view the evidentiary hearing via a livestream on YouTube provided on the Commission's website at <http://www.nm-prc.org>.

10. The procedural dates and requirements of this case are subject to further order of the Commission or hearing examiner. Interested persons should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled.

11. The Commission's Rules of Procedure, 1.2.2.1 NMAC, shall apply to this case

except as modified by order. The rules of procedure and other NMPRC rules are available online at the New Mexico Compilation Commission at <https://nmonesource.com/nmos/en/nav.do>.

12. Interested persons may examine NMGC's Application with exhibits and related papers and all other documents filed in this case 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 online at the Commission's website at <https://www.prc.nm.gov/case-lookup-e-docket/> under "Case Lookup EdoCKET".

13. Interested persons who are not affiliated with a party may make written or oral comments as allowed by Rule 1.2.2.23(F) NMAC. Oral comments shall be taken as part of the public hearing on April 1, 2024 via the Zoom platform. Therefore, persons wishing to make oral comments must register not later than 3:00 pm MT on March 29, 2024 with Ana Kippenbrock at Ana.Kippenbrock@prc.nm.gov. Comments shall be limited to three minutes per person. Additionally, oral comments will be taken at a public comment hearing to be scheduled by the Commission on a date and time yet to be determined. Alternatively, written comments may be submitted before the Commission takes final action by sending the comment, which shall reference NMPRC Case No. 23-00255-UT, to prc.records@prc.nm.gov, or NMPRC Records Management Bureau, 142 West Palace Ave. #300, Santa Fe, NM 87501. The Commission may be reached by telephone at 1-888-427-5772. Comments whether oral or written will not be considered as evidence.

14. Any person filing prepared testimony under 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath.

15. Anyone filing pleadings, documents or testimony in this case shall comply with the Commission's electronic filing policy which is amended from time to time. This includes

compliance with the following (not exhaustive) set of requirements. Filings must be in pdf format. They must include an electronic signature and be sent to the Record Management Bureau’s email address prc.records@prc.nm.gov. Any filing must be submitted within regular business hours of the due date in order to be considered timely filed. Regular Commission Business hours are from 8:00 a.m to 5:00 p.m. 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.

16. All filings shall be emailed to the hearing examiner on the date filed at Elizabeth.Hurst@prc.nm.gov. Such emailing shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in such format. Additional details regarding this proceeding and its procedural requirements are set forth in the hearing examiner’s procedural order issued on November 8, 2023.

17. Below are the current and proposed rate components for each customer rate class for which an increase is proposed. These rates are shown on your bill on the lines labeled “Distribution”, “Transmission”, and “Access Fee”. 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	\$ 12.40	\$ 15.50	25.0%
	Transmission (\$/Therm)	\$ 0.1053	\$ 0.1253	19.0%
	Distribution (\$/Therm)	\$ 0.1661	\$ 0.2018	21.5%
Total Percentage Change				22.7%
Irrigation Service Rate No. 30	Monthly Access Fee	\$ 36.40	\$ 45.00	23.6%
	Transmission (\$/Therm)	\$ 0.0472	\$ 0.0524	11.0%
	Distribution (\$/Therm)	\$ 0.0376	\$ 0.0437	16.2%
Total Percentage Change				17.2%

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CUSTOMER RATE CLASS	RATE COMPONENT	PRESENT RATE	PROPOSED RATE	PERCENT CHANGE
Water and Sewage Pumping Rate No. 31	Monthly Access Fee (<200,000 Therms/Year)	\$ 107.00	\$ 131.50	22.9%
	Monthly Access Fee (>200,000 Therms/Year)	\$ 175.00	\$ 215.00	22.9%
	Transmission (\$/Therm)	\$ 0.0452	\$ 0.0472	4.4%
	Distribution (\$/Therm)	\$ 0.0494	\$ 0.0583	18.0%
	Total Percentage Change			17.3%
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)	\$ 0.0342	\$ 0.0342	0.0%
	Distribution (\$/Therm)	\$ 0.0454	\$ 0.0454	0.0%
	Total Percentage Change			0.0%
Gas Air Conditioning Rate No. 37	Monthly Access Fee	\$ 23.00	\$ 28.50	23.9%
	Transmission (\$/Therm)	\$ 0.0259	\$ 0.0325	25.5%
	Distribution (\$/Therm)	\$ 0.0382	\$ 0.0480	25.5%
	Total Percentage Change			25.4%
Compressed Natural Gas Vehicle Fuel Rate No. 39	Distribution (\$/Therm)	\$ 0.0565	\$ 0.0711	25.8%
Total Percentage Change			25.8%	
Small Volume – General Service Rate No. 54	Monthly Access Fee	\$ 27.75	\$ 34.25	23.4%
	Transmission (\$/Therm)	\$ 0.0823	\$ 0.0982	19.3%
	Distribution (\$/Therm)	\$ 0.0788	\$ 0.0969	23.0%
	Total Percentage Change			22.0%
Medium Volume – General Service Rate No. 56	Monthly Access Fee	\$ 130.00	\$ 159.75	22.9%
	Transmission (\$/Therm)	\$ 0.0651	\$ 0.0787	20.9%
	Distribution (\$/Therm)	\$ 0.0532	\$ 0.0663	24.6%
	Total Percentage Change			22.5%
Large Volume – General Service Rate No. 58	Monthly Access Fee	\$ 1,475.00	\$ 1,810.00	22.7%
	Transmission (\$/Therm)	\$ 0.0492	\$ 0.0597	21.3%
	Distribution (\$/Therm)	\$ 0.0544	\$ 0.0695	27.8%
	Total Percentage Change			23.6%
Sale for Resale Rate No. 61	Monthly Access Fee	\$ 2,260.00	\$ 2,773.00	22.7%
	Transmission (\$/Therm)	\$ 0.0291	\$ 0.0411	41.2%
	Total Percentage Change			34.0%
Non-NMGC End Use Rate No. 70	Transmission (\$/Therm)	\$ 0.0224	\$ 0.0309	37.9%
Total Percentage Change			37.9%	
Compressor Fuel Rate No. 72	Monthly Access Fee	\$ 250.00	\$ 307.00	22.8%
	Transmission (\$/Therm)	\$ 0.0222	\$ 0.0267	20.3%
	Total Percentage Change			20.5%

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CUSTOMER RATE CLASS	RATE COMPONENT	PRESENT RATE	PROPOSED RATE	PERCENT CHANGE
District Energy System Service Rate No. 114	Monthly Access Fee	\$ 1,475.00	\$ 1,810.00	22.7%
	Transmission (\$/Therm)	\$ 0.0435	\$ 0.0507	16.6%
	Distribution (\$/Therm)	\$ 0.0342	\$ 0.0415	21.4%
Total Percentage Change				18.8%

The rate changes by customer class shown above are for informational purposes only, as the final approved rate design may change the rates for each customer class and for each consumption level.

18. The Commission has not decided if NMGC's Application should be approved. The Commission has commenced this case to test NMGC's evidence and analyses to determine if NMGC's Application should be approved as presented, modified, or denied in whole or in part.

19. **ANY PERSON WITH A DISABILITY REQUIRING ACCOMODATION TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT 505-827-8019 AT LEAST 14 DAYS PRIOR TO THE COMMENCEMENT OF THE HEARING.**

ISSUED under the seal of the Commission at Santa Fe, New Mexico this 8th day of November 2023.

NEW MEXICO PUBLIC REGULATION COMMISSION



Elizabeth C. Hurst

Elizabeth C. Hurst
Hearing Examiner
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