Timothy S. Lyons

Direct Testimony and Exhibits

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 TO ADVICE NOTICE NO. 96	)	**Case No. 23-00255-UT**
NEW MEXICO GAS COMPANY, INC.	)	
Applicant.	)	

DIRECT TESTIMONY AND EXHIBITS

OF

TIMOTHY S. LYONS

September 14, 2023

DIRECT TESTIMONY OF
TIMOTHY S. LYONS
NMPRC CASE NO. 23-00255-UT

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DIRECT TESTIMONY OF
TIMOTHY S. LYONS
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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Timothy S. Lyons. My business address is 3 Speen Street, Suite 150, Framingham, Massachusetts 01701.

Q. IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am a Partner with ScottMadden, Inc.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

A. I have more than 30 years of experience in the energy industry. I started my career in 1985 at Boston Gas Company, eventually becoming Director of Rates and Revenue Analysis. In 1993, I moved to Providence Gas Company, eventually becoming Vice President of Marketing and Regulatory Affairs. Starting in 2001, I held several management consulting positions in the energy industry, first at KEMA and then at Quantec, LLC. In 2005, I became Vice President of Sales and Marketing at Vermont Gas Systems, Inc. before joining Sussex Economic Advisors, LLC ("Sussex") in 2013. Sussex was acquired by ScottMadden in 2016.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I hold a bachelor's degree from St. Anselm College, a master's degree in economics from The Pennsylvania State University, and a master's degree in business administration from Babson College.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of New Mexico Gas Company, Inc. ("NMGC" or the "Company").

Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION ("NMPRC OR THE "COMMISSION")?

A. No. I have sponsored testimony before 25 other regulatory commissions. A summary of my testimony experience is included in NMGC Exhibit TSL-1.

II. PURPOSE OF DIRECT TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my Direct Testimony is to sponsor the Company's proposed access fees and transmission and distribution charges. My Direct Testimony includes: (a) a list of the 17.10.630 NMAC schedules ("Rule 630 Schedules") and exhibits I am sponsoring; (b) a description of the current rate classes; (c) the Fully Allocated Cost of Service Study ("FACOS") study; (d) development of the proposed class revenue targets, rate design, and customer bill impact analysis; and (e) support for continuation of Rate Rider No. 8 – the Company's Weather Normalization Adjustment ("WNA") Mechanism.[1]

[1] The WNA Mechanism is described in the Company's Rule No. 29: https://www.nmgco.com/userfiles/files/PDF%20Rate%20Rider%20No.%208%20Details.pdf

Q. WHICH 630 SCHEDULES ARE YOU SPONSORING?

A. I am sponsoring the following 630 schedules.

630 Schedule	Description
A-2	Summary of Revenue Increase or Decrease at the Proposed Rates by Rate Class
K-1	Gas Operating Revenues and Sales Volumes
L-1	Allocation of Rate Base – Jurisdictional
L-2	Allocation of Rate Base – Functional Classification
L-3	Allocation of Rate Base – Demand, Commodity, and Customer
L-4	Allocation of Rate Base to Rate Classes
L-5	Allocation of Total Expenses – Jurisdictional
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L-7	Allocation of Total Expenses – Demand, Commodity, and Customer
L-8	Allocation of Total Expenses to Rate Classes
L-9	Allocation of Total Revenue – Jurisdictional
L-10	Allocation of Total Revenue – Demand, Commodity, and Customer
L-11	Allocation of Total Revenue to Rate Classes
M-1	Allocated Cost Per Billing Unit of Demand, Commodity, and Customer
N-1	Allocation Factors Used to Assign Items of Plant and Expenses to the Various Rate Classes
N-2	Classification Factors Used to Assign Items of Plant and Expenses to Demand, Commodity, and Customer Components
N-3	Demand and Commodity Loss Factors
O-1	Rate of Return by Rate Classification
P-1	Total Revenue Requirements by Rate Classification
P-2	Proof of Revenue Analysis
P-3	Comparison of Rates for Service Under the Present and Proposed Schedules
P-4	Explanation of Proposed Changes to Existing Rate Schedules
Q-5	Customer Information
Q-6	Weather Data

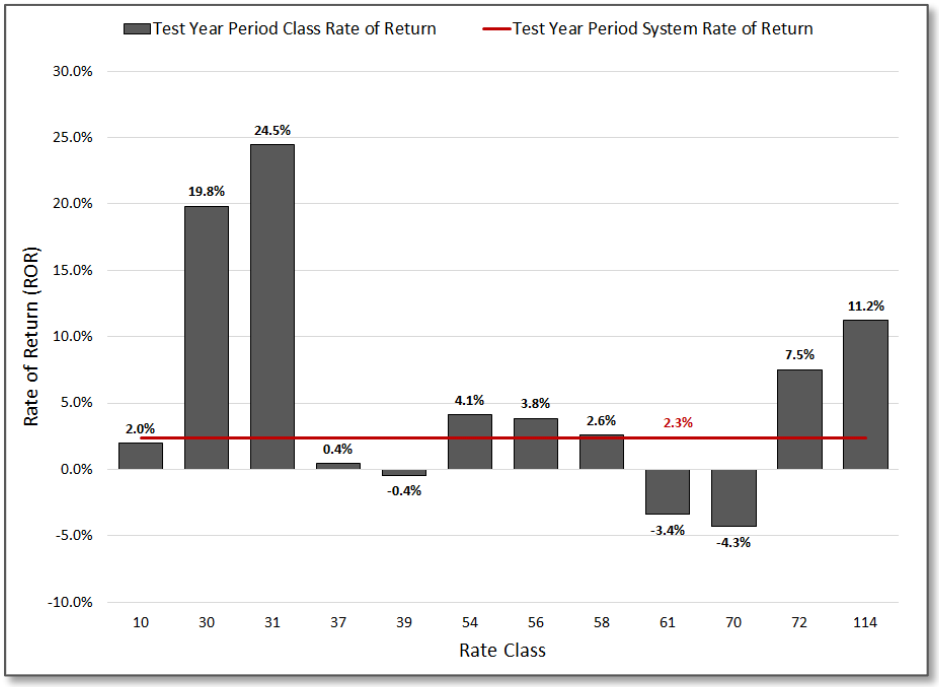
Q. HAVE YOU PREPARED EXHIBITS SUPPORTING YOUR DIRECT TESTIMONY?

A. Yes. My testimony is supported by the exhibits in the List of Exhibits (above). The Exhibits were prepared by me or under my direction.

Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

A. The results of the Company's FACOS study show differences in class rates of return ("ROR") at current base rates for each rate class as compared to the system or overall ROR, as shown in Figure 1 (below).

Figure 1: FACOS Study Results[2]



[2] The Figure is contained in the Company's workpaper, "FACOS Rate Design_vFinal.xlsx".

Figure 1 compares class RORs to the system or overall ROR at current base rates. The Figure shows certain rate classes yield an ROR below the system ROR of 2.3 percent, while other rate classes yield RORs above the system ROR. The FACOS study was used as a guide to develop the proposed base rates.

The proposed base rates reflect three important rate design principles: (a) rates should recover the overall cost of providing service; (b) rates should be fair in that each rate class should recover the costs caused by that customer class, minimizing inter- and intra-class inequities to the extent possible; and (c) rate changes should be tempered by rate continuity concerns. Because these principles can conflict, the proposed rate design reflects a level of judgment to balance these principles.

The results of the FACOS study support a movement toward a more equitable rate structure where class RORs move closer to the system ROR. However, in this case the proposed movement to the system ROR was limited to address customer bill impact considerations.

The Company developed proposed base rates for each rate class based on the following process. First, the Company proposed increases in the access fees, consistent with underlying customer costs. The proposed access fees better reflect recovery of customer costs, subject to bill continuity considerations. Class revenue targets not recovered in the access fees were then recovered through per therm transmission and distribution charges.

In general, the proposed transmission and distribution charges, respectively, better reflect recovery of transmission and distribution costs, subject to bill continuity considerations.

The Company prepared customer bill impacts to evaluate the effect of the proposed base rate changes, as shown in NMGC Exhibit TSL-9. The customer bill impacts included other applicable charges and fees to reflect the overall impact of the proposed changes.[3]

Overall, the proposed base rates increase monthly bills for a residential customer using 90 therms per month by $8.99, or 9.20 percent. 90 therms represent the average monthly usage for residential customers during the peak months of November through March.

The proposed base rates increase monthly bills for a residential customer using 25 therms per month by $4.98, or 15.80 percent. 25 therms represent the average monthly usage for residential customers during the off-peak months of April through October.

The proposed base rates increase monthly bills for a residential customer using 53 therms per month by $6.71, or 11.2 percent. 53 therms represent an approximate average of monthly usage for residential customers during January through December. The customer bill impacts are presented in NMGC Exhibit TSL-9.

Q. HOW IS THE REMAINING PORTION OF YOUR TESTIMONY ORGANIZED?

A. The remaining portion of my testimony is organized into the following sections.

[3] Other charges and fees include: (1) weighted average Cost of Gas of $0.5403 per therm in peak period (November through March), $0.3396 per therm in off-peak period (April through October), and $0.4781 per therm on annual basis; (2) Rate Rider 15 of $0.0304 per therm; (3) Pipeline Safety Fee of $0.0800 per month; (4) Franchise Fee of 3.000 percent; and (5) Gross Receipts Tax of 7.625 percent.

- Section III provides an overview of the Company's current rate classes.
- Section IV describes development of the FACOS study.
- Section V provides an overview of the rate design process.
- Section VI describes development of the proposed revenue targets, rate design, and customer bill impacts.
- Section VII supports continuation of the WNA.

III. OVERVIEW OF CURRENT RATE CLASSES

Q. PLEASE DESCRIBE THE COMPANY'S SERVICE AREA.

A. NMGC is a regulated gas utility providing gas service throughout New Mexico. The Company provides gas service to approximately 545,000 residential, commercial, and industrial customers.

Q. PLEASE DESCRIBE THE COMPANY'S RATE CLASSES.

A. Customers are presently served under one of the following rate schedules based on type of service.[4]

- Residential customers are served under Rate No. 10 – Residential Services ("Rate 10").
- Commercial and industrial ("C&I") customers are served primarily under one of three general service rate schedules based on annual usage.

[4] NMGC's rates are available on their website at: https://www.nmgco.com/en/Rates

- C&I customers whose annual usage is less than 200,000 therms per year are served under Rate No. 54 – Small Volume General Service ("Rate 54").
- C&I customers whose annual usage is between 200,000 therms and 2,000,000 therms are served under Rate No. 56 – Medium Volume General Service ("Rate 56").
- C&I customers whose annual usage is equal to or greater than 2,000,000 therms are served under Rate No. 58 – Large Volume-General Service ("Rate 58").

Residential (Rate 10) and general service (Rates 54, 56 and 58) customers represent a significant portion of the Company's customers, deliveries, and base rate revenues, as shown in Figure 2 (below).

The Company also serves customers having specific end uses under one of the following tariff rate schedules.

- Rate No. 30 - Irrigation Service ("Rate 30")
- Rate No. 31 - Water and Sewage Pumping ("Rate 31")
- Rate No. 35 – Cogeneration Service ("Rate 35")
- Rate No. 37 - Gas Air Conditioning ("Rate 37")
- Rate No. 39 - Compressed Natural Gas Vehicle Fuel ("Rate 39")
- Rate No. 61 - Sale for Resale ("Rate 61")
- Rate No. 70 – Transportation Service ("Rate 70")
- Rate No. 72 – Compressor Fuel Service ("Rate 72")

- Rate No. 114 - District Energy System Service ("Rate 114").

The Company provides transportation service to customers who purchase their gas supply from third-party suppliers under Rate 70. Rate 70 includes terms and conditions for transportation service for both off-system and on-system customers; however, the base rate charges for on-system customers are based on the applicable rate schedules discussed above. When I refer to Rate 70 in my materials, I am referencing only the off-system service and customers.

Q. PLEASE PROVIDE A BREAKDOWN BY RATE CLASS OF THE COMPANY'S CUSTOMERS, DELIVERIES, AND REVENUES.

A. Figure 2 (below) provides a breakdown by rate class of the Company's customers, deliveries, and base rate revenues at current rates for the test year October 1, 2024 through September 30, 2025.

Figure 2: Customers and Deliveries[5]

Rate Class	Customers	Customers %	Deliveries Thousand Therms	Deliveries %	Current Revenues	Revenues %	Revenues per Customer
Residential (Rate 10)	511,444	92.43%	319,098	42.83%	$ 162,202,994	75.14%	$ 317
Irrigation (Rate 30)	456	0.08%	8,581	1.15%	670,593	0.31%	1,472
Water and Sewer Pumping (Rate 31)	15	0.00%	200	0.03%	38,070	0.02%	2,538
Gas Air Conditioning (Rate 37)	1	0.00%	61	0.01%	2,596	0.00%	2,596
CNG Vehicle Fuel (Rate 39)	9	0.00%	3,067	0.41%	165,278	0.08%	18,364
Small General Service (Rate 54)	41,246	7.45%	157,012	21.07%	38,578,969	17.87%	935
Medium General Service (Rate 56)	105	0.02%	44,604	5.99%	4,908,892	2.27%	46,751
Large General Service(Rate 58)	9	0.00%	65,322	8.77%	5,190,415	2.40%	576,713
Sales for Resale (Rate 61)	6	0.00%	8,781	1.18%	417,805	0.19%	69,634
Offsystem Transportation (Rate 70)	4	0.00%	88,626	11.89%	1,976,562	0.92%	494,141
Compressor Fuel (Rate 72)	24	0.00%	40,254	5.40%	964,972	0.45%	40,207
District Energy System (Rate 114)	1	0.00%	9,498	1.27%	752,512	0.35%	752,512
Total	553,319	100.00%	745,105	100.00%	$ 215,869,660	100.00%	$ 390

[5] The Figure is contained in the Company's workpaper, "Testimony Figures.xlsx".

Figure 2 shows the residential Rate 10 rate class represents 92.43 percent of the Company's customers. By comparison, the small general service Rate 54 rate class represents 7.45 percent of customers.

The Figure also shows variations in annual revenues per customer among the rate classes. Residential Rate 10 revenues per customer, for example, are $317.00 per year, while large general service Rate 58 revenues per customer are $576,713 per year.

Figure 3 (below) shows monthly deliveries by rate class as a percentage of peak month (January) deliveries. Figure 3 shows deliveries vary seasonally for certain rate classes.

Figure 3: Monthly Deliveries as % of System Peak Month (January)[6]

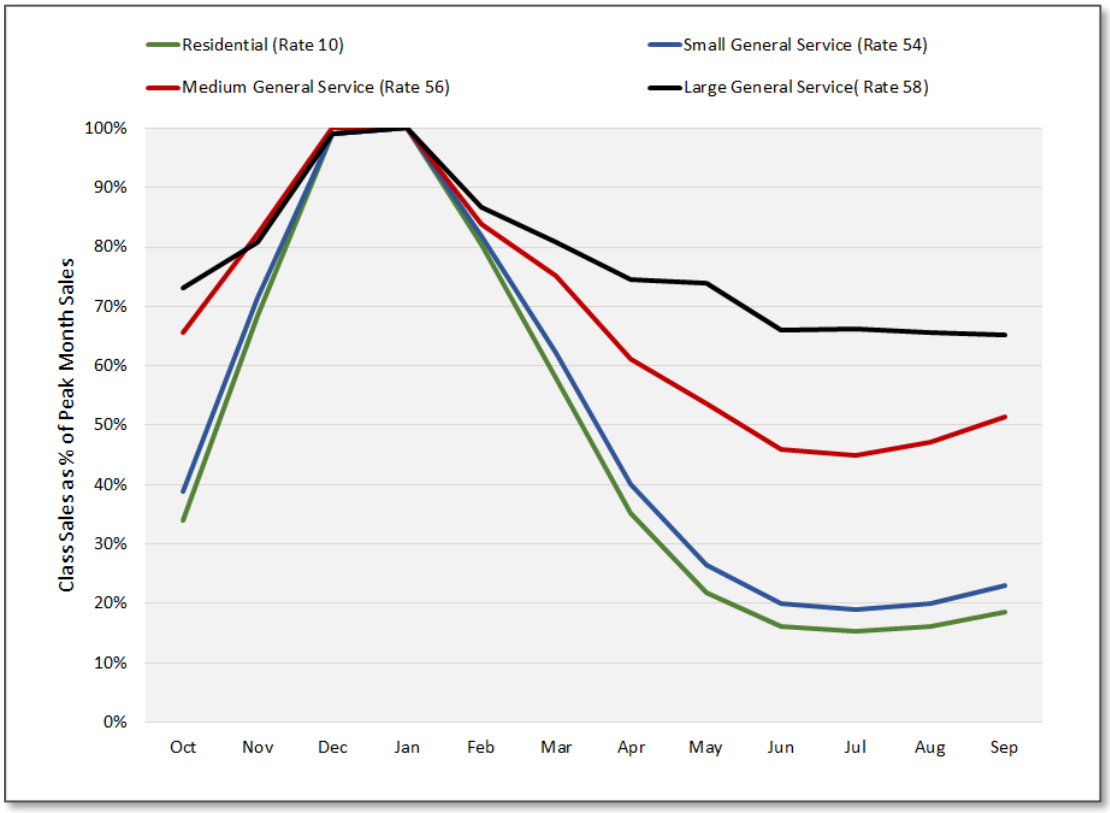


Figure 3 shows residential Rate 10 rate class deliveries, for example, have a seasonal load pattern, with deliveries increasing during the winter months, reflecting heating use. Large general service Rate 58 rate class deliveries, by comparison, have a relatively consistent pattern throughout the year, with only a slight increase in the winter months, reflecting water heating, cooking, and process use. Demand differences, as discussed below, have implications on the allocation of costs in the FACOS study.

[6] The Figure is contained in the Company's workpaper, "Testimony Figures.xlsx".

Q. PLEASE DESCRIBE THE EXISTING RATE DESIGN FOR RESIDENTIAL RATE 10 CUSTOMERS.

A. The existing rate design for residential Rate 10 customers includes two types of base rate charges that are intended to recover the Company's non-gas revenue requirements. Presently, residential Rate 10 base rates consist of a $12.40 monthly access fee and a usage or delivery charge that is $0.2714 per therm. The delivery charge consists of a functional charge of $0.1053 for transmission service and $0.1661 per therm for distribution service.

Access fees are applied per customer per month. Transmission and distribution charges are applied to monthly therm usage.

The access fees are considered fixed charges because customer bills and Company revenues do not change based on customer usage. The transmission and distribution charges are considered variable charges because customer bills and Company revenues change based on customer usage.

Q. DO THE GENERAL SERVICE RATE SCHEDULES (RATES 54, 56, AND 58) HAVE A SIMILAR RATE STRUCTURE?

A. Yes. The Company's general service rate schedules have a similar rate structure consisting of access fees and transmission and distribution charges.

IV. FACOS STUDY

Q. WHAT IS THE PURPOSE OF A FACOS STUDY?

A. The purpose of a FACOS study is to allocate a utility's overall cost of service to each rate class in a manner that reflects its underlying cost of service. This approach is well established in industry literature.[7]

Q. WHAT APPROACH WAS USED TO DEVELOP THE FACOS STUDY IN THIS RATE CASE FILING?

A. The approach used to develop the FACOS study in this rate case filing was based on three steps. First, costs were functionalized or assigned into functional categories. Next, functionalized costs were classified into one of three cost drivers, based on whether the costs are related to: (1) serving peak demands, (2) serving energy demands, or (3) meeting customer service requirements. Finally, classified costs were allocated to each rate class based on methods that best reflect how the costs were incurred.

The three steps were performed using two types of assignments: direct assignment and indirect assignment. Direct assignments utilized the Company's financial and plant records to assign plant investments and expenses to specific functions, classifications, and rate classes. Indirect assignments utilized composite allocators based on direct and indirect assignments developed during the functionalization, classification, and allocation process.

[7] See Principles of Public Utility Rates by James C. Bonbright.

Q. WHAT IS FUNCTIONALIZATION?

A. Functionalization is the process of assigning rate base and expense items into operational components. The functionalization of costs in the FACOS study was based on the Company's accounting records and cost of service study, which are maintained in accordance with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USOA").

Q. WHAT IS CLASSIFICATION?

A. Classification is the process of assigning rate base and expense items into categories that reflect cost-causation. There are three primary causes or drivers of costs related to the gas system:

- Customer-related – costs that vary with the number of customers, such as costs associated with connecting customers to the gas system and providing basic customer services, such as metering and billing;
- Demand-related – costs that vary with customer usage at the time of the system peak demand; and
- Energy-related – costs that vary with energy usage, such as the cost of gas.

Classification factors used in the FACOS study are included in Rule 630 Schedule N-2.

Q. WHAT IS ALLOCATION?

A. Allocation is the process of assigning rate base and expense items to each rate class based on allocators that best reflect how the costs were incurred. In other words, cost allocation

should follow how costs were incurred. Allocation factors used in the FACOS study are included in NMGC Exhibit TSL-5.

Q. WHAT TYPES OF ALLOCATORS WERE USED TO DEVELOP THE FACOS STUDY?

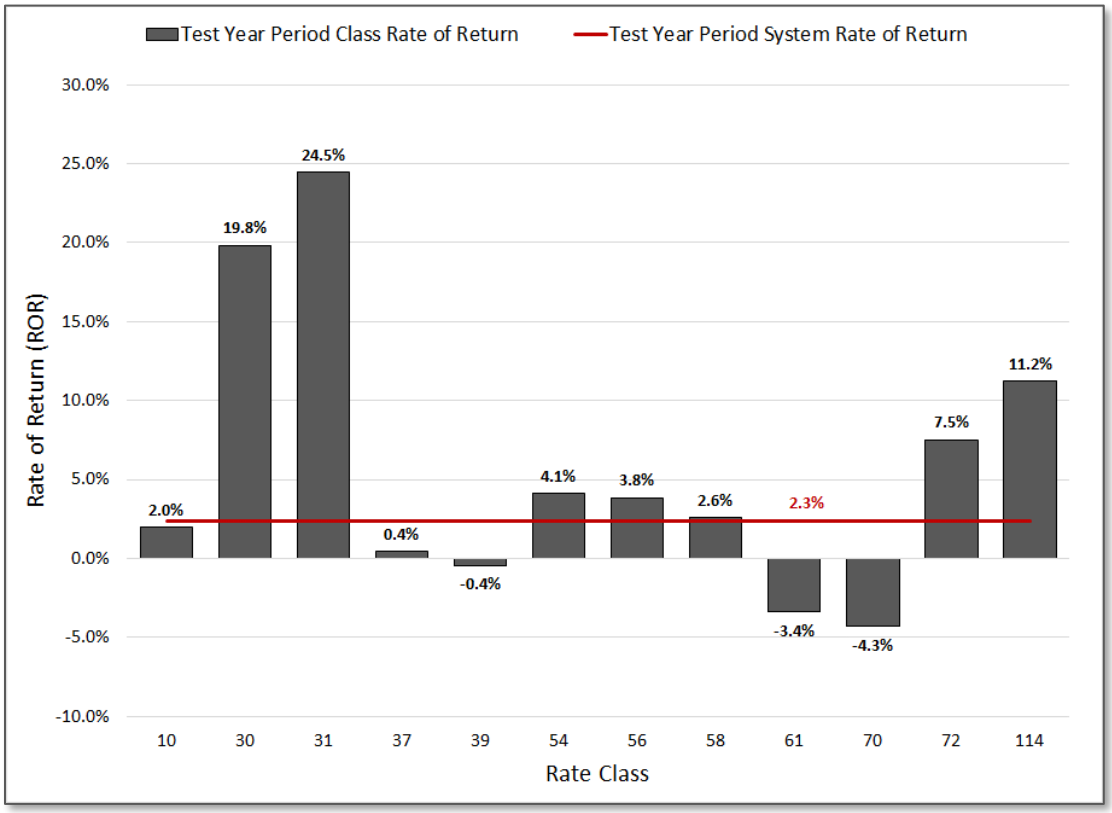
A. Three types of allocators were used to develop the FACOS study:

1. Class determinants – class characteristics, such as number of customers, peak demands, annual deliveries, and revenues by rate class;
2. Special studies – detailed analysis of specific plant or expense items, such as meters and services; and
3. Indirect – composite allocators based on how other costs were allocated.

Q. WHAT APPROACH WAS USED TO DEVELOP THE FACOS STUDY FOR THIS RATE CASE FILING?

A. The FACOS study was based on a spreadsheet model developed specifically for this rate case filing, as included in NMGC Exhibit TSL-3. Rate base and expense items in the FACOS study were assigned to each rate class based on the three-step process described above. The results of the FACOS study are shown in Figure 1 (replicated below).

Figure 1: FACOS Study Results (Replicated)



The results of the FACOS study summarized in NMGC Exhibit TSL-2.

Q. WHAT CONCLUSIONS CAN BE REACHED WHEN A RATE CLASS YIELDS A ROR THAT IS LOWER OR HIGHER THAN THE SYSTEM OR OVERALL ROR?

A. If a rate class yields a ROR that is lower than the system or overall ROR, then the revenues recovered from the rate class are less than its cost of service. Conversely, if a rate class yields a ROR that is higher than the system ROR, then the revenues recovered from the rate class are more than its cost of service. As discussed below, the FACOS study results were used as a guide to establish revenue targets for each rate class, subject to bill

continuity concerns, that move the Company's proposed rates in aggregate closer to the system ROR to achieve more fair and equitable rates across rate classes.

Q. WHAT DATA WAS USED TO PREPARE THE FACOS STUDY?

A. The FACOS study was based on the Company's Future Test Year data for October 1, 2024 through September 30, 2025. The FACOS study includes the number of customers, deliveries, and revenues by rate class, as included in NMGC Exhibit TSL-4.

The FACOS study includes rate base items, including intangible plant, transmission, distribution, and general net plant-in-service, working capital (e.g., materials and supplies) as well as additions to rate base (e.g., rights of way) and reductions to rate base (e.g., customer deposits). The FACOS study also includes operations and maintenance ("O&M") expenses, including other gas supply expenses, transmission, distribution, customer accounting, sales, and administrative and general expenses as well as depreciation expense, income taxes other than income, such as payroll and property taxes, miscellaneous expense (e.g., interest on customer deposits), income taxes and revenue tax. The FACOS study also includes revenue credits.

Q. WHAT WAS THE APPROACH TO FUNCTIONALIZE COSTS IN THE FACOS STUDY?

A. As discussed earlier, functionalization is an important first step in development of the FACOS study. The functionalization process in this study generally followed the USOA.

Specifically, the overall cost of service was functionalized into one of the following categories:

- Intangible - investments associated with the Company's intangible plant. These include intangible plant, accumulated depreciation, and depreciation expense.
- Transmission - investments and expenses associated with the Company's transmission facilities. These include transmission plant, accumulated depreciation, depreciation expenses, and related O&M expenses.
- Distribution – investments and expenses associated with the Company's distribution facilities. These include distribution plant, accumulated depreciation, depreciation expenses, and related O&M expenses.
- General - investments and expenses associated with the Company's general plant facilities. These include general plant, accumulated depreciation, depreciation expenses, and related expenses.

Q. WHAT WAS THE APPROACH TO CLASSIFY COSTS IN THE FACOS STUDY?

A. The FACOS study classified costs into one of the following two categories:

- Customer – costs associated with customer access to the gas distribution system as well as on-going customer services, such as meter reading and billing services.
- Demand – costs associated with peak demand requirements.

Q. WHAT WAS THE APPROACH TO CLASSIFY TRANSMISSION PLANT?

A. Transmission plant was classified as demand to reflect transmission mains are designed to meet customer average daily and design day demands.[8]

Q. WHAT WAS THE APPROACH TO CLASSIFY DISTRIBUTION PLANT?

A. Distribution plant represents the largest portion of the Company's investment in utility plant. The classification of distribution mains – the largest portion of distribution plant – reflects two cost drivers. The first cost driver is number of customers. Distribution mains are designed to provide customers access to the natural gas system. The second driver is customer demands. Distribution mains are designed to meet average daily and design day demands.

The classification of distribution mains in this rate case reflects a refinement to the approach in the prior rate case. Specifically, the Company in this rate case classified distribution mains into customer and demand based on an average of two recognized approaches to classify distribution main: (1) the zero-inch or zero-intercept method, and (2) the minimum system method. Both methods are recognized by the National Association of Regulated Utility Commissions ("NARUC"). NARUC states,

> "One argument for inclusion of distribution related items in the customer cost classification is the 'zero or minimize size main theory.' This theory assumes that there is a zero or minimum size main necessary to connect the

[8] Design day demand is the highest estimated gas demand for a 24-hour period and is used as a basis for designing the capacity of the transmission and distribution system.

customer to the system and thus affords the customer an opportunity to take service as he so desires.

Under the minimum size main theory, all distribution mains are priced out at the historical unit cost of the smallest main installed in the system, and assigned as customer costs. The remaining book cost of distribution mains is assigned to demand. The zero-inch main method would allocate the cost of a theoretical main of zero-inch diameter to the customer function, and allocate the remaining costs associated with mains to demand."[9]

Previously, distribution mains were classified based only on the minimum system method.

Q. WHAT IS THE ZERO-INCH OR ZERO-INTERCEPT METHOD?

A. The zero-inch or zero-intercept method represents the cost of connecting customers to the distribution system with a hypothetical "zero-size" main. The method is based on a regression analysis that examines the relationship between distribution main sizes and their average costs. The regression analysis produces an intercept that represents the average cost of a theoretical zero-inch distribution main, or a distribution main that serves no demand. Zero-inch main costs are classified as customer, while costs in excess of the zero-inch main costs are classified as demand.

Q. HOW WAS THE ESTIMATED COST OF A ZERO-INCH MAIN DETERMINED?

[9] NARUC Gas Distribution Rate Design Manual, pgs. 22-23.

A. The estimated cost of a zero-inch main was based on a regression analysis of distribution main sizes and their average costs. The regression analysis produced an intercept that represented the average cost ($ per foot) of a theoretical zero-inch distribution main. Multiplying the average cost of a zero- inch main by the actual number of feet in the system yielded a theoretical cost of a system comprised of zero-inch mains. The customer portion of distribution mains was calculated as the ratio of the cost of a zero-inch main to the total cost of all mains.

Q. WHAT WERE THE RESULTS OF THE ZERO-INCH METHOD?

A. The results of the zero-inch method show the customer portion of the mains investment is 48.43 percent, as shown in Figure 4 (below).

Figure 4: Results of Zero-Inch Method[10]

Type	Total Type Footage	Zero-Int. Cost per Foot	Cost of Minimum System
PLASTIC	35,740,529	$ 7.06	$ 252,264,797
STEEL	25,169,938	22.92	$ 576,991,239
Zero-Intercept System Costs			$ 829,256,036
Total Cost			$ 1,712,325,663
Zero-Intercept			48.43%

Figure 4 shows the estimated cost of a zero-inch plastic and steel main was $7.06 per foot and $22.92 per foot, respectively. Multiplying the estimated cost of a zero-inch main by the actual number of feet in the system yielded a theoretical cost of a system comprised of zero-inch mains of $829.3 million. The customer portion of distribution

[10] The Figure is contained in the Company's workpaper, "WP (Classifiers) – Mains.xlsx".

mains of 48.43 percent was calculated as the ratio of the cost of zero-inch mains of $829.2 million to the total cost of the mains system of $1,712.3 million. The demand portion of the total cost of the mains system was 51.57 percent.

Q. HOW WAS THE ESTIMATED COST OF A MINIMUM SIZE MAIN DETERMINED?

A. The estimated cost of a minimum size main was based on a two-inch plastic main, which is the smallest main commonly installed by the Company. Multiplying the estimated cost of two-inch plastic main by the actual number of feet in the system yielded the theoretical cost of a system comprised of two-inch mains. The customer portion of distribution mains was calculated as the ratio of the cost of a two-inch mains system to the cost of the total mains system.

Q. WHAT WERE THE RESULTS OF THE MINIMUM SIZE MAIN METHOD?

A. The results of the minimum size main method show the customer portion of the mains investment is 35.87 percent, as shown in Figure 5 (below).

Figure 5: Results of Minimum System Method[11]

Type	Total Type Footage	Min-Sys. Cost per Foot	Cost of Minimum System
PLASTIC	35,740,529	$ 10.09	$ 614,286,148
STEEL	25,169,938		
Minimum System Costs			$ 614,286,148
Total Cost			$ 1,712,325,663
Minimum System			35.87%

Figure 5 shows the estimated cost of a minimum size main is $614.3 million, which is based on the estimated cost of a two-inch plastic main and the actual number of feet in the system. The customer portion of distribution mains of 35.87 percent was calculated as the ratio of the cost of minimum size main of $614.3 million to the total cost of the mains of $1,712.3 million. The demand portion of the mains investment was 64.13 percent.

Q. WHAT IS THE COMPANY'S RECOMMENDATION REGARDING THE CLASSIFICATION OF DISTRIBUTION MAIN?

A. The Company recommends classifying distribution mains in this proceeding as 42.15 percent customer and 57.85 percent demand. The proposed approach reflects an average of the zero-inch and minimum size system methods, as shown in Figure 6 (below).

[11] The Figure is contained in the Company's workpaper, "WP (Classifiers) – Mains.xlsx".

Figure 6: Proposed Classification of Distribution Mains[12]

Classification	Minimum System	Zero-Inch Zero-Intercept	Average
Customer	35.87%	48.43%	42.15%
Demand	64.13%	51.57%	57.85%

Q. WHAT WAS THE APPROACH TO CLASSIFY METERS AND SERVICES?

A. Services (Account 380) were classified as customer. Meters, Meter Installation, House Regulators and Industrial Measuring & Regulation (Accounts 380-385) were classified as customer.

Q. HOW WERE OTHER PLANT ITEMS CLASSIFIED?

A. Other plant items were similarly classified based on their underlying cost drivers. Rate base items not directly associated with one of the classification categories were classified through a composite classifier based on related costs.

Q. PLEASE DISCUSS THE CLASSIFICATION OF O&M EXPENSES.

A. Distribution O&M expenses were classified in a manner similar to the respective plant items. For example, distribution O&M expenses followed the classification of their respective plant accounts.

O&M expense items not directly associated with one of the classification categories were classified through an indirect composite classifier based on related costs.

[12] The Figure is contained in the Company's workpaper, "WP (Classifiers) – Mains.xlsx".

Q. PLEASE DESCRIBE THE ALLOCATION PROCESS USED IN DEVELOPING THE FACOS STUDY.

A. Costs were allocated to each rate class based on how costs are incurred to serve that class. In other words, for each component of cost, the Company developed an allocator that best reflects how costs are incurred.

Q. PLEASE DESCRIBE THE ALLOCATORS USED IN DEVELOPING THE FACOS STUDY.

A. The FACOS study was based on three types of allocators:

- Class determinants – class characteristics, such as number of customers, peak demands, deliveries, and revenues by rate class;
- Special studies – detailed analysis of specific plant or expense items, such as meters and service costs; and
- Indirect – composite allocators based on how other costs are allocated.

Allocation factors used in the FACOS study are included in NMGC Exhibit TSL-5.

Q. HOW WERE PLANT COSTS CLASSIFIED AS DEMAND ALLOCATED?

A. Plant costs classified as demand were allocated based on the Average and Peak (A&P) method. Plant costs classified as demand include transmission plant and the demand

portion of distribution mains, as discussed earlier. The A&P method is a recognized approach for allocating plant costs classified as demand.[13]

The allocator is based on each rate class's responsibility to the average day and peak day (or design day) demands of the system.

The average day portion of the allocator is based on each rate class's responsibility to the average daily demands on the system. The "Peak" portion of the allocator is based on each rate class's responsibility to the peak day (or design day) demands of the system. The "Average" portion is weighted by the system's load factor. The "Peak" portion is weighted by the remaining amount (1 minus the system load factor).

Q. HOW WAS METER PLANT ALLOCATED?

A. Meter plant was allocated to each rate class based on the results of a study that reflects the cost of meters serving each rate class. The allocator reflects the Company's estimate of meter and meter installation costs for each type of meter serving each rate class.

Q. HOW WAS SERVICE PLANT ALLOCATED?

A. Service plant was allocated to each rate class based on the results of a study that reflects the material and installation cost of a service line for each rate class. The allocator reflects

[13] NARUC Gas Distribution Rate Design Manual, p. 27 (June 1989)

the Company's estimate of service line and service line installation costs for each type of service line for each rate class.

Q. WHAT WAS THE PROCESS TO DEVELOP THE COMPOSITE ALLOCATORS?

A. There are several composite allocators developed internally based on the allocation of various plant investments and expenses. These are used to allocate cost items that cannot be readily categorized. For example, general plant is allocated based on the composite allocation of all other plant allocations.

Q. HOW WERE EXPENSES ALLOCATED TO EACH RATE CLASS?

A. Expenses were generally allocated to each rate class consistent with their respective plant accounts allocation method. Certain expenses, such as administration and general and payroll taxes, were allocated using a labor allocation.

Q. DOES THE UNIT COST OF SERVICE VARY ACROSS THE COMPANY'S RATE CLASSES?

A. Yes, the cost of service per customer and per therm (i.e., unit cost of service) varies across the Company's rate classes, as shown in Figure 7 (below).

Figure 7: Unit Cost of Service by Rate Class[14]

Rate Class	Revenue Requirements Per Customer	Per Therm
Residential (Rate 10)	$ 388	$ 0.62
Irrigation (Rate 30)	$ 1,007	$ 0.05
Water and Sewer Pumping (Rate 31)	$ 1,737	$ 0.13
Gas Air Conditioning (Rate 37)	$ 3,879	$ 0.06
CNG Vehicle Fuel (Rate 39)	$ 28,469	$ 0.08
Small General Service (Rate 54)	$ 1,082	$ 0.28
Medium General Service (Rate 56)	$ 56,511	$ 0.13
Large General Service(Rate 58)	$ 761,529	$ 0.10
Sales for Resale (Rate 61)	$ 164,698	$ 0.11
Offsystem Transportation (Rate 70)	$ 1,358,352	$ 0.06
Compressor Fuel (Rate 72)	$ 39,890	$ 0.02
District Energy System (Rate 114)	$ 632,012	$ 0.07

The Figure shows, for example, the unit per customer cost of service for residential Rate 10 is $388 per customer, while the unit cost of service for large general service Rate 58 is $761,529 per customer. By comparison, the unit per therm cost of service for residential Rate 10 is $0.62 per therm, while the unit cost of service for the large general service Rate 58 is $0.10 per therm.

Q. HOW ARE VARIATIONS IN THE UNIT COST OF SERVICE USED TO SUPPORT THE COMPANY'S RATE DESIGN?

A. Variations in the unit cost of service support the need for distinct rate classes and rates.

[14] The Figure is contained in the Company's workpaper, "Testimony Figures.xlsx".

V. OVERVIEW OF RATE DESIGN

Q. WHAT WERE THE PRINCIPLES USED TO GUIDE THE PROPOSED RATE DESIGN?

A. The proposed rate design was guided by several principles commonly used throughout the industry, including: (a) rates should recover the overall cost of providing service; (b) rates should be fair in that each rate class should recover the costs caused by that customer class, minimizing inter- and intra-class inequities to the extent possible; and (c) rate changes should be tempered by rate continuity concerns.

Because these principles can conflict, the proposed rate design reflects a level of judgment to balance these principles.

Q. HOW WERE THESE PRINCIPLES APPLIED IN THIS PROCEEDING?

A. First, rates were designed to recover the overall cost of service. This was done by developing access fees and delivery charges based on Future Test Year bills and deliveries. In addition, rates were designed to be fair and equitable. This was done by setting revenue targets for each rate class that reflect in aggregate a movement toward the system ROR based on the results of the FACOS study. Specifically, the results of the FACOS study show certain classes produce a ROR that is less than the system ROR. The proposed rate design moves the ROR closer to the system ROR. Another rate design objective is to moderate rate changes to address rate continuity concerns. This objective was considered while setting revenue targets and then again while setting rate elements.

Q. WHAT STEPS WERE TAKEN TO DEVELOP THE PROPOSED BASE RATES?

A. The first step to develop the proposed base rates was to establish the overall revenue requirement to be recovered from base rates. The next step was to set revenue targets for each rate class based on the results of the FACOS study, moderated by rate continuity concerns. Rates within each rate class were then designed to recover the revenue targets based on test year bills and deliveries. The class revenue targets are included in NMGC Exhibit TSL-6.

Q. WHAT IS THE TOTAL REVENUE REQUIREMENT THAT YOU USED AS A STARTING POINT?

A. To determine the total revenue requirement, I relied on the overall cost of service presented in the Direct Testimony of NMGC Witness Erik C. Buchanan, which indicates an overall revenue requirement of $265.2 million.

VI. PROPOSED RATE DESIGN

Q. WHAT WAS THE PROCESS TO ESTABLISH THE CLASS REVENUE TARGETS FOR EACH RATE CLASS?

A. The starting point for setting class revenue targets was first identifying the revenue changes needed to achieve an equal rate of return ("EROR") for each rate class. For certain rate classes that yield a ROR less than the system ROR, the proposed rate increases were higher

than the system average to move the classes closer to the system ROR; however, the movement to EROR for all rate classes was moderated by bill continuity concerns.

Specifically, to address bill continuity concerns the proposed revenue targets for each rate class were based on a 10.00 percent movement toward EROR, as shown in Figure 8 (below).

Figure 8: Proposed Class Revenue Targets[15]

Rate Class	Current Base Revenue	Revenue Requirement at EROR	Revenue Requirement at Equal % Increase	Proposed Base Revenues	Proposed Base Revenue Increase	Proposed Base Revenue Percent Change
(A)	(B)	(C)	(D)	(D)	(E)	(H)
Rate Class Revenues		10.0%				
Rate 10 - Residential	$ 162,202,994	$ 198,674,176	$ 199,001,711	$ 198,968,957	$ 36,765,963	22.7%
Rate 30 - Irrigation Service	670,593	458,889	822,730	786,346	115,752	17.3%
Rate 31 - Water and Sewer Pumping Service	38,070	26,051	46,707	44,641	6,571	17.3%
Rate 37 - Gas Air Conditioning Service	2,596	3,879	3,185	3,255	658	25.4%
Rate 39 - Compressed Natural Gas Vehicle Fuel	165,278	256,223	202,775	208,120	42,841	25.9%
Rate 54 - Small General Service	38,578,969	44,625,990	47,331,314	47,060,782	8,481,813	22.0%
Rate 56 - Medium General Service	4,908,892	5,933,696	6,022,564	6,013,678	1,104,785	22.5%
Rate 58 - Large General Service	5,190,415	6,853,757	6,367,956	6,416,536	1,226,121	23.6%
Rate 61 - Sales for Resale Service	417,805	988,186	512,592	560,151	142,346	34.1%
Rate 70 - Off-System Transportation	1,976,562	5,433,410	2,424,981	2,725,824	749,262	37.9%
Rate 72 - Compressor Fuel	964,972	957,372	1,183,893	1,161,241	196,269	20.3%
Rate 114 - District Energy System Service	752,512	632,012	923,233	894,111	141,599	18.8%
TOTAL Base Revenues	**$ 215,869,660**	**$ 264,843,641**	**$ 264,843,641**	**$ 264,843,641**	**$ 48,973,981**	22.7%
Other Revenues (Rate 18)	310,073	310,073	310,073	310,073	-	0.0%
TOTAL Revenues	**$ 216,179,733**	**$ 265,153,714**	**$ 265,153,714**	**$ 265,153,714**	**$ 48,973,981**	22.7%

Figure 8 shows revenue requirements for each rate class based on three approaches: (1) a full movement to EROR, (2) a uniform increase in revenues, and (3) a partial movement to EROR, which is the Company's proposal. A full movement to EROR would reduce inter-

[15] The Figure is contained in the Company's workpaper, "FACOS Rate Design_vFinal.xlsx".

class inequities but raise bill continuity concerns for certain classes, such as Off-System Transportation – Rate 70. A uniform increase would produce a more consistent increase across rate classes but not reduce inter-class inequities. The Company's proposed revenue targets reflect a partial movement to EROR of 10.00 percent.

The Company believes a 10.00 percent movement to EROR strikes an appropriate balance between moving to cost-based rates and addressing bill continuity considerations.

Q. WHAT WAS THE PROCESS TO DERIVE THE PROPOSED ACCESS FEE FOR RESIDENTIAL RATE 10?

A. The Company proposes to increase the access fee for residential Rate 10 customers from $12.40 per month to $15.50 per month, as shown in NMGC Exhibit TSL-8. The proposed access fees reflect a slight improvement in recovery of customer costs through access fees, subject to bill continuity considerations. Presently, the Company's access fees recover 47.46 percent of base rate revenues. The Company's proposed access fees recover 48.36 percent of base rate revenues.

While the results of the FACOS study support a higher Residential Rate 10 access fee, as shown in NMGC Exhibit TSL-7, the Company recommends a lower access fee to address bill continuity concerns among low-use customers. Specifically, the FACOS study shows residential Rate 10 customer costs are approximately $20.00 per month.

Q. WHAT WAS THE PROCESS TO DERIVE THE PROPOSED TRANSMISSION AND DISTRIBUTION CHARGES FOR RESIDENTIAL RATE 10?

A. The proposed transmission and distribution charges for residential Rate 10 were designed to recover the class revenue target not recovered through the access fee. The proposed transmission charge is $0.1253 per therm, and the proposed distribution charge is $0.2018 per therm. In general, the proposed transmission and distribution charges, respectively, reflect a slight improvement in recovery of transmission and distribution costs through transmission and distribution charges, subject to bill continuity considerations.

The current and proposed Residential access fees and transmission and distribution charges are included in NMGC Exhibit TSL-8.

Q. WHAT WAS THE PROCESS TO DERIVE THE ACCESS FEES AND TRANSMISSION AND DISTRIBUTION CHARGES FOR THE REMAINING RATE CLASSES?

A. The process to derive access fees and transmission and distribution charges for the remaining rate classes followed a similar process as residential Rate 10. First, the proposed monthly access fees reflect a slight improvement in recovery of customer costs through the access fees, subject to bill continuity considerations. Class revenue targets not recovered through the access fees were then recovered through the transmission and distribution charges. In general, the proposed transmission and distribution charges, respectively,

reflect a slight improvement in recovery of transmission and distribution costs through transmission and distribution charges, subject to bill continuity considerations.

The current and proposed access fees and transmission and distribution charges are included in NMGC Exhibit TSL-8.

Q. HAVE YOU EXAMINED THE IMPACT OF YOUR PROPOSED CHANGES IN BASE RATES ON CUSTOMERS FOR EACH RATE CLASS?

A. Yes. The Company prepared bill impact analyses for the residential and small, medium, and large C&I rate classes to evaluate the effect of the proposed base rate changes, as included in NMGC Exhibit TSL-9. The bill impact analyses include other applicable charges and fees to reflect the customer bill impact of proposed changes in base rates.[16]

Overall, the proposed base rates increase monthly bills for a residential customer using 90 therms per month by $8.99, or 9.20 percent. 90 therms represent the average monthly usage for residential customers during the peak months of November through March.

The proposed base rates increase monthly bills for a residential customer using 25 therms per month by $4.98, or 15.80 percent. 25 therms represent the average monthly usage for residential customers during the off-peak months of April through October.

[16] Other charges and fees include: (1) weighted average Cost of Gas of $0.5403 per therm in peak period (November through March), $0.3396 per therm in off-peak period (April through October), and $0.4781 per therm on annual basis; (2) Rate Rider 15 of $0.0304 per therm; (3) Pipeline Safety Fee of $0.0800 per month; (4) Franchise Fee of 3.000 percent; and (5) Gross Receipts Tax of 7.625 percent.

The proposed base rates increase monthly bills for a residential customer using 53 therms per month by $6.71, or 11.3 percent. 53 therms represent an approximate average of monthly usage for residential customers during January through December. The customer bill impacts are presented in NMGC Exhibit TSL-9.

VII. WEATHER NORMALIZATION ADJUSTMENT MECHANISM

Q. WHAT IS THE PURPOSE OF THE COMPANY'S WNA MECHANISM?

A. The Company's WNA Mechanism addresses the basic misalignment between the structure of the Company's costs and its rates. Utility costs are largely fixed and change very little (at least in the short run) with changes in usage levels. However, utility rates have a significant variable, or usage-based, component that changes revenues and cost recovery with changes in usage level.

The Company's WNA partially corrects for this misalignment by breaking or "decoupling" a portion of the link between revenues and usage by adjusting for differences between the Company's actual revenues and its authorized revenues that is related to weather. WNAs and other forms of revenue decoupling have been approved in numerous jurisdictions throughout the U.S., as discussed below.

Q. WHAT WERE THE CIRCUMSTANCES UNDER WHICH THE COMPANY'S WNA WAS APPROVED?

A. The Company's WNA Mechanism includes Rate Rider 8 which is governed by NMGC's Rule 29. The WNA Mechanism was approved as a "Pilot Program" by the Commission in Case No. 18-00038-UT as part of an uncontested stipulation. The term of the Pilot Program is five years, as summarized below.

- Year 1: October 1, 2019 through April 30, 2020
- Year 2: October 1, 2020 through April 30, 2021
- Year 3: October 1, 2021 through April 30, 2022
- Year 4: October 1, 2022 through April 30, 2023
- Year 5: October 1, 2023 through April 30, 2024

Q. WHICH RATE CLASSES ARE INCLUDED IN THE WNA?

A. The WNA Mechanism is applicable to residential Rate 10 and small general service Rate 54 rate classes. Rate 10 and Rate 54, as shown in Figure 3 (above), are the Company's most weather sensitive rate classes.

Q. WHAT ARE THE PRIMARY BENEFITS OF THE COMPANY'S WNA?

A. There are three primary benefits of the Company's WNA.

1. It partially corrects for the basic misalignment between utility rates and costs;
2. It helps stabilize utility cost recovery for variations due to weather; and
3. It helps stabilize customer bills for variations due to weather.

Q. HOW DOES THE WNA PARTIALLY CORRECT FOR THE BASIC MISALIGNMENT BETWEEN UTILITY COSTS AND RATES?

A. The Company's WNA Mechanism partially corrects for this misalignment by adjusting actual revenues to match the authorized revenues for that portion of the variation due to warmer or colder than normal weather.

Gas utilities incur three types of costs in providing service to customers:

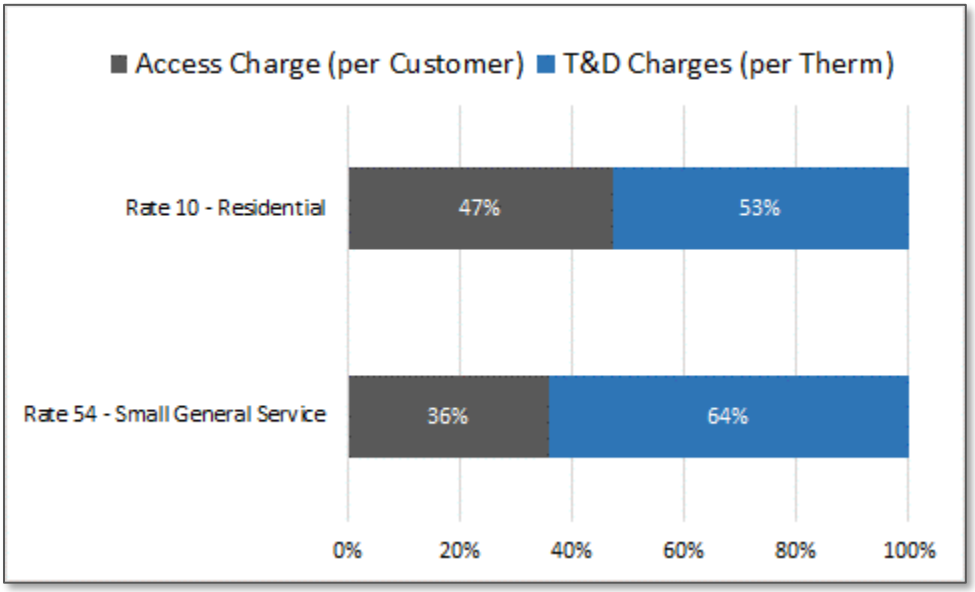
- Customer costs – such as meter, billing and a portion of distribution costs that generally vary by the number of customers;
- Demand-related costs – such as transmission and distribution costs that generally vary by demand; and
- Commodity-related costs – such as gas supply costs that generally vary by deliveries or usage.

Utility revenue requirements and rates are designed to recover all of these costs. However, a significant portion of the revenue requirement is recovered based on delivery charges that reflect an assumed level of usage at the time rates are established (i.e., rates are set based on an assumed level of usage that reflects normal weather). Thus, to the extent actual usage is significantly lower than the assumed level of usage in rates (due to warmer than normal weather, for example), utility rates recover less than the authorized revenue requirement. Conversely, to the extent actual usage is significantly higher than the assumed level of usage in rates (due to colder than normal weather, for example), utility rates recover more than the authorized revenue requirements.

Q. DO THE COMPANY'S CURRENT RATES EXHIBIT THIS MISALIGNMENT BETWEEN UTILITY COSTS AND RATES?

A. Yes. A significant portion of the Company's residential Rate 10 and small general service Rate 54 revenues are based on usage charges, as shown in Figure 9 (below).

Figure 9: Consumption Revenues as Percentage of Total Revenues[17]



The Figure shows 53.00 percent of residential Rate 10 base rate revenues are recovered through usage charges, and 64.00 percent of small general service Rate 54 base rate revenues are recovered through usage charges.

Q. HAS THE UTILITY INDUSTRY RECOGNIZED THE BENEFITS OF MECHANISMS THAT BREAK OR DECOUPLE THE LINK BETWEEN REVENUES AND USAGE?

[17] The Figure is contained in the Company's workpaper, "FACOS Rate Design_vFinal.xlsx".

A. Yes. Revenue decoupling mechanisms that break or decouple the link between revenues and usage are currently in effect in 37 jurisdictions across the U.S.[18] There are two basic forms of revenue decoupling:

- Partial or Limited Revenue Decoupling – this type addresses specific variances between actual and authorized revenues, such as the impact of weather or energy efficiency. The Company's WNA is a form of partial or limited decoupling. In addition, lost revenue or lost margin recovery mechanisms due to utility energy efficiency programs are another form of partial or limited decoupling.
- Full Revenue Decoupling – this type addresses the total variance between actual and authorized revenues. Variances can be measured based on total revenues, or revenues per customer ("RPC").

WNAs are currently in effect in 19 regulatory jurisdictions. Full revenue decoupling is currently in effect in an additional 18 regulatory jurisdictions.

Q. WHAT IS THE PROCESS IN THE COMPANY'S WNA MECHANISM TO DERIVE WEATHER-RELATED REVENUE VARIANCES?

A. Weather-related revenue variances are derived each month during the October through April winter heating season. The weather-related revenue variances for each month are determined by first calculating the difference between actual and normal heating degree days ("HDD") and then multiplying the difference by a degree day consumption factor for

[18] Adjustment Clauses: A state by state overview. S&P Global Market Intelligence. July 18, 2022. Data as of June 2022. Utility tariffs.

the month and a margin revenue factor included in NMGC Rule 29. A weather-related revenue "excess" occurs when actual HDDs are more than normal HDDs since the Company's authorized revenues are based on normal HDDs. A weather-related revenue "deficiency" occurs when actual HDDs are less than normal HDDs since the Company's authorized revenues are based on normal HDDs.

Monthly revenue excesses and deficiencies are then accumulated across the October through April heating season to derive the revenue excess to be refunded to customers or revenue deficiency to be recovered from customers in the following October through September period.

Q. HOW ARE REVENUE EXCESSES REFUNDED TO CUSTOMERS AND NET REVENUE DEFICIENIES RECOVERED FROM CUSTOMERS?

A. Revenue excesses are refunded to customers in the following October through September period through a $ per therm bill credit. The credit is based on the revenue excess and projected deliveries. Similarly, revenue deficiencies are recovered from customers in the following October through September period through a $ per therm bill charge. The charge is based on the revenue deficiency and projected deliveries.

The bill credits and bill charges are subject to reconciliation to the revenue excesses and deficiencies through a balancing account.

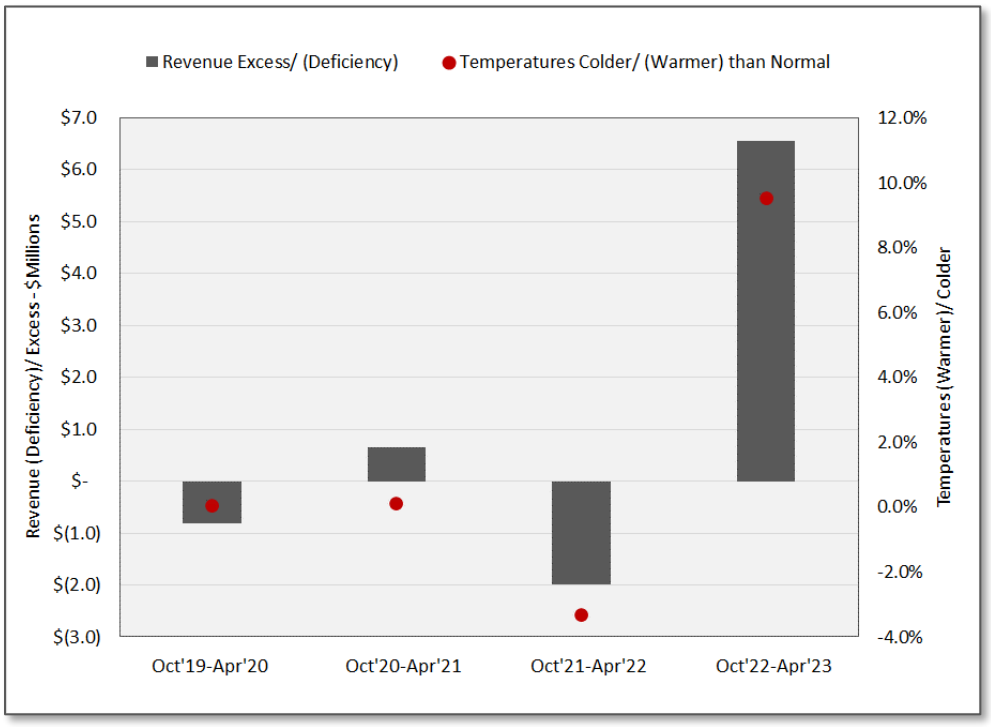
Q. IS THE WNA SUBJECT TO REPORTING REQUIREMENTS?

A. Yes. A WNA Factor Statement is filed annually with the Commission no later than June 30. This statement includes a Summary of the WNA Factors, and a determination of the rates that will be charged for the upcoming rate period including any balancing account adjustment factor. Additionally, the Company is required to file annually no later than December 31 a report that summarizes the revenue excesses and deficiencies as well as bill credits and charges that were recorded in the balancing account. The company also files monthly reports reflecting the company's best estimate of the rate impact of the WNA Mechanism.

Q. WHAT HAVE THE REPORTS SHOWN?

A. The reports show the WNA mechanism is working as intended, as summarized in Figure 10 (below).

Figure 10: Results of WNA[19]



The Figure shows the Company generally experiences revenue excesses during colder-than-normal weather and revenue deficiencies during warmer-than-normal weather. As discussed earlier, revenue excesses are refunded to customers via a bill credit, and revenue deficiencies are recovered from customers via a bill charge.

Q. WHAT IS THE COMPANY'S RECOMMENDATION FOLLOWING COMPLETION OF THE 5-YEAR TERM OF THE PILOT PROGRAM?

A. The Company recommends continuation of the WNA through Rate Rider No. 8 and Rule No. 29. The Pro Forma Third Revised Rule 29 is included with my Direct Testimony as NMGC Exhibit TSL-10. The WNA is working as intended, providing benefits to

[19] The Figure is contained in the Company's workpaper, "WP (WNA) – Analysis.xlsx".

customers through bill credits in colder-than-normal weather conditions (when actual revenues are higher than authorized revenues) and benefits to the Company through bill charges in warmer-than-normal weather conditions (when actual revenues are lower than authorized revenues).

VIII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

NMGC Exhibit TSL-1

Qualifications of Timothy S. Lyons

Summary of Qualifications

Tim Lyons is a partner with ScottMadden with more than 30 years of experience in the energy industry. Tim has held senior positions at several gas utilities and energy consulting firms. His experience includes rates and regulatory support, sales and marketing, customer service and strategy development. Prior to joining ScottMadden, Tim served as Vice President of Sales and Marketing for Vermont Gas. He has also served as Vice President of Marketing and Regulatory Affairs for Providence Gas Company, Director of Rates at Boston Gas Company, and Project Director at Quantec, LLC, an energy consulting firm.

Tim has sponsored testimony and evidence before 25 state regulatory commissions and 3 Canadian regulatory boards. Tim holds a B.A. from St. Anselm College, an M.A. in Economics from The Pennsylvania State University, and an M.B.A. from Babson College.

Areas of Specialization

- Regulation and Rates
- Retail Energy
- Utilities
- Natural Gas

Capabilities

- Regulatory Strategy and Rate Case Support
- Strategic and Business Planning
- Capital Project Planning
- Process Improvements

Articles and Speeches

- "Country Strong: Vermont Gas shares its comprehensive effort to expand natural gas service into rural communities." ***American Gas Association***, June 2011 (with Don Gilbert).
- "Talking Safety With Vermont Gas." ***American Gas Association***, February 2009 (with Dave Attig).
- "Consumers Say 'Act Now' To Stabilize Prices." ***Power & Gas Marketing***, September/ October 2001 (with Jim DeMetro and Gerry Yurkevicz).
- "Rate Reclassification: Who Buys What and When." ***Public Utilities Fortnightly***, October 15, 1991 (with John Martin).

Sponsor	Date	Docket No.	Subject
Regulatory Commission of Alaska			
Cook Inlet Natural Gas Storage Alaska, LLC	7/21	Docket No. U-21-058	Sponsored testimony supporting the lead-lag study/cash working capital requirement for a general rate case proceeding.
ENSTAR Natural Gas Company	06/16	Docket No. U-16-066	Adopted and sponsored testimony supporting a lead-lag study for a general rate case proceeding.
Arizona Corporation Commission			
Southwest Gas Corporation	12/21	Docket No. G-01551A-21-0368	Sponsored testimony supporting class cost of service, rate design and bill impact analysis for a general rate case proceeding.
Arkansas Public Service Commission			
Liberty Utilities (The Empire District Electric Company)	2/23	Docket No. 22-085-U	Sponsored testimony supporting the class cost of service, rate design, bill impact studies, and revenue decoupling for a general rate case proceeding.
Liberty Utilities (Pine Bluff Water)	10/18	Docket No. 18-027-U	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.
California Public Utilities Commission			
Bear Valley Electric Service, Inc.	10/22	Application No. 22-08-010	Sponsored testimony supporting marginal cost study, rate design and bill impact analysis for a general rate case proceeding.
Liberty Utilities (CalPeco Electric)	5/21	Application No. 21-05-017	Sponsored testimony supporting the lead-lag study/cash working capital, marginal cost study, rate design and bill impact analysis for a general rate case proceeding.
Southwest Gas Corporation (Southern California, Northern California, and South Lake Tahoe jurisdictions)	8/19	Application No. 19-08-015	Sponsored testimony on behalf of three separate rate jurisdictions supporting revenue requirements, lead-lag/ cash working capital, and class cost of service, rate design and bill impact analysis for a general rate case proceeding.
Connecticut Public Utilities Regulatory Authority			
Yankee Gas Company	07/14	Docket No. 13-06-02	Sponsored report and testimony supporting the review and evaluation of gas expansion policies, procedures and analysis.
Delaware Public Service Commission			
Artesian Water Company	04/23	Docket No. 23-0601	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.
Illinois Commerce Commission			
Ameren Illinois Company d/b/a Ameren Illinois	1/23	Docket No. 22-0487	Sponsored testimony supporting a Multi-Year Integrated Grid Plan (Grid Plan). Prepared research and analysis evaluating the reasonableness of the Grid Plan through comparison to how other electric utilities have responded to the changing energy landscape.
Liberty Utilities (Midstates Natural Gas)	07/16	Docket No. 16-0401	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony

Sponsor	Date	Docket No.	Subject
			includes proposal for new commercial classes and a decoupling mechanism.
Iowa Utilities Board			
Liberty Utilities (Midstates Natural Gas)	07/16	Docket No. RPU-2016-0003	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony includes proposal for new commercial classes.
Kansas Corporation Commission			
The Empire District Electric Company	12/18	Docket No. 19-EPDE-223-RTS	Sponsored testimony supporting cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.
Kentucky Public Service Commission			
Bluegrass Water Utility (Central States Water Company)	02/23	Case No. 2022-00432	Sponsored testimony supporting the rate design and bill impact studies for a general rate case proceeding.
Maine Public Utilities Commission			
Northern Utilities, Inc. d/b/a Unitil	05/23	Docket No. 2023-00051	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.
Maine Water Company	03/21	Docket No. 2021-00053	Sponsored testimony supporting a proposed rate smoothing mechanism.
Northern Utilities, Inc. d/b/a Unitil	06/19	Docket No. 2019-00092	Sponsored testimony supporting a proposed capital investment cost recovery mechanism.
Northern Utilities, Inc. d/b/a Unitil	06/15	Docket No. 2015-00146	Sponsored testimony supporting the proposed gas expansion program, including a zone area surcharge.
Maryland Public Service Commission			
The Potomac Edison Company (FirstEnergy)	03/23	Case No. 9695	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.
Sandpiper Energy, a Chesapeake Utilities company	12/15	Case No. 9410	Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony includes proposal for new residential and commercial classes.
Massachusetts Department of Public Utilities			
Berkshire Gas Company, Eversource Energy, Liberty Utilities, National Grid, and Unitil	03/22	Docket No. DPU 20-80	Sponsored report that summarizes research, findings, and recommendations for regulatory mechanisms, methodologies, and policies that support Massachusetts's achievement of its net zero climate goal by 2050. The regulatory designs were informed by the results of quantitative and qualitative analysis of decarbonization pathways to achieve the Commonwealth's climate goals.
Liberty Utilities (New England Gas Company)	08/20	Docket No. DPU 20-92	Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2020/2021 through 2024/2025.

Sponsor	Date	Docket No.	Subject
Eversource Energy, National Grid, and Unitil	02/20	Docket No. DPU 19-55	Sponsored report that summarizes research and evaluation of funding approaches for infrastructure modifications that interconnect Distributed Generation (DG) projects.
Liberty Utilities (New England Gas Company)	07/18	Docket No. DPU 18-68	Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2018/2019 through 2022/2023.
Liberty Utilities (New England Gas Company)	07/16	Docket No. DPU 16-109	Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2016/2017 through 2020/2021.
Boston Gas	10/93	Docket No. DPU 92-230	Sponsored testimony describing the Company's position regarding rate treatment of vehicular natural gas investments and expenses.
Boston Gas	03/90	Docket No. DPU 90-55	Sponsored testimony supporting the weather and other cost of service adjustments, rate design and customer bill impact studies for a general rate case proceeding.
Boston Gas	03/88	Docket No. DPU 88-67-II	Sponsored testimony supporting the rate reclassification of commercial and industrial customers for a rate design proceeding.
Michigan Public Service Commission			
Lansing Board of Water & Light and Michigan State University	04/23	Docket No. U-21308	Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.
Lansing Board of Water & Light and Michigan State University	04/20	Docket No. U-20650	Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.
Lansing Board of Water & Light and Michigan State University	04/19	Docket No. U-20322	Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.
Midland Cogeneration Ventures, LLC	09/18	Docket No. U-18010	Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.
Minnesota Public Utilities Commission			
Northern States Power Company (XcelEnergy)	10/21	Docket No. E002/GR-21-630	Sponsored testimony supporting a Return on Equity (ROE)adjustment mechanism that would allow the Company to symmetrically adjust its ROE to reflect significant changesin financial market conditions.
Missouri Public Service Commission			
Confluence Rivers Utility Operating Company	12/22	Case No. WR-2023-0006/ SR-2023-0007	Sponsored testimony supporting the rate design and bill impact studies for a general rate case proceeding.
The Empire District Gas Company	08/21	Docket No. GR-2021-0320	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.
The Empire District Electric Company	05/21	Docket No. ER-2021-0312	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.

Sponsor	Date	Docket No.	Subject
Spire Missouri, Inc.	12/20	Docket No. GR-2021-0108	Sponsored testimony supporting class cost of service, rate design, and lead-lag study proposals for a general rate case proceeding. The testimony also included support for a proposed revenue adjustment mechanism.
The Empire District Electric Company	08/19	Docket No. ER-2019-0374	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding. The testimony also included proposals for a weather normalization mechanism.
Liberty Utilities (Midstates Natural Gas)	09/17	Docket No. GR-2018-0013	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding. The testimony also included proposals for a revenue decoupling/ weather normalization mechanism as well as tracker accounts for certain O&M expenses and capital costs.
Missouri Gas Energy	04/17	Docket No. GR-2017-0216	Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The testimony included support for a decoupling mechanism.
Laclede Gas Company	04/17	Docket No. GR-2017-0215	Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The testimony included support for a decoupling mechanism.
Nevada Public Utilities Commission			
Southwest Gas Corporation	09/21	Docket No. 21-09001	Sponsored testimony supporting the class cost of service,rate design, bill impact and Lead/Lag studies for a general rate case proceeding.
Southwest Gas Corporation	02/20	Docket No. 20-02023	Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.
New Hampshire Public Utilities Commission			
Unitil (Northern Utilities, Inc.)	8/21	Docket No. DG 21-104	Sponsored testimony supporting a revenue decoupling mechanism.
Unitil Energy Systems, Inc.	4/21	Docket No. DE 21-030	Sponsored testimony supporting a revenue decoupling mechanism.
Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities	11/17	Docket No. DG 17-198	Sponsored testimony supporting a levelized cost analysis for approval of firm supply and transportation agreements.
Liberty Utilities d/b/a Granite State Electric Company	04/16	Docket No. DE 16-383	Adopted testimony and sponsored Lead/Lag study for a general rate case proceeding.
New Jersey Board of Public Utilities			
Jersey Central Power and Light Company (FirstEnergy)	03/23	Docket No. ER23030144	Sponsored testimony supporting the class cost of service and Lead/Lag studies for a general rate case proceeding.

Sponsor	Date	Docket No.	Subject
South Jersey Gas Company	04/22	Docket No. GR22040253	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Elizabethtown Gas Company	12/21	Docket No. GR21121254	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
South Jersey Gas Company	03/20	Docket No. GR20030243	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Elizabethtown Gas Company	04/19	Docket No. GR19040486	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company	08/16	Docket No. GR16090826	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Corporation Commission of Oklahoma			
The Empire District Electric Company	02/21	Cause No. PUD 202100163	Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The proposed rate design included a three-year phase-in of the proposed rate increase.
The Empire District Electric Company	03/19	Cause No. PUD 201800133	Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.
The Empire District Electric Company	04/17	Cause No. PUD 201600468	Adopted direct testimony and sponsored rebuttal testimony supporting the revenue requirements for a general rate case proceeding. The testimony included proposals for alternative ratemaking mechanisms.
Rhode Island Public Utilities Commission			
Providence Gas Company	08/01 09/00 08/96	Docket No. 1673	Sponsored testimony supporting the changes in cost of gas adjustment factor related to projected under-recovery of gas costs; Filed testimony and witness for pilot hedging program to mitigate price risks to customers; Filed testimony and witness for changes in cost of gas adjustment factor related to extension of rate plan.
Providence Gas Company	08/00	Docket No. 2581	Sponsored testimony supporting the extension of a rate plan that began in 1997 and included certain modifications, including a weather normalization clause.
Providence Gas Company	03/00	Docket No. 3100	Sponsored testimony supporting the de-tariff and deregulation of appliance repair service, enabling the Company to have needed pricing flexibility.
Providence Gas Company	06/97	Docket No. 2581	Sponsored testimony supporting a rate plan that fixed all billing rates for three-year period; included funding for critical infrastructure investments in accelerated replacement of mains and services, digitized records system, and economic development projects.

Sponsor	Date	Docket No.	Subject
Providence Gas Company	04/97	Docket No. 2552	Sponsored testimony supporting the rate design, customer bill impact studies and retail access tariffs for commercial and industrial customers, including redesign of cost of gas adjustment clause, for a rate design proceeding.
Providence Gas Company	02/96	Docket No. 2374	Sponsored testimony supporting the rate design, customer bill impact studies and retail access tariffs for largest commercial and industrial customers for a rate design proceeding.
Providence Gas Company	01/96	Docket No. 2076	Sponsored testimony supporting the rate reclassification of customers into new rate classes, rate design (including introduction of demand charges), and customer bill impact studies for a rate design proceeding.
Providence Gas Company	11/92	Docket No. 2025	Sponsored testimony supporting the Integrated Resource Plan filing, including a performance-based incentive mechanism.
Railroad Commission of Texas			
Texas Gas Service Company – West Texas, North Texas, and Borger/ Skellytown Service Areas	06/22	Case No. 00009896	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Texas Gas Service Company – Central Texas and Gulf Coast Service Areas	12/19	GUD No. 10928	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
CenterPoint Energy – Beaumont/ East Texas Division	11/19	GUD No. 10920	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Texas Gas Service Company – Borger/ Skellytown Service Area	08/18	GUD No. 10766	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Texas Gas Service Company – North Texas Service Area	06/18	GUD No. 10739	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
CenterPoint Energy – South Texas Division	11/17	GUD No. 10669	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Texas Gas Service Company – Rio Grande Valley Service Area	06/17	GUD No. 10656	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Atmos Pipeline – Texas	01/17	GUD No. 10580	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
CenterPoint Energy – Texas Gulf Division	11/16	GUD No. 10567	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Public Utility Commission of Texas			
CenterPoint Energy Houston Electric, LLC	04/19	Docket No. 49421	Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.
Vermont Public Utilities Commission			

Sponsor	Date	Docket No.	Subject
Vermont Gas Systems	12/12	Docket No. 7970	Sponsored testimony describing the market served by $90 million natural gas expansion project to Addison County, VT. Also described the terms and economic benefits of a special contract with International Paper.
Vermont Gas Systems	02/11	Docket No. 7712	Sponsored testimony supporting the market evaluation and analysis for a system expansion and reliability regulatory fund.
Virginia State Corporation Commission			
American Electric Power - Appalachian Power Company	3/23	Case No. PUR-2023-00002	Sponsored testimony supporting the Lead/Lag study for the 2023 triennial review of base rates, terms, and conditions.
Rappahannock Electric Cooperative	10/22	Case No. PUR-2022-00160	Sponsored report and studies related to revenue requirements, class cost of service, rate design, and bill impact analysis for a streamlined application to increase base rates.
American Electric Power - Appalachian Power Company	3/20	Case No. PUR-2020-00015	Sponsored testimony supporting the Lead/Lag study for the 2020 triennial review of base rates, terms, and conditions.
West Virginia Public Service Commission			
Monongahela Power Company and The Potomac Edison Company (FirstEnergy)	06/23	Case No. 23-0460-E-42T	Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.
Nova Scotia Utility and Review Board			
Nova Scotia Power	01/22	Matter No. M10431	Sponsored evidence supporting the cash working capital requirement and lead/Lag study for a general rate case proceeding.
Ontario Energy Board			
Ontario Energy Association	01/21	Docket No. EB-2020-0133	Sponsored evidence regarding policies and ratemaking treatment related to COVID-19 costs in U.S. and Canadian regulatory jurisdictions. The evidence was used to support Ontario Energy Association's response to Staff's proposals
Commission of Canada Energy Regulator			
Trans-Northern Pipelines, Inc.	06/23	Docket No. RH-001-2023	Sponsored evidence related to application for approval of incentive tolls.

NMGC Exhibit TSL-2

Summary of FACOS Results

New Mexico Gas Company - FACOS Summary	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39
Adjusted Base Period - Present Rates						
Rate base	814,186,338	512,802,213	1,363,371	61,805	13,623	839,686
Net operating income	49,691,712	38,417,515	397,183	19,202	684	39,351
Rate of return	6.10%	7.49%	29.13%	31.07%	5.02%	4.69%
Relative rate of return	100%	123%	477%	509%	82%	77%
Revenues	212,531,338	$ 159,658,103	$ 665,080	$ 36,967	$ 2,479	$ 158,746
Test Period Customers	542,694	501,121	457	15	1	9
Test Period Deliveries (Therms)	733,710,816	314,656,292	8,456,779	188,722	57,698	2,940,797
Revenue per Customer	$ 392	$ 319	$ 1,455	$ 2,478	$ 2,479	$ 18,676
Revenue per Therm	$ 0.29	$ 0.51	$ 0.08	$ 0.20	$ 0.04	$ 0.05
Test Period - Present Rates						
Rate base	972,580,802	677,355,673	1,701,303	70,298	18,470	1,165,230
Net operating income	22,780,636	13,502,452	337,223	17,206	80	(4,977)
Rate of return	2.34%	1.99%	19.82%	24.48%	0.43%	-0.43%
Relative rate of return	100%	85%	846%	1045%	18%	-18%
Revenues	216,179,733	$ 162,418,945	$ 671,136	$ 38,092	$ 2,602	$ 165,650
Test Period Customers	553,319	511,444	456	15	1	9
Test Period Deliveries (Therms)	745,104,715	319,097,871	8,581,030	199,524	60,918	3,067,497
Revenue per Customer	$ 391	$ 318	$ 1,473	$ 2,539	$ 2,602	$ 18,406
Revenue per Therm	$ 0.29	$ 0.51	$ 0.08	$ 0.19	$ 0.04	$ 0.05
Test Period - Total EROR Revenue Requirement						
Rate base	972,580,802	677,355,673	1,701,303	70,298	18,470	1,165,230
Rate of return	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
Return requirement	71,754,617	49,973,634	125,518	5,186	1,363	85,968
Revenue required	265,153,714	198,889,961	459,246	26,063	3,885	256,622
Revenue deficiency	48,973,981	36,471,016	(211,889)	(12,030)	1,283	90,972
Percent increase required	22.7%	22.5%	-31.6%	-31.6%	49.3%	54.9%
Test Period Customers	553,319	511,444	456	15	1	9
Test Period Deliveries (Therms)	745,104,715	319,097,871	8,581,030	199,524	60,918	3,067,497
Revenue Deficiency per Customer	$ 89	$ 71	$ (465)	$ (802)	$ 1,283	$ 10,108
Revenue Deficiency per Therm	$ 0.07	$ 0.11	$ (0.02)	$ (0.06)	$ 0.02	$ 0.03
Test Period - Proposed Rates						
Rate base	972,580,802	677,355,673	1,701,303	70,298	18,470	1,165,230
Net operating income	71,754,618	50,268,582	453,159	23,787	738	37,837
Rate of return	7.38%	7.42%	26.64%	33.84%	4.00%	3.25%
Relative rate of return	100%	101%	361%	459%	54%	44%
Revenues	265,153,714	$ 199,184,908	$ 786,888	$ 44,664	$ 3,261	$ 208,491
Revenue Increase	48,973,981	36,765,963	115,752	6,571	658	42,841
Revenue Increase (%)	22.7%	22.6%	17.2%	17.3%	25.3%	25.9%
Test Period Customers	553,319	511,444	456	15	1	9
Test Period Deliveries (Therms)	745,104,715	319,097,871	8,581,030	199,524	60,918	3,067,497
Revenue Increase per Customer	$ 89	$ 72	$ 254	$ 438	$ 658	$ 4,760
Revenue Increase per Therm	$ 0.07	$ 0.12	$ 0.01	$ 0.03	$ 0.01	$ 0.01

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Summary of FACOS Results
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New Mexico Gas Company - FACOS Summary	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Adjusted Base Period - Present Rates							
Rate base	140,209,680	21,645,053	31,893,489	3,563,826	98,989,338	548,194	2,256,060
Net operating income	14,194,665	2,243,202	1,297,379	51,674	(8,172,284)	810,080	393,061
Rate of return	10.12%	10.36%	4.07%	1.45%	-8.26%	147.77%	17.42%
Relative rate of return	166%	170%	67%	24%	-135%	2421%	285%
Revenues	$ 38,003,410	$ 4,980,360	$ 5,004,927	$ 433,988	$ 2,047,152	$ 874,006	$ 666,120
Test Period Customers	40,944	106	12	6	20	4	1
Test Period Deliveries (Therms)	153,620,064	45,228,993	61,927,404	9,290,848	90,102,060	38,871,145	8,370,013
Revenue per Customer	$ 928	$ 47,207	$ 425,951	$ 72,331	$ 102,358	$ 228,001	$ 666,120
Revenue per Therm	$ 0.25	$ 0.11	$ 0.08	$ 0.05	$ 0.02	$ 0.02	$ 0.08
Test Period - Present Rates							
Rate base	185,473,801	28,902,949	34,727,998	5,307,088	29,615,559	5,108,091	3,134,341
Net operating income	7,636,780	1,107,584	898,804	(178,837)	(1,271,885)	384,462	351,744
Rate of return	4.12%	3.83%	2.59%	-3.37%	-4.29%	7.53%	11.22%
Relative rate of return	176%	164%	110%	-144%	-183%	321%	479%
Revenues	$ 38,638,101	$ 4,918,107	$ 5,201,487	$ 419,497	$ 1,986,004	$ 966,600	$ 753,512
Test Period Customers	41,246	105	9	6	4	24	1
Test Period Deliveries (Therms)	157,011,890	44,604,358	65,322,435	8,781,345	88,626,452	40,253,619	9,497,776
Revenue per Customer	$ 937	$ 46,839	$ 577,943	$ 69,916	$ 496,501	$ 40,275	$ 753,512
Revenue per Therm	$ 0.25	$ 0.11	$ 0.08	$ 0.05	$ 0.02	$ 0.02	$ 0.08
Test Period - Total EROR Revenue Requirement							
Rate base	185,473,801	28,902,949	34,727,998	5,307,088	29,615,559	5,108,091	3,134,341
Rate of return	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
Return requirement	13,683,801	2,132,388	2,562,146	391,544	2,184,963	376,862	231,244
Revenue required	44,683,749	5,942,866	6,865,076	990,119	5,444,378	958,885	632,863
Revenue deficiency	6,045,648	1,024,759	1,663,589	570,622	3,458,374	(7,715)	(120,648)
Percent increase required	15.6%	20.8%	32.0%	136.0%	174.1%	-0.8%	-16.0%
Test Period Customers	41,246	105	9	6	4	24	1
Test Period Deliveries (Therms)	157,011,890	44,604,358	65,322,435	8,781,345	88,626,452	40,253,619	9,497,776
Revenue Deficiency per Customer	$ 147	$ 9,760	$ 184,843	$ 95,104	$ 864,594	$ (321)	$ (120,648)
Revenue Deficiency per Therm	$ 0.04	$ 0.02	$ 0.03	$ 0.06	$ 0.04	$ (0.00)	$ (0.01)
Test Period - Proposed Rates							
Rate base	185,473,801	28,902,949	34,727,998	5,307,088	29,615,559	5,108,091	3,134,341
Net operating income	16,119,965	2,212,415	2,124,678	(36,732)	(524,149)	580,847	493,491
Rate of return	8.69%	7.65%	6.12%	-0.69%	-1.77%	11.37%	15.74%
Relative rate of return	118%	104%	83%	-9%	-24%	154%	213%
Revenues	$ 47,119,914	$ 6,022,892	$ 6,427,607	$ 561,843	$ 2,735,266	$ 1,162,870	$ 895,111
Revenue Increase	8,481,813	1,104,785	1,226,121	142,346	749,262	196,269	141,599
Revenue Increase (%)	22.0%	22.5%	23.6%	33.9%	37.7%	20.3%	18.8%
Test Period Customers	41,246	105	9	6	4	24	1
Test Period Deliveries (Therms)	157,011,890	44,604,358	65,322,435	8,781,345	88,626,452	40,253,619	9,497,776
Revenue Increase per Customer	$ 206	$ 10,522	$ 136,236	$ 23,724	$ 187,316	$ 8,178	$ 141,599
Revenue Increase per Therm	$ 0.05	$ 0.02	$ 0.02	$ 0.02	$ 0.01	$ 0.00	$ 0.01

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Summary of FACOS Results
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NMGC Exhibit TSL-3

FACOS Support Schedules

Fully Allocated Cost of Service Study
Adjusted Base Period: 12 Months Ending March 31, 2023
Case No. 23-00255-UT

New Mexico Gas Company
Income and Rate of Return - Adjusted Base Period

New Mexico Gas Company
Income and Rate of Return - Adjusted Base Period

Line No.	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
1	**Operating Revenues**	**$ 212,531,338**	**$ 159,658,103**	**$ 665,080**	**$ 36,967**	**$ 2,479**	**$ 158,746**	**$ 38,003,410**	**$ 4,980,360**	**$ 5,004,927**	**$ 433,988**	**$ 2,047,152**	**$ 874,006**	**$ 666,120**
2	Operating Expenses and Credits:													
3	Purchased Gas Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Other Operation & Maintenance Expense	99,733,044	78,683,506	170,219	12,510	918	64,236	13,829,487	1,349,360	1,698,585	143,423	3,622,410	27,117	131,273
5	Depreciation and Amortization	43,751,241	29,932,735	65,593	3,567	578	36,322	6,746,384	914,293	1,321,834	161,213	4,450,932	24,850	92,941
6	Miscellaneous Expense	1,255,790	789,155	2,104	96	21	1,303	216,770	33,555	49,449	5,525	153,461	850	3,500
7	Taxes Other Than Income	14,914,569	9,829,182	24,648	1,350	225	14,250	2,467,623	355,277	512,916	58,212	1,605,402	8,965	36,520
8	Income Taxes	12,861,727	8,100,753	21,537	976	215	13,265	2,214,897	341,928	503,822	56,298	1,563,738	8,660	35,639
9	Revenue Credits	(10,713,236)	(6,747,560)	(17,940)	(813)	(179)	(11,049)	(1,844,909)	(284,810)	(419,661)	(46,894)	(1,302,523)	(7,213)	(29,686)
10	Revenue Tax	1,087,223	684,770	1,821	83	18	1,121	187,229	28,904	42,589	4,759	132,185	732	3,013
11	**Total Operating Expenses**	**$ 162,890,358**	**$ 121,272,541**	**$ 267,982**	**$ 17,769**	**$ 1,796**	**$ 119,448**	**$ 23,817,481**	**$ 2,738,507**	**$ 3,709,535**	**$ 382,536**	**$ 10,225,604**	**$ 63,960**	**$ 273,200**
12	Debt Only Return Adjustment	(50,732)	(31,953)	(85)	(4)	(1)	(52)	(8,736)	(1,349)	(1,987)	(222)	(6,168)	(34)	(141)
13	**Net Operating Income for Return**	**$ 49,691,712**	**$ 38,417,515**	**$ 397,183**	**$ 19,202**	**$ 684**	**$ 39,351**	**$ 14,194,665**	**$ 2,243,202**	**$ 1,297,379**	**$ 51,674**	**$ (8,172,284)**	**$ 810,080**	**$ 393,061**
14	**Rate Base**	**$ 814,186,338**	**$ 512,802,213**	**$ 1,363,371**	**$ 61,805**	**$ 13,623**	**$ 839,686**	**$ 140,209,680**	**$ 21,645,053**	**$ 31,893,489**	**$ 3,563,826**	**$ 98,989,338**	**$ 548,194**	**$ 2,256,060**
15	**Return on Rate Base**	**6.10%**	**7.49%**	**29.13%**	**31.07%**	**5.02%**	**4.69%**	**10.12%**	**10.36%**	**4.07%**	**1.45%**	**-8.26%**	**147.77%**	**17.42%**

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Fully Allocated Cost of Service Study
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025
Case No. 23-00255-UT

New Mexico Gas Company
Income and Rate of Return - Test Period Present Rates

New Mexico Gas Company
Income and Rate of Return - Test Period Present Rates

Line No.	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
1	**Operating Revenues**	**$ 216,179,733**	**$ 162,418,945**	**$ 671,136**	**$ 38,092**	**$ 2,602**	**$ 165,650**	**$ 38,638,101**	**$ 4,918,107**	**$ 5,201,487**	**$ 419,497**	**$ 1,986,004**	**$ 966,600**	**$ 753,512**
2	Operating Expenses and Credits:													
3	Purchased Gas Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Other Operation & Maintenance Expense	115,126,841	92,692,271	198,891	14,346	1,177	84,148	16,795,507	1,720,609	1,827,417	222,840	1,172,433	220,391	176,811
5	Depreciation and Amortization	49,585,313	36,035,246	84,668	4,171	823	52,879	8,804,899	1,270,493	1,501,197	225,532	1,251,285	217,358	136,761
6	Miscellaneous Expense	2,367,131	1,622,799	4,222	177	47	2,979	464,193	73,771	88,666	13,556	75,656	13,045	8,020
7	Taxes Other Than Income	18,308,802	12,986,894	32,119	1,614	324	21,022	3,409,001	507,580	599,353	92,692	514,576	89,270	54,358
8	Income Taxes	16,384,043	11,410,697	28,660	1,184	311	19,629	3,124,482	486,898	585,026	89,403	498,902	86,051	52,801
9	Revenue Credits	(9,662,583)	(6,729,524)	(16,902)	(698)	(183)	(11,577)	(1,842,681)	(287,151)	(345,022)	(52,726)	(294,230)	(50,749)	(31,140)
10	Revenue Tax	1,341,678	934,414	2,347	97	25	1,607	255,862	39,872	47,907	7,321	40,855	7,047	4,324
11	**Total Operating Expenses**	**$ 193,451,225**	**$ 148,952,797**	**$ 334,004**	**$ 20,891**	**$ 2,523**	**$ 170,689**	**$ 31,011,263**	**$ 3,812,072**	**$ 4,304,544**	**$ 598,618**	**$ 3,259,476**	**$ 582,412**	**$ 401,935**
12	Debt Only Return Adjustment	(52,128)	(36,305)	(91)	(4)	(1)	(62)	(9,941)	(1,549)	(1,861)	(284)	(1,587)	(274)	(168)
13	**Net Operating Income for Return**	**$ 22,780,636**	**$ 13,502,452**	**$ 337,223**	**$ 17,206**	**$ 80**	**$ (4,977)**	**$ 7,636,780**	**$ 1,107,584**	**$ 898,804**	**$ (178,837)**	**$ (1,271,885)**	**$ 384,462**	**$ 351,744**
14	**Rate Base**	**$ 972,580,802**	**$ 677,355,673**	**$ 1,701,303**	**$ 70,298**	**$ 18,470**	**$ 1,165,230**	**$ 185,473,801**	**$ 28,902,949**	**$ 34,727,998**	**$ 5,307,088**	**$ 29,615,559**	**$ 5,108,091**	**$ 3,134,341**
15	**Return on Rate Base**	**2.34%**	**1.99%**	**19.82%**	**24.48%**	**0.43%**	**-0.43%**	**4.12%**	**3.83%**	**2.59%**	**-3.37%**	**-4.29%**	**7.53%**	**11.22%**

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Fully Allocated Cost of Service Study
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025
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New Mexico Gas Company
Income and Rate of Return - Test Period Proposed Rates

New Mexico Gas Company
Income and Rate of Return - Test Period Proposed Rates

Line No.	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
1	**Operating Revenues**	**$ 265,153,714**	**$ 199,184,908**	**$ 786,888**	**$ 44,664**	**$ 3,261**	**$ 208,491**	**$ 47,119,914**	**$ 6,022,892**	**$ 6,427,607**	**$ 561,843**	**$ 2,735,266**	**$ 1,162,870**	**$ 895,111**
2	Operating Expenses and Credits:													
3	Purchased Gas Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Other Operation & Maintenance Expense	115,126,841	92,692,105	198,706	14,336	1,177	84,176	16,794,134	1,720,564	1,827,664	223,082	1,173,960	220,276	176,663
5	Depreciation and Amortization	49,585,313	36,035,246	84,668	4,171	823	52,879	8,804,899	1,270,493	1,501,197	225,532	1,251,285	217,358	136,761
6	Miscellaneous Expense	2,367,131	1,622,799	4,222	177	47	2,979	464,193	73,771	88,666	13,556	75,656	13,045	8,020
7	Taxes Other Than Income	18,308,802	12,986,894	32,119	1,614	324	21,022	3,409,001	507,580	599,353	92,692	514,576	89,270	54,358
8	Income Taxes	16,384,043	11,410,697	28,660	1,184	311	19,629	3,124,482	486,898	585,026	89,403	498,902	86,051	52,801
9	Revenue Credits	(9,662,583)	(6,729,524)	(16,902)	(698)	(183)	(11,577)	(1,842,681)	(287,151)	(345,022)	(52,726)	(294,230)	(50,749)	(31,140)
10	Revenue Tax	1,341,678	934,414	2,347	97	25	1,607	255,862	39,872	47,907	7,321	40,855	7,047	4,324
11	**Total Operating Expenses**	**$ 193,451,225**	**$ 148,952,631**	**$ 333,820**	**$ 20,880**	**$ 2,524**	**$ 170,716**	**$ 31,009,890**	**$ 3,812,027**	**$ 4,304,791**	**$ 598,860**	**$ 3,261,003**	**$ 582,297**	**$ 401,787**
12	Debt Only Return Adjustment	(52,128)	(36,305)	(91)	(4)	(1)	(62)	(9,941)	(1,549)	(1,861)	(284)	(1,587)	(274)	(168)
13	**Net Operating Income for Return**	**$ 71,754,618**	**$ 50,268,582**	**$ 453,159**	**$ 23,787**	**$ 738**	**$ 37,837**	**$ 16,119,965**	**$ 2,212,415**	**$ 2,124,678**	**$ (36,732)**	**$ (524,149)**	**$ 580,847**	**$ 493,491**
14	**Rate Base**	**$ 972,580,802**	**$ 677,355,673**	**$ 1,701,303**	**$ 70,298**	**$ 18,470**	**$ 1,165,230**	**$ 185,473,801**	**$ 28,902,949**	**$ 34,727,998**	**$ 5,307,088**	**$ 29,615,559**	**$ 5,108,091**	**$ 3,134,341**
15	**Return on Rate Base**	**7.38%**	**7.42%**	**26.64%**	**33.84%**	**4.00%**	**3.25%**	**8.69%**	**7.65%**	**6.12%**	**-0.69%**	**-1.77%**	**11.37%**	**15.74%**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Customer Related Rate Base - Adjusted Base Period**	**Customer Related Rate Base - Adjusted Base Period**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Gas Plant In Service - Customer Related	$ 329,443,663	$ 284,182,853	$ 477,813	$ 43,946	$ 1,268	$ 113,590	$ 37,348,873	$ 1,727,181	$ 1,318,030	$ 187,539	$ 3,904,035	$ 30,528	$ 108,008
Accumulated Deferred Income Taxes	$ (28,960,759)	$ (17,975,846)	$ (48,679)	$ (2,262)	$ (502)	$ (31,002)	$ (5,063,382)	$ (795,179)	$ (1,172,592)	$ (130,940)	$ (3,636,914)	$ (20,137)	$ (83,324)
Rate Base Additions:													
Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Distribution	974,624	604,946	1,638	76	17	1,043	170,399	26,760	39,462	4,407	122,394	678	2,804
Rate Case Expense	852,131	754,131	1,213	118	2	234	91,605	2,662	446	184	1,432	33	70
IMP Regulatory Asset	42,846	37,918	61	6	0	12	4,606	134	22	9	72	2	4
COVID Regulatory Asset	957,900	847,736	1,364	133	2	263	102,975	2,992	501	207	1,610	37	79
Banner Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
2023 Rate Case Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	**$ 2,827,500**	**$ 2,244,730**	**$ 4,277**	**$ 333**	**$ 22**	**$ 1,553**	**$ 369,585**	**$ 32,548**	**$ 40,431**	**$ 4,808**	**$ 125,508**	**$ 750**	**$ 2,957**
Rate Base Deductions:													
Customer Deposits	(3,212,258)	(1,993,838)	(5,399)	(251)	(56)	(3,439)	(561,618)	(88,199)	(130,061)	(14,524)	(403,398)	(2,234)	(9,242)
Non-Refundable CIAC	(1,222,013)	(888,563)	(3,217)	(74)	(30)	(1,652)	(225,949)	(39,074)	(58,617)	(6)	(19)	(4)	(4,807)
Asset Retirement Obligation	(232,735)	(144,458)	(391)	(18)	(4)	(249)	(40,691)	(6,390)	(9,423)	(1,052)	(29,227)	(162)	(670)
Injuries and Damages Reserve	(1,191,474)	(946,069)	(2,058)	(160)	(11)	(764)	(165,236)	(15,492)	(19,049)	(1,566)	(39,358)	(245)	(1,467)
Legal Regulatory Liability	(9,803)	(8,676)	(14)	(1)	(0)	(3)	(1,054)	(31)	(5)	(2)	(16)	(0)	(1)
Income Tax Regulatory Liability	(10,459,575)	(9,256,663)	(14,894)	(1,450)	(27)	(2,875)	(1,124,415)	(32,673)	(5,470)	(2,264)	(17,577)	(407)	(862)
Total Deductions	**$ (16,327,859)**	**$ (13,238,267)**	**$ (25,973)**	**$ (1,954)**	**$ (127)**	**$ (8,982)**	**$ (2,118,962)**	**$ (181,859)**	**$ (222,626)**	**$ (19,413)**	**$ (489,595)**	**$ (3,051)**	**$ (17,049)**
Working Capital													
Natural Gas Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and Supplies	1,754,482	1,089,001	2,949	137	30	1,878	306,746	48,173	71,037	7,933	220,329	1,220	5,048
Prepayments	1,595,917	990,580	2,682	125	28	1,708	279,024	43,819	64,617	7,216	200,416	1,110	4,592
Cash Working Capital	1,324,612	822,182	2,226	103	23	1,418	231,590	36,370	53,632	5,989	166,346	921	3,811
Total Working Capital	**$ 4,675,011**	**$ 2,901,763**	**$ 7,858**	**$ 365**	**$ 81**	**$ 5,005**	**$ 817,360**	**$ 128,362**	**$ 189,287**	**$ 21,137**	**$ 587,091**	**$ 3,251**	**$ 13,451**
Total Rate Base - Customer Related	**$ 291,657,555**	**$ 258,115,233**	**$ 415,296**	**$ 40,427**	**$ 742**	**$ 80,163**	**$ 31,353,474**	**$ 911,054**	**$ 152,529**	**$ 63,130**	**$ 490,125**	**$ 11,340**	**$ 24,042**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Customer Related Rate Base - Test Period Present Rates**	**Customer Related Rate Base - Test Period Present Rates**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Gas Plant In Service - Customer Related	$ 416,675,199	$ 364,955,689	$ 553,923	$ 46,634	$ 1,651	$ 135,981	$ 45,351,717	$ 2,118,020	$ 1,534,500	$ 275,299	$ 1,270,511	$ 277,971	$ 153,306
Accumulated Deferred Income Taxes	$ (41,133,038)	$ (28,020,804)	$ (73,919)	$ (3,110)	$ (832)	$ (52,761)	$ (8,154,399)	$ (1,305,551)	$ (1,569,348)	$ (239,987)	$ (1,339,359)	$ (230,899)	$ (142,070)
Rate Base Additions:													
Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Distribution	937,903	638,922	1,685	71	19	1,203	185,934	29,769	35,784	5,472	30,540	5,265	3,239
Rate Case Expense	95,169	85,366	121	11	0	21	9,432	207	(7)	10	(9)	13	3
IMP Regulatory Asset	4,785	4,292	6	1	0	1	474	10	(0)	1	(0)	1	0
COVID Regulatory Asset	2,000,983	1,794,853	2,553	232	4	444	198,315	4,361	(149)	219	(191)	281	61
Banner Regulatory Asset	2,193,900	1,967,897	2,799	254	5	486	217,434	4,782	(163)	240	(209)	308	67
2023 Rate Case Expense	687,810	616,956	878	80	1	152	68,168	1,499	(51)	75	(66)	96	21
Total Additions	**$ 5,920,551**	**$ 5,108,286**	**$ 8,043**	**$ 648**	**$ 30**	**$ 2,308**	**$ 679,758**	**$ 40,628**	**$ 35,414**	**$ 6,018**	**$ 30,065**	**$ 5,964**	**$ 3,391**
Rate Base Deductions:													
Customer Deposits	(3,348,400)	(2,281,010)	(6,017)	(253)	(68)	(4,295)	(663,802)	(106,277)	(127,751)	(19,536)	(109,029)	(18,796)	(11,565)
Non-Refundable CIAC	(646,257)	(473,511)	(1,785)	(43)	(17)	(936)	(120,072)	(20,613)	(26,506)	(3)	(2)	(12)	(2,759)
Asset Retirement Obligation	(285,677)	(194,610)	(513)	(22)	(6)	(366)	(56,634)	(9,067)	(10,899)	(1,667)	(9,302)	(1,604)	(987)
Injuries and Damages Reserve	(1,188,131)	(963,641)	(2,081)	(159)	(12)	(853)	(171,531)	(16,717)	(17,284)	(1,984)	(10,252)	(1,937)	(1,681)
Legal Regulatory Liability	(380,906)	(341,667)	(486)	(44)	(1)	(84)	(37,751)	(830)	28	(42)	36	(53)	(12)
Income Tax Regulatory Liability	(10,656,528)	(9,558,753)	(13,597)	(1,234)	(23)	(2,362)	(1,056,154)	(23,226)	791	(1,168)	1,016	(1,494)	(324)
Total Deductions	**$ (16,505,899)**	**$ (13,813,192)**	**$ (24,480)**	**$ (1,754)**	**$ (126)**	**$ (8,897)**	**$ (2,105,944)**	**$ (176,730)**	**$ (181,621)**	**$ (24,399)**	**$ (127,533)**	**$ (23,896)**	**$ (17,327)**
Natural Gas Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and Supplies	1,828,840	1,245,849	3,287	138	37	2,346	362,557	58,047	69,776	10,670	59,550	10,266	6,317
Prepayments	1,663,555	1,133,253	2,990	126	34	2,134	329,791	52,801	63,470	9,706	54,168	9,338	5,746
Cash Working Capital	534,924	364,403	961	40	11	686	106,046	16,978	20,409	3,121	17,418	3,003	1,848
Total Working Capital	**$ 4,027,319**	**$ 2,743,505**	**$ 7,237**	**$ 305**	**$ 81**	**$ 5,166**	**$ 798,394**	**$ 127,826**	**$ 153,654**	**$ 23,497**	**$ 131,136**	**$ 22,607**	**$ 13,910**
Total Rate Base - Customer Related	**$ 368,984,133**	**$ 330,973,484**	**$ 470,804**	**$ 42,722**	**$ 804**	**$ 81,796**	**$ 36,569,526**	**$ 804,193**	**$ (27,400)**	**$ 40,428**	**$ (35,180)**	**$ 51,746**	**$ 11,210**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025	**Customer Related Rate Base - Test Period Proposed Rates**	**Customer Related Rate Base - Test Period Proposed Rates**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Gas Plant In Service - Customer Related	$ 416,675,199	$ 364,955,689	$ 553,923	$ 46,634	$ 1,651	$ 135,981	$ 45,351,717	$ 2,118,020	$ 1,534,500	$ 275,299	$ 1,270,511	$ 277,971	$ 153,306
Accumulated Deferred Income Taxes	$ (41,133,038)	$ (28,020,804)	$ (73,919)	$ (3,110)	$ (832)	$ (52,761)	$ (8,154,399)	$ (1,305,551)	$ (1,569,348)	$ (239,987)	$ (1,339,359)	$ (230,899)	$ (142,070)
Rate Base Additions:													
Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Distribution	937,903	638,922	1,685	71	19	1,203	185,934	29,769	35,784	5,472	30,540	5,265	3,239
Rate Case Expense	95,169	85,366	121	11	0	21	9,432	207	(7)	10	(9)	13	3
IMP Regulatory Asset	4,785	4,292	6	1	0	1	474	10	(0)	1	(0)	1	0
COVID Regulatory Asset	2,000,983	1,794,853	2,553	232	4	444	198,315	4,361	(149)	219	(191)	281	61
Banner Regulatory Asset	2,193,900	1,967,897	2,799	254	5	486	217,434	4,782	(163)	240	(209)	308	67
2023 Rate Case Expense	687,810	616,956	878	80	1	152	68,168	1,499	(51)	75	(66)	96	21
Total Additions	**$ 5,920,551**	**$ 5,108,286**	**$ 8,043**	**$ 648**	**$ 30**	**$ 2,308**	**$ 679,758**	**$ 40,628**	**$ 35,414**	**$ 6,018**	**$ 30,065**	**$ 5,964**	**$ 3,391**
Rate Base Deductions:													
Customer Deposits	(3,348,400)	(2,281,010)	(6,017)	(253)	(68)	(4,295)	(663,802)	(106,277)	(127,751)	(19,536)	(109,029)	(18,796)	(11,565)
Non-Refundable CIAC	(646,257)	(473,511)	(1,785)	(43)	(17)	(936)	(120,072)	(20,613)	(26,506)	(3)	(2)	(12)	(2,759)
Asset Retirement Obligation	(285,677)	(194,610)	(513)	(22)	(6)	(366)	(56,634)	(9,067)	(10,899)	(1,667)	(9,302)	(1,604)	(987)
Injuries and Damages Reserve	(1,188,131)	(963,641)	(2,081)	(159)	(12)	(853)	(171,531)	(16,717)	(17,284)	(1,984)	(10,252)	(1,937)	(1,681)
Legal Regulatory Liability	(380,906)	(341,667)	(486)	(44)	(1)	(84)	(37,751)	(830)	28	(42)	36	(53)	(12)
Income Tax Regulatory Liability	(10,656,528)	(9,558,753)	(13,597)	(1,234)	(23)	(2,362)	(1,056,154)	(23,226)	791	(1,168)	1,016	(1,494)	(324)
Total Deductions	**$ (16,505,899)**	**$ (13,813,192)**	**$ (24,480)**	**$ (1,754)**	**$ (126)**	**$ (8,897)**	**$ (2,105,944)**	**$ (176,730)**	**$ (181,621)**	**$ (24,399)**	**$ (127,533)**	**$ (23,896)**	**$ (17,327)**
Natural Gas Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and Supplies	1,828,840	1,245,849	3,287	138	37	2,346	362,557	58,047	69,776	10,670	59,550	10,266	6,317
Prepayments	1,663,555	1,133,253	2,990	126	34	2,134	329,791	52,801	63,470	9,706	54,168	9,338	5,746
Cash Working Capital	534,924	364,403	961	40	11	686	106,046	16,978	20,409	3,121	17,418	3,003	1,848
Total Working Capital	**$ 4,027,319**	**$ 2,743,505**	**$ 7,237**	**$ 305**	**$ 81**	**$ 5,166**	**$ 798,394**	**$ 127,826**	**$ 153,654**	**$ 23,497**	**$ 131,136**	**$ 22,607**	**$ 13,910**
Total Rate Base - Customer Related	**$ 368,984,133**	**$ 330,973,484**	**$ 470,804**	**$ 42,722**	**$ 804**	**$ 81,796**	**$ 36,569,526**	**$ 804,193**	**$ (27,400)**	**$ 40,428**	**$ (35,180)**	**$ 51,746**	**$ 11,210**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Demand Related Rate Base - Adjusted Base Period**	**Demand Related Rate Base - Adjusted Base Period**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Gas Plant In Service - Demand Related	$ 533,115,445	$ 259,079,070	$ 950,213	$ 22,111	$ 13,272	$ 782,339	$ 110,871,923	$ 21,246,980	$ 32,553,413	$ 3,595,006	$ 101,150,895	$ 551,323	$ 2,298,901
Accumulated Deferred Income Taxes	$ (46,865,154)	$ (29,089,044)	$ (78,773)	$ (3,661)	$ (812)	$ (50,169)	$ (8,193,714)	$ (1,286,781)	$ (1,897,524)	$ (211,891)	$ (5,885,362)	$ (32,586)	$ (134,838)
Rate Base Additions:													
Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Transmission	43,219,503	26,826,200	72,646	3,376	749	46,266	7,556,323	1,186,682	1,749,915	195,408	5,427,538	30,051	124,349
Rights of Way - Distribution	1,577,165	978,941	2,651	123	27	1,688	275,745	43,304	63,858	7,131	198,062	1,097	4,538
Rate Case Expense	1,378,943	672,114	2,502	56	34	2,004	287,269	54,717	83,764	9,238	259,937	1,417	5,890
IMP Regulatory Asset	69,334	33,794	126	3	2	101	14,444	2,751	4,212	465	13,070	71	296
COVID Regulatory Asset	1,550,102	755,539	2,813	63	38	2,253	322,926	61,508	94,161	10,385	292,202	1,593	6,621
Banner Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
2023 Rate Case Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	**$ 47,795,046**	**$ 29,266,588**	**$ 80,737**	**$ 3,622**	**$ 850**	**$ 52,313**	**$ 8,456,708**	**$ 1,348,963**	**$ 1,995,909**	**$ 222,626**	**$ 6,190,809**	**$ 34,229**	**$ 141,694**
Rate Base Deductions:													
Customer Deposits	(5,198,171)	(3,226,488)	(8,737)	(406)	(90)	(5,565)	(908,827)	(142,727)	(210,469)	(23,502)	(652,790)	(3,614)	(14,956)
Non-Refundable CIAC	(1,677,084)	(1,219,459)	(4,416)	(102)	(41)	(2,267)	(310,091)	(53,625)	(80,446)	(8)	(26)	(5)	(6,597)
Asset Retirement Obligation	(376,619)	(233,766)	(633)	(29)	(7)	(403)	(65,847)	(10,341)	(15,249)	(1,703)	(47,296)	(262)	(1,084)
Injuries and Damages Reserve	(406,921)	(323,109)	(703)	(55)	(4)	(261)	(56,433)	(5,291)	(6,506)	(535)	(13,442)	(84)	(501)
Legal Regulatory Liability	(15,864)	(7,732)	(29)	(1)	(0)	(23)	(3,305)	(629)	(964)	(106)	(2,990)	(16)	(68)
Income Tax Regulatory Liability	(16,925,992)	(8,249,937)	(30,710)	(692)	(417)	(24,603)	(3,526,120)	(671,625)	(1,028,168)	(113,396)	(3,190,632)	(17,390)	(72,301)
Total Deductions	**$ (24,600,651)**	**$ (13,260,491)**	**$ (45,228)**	**$ (1,285)**	**$ (559)**	**$ (33,122)**	**$ (4,870,623)**	**$ (884,238)**	**$ (1,341,801)**	**$ (139,250)**	**$ (3,907,176)**	**$ (21,371)**	**$ (95,506)**
Working Capital													
Natural Gas Storage	5,518,857	3,995,138	28,410	-	-	63	1,269,235	101,357	124,653	-	-	-	-
Materials and Supplies	2,839,154	1,762,253	4,772	222	49	3,039	496,386	77,955	114,955	12,837	356,543	1,974	8,169
Prepayments	2,582,560	1,602,986	4,341	202	45	2,765	451,524	70,910	104,565	11,676	324,320	1,796	7,430
Cash Working Capital	2,143,526	1,330,479	3,603	167	37	2,295	374,765	58,855	86,789	9,691	269,186	1,490	6,167
Total Working Capital	**$ 13,084,097**	**$ 8,690,857**	**$ 41,126**	**$ 591**	**$ 131**	**$ 8,162**	**$ 2,591,911**	**$ 309,076**	**$ 430,962**	**$ 34,205**	**$ 950,049**	**$ 5,260**	**$ 21,766**
Total Rate Base - Demand Related	**$ 522,528,783**	**$ 254,686,980**	**$ 948,075**	**$ 21,378**	**$ 12,882**	**$ 759,523**	**$ 108,856,206**	**$ 20,733,999**	**$ 31,740,960**	**$ 3,500,696**	**$ 98,499,214**	**$ 536,854**	**$ 2,232,018**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Demand Related Rate Base - Test Period Present Rates**	**Demand Related Rate Base - Test Period Present Rates**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Gas Plant In Service - Customer Related	$ 629,919,450	$ 362,890,759	$ 1,267,266	$ 29,533	$ 18,399	$ 1,128,959	$ 154,557,405	$ 29,169,257	$ 36,061,639	$ 5,474,460	$ 30,815,484	$ 5,256,073	$ 3,250,216
Accumulated Deferred Income Taxes	$ (62,183,929)	$ (42,361,171)	$ (111,749)	$ (4,702)	$ (1,258)	$ (79,763)	$ (12,327,622)	$ (1,973,701)	$ (2,372,502)	$ (362,806)	$ (2,024,810)	$ (349,067)	$ (214,778)
Rate Base Additions:													
Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of Way - Transmission	43,322,724	29,512,470	77,854	3,276	877	55,570	8,588,492	1,375,051	1,652,891	252,762	1,410,659	243,190	149,633
Rights of Way - Distribution	1,417,900	965,907	2,548	107	29	1,819	281,091	45,004	54,097	8,273	46,169	7,959	4,897
Rate Case Expense	143,875	82,564	293	7	4	258	35,493	6,698	8,284	1,255	7,068	1,205	744
IMP Regulatory Asset	7,234	4,151	15	0	0	13	1,785	337	417	63	355	61	37
COVID Regulatory Asset	3,025,038	1,735,959	6,167	138	89	5,430	746,262	140,822	174,183	26,395	148,600	25,341	15,652
Banner Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
2023 Rate Case Expense	1,039,815	596,712	2,120	48	30	1,866	256,517	48,406	59,873	9,073	51,079	8,711	5,380
Total Additions	**$ 48,956,585**	**$ 32,897,764**	**$ 88,997**	**$ 3,576**	**$ 1,029**	**$ 64,956**	**$ 9,909,639**	**$ 1,616,317**	**$ 1,949,745**	**$ 297,821**	**$ 1,663,930**	**$ 286,467**	**$ 176,344**
Rate Base Deductions:													
Customer Deposits	(5,062,030)	(3,448,375)	(9,097)	(383)	(102)	(6,493)	(1,003,520)	(160,667)	(193,131)	(29,534)	(164,828)	(28,416)	(17,484)
Non-Refundable CIAC	(886,920)	(649,844)	(2,450)	(58)	(23)	(1,285)	(164,786)	(28,289)	(36,376)	(4)	(3)	(16)	(3,787)
Asset Retirement Obligation	(431,880)	(294,207)	(776)	(33)	(9)	(554)	(85,618)	(13,708)	(16,478)	(2,520)	(14,063)	(2,424)	(1,492)
Injuries and Damages Reserve	(410,265)	(332,748)	(719)	(55)	(4)	(294)	(59,230)	(5,772)	(5,968)	(685)	(3,540)	(669)	(580)
Legal Regulatory Liability	(575,844)	(330,456)	(1,174)	(26)	(17)	(1,034)	(142,058)	(26,807)	(33,157)	(5,025)	(28,287)	(4,824)	(2,980)
Income Tax Regulatory Liability	(16,110,280)	(9,245,104)	(32,843)	(736)	(472)	(28,917)	(3,974,325)	(749,969)	(927,638)	(140,570)	(791,392)	(134,956)	(83,358)
Total Deductions	**$ (23,477,218)**	**$ (14,300,734)**	**$ (47,058)**	**$ (1,291)**	**$ (627)**	**$ (38,577)**	**$ (5,429,536)**	**$ (985,212)**	**$ (1,212,749)**	**$ (178,337)**	**$ (1,002,113)**	**$ (171,305)**	**$ (109,680)**
Working Capital													
Natural Gas Storage	4,293,379	3,108,006	22,102	-	-	49	987,398	78,850	96,974	-	-	-	-
Materials and Supplies	2,764,796	1,883,444	4,969	209	56	3,546	548,106	87,754	105,485	16,131	90,026	15,520	9,549
Prepayments	2,514,922	1,713,225	4,519	190	51	3,226	498,569	79,823	95,952	14,673	81,890	14,117	8,686
Cash Working Capital	808,685	550,896	1,453	61	16	1,037	160,317	25,667	30,854	4,718	26,332	4,540	2,793
Total Working Capital	**$ 10,381,782**	**$ 7,255,571**	**$ 33,043**	**$ 460**	**$ 123**	**$ 7,859**	**$ 2,194,390**	**$ 272,095**	**$ 329,264**	**$ 35,522**	**$ 198,248**	**$ 34,177**	**$ 21,029**
Total Rate Base - Demand Related	**$ 603,596,669**	**$ 346,382,189**	**$ 1,230,499**	**$ 27,576**	**$ 17,666**	**$ 1,083,434**	**$ 148,904,276**	**$ 28,098,756**	**$ 34,755,398**	**$ 5,266,660**	**$ 29,650,740**	**$ 5,056,345**	**$ 3,123,131**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025	**Demand Related Rate Base - Test Period Proposed Rates**	**Demand Related Rate Base - Test Period Proposed Rates**
Case No. 23-00255-UT		

	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
52	**Net Gas Plant In Service - Customer Related**	$ 629,919,450	$ 362,890,759	$ 1,267,266	$ 29,533	$ 18,399	$ 1,128,959	$ 154,557,405	$ 29,169,257	$ 36,061,639	$ 5,474,460	$ 30,815,484	$ 5,256,073	$ 3,250,216
53	**Intangible Plant**	$ (62,183,929)	$ (42,361,171)	$ (111,749)	$ (4,702)	$ (1,258)	$ (79,763)	$ (12,327,622)	$ (1,973,701)	$ (2,372,502)	$ (362,806)	$ (2,024,810)	$ (349,067)	$ (214,778)
54	**Rate Base Additions:**													
55	Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Retirement Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Rights of Way - Transmission	43,322,724	29,512,470	77,854	3,276	877	55,570	8,588,492	1,375,051	1,652,891	252,762	1,410,659	243,190	149,633
58	Rights of Way - Distribution	1,417,900	965,907	2,548	107	29	1,819	281,091	45,004	54,097	8,273	46,169	7,959	4,897
59	Rate Case Expense	143,875	82,564	293	7	4	258	35,493	6,698	8,284	1,255	7,068	1,205	744
60	IMP Regulatory Asset	7,234	4,151	15	0	0	13	1,785	337	417	63	355	61	37
61	COVID Regulatory Asset	3,025,038	1,735,959	6,167	138	89	5,430	746,262	140,822	174,183	26,395	148,600	25,341	15,652
62	Banner Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
63	2023 Rate Case Expense	1,039,815	596,712	2,120	48	30	1,866	256,517	48,406	59,873	9,073	51,079	8,711	5,380
64	**Total Additions**	**$ 48,956,585**	**$ 32,897,764**	**$ 88,997**	**$ 3,576**	**$ 1,029**	**$ 64,956**	**$ 9,909,639**	**$ 1,616,317**	**$ 1,949,745**	**$ 297,821**	**$ 1,663,930**	**$ 286,467**	**$ 176,344**
65	**Rate Base Deductions:**													
66	Customer Deposits	(5,062,030)	(3,448,375)	(9,097)	(383)	(102)	(6,493)	(1,003,520)	(160,667)	(193,131)	(29,534)	(164,828)	(28,416)	(17,484)
67	Non-Refundable CIAC	(886,920)	(649,844)	(2,450)	(58)	(23)	(1,285)	(164,786)	(28,289)	(36,376)	(4)	(3)	(16)	(3,787)
68	Asset Retirement Obligation	(431,880)	(294,207)	(776)	(33)	(9)	(554)	(85,618)	(13,708)	(16,478)	(2,520)	(14,063)	(2,424)	(1,492)
69	Injuries and Damages Reserve	(410,265)	(332,748)	(719)	(55)	(4)	(294)	(59,230)	(5,772)	(5,968)	(685)	(3,540)	(669)	(580)
70	Legal Regulatory Liability	(575,844)	(330,456)	(1,174)	(26)	(17)	(1,034)	(142,058)	(26,807)	(33,157)	(5,025)	(28,287)	(4,824)	(2,980)
71	Income Tax Regulatory Liability	(16,110,280)	(9,245,104)	(32,843)	(736)	(472)	(28,917)	(3,974,325)	(749,969)	(927,638)	(140,570)	(791,392)	(134,956)	(83,358)
72	**Total Deductions**	**$ (23,477,218)**	**$ (14,300,734)**	**$ (47,058)**	**$ (1,291)**	**$ (627)**	**$ (38,577)**	**$ (5,429,536)**	**$ (985,212)**	**$ (1,212,749)**	**$ (178,337)**	**$ (1,002,113)**	**$ (171,305)**	**$ (109,680)**
73	**Working Capital**													
74	Natural Gas Storage	4,293,379	3,108,006	22,102	-	-	49	987,398	78,850	96,974	-	-	-	-
75	Materials and Supplies	2,764,796	1,883,444	4,969	209	56	3,546	548,106	87,754	105,485	16,131	90,026	15,520	9,549
76	Prepayments	2,514,922	1,713,225	4,519	190	51	3,226	498,569	79,823	95,952	14,673	81,890	14,117	8,686
77	Cash Working Capital	808,685	550,896	1,453	61	16	1,037	160,317	25,667	30,854	4,718	26,332	4,540	2,793
78	**Total Working Capital**	**$ 10,381,782**	**$ 7,255,571**	**$ 33,043**	**$ 460**	**$ 123**	**$ 7,859**	**$ 2,194,390**	**$ 272,095**	**$ 329,264**	**$ 35,522**	**$ 198,248**	**$ 34,177**	**$ 21,029**
79	**Total Rate Base - Demand Related**	**$ 603,596,669**	**$ 346,382,189**	**$ 1,230,499**	**$ 27,576**	**$ 17,666**	**$ 1,083,434**	**$ 148,904,276**	**$ 28,098,756**	**$ 34,755,398**	**$ 5,266,660**	**$ 29,650,740**	**$ 5,056,345**	**$ 3,123,131**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Customer Related Net Plant - Adjusted Base Period**	**Customer Related Net Plant - Adjusted Base Period**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ 26,014,008	$ 24,021,185	$ 21,918	$ 715	$ 48	$ 407	$ 1,962,636	$ 5,057	$ 563	$ 288	$ 959	$ 184	$ 48
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	-	-	-	-	-	-	-	-	-	-	-	-
Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Plant:													
Mains	108,829,103	$ 100,492,168	$ 91,695	$ 2,991	$ 201	$ 1,705	$ 8,210,648	$ 21,156	$ 2,356	$ 1,203	$ 4,011	$ 769	$ 201
Services	56,838,531	52,323,254	49,185	2,075	105	1,566	4,439,321	16,317	1,413	1,499	3,109	583	105
Meters & Regulators	105,407,128	86,912,563	260,896	35,541	374	76,310	17,165,821	828,588	57,297	44,055	-	7,379	18,305
All Other Distribution	1,331,653	1,177,662	1,974	199	3	391	146,470	4,255	300	230	35	43	91
Total Distribution Plant	**$ 272,406,415**	**$ 240,905,647**	**$ 403,750**	**$ 40,807**	**$ 682**	**$ 79,972**	**$ 29,962,260**	**$ 870,316**	**$ 61,367**	**$ 46,986**	**$ 7,154**	**$ 8,773**	**$ 18,702**
General Plant	$ 31,023,240	$ 19,256,021	$ 52,145	$ 2,423	$ 537	$ 33,210	$ 5,423,978	$ 851,808	$ 1,256,100	$ 140,265	$ 3,895,922	$ 21,571	$ 89,258
Total Gas Plant In Service - Customer Related	**$ 329,443,663**	**$ 284,182,853**	**$ 477,813**	**$ 43,946**	**$ 1,268**	**$ 113,590**	**$ 37,348,873**	**$ 1,727,181**	**$ 1,318,030**	**$ 187,539**	**$ 3,904,035**	**$ 30,528**	**$ 108,008**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Customer Related Net Plant - Test Period Present Rates**	**Customer Related Net Plant - Test Period Present Rates**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ 61,215,513	$ 56,582,746	$ 50,393	$ 1,659	$ 111	$ 996	$ 4,563,123	$ 11,616	$ 996	$ 664	$ 443	$ 2,655	$ 111
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	-	-	-	-	-	-	-	-	-	-	-	-
Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Plant:													
Mains	135,072,861	$ 124,850,599	$ 111,194	$ 3,662	$ 244	$ 2,197	$ 10,068,592	$ 25,632	$ 2,197	$ 1,465	$ 976	$ 5,859	$ 244
Services	73,354,167	67,597,048	62,022	2,642	133	2,099	5,660,860	20,557	1,370	1,897	787	4,620	133
Meters & Regulators	106,793,018	88,243,399	258,551	35,555	372	80,380	17,202,721	820,388	43,660	43,827	-	45,957	18,210
All Other Distribution	1,288,959	1,147,767	1,766	171	3	346	134,662	3,543	193	193	7	231	76
Total Distribution Plant	**$ 316,509,005**	**$ 281,838,812**	**$ 433,532**	**$ 42,029**	**$ 752**	**$ 85,023**	**$ 33,066,835**	**$ 870,120**	**$ 47,420**	**$ 47,381**	**$ 1,771**	**$ 56,667**	**$ 18,663**
General Plant	$ 38,950,681	$ 26,534,131	$ 69,997	$ 2,945	$ 788	$ 49,962	$ 7,721,759	$ 1,236,284	$ 1,486,084	$ 227,254	$ 1,268,298	$ 218,648	$ 134,532
Total Gas Plant In Service - Customer Related	**$ 416,675,199**	**$ 364,955,689**	**$ 553,923**	**$ 46,634**	**$ 1,651**	**$ 135,981**	**$ 45,351,717**	**$ 2,118,020**	**$ 1,534,500**	**$ 275,299**	**$ 1,270,511**	**$ 277,971**	**$ 153,306**

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80 Fully Allocated Cost of Service Study
81 Adjusted Future Test Year Period: 12 Months Ending September 30, 2025
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New Mexico Gas Company
Customer Related Net Plant - Test Period Proposed Rates

	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
83														
84	Intangible Plant	$ 61,215,513	$ 56,582,746	$ 50,393	$ 1,659	$ 111	$ 996	$ 4,563,123	$ 11,616	$ 996	$ 664	$ 443	$ 2,655	$ 111
85	Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
86	Storage Plant	$ -	-	-	-	-	-	-	-	-	-	-	-	-
87	Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
88	Distribution Plant:													
89	Mains	135,072,861	$ 124,850,599	$ 111,194	$ 3,662	$ 244	$ 2,197	$ 10,068,592	$ 25,632	$ 2,197	$ 1,465	$ 976	$ 5,859	$ 244
90	Services	73,354,167	67,597,048	62,022	2,642	133	2,099	5,660,860	20,557	1,370	1,897	787	4,620	133
91	Meters & Regulators	106,793,018	88,243,399	258,551	35,555	372	80,380	17,202,721	820,388	43,660	43,827	-	45,957	18,210
92	All Other Distribution	1,288,959	1,147,767	1,766	171	3	346	134,662	3,543	193	193	7	231	76
93	**Total Distribution Plant**	**$ 316,509,005**	**$ 281,838,812**	**$ 433,532**	**$ 42,029**	**$ 752**	**$ 85,023**	**$ 33,066,835**	**$ 870,120**	**$ 47,420**	**$ 47,381**	**$ 1,771**	**$ 56,667**	**$ 18,663**
94	General Plant	$ 38,950,681	$ 26,534,131	$ 69,997	$ 2,945	$ 788	$ 49,962	$ 7,721,759	$ 1,236,284	$ 1,486,084	$ 227,254	$ 1,268,298	$ 218,648	$ 134,532
95	**Total Gas Plant In Service - Customer Related**	**$ 416,675,199**	**$ 364,955,689**	**$ 553,923**	**$ 46,634**	**$ 1,651**	**$ 135,981**	**$ 45,351,717**	**$ 2,118,020**	**$ 1,534,500**	**$ 275,299**	**$ 1,270,511**	**$ 277,971**	**$ 153,306**
			92.15%											
			82.63%											

Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Demand Related Net Plant - Adjusted Base Period**	**Demand Related Net Plant - Adjusted Base Period**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant	$ 315,566,641	$ 130,167,790	$ 206,913	$ 3,909	$ 5,476	$ 339,484	$ 57,806,043	$ 10,642,345	$ 16,647,079	$ 3,368,025	$ 94,846,399	$ 516,416	$ 1,016,763
Distribution Plant:													
Mains	149,356,446	87,242,467	588,083	12,746	6,182	347,283	39,527,629	8,234,399	12,382,261	-	-	-	1,015,396
Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Distribution	17,989,637	10,508,153	70,833	1,535	745	41,829	4,761,011	991,814	1,491,415	-	-	-	122,302
Total Distribution Plant	**$ 167,346,084**	**$ 97,750,620**	**$ 658,916**	**$ 14,281**	**$ 6,926**	**$ 389,113**	**$ 44,288,640**	**$ 9,226,213**	**$ 13,873,676**	**$ -**	**$ -**	**$ -**	**$ 1,137,698**
General Plant	$ 50,202,721	$ 31,160,660	$ 84,383	$ 3,921	$ 870	$ 53,742	$ 8,777,241	$ 1,378,421	$ 2,032,658	$ 226,981	$ 6,304,496	$ 34,907	$ 144,441
Total Gas Plant In Service - Demand Related	**$ 533,115,445**	**$ 259,079,070**	**$ 950,213**	**$ 22,111**	**$ 13,272**	**$ 782,339**	**$ 110,871,923**	**$ 21,246,980**	**$ 32,553,413**	**$ 3,595,006**	**$ 101,150,895**	**$ 551,323**	**$ 2,298,901**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Demand Related Net Plant - Test Period Present Rates**	**Demand Related Net Plant - Test Period Present Rates**
Case No. 23-00255-UT		

	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
100	Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
101	Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
103	Transmission Plant	$ 368,036,847	$ 202,384,885	$ 314,009	$ 5,988	$ 8,342	$ 547,598	$ 88,711,655	$ 16,135,880	$ 19,425,006	$ 5,130,904	$ 28,898,103	$ 4,925,526	$ 1,548,952
104	Distribution Plant:													
105	Mains	185,373,231	109,939,531	773,861	17,435	8,095	461,913	49,468,847	10,195,078	13,140,638	-	-	-	1,367,832
106	Services	-	-	-	-	-	-	-	-	-	-	-	-	-
107	Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
108	All Other Distribution	17,624,677	10,452,689	73,576	1,658	770	43,917	4,703,335	969,314	1,249,369	-	-	-	130,049
109	Total Distribution Plant	**$ 202,997,908**	**$ 120,392,220**	**$ 847,437**	**$ 19,092**	**$ 8,865**	**$ 505,830**	**$ 54,172,183**	**$ 11,164,392**	**$ 14,390,007**	**$ -**	**$ -**	**$ -**	**$ 1,497,881**
110	General Plant	$ 58,884,694	$ 40,113,654	$ 105,820	$ 4,452	$ 1,192	$ 75,531	$ 11,673,567	$ 1,868,984	$ 2,246,626	$ 343,557	$ 1,917,382	$ 330,547	$ 203,382
111	**Total Gas Plant In Service - Demand Related**	**$ 629,919,450**	**$ 362,890,759**	**$ 1,267,266**	**$ 29,533**	**$ 18,399**	**$ 1,128,959**	**$ 154,557,405**	**$ 29,169,257**	**$ 36,061,639**	**$ 5,474,460**	**$ 30,815,484**	**$ 5,256,073**	**$ 3,250,216**

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96	Fully Allocated Cost of Service Study	New Mexico Gas Company	New Mexico Gas Company
97	Adjusted Future Test Year Period: 12 Months Ending September 30, 2025	Demand Related Net Plant - Test Period Proposed Rates	Demand Related Net Plant - Test Period Proposed Rates
98	Case No. 23-00255-UT		

99	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	0
100	Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
101	Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
103	Transmission Plant	$ 368,036,847	$ 202,384,885	$ 314,009	$ 5,988	$ 8,342	$ 547,598	$ 88,711,655	$ 16,135,880	$ 19,425,006	$ 5,130,904	$ 28,898,103	$ 4,925,526	$ 1,548,952
104	Distribution Plant:													
105	Mains	185,373,231	109,939,531	773,861	17,435	8,095	461,913	49,468,847	10,195,078	13,140,638	-	-	-	1,367,832
106	Services	-	-	-	-	-	-	-	-	-	-	-	-	-
107	Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
108	All Other Distribution	17,624,677	10,452,689	73,576	1,658	770	43,917	4,703,335	969,314	1,249,369	-	-	-	130,049
109	Total Distribution Plant	**$ 202,997,908**	**$ 120,392,220**	**$ 847,437**	**$ 19,092**	**$ 8,865**	**$ 505,830**	**$ 54,172,183**	**$ 11,164,392**	**$ 14,390,007**	**$ -**	**$ -**	**$ -**	**$ 1,497,881**
110	General Plant	$ 58,884,694	$ 40,113,654	$ 105,820	$ 4,452	$ 1,192	$ 75,531	$ 11,673,567	$ 1,868,984	$ 2,246,626	$ 343,557	$ 1,917,382	$ 330,547	$ 203,382
111	**Total Gas Plant In Service - Demand Related**	**$ 629,919,450**	**$ 362,890,759**	**$ 1,267,266**	**$ 29,533**	**$ 18,399**	**$ 1,128,959**	**$ 154,557,405**	**$ 29,169,257**	**$ 36,061,639**	**$ 5,474,460**	**$ 30,815,484**	**$ 5,256,073**	**$ 3,250,216**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Customer Related Operation & Maintenance Expenses - Adj. Base Period**	**Customer Related Operation & Maintenance Expenses - Adj. Base Period**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Purchased Gas Costs:													
Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Purchased Gas Costs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Gas Supply Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Expense	$ -	-	-	-	-	-	-	-	-	-	-	-	-
Transmission Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Expense:													
Mains	2,278,727	1,656,932	6,000	139	56	3,080	421,335	72,863	109,306	11	35	7	8,964
Services	2,842,974	2,617,126	2,460	104	5	78	222,048	816	71	75	155	29	5
Meters & Regulators	9,545,565	7,870,715	23,627	3,219	34	6,911	1,554,520	75,036	5,189	3,990	-	668	1,658
Customer Installations	339,932	313,892	286	9	1	5	25,646	66	7	4	13	2	1
Other	9,307,836	7,727,173	20,078	2,153	60	6,248	1,379,100	92,278	71,061	2,530	126	438	6,591
Total Distribution Expense	**$ 24,315,033**	**$ 20,185,839**	**$ 52,451**	**$ 5,623**	**$ 156**	**$ 16,323**	**$ 3,602,648**	**$ 241,059**	**$ 185,633**	**$ 6,609**	**$ 330**	**$ 1,145**	**$ 17,218**
Customer Accounting:													
Uncollectible	1,236,639	929,209	3,872	215	14	923	221,139	28,973	29,094	2,521	11,709	5,092	3,877
Other	15,282,015	14,111,325	12,876	420	28	239	1,152,957	2,971	331	169	563	108	28
Total Customer Accounting	**$ 16,518,655**	**$ 15,040,534**	**$ 16,748**	**$ 635**	**$ 43**	**$ 1,163**	**$ 1,374,096**	**$ 31,944**	**$ 29,424**	**$ 2,690**	**$ 12,273**	**$ 5,200**	**$ 3,905**
Sales Expense	$ 861,125	$ 795,158	$ 726	$ 24	$ 2	$ 13	$ 64,968	$ 167	$ 19	$ 10	$ 32	$ 6	$ 2
Administration & General	$ 31,139,377	$ 24,725,680	$ 53,775	$ 4,172	$ 276	$ 19,978	$ 4,318,461	$ 404,889	$ 497,840	$ 40,920	$ 1,028,623	$ 6,411	$ 38,353
Total Operating & Maintenance - Customer Related	$ 72,834,190	$ 60,747,211	$ 123,700	$ 10,454	$ 476	$ 37,476	$ 9,360,174	$ 678,060	$ 712,916	$ 50,228	$ 1,041,256	$ 12,761	$ 59,477
Total O&M Including Gas Cost - Customer Related	**$ 72,834,190**	**$ 60,747,211**	**$ 123,700**	**$ 10,454**	**$ 476**	**$ 37,476**	**$ 9,360,174**	**$ 678,060**	**$ 712,916**	**$ 50,228**	**$ 1,041,256**	**$ 12,761**	**$ 59,477**

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112	Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
113	Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Customer Related Operation & Maintenance Expenses - Test Period Present**	**Customer Related Operation & Maintenance Expenses - Test Period Present**
114	Case No. 23-00255-UT		

115	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
116	Purchased Gas Costs:													
117	Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
118	Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
119	**Total Purchased Gas Costs**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
120	Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
121	Other Gas Supply Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
122	Storage Expense	$ -	-	-	-	-	-	-	-	-	-	-	-	-
123	Transmission Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
124	Distribution Expense:													
125	Mains	2,575,307	1,886,921	7,113	170	67	3,730	478,480	82,140	105,624	12	8	47	10,995
126	Services	3,251,563	2,996,368	2,749	117	6	93	250,928	911	61	84	35	205	6
127	Meters & Regulators	10,969,547	9,064,170	26,558	3,652	38	8,256	1,767,026	84,268	4,485	4,502	-	4,721	1,870
128	Customer Installations	388,049	358,682	319	11	1	6	28,926	74	6	4	3	17	1
129	Other	10,227,540	8,514,471	21,866	2,350	67	7,193	1,502,999	99,626	65,572	2,739	27	2,969	7,661
130	**Total Distribution Expense**	**$ 27,412,006**	**$ 22,820,612**	**$ 58,605**	**$ 6,300**	**$ 178**	**$ 19,279**	**$ 4,028,359**	**$ 267,019**	**$ 175,748**	**$ 7,341**	**$ 73**	**$ 7,959**	**$ 20,533**
131	Customer Accounting:													
132	Uncollectible	1,343,996	1,009,869	4,175	237	16	1,029	240,191	30,563	32,315	2,601	12,306	6,008	4,685
133	Other	17,229,234	15,925,332	14,183	467	31	280	1,284,300	3,269	280	187	125	747	31
134	**Total Customer Accounting**	**$ 18,573,230**	**$ 16,935,201**	**$ 18,358**	**$ 704**	**$ 47**	**$ 1,309**	**$ 1,524,492**	**$ 33,832**	**$ 32,596**	**$ 2,788**	**$ 12,431**	**$ 6,755**	**$ 4,716**
135	Sales Expense	$ 986,162	$ 911,529	$ 812	$ 27	$ 2	$ 16	$ 73,510	$ 187	$ 16	$ 11	$ 7	$ 43	$ 2
136	Administration & General	$ 36,150,889	$ 29,320,421	$ 63,326	$ 4,830	$ 352	$ 25,941	$ 5,219,125	$ 508,648	$ 525,883	$ 60,374	$ 311,928	$ 58,929	$ 51,132
137	Total Operating & Maintenance - Customer Related	$ 83,122,286	$ 69,987,763	$ 141,102	$ 11,860	$ 579	$ 46,545	$ 10,845,486	$ 809,686	$ 734,243	$ 70,514	$ 324,439	$ 73,686	$ 76,383
138	**Total O&M Including Gas Cost - Customer Related**	**$ 83,122,286**	**$ 69,987,763**	**$ 141,102**	**$ 11,860**	**$ 579**	**$ 46,545**	**$ 10,845,486**	**$ 809,686**	**$ 734,243**	**$ 70,514**	**$ 324,439**	**$ 73,686**	**$ 76,383**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025	**Customer Related Operation & Maintenance Expenses - Test Period Proposed**	**Customer Related Operation & Maintenance Expenses - Test Period Proposed**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Purchased Gas Costs:													
Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Purchased Gas Costs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Gas Supply Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Expense	$ -	-	-	-	-	-	-	-	-	-	-	-	-
Transmission Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Expense:													
Mains	2,575,307	1,886,921	7,113	170	67	3,730	478,480	82,140	105,624	12	8	47	10,995
Services	3,251,563	2,996,368	2,749	117	6	93	250,928	911	61	84	35	205	6
Meters & Regulators	10,969,547	9,064,170	26,558	3,652	38	8,256	1,767,026	84,268	4,485	4,502	-	4,721	1,870
Customer Installations	388,049	358,682	319	11	1	6	28,926	74	6	4	3	17	1
Other	10,227,540	8,514,471	21,866	2,350	67	7,193	1,502,999	99,626	65,572	2,739	27	2,969	7,661
Total Distribution Expense	**$ 27,412,006**	**$ 22,820,612**	**$ 58,605**	**$ 6,300**	**$ 178**	**$ 19,279**	**$ 4,028,359**	**$ 267,019**	**$ 175,748**	**$ 7,341**	**$ 73**	**$ 7,959**	**$ 20,533**
Customer Accounting:													
Uncollectible	1,343,996	1,009,703	3,990	227	17	1,056	238,818	30,517	32,562	2,843	13,833	5,893	4,537
Other	17,229,234	15,925,332	14,183	467	31	280	1,284,300	3,269	280	187	125	747	31
Total Customer Accounting	**$ 18,573,230**	**$ 16,935,035**	**$ 18,174**	**$ 694**	**$ 48**	**$ 1,336**	**$ 1,523,119**	**$ 33,787**	**$ 32,842**	**$ 3,029**	**$ 13,957**	**$ 6,640**	**$ 4,568**
Sales Expense	$ 986,162	$ 911,529	$ 812	$ 27	$ 2	$ 16	$ 73,510	$ 187	$ 16	$ 11	$ 7	$ 43	$ 2
Administration & General	$ 36,150,889 $ 48,633,889	$ 29,320,421	$ 63,326	$ 4,830	$ 352	$ 25,941	$ 5,219,125	$ 508,648	$ 525,883	$ 60,374	$ 311,928	$ 58,929	$ 51,132
Total Operating & Maintenance - Customer Related	$ 83,122,286	$ 69,987,597	$ 140,917	$ 11,850	$ 579	$ 46,572	$ 10,844,113	$ 809,641	$ 734,490	$ 70,755	$ 325,965	$ 73,571	$ 76,235
Total O&M Including Gas Cost - Customer Related	**$ 83,122,286**	**$ 69,987,597**	**$ 140,917**	**$ 11,850**	**$ 579**	**$ 46,572**	**$ 10,844,113**	**$ 809,641**	**$ 734,490**	**$ 70,755**	**$ 325,965**	**$ 73,571**	**$ 76,235**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Base Period: 12 Months Ending March 31, 2023	**Demand Related Operation & Maintenance Expenses - Adj. Base Period**	**Demand Related Operation & Maintenance Expenses - Adj. Base Period**
Case No. 23-00255-UT		

	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
	Purchased Gas Costs:													
	Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Purchased Gas Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Other Gas Supply Expense	$ 1,413,356	$ 582,994	$ 927	$ 18	$ 25	$ 1,520	$ 258,901	$ 47,665	$ 74,559	$ 15,085	$ 424,797	$ 2,313	$ 4,554
	Storage Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Expense	$ 6,005,197	$ 2,477,078	$ 3,938	$ 74	$ 104	$ 6,460	$ 1,100,042	$ 202,523	$ 316,792	$ 64,093	$ 1,804,916	$ 9,827	$ 19,349
	Distribution Expense:													
	Mains	3,127,312	2,273,964	8,234	191	77	4,227	578,237	99,997	150,011	15	49	9	12,302
	Services	-	-	-	-	-	-	-	-	-	-	-	-	-
	Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
	Customer Installment	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	5,718,037	4,157,760	15,055	349	141	7,729	1,057,260	182,836	274,282	27	89	17	22,492
	Total Distribution Expense	**$ 8,845,348**	**$ 6,431,724**	**$ 23,289**	**$ 539**	**$ 219**	**$ 11,956**	**$ 1,635,497**	**$ 282,832**	**$ 424,293**	**$ 41**	**$ 137**	**$ 26**	**$ 34,794**
	Customer Accounting:													
	Uncollectible	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Customer Accounting	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Administration & General	$ 10,634,953	$ 8,444,499	$ 18,366	$ 1,425	$ 94	$ 6,823	$ 1,474,873	$ 138,281	$ 170,026	$ 13,975	$ 351,303	$ 2,189	$ 13,098
	Total Operating & Maintenance	$ 26,898,854	$ 17,936,295	$ 46,519	$ 2,056	$ 442	$ 26,760	$ 4,469,314	$ 671,301	$ 985,669	$ 93,194	$ 2,581,153	$ 14,356	$ 71,795
	Total O&M Including Gas Cost - Demand Related	**$ 26,898,854**	**$ 17,936,295**	**$ 46,519**	**$ 2,056**	**$ 442**	**$ 26,760**	**$ 4,469,314**	**$ 671,301**	**$ 985,669**	**$ 93,194**	**$ 2,581,153**	**$ 14,356**	**$ 71,795**

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Fully Allocated Cost of Service Study
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025
Case No. 23-00255-UT

New Mexico Gas Company
Demand Related Operation & Maintenance Expenses - Test Period Present

New Mexico Gas Company
Demand Related Operation & Maintenance Expenses - Test Period Present

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Purchased Gas Costs:													
Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Purchased Gas Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Gas Supply Expense	$ 1,608,585	$ 884,567	$ 1,372	$ 26	$ 36	$ 2,393	$ 387,733	$ 70,525	$ 84,901	$ 22,426	$ 126,305	$ 21,528	$ 6,770
Storage Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Expense	$ 7,819,044	$ 4,299,723	$ 6,671	$ 127	$ 177	$ 11,634	$ 1,884,704	$ 342,811	$ 412,690	$ 109,007	$ 613,948	$ 104,644	$ 32,908
Distribution Expense:													
Mains	3,534,336	2,589,600	9,762	233	92	5,119	656,664	112,729	144,958	16	11	65	15,089
Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Installment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	6,559,590	4,806,197	18,117	432	171	9,500	1,218,742	209,220	269,036	30	20	120	28,005
Total Distribution Expense	**$ 10,093,926**	**$ 7,395,797**	**$ 27,879**	**$ 665**	**$ 263**	**$ 14,619**	**$ 1,875,406**	**$ 321,948**	**$ 413,994**	**$ 46**	**$ 31**	**$ 185**	**$ 43,094**
Customer Accounting:													
Uncollectible	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Customer Accounting	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administration & General	$ 12,483,000	$ 10,124,421	$ 21,867	$ 1,668	$ 121	$ 8,957	$ 1,802,178	$ 175,637	$ 181,589	$ 20,847	$ 107,710	$ 20,348	$ 17,656
Total Operating & Maintenance	$ 32,004,556	$ 22,704,508	$ 57,789	$ 2,486	$ 598	$ 37,604	$ 5,950,021	$ 910,922	$ 1,093,174	$ 152,327	$ 847,994	$ 146,705	$ 100,428
Total O&M Including Gas Cost - Demand Related	**$ 32,004,556**	**$ 22,704,508**	**$ 57,789**	**$ 2,486**	**$ 598**	**$ 37,604**	**$ 5,950,021**	**$ 910,922**	**$ 1,093,174**	**$ 152,327**	**$ 847,994**	**$ 146,705**	**$ 100,428**

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Fully Allocated Cost of Service Study
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025
Case No. 23-00255-UT

New Mexico Gas Company
Demand Related Operation & Maintenance Expenses - Test Period Proposed

New Mexico Gas Company
Demand Related Operation & Maintenance Expenses - Test Period Proposed

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Purchased Gas Costs:													
Rate Class Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Gas Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Purchased Gas Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Gas Supply Expense	$ 1,608,585	$ 884,567	$ 1,372	$ 26	$ 36	$ 2,393	$ 387,733	$ 70,525	$ 84,901	$ 22,426	$ 126,305	$ 21,528	$ 6,770
Storage Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Expense	$ 7,819,044	$ 4,299,723	$ 6,671	$ 127	$ 177	$ 11,634	$ 1,884,704	$ 342,811	$ 412,690	$ 109,007	$ 613,948	$ 104,644	$ 32,908
Distribution Expense:													
Mains	3,534,336	2,589,600	9,762	233	92	5,119	656,664	112,729	144,958	16	11	65	15,089
Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Installment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	6,559,590	4,806,197	18,117	432	171	9,500	1,218,742	209,220	269,036	30	20	120	28,005
Total Distribution Expense	**$ 10,093,926**	**$ 7,395,797**	**$ 27,879**	**$ 665**	**$ 263**	**$ 14,619**	**$ 1,875,406**	**$ 321,948**	**$ 413,994**	**$ 46**	**$ 31**	**$ 185**	**$ 43,094**
Customer Accounting:													
Uncollectible	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Customer Accounting	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administration & General	$ 12,483,000	$ 10,124,421	$ 21,867	$ 1,668	$ 121	$ 8,957	$ 1,802,178	$ 175,637	$ 181,589	$ 20,847	$ 107,710	$ 20,348	$ 17,656
Total Operating & Maintenance	$ 32,004,556	$ 22,704,508	$ 57,789	$ 2,486	$ 598	$ 37,604	$ 5,950,021	$ 910,922	$ 1,093,174	$ 152,327	$ 847,994	$ 146,705	$ 100,428
Total O&M Including Gas Cost - Demand Related	**$ 32,004,556**	**$ 22,704,508**	**$ 57,789**	**$ 2,486**	**$ 598**	**$ 37,604**	**$ 5,950,021**	**$ 910,922**	**$ 1,093,174**	**$ 152,327**	**$ 847,994**	**$ 146,705**	**$ 100,428**

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#	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
166	Fully Allocated Cost of Service Study				New Mexico Gas Company					New Mexico Gas Company				
167	Adjusted Base Period: 12 Months Ending March 31, 2023				Customer-Related Depreciation and Other Expense - Adjusted Base Period					Customer-Related Depreciation and Other Expense - Adjusted Base Period				
168	Case No. 23-00255-UT													
169														
170	Intangible Plant	$ 2,701,397	$ 2,494,455	$ 2,276	$ 74	$ 5	$ 42	$ 203,808	$ 525	$ 58	$ 30	$ 100	$ 19	$ 5
171	Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
172	Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
173	Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
174	Distribution Plant:													
175	Mains	3,407,883	2,477,977	8,973	208	84	4,606	630,115	108,968	163,469	16	53	10	13,405
176	Services	7,626,893	7,021,009	6,600	278	14	210	595,691	2,189	190	201	417	78	14
177	Meters & Regulators	5,742,876	4,735,240	14,214	1,936	20	4,158	935,242	45,144	3,122	2,400	-	402	997
178	Other	261,208	203,142	615	33	4	265	43,082	5,654	7,731	29	4	5	642
179	Total Distribution Expense	$ 17,038,860	$ 14,437,367	$ 30,402	$ 2,456	$ 123	$ 9,239	$ 2,204,130	$ 161,955	$ 174,511	$ 2,646	$ 475	$ 496	$ 15,059
180	General Plant	$ 2,457,455	$ 1,525,334	$ 4,131	$ 192	$ 43	$ 2,631	$ 429,651	$ 67,475	$ 99,500	$ 11,111	$ 308,609	$ 1,709	$ 7,070
181	**Total Depreciation Expense**	**$ 22,197,711**	**$ 18,457,156**	**$ 36,809**	**$ 2,722**	**$ 170**	**$ 11,912**	**$ 2,837,589**	**$ 229,955**	**$ 274,070**	**$ 13,787**	**$ 309,183**	**$ 2,224**	**$ 22,134**
182	Taxes Other Than Income:													
183	Property Taxes	2,628,040	1,631,216	4,417	205	46	2,813	459,476	72,158	106,407	11,882	330,031	1,827	7,561
184	Payroll Taxes	2,987,717	2,372,344	5,160	400	27	1,917	414,342	38,848	47,766	3,926	98,693	615	3,680
185	Pipeline Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
186	Native American, Inspection and Other	1,311,936	814,314	2,205	102	23	1,404	229,374	36,022	53,119	5,932	164,754	912	3,775
187	**Total Taxes Other Than Income**	**$ 6,927,692**	**$ 4,817,874**	**$ 11,782**	**$ 708**	**$ 95**	**$ 6,135**	**$ 1,103,191**	**$ 147,028**	**$ 207,292**	**$ 21,740**	**$ 593,478**	**$ 3,355**	**$ 15,016**
188	Miscellaneous Expense													
189	Interest on Customer Deposits	22,522	13,979	38	2	0	24	3,938	618	912	102	2,828	16	65
190	IMP Regulatory Asset and Rights-of-Way	6,121	3,799	10	0	0	7	1,070	168	248	28	769	4	18
191	COVID Regulatory Asset Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
192	Hansen CIS Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
193	Legal Regulatory Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
194	Rights-of-Way - Transmission (242)	-	-	-	-	-	-	-	-	-	-	-	-	-
195	Rights-of-Way - Distribution (242)	18,572	11,527	31	1	0	20	3,247	510	752	84	2,332	13	53
196	Amortization of Rate Case Expense	405,070	255,127	678	31	7	418	69,756	10,769	15,868	1,773	49,249	273	1,122
197	**Total Miscellaneous Expense**	**$ 452,285**	**$ 284,433**	**$ 758**	**$ 34**	**$ 8**	**$ 468**	**$ 78,011**	**$ 12,065**	**$ 17,779**	**$ 1,987**	**$ 55,178**	**$ 306**	**$ 1,258**

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Fully Allocated Cost of Service Study	**New Mexico Gas Company**	**New Mexico Gas Company**
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	**Customer-Related Depreciation and Other Expense - Test Period Present Rates**	**Customer-Related Depreciation and Other Expense - Test**
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ 5,480,661	$ 5,065,887	$ 4,512	$ 149	$ 10	$ 89	$ 408,539	$ 1,040	$ 89	$ 59	$ 40	$ 238	$ 10
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Plant:													
Mains	5,125,157	3,755,191	14,155	337	133	7,423	952,231	163,468	210,204	23	16	94	21,881
Services	264,782	244,001	224	10	0	8	20,434	74	5	7	3	17	0
Meters & Regulators	6,450,077	5,329,718	15,616	2,147	22	4,855	1,039,009	49,550	2,637	2,647	-	2,776	1,100
Other	252,247	196,837	608	30	4	275	41,521	5,574	6,645	24	1	28	699
Total Distribution Expense	**$ 12,092,262**	**$ 9,525,747**	**$ 30,603**	**$ 2,524**	**$ 161**	**$ 12,561**	**$ 2,053,195**	**$ 218,666**	**$ 219,491**	**$ 2,701**	**$ 19**	**$ 2,915**	**$ 23,680**
General Plant	$ 3,263,952	$ 2,223,482	$ 5,866	$ 247	$ 66	$ 4,187	$ 647,061	$ 103,597	$ 124,529	$ 19,043	$ 106,280	$ 18,322	$ 11,273
Total Depreciation Expense	**$ 20,836,876**	**$ 16,815,115**	**$ 40,980**	**$ 2,920**	**$ 237**	**$ 16,836**	**$ 3,108,795**	**$ 323,303**	**$ 344,110**	**$ 21,804**	**$ 106,339**	**$ 21,474**	**$ 34,963**
Taxes Other Than Income:													
Property Taxes	4,145,375	2,823,928	7,450	313	84	5,317	821,798	131,573	158,158	24,186	134,980	23,270	14,318
Payroll Taxes	3,403,798	2,760,673	5,962	455	33	2,442	491,408	47,892	49,515	5,685	29,370	5,548	4,814
Pipeline Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Native American, Inspection and Other	1,078,145	734,458	1,938	82	22	1,383	213,736	34,220	41,134	6,290	35,106	6,052	3,724
Total Taxes Other Than Income	**$ 8,627,319**	**$ 6,319,060**	**$ 15,350**	**$ 850**	**$ 139**	**$ 9,143**	**$ 1,526,943**	**$ 213,685**	**$ 248,808**	**$ 36,161**	**$ 199,456**	**$ 34,870**	**$ 22,856**
Miscellaneous Expense													
Interest on Customer Deposits	23,476	15,993	42	2	0	30	4,654	745	896	137	764	132	81
IMP Regulatory Asset and Rights-of-Way	3,190	2,173	6	0	0	4	632	101	122	19	104	18	11
COVID Regulatory Asset Amortization	571,709	389,462	1,027	43	12	733	113,338	18,146	21,812	3,336	18,616	3,209	1,975
Hansen CIS Regulatory Asset	159,842	108,888	287	12	3	205	31,688	5,073	6,098	933	5,205	897	552
Legal Regulatory Liability	(253,937)	(176,855)	(444)	(18)	(5)	(304)	(48,427)	(7,546)	(9,067)	(1,386)	(7,733)	(1,334)	(818)
Rights-of-Way - Transmission (242)	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights-of-Way - Distribution (242)	12,351	8,414	22	1	0	16	2,449	392	471	72	402	69	43
Amortization of Rate Case Expense	521,986	363,538	913	38	10	625	99,544	15,512	18,639	2,848	15,895	2,742	1,682
Total Miscellaneous Expense	**$ 1,038,618**	**$ 711,613**	**$ 1,854**	**$ 78**	**$ 21**	**$ 1,310**	**$ 203,879**	**$ 32,423**	**$ 38,971**	**$ 5,958**	**$ 33,253**	**$ 5,733**	**$ 3,525**

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Fully Allocated Cost of Service Study	New Mexico Gas Company	New Mexico Gas Company
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025	Customer-Related Depreciation and Other Expense - Test Period Proposed	Customer-Related Depreciation and Other Expense - Test Period Proposed Rates
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ 5,480,661	$ 5,065,887	$ 4,512	$ 149	$ 10	$ 89	$ 408,539	$ 1,040	$ 89	$ 59	$ 40	$ 238	$ 10
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Plant:													
Mains	5,125,157	3,755,191	14,155	337	133	7,423	952,231	163,468	210,204	23	16	94	21,881
Services	264,782	244,001	224	10	0	8	20,434	74	5	7	3	17	0
Meters & Regulators	6,450,077	5,329,718	15,616	2,147	22	4,855	1,039,009	49,550	2,637	2,647	-	2,776	1,100
Other	252,247	196,837	608	30	4	275	41,521	5,574	6,645	24	1	28	699
Total Distribution Expense	**$ 12,092,262**	**$ 9,525,747**	**$ 30,603**	**$ 2,524**	**$ 161**	**$ 12,561**	**$ 2,053,195**	**$ 218,666**	**$ 219,491**	**$ 2,701**	**$ 19**	**$ 2,915**	**$ 23,680**
General Plant	$ 3,263,952	$ 2,223,482	$ 5,866	$ 247	$ 66	$ 4,187	$ 647,061	$ 103,597	$ 124,529	$ 19,043	$ 106,280	$ 18,322	$ 11,273
Total Depreciation Expense	**$ 20,836,876**	**$ 16,815,115**	**$ 40,980**	**$ 2,920**	**$ 237**	**$ 16,836**	**$ 3,108,795**	**$ 323,303**	**$ 344,110**	**$ 21,804**	**$ 106,339**	**$ 21,474**	**$ 34,963**
Taxes Other Than Income:													
Property Taxes	4,145,375	2,823,928	7,450	313	84	5,317	821,798	131,573	158,158	24,186	134,980	23,270	14,318
Payroll Taxes	3,403,798	2,760,673	5,962	455	33	2,442	491,408	47,892	49,515	5,685	29,370	5,548	4,814
Pipeline Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Native American, Inspection and Other	1,078,145	734,458	1,938	82	22	1,383	213,736	34,220	41,134	6,290	35,106	6,052	3,724
Total Taxes Other Than Income	**$ 8,627,319**	**$ 6,319,060**	**$ 15,350**	**$ 850**	**$ 139**	**$ 9,143**	**$ 1,526,943**	**$ 213,685**	**$ 248,808**	**$ 36,161**	**$ 199,456**	**$ 34,870**	**$ 22,856**
Miscellaneous Expense													
Interest on Customer Deposits	23,476	15,993	42	2	0	30	4,654	745	896	137	764	132	81
IMP Regulatory Asset and Rights-of-Way	3,190	2,173	6	0	0	4	632	101	122	19	104	18	11
COVID Regulatory Asset Amortization	571,709	389,462	1,027	43	12	733	113,338	18,146	21,812	3,336	18,616	3,209	1,975
Hansen CIS Regulatory Asset	159,842	108,888	287	12	3	205	31,688	5,073	6,098	933	5,205	897	552
Legal Regulatory Liability	(253,937)	(176,855)	(444)	(18)	(5)	(304)	(48,427)	(7,546)	(9,067)	(1,386)	(7,733)	(1,334)	(818)
Rights-of-Way - Transmission (242)	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights-of-Way - Distribution (242)	12,351	8,414	22	1	0	16	2,449	392	471	72	402	69	43
Amortization of Rate Case Expense	521,986	363,538	913	38	10	625	99,544	15,512	18,639	2,848	15,895	2,742	1,682
Total Miscellaneous Expense	**$ 1,038,618**	**$ 711,613**	**$ 1,854**	**$ 78**	**$ 21**	**$ 1,310**	**$ 203,879**	**$ 32,423**	**$ 38,971**	**$ 5,958**	**$ 33,253**	**$ 5,733**	**$ 3,525**

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Fully Allocated Cost of Service Study	New Mexico Gas Company	New Mexico Gas Company
Adjusted Base Period: 12 Months Ending March 31, 2023	Demand-Related Depreciation and Other Expense - Adjusted Base Period	Demand-Related Depreciation and Other Expense - Adjusted Base Period
Case No. 23-00255-UT		

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant	$ 12,118,294	$ 4,998,664	$ 7,946	$ 150	$ 210	$ 13,037	$ 2,219,850	$ 408,684	$ 639,276	$ 129,338	$ 3,642,262	$ 19,831	$ 39,045
Distribution Plant:													
Mains	4,676,960	3,400,761	12,314	285	116	6,322	864,766	149,547	224,344	22	73	14	18,397
Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	781,551	607,814	1,840	99	13	794	128,904	16,917	23,131	87	13	16	1,922
Total Distribution Expense	**$ 5,458,511**	**$ 4,008,575**	**$ 14,154**	**$ 384**	**$ 128**	**$ 7,115**	**$ 993,670**	**$ 166,464**	**$ 247,475**	**$ 109**	**$ 86**	**$ 30**	**$ 20,319**
General Plant	$ 3,976,725	$ 2,468,340	$ 6,684	$ 311	$ 69	$ 4,257	$ 695,275	$ 109,189	$ 161,014	$ 17,980	$ 499,400	$ 2,765	$ 11,442
Total Depreciation Expense	**$ 21,553,530**	**$ 11,475,579**	**$ 28,784**	**$ 845**	**$ 408**	**$ 24,409**	**$ 3,908,795**	**$ 684,338**	**$ 1,047,765**	**$ 147,427**	**$ 4,141,749**	**$ 22,626**	**$ 70,806**
Taxes Other Than Income:													
Property Taxes	4,252,772	2,639,681	7,148	332	74	4,553	743,537	116,769	172,190	19,228	534,066	2,957	12,236
Payroll Taxes	1,020,387	810,221	1,762	137	9	655	141,509	13,268	16,313	1,341	33,706	210	1,257
Pipeline, Inspection and Supervision Fees	590,704	243,659	387	7	10	635	108,206	19,921	31,161	6,305	177,542	967	1,903
Native American and Other	2,123,013	1,317,747	3,568	166	37	2,273	371,179	58,292	85,959	9,599	266,610	1,476	6,108
Total Taxes Other Than Income	**$ 7,986,877**	**$ 5,011,308**	**$ 12,866**	**$ 642**	**$ 130**	**$ 8,115**	**$ 1,364,432**	**$ 208,249**	**$ 305,624**	**$ 36,472**	**$ 1,011,924**	**$ 5,610**	**$ 21,504**
Miscellaneous Expense													
Interest on Customer Deposits	36,445	22,621	61	3	1	39	6,372	1,001	1,476	165	4,577	25	105
IMP Regulatory Asset and Rights-of-Way	9,905	6,148	17	1	0	11	1,732	272	401	45	1,244	7	28
COVID Regulatory Asset Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Hansen CIS Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Regulatory Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights-of-Way - Transmission (242)	71,605	44,445	120	6	1	77	12,519	1,966	2,899	324	8,992	50	206
Rights-of-Way - Distribution (242)	30,053	18,654	51	2	1	32	5,254	825	1,217	136	3,774	21	86
Amortization of Rate Case Expense	655,497	412,854	1,098	50	11	676	112,882	17,426	25,677	2,869	79,696	441	1,816
Total Miscellaneous Expense	**$ 803,505**	**$ 504,722**	**$ 1,346**	**$ 61**	**$ 14**	**$ 834**	**$ 138,759**	**$ 21,490**	**$ 31,670**	**$ 3,538**	**$ 98,283**	**$ 544**	**$ 2,242**

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Fully Allocated Cost of Service Study	New Mexico Gas Company	New Mexico Gas Company
Adjusted Future Year Test Period: 12 Months Ending September 30, 2025	Demand-Related Depreciation and Other Expense - Test Period Present Rates	Demand-Related Depreciation and Other Expense - Test Period Present Rates
Case No. 23-00255-UT		

	Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
202	Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
203	Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
204	Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
205	Transmission Plant	$ 12,534,619	$ 6,892,835	$ 10,695	$ 204	$ 284	$ 18,650	$ 3,021,346	$ 549,557	$ 661,578	$ 174,749	$ 984,213	$ 167,754	$ 52,754
206	Distribution Plant:													
207	Mains	7,033,737	5,153,603	19,427	463	183	10,187	1,306,837	224,343	288,483	32	21	129	30,029
208	Services	3,535,908	3,258,396	2,990	127	6	101	272,872	991	66	91	38	223	6
209	Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Other	709,811	553,890	1,710	84	13	775	116,840	15,685	18,700	67	3	80	1,966
211	**Total Distribution Expense**	**$ 11,279,456**	**$ 8,965,890**	**$ 24,126**	**$ 674**	**$ 202**	**$ 11,063**	**$ 1,696,548**	**$ 241,018**	**$ 307,249**	**$ 190**	**$ 62**	**$ 431**	**$ 32,001**
212	General Plant	$ 4,934,364	$ 3,361,406	$ 8,867	$ 373	$ 100	$ 6,329	$ 978,210	$ 156,615	$ 188,261	$ 28,789	$ 160,671	$ 27,699	$ 17,043
213	**Total Depreciation Expense**	**$ 28,748,438**	**$ 19,220,131**	**$ 43,688**	**$ 1,252**	**$ 586**	**$ 36,043**	**$ 5,696,105**	**$ 947,190**	**$ 1,157,087**	**$ 203,728**	**$ 1,144,946**	**$ 195,884**	**$ 101,798**
214	Taxes Other Than Income:													
215	Property Taxes	6,266,877	4,269,146	11,262	474	127	8,039	1,242,374	198,909	239,100	36,563	204,060	35,179	21,645
216	Payroll Taxes	1,175,341	953,268	2,059	157	11	843	169,685	16,537	17,098	1,963	10,141	1,916	1,662
217	Pipeline, Inspection and Supervision Fees	609,351	335,084	520	10	14	907	146,878	26,716	32,162	8,495	47,846	8,155	2,565
218	Native American and Other	1,629,914	1,110,336	2,929	123	33	2,091	323,121	51,733	62,186	9,510	53,073	9,149	5,630
219	**Total Taxes Other Than Income**	**$ 9,681,483**	**$ 6,667,834**	**$ 16,770**	**$ 764**	**$ 185**	**$ 11,879**	**$ 1,882,058**	**$ 293,895**	**$ 350,545**	**$ 56,531**	**$ 315,120**	**$ 54,399**	**$ 31,502**
220	Miscellaneous Expense													
221	Interest on Customer Deposits	35,491	24,177	64	3	1	46	7,036	1,126	1,354	207	1,156	199	123
222	IMP Regulatory Asset and Rights-of-Way	4,823	3,285	9	0	0	6	956	153	184	28	157	27	17
223	COVID Regulatory Asset Amortization	864,296	588,779	1,553	65	17	1,109	171,342	27,433	32,975	5,043	28,143	4,852	2,985
224	Hansen CIS Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
225	Legal Regulatory Liability	(383,896)	(267,365)	(672)	(28)	(7)	(460)	(73,210)	(11,409)	(13,708)	(2,095)	(11,690)	(2,016)	(1,237)
226	Rights-of-Way - Transmission (242)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
227	Rights-of-Way - Distribution (242)	18,672	12,720	34	1	0	24	3,702	593	712	109	608	105	64
228	Amortization of Rate Case Expense	789,126	549,588	1,380	57	15	945	150,489	23,451	28,177	4,306	24,029	4,145	2,543
229	**Total Miscellaneous Expense**	**$ 1,328,512**	**$ 911,185**	**$ 2,368**	**$ 99**	**$ 26**	**$ 1,670**	**$ 260,314**	**$ 41,347**	**$ 49,696**	**$ 7,598**	**$ 42,403**	**$ 7,311**	**$ 4,495**

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Fully Allocated Cost of Service Study
Adjusted Future Test Year Period: 12 Months Ending September 30, 2025
Case No. 23-00255-UT

New Mexico Gas Company
Demand-Related Depreciation and Other Expense - Test Period Proposed

New Mexico Gas Company
Demand-Related Depreciation and Other Expense - Test Period Proposed Rates

Description	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant	$ 12,534,619	$ 6,892,835	$ 10,695	$ 204	$ 284	$ 18,650	$ 3,021,346	$ 549,557	$ 661,578	$ 174,749	$ 984,213	$ 167,754	$ 52,754
Distribution Plant:													
Mains	7,033,737	5,153,603	19,427	463	183	10,187	1,306,837	224,343	288,483	32	21	129	30,029
Services	3,535,908	3,258,396	2,990	127	6	101	272,872	991	66	91	38	223	6
Meters & Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	709,811	553,890	1,710	84	13	775	116,840	15,685	18,700	67	3	80	1,966
Total Distribution Expense	**$ 11,279,456**	**$ 8,965,890**	**$ 24,126**	**$ 674**	**$ 202**	**$ 11,063**	**$ 1,696,548**	**$ 241,018**	**$ 307,249**	**$ 190**	**$ 62**	**$ 431**	**$ 32,001**
General Plant	$ 4,934,364	$ 3,361,406	$ 8,867	$ 373	$ 100	$ 6,329	$ 978,210	$ 156,615	$ 188,261	$ 28,789	$ 160,671	$ 27,699	$ 17,043
Total Depreciation Expense	**$ 28,748,438**	**$ 19,220,131**	**$ 43,688**	**$ 1,252**	**$ 586**	**$ 36,043**	**$ 5,696,105**	**$ 947,190**	**$ 1,157,087**	**$ 203,728**	**$ 1,144,946**	**$ 195,884**	**$ 101,798**
Taxes Other Than Income:													
Property Taxes	6,266,877	4,269,146	11,262	474	127	8,039	1,242,374	198,909	239,100	36,563	204,060	35,179	21,645
Payroll Taxes	1,175,341	953,268	2,059	157	11	843	169,685	16,537	17,098	1,963	10,141	1,916	1,662
Pipeline, Inspection and Supervision Fees	609,351	335,084	520	10	14	907	146,878	26,716	32,162	8,495	47,846	8,155	2,565
Native American and Other	1,629,914	1,110,336	2,929	123	33	2,091	323,121	51,733	62,186	9,510	53,073	9,149	5,630
Total Taxes Other Than Income	**$ 9,681,483**	**$ 6,667,834**	**$ 16,770**	**$ 764**	**$ 185**	**$ 11,879**	**$ 1,882,058**	**$ 293,895**	**$ 350,545**	**$ 56,531**	**$ 315,120**	**$ 54,399**	**$ 31,502**
Miscellaneous Expense													
Interest on Customer Deposits	35,491	24,177	64	3	1	46	7,036	1,126	1,354	207	1,156	199	123
IMP Regulatory Asset and Rights-of-Way	4,823	3,285	9	0	0	6	956	153	184	28	157	27	17
COVID Regulatory Asset Amortization	864,296	588,779	1,553	65	17	1,109	171,342	27,433	32,975	5,043	28,143	4,852	2,985
Hansen CIS Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Regulatory Liability	(383,896)	(267,365)	(672)	(28)	(7)	(460)	(73,210)	(11,409)	(13,708)	(2,095)	(11,690)	(2,016)	(1,237)
Rights-of-Way - Transmission (242)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Rights-of-Way - Distribution (242)	18,672	12,720	34	1	0	24	3,702	593	712	109	608	105	64
Amortization of Rate Case Expense	789,126	549,588	1,380	57	15	945	150,489	23,451	28,177	4,306	24,029	4,145	2,543
Total Miscellaneous Expense	**$ 1,328,512**	**$ 911,185**	**$ 2,368**	**$ 99**	**$ 26**	**$ 1,670**	**$ 260,314**	**$ 41,347**	**$ 49,696**	**$ 7,598**	**$ 42,403**	**$ 7,311**	**$ 4,495**

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230	Fully Allocated Cost of Service Study		New Mexico Gas Company										New Mexico Gas Company			
231	Adjusted Base Period: 12 Months Ending March 31, 2023		Revenues - Adjusted Base Period										Revenues - Adjusted Base Period			
232	Case No. 23-00255-UT															
233	Description		Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114	
234	Revenue Detail															
235	Rate Class Revenues		$ 212,221,418	159,462,905	664,561	36,944	2,474	158,427	37,950,039	4,972,121	4,992,787	432,632	2,009,471	873,797	665,261	
236	Other Revenues and Revenue Credits															
237	Rider 14 Revenues		-	-	-	-	-	-	-	-	-	-	-	-	-	
238	Meter Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	
239	Rate 18 Revenues		309,920	195,198	519	24	5	320	53,371	8,239	12,140	1,357	37,680	209	859	
240	**Total Other Revenues and Revenue Credits**		**$ 309,920**	**$ 195,198**	**$ 519**	**$ 24**	**$ 5**	**$ 320**	**$ 53,371**	**$ 8,239**	**$ 12,140**	**$ 1,357**	**$ 37,680**	**$ 209**	**$ 859**	
241	**Total Operating Revenues**		**$ 212,531,338**	**$ 159,658,103**	**$ 665,080**	**$ 36,967**	**$ 2,479**	**$ 158,746**	**$ 38,003,410**	**$ 4,980,360**	**$ 5,004,927**	**$ 433,988**	**$ 2,047,152**	**$ 874,006**	**$ 666,120**	
242	Fully Allocated Cost of Service Study		New Mexico Gas Company										New Mexico Gas Company			
243	Adjusted Base Period: 12 Months Ending March 31, 2023		Revenue Requirement Calculation - Adjusted Base Period										Revenue Requirement Calculation - Adjusted Base Period			
244	Case No. 23-00255-UT															
245	Total Operating Expenses		$ 162,890,358	$ 121,272,541	$ 267,982	$ 17,769	$ 1,796	$ 119,448	$ 23,817,481	$ 2,738,507	$ 3,709,535	$ 382,536	$ 10,225,604	$ 63,960	$ 273,200	
246	Rate Base		$ 814,186,338	$ 512,802,213	$ 1,363,371	$ 61,805	$ 13,623	$ 839,686	$ 140,209,680	$ 21,645,053	$ 31,893,489	$ 3,563,826	$ 98,989,338	$ 548,194	$ 2,256,060	
247	Return @															
248		6.390%	52,026,507	32,768,061	87,119	3,949	871	53,656	8,959,399	1,383,119	2,037,994	227,729	6,325,419	35,030	144,162	
249	Debt Only Return Adjustment		(50,732)	(31,953)	(85)	(4)	(1)	(52)	(8,736)	(1,349)	(1,987)	(222)	(6,168)	(34)	(141)	
250	**Total Return on Rate Base**		**$ 51,975,775**	**$ 32,736,109**	**$ 87,034**	**$ 3,945**	**$ 870**	**$ 53,604**	**$ 8,950,662**	**$ 1,381,770**	**$ 2,036,007**	**$ 227,506**	**$ 6,319,251**	**$ 34,995**	**$ 144,022**	
251	Revenue Requirements		214,866,133	154,008,650	355,016	21,714	2,665	173,051	32,768,143	4,120,277	5,745,541	610,043	16,544,855	98,956	417,221	
252	Less Other Revenues		(309,920)	(195,198)	(519)	(24)	(5)	(320)	(53,371)	(8,239)	(12,140)	(1,357)	(37,680)	(209)	(859)	
253	**Revenue Requirements**		**$ 214,556,213**	**$ 153,813,452**	**$ 354,497**	**$ 21,691**	**$ 2,660**	**$ 172,732**	**$ 32,714,772**	**$ 4,112,038**	**$ 5,733,401**	**$ 608,686**	**$ 16,507,175**	**$ 98,747**	**$ 416,362**	
254	Revenue		(212,221,418)	(159,462,905)	(664,561)	(36,944)	(2,474)	(158,427)	(37,950,039)	(4,972,121)	(4,992,787)	(432,632)	(2,009,471)	(873,797)	(665,261)	
255	**Less Existing Revenue Deficiency/(Surplus)**		**$ 2,334,795**	**$ (5,649,453)**	**$ (310,064)**	**$ (15,253)**	**$ 186**	**$ 14,305**	**$ (5,235,266)**	**$ (860,083)**	**$ 740,615**	**$ 176,054**	**$ 14,497,703**	**$ (775,050)**	**$ (248,898)**	

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230	Fully Allocated Cost of Service Study		**New Mexico Gas Company**												**New Mexico Gas Company**	
231	Adjusted Future Year Test Period: 12 Months Ending September 30, 2025		**Revenues - Test Period Present Rates**												**Revenues - Test Period Present Rates**	
232	Case No. 23-00255-UT															
233	**Description**		**Total**	**Residential Rate 10**	**Irrigation Rate 30**	**Water and Sewer Pumping Rate 31**	**Gas Air Conditioning Rate 37**	**CNG Vehicle Fuel Rate 39**	**Small General Service Rate 54**	**Medium General Service Rate 56**	**Large General Service Rate 58**	**Sales for Resale Rate 61**	**Offsystem Transportation Rate 70**	**Compressor Fuel Rate 72**	**District Energy System Rate 114**	
234	Revenue Detail															
235	Rate Class Revenues		$ 215,869,660	162,202,994	670,593	38,070	2,596	165,278	38,578,969	4,908,892	5,190,415	417,805	1,976,562	964,972	752,512	
236	Other Revenues and Revenue Credits															
237	Rider 14 Revenues		-	-	-	-	-	-	-	-	-	-	-	-	-	
238	Meter Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	
239	Rate 18 Revenues		310,073	215,951	542	22	6	371	59,132	9,215	11,072	1,692	9,442	1,629	999	
240	**Total Other Revenues and Revenue Credits**		**$ 310,073**	**$ 215,951**	**$ 542**	**$ 22**	**$ 6**	**$ 371**	**$ 59,132**	**$ 9,215**	**$ 11,072**	**$ 1,692**	**$ 9,442**	**$ 1,629**	**$ 999**	
241	**Total Operating Revenues**		**$ 216,179,733**	**$ 162,418,945**	**$ 671,136**	**$ 38,092**	**$ 2,602**	**$ 165,650**	**$ 38,638,101**	**$ 4,918,107**	**$ 5,201,487**	**$ 419,497**	**$ 1,986,004**	**$ 966,600**	**$ 753,512**	
242	Fully Allocated Cost of Service Study		**New Mexico Gas Company**												**New Mexico Gas Company**	
243	Adjusted Future Year Test Period: 12 Months Ending September 30, 2025		**Revenue Requirement Calculation - Future Test Year Period at Current Rates**												**Revenue Requirement Calculation - Future Test Year Period at Current Rates**	
244	Case No. 23-00255-UT															
245	Total Operating Expenses		$ 193,451,225	$ 148,952,797	$ 334,004	$ 20,891	$ 2,523	$ 170,689	$ 31,011,263	$ 3,812,072	$ 4,304,544	$ 598,618	$ 3,259,476	$ 582,412	$ 401,935	
246	Rate Base		$ 972,580,802	$ 677,355,673	$ 1,701,303	$ 70,298	$ 18,470	$ 1,165,230	$ 185,473,801	$ 28,902,949	$ 34,727,998	$ 5,307,088	$ 29,615,559	$ 5,108,091	$ 3,134,341	
247	Return @															
248		7.378%	71,754,618	49,973,634	125,518	5,186	1,363	85,968	13,683,801	2,132,388	2,562,146	391,544	2,184,963	376,862	231,244	
249	Debt Only Return Adjustment		(52,128)	(36,305)	(91)	(4)	(1)	(62)	(9,941)	(1,549)	(1,861)	(284)	(1,587)	(274)	(168)	
250	Total Return on Rate Base		**$ 71,702,489**	**$ 49,937,329**	**$ 125,427**	**$ 5,183**	**$ 1,362**	**$ 85,905**	**$ 13,673,860**	**$ 2,130,839**	**$ 2,560,285**	**$ 391,259**	**$ 2,183,376**	**$ 376,589**	**$ 231,076**	
251	Revenue Requirements		265,153,714	198,890,127	459,431	26,073	3,885	256,595	44,685,122	5,942,911	6,864,829	989,878	5,442,852	959,000	633,011	
252	Less Other Revenues		(310,073)	(215,951)	(542)	(22)	(6)	(371)	(59,132)	(9,215)	(11,072)	(1,692)	(9,442)	(1,629)	(999)	
253	**Revenue Requirements**		**$ 264,843,641**	**$ 198,674,176**	**$ 458,889**	**$ 26,051**	**$ 3,879**	**$ 256,223**	**$ 44,625,990**	**$ 5,933,696**	**$ 6,853,757**	**$ 988,186**	**$ 5,433,410**	**$ 957,372**	**$ 632,012**	
254	Revenue		(215,869,660)	(162,202,994)	(670,593)	(38,070)	(2,596)	(165,278)	(38,578,969)	(4,908,892)	(5,190,415)	(417,805)	(1,976,562)	(964,972)	(752,512)	
255	**Less Existing Revenue Deficiency/(Surplus)**		**$ 48,973,981**	**$ 36,471,182**	**$ (211,705)**	**$ (12,019)**	**$ 1,283**	**$ 90,945**	**$ 6,047,021**	**$ 1,024,804**	**$ 1,663,343**	**$ 570,381**	**$ 3,456,848**	**$ (7,600)**	**$ (120,500)**	

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230	Fully Allocated Cost of Service Study		**New Mexico Gas Company**												**New Mexico Gas Company**	
231	Adjusted Future Test Year Period: 12 Months Ending September 30, 2025		**Revenues - Test Period Proposed Rates**												**Revenues - Test Period Proposed Rates**	
232	Case No. 23-00255-UT															
233	**Description**		**Total**	**Residential Rate 10**	**Irrigation Rate 30**	**Water and Sewer Pumping Rate 31**	**Gas Air Conditioning Rate 37**	**CNG Vehicle Fuel Rate 39**	**Small General Service Rate 54**	**Medium General Service Rate 56**	**Large General Service Rate 58**	**Sales for Resale Rate 61**	**Offsystem Transportation Rate 70**	**Compressor Fuel Rate 72**	**District Energy System Rate 114**	
234	Revenue Detail															
235	Rate Class Revenues		$ 264,843,641	198,968,957	786,346	44,641	3,255	208,120	47,060,782	6,013,678	6,416,536	560,151	2,725,824	1,161,241	894,111	
236	Other Revenues and Revenue Credits															
237	Rider 14 Revenues		-	-	-	-	-	-	-	-	-	-	-	-	-	
238	Meter Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	
239	Rate 18 Revenues		310,073	215,951	542	22	6	371	59,132	9,215	11,072	1,692	9,442	1,629	999	
240	**Total Other Revenues and Revenue Credits**		**$ 310,073**	**$ 215,951**	**$ 542**	**$ 22**	**$ 6**	**$ 371**	**$ 59,132**	**$ 9,215**	**$ 11,072**	**$ 1,692**	**$ 9,442**	**$ 1,629**	**$ 999**	
241	**Total Operating Revenues**		**$ 265,153,714**	**$ 199,184,908**	**$ 786,888**	**$ 44,664**	**$ 3,261**	**$ 208,491**	**$ 47,119,914**	**$ 6,022,892**	**$ 6,427,607**	**$ 561,843**	**$ 2,735,266**	**$ 1,162,870**	**$ 895,111**	
242	Fully Allocated Cost of Service Study		**New Mexico Gas Company**												**New Mexico Gas Company**	
243	Adjusted Future Test Year Period: 12 Months Ending September 30, 2025		**Revenue Requirement Calculation - Future Test Year Period at Proposed Rates**												**Revenue Requirement Calculation - Future Test Year Period at Proposed Rates**	
244	Case No. 23-00255-UT															
245	Total Operating Expenses		$ 193,451,225	$ 148,952,631	$ 333,820	$ 20,880	$ 2,524	$ 170,716	$ 31,009,890	$ 3,812,027	$ 4,304,791	$ 598,860	$ 3,261,003	$ 582,297	$ 401,787	
246	Rate Base		$ 972,580,802	$ 677,355,673	$ 1,701,303	$ 70,298	$ 18,470	$ 1,165,230	$ 185,473,801	$ 28,902,949	$ 34,727,998	$ 5,307,088	$ 29,615,559	$ 5,108,091	$ 3,134,341	
247	Return @															
248		7.378%	71,754,618	49,973,634	125,518	5,186	1,363	85,968	13,683,801	2,132,388	2,562,146	391,544	2,184,963	376,862	231,244	
249	Debt Only Return Adjustment		(52,128)	(36,305)	(91)	(4)	(1)	(62)	(9,941)	(1,549)	(1,861)	(284)	(1,587)	(274)	(168)	
250	Total Return on Rate Base		**$ 71,702,489**	**$ 49,937,329**	**$ 125,427**	**$ 5,183**	**$ 1,362**	**$ 85,905**	**$ 13,673,860**	**$ 2,130,839**	**$ 2,560,285**	**$ 391,259**	**$ 2,183,376**	**$ 376,589**	**$ 231,076**	
251	Revenue Requirements @ EROR		265,153,714	198,889,961	459,246	26,063	3,885	256,622	44,683,749	5,942,866	6,865,076	990,119	5,444,378	958,885	632,863	
252	Less Other Revenues		(310,073)	(215,951)	(542)	(22)	(6)	(371)	(59,132)	(9,215)	(11,072)	(1,692)	(9,442)	(1,629)	(999)	
253	**Revenue Requirements @ EROR**		**$ 264,843,641**	**$ 198,674,010**	**$ 458,704**	**$ 26,040**	**$ 3,880**	**$ 256,250**	**$ 44,624,617**	**$ 5,933,651**	**$ 6,854,004**	**$ 988,427**	**$ 5,434,937**	**$ 957,257**	**$ 631,864**	
254	Proposed Revenues		(264,843,641)	(198,968,957)	(786,346)	(44,641)	(3,255)	(208,120)	(47,060,782)	(6,013,678)	(6,416,536)	(560,151)	(2,725,824)	(1,161,241)	(894,111)	
255	**Less Existing Revenue Deficiency/(Surplus)**		**$ -**	**$ (294,947)**	**$ (327,642)**	**$ (18,601)**	**$ 625**	**$ 48,131**	**$ (2,436,165)**	**$ (80,026)**	**$ 437,468**	**$ 428,276**	**$ 2,709,112**	**$ (203,984)**	**$ (262,247)**	

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Billing Determinants

New Mexico Gas Company
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Billing Determinants

Adjusted Base Period Billing Determinants

Adjusted Base Period Billing Determinants	Access Fees Yearly Sales	Access Fees Yearly Transport	Access Fees Yearly Total	Customers Yearly Sales	Customers Yearly Transport	Customers Yearly Total	Therms Sales	Therms Transport	Therms Total
Rate 10 - Residential	6,081,270	1,270	6,082,540	6,012,178	1,271	6,013,449	314,561,760	94,532	314,656,292
Rate 30 - Irrigation Service	5,536	-	5,536	5,487	-	5,487	8,456,779	-	8,456,779
Rate 31 - Water and Sewer Pumping Service	-	179	179	-	179	179	-	188,722	188,722
Rate 37 - Gas Air Conditioning Service	-	12	12	-	12	12	-	57,698	57,698
Rate 39 - Alternative Fuels Vehicle Service	-	-	-	12	90	102	7,774	2,933,023	2,940,797
Rate 54 - Small General Service	452,425	41,671	494,096	449,485	41,840	491,325	102,931,548	50,688,516	153,620,064
Rate 56 - Medium General Service	492	757	1,249	504	762	1,266	12,768,477	32,460,516	45,228,993
Rate 58 - Large General Service	40	101	141	40	101	141	14,857,031	47,070,373	61,927,404
Rate 61 - Sales for Resale Service	-	72	72	-	72	72	-	9,290,848	9,290,848
Rate 70 - Offsystem Transportation	-	-	-	-	240	240	-	90,102,060	90,102,060
Rate 72 - Compressor Fuel Service	6	40	46	6	40	46	2,325,171	36,545,974	38,871,145
Rate 114 - District Energy System Service	-	12	12	-	12	12	-	8,370,013	8,370,013
Total	**6,539,769**	**44,113**	**6,583,882**	**6,467,712**	**44,619**	**6,512,331**	**455,908,541**	**277,802,275**	**733,710,816**

Average Price	Access Fee Average Price Sales	Access Fee Average Price Transport	Access Fee Average Price Total
Rate 10 - Residential	12.40	12.40	12.40
Rate 30 - Irrigation Service	36.40	36.40	36.40
Rate 31 - Water and Sewer Pumping Service	107.00	107.00	107.00
Rate 37 - Gas Air Conditioning Service	23.00	23.00	23.00
Rate 39 - Alternative Fuels Vehicle Service	-	-	-
Rate 54 - Small General Service	27.75	27.75	27.75
Rate 56 - Medium General Service	130.00	130.00	130.00
Rate 58 - Large General Service	1,475.00	1,475.00	1,475.00
Rate 61 - Sales for Resale Service	2,260.00	2,260.00	2,260.00
Rate 70 - Offsystem Transportation	-	-	-
Rate 72 - Compressor Fuel Service	250.00	250.00	250.00
Rate 114 - District Energy System Service	1,475.00	1,475.00	1,475.00

Revenues	Access Fee Revenue Sales	Access Fee Revenue Transport	Access Fee Revenue Total
Rate 10 - Residential	75,407,744	15,749	75,423,493
Rate 30 - Irrigation Service	201,519	-	201,519
Rate 31 - Water and Sewer Pumping Service	-	19,132	19,132
Rate 37 - Gas Air Conditioning Service	-	276	276
Rate 39 - Alternative Fuels Vehicle Service	-	-	-
Rate 54 - Small General Service	12,554,793	1,156,359	13,711,152
Rate 56 - Medium General Service	64,023	98,359	162,382
Rate 58 - Large General Service	59,000	148,975	207,975
Rate 61 - Sales for Resale Service	-	162,268	162,268
Rate 70 - Offsystem Transportation	-	-	-
Rate 72 - Compressor Fuel Service	1,500	10,000	11,500
Rate 114 - District Energy System Service	-	17,700	17,700
Total	**$ 88,288,579**	**$ 1,628,818**	**$ 89,917,397**

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Adjusted Base Period Billing Determinants

Adjusted Base Period Billing Determinants	Distribution Therms			Transmission Therms			Firm Winter Sales		
	Sales	Transport	Total	Sales	Transport	Total	Sales	Transport	Total
Rate 10 - Residential	314,369,844	94,532	314,464,377	301,967,537	92,090	302,059,627	223,776,307	-	223,776,307
Rate 30 - Irrigation Service	8,204,681	-	8,204,681	3,274,287	-	3,274,287	1,591,312	-	1,591,312
Rate 31 - Water and Sewer Pumping Service	-	188,474	188,474	-	188,082	188,082	-	-	-
Rate 37 - Gas Air Conditioning Service	-	57,534	57,534	-	-	-	-	-	-
Rate 39 - Alternative Fuels Vehicle Service	-	2,796,239	2,796,239	7,774	-	7,774	3,544	-	3,544
Rate 54 - Small General Service	102,451,819	50,597,258	153,049,077	98,004,633	49,973,733	147,978,366	71,092,605	-	71,092,605
Rate 56 - Medium General Service	9,789,781	28,203,972	37,993,753	12,144,206	30,689,451	42,833,657	5,677,218	-	5,677,218
Rate 58 - Large General Service	10,542,093	21,411,636	31,953,728	14,857,068	47,064,251	61,921,318	6,982,094	-	6,982,094
Rate 61 - Sales for Resale Service	-	-	-	-	9,290,848	9,290,848	-	-	-
Rate 70 - Offsystem Transportation	-	-	-	-	89,708,546	89,708,546	-	-	-
Rate 72 - Compressor Fuel Service	-	-	-	2,325,171	36,517,038	38,842,209	-	-	-
Rate 114 - District Energy System Service	-	8,355,915	8,355,915	-	8,316,978	8,316,978	-	-	-
Total	**445,358,219**	**111,705,559**	**557,063,778**	**432,580,676**	**271,841,016**	**704,421,692**	**309,123,081**	**-**	**309,123,081**

Average Price	Distribution Average Price			Transmission Average Price		
	Sales	Transport	Total	Sales	Transport	Total
Rate 10 - Residential	0.1661	0.1661	0.1661	0.1053	0.1053	0.1053
Rate 30 - Irrigation Service	0.0376	0.0376	0.0376	0.0472	0.0472	0.0472
Rate 31 - Water and Sewer Pumping Service	0.0494	0.0494	0.0494	0.0452	0.0452	0.0452
Rate 37 - Gas Air Conditioning Service	0.0382	0.0382	0.0382	0.0259	0.0259	0.0259
Rate 39 - Alternative Fuels Vehicle Service	0.0565	0.0565	0.0565	0.0565	0.0565	0.0565
Rate 54 - Small General Service	0.0788	0.0788	0.0788	0.0823	0.0823	0.0823
Rate 56 - Medium General Service	0.0532	0.0532	0.0532	0.0651	0.0651	0.0651
Rate 58 - Large General Service	0.0544	0.0544	0.0544	0.0492	0.0492	0.0492
Rate 61 - Sales for Resale Service	-	-	-	0.0291	0.0291	0.0291
Rate 70 - Offsystem Transportation	-	-	-	0.0224	0.0224	0.0224
Rate 72 - Compressor Fuel Service	-	-	-	0.0222	0.0222	0.0222
Rate 114 - District Energy System Service	0.0342	0.0342	0.0342	0.0435	0.0435	0.0435

Revenues	Distribution Revenue			Transmission Revenue			Base
	Sales	Transport	Total	Sales	Transport	Total	Revenue
Rate 10 - Residential	52,216,831	15,702	52,232,533	31,797,182	9,697	31,806,879	159,462,905
Rate 30 - Irrigation Service	308,496	-	308,496	154,546	-	154,546	664,561
Rate 31 - Water and Sewer Pumping Service	-	9,311	9,311	-	8,501	8,501	36,944
Rate 37 - Gas Air Conditioning Service	-	2,198	2,198	-	-	-	2,474
Rate 39 - Alternative Fuels Vehicle Service	-	157,988	157,988	439	-	439	158,427
Rate 54 - Small General Service	8,073,203	3,987,064	12,060,267	8,065,781	4,112,838	12,178,620	37,950,039
Rate 56 - Medium General Service	520,816	1,500,451	2,021,268	790,588	1,997,883	2,788,471	4,972,121
Rate 58 - Large General Service	573,490	1,164,793	1,738,283	730,968	2,315,561	3,046,529	4,992,787
Rate 61 - Sales for Resale Service	-	-	-	-	270,364	270,364	432,632
Rate 70 - Offsystem Transportation	-	-	-	-	2,009,471	2,009,471	2,009,471
Rate 72 - Compressor Fuel Service	-	-	-	51,619	810,678	862,297	873,797
Rate 114 - District Energy System Service	-	285,772	285,772	-	361,789	361,789	665,261
Total	**$ 61,692,837**	**$ 7,123,278**	**$ 68,816,115**	**$ 41,591,123**	**$ 11,896,783**	**$ 53,487,906**	**$ 212,221,418**

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Test Period Billing Determinants

	Access Fees Yearly			Customers Yearly			Therms		
Billing Determinants	**Sales**	**Transport**	**Total**	**Sales**	**Transport**	**Total**	**Sales**	**Transport**	**Total**
Rate 10 - Residential	6,206,601	1,247	6,207,848	6,136,085	1,248	6,137,333	319,002,386	95,485	319,097,871
Rate 30 - Irrigation Service	5,515	-	5,515	5,466	-	5,466	8,581,030	-	8,581,030
Rate 31 - Water and Sewer Pumping Service	-	180	180	-	180	180	-	199,524	199,524
Rate 37 - Gas Air Conditioning Service	-	12	12	-	12	12	-	60,918	60,918
Rate 39 - Alternative Fuels Vehicle Service	-	-	-	12	96	108	17,986	3,049,512	3,067,497
Rate 54 - Small General Service	458,754	39,014	497,768	455,773	39,173	494,946	107,924,091	49,087,799	157,011,890
Rate 56 - Medium General Service	550	692	1,242	563	697	1,260	11,784,371	32,819,987	44,604,358
Rate 58 - Large General Service	36	72	108	36	72	108	14,516,279	50,806,156	65,322,435
Rate 61 - Sales for Resale Service	-	72	72	-	72	72	-	8,781,345	8,781,345
Rate 70 - Offsystem Transportation	-	-	-	-	48	48	-	88,626,452	88,626,452
Rate 72 - Compressor Fuel Service	36	252	288	36	252	288	2,782,945	37,470,673	40,253,619
Rate 114 - District Energy System Service	-	12	12	-	12	12	-	9,497,776	9,497,776
Total	**6,671,492**	**41,553**	**6,713,045**	**6,597,971**	**41,862**	**6,639,833**	**464,609,088**	**280,495,627**	**745,104,715**

	Access Fee Average Price		
Average Price	**Sales**	**Transport**	**Total**
Rate 10 - Residential	12.40	12.40	12.40
Rate 30 - Irrigation Service	36.40	36.40	36.40
Rate 31 - Water and Sewer Pumping Service	107.00	107.00	107.00
Rate 37 - Gas Air Conditioning Service	23.00	23.00	23.00
Rate 39 - Alternative Fuels Vehicle Service	-	-	-
Rate 54 - Small General Service	27.75	27.75	27.75
Rate 56 - Medium General Service	130.00	130.00	130.00
Rate 58 - Large General Service	1,475.00	1,475.00	1,475.00
Rate 61 - Sales for Resale Service	2,260.00	2,260.00	2,260.00
Rate 70 - Offsystem Transportation	-	-	-
Rate 72 - Compressor Fuel Service	250.00	250.00	250.00
Rate 114 - District Energy System Service	1,475.00	1,475.00	1,475.00

	Access Fee Revenue		
Revenues	**Sales**	**Transport**	**Total**
Rate 10 - Residential	76,961,847	15,464	76,977,312
Rate 30 - Irrigation Service	200,748	-	200,748
Rate 31 - Water and Sewer Pumping Service	-	19,239	19,239
Rate 37 - Gas Air Conditioning Service	-	276	276
Rate 39 - Alternative Fuels Vehicle Service	-	-	-
Rate 54 - Small General Service	12,730,427	1,082,649	13,813,076
Rate 56 - Medium General Service	71,518	89,969	161,487
Rate 58 - Large General Service	53,100	106,200	159,300
Rate 61 - Sales for Resale Service	-	162,268	162,268
Rate 70 - Offsystem Transportation	-	-	-
Rate 72 - Compressor Fuel Service	9,000	63,000	72,000
Rate 114 - District Energy System Service	-	17,700	17,700
Total	**$ 90,026,639**	**$ 1,556,765**	**$ 91,583,404**

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New Mexico Gas Company
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Test Period Billing Determinants

Billing Determinants	Distribution Therms Sales	Distribution Therms Transport	Distribution Therms Total	Transmission Therms Sales	Transmission Therms Transport	Transmission Therms Total	Firm Winter Sales	Firm Winter Sales Transport	Firm Winter Sales Total
Rate 10 - Residential	318,807,761	95,485	318,903,247	306,230,372	93,018	306,323,391	223,776,307	-	223,776,307
Rate 30 - Irrigation Service	8,325,228	-	8,325,228	3,322,394	-	3,322,394	1,591,312	-	1,591,312
Rate 31 - Water and Sewer Pumping Service	-	199,261	199,261	-	198,846	198,846	-	-	-
Rate 37 - Gas Air Conditioning Service	-	60,744	60,744	-	-	-	-	-	-
Rate 39 - Alternative Fuels Vehicle Service	-	2,907,295	2,907,295	17,986	-	17,986	3,544	-	3,544
Rate 54 - Small General Service	107,421,094	48,999,423	156,420,516	102,758,204	48,395,588	151,153,792	71,092,605	-	71,092,605
Rate 56 - Medium General Service	9,035,252	28,516,306	37,551,558	11,208,214	31,029,309	42,237,523	5,677,218	-	5,677,218
Rate 58 - Large General Service	10,300,305	23,110,990	33,411,295	14,516,314	50,799,549	65,315,863	6,982,094	-	6,982,094
Rate 61 - Sales for Resale Service	-	-	-	-	8,781,345	8,781,345	-	-	-
Rate 70 - Offsystem Transportation	-	-	-	-	88,239,382	88,239,382	-	-	-
Rate 72 - Compressor Fuel Service	-	-	-	2,782,945	37,441,005	40,223,951	-	-	-
Rate 114 - District Energy System Service	-	9,481,779	9,481,779	-	9,437,595	9,437,595	-	-	-
Total	**453,889,640**	**113,371,283**	**567,260,923**	**440,836,430**	**274,415,639**	**715,252,069**	**309,123,081**	**-**	**309,123,081**

Average Price	Distribution Average Price Sales	Distribution Average Price Transport	Distribution Average Price Total	Transmission Average Price Sales	Transmission Average Price Transport	Transmission Average Price Total
Rate 10 - Residential	0.1661	0.1661	0.1661	0.1053	0.1053	0.1053
Rate 30 - Irrigation Service	0.0376	0.0376	0.0376	0.0472	0.0472	0.0472
Rate 31 - Water and Sewer Pumping Service	0.0494	0.0494	0.0494	0.0452	0.0452	0.0452
Rate 37 - Gas Air Conditioning Service	0.0382	0.0382	0.0382	0.0259	0.0259	0.0259
Rate 39 - Alternative Fuels Vehicle Service	0.0565	0.0565	0.0565	0.0565	0.0565	0.0565
Rate 54 - Small General Service	0.0788	0.0788	0.0788	0.0823	0.0823	0.0823
Rate 56 - Medium General Service	0.0532	0.0532	0.0532	0.0651	0.0651	0.0651
Rate 58 - Large General Service	0.0544	0.0544	0.0544	0.0492	0.0492	0.0492
Rate 61 - Sales for Resale Service	-	-	-	0.0291	0.0291	0.0291
Rate 70 - Offsystem Transportation	-	-	-	0.0224	0.0224	0.0224
Rate 72 - Compressor Fuel Service	-	-	-	0.0222	0.0222	0.0222
Rate 114 - District Energy System Service	0.0342	0.0342	0.0342	0.0435	0.0435	0.0435

Revenues	Distribution Revenue Sales	Distribution Revenue Transport	Distribution Revenue Total	Transmission Revenue Sales	Transmission Revenue Transport	Transmission Revenue Total	Base Revenue
Rate 10 - Residential	52,953,969	15,860	52,969,829	32,246,058	9,795	32,255,853	162,202,994
Rate 30 - Irrigation Service	313,029	-	313,029	156,817	-	156,817	670,593
Rate 31 - Water and Sewer Pumping Service	-	9,843	9,843	-	8,988	8,988	38,070
Rate 37 - Gas Air Conditioning Service	-	2,320	2,320	-	-	-	2,596
Rate 39 - Alternative Fuels Vehicle Service	-	164,262	164,262	1,016	-	1,016	165,278
Rate 54 - Small General Service	8,464,782	3,861,155	12,325,937	8,457,000	3,982,957	12,439,957	38,578,969
Rate 56 - Medium General Service	480,675	1,517,067	1,997,743	729,655	2,020,008	2,749,663	4,908,892
Rate 58 - Large General Service	560,337	1,257,238	1,817,574	714,203	2,499,338	3,213,540	5,190,415
Rate 61 - Sales for Resale Service	-	-	-	-	255,537	255,537	417,805
Rate 70 - Offsystem Transportation	-	-	-	-	1,976,562	1,976,562	1,976,562
Rate 72 - Compressor Fuel Service	-	-	-	61,781	831,190	892,972	964,972
Rate 114 - District Energy System Service	-	324,277	324,277	-	410,535	410,535	752,512
Total	**$ 62,772,792**	**$ 7,152,023**	**$ 69,924,815**	**$ 42,366,530**	**$ 11,994,910**	**$ 54,361,441**	**$ 215,869,660**

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Allocation Factors

Allocation (FACOS Summary)	Name Manager Code	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Adjusted Base Period Factors														
Number of Bills - Adjusted Base Period		6,512,331	6,013,449	5,487	179	12	102	491,325	1,266	141	72	240	46	12
Customers Base Period	AllocCustBase	100%	92.34%	0.08%	0.00%	0.00%	0.00%	7.54%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Throughput - Adjusted Base Period		733,710,816	314,656,292	8,456,779	188,722	57,698	2,940,797	153,620,064	45,228,993	61,927,404	9,290,848	90,102,060	38,871,145	8,370,013
Throughput Base Period	AllocThroughBase	100.00%	42.89%	1.15%	0.03%	0.01%	0.40%	20.94%	6.16%	8.44%	1.27%	12.28%	5.30%	1.14%
Peak Demand Per Customer - Adjusted Base Period			8.379	14.597	8.453	176.649	1,288.351	45.543	3,254.005	45,701.819	18,107.456	152,976.307	4,345.665	32,798.418
Peak Demand - Adjusted Base Period		10,179,452	4,198,913	6,675	126	177	10,951	1,864,690	343,298	536,996	108,645	3,059,526	16,658	32,798
Peak Demand Base Period	AllocPeakDemBase	100%	41.25%	0.07%	0.00%	0.00%	0.11%	18.32%	3.37%	5.28%	1.07%	30.06%	0.16%	0.32%
Peak & Average - Adjusted Base Period		100%	41.57%	0.28%	0.01%	0.00%	0.17%	18.84%	3.92%	5.90%	1.11%	26.55%	1.18%	0.48%
Peak Average Base Period	AllocPeakAvgBase	100%	41.57%	0.28%	0.01%	0.00%	0.17%	18.84%	3.92%	5.90%	1.11%	26.55%	1.18%	0.48%
Peak & Average Distribution - Adjusted Base Period		71%	41.57%	0.28%	0.01%	0.00%	0.17%	18.84%	3.92%	5.90%	0.00%	0.00%	0.00%	0.48%
Peak Average Dist Base Per	AllocPeakAvgDistBase	100%	58.41%	0.39%	0.01%	0.00%	0.23%	26.47%	5.51%	8.29%	0.00%	0.00%	0.00%	0.68%
Firm Winter Sales - Adjusted Base Period		309,123,081	223,776,307	1,591,312	-	-	3,544	71,092,605	5,677,218	6,982,094	-	-	-	-
Firm Winter Sales Base Peri	AllocWinSaleBase	100%	72.39%	0.51%	0.00%	0.00%	0.00%	23.00%	1.84%	2.26%	0.00%	0.00%	0.00%	0.00%
Base Revenues - Adjusted Base Period		$ 212,221,418	$ 159,462,905	$ 664,561	$ 36,944	$ 2,474	$ 158,427	$ 37,950,039	$ 4,972,121	$ 4,992,787	$ 432,632	$ 2,009,471	$ 873,797	$ 665,261
Revenues Base Period	AllocBaseRevBase	100%	75.14%	0.31%	0.02%	0.00%	0.07%	17.88%	2.34%	2.35%	0.20%	0.95%	0.41%	0.31%
PGA Revenues - Adjusted Base Period	Not Applicable	Not Applicable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Meter Cost (from Meter Study)			459.84	1,512.81	6,317.27	990.75	23,803.00	1,111.59	20,823.59	12,929.05	19,467.57	-	5,103.51	48,532.58
Meter Value (Number of Cust. x Avg Meter Costs)		$ 279,472,659	$ 230,436,836	$ 691,731	$ 94,233	$ 991	$ 202,326	$ 45,512,838	$ 2,196,888	$ 151,916	$ 116,805	$ -	$ 19,563	$ 48,533
Meters Base Period	AllocMeterBase	100%	82.45%	0.25%	0.03%	0.00%	0.07%	16.29%	0.79%	0.05%	0.04%	0.00%	0.01%	0.02%

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Allocation Factors

Allocation (FACOS Summary)	Name Manager Code	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Service Cost Unit Factor (from Service Study)			1.00	1.03	1.33	1.00	1.76	1.04	1.48	1.15	2.39	1.49	1.46	1.00
Service Value (Number of Cust. x Avg		544,365	501,121	471	20	1	15	42,517	156	14	14	30	6	1
Services Base Period	AllocServBase	100%	92.06%	0.09%	0.00%	0.00%	0.00%	7.81%	0.03%	0.00%	0.00%	0.01%	0.00%	0.00%
Direct Plant (Prod + Stor + Trans + Dist Plant) - Adjusted Base Period		$ 755,319,140	468,824,056	1,269,579	58,997	13,085	808,569	132,056,942	20,738,874	30,582,121	3,415,012	94,853,553	525,189	2,173,163
Direct Plant Base Period	AllocDirPlantBase	100%	62.07%	0.17%	0.01%	0.00%	0.11%	17.48%	2.75%	4.05%	0.45%	12.56%	0.07%	0.29%
Distribution Mains - Adjusted Base Period		$ 258,185,550	$ 187,734,635	$ 679,778	$ 15,737	$ 6,382	$ 348,988	$ 47,738,277	$ 8,255,555	$ 12,384,618	$ 1,203	$ 4,011	$ 769	$ 1,015,597
Dist Main Base Period	AllocDistMainBase	100%	72.71%	0.26%	0.01%	0.00%	0.14%	18.49%	3.20%	4.80%	0.00%	0.00%	0.00%	0.39%
Mains, Services and Meters - Adjusted Base Period		$ 420,431,209	$ 326,970,452	$ 989,859	$ 53,353	$ 6,861	$ 426,864	$ 69,343,419	$ 9,100,460	$ 12,443,328	$ 46,757	$ 7,119	$ 8,730	$ 1,034,006
Mains Services Meter Base	AllocMainSerMetBase	100%	77.77%	0.24%	0.01%	0.00%	0.10%	16.49%	2.16%	2.96%	0.01%	0.00%	0.00%	0.25%
Total Labor - Adjusted Base Period		$ 39,352,557	31,247,212	67,958	5,273	349	25,247	5,457,479	511,681	629,148	51,713	1,299,927	8,101	48,468
Labor Base Period	AllocLaborBase	100%	79.40%	0.17%	0.01%	0.00%	0.06%	13.87%	1.30%	1.60%	0.13%	3.30%	0.02%	0.12%
O & M Expense Excluding Gas Costs - Adjusted Base Period		$ 99,733,044	78,683,506	170,219	12,510	918	64,236	13,829,487	1,349,360	1,698,585	143,423	3,622,410	27,117	131,273
Not Applicable	AllocOMBase	100%	78.89%	0.17%	0.01%	0.00%	0.06%	13.87%	1.35%	1.70%	0.14%	3.63%	0.03%	0.13%
Rate Base - Adjusted Base Period		$ 814,186,338	$ 512,802,213	$ 1,363,371	$ 61,805	$ 13,623	$ 839,686	$ 140,209,680	$ 21,645,053	$ 31,893,489	$ 3,563,826	$ 98,989,338	$ 548,194	$ 2,256,060
Rate Base Base Period	AllocRateBaseBase	100%	62.98%	0.17%	0.01%	0.00%	0.10%	17.22%	2.66%	3.92%	0.44%	12.16%	0.07%	0.28%

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Allocation Factors

Allocation (FACOS Summary)	Name Manager Code	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Test Period Factors														
Number of Bills - Test Period		6,639,833	6,137,333	5,466	180	12	108	494,946	1,260	108	72	48	288	12
	Customers Test Period	100%	92.43%	0.08%	0.00%	0.00%	0.00%	7.45%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Throughput - Test Period		745,104,715	319,097,871	8,581,030	199,524	60,918	3,067,497	157,011,890	44,604,358	65,322,435	8,781,345	88,626,452	40,253,619	9,497,776
	Throughput Test Period	100.00%	42.83%	1.15%	0.03%	0.01%	0.41%	21.07%	5.99%	8.77%	1.18%	11.89%	5.40%	1.27%
Peak Demand Per Customer - Test Period			8.38	14.60	8.45	176.65	1,288.35	45.54	3,254.00	45,701.82	18,107.46	152,976.31	4,345.66	32,798.42
Peak Demand - Test Period		7,793,026	4,285,415	6,649	127	177	11,595	1,878,432	341,671	411,316	108,645	611,905	104,296	32,798
	Peak Demand Test Period	100%	54.99%	0.09%	0.00%	0.00%	0.15%	24.10%	4.38%	5.28%	1.39%	7.85%	1.34%	0.42%
Peak & Average - Test Period		1.0000	51.80%	0.36%	0.01%	0.00%	0.22%	23.31%	4.80%	6.19%	1.34%	8.91%	2.40%	0.64%
	Peak Average Test Period	100%	51.80%	0.36%	0.01%	0.00%	0.22%	23.31%	4.80%	6.19%	1.34%	8.91%	2.40%	0.64%
Peak & Average Distribution - Test Period		0.8735	51.80%	0.36%	0.01%	0.00%	0.22%	23.31%	4.80%	6.19%	0.00%	0.00%	0.00%	0.64%
	Peak Average Dist Test Peri	100%	59.31%	0.42%	0.01%	0.00%	0.25%	26.69%	5.50%	7.09%	0.00%	0.00%	0.00%	0.74%
Firm Winter Sales - Test Period		309,123,081	223,776,307	1,591,312	-	-	3,544	71,092,605	5,677,218	6,982,094	-	-	-	-
	Firm Winter Sales Test Peri	100%	72.39%	0.51%	0.00%	0.00%	0.00%	23.00%	1.84%	2.26%	0.00%	0.00%	0.00%	0.00%
Base Revenues - Test Period		$ 215,869,660	$ 162,202,994	$ 670,593	$ 38,070	$ 2,596	$ 165,278	$ 38,578,969	$ 4,908,892	$ 5,190,415	$ 417,805	$ 1,976,562	$ 964,972	$ 752,512
	Revenues Test Period	100%	75.14%	0.31%	0.02%	0.00%	0.08%	17.87%	2.27%	2.40%	0.19%	0.92%	0.45%	0.35%
Base Revenues Proposed		$ 264,843,641	$ 198,968,957	$ 786,346	$ 44,641	$ 3,255	$ 208,120	$ 47,060,782	$ 6,013,678	$ 6,416,536	$ 560,151	$ 2,725,824	$ 1,161,241	$ 894,111
	Revenues Proposed Test Pe	100.00%	75.13%	0.30%	0.02%	0.00%	0.08%	17.77%	2.27%	2.42%	0.21%	1.03%	0.44%	0.34%
PGA Revenues - Test Period	Not Applicable	Not Applicable												
Average Meter Cost (from Meter Study)			460	1,513	6,317	991	23,803	1,112	20,824	12,929	19,468	-	5,104	48,533
Meter Costs)		$ 284,622,083	$ 235,184,101	$ 689,084	$ 94,759	$ 991	$ 214,227	$ 45,848,261	$ 2,186,476	$ 116,361	$ 116,805	$ -	$ 122,484	$ 48,533
	Meters Test Period	100%	82.63%	0.24%	0.03%	0.00%	0.08%	16.11%	0.77%	0.04%	0.04%	0.00%	0.04%	0.02%

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Allocation Factors

Allocation (FACOS Summary)	Name Manager Code	Total	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Service Cost Unit Factor (from Service Study)			1.00	1.03	1.33	1.00	1.76	1.04	1.48	1.15	2.39	1.49	1.46	1.00
Service Costs)		$ 555,003	$ 511,444	$ 469	$ 20	$ 1	$ 16	$ 42,830	$ 156	$ 10	$ 14	$ 6	$ 35	$ 1
Services Test Period	AllocServFTY	100%	92.15%	0.08%	0.00%	0.00%	0.00%	7.72%	0.03%	0.00%	0.00%	0.00%	0.01%	0.00%
Direct Plant (Prod + Stor + Trans + Dist Plant) - Test Period		887,543,760	604,615,918	1,594,978	67,110	17,959	1,138,451	175,950,673	28,170,392	33,862,433	5,178,285	28,899,873	4,982,193	3,065,496
Direct Plant Test Period	AllocDirPlantFTY	100%	68.12%	0.18%	0.01%	0.00%	0.13%	19.82%	3.17%	3.82%	0.58%	3.26%	0.56%	0.35%
Distribution Mains - Test Period		320,446,091	$ 234,790,130	$ 885,055	$ 21,096	$ 8,340	$ 464,110	$ 59,537,440	$ 10,220,710	$ 13,142,835	$ 1,465	$ 976	$ 5,859	$ 1,368,076
Dist Main Test Period	AllocDistMainFTY	100%	73.27%	0.28%	0.01%	0.00%	0.14%	18.58%	3.19%	4.10%	0.00%	0.00%	0.00%	0.43%
Mains, Services and Meters - Test Period		500,593,277	$ 390,630,576	$ 1,205,628	$ 59,293	$ 8,844	$ 546,589	$ 82,401,021	$ 11,061,654	$ 13,187,865	$ 47,188	$ 1,763	$ 56,436	$ 1,386,419
Mains Services Meter Test I	AllocMainSerMetFTY	100%	78.03%	0.24%	0.01%	0.00%	0.11%	16.46%	2.21%	2.63%	0.01%	0.00%	0.01%	0.28%
Total Labor - Test Period		45,302,490	36,742,888	79,357	6,053	441	32,507	6,540,347	637,412	659,011	75,658	390,893	73,847	64,076
Labor Test Period	AllocLaborFTY	100%	81.11%	0.18%	0.01%	0.00%	0.07%	14.44%	1.41%	1.45%	0.17%	0.86%	0.16%	0.14%
O & M Expense Excluding Gas Costs - Test Period		115,126,841	92,692,271	198,891	14,346	1,177	84,148	16,795,507	1,720,609	1,827,417	222,840	1,172,433	220,391	176,811
Not Applicable	AllocOMFTY	100%	80.51%	0.17%	0.01%	0.00%	0.07%	14.59%	1.49%	1.59%	0.19%	1.02%	0.19%	0.15%
Rate Base - Test Period		972,580,802	$ 677,355,673	$ 1,701,303	$ 70,298	$ 18,470	$ 1,165,230	$ 185,473,801	$ 28,902,949	$ 34,727,998	$ 5,307,088	$ 29,615,559	$ 5,108,091	$ 3,134,341
Rate Base Test Period	AllocRateBaseFTY	100%	69.65%	0.17%	0.01%	0.00%	0.12%	19.07%	2.97%	3.57%	0.55%	3.05%	0.53%	0.32%

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Class Revenue Targets

Line No.	Rate Class	Current Base Revenue	Revenue Requirement at EROR	Revenue Requirement at Equal % Increase	Proposed Base Revenues	Proposed Base Revenue Increase	Proposed Base Revenue Percent Change
	(A)	(B)	(C)	(D)	(D)	(E)	(H)
1	**Rate Class Revenues**		10.0%				
2	Rate 10 - Residential	$ 162,202,994	$ 198,674,176	$ 199,001,711	$ 198,968,957	$ 36,765,963	22.7%
3	Rate 30 - Irrigation Service	670,593	458,889	822,730	786,346	115,752	17.3%
4	Rate 31 - Water and Sewer Pumping Service	38,070	26,051	46,707	44,641	6,571	17.3%
5	Rate 37 - Gas Air Conditioning Service	2,596	3,879	3,185	3,255	658	25.4%
6	Rate 39 - Compressed Natural Gas Vehicle Fuel	165,278	256,223	202,775	208,120	42,841	25.9%
7	Rate 54 - Small General Service	38,578,969	44,625,990	47,331,314	47,060,782	8,481,813	22.0%
8	Rate 56 - Medium General Service	4,908,892	5,933,696	6,022,564	6,013,678	1,104,785	22.5%
9	Rate 58 - Large General Service	5,190,415	6,853,757	6,367,956	6,416,536	1,226,121	23.6%
10	Rate 61 - Sales for Resale Service	417,805	988,186	512,592	560,151	142,346	34.1%
11	Rate 70 - Off-System Transportation	1,976,562	5,433,410	2,424,981	2,725,824	749,262	37.9%
12	Rate 72 - Compressor Fuel	964,972	957,372	1,183,893	1,161,241	196,269	20.3%
13	Rate 114 - District Energy System Service	752,512	632,012	923,233	894,111	141,599	18.8%
14	**TOTAL Base Revenues**	**$ 215,869,660**	**$ 264,843,641**	**$ 264,843,641**	**$ 264,843,641**	**$ 48,973,981**	22.7%
15	Other Revenues (Rate 18)	310,073	310,073	310,073	310,073	-	0.0%
16	**TOTAL Revenues**	**$ 216,179,733**	**$ 265,153,714**	**$ 265,153,714**	**$ 265,153,714**	**$ 48,973,981**	22.7%

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Customer Costs

Calculation of Customer-related Cost of Service	Total Company	Residential Rate 10	Irrigation Rate 30	Water and Sewer Pumping Rate 31	Gas Air Conditioning Rate 37	CNG Vehicle Fuel Rate 39
Net Plant Investment						
Intangible Plant	$ 61,215,513	$ 56,582,746	$ 50,393	$ 1,659	$ 111	$ 996
Mains	135,072,861	124,850,599	111,194	3,662	244	2,197
Services	73,354,167	67,597,048	62,022	2,642	133	2,099
Meters and Regulators	106,793,018	88,243,399	258,551	35,555	372	80,380
Other	1,288,959	1,147,767	1,766	171	3	346
General Plant	38,950,681	26,534,131	69,997	2,945	788	49,962
Total	$ 416,675,199	$ 364,955,689	$ 553,923	$ 46,634	$ 1,651	$ 135,981
ADIT	(41,133,038)	(28,020,804)	(73,919)	(3,110)	(832)	(52,761)
Rate Base Additions	5,920,551	5,108,286	8,043	648	30	2,308
Rate Base Deductions	(16,505,899)	(13,813,192)	(24,480)	(1,754)	(126)	(8,897)
Working Capital	4,027,319	2,743,505	7,237	305	81	5,166
Rate Base	$ 368,984,133	$ 330,973,484	$ 470,804	$ 42,722	$ 804	$ 81,796
O&M Expenses						
Mains	$ 2,575,307	$ 1,886,921	$ 7,113	$ 170	$ 67	$ 3,730
Services	3,251,563	2,996,368	2,749	117	6	93
Meter & Regulators	10,969,547	9,064,170	26,558	3,652	38	8,256
Customer Installations	388,049	358,682	319	11	1	6
Other	10,227,540	8,514,471	21,866	2,350	67	7,193
Uncollectible	1,343,996	1,009,703	3,990	227	17	1,056
Other Customer Accounting	17,229,234	15,925,332	14,183	467	31	280
Sales Expense	986,162	911,529	812	27	2	16
A&G	36,150,889	29,320,421	63,326	4,830	352	25,941
Total	$ 83,122,286	$ 69,987,597	$ 140,917	$ 11,850	$ 579	$ 46,572
Rate Base Carrying Charge	$ 27,222,741	$ 24,418,409	$ 34,735	$ 3,152	$ 59	$ 6,035
Depreciation	20,836,876	16,815,115	40,980	2,920	237	16,836
Plus: Related O&M Expenses	83,122,286	69,987,597	140,917	11,850	579	46,572
Taxes Other Than Income	8,627,319	6,319,060	15,350	850	139	9,143
Miscellaneous Expense	1,038,618	711,613	1,854	78	21	1,310
Income Tax	6,215,887	5,575,561	7,931	720	14	1,378
Other Adjustments	(3,176,617)	(2,849,380)	(4,053)	(368)	(7)	(704)
Total Revenue Requirements	$ 143,887,109	$ 120,977,976	$ 237,713	$ 19,201	$ 1,041	$ 80,569
Divided by: Customer Count (Annual)		6,137,333	5,466	180	12	108
Total Monthly Customer Cost		$ 19.71	$ 43.49	$ 106.67	$ 86.78	$ 746.01

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Calculation of Customer-related Cost of Service	Small General Service Rate 54	Medium General Service Rate 56	Large General Service Rate 58	Sales for Resale Rate 61	Offsystem Transportation Rate 70	Compressor Fuel Rate 72	District Energy System Rate 114
Net Plant Investment							
Intangible Plant	$ 4,563,123	$ 11,616	$ 996	$ 664	$ 443	$ 2,655	$ 111
Mains	10,068,592	25,632	2,197	1,465	976	5,859	244
Services	5,660,860	20,557	1,370	1,897	787	4,620	133
Meters and Regulators	17,202,721	820,388	43,660	43,827	-	45,957	18,210
Other	134,662	3,543	193	193	7	231	76
General Plant	7,721,759	1,236,284	1,486,084	227,254	1,268,298	218,648	134,532
Total	$ 45,351,717	$ 2,118,020	$ 1,534,500	$ 275,299	$ 1,270,511	$ 277,971	$ 153,306
ADIT	(8,154,399)	(1,305,551)	(1,569,348)	(239,987)	(1,339,359)	(230,899)	(142,070)
Rate Base Additions	679,758	40,628	35,414	6,018	30,065	5,964	3,391
Rate Base Deductions	(2,105,944)	(176,730)	(181,621)	(24,399)	(127,533)	(23,896)	(17,327)
Working Capital	798,394	127,826	153,654	23,497	131,136	22,607	13,910
Rate Base	$ 36,569,526	$ 804,193	$ (27,400)	$ 40,428	$ (35,180)	$ 51,746	$ 11,210
O&M Expenses							
Mains	$ 478,480	$ 82,140	$ 105,624	$ 12	$ 8	$ 47	$ 10,995
Services	250,928	911	61	84	35	205	6
Meter & Regulators	1,767,026	84,268	4,485	4,502	-	4,721	1,870
Customer Installations	28,926	74	6	4	3	17	1
Other	1,502,999	99,626	65,572	2,739	27	2,969	7,661
Uncollectible	238,818	30,517	32,562	2,843	13,833	5,893	4,537
Other Customer Accounting	1,284,300	3,269	280	187	125	747	31
Sales Expense	73,510	187	16	11	7	43	2
A&G	5,219,125	508,648	525,883	60,374	311,928	58,929	51,132
Total	$ 10,844,113	$ 809,641	$ 734,490	$ 70,755	$ 325,965	$ 73,571	$ 76,235
Rate Base Carrying Charge	$ 2,698,010	$ 59,331	$ (2,022)	$ 2,983	$ (2,596)	$ 3,818	$ 827
Depreciation	3,108,795	323,303	344,110	21,804	106,339	21,474	34,963
Plus: Related O&M Expenses	10,844,113	809,641	734,490	70,755	325,965	73,571	76,235
Taxes Other Than Income	1,526,943	213,685	248,808	36,161	199,456	34,870	22,856
Miscellaneous Expense	203,879	32,423	38,971	5,958	33,253	5,733	3,525
Income Tax	616,048	13,547	(462)	681	(593)	872	189
Other Adjustments	(314,830)	(6,923)	236	(348)	303	(445)	(97)
Total Revenue Requirements	$ 18,682,957	$ 1,445,008	$ 1,364,131	$ 137,993	$ 662,128	$ 139,893	$ 138,499
Divided by: Customer Count (Annual)	494,946	1,260	108	72	48	288	12
Total Monthly Customer Cost	$ 37.75	$ 1,146.83	$ 12,630.84	$ 1,916.58	$ 13,794.33	$ 485.74	$ 11,541.56

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Rate Design

Line No.	Current Rate	Test Year Billing Units	Current Charge	Current Revenue	Proposed Charge	Proposed Revenue	Increase
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
					22.7%		
1	**Rate 10 - Residential**						
2	Access Charge	6,207,848	$ 12.40	$ 76,977,312	$ 15.50	$ 96,221,640	25.0%
3	Transmission	306,323,391	$ 0.1053	$ 32,255,853	$ 0.1253	$ 38,382,321	19.0%
4	Distribution	318,903,247	$ 0.1661	$ 52,969,829	$ 0.2018	$ 64,354,675	21.5%
5	**TOTAL Rate 10 BASE REVENUE**			$ 162,202,994		$ 198,958,636	22.7%
6	**Rate 30 - Irrigation Service**						
7	Access Charge	5,515	$ 36.40	$ 200,748	$ 45.00	$ 248,177	23.6%
8	Transmission	3,322,394	$ 0.0472	$ 156,817	$ 0.0524	$ 174,093	11.0%
9	Distribution	8,325,228	$ 0.0376	$ 313,029	$ 0.0437	$ 363,812	16.2%
10	**TOTAL Rate 30 BASE REVENUE**			$ 670,593		$ 786,083	17.2%
11	**Rate 31 - Water and Sewage Pumping**						
12	Access Charge - < 200,000 Therms	180	$ 107.00	$ 19,239	$ 131.50	$ 23,644	22.9%
13	Access Charge - > 200,000 Therms	-	$ 175.00	$ -	$ 215.00	$ -	0.0%
14	Transmission	198,846	$ 0.0452	$ 8,988	$ 0.0472	$ 9,386	4.4%
15	Distribution	199,261	$ 0.0494	$ 9,843	$ 0.0583	$ 11,617	18.0%
16	**TOTAL Rate 31 BASE REVENUE**			$ 38,070		$ 44,646	17.3%
17	**Rate 37 -Gas Air Conditioning**						
18	Access Charge	12	$ 23.00	$ 276	$ 28.50	$ 342	23.9%
19	Transmission	-	$ 0.0259	$ -	$ 0.0325	$ -	0.0%
20	Distribution	60,744	$ 0.0382	$ 2,320	$ 0.0480	$ 2,913	25.5%
21	**TOTAL Rate 37 BASE REVENUE**			$ 2,596		$ 3,255	25.4%

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Line No.	Current Rate	Test Year Billing Units	Current Charge	Current Revenue	Proposed Charge	Proposed Revenue	Increase
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
					22.7%		
22	**Rate 39 - Compressed Natural Gas Vehicle Fue**						
23	Access Charge	-	$ -	$ -		$ -	0.0%
24	Deliveries	2,925,281	$ 0.0565	$ 165,278	$ 0.0711	$ 207,988	25.8%
25	**TOTAL Rate 39 BASE REVENUE**			$ 165,278		$ 207,988	25.8%
26	**Rate 54 - Small Volume General Service**						
27	Access Charge	497,768	$ 27.75	$ 13,813,076	$ 34.25	$ 17,048,571	23.4%
28	Transmission	151,153,792	$ 0.0823	$ 12,439,957	$ 0.0982	$ 14,843,302	19.3%
29	Distribution	156,420,516	$ 0.0788	$ 12,325,937	$ 0.0969	$ 15,157,148	23.0%
30	**TOTAL Rate 54 BASE REVENUE**			$ 38,578,969		$ 47,049,021	22.0%
31	**Rate 56 - Medium Volume General Service**						
32	Access Charge	1,242	$ 130.00	$ 161,487	$ 159.75	$ 198,442	22.9%
33	Transmission	42,237,523	$ 0.0651	$ 2,749,663	$ 0.0787	$ 3,324,093	20.9%
34	Distribution	37,551,558	$ 0.0532	$ 1,997,743	$ 0.0663	$ 2,489,668	24.6%
35	**TOTAL Rate 56 BASE REVENUE**			$ 4,908,892		$ 6,012,204	22.5%
36	**Rate 58 - Large Volume General Service**						
37	Access Charge	108	$ 1,475.00	$ 159,300	$ 1,810.00	$ 195,480	22.7%
38	Transmission	65,315,863	$ 0.0492	$ 3,213,540	$ 0.0597	$ 3,899,357	21.3%
39	Distribution	33,411,295	$ 0.0544	$ 1,817,574	$ 0.0695	$ 2,322,085	27.8%
40	**TOTAL Rate 58 BASE REVENUE**			$ 5,190,415		$ 6,416,922	23.6%

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Line No.	Current Rate	Test Year Billing Units	Current Charge	Current Revenue	Proposed Charge	Proposed Revenue	Increase
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
					22.7%		
41	**Rate 61 - Sales for Resale**						
42	Access Charge	72	$ 2,260.00	$ 162,268	$ 2,773.00	$ 199,101	22.7%
43	Transmission	8,781,345	$ 0.0291	$ 255,537	$ 0.0411	$ 360,913	41.2%
44	Distribution						
45	**TOTAL Rate 61 BASE REVENUE**			$ 417,805		$ 560,015	34.0%
46	**Rate 70 - Offsystem Transportation**						
47	Access Charge	-	$ -	$ -		$ -	0.0%
48	Transmission	88,239,382	$ 0.0224	$ 1,976,562	$ 0.0309	$ 2,726,597	37.9%
49	Distribution						
50	**TOTAL Rate 70 BASE REVENUE**			$ 1,976,562		$ 2,726,597	37.9%
51	**Rate 72 - Compressor Fuel**						
52	Access Charge	288	$ 250.00	$ 72,000	$ 307.00	$ 88,416	22.8%
53	Transmission	40,223,951	$ 0.0222	$ 892,972	$ 0.0267	$ 1,073,979	20.3%
54	Distribution						
55	**TOTAL Rate 70 BASE REVENUE**			$ 964,972		$ 1,162,395	20.5%
56	**Rate 114 - District Energy System Service**						
57	Access Charge	12	$ 1,475.00	$ 17,700	$ 1,810.00	$ 21,720	22.7%
58	Transmission	9,437,595	$ 0.0435	$ 410,535	$ 0.0507	$ 478,625	16.6%
59	Distribution	9,481,779	$ 0.0342	$ 324,277	$ 0.0415	$ 393,766	21.4%
60	**TOTAL Rate 114 BASE REVENUE**			$ 752,512		$ 894,111	18.8%
61	**TOTAL REVENUE**			**$ 215,869,660**		**$ 264,821,872**	
62	Other Revenues (Rate 18)			$ 310,073		$ 310,073	
63	Rounding Difference					$ 21,769	
64	**TOTAL REVENUE Including Rate 18**			**$ 216,179,733**		**$ 265,153,714**	

65 1/ Base revenue increase percentage excludes gas costs, other riders and fees applicable to customer bills.

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Customer Bill Impacts

Line No.	Monthly Therms	Cumulative % of Bills	Monthly Bill at Present Rates	Monthly Bill at Proposed Rates	Increase	Percentage Increase
	(A)		(B)	(C)	(D)	(E)
1	**Rate 10 - Residential (Transmission & Distribution) (434,300 customers 96.5%)***					
2	10	1.8%	$ 22.48	$ 26.53	$ 4.05	18.0%
3	25	12.0%	$ 35.45	$ 40.43	$ 4.98	14.0%
4	30	17.9%	$ 39.77	$ 45.06	$ 5.29	13.3%
5	45	42.3%	$ 52.74	$ 58.96	$ 6.22	11.8%
6	53	56.1%	$ 59.66	$ 66.37	$ 6.71	11.2%
7	75	81.6%	$ 78.68	$ 86.75	$ 8.07	10.3%
8	90	89.6%	$ 91.65	$ 100.64	$ 8.99	9.8%
9	105	93.8%	$ 104.62	$ 114.54	$ 9.92	9.5%
10	150	98.2%	$ 143.52	$ 156.22	$ 12.70	8.8%
11	250	99.7%	$ 229.98	$ 248.85	$ 18.87	8.2%
12	* Reflects weighted average Cost of Gas of $0.4781 throughout the year					
13	**Average Peak/Off-Peak Period Bills****					
14	Off-Peak Period (25 Therms)		$ 31.61	$ 36.59	$ 4.98	15.8%
15	Peak Period (90 Therms)		$ 97.85	$ 106.85	$ 8.99	9.2%
16	** Reflects weighted average Cost of Gas of $0.5403 in Peak Period (Nov-Mar) and $0.3396 in Off-Peak Period (Apr-Oct)					
17	**Rate 10 - Residential (Distribution Only) (15,500 customers 3.4%)***					
18	10	2.5%	$ 21.43	$ 25.28	$ 3.85	18.0%
19	25	15.5%	$ 32.82	$ 37.30	$ 4.48	13.7%
20	30	22.5%	$ 36.61	$ 41.30	$ 4.69	12.8%
21	45	46.8%	$ 48.00	$ 53.32	$ 5.32	11.1%
22	53	59.5%	$ 54.08	$ 59.73	$ 5.65	10.4%
23	75	84.4%	$ 70.78	$ 77.35	$ 6.57	9.3%
24	90	92.5%	$ 82.17	$ 89.36	$ 7.19	8.8%
25	105	96.0%	$ 93.56	$ 101.38	$ 7.82	8.4%
26	150	99.2%	$ 127.73	$ 137.43	$ 9.70	7.6%
27	250	99.9%	$ 203.66	$ 217.53	$ 13.87	6.8%
28	**Rate 10 - Residential (Transmission Only) (200 customers 0.05%)***					
29	10	3.9%	$ 20.82	$ 24.52	$ 3.70	17.8%
30	25	15.5%	$ 31.30	$ 35.38	$ 4.09	13.1%
31	30	25.2%	$ 34.79	$ 39.01	$ 4.22	12.1%
32	45	51.5%	$ 45.27	$ 49.87	$ 4.61	10.2%
33	53	64.6%	$ 50.85	$ 55.67	$ 4.82	9.5%
34	75	86.4%	$ 66.22	$ 71.61	$ 5.39	8.1%
35	90	90.3%	$ 76.70	$ 82.48	$ 5.78	7.5%
36	105	93.7%	$ 87.18	$ 93.35	$ 6.17	7.1%
37	150	97.1%	$ 118.61	$ 125.95	$ 7.34	6.2%
38	250	100.0%	$ 188.46	$ 198.40	$ 9.95	5.3%

Note: * Based on customers with 12 months of available data

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Line No.	Monthly Therms	Cumulative % of Bills	Monthly Bill at Present Rates	Monthly Bill at Proposed Rates	Increase	Percentage Increase
	(A)		(B)	(C)	(D)	(E)
1	**Rate 54 - Small Volume General Service (Transmission & Distribution) (20,580 customers 95.7%)***					
2	10	2.4%	$ 38.98	$ 46.57	$ 7.58	19.5%
3	50	19.6%	$ 68.68	$ 77.77	$ 9.09	13.2%
4	75	29.8%	$ 87.23	$ 97.27	$ 10.03	11.5%
5	169	52.1%	$ 157.01	$ 170.59	$ 13.58	8.6%
6	317	67.6%	$ 266.87	$ 286.03	$ 19.15	7.2%
7	400	72.7%	$ 328.49	$ 350.77	$ 22.28	6.8%
8	524	78.2%	$ 420.53	$ 447.49	$ 26.96	6.4%
9	600	81.0%	$ 476.95	$ 506.77	$ 29.82	6.3%
10	800	85.6%	$ 625.41	$ 662.77	$ 37.36	6.0%
11	1000	88.5%	$ 773.87	$ 818.77	$ 44.90	5.8%
12	**Rate 54 - Small Volume General Service (Distribution Only) (880 customers 4.1%)***					
13	10	2.5%	$ 38.16	$ 45.58	$ 7.42	19.5%
14	50	19.5%	$ 64.56	$ 72.86	$ 8.30	12.8%
15	75	31.3%	$ 81.06	$ 89.90	$ 8.84	10.9%
16	169	54.4%	$ 143.10	$ 153.99	$ 10.89	7.6%
17	317	71.9%	$ 240.78	$ 254.90	$ 14.11	5.9%
18	400	77.4%	$ 295.57	$ 311.49	$ 15.92	5.4%
19	524	82.4%	$ 377.41	$ 396.03	$ 18.62	4.9%
20	600	84.9%	$ 427.57	$ 447.85	$ 20.28	4.7%
21	800	89.1%	$ 559.57	$ 584.21	$ 24.64	4.4%
22	1000	92.3%	$ 691.57	$ 720.57	$ 29.00	4.2%
23	**Rate 54 - Small Volume General Service (Transmission Only) (40 customers 0.20%)***					
24	10	2.4%	$ 38.20	$ 45.60	$ 7.40	19.4%
25	50	7.3%	$ 64.74	$ 72.92	$ 8.19	12.6%
26	75	14.6%	$ 81.32	$ 90.00	$ 8.67	10.7%
27	169	34.1%	$ 143.69	$ 154.21	$ 10.52	7.3%
28	317	70.7%	$ 241.89	$ 255.31	$ 13.42	5.5%
29	400	78.0%	$ 296.97	$ 312.01	$ 15.04	5.1%
30	524	80.5%	$ 379.24	$ 396.71	$ 17.47	4.6%
31	600	82.9%	$ 429.67	$ 448.63	$ 18.96	4.4%
32	800	85.4%	$ 562.37	$ 585.25	$ 22.88	4.1%
33	1000	85.4%	$ 695.07	$ 721.87	$ 26.80	3.9%
34	Note: * Based on customers with 12 months of available data					

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Line No.	Monthly Therms	Cumulative % of Bills	Monthly Bill at Present Rates	Monthly Bill at Proposed Rates	Increase	Percentage Increase
	(A)		(B)	(C)	(D)	(E)
1	**Rate 56 - Medium Volume General Service (Transmission & Distribution) (82 customers)***					
2	10,000	1.2%	$ 7,094	$ 7,423	$ 329	4.6%
3	20,000	14.6%	$ 14,042	$ 14,667	$ 625	4.5%
4	27,640	50.0%	$ 19,351	$ 20,202	$ 851	4.4%
5	35,424	65.9%	$ 24,760	$ 25,841	$ 1,081	4.4%
6	46,322	70.7%	$ 32,333	$ 33,737	$ 1,404	4.3%
7	40,000	68.3%	$ 27,940	$ 29,157	$ 1,217	4.4%
8	50,000	73.2%	$ 34,888	$ 36,401	$ 1,513	4.3%
9	60,000	82.9%	$ 41,837	$ 43,646	$ 1,809	4.3%
10	75,000	86.6%	$ 52,260	$ 54,513	$ 2,253	4.3%
11	100,000	90.2%	$ 69,632	$ 72,625	$ 2,993	4.3%
12	**Rate 56 - Medium Volume General Service (Distribution Only) (5 customers 6.1%)***					
13	10,000	0.0%	$ 6,443	$ 6,636	$ 193	3.0%
14	20,000	0.0%	$ 12,740	$ 13,093	$ 353	2.8%
15	27,640	40.0%	$ 17,552	$ 18,027	$ 475	2.7%
16	35,424	60.0%	$ 22,454	$ 23,054	$ 600	2.7%
17	46,322	80.0%	$ 29,317	$ 30,091	$ 774	2.6%
18	40,000	60.0%	$ 25,336	$ 26,009	$ 673	2.7%
19	50,000	80.0%	$ 31,633	$ 32,466	$ 833	2.6%
20	60,000	100.0%	$ 37,931	$ 38,924	$ 993	2.6%
21	75,000	100.0%	$ 47,378	$ 48,610	$ 1,233	2.6%
22	100,000	100.0%	$ 63,122	$ 64,755	$ 1,633	2.6%
23	**Rate 56 - Medium Volume General Service (Transmission Only) (9 customers 11.0%)***					
24	10,000	11.1%	$ 6,562	$ 6,760	$ 198	3.0%
25	20,000	11.1%	$ 12,978	$ 13,341	$ 363	2.8%
26	27,640	33.3%	$ 17,881	$ 18,370	$ 489	2.7%
27	35,424	55.6%	$ 22,875	$ 23,493	$ 617	2.7%
28	46,322	66.7%	$ 29,868	$ 30,666	$ 797	2.7%
29	40,000	66.7%	$ 25,812	$ 26,505	$ 693	2.7%
30	50,000	77.8%	$ 32,228	$ 33,086	$ 858	2.7%
31	60,000	77.8%	$ 38,645	$ 39,668	$ 1,023	2.6%
32	75,000	88.9%	$ 48,270	$ 49,540	$ 1,270	2.6%
33	100,000	88.9%	$ 64,312	$ 65,995	$ 1,683	2.6%

34 Note: * Based on customers with 12 months of available data

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Line No.	Monthly Therms	Cumulative % of Bills	Monthly Bill at Present Rates	Monthly Bill at Proposed Rates	Increase	Percentage Increase
	(A)		(B)	(C)	(D)	(E)
1	**Rate 58 - Large Volume General Service (Transmission & Distribution) (8 customers)***					
2	300,000	25.0%	$ 195,098	$ 203,983	$ 8,885	4.6%
3	400,000	50.0%	$ 259,586	$ 271,308	$ 11,723	4.5%
4	500,000	50.0%	$ 324,073	$ 338,634	$ 14,561	4.5%
5	539,014	50.0%	$ 349,232	$ 364,900	$ 15,668	4.5%
6	604,837	62.5%	$ 391,680	$ 409,215	$ 17,536	4.5%
7	696,989	62.5%	$ 451,106	$ 471,257	$ 20,151	4.5%
8	800,000	87.5%	$ 517,535	$ 540,609	$ 23,074	4.5%
9	900,000	100.0%	$ 582,023	$ 607,935	$ 25,912	4.5%
10	1,000,000	100.0%	$ 646,510	$ 675,260	$ 28,750	4.4%
11	1,500,000	100.0%	$ 968,947	$ 1,011,886	$ 42,939	4.4%
12	**Rate 58 - Large Volume General Service (Distribution Only) (0 customers)***					
13	300,000	0.0%	$ 180,338	$ 186,073	$ 5,735	3.2%
14	400,000	0.0%	$ 239,906	$ 247,428	$ 7,523	3.1%
15	500,000	0.0%	$ 299,473	$ 308,784	$ 9,311	3.1%
16	539,014	0.0%	$ 322,713	$ 332,721	$ 10,008	3.1%
17	604,837	0.0%	$ 361,922	$ 373,107	$ 11,185	3.1%
18	696,989	0.0%	$ 416,814	$ 429,647	$ 12,833	3.1%
19	800,000	0.0%	$ 478,175	$ 492,849	$ 14,674	3.1%
20	900,000	0.0%	$ 537,743	$ 554,205	$ 16,462	3.1%
21	1,000,000	0.0%	$ 597,310	$ 615,560	$ 18,250	3.1%
22	1,500,000	0.0%	$ 895,147	$ 922,336	$ 27,189	3.0%
23	**Rate 58 - Large Volume General Service (Transmission Only) (4 customers 50%)***					
24	300,000	0.0%	$ 178,778	$ 183,133	$ 4,355	2.4%
25	400,000	0.0%	$ 237,826	$ 243,508	$ 5,683	2.4%
26	500,000	0.0%	$ 296,873	$ 303,884	$ 7,011	2.4%
27	539,014	0.0%	$ 319,910	$ 327,438	$ 7,529	2.4%
28	604,837	0.0%	$ 358,776	$ 367,179	$ 8,403	2.3%
29	696,989	0.0%	$ 413,190	$ 422,816	$ 9,626	2.3%
30	800,000	0.0%	$ 474,015	$ 485,009	$ 10,994	2.3%
31	900,000	0.0%	$ 533,063	$ 545,385	$ 12,322	2.3%
32	1,000,000	0.0%	$ 592,110	$ 605,760	$ 13,650	2.3%
33	1,500,000	0.0%	$ 887,347	$ 907,636	$ 20,289	2.3%

34 Note: * Based on customers with 12 months of available data

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NMGC Exhibit TSL-10

Pro Forma Third Revised Rate No. 29

NEW MEXICO GAS COMPANY

THIRD REVISED RULE NO. 29
CANCELING SECOND REVISED RULE NO. 29

RATE RIDER NO. 8 DETAILS

1. Definitions:
The following words and terms shall have the indicated meaning when used in the Company's Rate Rider No. 8 and this Rule:

Actual Calendar Month Heating Degree Days: The cumulative monthly Weighted Average Heating Degree Days for the current Heating Season.

Adjustment Period: The annual period beginning with cycle 1, October.

Annual Reconciliation Report: The annual report filed with the Commission which provides the weather-related revenue excesses and deficiencies and the revenues or revenue credits for the Company's Weather Normalization Adjustment for a Reconciliation Period.

Balancing Account: Contains the cumulative monthly differences between the weather-related revenue excesses or revenue deficiencies as they are recorded on the books and records of the Company, and the revenues resulting from billings or credits to customers for the recovery or crediting of weather-related revenue excesses or revenue deficiencies as they are recorded on the books and records of the Company.

Balancing Account Adjustment Factor: A component of the Weather Normalization Adjustment Factor designed to allow the Company to continuously manage the Balancing Account.

Commission: The New Mexico Public Regulation Commission.

Company: New Mexico Gas Company.

Degree Day Consumption Factor: The aggregate heating use per degree day by rate class for the calendar month stated in therms as set forth in the following table:

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/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

NMGCO#4598365

NEW MEXICO GAS COMPANY

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RATE RIDER NO. 8 DETAILS

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Month	Rate 10 Residential	Rate 54 Small General Service	
October	35,564	14,607	x
November	49,019	18,586	x
December	54,017	21,518	x
January	62,631	26,204	x
February	59,384	25,062	x
March	52,802	23,803	x
April	39,858	18,603	x

Heating Degree Day: The difference between 65° and the mean daily temperature for the calendar day for days when the mean daily temperature is below 65°. Heating Degree Days equal zero for calendar days when the mean daily temperature is 65° or greater.

Heating Season: The seven consecutive calendar months beginning October and ending April.

Margin Revenue Factor: The revenue per therm net of applicable taxes and fees established in the Company's most recent base rate case for the applicable rate class as set forth in the following table:

Rate Class	Margin Revenue Factor	
Rate 10 - Residential		
Transmission	$0.1253	x
Distribution	$0.2018	x
Transmission & Distribution	$0.3271	x
Rate 54 - Small General Service		
Transmission	$0.0982	x
Distribution	$0.0969	x
Transmission & Distribution	$0.1951	x

Advice Notice No. 96

/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

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RATE RIDER NO. 8 DETAILS

Normal Calendar Month Heating Degree Days: The cumulative ten-year Weighted Average Heating Degree Days for each calendar month from October through April as established in the Company's most recent base rate proceeding. Normal Calendar Month Degree Days are set forth in the following table:

Month	Normal Degree Days	
October	237	x
November	575	x
December	850	x
January	867	x
February	664	x
March	486	x
April	260	x

Reconciliation Period: The twelve consecutive months ended September 30 of each year.

Weather Normalization Adjustment Component: The amount included in each customer's bill to recover or credit the net weather-related revenue excess or deficiency as determined in Rate Rider No. 8 and this Rule.

Weather Normalization Adjustment Factor: The rate to be multiplied by the customer's billing units to determine the Weather Normalization Adjustment Component.

Weather Normalization Adjustment Factor Statement: The report establishing the Weather Normalization Adjustment Factor. The Weather Normalization Adjustment Factor Statement is filed with the Commission prior to changing the previously used Weather Normalization Adjustment Factor.

Weighted Average Heating Degree Days: The average daily Heating Degree Days reported by the National Oceanographic and Atmospheric Administration for the weather stations representative of the Company's service area computed on the basis of the weightings specified in the following table:

Station	**Percentage Weighting**	
Albuquerque	57.24%	x
Deming	5.00%	x
Farmington	12.12%	x
Roswell	8.49%	x
Santa Fe	17.16%	x

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/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

NMGCO#4598365

NEW MEXICO GAS COMPANY

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CANCELING SECOND REVISED RULE NO. 29

RATE RIDER NO. 8 DETAILS

2. Records

The Company shall maintain records which identify the weather-related revenue excesses or revenue deficiencies and the revenues or revenue credits attributable to the operation of Rate Rider No. 8. The difference between the weather-related revenue excesses or revenue deficiencies and the revenues or revenue credits described in this section shall be entered into the Balancing Account. Entries shall be made in this account at the end of the month in which the Rate Rider No. 8 weather-related revenue excesses or revenue deficiencies and revenues or revenue credits are recorded on the Company's books. The Balancing Account entry shall consist of the following:

A. Rate Rider No. 8 weather-related revenue excesses or revenue deficiencies shall be taken from the Company's books and records. Rate Rider No. 8 revenue excesses or revenue deficiencies shall include:

(1) The amount, if any, by which weather-related revenue excesses occur due to colder-than-normal weather, as determined in accordance with the provisions of Rider No. 8.

(2) The amount, if any, by which weather-related revenue deficiencies occur due to warmer-than-normal weather as determined in accordance with the provisions of Rider No. 8.

B. Rate Rider No. 8 revenues or revenue credits shall be taken from the Company's books and records. Rate Rider No. 8 revenues shall include, but not be limited to:

(1) The amount of weather normalization adjustment revenues recorded through the customers' Weather Normalization Adjustment Component.

(2) The amount of weather normalization adjustment revenue credits recorded through the customers' Weather Normalization Adjustment Component.

C. The Company shall separately maintain records attributable to the operation of Rate Rider No. 8 for service provided to Rate 10 Residential Service customers and Rate 54 Small General Service customers.

D. If Rate Rider No. 8 is discontinued or replaced, the amount recorded in the Balancing Account, positive or negative, as of the effective date that Rate Rider No. 8 is discontinued or replaced shall be credited to customers or charged to customers in a future period.

3. Calculation of the Weather Normalization Adjustment Factor

A. The Weather Normalization Adjustment Factor shall be determined as follows:

(1) A calculation of the revenue impact of colder-than-normal or warmer-than-normal weather shall be performed for each month of the Heating Season. A revenue excess shall result for the month when the

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/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

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CANCELING SECOND REVISED RULE NO. 29

RATE RIDER NO. 8 DETAILS

Actual Calendar Month Heating Degree Days for the month exceed the Normal Calendar Month Heating Degree Days for the month. A revenue deficiency shall result for the month when the Actual Calendar Month Heating Degree Days for the month fall below the corresponding Normal Calendar Month Heating Degree Days for the month.

(2) The weather-related revenue impact shall be determined by first calculating the difference between Actual Calendar Month Heating Degree Days and Normal Calendar Month Heating Degree Days and multiplying this difference by the Degree Day Consumption Factor for the month and by the Margin Revenue Factor.

(3) The monthly weather-related revenue excess or revenue deficiency shall be determined separately for each rate class subject to Rider No. 8.

(4) The monthly revenue excesses and revenue deficiencies shall be summed together for the seven-month period of October through April to determine the net revenue excess or deficiency for the current Heating Season for each rate class subject to Rider No. 8.

(5) A calculation of the net prior period over or under-recovery of the Weather Normalization Adjustment Factor shall be performed by comparing the cumulative difference between the net revenue excess or revenue deficiency to the cumulative net revenues and revenue credits for prior periods for each rate class subject to Rider No. 8.

(6) The sum of the net revenue excess or deficiency for the current Heating Season and the net prior period over or under-recovery of the Weather Normalization Adjustment Factor for prior periods shall represent the total net revenue impact to be recovered through the Weather Normalization Adjustment Factor for each rate class subject to Rider No. 8.

(7) The Weather Normalization Adjustment Factor for the Adjustment Period shall be the total net revenue impact to be recovered through the Weather Normalization Adjustment Factor divided by the projected billing units for each rate class subject to Rider No. 8.

4. Reports and Statements

A. A Weather Normalization Adjustment Factor Statement must be filed annually with the Commission no later than June 30 before adjustment of the Weather Normalization Adjustment Factor. Each Statement shall consist of a cover letter identifying the items impacting the Weather Normalization Adjustment Factor, a projection of the final reconciliation balance for the twelve-month period ending on September 30 and any matters which may be of interest to the Commission. The Weather Normalization Adjustment Factor Statement consists of the following sections:

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/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

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NEW MEXICO GAS COMPANY

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CANCELING SECOND REVISED RULE NO. 29

RATE RIDER NO. 8 DETAILS

Section 1 - Summary of the Weather Normalization Adjustment Factors

Section 2 - Determination of the Weather Normalization Adjustment Factor

(A) Actual Monthly Heating Degree Days

(B) Monthly Weather-Related Revenue Excesses and Deficiencies

Section 3 - Determination of the Balancing Account Adjustment Factor.

B. An Annual Certified Reconciliation Report shall be filed with the Commission as soon after the completion of the September accounting month as permitted by record availability, and shall be filed annually no later than December 31. This report shall consist of the following sections:

(1) a summary of weather-related revenue excesses or deficiencies and revenues or revenue credits which were recorded in the Balancing Account;

(2) a summary of reconciling items including items adjusting the Balancing Account; and

(3) any additional reporting requirements as specified by the Commission.

The Weather Normalization Adjustment mechanism is continuous and therefore, the Balancing Account is also continuous. Any under or over-collection of weather-related revenue excesses or deficiencies that resulted in the prior Reconciliation Period will immediately carry over into the subsequent Reconciliation Period. All adjustments resulting from the Annual Reconciliation will be recorded into the Balancing Account as they become certified in the Annual Reconciliation process.

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/s/Gerald C. Weseen
Gerald C. Weseen
Vice President
Regulatory, Strategy and External Affairs

NMGCO#4598365

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 TO ADVICE NOTICE NO. 96	)	**Case No. 23-00255-UT**
NEW MEXICO GAS COMPANY,INC.	)	
Applicant.	)	

ELECTRONICALLY SUBMITTED AFFIRMATION OF TIMOTHY S. LYONS

STATE OF NEW MEXICO)
)ss.
COUNTY OF BERNALILLO)

In accordance with 1.2.2.10(E) NMAC, Timothy S. Lyons, Consultant for New Mexico Gas Company, Inc., upon being duly sworn according to law, under oath, deposes and states under penalty of perjury under the laws of the State of New Mexico: I have read the foregoing Direct Testimony and Exhibits, and they are true and accurate based on my personal knowledge and belief.

SIGNED this 14th day of September 2023.

/s/ Timothy S. Lyons
Timothy S. Lyons
Consultant for New Mexico
Gas Company, Inc.