

NEW MEXICO GAS COMPANY
SEVENTH REVISED RATE NO. 70
CANCELING SIXTH REVISED RATE NO. 70

TRANSPORTATION SERVICE

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AVAILABILITY

The transportation rates provided for herein are available to any Transportation Customer as defined herein. The standby service rates provided for herein are available to any Standby Customer as defined herein.

DEFINITIONS

Transportation Customer shall mean any customer defined as a Transportation Customer in 17.10.660 NMAC who submits a written request to the Company to transport natural gas pursuant to that Rule, when such Transportation Customer executes a transportation contract for the transportation of natural gas.

Standby Customer shall mean any Transportation Customer as defined herein or any end-user receiving deliveries of gas under a transportation contract, when such Transportation Customer or end-user executes a standby contract for standby service.

TERRITORY

All of the Company's service area.

RATES

1. Application Fee
 - A. Base Fee
 1. Standard Transportation Contract \$ 720.00
 2. Negotiated Transportation Contract \$ 2,600.00
 - B. Receipt Point Fee \$ 50.00 per point
 - C. Delivery Point Fee \$ 50.00 per point

No additional charges (contract, receipt, or delivery point(s) fees) will be assessed to Transportation Customers when end-use meters are transferred from a Form No. 31 (On System Transportation Agreement) to another pre-existing Form No. 31 agreement, or from a Form No. 46 agreement to a pre-existing Form No. 31 agreement. x
x

2. Monthly and Individual Services Function Charges. For each classification defined in the Company's sales tariffs, the maximum rates for each functional service are:

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	Monthly Access Fee	Transmission Rate (\$/Therm)	Distribution Rate (\$/Therm)	
A. Rate 10	\$ 12.40	\$0.1053	\$0.1661	x
B. Rate 30	\$ 36.40	\$0.0472	\$0.0376	x
C. Rate 31 (Small)	\$ 107.00	\$0.0452	\$0.0494	x
(Large)	\$ 175.00			
D. Rate 35 (Small)	\$ 55.00	\$0.0342	\$0.0454	x
(Large)	\$ 350.00			
E. Rate 37	\$ 23.00	\$0.0259	\$0.0382	x
F. Rate 39			\$0.0565	x
G. Rate 54	\$ 27.75	\$0.0823	\$0.0788	x
H. Rate 56	\$ 130.00	\$0.0651	\$0.0532	x
I. Rate 58	\$1,475.00	\$0.0492	\$0.0544	x
J. Rate 61	\$2,260.00	\$0.0291		x
K. Rate 72	\$ 250.00	\$0.0222		x
L. Rate 114	\$1,475.00	\$0.0435	\$0.0342	x
L. Non-NMGC End-Use		\$0.0224		x

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4. Dehydration Rate

- (a) This Rate is available to any Transportation Customer whose gas supply, upstream of the Company's facilities, requires the water content to be removed in order to meet the quality specifications as set forth in the Company's transportation agreements, Form Nos. 31 and 34, through Company owned facilities.
- (b) The following rates shall apply:
 - (i) Monthly Service Charge \$400.00;
 - (ii) Throughput Per Therm \$0.003; plus
 - (iii) Transportation Customers will furnish all fuel used to operate the dehydration facilities.
- (c) Servicing of customer owned facilities by Company personnel will be billed in accordance with the Company's Rate No. 11. Due to distant locations, travel time from the Company's facilities will be added to the hourly rates.

5. Standby Rate

- (a) For each Standby Customer whose annual end-use consumption is less than 200,000 therms, \$0.005 per therm times estimated annual consumption; unless such end-user or Transportation Customer elects to nominate a Standby Maximum Daily Quantity (SMDQ) and twelve Maximum Monthly Quantities (MMQs). The standby fee will be billed to the customer in twelve equal monthly installments.
- (b) For each Standby Customer whose annual end-use consumption is equal to or greater than 200,000 therms, or an end-user whose annual end-use consumption is less than 200,000 therms and who elects to nominate a SMDQ and twelve MMQs, then the charge for standby shall be:
 - (i) Peak Demand Charge: \$0.03 per therm times the SMDQ times twelve (12).
 - (ii) Quantity Charge: \$0.004 per therm times the MMQ for each of the twelve contract months.

The sum of the Peak Demand and Quantity Charges will be billed to the Standby Customer in twelve equal monthly installments.

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All gas delivered by the Company as standby gas shall be sold at Company's WACOG plus transmission and distribution rates.

In addition to the above charges, an Unauthorized Use Charge of \$1.00 per therm will be assessed for any metered volumes delivered to the end-user on any day which exceed the Standby Maximum Daily Quantity established for the end-user, if the Standby Maximum Daily Quantity was based on an amount chosen by or on behalf of the end-user rather than upon historical peak day use, if Emergency Gas Service is unavailable or is refused by the Transportation Customer and the Company has notified the Transportation Customer by telephone and telefax to curtail the end-uses of the gas.

6. Administrative Charges and Other Rates

Access Fee: Each Transportation Customer served under this Rate shall pay a Monthly Access Fee as shown in Section 2.

Rate Rider Adjustments: The charges shall be increased or reduced, as appropriate, for the billing month by amounts computed in accordance with applicable Rate Riders, as authorized by the NMPRC, provided that such adjustments shall not be applicable to Non-NMGC End-Users (as defined in Other Conditions 16 below).

Emergency Gas Service: The commodity price of Emergency Gas Service (EGS) shall be the highest gas cost currently being paid by the Company for its system supply customers, as included in the Company's monthly Gas Cost Factor Statement filed with the Commission (also see Other Conditions of this Rate).

Tax Adjustment Clause: The charges may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Use Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and Federal income taxes) payable by the Company and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

7. Total Transportation Charge

The total monthly charge for transportation for each transaction shall be the sum of A, B, C, D and E as set forth below:

- A. Monthly Access Fee
- B. Individual Service Functions times the quantity associated with those services
- C. Charges for any other service provided
- D. Rate Rider adjustments, if applicable
- E. Applicable Taxes

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INTERRUPTION, CURTAILMENT AND CAPACITY ALLOCATION OF SERVICE

Service under this Rate may be interrupted, curtailed or capacity allocated to protect service to higher priority transportation and sales customers in accordance with the Company's Rule No. 21.

OTHER CONDITIONS

1. Service is subject to all applicable laws and orders, particularly 17.10.660 NMAC, and to the Company's Rules and Regulations on file with the New Mexico Public Regulation Commission.
2. All service under this Rate shall require the execution of a transportation contract by the Transportation Customer or a standby service agreement by the Standby Customer, as applicable. Transportation Customers may elect to use the Company's On- or Off-System Standard Transportation Contract, which are on file with the Commission as Form Nos. 31 and 34, or negotiate a different transportation contract.
3. An application for transportation service shall be made by a written request which shall be accompanied by the appropriate application fee as set forth in this Rate. The application fee shall consist of the base fee for either the standard or a negotiated transportation contract, plus the fees for the total number of receipt and delivery points specified in the Transportation Customer's request. No application fee will be required for the extension or renewal of an existing transportation agreement. The appropriate application fees must accompany a request for substantial amendment to existing contracts.
4. A current sales customer of the Company or any person acting on their behalf may elect to become a Transportation Customer of the Company pursuant to this Rate. A current sales customer shall give the Company written notice of its election to become a Transportation Customer sixty (60) days prior to commencement of transportation.

An Exit Fee or Credit will be applicable to sales customers, with annual consumption exceeding 10,000 therms, who elect to switch to transportation service. The Exit Fee or Credit is designed to "cash out" the switching customer's position in any accrued balancing accounts. The Exit Fee or Credit is equal to the exiting customer's share of the balance in the deferred gas cost account at the end of the month in which the termination of sales service occurs. The existing customer's share will be determined by (a) first dividing the balance in the deferred gas cost account by total sales consumption for the past twelve (12) months to determine the Exit Fee Factor and then (b) multiplying the customer's total consumption for the past twelve (12) months by the Exit Fee Factor.

If a transportation end-user returns to sales service within sixty (60) days of exiting sales service, the Exit Fee will be recalculated. The recalculation will take into consideration only the period during which the customer was on transportation service. The Company will issue a statement to the customer, showing the

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difference in the Exit Fee within thirty (30) days of the return to sales service. The statement will include an invoice for any Exit Fee due the Company or a notice of any Credit due the customer.

Any seasonal customer that does not have twelve (12) consecutive months of consumption as of the exit date shall be considered exempt from the Exit Fee provisions of this Rate. A seasonal customer, for the purposes of determining exemption from Exit Fees, shall be defined as any customer that consistently disconnects service in their normal course of business during the twelve (12) consecutive months of a calendar year.

5. The Company will not be required, at its expense, to install any facilities of any kind to serve a Transportation Customer under this Rate. Applicants requesting higher levels of service than currently available shall execute a facilities construction contract and shall pay for all costs of additional facilities, including storage facilities, required to provide such service as specified in Sections 10B.(2) and (3) and Section 10D. of 17.10.660 NMAC. Pursuant to Section 10D.(2) of 17.10.660 NMAC, a Transportation Customer who pays for all costs of additional facilities shall have the first right to transport gas through the additional facilities ("Incremental Capacity") and such Incremental Capacity shall not be subject to Capacity Allocation under the Company's Rule No. 32. The Incremental Capacity rights shall continue for the period of time specified in the separate Incremental Capacity agreement between the Company and the Transportation Customer.
6. All gas received at the receipt points and delivered at the delivery points shall be of pipeline quality as specified in Sections 7R. and 11F. of 17.10.660 NMAC or as specified in the transportation contract.
7. The Company shall transport gas received from a Transportation Customer at the various receipt points, reduce it by a quantity of gas equal to one percent (1%) and deliver at the delivery points as defined in the transportation contract the remaining quantities of gas on a Therm basis. Such reduction in gas quantity delivered shall be deemed to reflect gas consumed or lost in providing service hereunder.

Transportation contracts that include off-system deliveries through the Company's "Redondo, Star Lake or Espejo Compressors" will include, for each compressor facility used, an additional one percent (1%) to reflect gas consumed for a total of up to four percent (4%) if all compressor facilities are used.

8. A deposit may be required to be paid by a potential Transportation Customer at the time the transportation contract is executed. The deposit shall be equal to the total estimated charges for the first full month of transportation service. If the Transportation Customer commences substantial performance of its contract obligations within forty-five (45) days of execution of the contract, the deposit will be credited to the Transportation Customer's account within sixty (60) days of execution of the transportation contract. If the Transportation Customer does not commence substantial performance of its contract obligations within forty-five (45) days of execution of the contract, the deposit may be forfeited and the transportation contract may be terminated. Governmentally-owned gas distribution systems and utilities are exempt from paying the deposit.

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9. The payment terms for transportation, standby service and/or EGS (as defined in Other Conditions 14 below) under this Rate will be specified in the transportation contract or standby service contract, as applicable.
10. A Transportation Customer shall be entitled to return to the Company's system supply as a sales customer up to its full requirements upon the availability of capacity to transport system supply gas and with prior written notice to the Company. The cost of gas for such re-entry customers shall be determined as follows:
- (a) Any Transportation Customer providing sixty (60) days notice to the Company before re-entry to system supply will receive service from the Company as a sales customer with commodity costs based on the Company's Rate Rider No. 4; or
 - (b) A Transportation Customer who fails to give the Company at least sixty (60) days notice of re-entry will purchase gas from the Company if, as and when such supply is available and the Company is able to provide such supply without curtailing any existing customers with commodity costs based upon the greater of
 - (i) the Company's average cost of gas; or
 - (ii) the Company's actual price of gas (including transportation charges, if any) which is used or obtained to provide such gas.
 - (c) At the expiration of sixty (60) days from the date of the Transportation Customer's request, the customer will receive gas service from the Company as a sales customer with commodity costs based on the Company's Rate Rider No. 4.

In cases above the customer will be billed for cost of service under its otherwise applicable Rate Schedule according to its customer classification.

A Transportation Customer requesting re-entry as a sales customer may be required to execute a special service contract. This contract will specify a minimum purchase obligation for a certain period of time. If the re-entry customer and the Company are unable to negotiate a special service contract, either party may file a complaint with, or seek binding arbitration from, the New Mexico Public Regulation Commission.

11. The Transportation Customer shall balance the quantity of gas tendered for transportation at the receipt points with the quantity of gas taken at the delivery points. Failure to do so may result in penalties which shall be applied in accordance with the Company's Rule No. 28 as such rule may be adjusted from time to time.

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12. Standby service shall be available to a Standby Customer as defined herein only for a minimum term of one year pursuant to a separate standby service contract. For standby service pursuant to "Rates", Section 4.(b) of this Rate, the Standby Customer's Standby Maximum Daily Quantity ("SMDQ") (in Therms) of standby gas that the Company will be obligated to provide during any day of the contract period, subject to the curtailment, interruption or capacity allocation provisions of Section 10E. of 17.10.660 NMAC and the Company's Rule No. 21, in effect at that time, will be established as follows:
- a. For an end-user who does not have continuously recording metering equipment, the SMDQ for full coverage will equal the end-user's average daily quantity delivered during the end-user's peak month of the preceding twelve (12) month period multiplied by a factor of 1.3.
 - b. For an end-user currently having continuously recording metering equipment, the SMDQ will be either:
 - (i) the end-user's highest actually metered daily use during the preceding twelve (12) month period for full coverage; or
 - (ii) an amount chosen by the end-user or by the Standby Customer on behalf of the end-user for partial coverage.
 - c. For an end-user or Standby Customer acting on behalf of an end-user not currently having continuously recording metering equipment but who has requested the installation of such equipment at its own cost and expense, the SMDQ will be either:
 - (i) the quantity referenced in Paragraph 12a above; or
 - (ii) an amount chosen by the end-user or by the Standby Customer on behalf of the end-user.
 - d. An end-user with multiple meters may elect in the standby contract to purchase standby service for a specific meter or meters. The SMDQ shall represent the sum of the SMDQs for all elected meters.
 - e. If the Standby Customer is a Transportation Customer who is not an end-user, the following shall apply:
 - (i) The SMDQ shall be determined at the discretion of the Standby Customer;
 - (ii) The Standby Customer must hold a separate standby contract for each of the Company's system, i.e., Northwest, Southeast or Remote Systems;

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- (iii) The Standby Customer must identify in the standby contract each delivery meter to be covered by the standby contract;
- (iv) The Standby Customer must identify in the standby contract the priority in which the delivery meters are to be curtailed if the SMDQ or maximum monthly quantity as defined below has been met and EGS is not available.

In no instance shall the Company be obligated to provide on any day in the contract period an amount of standby gas in excess of the Standby Maximum Daily Quantity chosen for each end-user or Standby Customer acting on behalf of an end-user pursuant to Other Conditions 12b(ii) or 12c(ii). Gas over and above the chosen Standby Maximum Daily quantity may be available under EGS as discussed in Other Conditions 14 of this Rate.

The Standby Customer shall identify a separate Maximum Monthly Quantity of standby gas for each of the twelve (12) months of the contract period. In no instance shall the Company be obligated to provide during any month in the contract period an amount of standby gas in excess of the Maximum Monthly Quantity chosen by the Standby Customer for that month. Gas over and above the Maximum Monthly Quantity may be available under EGS as discussed in Other Conditions 14 of this Rate.

- 13. A Standby Customer shall be entitled to return to the Company's system supply as a sales customer up to its full requirements with sixty (60) days prior written notice to the Company. During the sixty (60) days re-entry period, if the Standby Customer requests to purchase system supply gas from the Company, then the commodity cost of such gas shall be at the Company's WACOG during the term of the standby contract. After the expiration of the term of the standby contract, the Company shall provide system supply gas to the Standby Customer in accordance with Other Conditions 10 of this Rate. In the event that a Standby Customer receives system supply gas during the term of the standby contract, the Standby Customer shall continue to pay the standby rate in addition to any other applicable charges for service.
- 14. EGS is an optional service that the Company will provide to a Transportation Customer or Standby Customer's delivery point if, in its sole discretion, the Company determines that EGS gas is available at that delivery point. The application of EGS shall be as follows:
 - a. In the event the Company's final schedules, as submitted in accordance with the Company's Form No. 38, show a confirmation by a third-party transporter is less than ninety percent (90%) of the Transportation Customer's nomination there is a failure of supply which may be subject to EGS. In the event that the Transportation Customer is unable to obtain a confirmation by a third-party transporter of all of the nomination shortfall at any receipt point on the applicable section of the Company's system, no later than the next successive flow day, the Company may, in its sole discretion, provide EGS or curtail deliveries of gas to the Transportation Customer's end use meters. After the Company provides notice of a curtailment, if the Transportation Customer fails to curtail usage at the end use meters, any gas taken shall be unauthorized gas.

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- b. If the Company provides EGS to a Transportation Customer, EGS shall be for the Quantity of gas equal to the difference between the nominated volumes and the volumes actually delivered by the Transportation Customer beginning with the flow day in which there was a supply failure and continuing so long as the supply failure exists.
 - c. Other than the schedules provided pursuant to the Company's Form No. 38, the Company is not required to provide any notice of its intent to charge EGS nor of any specific supply failure prior to providing EGS. The final confirmation from the third-party transporter and/or the Company's final schedule shall be deemed to be sufficient notice of a supply failure for EGS purposes.
 - d. A Transportation Customer or Standby Customer who has purchased EGS from the Company shall pay the commodity cost as specified in "Rates" Section 5 of this Rate. The Transportation Customer or Standby Customer shall also pay an amount based on the service rate per Therm set forth in this Rate.
15. An end-user receiving service under this Rate may at the same time meet part of its requirements through sales service from the Company. A combined sales/transportation customer, excluding retail CNG services under the Company's Rate No. 39, must have separate meters for sales service and transportation service, respectively. The customer is required to warrant to the Company that the gas flowing through the separate transportation and sales meters serves separate gas consuming equipment and is not commingled downstream of the meters.
16. "Non-NMGC End-User" as used in this Rate shall mean an end-user who is not, and at its current location was not and could not become a direct sales customer of the Company.
17. A Transportation Customer may obtain its standby service from a third party if it so desires. Third Party standby gas will be transported by the Company under the same terms and conditions set forth in the Transportation Customer's transportation agreement with the Company.

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