

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF NEW MEXICO GAS COMPANY,)
INC.'S APPLICATION FOR AN EXPEDITED VARIANCE)
APPROVING ITS PLAN FOR RECOVERY OF THE GAS)
COSTS RELATED TO THE 2021 WINTER EVENT)**

) CASE NO. 21-_____-UT

NEW MEXICO GAS COMPANY, INC.,)

Applicant.)

_____)

**EXHIBIT 8
DIRECT TESTIMONY AND EXHIBITS
OF
DANIEL P. YARDLEY**

April 16, 2021

EXHIBIT 8
DIRECT TESTIMONY OF
DANIEL P. YARDLEY
NMPRC CASE NO. 21-_____-UT

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Daniel P. Yardley, and my business address is 2409 Providence Hills Drive,
3 Matthews, North Carolina 28105.

4
5 **Q. IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 **A.** I am a Principal of Yardley Associates, a consulting firm specializing in rate and regulatory
7 matters in the natural gas utility industry.

8
9 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
10 **PROFESSIONAL WORK EXPERIENCE.**

11 **A.** I received a Bachelor of Science Degree in Electrical Engineering from the Massachusetts
12 Institute of Technology in 1988. For the last 30 years I have been employed as a consultant
13 to the natural gas industry. During this period, I have directed or participated in numerous
14 consulting assignments on behalf of local distribution companies (“LDCs”). I have
15 extensive experience analyzing and developing LDC and gas pipeline cost allocation
16 studies, rate design studies, and in other tariff matters, including the development of
17 revenue adjustment and cost recovery mechanisms. I have also performed gas supply
18 planning analyses and financial evaluation analyses on behalf of LDCs.

19
20 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

21 **A.** I am testifying on behalf of New Mexico Gas Company, Inc. (“NMGC” or the
22 “Company”).

23

EXHIBIT 8
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NMPRC CASE NO. 21-_____ -UT

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW MEXICO PUBLIC**
2 **REGULATION COMMISSION (“NMPRC” OR THE “COMMISSION”)?**

3 **A.** Yes. I testified in two prior NMGC base rate proceedings before the Commission in
4 NMPRC Case No. 18-00038-UT and NMPRC Case No. 19-00317-UT, and in NMGC’s
5 Advice Notice No. 81 concerning its Weather Normalization Adjustment Mechanism. I
6 have also testified on numerous occasions before other state utility commissions, the
7 Federal Energy Regulatory Commission, and the Canada Energy Regulator on a variety of
8 rate and regulatory topics. The subject matters addressed in these proceedings include cost
9 allocation, service design, rate design, revenue decoupling, cost recovery mechanisms and
10 tariff design. A summary of my experience and previous expert testimony in other
11 jurisdictions is provided as NMGC Exhibit DPY-1, which is attached to my direct
12 testimony.

13

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

15 **A.** An extraordinary weather event in February 2021 caused NMGC to incur substantial gas
16 costs that would materially impact the Company’s cost of gas recovered from its sales
17 customers through its Rate No. 1-4 - Rate Rider No. 4, Cost of Gas Component (“PGAC”).
18 In order to mitigate the impacts to customers, the Company is proposing to recover the
19 incremental costs incurred due to the extraordinary weather event over a longer period than
20 would occur through PGAC recovery. I have been asked by the Company to help them
21 present the calculation of the rates to appropriately recover the extraordinary gas costs.
22 My testimony and exhibits reflect this work.

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1 **Q. ARE YOU SUPPORTING ANY EXHIBITS THAT ACCOMPANY YOUR DIRECT**
2 **TESTIMONY?**

3 **A.** Yes. I am sponsoring the following exhibits:

- 4 ▪ NMGC Exhibit DPY-1: Curriculum Vitae;
- 5 ▪ NMGC Exhibit DPY-2: Monthly Residential and Non-Residential Extraordinary
6 Gas Cost Revenues by Month;
- 7 ▪ NMGC Exhibit DPY-3: Amortization of Extraordinary Gas Costs;
- 8 ▪ NMGC Exhibit DPY-4: Comparison of Annual and Seasonal Rate Bill Amounts;
9 and
- 10 ▪ NMGC Exhibit DPY-5: Recovery Factors Adjusted for Inspection and
11 Supervision Fees.

12
13 **Q. WHAT IS THE AMOUNT OF EXTRAORDINARY GAS COSTS TO BE**
14 **RECOVERED?**

15 **A.** NMGC calculated \$110,119,522 of extraordinary gas costs during the 2021 winter weather
16 event.
17

18 **Q. OVER WHAT TIME PERIOD IS NMGC PROPOSING TO RECOVER THE**
19 **EXTRAORDINARY GAS COSTS?**

20 **A.** The Company proposes to recover the extraordinary gas costs over a 30-month period
21 beginning with the first billing cycle of July 2021 and ending with the last billing cycle of
22 December 2023.

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1 **Q. WHAT IS THE PROPOSED RECOVERY MECHANISM FOR THE**
2 **EXTRAORDINARY GAS COSTS?**

3 **A.** NMGC proposes to recover the extraordinary gas costs through a volumetric rate
4 applicable to sales customers. The Company intends to recover carrying charges on the
5 average monthly balance at an annual rate of 3.7 percent.

6

7 **Q. HOW DID YOU DEVELOP THE RECOVERY RATE NEEDED TO FULLY**
8 **AMORTIZE THE EXTRAORDINARY GAS COSTS OVER THE RECOVERY**
9 **PERIOD?**

10 **A.** I developed an annual recovery rate that provides for recovery of the extraordinary gas
11 costs over the recovery period. The Company desires to mitigate the dollar amount billed
12 to residential customers in the winter. Therefore, I developed seasonal volumetric rates for
13 residential customers that provide the same level of annual revenues based on projected
14 sales volumes. The rates for each season recover the same average monthly amount for
15 the seven-month winter season and for the five-month summer season. The seasonal
16 volumetric rates for residential customers are \$0.0711 per therm for the billing months of
17 October through April and \$0.2904 per therm for the months of May through September.
18 The annual volumetric rate for non-residential customers is \$0.1037 per therm. The
19 projected residential and non-residential monthly revenues under these rates are provided
20 in NMGC Exhibit DPY-2.

21

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1 **Q. DO THE PROJECTED REVENUES RECOVER THE EXTRAORDINARY GAS**
2 **COSTS PLUS ASSOCIATED CARRYING COSTS OVER THE 30-MONTH**
3 **TERM?**

4 **A.** Yes. NMGC Exhibit DPY-3 provides the amortization of the extraordinary gas costs
5 reflecting the projected revenues and carrying costs over the recovery term. The Company
6 is proposing to begin recovery of carrying charges beginning March 25th, 2021, the day
7 that NMGC paid the invoices for the time period including the 2021 Winter Event. The
8 projected balance at the end of the 30-month term approaches zero.

9
10 **Q. WILL NMGC AMORTIZE THE EXTRAORDINARY GAS COST BALANCE**
11 **BASED ON THE SCHEDULE PROVIDED IN NMGC EXHIBIT DPY-3 OR BASED**
12 **ON ACTUAL REVENUE RECOVERIES?**

13 **A.** The Company will amortize the extraordinary gas cost balance on the basis of actual
14 revenues each month, which will vary from the estimated schedule due to differences
15 between actual and projected sales volumes.

16
17 **Q. WHAT IS THE PROPOSED TREATMENT OF ANY REMAINING BALANCE AT**
18 **THE END OF THE 30-MONTH TERM OF THE EXTRAORDINARY GAS COST**
19 **RECOVERY MECHANISM?**

20 **A.** NMGC will transfer the ending balance, positive or negative, to the PGAC to be reflected
21 in the December 31, 2023 reconciliation.

22

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1 **Q. DO THE PROPOSED SEASONAL RATES LEVELIZE THE BILL IMPACTS FOR**
2 **RESIDENTIAL CUSTOMERS**

3 **A.** Yes. As demonstrated in NMGC Exhibit DPY-4 the monthly variations in the monthly bill
4 impacts on customers is significantly reduced with the use of a seasonally adjusted rates.
5 For a customer using the average usage of 659 annual therms, the range of bill impacts if
6 there was no seasonal adjustment would range from a high of \$12.89 in January to a low
7 of \$1.50 in July. However, with the seasonal adjustment those impacts are \$8.84 in January
8 and \$4.20 in July. NMGC Exhibit DPY-4 shows that bill impacts in high usage heating
9 season months were reduced and low usage summer months increased as compared to a
10 non-seasonal adjusted rate. This outcome remains true for customers that are smaller and
11 larger than the average size customer as well. The impact of the seasonal rates on monthly
12 customers with 50 percent less and 50 percent more than the typical customer are also
13 provided in NMGC Exhibit DPY-5.

14
15 **Q. HAVE YOU CALCULATED THE RECOVERY RATES INCLUDING THE NEW**
16 **MEXICO INSPECTION AND SUPERVISION FEES?**

17 **A.** Yes. NMGC Exhibit DPY-5 provides a calculation of the recovery rates inclusive of
18 inspection and supervision fees.

19
20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 **A.** Yes, it does.



DANIEL P. YARDLEY

Summary of Professional Experience

Mr. Yardley is an independent consultant providing litigation support, strategic planning and policy analysis to natural gas LDC clients. Areas of specialty include cost allocation, rate design, market restructuring, resource planning, and rate and regulatory advisory services. He has presented testimony in over 50 state and federal proceedings on matters pertaining to cost of service, cost allocation, rate design, revenue decoupling and resource planning on behalf of many LDCs. Exemplary communication, writing and quantitative skills have been recognized by clients and also outside stakeholders. Previously, Mr. Yardley earned a Bachelor of Science degree in Electrical Engineering from the Massachusetts Institute of Technology.

Rate and Regulatory Experience

Mr. Yardley has extensive experience in all aspects of gas utility and interstate gas pipeline rate and regulatory requirements. He is intimately familiar with the rate case process and provides additional value from direct experience in multiple jurisdictions, as well as through broad involvement in the many aspects of the ratemaking process. While the primary focus of Mr. Yardley's rate and regulatory projects has been in the areas of cost allocation studies, rate design and cost recovery mechanisms, he has also participated in the analysis of special contracts, negotiated rates, preparation of sales and revenue forecasts, development of revenue requirements, design of new service offerings and tariff design. He is also familiar with the complexities associated with implementation and administration of LDC rates and tariffs including annual adjustment filings, budgeting requirements, revenue accounting, and customer outreach and education. A list of expert testimony is attached.

Recent Cost Allocation and Rate Design Projects

- > Prepared cost allocation and rate design studies for New Jersey Natural Gas, filed associated testimony in March 2021 supporting proposed rates.
- > Prepared cost allocation and rate design studies for Nicor Gas, filed associated testimony in January 2021 supporting proposed rates.
- > Prepared cost allocation and rate design studies for South Jersey Gas, filed associated testimony in March 2020 supporting proposed rates.
- > Prepared cost allocation and rate design studies for New Mexico Gas Company along with proposed infrastructure cost recovery mechanism, filed associated testimony in December 2019.

Revenue Decoupling Projects

- > Developed a revenue decoupling mechanism for Nicor Gas.
- > Developed the first revenue decoupling mechanism in response to the Massachusetts Department of Public Utilities generic policy statement on behalf of Bay State Gas Company. The proposed mechanism included deviations from the Department's prescribed approach that were needed to meet the Company's goals and objectives. As part of this project, a capital recovery mechanism was developed to provide for recovery of significant non-revenue producing plant investments.
- > Worked closely with New Jersey Natural Gas Company and South Jersey Gas Company to jointly develop and propose revenue decoupling mechanisms in December 2005, prior to filings by many other LDCs. Mr. Yardley played a critical role in the project team by facilitating the development of the joint decoupling proposals, developing negotiating positions, and acting as lead negotiator with consumer representatives and with the Staff of the New Jersey Board of Public Utilities that resulted in a successful outcome for the two LDCs. Provide ongoing support to both companies related to implementation of decoupling mechanisms.

Interstate Pipeline Cost Allocation and Rate Design Testimony and Analysis

- > Advised the New England Customer Group in rate proceedings of various interstate pipelines following the Federal Energy Regulatory Commission's review of pipeline

- rates following the implementation of the Federal Tax Cuts and Jobs Act including Tennessee Gas Pipeline, Texas Eastern Transmission and Algonquin Gas Transmission. Analyzed filings, developed settlement positions and represented the customer group in settlement negotiations with interested parties.
- > Worked with Public Service Electric & Gas Company and National Grid in Transcontinental Gas Pipe Line Corporation's general rate case proceeding in RP18-1126 to address storage and O&M cost allocation issues.
 - > Worked with the Iroquois LDC Customer Group to negotiate a resolution of a Section 5 proceeding initiated by FERC that led to favorable rate reductions.
 - > Advised Tampa Electric, Peoples Gas, Duke Energy and Florida Power & Light regarding Florida Gas Transmission Company's rate case in RP15-101. Worked with the group to address complex facility roll-in and rate design issues and participate in settlement negotiations.

Gas Supply Planning Analyses

- > Performed an independent evaluation of a capacity acquisition for a Northeast LDC including cost and non-cost assessment.
- > Participated in the design of various upstream portfolio management incentives including capacity and storage management incentives, hedging and gas cost incentive mechanisms.

Contact Information



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**Prior Testimony of
Daniel P. Yardley**

Jurisdiction	Sponsor	Year	Topics	Docket
Federal Energy Regulatory Commission	Northern Distributor Group	1992	Cost of Service and Cost Allocation	RP92-1
	Northern Distributor Group	1995	Cost of Service and Rate Design	RP95-185
	Atlanta Gas Light, et al.	2001	Storage Cost Allocation	RP01-245
	Bay State Gas and Northern Utilities	2002	Rate Design	RP02-13
Florida	Peoples Gas System	2008	Cost Allocation and Rate Design	Docket No. 080318-GU
	Peoples Gas System	2020	Cost Allocation and Rate Design	Docket No. 20200051-GU
Massachusetts	Bay State Gas	1998	Capacity Assignment	D.T.E. 98-32
	Bay State Gas	2001	Contract Approval	D.T.E. 00-99
	Bay State Gas	2006	Declining Use Rate Adjustment	D.T.E. 06-77
	Bay State Gas	2007	Declining Use Rate Adjustment	D.P.U. 07-89
	Bay State Gas	2009	Revenue Decoupling	D.P.U. 09-30
Illinois	Nicor Gas	2017	Cost Allocation and Rate Design	Docket No. 17-00124
	Nicor Gas	2018	Revenue Decoupling, Cost Allocation and Rate Design	Docket No. 18-1775
	Nicor Gas	2020	Transportation Service Cost Recovery	Docket No. 20-0606
	Nicor Gas	2021	Cost Allocation and Rate Design	Docket No. 21-0098
New Hampshire	Northern Utilities	2005	Jurisdictional Gas Cost Allocation	DG05-080
Canada Energy Regulator	Alberta Northeast Gas, Ltd.	2012	TransCanada Pipeline Service Restructuring and Tolls	RH-3-2011
	Alberta Northeast Gas, Ltd.	2013	TransCanada Pipeline Shipper Renewal Rights	RH-1-2013
	Alberta Northeast Gas, Ltd.	2014	TransCanada Pipeline Service Service and Toll Design	RH-1-2014
New Jersey	New Jersey Natural Gas	1999	Rate Unbundling	Docket No. GO99030123
	Elizabethtown Gas, <i>et al.</i>	1999	Customer Account Services	Docket No. EX99090676
	Elizabethtown Gas	2002	Cost Allocation and Rate Design	Docket No. GR02040245
	South Jersey Gas Company	2003	Cost Allocation and Rate Design	Docket No. GR03080683
	South Jersey Gas Company	2004	Capacity Charge	Docket No. GR04060400
	New Jersey Natural Gas	2005	Revenue Decoupling	Docket No. GR0512020

**Prior Testimony of
Daniel P. Yardley**

Jurisdiction	Sponsor	Year	Topics	Docket
New Jersey cont.	South Jersey Gas Company	2005	Revenue Decoupling	Docket No. GR0512019
	South Jersey Gas Company	2007	Annual Decoupling Adjustment	Docket No. GR07060354
	New Jersey Natural Gas	2007	Cost Allocation and Rate Design	Docket No. GR07110889
	South Jersey Gas Company	2008	Annual Decoupling Adjustment	Docket No. GR08050367
	Elizabethtown Gas	2009	Revenue Decoupling, Cost Allocation and Rate Design	Docket No. GR09030195
	South Jersey Gas Company	2009	Annual Decoupling Adjustment	Docket No. GR09060340
	South Jersey Gas Company	2009	Cost Allocation and Rate Design	Docket No. GR10010035
	New Jersey Natural Gas	2010	Energy Efficiency Cost Recovery	Docket No. GR10030225
	South Jersey Gas Company	2011	Annual Decoupling Adjustment	Docket No. GR11060337
	New Jersey Natural Gas	2011	Energy Efficiency Cost Recovery	Docket No. GR11070425
	South Jersey Gas Company	2012	Annual Decoupling Adjustment	Docket No. GR12060475
	New Jersey Natural Gas	2012	Energy Efficiency Cost Recovery	Docket No. GR12070640
	New Jersey Natural Gas and South Jersey Gas Company	2013	Revenue Decoupling	Docket No. GR13030185
	South Jersey Gas Company	2013	Annual Decoupling Adjustment	Docket No. GR13050434
	South Jersey Gas Company	2013	Cost Allocation and Rate Design	Docket No. GR13111137
	South Jersey Gas Company	2014	Annual Decoupling Adjustment	Docket No. GR14050510
	New Jersey Natural Gas	2014	Energy Efficiency Cost Recovery	Docket No. GO14121412
	South Jersey Gas Company	2015	Annual Decoupling Adjustment	Docket No. GR15060642
	Elizabethtown Gas	2015	Infrastructure Cost Recovery	Docket No. GR15091090
	New Jersey Natural Gas	2015	Cost Allocation and Rate Design	Docket No. GR15111304
South Jersey Gas Company	2016	Annual Decoupling Adjustment	Docket No. GR16060483	
Elizabethtown Gas	2016	Cost Allocation and Rate Design	Docket No. GR16090826	
South Jersey Gas Company	2017	Cost Allocation and Rate Design	Docket No. GR17010071	
South Jersey Gas Company	2017	Annual Decoupling Adjustment	Docket No. GR17060586	

**Prior Testimony of
Daniel P. Yardley**

Jurisdiction	Sponsor	Year	Topics	Docket
New Jersey cont.	South Jersey Gas Company	2018	Annual Decoupling Adjustment	Docket No. GR17060586
	New Jersey Natural Gas	2019	Cost Allocation and Rate Design	Docket No. GR19030420
	Elizabethtown Gas	2019	Cost Allocation and Rate Design	Docket No. GR19040486
	South Jersey Gas Company	2019	Annual Decoupling Adjustment	Docket No. GR19050679
	South Jersey Gas Company	2020	Cost Allocation and Rate Design	Docket No. GR20030243
	South Jersey Gas Company	2020	Annual Decoupling Adjustment	Docket No. GR20060383
	New Jersey Natural Gas	2021	Cost Allocation and Rate Design	Docket No. GR21030679
New Mexico	New Mexico Gas Company	2018	Rate Design, Weather Normalization Adjustment and Infrastructu	Case No. 18-00038-UT
	New Mexico Gas Company	2019	Cost Allocation, Rate Design and Infrastructure Cost Recovery	Case No. 19-00317-UT
	New Mexico Gas Company	2020	Weather Normalization Adjustment	Advice Notice No. 81
North Carolina	Piedmont Natural Gas Company	2013	Cost Allocation and Rate Design	Docket No. G-9, Sub. 631
	Piedmont Natural Gas Company	2019	Cost Allocation and Rate Design	Docket No. G-9, Sub. 743
Rhode Island	Providence Gas Company	1996	Cost Allocation and Rate Design	Docket No. 2076
Tennessee	Chattanooga Gas Company	2009	Revenue Decoupling, Cost Allocation and Rate Design	Docket No. 09-00183
	Piedmont Natural Gas Company	2011	Cost Allocation and Rate Design	Docket No. 11-00144
	Chattanooga Gas Company	2018	Cost Allocation and Rate Design	Docket No. 18-00017
Wisconsin	Wisconsin Power and Light	2001	Cost Allocation and Rate Design	Docket No. 6680-UR-111

NEW MEXICO GAS COMPANY, INC.
2021 Winter Weather Event
Residential and Non-Residential Extraordinary Gas Cost Revenues

Line No.	Month	Residential Sales Volumes	Residential Recovery Rate	Residential Recovery Revenues	Non-Residential Sales Volumes	Non-Residential Recovery Rate	Non-Residential Recovery Revenues	Total Recovery Revenues
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Feb-2021							
2	Mar-2021							
3	Apr-2021							
4	May-2021							
5	Jun-2021							
6	Jul-2021	7,146,005	\$ 0.2904	\$ 2,075,200	4,371,385	\$ 0.1037	\$ 453,313	\$ 2,528,512
7	Aug-2021	7,323,504	\$ 0.2904	\$ 2,126,746	4,563,959	\$ 0.1037	\$ 473,283	\$ 2,600,028
8	Sep-2021	14,007,926	\$ 0.2904	\$ 4,067,902	6,473,476	\$ 0.1037	\$ 671,299	\$ 4,739,201
9	Oct-2021	16,483,783	\$ 0.0711	\$ 1,171,997	6,990,738	\$ 0.1037	\$ 724,940	\$ 1,896,937
10	Nov-2021	37,817,360	\$ 0.0711	\$ 2,688,814	13,113,494	\$ 0.1037	\$ 1,359,869	\$ 4,048,684
11	Dec-2021	59,139,958	\$ 0.0711	\$ 4,204,851	20,003,544	\$ 0.1037	\$ 2,074,367	\$ 6,279,219
12	Jan-2022	61,548,094	\$ 0.0711	\$ 4,376,069	21,068,621	\$ 0.1037	\$ 2,184,816	\$ 6,560,885
13	Feb-2022	46,954,477	\$ 0.0711	\$ 3,338,463	15,895,951	\$ 0.1037	\$ 1,648,410	\$ 4,986,873
14	Mar-2022	35,389,928	\$ 0.0711	\$ 2,516,224	12,758,762	\$ 0.1037	\$ 1,323,084	\$ 3,839,307
15	Apr-2022	20,666,900	\$ 0.0711	\$ 1,469,417	8,683,816	\$ 0.1037	\$ 900,512	\$ 2,369,928
16	May-2022	11,851,881	\$ 0.2904	\$ 3,441,786	5,667,918	\$ 0.1037	\$ 587,763	\$ 4,029,549
17	Jun-2022	8,259,086	\$ 0.2904	\$ 2,398,438	4,772,642	\$ 0.1037	\$ 494,923	\$ 2,893,361
18	Jul-2022	7,210,916	\$ 0.2904	\$ 2,094,050	4,402,483	\$ 0.1037	\$ 456,537	\$ 2,550,587
19	Aug-2022	7,390,963	\$ 0.2904	\$ 2,146,336	4,598,038	\$ 0.1037	\$ 476,817	\$ 2,623,152
20	Sep-2022	14,134,522	\$ 0.2904	\$ 4,104,665	6,525,514	\$ 0.1037	\$ 676,696	\$ 4,781,361
21	Oct-2022	16,645,669	\$ 0.0711	\$ 1,183,507	7,049,081	\$ 0.1037	\$ 730,990	\$ 1,914,497
22	Nov-2022	38,173,657	\$ 0.0711	\$ 2,714,147	13,226,492	\$ 0.1037	\$ 1,371,587	\$ 4,085,734
23	Dec-2022	59,685,340	\$ 0.0711	\$ 4,243,628	20,177,005	\$ 0.1037	\$ 2,092,355	\$ 6,335,983
24	Jan-2023	62,111,177	\$ 0.0711	\$ 4,416,105	21,250,826	\$ 0.1037	\$ 2,203,711	\$ 6,619,815
25	Feb-2023	47,388,814	\$ 0.0711	\$ 3,369,345	16,033,384	\$ 0.1037	\$ 1,662,662	\$ 5,032,007
26	Mar-2023	35,728,481	\$ 0.0711	\$ 2,540,295	12,871,512	\$ 0.1037	\$ 1,334,776	\$ 3,875,071
27	Apr-2023	20,868,328	\$ 0.0711	\$ 1,483,738	8,754,366	\$ 0.1037	\$ 907,828	\$ 2,391,566
28	May-2023	11,966,965	\$ 0.2904	\$ 3,475,207	5,714,981	\$ 0.1037	\$ 592,644	\$ 4,067,850
29	Jun-2023	8,335,208	\$ 0.2904	\$ 2,420,544	4,806,961	\$ 0.1037	\$ 498,482	\$ 2,919,026
30	Jul-2023	7,273,281	\$ 0.2904	\$ 2,112,161	4,432,095	\$ 0.1037	\$ 459,608	\$ 2,571,769
31	Aug-2023	7,455,790	\$ 0.2904	\$ 2,165,162	4,630,586	\$ 0.1037	\$ 480,192	\$ 2,645,353
32	Sep-2023	14,256,206	\$ 0.2904	\$ 4,140,002	6,575,271	\$ 0.1037	\$ 681,856	\$ 4,821,858
33	Oct-2023	16,801,842	\$ 0.0711	\$ 1,194,611	7,105,055	\$ 0.1037	\$ 736,794	\$ 1,931,405
34	Nov-2023	38,516,716	\$ 0.0711	\$ 2,738,538	13,335,009	\$ 0.1037	\$ 1,382,840	\$ 4,121,379
35	Dec-2023	60,209,846	\$ 0.0711	\$ 4,280,920	20,343,564	\$ 0.1037	\$ 2,109,628	\$ 6,390,548

NEW MEXICO GAS COMPANY, INC.
2021 Winter Weather Event
Amortization of Gas Cost Recoveries

Line No.	Month	Beginning Balance	Revenues	Carrying Costs	Ending Balance
(a)	(b)	(c)	(d)	(e)	
1	Feb-2021	\$ 110,119,522	\$ -	\$ -	\$ 110,119,522
2	Mar-2021	\$ 110,119,522	\$ -	\$ 76,669	\$ 110,196,191
3	Apr-2021	\$ 110,196,191	\$ -	\$ 339,772	\$ 110,535,963
4	May-2021	\$ 110,535,963	\$ -	\$ 340,819	\$ 110,876,782
5	Jun-2021	\$ 110,876,782	\$ -	\$ 341,870	\$ 111,218,652
6	Jul-2021	\$ 111,218,652	\$ (2,528,512)	\$ 339,026	\$ 109,029,166
7	Aug-2021	\$ 109,029,166	\$ (2,600,028)	\$ 332,165	\$ 106,761,303
8	Sep-2021	\$ 106,761,303	\$ (4,739,201)	\$ 321,874	\$ 102,343,976
9	Oct-2021	\$ 102,343,976	\$ (1,896,937)	\$ 312,636	\$ 100,759,675
10	Nov-2021	\$ 100,759,675	\$ (4,048,684)	\$ 304,434	\$ 97,015,426
11	Dec-2021	\$ 97,015,426	\$ (6,279,219)	\$ 289,450	\$ 91,025,658
12	Jan-2022	\$ 91,025,658	\$ (6,560,885)	\$ 270,548	\$ 84,735,320
13	Feb-2022	\$ 84,735,320	\$ (4,986,873)	\$ 253,579	\$ 80,002,026
14	Mar-2022	\$ 80,002,026	\$ (3,839,307)	\$ 240,754	\$ 76,403,472
15	Apr-2022	\$ 76,403,472	\$ (2,369,928)	\$ 231,924	\$ 74,265,468
16	May-2022	\$ 74,265,468	\$ (4,029,549)	\$ 222,773	\$ 70,458,691
17	Jun-2022	\$ 70,458,691	\$ (2,893,361)	\$ 212,787	\$ 67,778,117
18	Jul-2022	\$ 67,778,117	\$ (2,550,587)	\$ 205,050	\$ 65,432,580
19	Aug-2022	\$ 65,432,580	\$ (2,623,152)	\$ 197,706	\$ 63,007,134
20	Sep-2022	\$ 63,007,134	\$ (4,781,361)	\$ 186,901	\$ 58,412,674
21	Oct-2022	\$ 58,412,674	\$ (1,914,497)	\$ 177,154	\$ 56,675,331
22	Nov-2022	\$ 56,675,331	\$ (4,085,734)	\$ 168,450	\$ 52,758,047
23	Dec-2022	\$ 52,758,047	\$ (6,335,983)	\$ 152,903	\$ 46,574,967
24	Jan-2023	\$ 46,574,967	\$ (6,619,815)	\$ 133,401	\$ 40,088,552
25	Feb-2023	\$ 40,088,552	\$ (5,032,007)	\$ 115,849	\$ 35,172,394
26	Mar-2023	\$ 35,172,394	\$ (3,875,071)	\$ 102,474	\$ 31,399,797
27	Apr-2023	\$ 31,399,797	\$ (2,391,566)	\$ 93,129	\$ 29,101,361
28	May-2023	\$ 29,101,361	\$ (4,067,850)	\$ 83,458	\$ 25,116,968
29	Jun-2023	\$ 25,116,968	\$ (2,919,026)	\$ 72,944	\$ 22,270,886
30	Jul-2023	\$ 22,270,886	\$ (2,571,769)	\$ 64,704	\$ 19,763,821
31	Aug-2023	\$ 19,763,821	\$ (2,645,353)	\$ 56,860	\$ 17,175,328
32	Sep-2023	\$ 17,175,328	\$ (4,821,858)	\$ 45,524	\$ 12,398,993
33	Oct-2023	\$ 12,398,993	\$ (1,931,405)	\$ 35,253	\$ 10,502,841
34	Nov-2023	\$ 10,502,841	\$ (4,121,379)	\$ 26,030	\$ 6,407,492
35	Dec-2023	\$ 6,407,492	\$ (6,390,548)	\$ 9,904	\$ 26,849

NEW MEXICO GAS COMPANY, INC.

Comparison of Annual and Seasonal Rate Bill Amounts
Residential Customers - Various Size

Month	Annual Volumetric Recovery Rate	Seasonal Volumetric Recovery Rate	Small Customer Monthly Recoveries		Typical Customer Monthly Recoveries		Large Customer Monthly Recoveries	
			Annual Rate	Seasonal Rate	Annual Rate	Seasonal Rate	Annual Rate	Seasonal Rate
			Sample Customer: 329 Therms		Sample Customer: 659 Therms		Sample Customer: 988 Therms	
Jan	0.1037	0.0711	\$ 6.44	\$ 4.42	\$ 12.89	\$ 8.84	\$ 19.33	\$ 13.25
Feb	0.1037	0.0711	4.91	3.37	9.83	6.74	14.74	10.11
Mar	0.1037	0.0711	3.70	2.54	7.41	5.08	11.11	7.62
Apr	0.1037	0.0711	2.16	1.48	4.33	2.97	6.49	4.45
May	0.1037	0.2904	1.24	3.48	2.48	6.96	3.73	10.43
Jun	0.1037	0.2904	0.87	2.43	1.73	4.85	2.60	7.28
Jul	0.1037	0.2904	0.75	2.10	1.50	4.20	2.25	6.30
Aug	0.1037	0.2904	0.77	2.15	1.54	4.31	2.31	6.46
Sep	0.1037	0.2904	1.47	4.12	2.94	8.24	4.41	12.36
Oct	0.1037	0.0711	1.73	1.18	3.46	2.37	5.18	3.55
Nov	0.1037	0.0711	3.95	2.71	7.91	5.42	11.86	8.13
Dec	0.1037	0.0711	6.16	4.23	12.33	8.45	18.49	12.68
Total			\$ 34.15	\$ 34.21	\$ 68.35	\$ 68.43	\$ 102.50	\$ 102.62

Notes:

1/ Assumes each customer is a heating customer

2021 Winter Weather Event

Recovery Factors Adjusted for Inspection and Supervision Fees

Line No.	Item (a)	Amount (b)
1	<u>Non-Residential</u>	
2	Recovery Rate	\$ 0.1037
3	Inspection and Supervision Fee %	0.506%
4	Inspection and Supervision Fee	\$ 0.0005
5	Adjusted Recovery Fee	\$ 0.1042
6	<u>Residential Winter</u>	
7	Recovery Rate	\$ 0.0711
8	Inspection and Supervision Fee %	0.506%
9	Inspection and Supervision Fee	\$ 0.0004
10	Adjusted Recovery Fee	\$ 0.0715
11	<u>Residential Summer</u>	
12	Recovery Rate	\$ 0.2904
13	Inspection and Supervision Fee %	0.506%
14	Inspection and Supervision Fee	\$ 0.0015
15	Adjusted Recovery Fee	\$ 0.2919

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF NEW MEXICO GAS COMPANY,)
INC.'S APPLICATION FOR AN EXPEDITED VARIANCE)
APPROVING ITS PLAN FOR RECOVERY OF THE GAS)
COSTS RELATED TO THE 2021 WINTER EVENT)
NEW MEXICO GAS COMPANY, INC.,) CASE NO. 21-_____-UT
Applicant.)
_____)

ELECTRONICALLY SUBMITTED AFFIRMATION OF DANIEL P. YARDLEY

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

In accordance with 1.2.2.10(E) NMAC, **DANIEL P. YARDLEY**, 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 15th day of April 2021.

/s/ Daniel P. Yardley
DANIEL P. YARDLEY