



New Mexico
GAS COMPANY®
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FOR INFORMATION, CONTACT:

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NEW MEXICO GAS COMPANY REQUESTS ITS FIRST RATE INCREASE SINCE 2012

ALBUQUERQUE, N.M. – Today, New Mexico Gas Company submitted a request for an \$8 million increase in annual base revenues to the New Mexico Public Regulation Commission, the utility’s first such request since 2012.

The proposed revenue request equates to approximately a 1.4 percent increase in an average residential customer bill.

“Investments to maintain and improve the Company’s natural gas system and business are the primary reasons for the revenue request,” said NMGC President Ryan Shell.

Since 2012, New Mexico Gas Company has invested more than \$250 million in upgrading and maintaining its gas systems and business operations. Over the same period, the Company has been successful at containing its operations and maintenance costs, which are actually lower now than they were in 2012.

“The impact of federal tax reform is also included in our request and provides a direct benefit to our customers,” Shell said. “Federal tax reform was adopted late last year and included a lower corporate income tax rate, which reduced NMGC’s revenue request from \$17.6 million to \$8 million.”

If approved, the requested revenue increase would provide a fair and reasonable return on equity of 10.2 percent, which would enable the Company to attract new capital on reasonable terms and bring its return on equity in line with other natural gas providers.

In addition to the revenue request, the Company is proposing changes to its rate design including mechanisms that are aimed at allowing New Mexico Gas Company to better recover costs and expenses and to promote economic development in the state.

The proposed changes include:

- **Weather Normalization Adjustment** – Currently, customer bills are greatly influenced by winter weather fluctuations. The Company is proposing a Weather Adjustment Mechanism that would even out year-to-year variability resulting from warmer than usual or colder than usual weather. Put another way, weather-related revenue gains or losses in one year are evened out by revenue adjustments in the next year(s).

- **Integrity Management Cost Recovery** – The Company is proposing a rate mechanism to allow NMGC to annually recover the costs incurred in its Integrity Management Programs – replacement and update of legacy systems that are better and safer when replaced.
- **Fixed Access Fee** – To better match revenues to fixed costs, the Company proposes to increase the fixed portion of customer bills – the access fee – while the variable usage-based portion of customer bills would be reduced.
- **Economic Development** – NMGC is asking to initiate an economic development rate that would provide eligible businesses with a discount on their gas bills to help attract businesses to New Mexico and to help existing New Mexico businesses expand.

It is anticipated that the new rates would not go into effect until January 2019 following a hearing by the PRC to consider the request.

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About New Mexico Gas Company

[New Mexico Gas Co.](#), the largest natural gas distribution utility in New Mexico, serves about 524,000 customers across the state. New Mexico Gas is a subsidiary of Emera Inc., a geographically diverse energy and services company headquartered in Halifax, Nova Scotia, Canada.

About Emera

Emera Inc. is a geographically diverse energy and services company headquartered in Halifax, Nova Scotia, with approximately \$28 billion in assets and 2016 revenues of more than \$4 billion. The company invests in electricity generation, transmission and distribution, gas transmission and distribution, and utility energy services with a strategic focus on transformation from high carbon to low carbon energy sources. Emera has investments throughout North America, and in four Caribbean countries. Emera continues to target achieving a minimum of 75% of its adjusted net income from rate-regulated businesses. Emera's common and preferred shares are listed on the Toronto Stock Exchange and trade respectively under the symbol EMA, EMA.PR.A, EMA.PR.B, EMA.PR.C, EMA.PR.E, and EMA.PR.F. Depositary receipts representing common shares of Emera are listed on the Barbados Stock Exchange under the symbol EMABDR and on The Bahamas International Securities Exchange under the symbol EMAB. Additional Information can be accessed at www.emera.com or at www.sedar.com.