

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. 78)
NEW MEXICO GAS COMPANY, INC.)
Applicant.)**

Case No. 19-00317-UT

UNOPPOSED STIPULATION

New Mexico Gas Company, Inc. (“NMGC” or the “Company”), the New Mexico Public Regulation Commission’s (“NMPRC” or “Commission”) Utility Division Staff (“Staff”), the Federal Executive Agencies, and the New Mexico Affordable Reliable Energy Alliance (collectively, the “Signatories”), through their undersigned authorized representatives agree and stipulate as follows:

BACKGROUND

1. On December 23, 2019, pursuant to NMSA 1978, Section 62-3-3, and 17.1.210.11 NMAC, 17.1.3 NMAC, and 17.10.630 NMAC, NMGC filed its Application for Revisions to Retail Natural Gas Rates, Rules and Charges (“Application”) based on a twelve-month Future Test Year period ending December 31, 2021.

2. NMGC, through its Application, requested, among other things, the following:
- A. an increase in revenues of approximately \$13.2 million to be recovered through base rates;
 - B. an overall post-tax weighted average cost of capital of 7.36%, including a requested return on equity of 10.2% and a capital structure comprised of 54% equity and 46% debt;
 - C. an increase in access fees for customers;

D. a change to NMGC Rate No. 11 Miscellaneous Fees and Charges to institute a meter tampering penalty;

E. a change to NMGC Rate No. 70 to revise the amount of gas charged to transportation customers when NMGC is required to use its compressors to transport gas to interstate pipelines;

F. a change to NMGC Rate No. 39 to facilitate the development of compressed natural gas (“CNG”) stations and the use of CNG by municipal or truck fleets in New Mexico;

G. a change to NMGC Rule No. 29 to update the factors used in the Company’s Weather Normalization Adjustment Mechanism; and

H. approval to implement an integrity management program (“IMP”) cost recovery mechanism.

3. In support of its Application, NMGC filed the schedules required by 17.10.630 NMAC, the information required by 17.1.3 NMAC, the direct testimonies of twelve witnesses, and the rebuttal testimonies of eight witnesses.

4. The base rates proposed by NMGC would have produced an estimated increase in the average residential customer’s total bill of approximately 4.2%.

5. The terms of this Unopposed Stipulation (“Stipulation”) reflect good faith arms-length negotiations by the Signatories, and properly balance the interests of the customers and investors.

6. The Signatories agree that the Stipulation is in the public interest, and results in fair, just, and reasonable rates.

7. The Signatories agree that this Stipulation resolves all issues between the Signatories in relation to NMGC’s Application, and more specifically agree as follows:

STIPULATION

Base Revenue Increase and Stipulated Rates

8. The proposed rate schedules filed by NMGC under Advice Notice No. 78 shall be withdrawn and NMGC will file revised rate schedules to: A) increase its annualized base revenues by \$4.5 million; B) reflect changes to NMGC Rate No. 11 to implement a tampering penalty; C) reflect changes to NMGC Rate No. 70 to revise the amount of gas charged to transportation customers when NMGC is required to use its compressors to transport gas to interstate pipelines; D) reflect changes to NMGC Rate No. 39 to facilitate the development of CNG stations and the use of CNG by municipal or truck fleets in New Mexico; and E) reflect changes to NMGC Rule No. 29, to update the Company's Weather Normalization Adjustment Mechanism.

9. The stipulated base rate increase of \$4.5 million will result in an estimated increase in the average residential customer's total bill of approximately 1.5%.

10. Attached as **Stipulation Exhibit No. 1** is the reconciliation required by 1.2.2.20 NMAC, containing the information listed in 1.2.2.36(F) NMAC. The Signatories agree that **Stipulation Exhibit No. 1** represents an agreed upon cost of service for NMGC in compliance with the Commission's Initial Order Suspending Rates and Appointing Hearing Examiner, issued on January 8, 2020.

11. **Stipulation Exhibit No. 1** includes the following cost of service components:

- A. Depreciation rates - NMGC shall continue to use its current depreciation rates until they are changed in accordance with 17.3.340 NMAC;
- B. Return on equity of 9.375%;
- C. Cost of debt of 3.70%;
- D. Capital structure of 52% equity and 48% debt;
- E. Post-tax weighted average cost of capital of 6.65%;

F. Base revenue increase of \$4.5 million; and

G. Annual amortization periods will be the same as reflected in NMGC's Application. If rates, resulting from a future rate case, are effective prior to the full amortization of the current rate case costs, any party may recommend disallowance of the unamortized amount of the current rate case costs in such future rate case.

12. The Signatories agree that the rates reflected in **Stipulation Exhibit No. 1** are fair, just, and reasonable.

13. Attached as **Stipulation Exhibit No. 2** is a schedule showing increases in the cost of service revenue for all rate classes for recovery of the \$4.5 million base revenue increase. The Signatories stipulate and agree that the allocation of these base rate increases by rate class is fair, just, and reasonable.

14. Attached as **Stipulation Exhibit No. 3** is a schedule showing the present and proposed rate for each affected rate class. The Signatories agree that the revised base rates reflected in **Stipulation Exhibit No. 3** are fair, just, and reasonable.

15. Attached to this Stipulation as **Stipulation Exhibit No. 4** is a schedule showing percentage changes in residential bills in 5 therm increments. The rate design for residential customers in NMGC Rate No. 10 Residential Service as well as other heat sensitive customers, used a ten-year normal weather standard.

16. The rates set forth in this Stipulation and Stipulation Exhibits shall be implemented with Cycle 1 for the month of January 2021 or within seven days following the Commission's Final Order approving the Stipulation in this case (whichever is later). NMGC shall file appropriate advice notices to implement the revised rates at least five days prior to their effective dates.

17. The Signatories agree that NMGC shall not seek an increase in base rates to be effective prior to January 1, 2023. Notwithstanding this provision, NMGC may seek an increase in

base rates before January 1, 2023, and any other party may petition the Commission to order review of Company base rates, in the event there is a change in the federal corporate income tax rate. This provision of the Stipulation reflects a balancing of interests, including (on one hand) NMGC's statutory right to petition the Commission from time-to-time to revise the Company's rates and (on the other hand) the interests of customers in rate stability.

IMP Regulatory Asset

18. The Company agrees to withdraw without prejudice its request for the implementation of NMGC Rate Rider No. 1-9 Integrity Management Program Cost Recovery Mechanism, and the implementation of NMGC Original Rule No. 30 Rate Rider No. 9 – Details.

19. The Signatories support Commission approval of an IMP Regulatory Asset (“IMP Regulatory Asset”) as follows:

A. The IMP Regulatory Asset will provide for the deferral and possible recovery of certain costs associated with new IMP projects booked to plant-in-service after December 31, 2021. IMP projects for this purpose are limited to the following: 1) Replacement of Legacy Plastic Pipe; 2) Replacement of Legacy Bare Steel Pipe; and 3) Replacement of X-Trube Services (together “Specified IMP Infrastructure”) all as described in the Direct Testimony of NMGC Witness Tom C. Bullard (pp. 48-54) with examples in NMGC Exhibit TCB-10.

B. The IMP Regulatory Asset will take into account Specified IMP Infrastructure booked to Gross Plant-In-Service after December 31, 2021, less the roll forward of the associated accumulated depreciation reserve during the same period (“Net Plant-in-Service” or “NPIS”) less any associated accumulated deferred income taxes.

C. Costs deferred to the IMP Regulatory Asset until consideration in the next general rate case are as follows (together “Deferred IMP Costs”):

1) Carrying charge on the NPIS amount for the Specified IMP Infrastructure at NMGC's after-tax weighted average cost of capital as specified in Paragraph 11;

2) Depreciation expense on the Specified IMP Infrastructure; and

3) Property tax expense on the Specified IMP Infrastructure.

D. NMGC agrees to file quarterly IMP Regulatory Asset reports within 60 days of the quarter-end, beginning with the quarter ending March 31, 2022. These reports will detail the itemized calculations related to Deferred IMP Costs, the balance of the IMP Regulatory Asset and the progress the Company is making on the projects that are accounted for through the IMP Regulatory Asset.

E. Review and disposition of the IMP Regulatory Asset will occur in the Company's next general rate case. The Specified IMP Infrastructure will be treated like all other Plant-in-Service in the Company's next general rate case and will be subject to the same review as other Plant-in-Service that the Company may seek to include in rate base in the Company's next general rate case.

F. The IMP Regulatory Asset will take into account Specified IMP Infrastructure placed in service after December 31, 2021 and before December 31, 2023. The Company may seek recovery for any and all capex for its IMP investments made after 2023 but will need to reapply for IMP Regulatory Asset treatment of those costs beyond that date. The Signatories will be free to take any position on a requested extension of the IMP Regulatory Asset, including opposition or modification.

Miscellaneous Provisions

20. To provide NMGC with the guidance needed to record transactions in its books and records, the Signatories agree that historic accounting treatment by the Company can be carried forward and that NMGC may incorporate the accounting positions as filed in the Application and

as detailed in Direct Testimony of NMGC Witness Jimmie L. Blotter and the Direct and Rebuttal testimonies of NMGC Witness Davicel Avellan, unless otherwise specifically stated in this Stipulation and provided that such accounting treatments do not, by themselves, drive a change in annualized base revenues in this Stipulation other than the \$4.5 million increase agreed to by the Signatories. Notwithstanding this provision, it is understood that the Company is free in future proceedings to propose amortization schedules as it deems appropriate for any expense, and that any Signatory is free to take any position on the Company's proposed amortization schedule or can challenge the inclusion of unamortized rate case costs relating to this case in a future revenue requirement.

21. The Signatories agree that the discounted transportation rates identified in the Direct Testimony of NMGC Witness Tom C. Bullard and his supporting exhibits, and listed in **Stipulation Exhibit No. 5**, are fair, just, and reasonable and no changes to these rates are necessary.

22. The Signatories agree that NMGC's proposed change to NMGC Rate No. 11 to institute a meter tampering penalty, as shown in **Stipulation Exhibit No. 6**, is fair, just, and reasonable and should be approved by the Commission.

23. The Signatories agree that NMGC's proposed change to NMGC Rate No. 70 to revise the amount of gas charged to transportation customers when NMGC is required to use its compressors to transport gas to interstate pipelines, as shown in **Stipulation Exhibit No. 7**, is fair, just, and reasonable and should be approved by the Commission.

24. The Signatories agree that NMGC's proposed change to NMGC Rate No. 39 to facilitate the development of CNG stations and the use of CNG by municipal or truck fleets in New Mexico, as shown in **Stipulation Exhibit No. 8**, is fair, just, and reasonable and should be approved by the Commission.

25. The Signatories agree that NMGC's proposed change to NMGC Rule No. 29 to update the factors use in the Company's Weather Normalization Adjustment Mechanism as shown in **Stipulation Exhibit No. 9**, is fair, just, and reasonable and should be approved by the Commission.

26. In its next rate case, NMGC will provide a reasonable estimate of the reductions in carbon dioxide and methane emissions (together "GHG Emissions") produced by NMGC's initiatives, including those described in the testimony of NMGC Witness Gerald C. Weseen, and will document the reduction in GHG Emissions produced by those initiatives. NMGC will provide testimony addressing the cost effectiveness of its GHG Emissions initiatives.

General Provisions

27. The Signatories stipulate to the admission into the evidentiary record of this case ahead of the public hearing on the Stipulation the following documents: 1) this Stipulation and the Stipulation Exhibits; 2) the pre-filed direct and rebuttal testimonies, exhibits, and schedules of NMGC, the Signatories and all other intervenors in NMPRC Case No. 19-00317-UT; and 3) all testimonies, exhibits, and schedules that NMGC and the Signatories file in support of this Stipulation.

28. The Signatories agree that this Stipulation has been drafted by all of the Signatories and is the result of negotiation, compromise, settlement, and accommodations by each of the Signatories.

29. The Signatories agree that this Stipulation: 1) provides benefits to NMGC and its customers; 2) is in the public interest; and 3) results in fair, just, and reasonable rates.

30. This Stipulation contains the full intent and understanding of the Signatories and constitutes the entire agreement of the Signatories. There are no representations, warranties, or

agreements other than those specifically set forth in this Stipulation. No implication should be drawn on any matter not specifically addressed in this Stipulation.

31. The Signatories agree that the substantive terms and conditions set forth in this Stipulation are interdependent, and that the various provisions of this Stipulation are not severable. Any modification of the substantive terms and conditions of this Stipulation require the written agreement of all the Signatories. If the Stipulation is not adopted in its entirety by the Commission, without modification, the Stipulation will be voidable by any Signatory, each Signatory will have the right to withdraw from this Stipulation, to obtain a hearing on NMGC's application, to advocate any position it deems appropriate with respect to any issue regarding NMGC's Application or this Stipulation.

32. The Signatories agree to support the approval of this Stipulation in this case and shall support the Stipulation and its terms in any related proceeding before the Commission. Signatories agree to make reasonable and good faith efforts to obtain the Commission's approval of this Stipulation.

33. The Signatories agree that by approving this Stipulation, the Commission is neither granting any approval nor creating any precedent regarding any specific principle or issue in future proceedings, except as specifically provided in the final order.

34. Except as explicitly stated herein, this Stipulation is binding on each of the Signatories only for the purpose of settling the issues set forth in this Stipulation and for no other purposes, and this Stipulation shall not be binding or precedential on a Signatory outside of this proceeding. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other cases before the Commission or in other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other cases or jurisdictions. Because this is a stipulated resolution,

no Signatory is under any obligation to take the same positions as set out in this Stipulation in other cases or jurisdictions, regardless of whether other cases present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. The provisions of this Stipulation are intended to relate to only the specific matters referenced to in this Stipulation. By agreeing to this Stipulation, no Signatory waives any rights it may have in other pending or future proceedings, and it will not be deemed to have approved, accepted, agreed to, or consented to the application of any concept, principle, theory, or method that may support or underlie any of the dollar amounts, rates in tariffs, depreciation rates, dollar balances, or other monetary or numerical values set out in, or attached to, this Stipulation in any future proceeding other than as expressly provided in this Stipulation.

35. Signatories agree to refrain from introducing in any regulatory or court proceeding any statement made or position taken by any of the Signatures during the course of negotiations.

36. The Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the Signatories.

37. The New Mexico Attorney General's Office and the City of Albuquerque do not oppose the terms of this Stipulation and may subsequently file a joinder to this Stipulation if they so wish.

38. This Stipulation may be executed in any number of counterparts, including by telefax or PDF signature, each of which shall be deemed to be an original and all of which will constitute one and the same agreement. This Stipulation shall be deemed fully executed upon the signature upon the same and separate or individual copies of the signature page(s) by all Signatories.

39. The Signatories agree to toll the running of the applicable suspension period for a period of time beginning with the commencement of the parties' settlement negotiations and ending

with the final Commission action on this Stipulation. The parties agree that the date settlement negotiations commenced was June 17, 2020.

Dated this 25th day of August, 2020.

Respectfully Submitted,

NEW MEXICO GAS COMPANY, INC.

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NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
1	RATE BASE										
2	Net Plant										
3	Net Transmission Plant										
4	Land And Land Rights	101/106 - 365.1	\$ 651,600	\$ -	\$ 651,600	\$ 651,600	\$ -	\$ 651,600	\$ -	\$ -	\$ -
5	Right Of Way	101/106 - 365.2	\$ 3,696,797	\$ 40,325	\$ 3,737,123	\$ 3,696,797	\$ 40,325	\$ 3,737,123	\$ -	\$ -	\$ -
6	Compressor Station Structure	101/106 - 366.1	\$ 770,144	\$ 13,771	\$ 783,915	\$ 770,144	\$ 13,771	\$ 783,915	\$ -	\$ -	\$ -
7	Measuring Station Structure	101/106 - 366.2	\$ 13,242	\$ 318	\$ 13,560	\$ 13,242	\$ 318	\$ 13,560	\$ -	\$ -	\$ -
8	Other Structures	101/106 - 366.3	\$ 255,237	\$ 5,426	\$ 260,663	\$ 255,237	\$ 5,426	\$ 260,663	\$ -	\$ -	\$ -
9	Mains-Bare Steel Pipe	101/106 - 367.0	\$ 427,420	\$ 77,039	\$ 504,459	\$ 427,420	\$ 77,039	\$ 504,459	\$ -	\$ -	\$ -
10	Mains-Wrapped Steel Pipe	101/106 - 367.1	\$ 200,224,357	\$ (9,249,692)	\$ 190,974,665	\$ 200,224,357	\$ (9,249,692)	\$ 190,974,665	\$ -	\$ -	\$ -
11	Mains-Other Equipment	101/106 - 367.2	\$ 746,570	\$ -	\$ 746,570	\$ 746,570	\$ -	\$ 746,570	\$ -	\$ -	\$ -
12	Mains-Other Equipment	101/106 - 367.3	\$ 20,117,106	\$ 545,411	\$ 20,662,517	\$ 20,117,106	\$ 545,411	\$ 20,662,517	\$ -	\$ -	\$ -
13	Mains - Anodes	101/106 - 367.4	\$ 973,480	\$ 37,636	\$ 1,011,116	\$ 973,480	\$ 37,636	\$ 1,011,116	\$ -	\$ -	\$ -
14	Compressor Station Equipment	101/106 - 368.0	\$ 30,964,026	\$ (981,987)	\$ 29,982,039	\$ 30,964,026	\$ (981,987)	\$ 29,982,039	\$ -	\$ -	\$ -
15	Field Measuring & Regulation	101/106 - 369.0	\$ 59,820,472	\$ (1,585,926)	\$ 58,234,546	\$ 59,820,472	\$ (1,585,926)	\$ 58,234,546	\$ -	\$ -	\$ -
16	Other Equipment	101/106 - 371.0	\$ 64,662	\$ 3,527	\$ 68,189	\$ 64,662	\$ 3,527	\$ 68,189	\$ -	\$ -	\$ -
17	Total Net Transmission Plant		\$ 318,725,113	\$ (11,094,152)	\$ 307,630,961	\$ 318,725,113	\$ (11,094,152)	\$ 307,630,961	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*			
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	
18	Net Distribution Plant											
19	Land	101/106 - 374.1	\$ 633,164	\$ -	\$ 633,164	\$ 633,164	\$ -	\$ 633,164	\$ -	\$ -	\$ -	\$ -
20	Land Rights	101/106 - 374.2	\$ 236,137	\$ 2,815	\$ 238,952	\$ 236,137	\$ 2,815	\$ 238,952	\$ -	\$ -	\$ -	\$ -
21	Structures & Improvement	101/106 - 375	\$ 414,107	\$ 5,779	\$ 419,885	\$ 414,107	\$ 5,779	\$ 419,885	\$ -	\$ -	\$ -	\$ -
22	Mains-Bare Steel Pipe	101/106 - 376	\$ (457,456)	\$ 776,778	\$ 319,322	\$ (457,456)	\$ 776,778	\$ 319,322	\$ -	\$ -	\$ -	\$ -
23	Mains-Wrapped Steel Pipe	101/106 - 376.1	\$ 54,231,705	\$ (2,580,944)	\$ 51,650,761	\$ 54,231,705	\$ (2,580,944)	\$ 51,650,761	\$ -	\$ -	\$ -	\$ -
24	Mains-Plastic Pipe	101/106 - 376.2	\$ 173,234,037	\$ (14,501,403)	\$ 158,732,633	\$ 173,234,037	\$ (14,501,403)	\$ 158,732,633	\$ -	\$ -	\$ -	\$ -
25	Mains-Catholic Protection	101/106 - 376.3	\$ 32,269	\$ 2,792	\$ 35,061	\$ 32,269	\$ 2,792	\$ 35,061	\$ -	\$ -	\$ -	\$ -
26	Mains-Other Equipment	101/106 - 376.4	\$ 11,901,639	\$ (2,108,321)	\$ 9,793,318	\$ 11,901,639	\$ (2,108,321)	\$ 9,793,318	\$ -	\$ -	\$ -	\$ -
27	Mains - Anodes	101/106 - 376.5	\$ 11,818,010	\$ (683,072)	\$ 11,134,939	\$ 11,818,010	\$ (683,072)	\$ 11,134,939	\$ -	\$ -	\$ -	\$ -
28	Field Measuring & Regulation	101/106 - 378	\$ 8,873,779	\$ (395,520)	\$ 8,478,259	\$ 8,873,779	\$ (395,520)	\$ 8,478,259	\$ -	\$ -	\$ -	\$ -
29	Field Measuring & Regulation	101/106 - 379	\$ 2,111,682	\$ 50,229	\$ 2,161,912	\$ 2,111,682	\$ 50,229	\$ 2,161,912	\$ -	\$ -	\$ -	\$ -
30	Services-Plastic Pipe	101/106 - 380	\$ 44,893,440	\$ (4,966,236)	\$ 39,927,204	\$ 44,893,440	\$ (4,966,236)	\$ 39,927,204	\$ -	\$ -	\$ -	\$ -
31	Services-Bare Steel Pipe An	101/106 - 380.1	\$ 9,350,455	\$ (423,092)	\$ 8,927,363	\$ 9,350,455	\$ (423,092)	\$ 8,927,363	\$ -	\$ -	\$ -	\$ -
32	Meters	101/106 - 381	\$ 64,511,419	\$ (3,087,470)	\$ 61,423,949	\$ 64,511,419	\$ (3,087,470)	\$ 61,423,949	\$ -	\$ -	\$ -	\$ -
33	ERTS - AMR Meters	101/106 - 381.1	\$ 12,396,763	\$ 360,751	\$ 12,757,514	\$ 12,396,763	\$ 360,751	\$ 12,757,514	\$ -	\$ -	\$ -	\$ -
34	House Regulators	101/106 - 383	\$ 2,474,857	\$ 47,682	\$ 2,522,539	\$ 2,474,857	\$ 47,682	\$ 2,522,539	\$ -	\$ -	\$ -	\$ -
35	Industrial Measuring & Regulation	101/106 - 385	\$ 15,951,957	\$ (696,431)	\$ 15,255,526	\$ 15,951,957	\$ (696,431)	\$ 15,255,526	\$ -	\$ -	\$ -	\$ -
36	Total Net Distribution Plant		\$ 412,607,965	\$ (28,195,664)	\$ 384,412,301	\$ 412,607,965	\$ (28,195,664)	\$ 384,412,301	\$ -	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*			
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	
37	Net General and Intangible Plant											
38	Intangible Plant - Software	101/106 - 303.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Intangible Plant - Software	101/106 - 303.2	\$ 31	\$ -	\$ 31	\$ 31	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ -
40	Intangible Plant - Software	101/106 - 303.3	\$ 29,732,668	\$ (4,107,040)	\$ 25,625,628	\$ 29,732,668	\$ (4,107,040)	\$ 25,625,628	\$ -	\$ -	\$ -	\$ -
41	Land	101/106 - 389	\$ 1,257,474	\$ -	\$ 1,257,474	\$ 1,257,474	\$ -	\$ 1,257,474	\$ -	\$ -	\$ -	\$ -
42	Structures & Improvement	101/106 - 390	\$ 34,615,626	\$ (4,949,270)	\$ 29,666,357	\$ 34,615,626	\$ (4,949,270)	\$ 29,666,357	\$ -	\$ -	\$ -	\$ -
43	Structures & Improvement	101/106 - 390.1	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -
44	Structures & Improvement	101/106 - 390.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	Structures & Improvement Business Center	101/106 - 390.3	\$ 741,666	\$ 41,994	\$ 783,660	\$ 741,666	\$ 41,994	\$ 783,660	\$ -	\$ -	\$ -	\$ -
46	Structures & Improvement Los Lunas Building	101/106 - 390.4	\$ 10,225	\$ 8,988	\$ 19,213	\$ 10,225	\$ 8,988	\$ 19,213	\$ -	\$ -	\$ -	\$ -
47	Structures & Improvement Rio Bravo	101/106 - 390.5	\$ (83,435)	\$ 23,897	\$ (59,539)	\$ (83,435)	\$ 23,897	\$ (59,539)	\$ -	\$ -	\$ -	\$ -
48	Structures & Improvement Rio Rancho	101/106 - 390.6	\$ 2,967	\$ 3,562	\$ 6,529	\$ 2,967	\$ 3,562	\$ 6,529	\$ -	\$ -	\$ -	\$ -
49	Structures & Improvement Santa Fe	101/106 - 390.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Structures & Improvement Santa Fe Payment Center	101/106 - 390.8	\$ (2,437)	\$ 1,146	\$ (1,291)	\$ (2,437)	\$ 1,146	\$ (1,291)	\$ -	\$ -	\$ -	\$ -
51	Office Furniture & Equipment	101/106 - 391	\$ 570,977	\$ 30,569	\$ 601,546	\$ 570,977	\$ 30,569	\$ 601,546	\$ -	\$ -	\$ -	\$ -
52	Office Furniture & Equipment, PC Systems	101/106 - 391.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53	Office Furniture & Equipment, PCs	101/106 - 391.2	\$ 6,440,390	\$ (958,783)	\$ 5,481,607	\$ 6,440,390	\$ (958,783)	\$ 5,481,607	\$ -	\$ -	\$ -	\$ -
54	Transportation Equipment-Light	101/106 - 392	\$ 6,637,661	\$ (1,033,213)	\$ 5,604,448	\$ 6,637,661	\$ (1,033,213)	\$ 5,604,448	\$ -	\$ -	\$ -	\$ -
55	Transportation Equipment-Heavy	101/106 - 392.1	\$ 3,203,611	\$ (225,490)	\$ 2,978,121	\$ 3,203,611	\$ (225,490)	\$ 2,978,121	\$ -	\$ -	\$ -	\$ -
56	Transportation Equipment-Trailer	101/106 - 392.2	\$ 2,297,794	\$ (48,191)	\$ 2,249,603	\$ 2,297,794	\$ (48,191)	\$ 2,249,603	\$ -	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
57	Transportation Equipment - Medium	101/106 - 392.3	\$ 4,919,207	\$ (521,850)	\$ 4,397,357	\$ 4,919,207	\$ (521,850)	\$ 4,397,357	\$ -	\$ -	\$ -
58	Transportation Equipment - Special Purpose	101/106 - 392.4	\$ 78,889	\$ 5,838	\$ 84,727	\$ 78,889	\$ 5,838	\$ 84,727	\$ -	\$ -	\$ -
59	Stores Equipment	101/106 - 393	\$ 792,911	\$ (78,278)	\$ 714,633	\$ 792,911	\$ (78,278)	\$ 714,633	\$ -	\$ -	\$ -
60	Tools, Shop & Garage Equipment	101/106 - 394	\$ 11,456,086	\$ (41,557)	\$ 11,414,529	\$ 11,456,086	\$ (41,557)	\$ 11,414,529	\$ -	\$ -	\$ -
61	Power Operated Equipment	101/106 - 396	\$ 4,951,703	\$ (329,681)	\$ 4,622,022	\$ 4,951,703	\$ (329,681)	\$ 4,622,022	\$ -	\$ -	\$ -
62	Communication Equipment	101/106 - 397	\$ 1,940,218	\$ 145,849	\$ 2,086,067	\$ 1,940,218	\$ 145,849	\$ 2,086,067	\$ -	\$ -	\$ -
63	Miscellaneous Equipment	101/106 - 398	\$ 1,472,044	\$ (383,015)	\$ 1,089,029	\$ 1,472,044	\$ (383,015)	\$ 1,089,029	\$ -	\$ -	\$ -
64	ARO Asset	101/106 - 399.1	\$ 4,213	\$ 150	\$ 4,364	\$ 4,213	\$ 150	\$ 4,364	\$ -	\$ -	\$ -
65	Total Net General and Intangible Plant		\$ 111,040,489	\$ (12,414,376)	\$ 98,626,113	\$ 111,040,489	\$ (12,414,376)	\$ 98,626,113	\$ -	\$ -	\$ -
66	Total Net Plant		\$ 842,373,568	\$ (51,704,193)	\$ 790,669,375	\$ 842,373,568	\$ (51,704,193)	\$ 790,669,375	\$ -	\$ -	\$ -
67	Accumulated Deferred Income Taxes										
68	Deferred Tax Assets (190)		\$ 50,045,990	\$ 667,950	\$ 50,713,939	\$ 50,045,990	\$ 667,950	\$ 50,713,939	\$ -	\$ -	\$ -
69	Deferred Tax Liabilities - Other Property (282)		\$ (106,139,422)	\$ 1,233,506	\$ (104,905,916)	\$ (106,139,422)	\$ 1,233,506	\$ (104,905,916)	\$ -	\$ -	\$ -
70	Deferred Tax Liabilities - Other (283)		\$ (14,786,356)	\$ 1,157,471	\$ (13,628,885)	\$ (14,786,356)	\$ 1,157,471	\$ (13,628,885)	\$ -	\$ -	\$ -
71	Total Accumulated Deferred Income Taxes		\$ (70,879,788)	\$ 3,058,927	\$ (67,820,861)	\$ (70,879,788)	\$ 3,058,927	\$ (67,820,861)	\$ -	\$ -	\$ -
72	Regulatory Assets and Liabilities										
73	2018 Rate Case Expense	186	\$ 350,561	\$ 87,640	\$ 438,201	\$ 350,561	\$ 87,640	\$ 438,201	\$ -	\$ -	\$ -
74	Income Tax Regulatory Liability	254	\$ (27,406,337)	\$ (197,672)	\$ (27,604,009)	\$ (27,406,337)	\$ (197,672)	\$ (27,604,009)	\$ -	\$ -	\$ -
75	Total Regulatory Assets and Liabilities		\$ (27,055,776)	\$ (110,032)	\$ (27,165,807)	\$ (27,055,776)	\$ (110,032)	\$ (27,165,807)	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*			
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	
76	Other Rate Base Items											
77	Customer Deposits	235	\$ (9,590,501)	\$ -	\$ (9,590,501)	\$ (9,590,501)	\$ -	\$ (9,590,501)	\$ -	\$ -	\$ -	\$ -
78	Injuries and Damages Reserve	228	\$ (1,349,366)	\$ -	\$ (1,349,366)	\$ (1,349,366)	\$ -	\$ (1,349,366)	\$ -	\$ -	\$ -	\$ -
79	Non-Refundable CIAC	108.03	\$ (3,735,375)	\$ (334,511)	\$ (4,069,886)	\$ (3,735,375)	\$ (334,511)	\$ (4,069,886)	\$ -	\$ -	\$ -	\$ -
80	RWIP	108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81	Placeholder		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
82	Placeholder		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
83	CWIP - Transmission	107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84	CWIP - Distribution	107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
85	CWIP - General	107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
86	ARO - General	230	\$ (573,509)	\$ 22,743	\$ (550,767)	\$ (573,509)	\$ 22,743	\$ (550,767)	\$ -	\$ -	\$ -	\$ -
87	Right-of-Way - Transmission	186	\$ 46,956,350	\$ (5,375,385)	\$ 41,580,965	\$ 46,956,350	\$ (5,375,385)	\$ 41,580,965	\$ -	\$ -	\$ -	\$ -
88	Right-of-Way - Distribution	186	\$ 3,775,568	\$ 7,482	\$ 3,783,050	\$ 3,775,568	\$ 7,482	\$ 3,783,050	\$ -	\$ -	\$ -	\$ -
89	Unamortized Loss on Reacquired Debt	189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90	2019 Rate Case Expense	186	\$ 1,889,333	\$ 472,333	\$ 2,361,667	\$ 1,889,333	\$ 472,333	\$ 2,361,667	\$ -	\$ -	\$ -	\$ -
91	Total Other Rate Base Items		\$ 37,372,500	\$ (5,207,339)	\$ 32,165,161	\$ 37,372,500	\$ (5,207,339)	\$ 32,165,161	\$ -	\$ -	\$ -	\$ -
92	Working Capital											
93	Natural Gas Storage		\$ 3,230,299	\$ -	\$ 3,230,299	\$ 3,230,299	\$ -	\$ 3,230,299	\$ -	\$ -	\$ -	\$ -
94	Materials and Supplies		\$ 3,581,908	\$ -	\$ 3,581,908	\$ 3,581,908	\$ -	\$ 3,581,908	\$ -	\$ -	\$ -	\$ -
95	Prepayments		\$ 3,532,613	\$ -	\$ 3,532,613	\$ 3,532,613	\$ -	\$ 3,532,613	\$ -	\$ -	\$ -	\$ -
96	Cash Working Capital		\$ 3,243,722	\$ -	\$ 3,243,722	\$ 3,243,722	\$ -	\$ 3,243,722	\$ -	\$ -	\$ -	\$ -
97	Total Working Capital		\$ 13,588,542	\$ -	\$ 13,588,542	\$ 13,588,542	\$ -	\$ 13,588,542	\$ -	\$ -	\$ -	\$ -
98	TOTAL NET ORIGINAL COST RATE BASE		\$ 795,399,046	\$ (53,962,636)	\$ 741,436,410	\$ 795,399,046	\$ (53,962,636)	\$ 741,436,410	\$ -	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
OPERATIONS AND MAINTENANCE EXPENSE (O&M)											
99											
100	Fuel Related Expenses										
101	Natural Gas Wellhead Purchases	800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102	Natural Gas Field Line Purchases	801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
103	Natural Gas Gasoline Plant Outlet Purchases	802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
104	Natural Gas Transmission Line Purchases	803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
105	Natural Gas City Gate Purchases	804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	Other Gas Purchases	805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
107	Exchange Gas	806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	Gas Withdrawn From Storage - Debit	808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109	Gas Delivered to Storage - Credit	808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	Gas Used for Compressor Station Fuel	810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
111	Gas Used For Products Extraction	811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	Gas Used For Other Utility Operations	812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	Other Gas Supply Expenses (1)	813	\$ 1,666,535	\$ -	\$ 1,666,535	\$ 1,666,535	\$ -	\$ 1,666,535	\$ -	\$ -	\$ -
114	Rents - Underground Storage	826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115	Total Fuel Related Expenses		\$ 1,666,535	\$ -	\$ 1,666,535	\$ 1,666,535	\$ -	\$ 1,666,535	\$ -	\$ -	\$ -
OPERATIONS AND MAINTENANCE (O&M)											
116											
117	Transmission O&M										
118	Operation Supervision and Engineering	850	\$ 865,493	\$ -	\$ 865,493	\$ 865,493	\$ -	\$ 865,493	\$ -	\$ -	\$ -
119	System Control and Load Dispatching	851	\$ 1,059,683	\$ -	\$ 1,059,683	\$ 1,059,683	\$ -	\$ 1,059,683	\$ -	\$ -	\$ -
120	Communication System Expenses	852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
121	Compressor Station Labor and Expenses	853	\$ 336,540	\$ -	\$ 336,540	\$ 336,540	\$ -	\$ 336,540	\$ -	\$ -	\$ -
122	Gas for Compressor Station Fuel	854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
123	Other Fuel and Power for Compressor Stations	855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
124	Mains Expenses	856	\$ 1,962,913	\$ -	\$ 1,962,913	\$ 1,962,913	\$ -	\$ 1,962,913	\$ -	\$ -	\$ -
125	Measuring and Regulating Station Expenses	857	\$ 345,316	\$ -	\$ 345,316	\$ 345,316	\$ -	\$ 345,316	\$ -	\$ -	\$ -
126	Transmission and Compression of Gas by Others	858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127	Other Expenses	859	\$ 3,496,125	\$ -	\$ 3,496,125	\$ 3,496,125	\$ -	\$ 3,496,125	\$ -	\$ -	\$ -
128	Rents	860	\$ 170,301	\$ -	\$ 170,301	\$ 170,301	\$ -	\$ 170,301	\$ -	\$ -	\$ -
129	Maintenance Supervision and Engineering	861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
130	Maintenance of Structures and Improvements	862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
131	Maintenance of Mains	863	\$ 257,783	\$ -	\$ 257,783	\$ 257,783	\$ -	\$ 257,783	\$ -	\$ -	\$ -
132	Maintenance of Compressor Station Equipment	864	\$ 681,278	\$ -	\$ 681,278	\$ 681,278	\$ -	\$ 681,278	\$ -	\$ -	\$ -
	Maintenance of Measuring and Regulating Station Equipment	865	\$ 497,089	\$ -	\$ 497,089	\$ 497,089	\$ -	\$ 497,089	\$ -	\$ -	\$ -
134	Maintenance of Communication Equipment	866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
135	Maintenance of Other Equipment	867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
136	Total Transmission O&M		\$ 9,672,521	\$ -	\$ 9,672,521	\$ 9,672,521	\$ -	\$ 9,672,521	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
137	Distribution O&M										
138	Operation Supervision and Engineering	870	\$ 4,142,677	\$ -	\$ 4,142,677	\$ 4,142,677	\$ -	\$ 4,142,677	\$ -	\$ -	\$ -
139	Distribution Load Dispatching	871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140	Compressor Station Labor and Expenses	872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141	Compressor Station Fuel and Power	873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142	Mains and Services Expenses	874	\$ 3,172,391	\$ -	\$ 3,172,391	\$ 3,172,391	\$ -	\$ 3,172,391	\$ -	\$ -	\$ -
143	Measuring and Regulating Station Expenses	875	\$ 876,308	\$ -	\$ 876,308	\$ 876,308	\$ -	\$ 876,308	\$ -	\$ -	\$ -
144	Measuring and Regulating Station Expenses	876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
145	Measuring and Regulating Station Expenses	877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
146	Meter and House Regulator Expenses	878	\$ 8,260,286	\$ -	\$ 8,260,286	\$ 8,260,286	\$ -	\$ 8,260,286	\$ -	\$ -	\$ -
147	Meter and House Regulator Capitalized	878.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
148	Customer Installations Expenses	879	\$ 247,354	\$ -	\$ 247,354	\$ 247,354	\$ -	\$ 247,354	\$ -	\$ -	\$ -
149	Other Expenses	880	\$ 3,163,551	\$ -	\$ 3,163,551	\$ 3,163,551	\$ -	\$ 3,163,551	\$ -	\$ -	\$ -
150	Rents	881	\$ 2,051,112	\$ -	\$ 2,051,112	\$ 2,051,112	\$ -	\$ 2,051,112	\$ -	\$ -	\$ -
151	Maintenance Supervision and Engineering	885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
152	Maintenance of Structures and Improvements	886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
153	Maintenance of Mains	887	\$ 3,101,282	\$ -	\$ 3,101,282	\$ 3,101,282	\$ -	\$ 3,101,282	\$ -	\$ -	\$ -
154	Maintenance of Compressor Station Equipment	888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
155	Maintenance of Measuring and Regulating Station Equipment	889	\$ 1,471,085	\$ -	\$ 1,471,085	\$ 1,471,085	\$ -	\$ 1,471,085	\$ -	\$ -	\$ -
156	Maintenance of Measuring and Regulating Station Equipment	890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
157	Maintenance of Measuring and Regulating Station Equipment	891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
158	Maintenance of Services	892	\$ 1,653,787	\$ -	\$ 1,653,787	\$ 1,653,787	\$ -	\$ 1,653,787	\$ -	\$ -	\$ -
159	Maintenance of Meters and House Regulators	893	\$ 2,461	\$ -	\$ 2,461	\$ 2,461	\$ -	\$ 2,461	\$ -	\$ -	\$ -
160	Maintenance of Other Equipment	894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161	Total Distribution O&M		\$ 28,142,294	\$ -	\$ 28,142,294	\$ 28,142,294	\$ -	\$ 28,142,294	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

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162	Customer Related O&M											
163	Supervision	901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164	Meter Reading Expenses	902	\$ 1,361,082	\$ -	\$ 1,361,082	\$ 1,361,082	\$ -	\$ 1,361,082	\$ -	\$ -	\$ -	\$ -
165	Customer Records and Collection Expenses	903	\$ 12,540,229	\$ -	\$ 12,540,229	\$ 12,540,229	\$ -	\$ 12,540,229	\$ -	\$ -	\$ -	\$ -
166	Uncollectible Accounts	904	\$ 1,229,636	\$ -	\$ 1,229,636	\$ 1,229,636	\$ -	\$ 1,229,636	\$ -	\$ -	\$ -	\$ -
167	Miscellaneous Customer Accounts Expenses	905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
168	Supervision	907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
169	Customer Assistance Expenses	908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
170	Informational & Instructional Advertising Expense	909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
171	Miscellaneous Customer Service & Informational Expense	910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172	Supervision	911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
173	Demonstrating and Selling Expenses	912	\$ 4,054	\$ -	\$ 4,054	\$ 4,054	\$ -	\$ 4,054	\$ -	\$ -	\$ -	\$ -
174	Advertising Expenses	913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
175	Miscellaneous Sales Expenses	916	\$ 814,619	\$ -	\$ 814,619	\$ 814,619	\$ -	\$ 814,619	\$ -	\$ -	\$ -	\$ -
176	Total Customer Related O&M		\$ 15,949,621	\$ -	\$ 15,949,621	\$ 15,949,621	\$ -	\$ 15,949,621	\$ -	\$ -	\$ -	\$ -
177	Administrative and General (A&G) Expense											
178	Administrative & General Salaries	920	\$ 12,925,725	\$ -	\$ 12,925,725	\$ 12,925,725	\$ -	\$ 12,925,725	\$ -	\$ -	\$ -	\$ -
179	Administrative & General Salaries-Litigation	920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
180	Office Supplies and Expenses	921	\$ 1,446,771	\$ -	\$ 1,446,771	\$ 1,446,771	\$ -	\$ 1,446,771	\$ -	\$ -	\$ -	\$ -
181	Administrative Expenses Transferred--Credit	922	\$ (8,899,977)	\$ -	\$ (8,899,977)	\$ (8,899,977)	\$ -	\$ (8,899,977)	\$ -	\$ -	\$ -	\$ -
182	Outside Services Employed	923	\$ 1,697,601	\$ -	\$ 1,697,601	\$ 1,697,601	\$ -	\$ 1,697,601	\$ -	\$ -	\$ -	\$ -
183	Outside Services Employed - Litigation	923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
184	Property Insurance	924	\$ 245,905	\$ -	\$ 245,905	\$ 245,905	\$ -	\$ 245,905	\$ -	\$ -	\$ -	\$ -
185	Injuries and Damages	925	\$ 2,519,998	\$ -	\$ 2,519,998	\$ 2,519,998	\$ -	\$ 2,519,998	\$ -	\$ -	\$ -	\$ -
186	Employee Pensions and Benefits	926	\$ 9,493,755	\$ -	\$ 9,493,755	\$ 9,493,755	\$ -	\$ 9,493,755	\$ -	\$ -	\$ -	\$ -
187	Franchise Requirements	927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
188	Regulatory Commission Expenses	928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
189	Duplicate Charges--Credit	929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
190	General Advertising/Miscellaneous General Expenses	930.1	\$ 12,920	\$ -	\$ 12,920	\$ 12,920	\$ -	\$ 12,920	\$ -	\$ -	\$ -	\$ -
191	General Advertising/Miscellaneous General Expenses	930.2	\$ 14,547,087	\$ -	\$ 14,547,087	\$ 14,547,087	\$ -	\$ 14,547,087	\$ -	\$ -	\$ -	\$ -
192	Rents	931	\$ 652,356	\$ -	\$ 652,356	\$ 652,356	\$ -	\$ 652,356	\$ -	\$ -	\$ -	\$ -
193	Maintenance of General Plant	932	\$ -	\$ -	\$ -	\$ (2,135,349)	\$ -	\$ (2,135,349)	\$ (2,135,349)	\$ -	\$ -	\$ (2,135,349)
194	Total A&G Expense		\$ 34,642,141	\$ -	\$ 34,642,141	\$ 32,506,793	\$ -	\$ 32,506,793	\$ (2,135,349)	\$ -	\$ (2,135,349)	\$ (2,135,349)

NEW MEXICO GAS COMPANY, INC.

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Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
195	TOTAL OPERATIONS AND MAINTENANCE EXPENSE		\$ 90,073,112	\$ -	\$ 90,073,112	\$ 87,937,763	\$ -	\$ 87,937,763	\$ (2,135,349)	\$ -	\$ (2,135,349)
196	DEPRECIATION AND AMORTIZATION										
197	<u>Transmission Depreciation and Amortization</u>										
198	Land And Land Rights	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
199	Right Of Way	403	\$ 80,651	\$ -	\$ 80,651	\$ 80,651	\$ -	\$ 80,651	\$ -	\$ -	\$ -
200	Compressor Station Structure	403	\$ 27,542	\$ -	\$ 27,542	\$ 27,542	\$ -	\$ 27,542	\$ -	\$ -	\$ -
201	Measuring Station Structure	403	\$ 635	\$ -	\$ 635	\$ 635	\$ -	\$ 635	\$ -	\$ -	\$ -
202	Other Structures	403	\$ 10,851	\$ -	\$ 10,851	\$ 10,851	\$ -	\$ 10,851	\$ -	\$ -	\$ -
203	Mains-Bare Steel Pipe	403	\$ 154,078	\$ -	\$ 154,078	\$ 154,078	\$ -	\$ 154,078	\$ -	\$ -	\$ -
204	Mains-Wrapped Steel Pipe	403	\$ 4,623,663	\$ -	\$ 4,623,663	\$ 4,623,663	\$ -	\$ 4,623,663	\$ -	\$ -	\$ -
205	Mains-Other Equipment	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
206	Mains-Other Equipment	403	\$ 1,090,822	\$ -	\$ 1,090,822	\$ 1,090,822	\$ -	\$ 1,090,822	\$ -	\$ -	\$ -
207	Mains - Anodes	403	\$ 75,272	\$ -	\$ 75,272	\$ 75,272	\$ -	\$ 75,272	\$ -	\$ -	\$ -
208	Compressor Station Equipment	403	\$ 811,917	\$ -	\$ 811,917	\$ 811,917	\$ -	\$ 811,917	\$ -	\$ -	\$ -
209	Field Measuring & Regulation	403	\$ 1,345,606	\$ -	\$ 1,345,606	\$ 1,345,606	\$ -	\$ 1,345,606	\$ -	\$ -	\$ -
210	Other Equipment	403	\$ 7,055	\$ -	\$ 7,055	\$ 7,055	\$ -	\$ 7,055	\$ -	\$ -	\$ -
211	Total Transmission Depreciation and Amortization		\$ 8,228,092	\$ -	\$ 8,228,092	\$ 8,228,092	\$ -	\$ 8,228,092	\$ -	\$ -	\$ -
212	<u>Distribution Depreciation and Amortization</u>										
213	Land Rights	403	\$ 5,629	\$ -	\$ 5,629	\$ 5,629	\$ -	\$ 5,629	\$ -	\$ -	\$ -
214	Structures & Improvement	403	\$ 11,557	\$ -	\$ 11,557	\$ 11,557	\$ -	\$ 11,557	\$ -	\$ -	\$ -
215	Mains-Bare Steel Pipe	403	\$ 1,553,556	\$ -	\$ 1,553,556	\$ 1,553,556	\$ -	\$ 1,553,556	\$ -	\$ -	\$ -
216	Mains-Wrapped Steel Pipe	403	\$ 2,545,703	\$ -	\$ 2,545,703	\$ 2,545,703	\$ -	\$ 2,545,703	\$ -	\$ -	\$ -
217	Mains-Plastic Pipe	403	\$ 4,337,705	\$ -	\$ 4,337,705	\$ 4,337,705	\$ -	\$ 4,337,705	\$ -	\$ -	\$ -
218	Mains-Catholic Protection	403	\$ 5,584	\$ -	\$ 5,584	\$ 5,584	\$ -	\$ 5,584	\$ -	\$ -	\$ -
219	Mains-Other Equipment	403	\$ 364,852	\$ -	\$ 364,852	\$ 364,852	\$ -	\$ 364,852	\$ -	\$ -	\$ -
220	Mains - Anodes	403	\$ 741,137	\$ -	\$ 741,137	\$ 741,137	\$ -	\$ 741,137	\$ -	\$ -	\$ -
221	Field Measuring & Regulation	403	\$ 437,348	\$ -	\$ 437,348	\$ 437,348	\$ -	\$ 437,348	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
222	Field Measuring & Regulation	403	\$ 100,458	\$ -	\$ 100,458	\$ 100,458	\$ -	\$ 100,458	\$ -	\$ -	\$ -
223	Services-Plastic Pipe	403	\$ 6,570,843	\$ -	\$ 6,570,843	\$ 6,570,843	\$ -	\$ 6,570,843	\$ -	\$ -	\$ -
224	Services-Bare Steel Pipe Anodes	403	\$ 1,812,000	\$ -	\$ 1,812,000	\$ 1,812,000	\$ -	\$ 1,812,000	\$ -	\$ -	\$ -
225	Meters	403	\$ 2,817,208	\$ -	\$ 2,817,208	\$ 2,817,208	\$ -	\$ 2,817,208	\$ -	\$ -	\$ -
226	ERTS - AMR Meters	403	\$ 1,395,701	\$ -	\$ 1,395,701	\$ 1,395,701	\$ -	\$ 1,395,701	\$ -	\$ -	\$ -
227	House Regulators	403	\$ 95,364	\$ -	\$ 95,364	\$ 95,364	\$ -	\$ 95,364	\$ -	\$ -	\$ -
228	Industrial Measuring & Regulation	403	\$ 886,126	\$ -	\$ 886,126	\$ 886,126	\$ -	\$ 886,126	\$ -	\$ -	\$ -
229	Total Distribution Depreciation and Amortization		\$ 23,680,771	\$ -	\$ 23,680,771	\$ 23,680,771	\$ -	\$ 23,680,771	\$ -	\$ -	\$ -
230	General and Intangible Depreciation and Amortization										
231	Intangible Plant - Software	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
232	Intangible Plant - Software	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
233	Intangible Plant - Software	403	\$ 2,412,150	\$ -	\$ 2,412,150	\$ 2,412,150	\$ -	\$ 2,412,150	\$ -	\$ -	\$ -
234	Land	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
235	Structures & Improvement	403	\$ 789,695	\$ -	\$ 789,695	\$ 789,695	\$ -	\$ 789,695	\$ -	\$ -	\$ -
236	Structures & Improvement	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
237	Structures & Improvement Business Center	403	\$ 83,988	\$ -	\$ 83,988	\$ 83,988	\$ -	\$ 83,988	\$ -	\$ -	\$ -
238	Structures & Improvement Los Lunas Building	403	\$ 17,976	\$ -	\$ 17,976	\$ 17,976	\$ -	\$ 17,976	\$ -	\$ -	\$ -
239	Structures & Improvement Rio Bravo	403	\$ 47,794	\$ -	\$ 47,794	\$ 47,794	\$ -	\$ 47,794	\$ -	\$ -	\$ -
240	Structures & Improvement Rio Rancho	403	\$ 7,124	\$ -	\$ 7,124	\$ 7,124	\$ -	\$ 7,124	\$ -	\$ -	\$ -
241	Structures & Improvement Santa Fe	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
242	Structures & Improvement Santa Fe Payment Center	403	\$ 2,292	\$ -	\$ 2,292	\$ 2,292	\$ -	\$ 2,292	\$ -	\$ -	\$ -
243	Office Furniture & Equipment	403	\$ 61,137	\$ -	\$ 61,137	\$ 61,137	\$ -	\$ 61,137	\$ -	\$ -	\$ -
244	Office Furniture & Equipment, PC Systems	403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
245	Office Furniture & Equipment, PCs	403	\$ 1,506,355	\$ -	\$ 1,506,355	\$ 1,506,355	\$ -	\$ 1,506,355	\$ -	\$ -	\$ -
246	Transportation Equipment-Light	403	\$ 408,313	\$ -	\$ 408,313	\$ 408,313	\$ -	\$ 408,313	\$ -	\$ -	\$ -
247	Transportation Equipment-Heavy	403	\$ 435,793	\$ -	\$ 435,793	\$ 435,793	\$ -	\$ 435,793	\$ -	\$ -	\$ -
248	Transportation Equipment-Trailer	403	\$ 274,278	\$ -	\$ 274,278	\$ 274,278	\$ -	\$ 274,278	\$ -	\$ -	\$ -
249	Transportation Equipment - Medium	403	\$ 291,417	\$ -	\$ 291,417	\$ 291,417	\$ -	\$ 291,417	\$ -	\$ -	\$ -
250	Transportation Equipment - Special Purpose	403	\$ 11,676	\$ -	\$ 11,676	\$ 11,676	\$ -	\$ 11,676	\$ -	\$ -	\$ -
251	Stores Equipment	403	\$ 69,640	\$ -	\$ 69,640	\$ 69,640	\$ -	\$ 69,640	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
252	Tools, Shop & Garage Equipment	403	\$ 1,068,045	\$ -	\$ 1,068,045	\$ 1,068,045	\$ -	\$ 1,068,045	\$ -	\$ -	\$ -
253	Power Operated Equipment	403	\$ 373,338	\$ -	\$ 373,338	\$ 373,338	\$ -	\$ 373,338	\$ -	\$ -	\$ -
254	Communication Equipment	403	\$ 470,966	\$ -	\$ 470,966	\$ 470,966	\$ -	\$ 470,966	\$ -	\$ -	\$ -
255	Miscellaneous Equipment	403	\$ 88,826	\$ -	\$ 88,826	\$ 88,826	\$ -	\$ 88,826	\$ -	\$ -	\$ -
256	ARO Asset	403	\$ 301	\$ -	\$ 301	\$ 301	\$ -	\$ 301	\$ -	\$ -	\$ -
257	Transportation Equipment Depreciation Expense Capitalized	403	\$ (1,016,228)	\$ -	\$ (1,016,228)	\$ (1,016,228)	\$ -	\$ (1,016,228)	\$ -	\$ -	\$ -
258	Total General and Intangible Depreciation and Amortization		\$ 7,404,877	\$ -	\$ 7,404,877	\$ 7,404,877	\$ -	\$ 7,404,877	\$ -	\$ -	\$ -
259	TOTAL DEPRECIATION, AMORTIZATION AND OTHER		\$ 39,313,740	\$ -	\$ 39,313,740	\$ 39,313,740	\$ -	\$ 39,313,740	\$ -	\$ -	\$ -
260	<u>Other Depreciation and Amortization Items</u>										
261	Accretion Expense and Regulatory Credits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
262	Right-of-Way - Transmission		\$ 2,616,515	\$ -	\$ 2,616,515	\$ 2,616,515	\$ -	\$ 2,616,515	\$ -	\$ -	\$ -
263	Right-of-Way - Distribution		\$ 100,437	\$ -	\$ 100,437	\$ 100,437	\$ -	\$ 100,437	\$ -	\$ -	\$ -
264	CIAC Amortization		\$ (669,022)	\$ -	\$ (669,022)	\$ (669,022)	\$ -	\$ (669,022)	\$ -	\$ -	\$ -
265	Total Other Depreciation Items		\$ 2,047,929	\$ -	\$ 2,047,929	\$ 2,047,929	\$ -	\$ 2,047,929	\$ -	\$ -	\$ -
266	TOTAL DEPRECIATION		\$ 41,361,669	\$ -	\$ 41,361,669	\$ 41,361,669	\$ -	\$ 41,361,669	\$ -	\$ -	\$ -
267	GENERAL TAXES										
268	New Mexico Property Taxes										
269	<u>Transmission Property Taxes</u>										
270	Transmission Property Taxes	408	\$ 2,552,416	\$ -	\$ 2,552,416	\$ 2,552,416	\$ -	\$ 2,552,416	\$ -	\$ -	\$ -
271	Total Transmission Property Taxes		\$ 2,552,416	\$ -	\$ 2,552,416	\$ 2,552,416	\$ -	\$ 2,552,416	\$ -	\$ -	\$ -
272	<u>Distribution Property Taxes</u>										
273	Distribution Property Taxes	408	\$ 3,971,085	\$ -	\$ 3,971,085	\$ 3,971,085	\$ -	\$ 3,971,085	\$ -	\$ -	\$ -
274	Total Distribution Property Taxes		\$ 3,971,085	\$ -	\$ 3,971,085	\$ 3,971,085	\$ -	\$ 3,971,085	\$ -	\$ -	\$ -
275	<u>General Property Taxes</u>										
276	General Plant Property Taxes	408	\$ 541,097	\$ -	\$ 541,097	\$ 541,097	\$ -	\$ 541,097	\$ -	\$ -	\$ -
277	Total General Property Taxes		\$ 541,097	\$ -	\$ 541,097	\$ 541,097	\$ -	\$ 541,097	\$ -	\$ -	\$ -
278	TOTAL NEW MEXICO PROPERTY TAXES		\$ 7,064,598	\$ -	\$ 7,064,598	\$ 7,064,598	\$ -	\$ 7,064,598	\$ -	\$ -	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*			
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	
279	<u>Payroll Taxes</u>											
280	Total Payroll Taxes		\$ 3,520,515	\$ -	\$ 3,520,515	\$ 3,520,515	\$ -	\$ 3,520,515	\$ -	\$ -	\$ -	\$ -
281	<u>Other Taxes</u>											
282	Native American Property Taxes	408	\$ 2,029,632	\$ -	\$ 2,029,632	\$ 2,029,632	\$ -	\$ 2,029,632	\$ -	\$ -	\$ -	\$ -
283	Federal Pipeline Taxes	408	\$ 659,750	\$ -	\$ 659,750	\$ 659,750	\$ -	\$ 659,750	\$ -	\$ -	\$ -	\$ -
284	Federal Excise Taxes	408	\$ 4,463	\$ -	\$ 4,463	\$ 4,463	\$ -	\$ 4,463	\$ -	\$ -	\$ -	\$ -
285	Other General Taxes	408	\$ 44,271	\$ -	\$ 44,271	\$ 44,271	\$ -	\$ 44,271	\$ -	\$ -	\$ -	\$ -
286	Regulatory Commission Fees (I&S)	408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
287	Total Other Taxes		\$ 2,738,116	\$ -	\$ 2,738,116	\$ 2,738,116	\$ -	\$ 2,738,116	\$ -	\$ -	\$ -	\$ -
288	TOTAL GENERAL TAXES		\$ 13,323,229	\$ -	\$ 13,323,229	\$ 13,323,229	\$ -	\$ 13,323,229	\$ -	\$ -	\$ -	\$ -
289	<u>Other Allowable Expenses</u>											
290	Interest on Customer Deposits	431	\$ 86,253	\$ -	\$ 86,253	\$ 86,253	\$ -	\$ 86,253	\$ -	\$ -	\$ -	\$ -
291	Amortization of Loss on Reacquired Debt	407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
292	Accretion ARO - General Plant	411	\$ 44,925	\$ -	\$ 44,925	\$ 44,925	\$ -	\$ 44,925	\$ -	\$ -	\$ -	\$ -
293	Amortization of 2018 Rate Case Expenses	928	\$ 175,280	\$ -	\$ 175,280	\$ 175,280	\$ -	\$ 175,280	\$ -	\$ -	\$ -	\$ -
294	Amortization of 2019 Rate Case Expenses	928	\$ 944,667	\$ -	\$ 944,667	\$ 944,667	\$ -	\$ 944,667	\$ -	\$ -	\$ -	\$ -
295	Total Other Allowable Expenses		\$ 1,251,126	\$ -	\$ 1,251,126	\$ 1,251,126	\$ -	\$ 1,251,126	\$ -	\$ -	\$ -	\$ -
296	TOTAL OPERATING EXPENSES (EXCLUDING INCOME AND REVENUE RELATED TAXES)		\$ 146,009,136	\$ -	\$ 146,009,136	\$ 143,873,788	\$ -	\$ 143,873,788	\$ (2,135,349)	\$ -	\$ (2,135,349)	\$ -
297	Total Net Original Cost Rate Base		\$ 795,399,046	\$ (53,962,636)	\$ 741,436,410	\$ 795,399,046	\$ (53,962,636)	\$ 741,436,410	\$ -	\$ -	\$ -	\$ -
298	Weighted Average Cost of Capital		7.36%	7.36%	7.36%	6.65%	6.65%	6.65%	-0.71%	-0.71%	-0.71%	-
299	Return on Rate Base		\$ 58,516,284	\$ (3,969,948)	\$ 54,546,336	\$ 52,901,991	\$ (3,589,055)	\$ 49,312,936	\$ (5,614,294)	\$ 380,893	\$ (5,233,400)	\$ -
300	Debt Only Return Adjustment (Case 12-00264-UT)		\$ (59,634)	\$ -	\$ (59,634)	\$ (59,634)	\$ -	\$ (59,634)	\$ -	\$ -	\$ -	\$ -
301	Net Return on Rate Base		\$ 58,456,650	\$ (3,969,948)	\$ 54,486,702	\$ 52,842,356	\$ (3,589,055)	\$ 49,253,301	\$ (5,614,294)	\$ 380,893	\$ (5,233,400)	\$ -

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

Line Number	Description	FERC Account	AS FILED			SETTLEMENT STIPULATION*			DELTA STIPULATED ADJUSTMENTS*		
			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021
302	FEDERAL INCOME TAXES										
303	<u>Return Adjustments</u>										
304	Interest on Long Term Debt		\$ (14,289,000)		\$ (14,289,000)	\$ (12,929,000)	\$ -	\$ (12,929,000)	\$ 1,360,000	\$ -	\$ 1,360,000
305	<u>Tax/Book Adjustments</u>										
306	Non-Deductible Meals & Entertainment		\$ 169,852	\$ -	\$ 169,852	\$ 169,852	\$ -	\$ 169,852	\$ -	\$ -	\$ -
307	Non-Deductible Club Dues		\$ 292,230	\$ (292,230)	\$ -	\$ 292,230	\$ (292,230)	\$ -	\$ -	\$ -	\$ -
308	Non-Deductible Political Contributions		\$ 20,400	\$ (20,400)	\$ -	\$ 20,400	\$ (20,400)	\$ -	\$ -	\$ -	\$ -
309	Non-Deductible Lobbying Expense		\$ 80,000	\$ (80,000)	\$ -	\$ 80,000	\$ (80,000)	\$ -	\$ -	\$ -	\$ -
310	Non-Deductible Fines and Penalties		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
311	AFUDC Equity/ AFUDC Equity-Depreciation		\$ (98,517)	\$ 142,619	\$ 44,102	\$ (98,517)	\$ 142,619	\$ 44,102	\$ -	\$ -	\$ -
312	Total Tax/Book Adjustments		\$ 463,965	\$ (250,011)	\$ 213,954	\$ 463,965	\$ (250,011)	\$ 213,954	\$ -	\$ -	\$ -
313	Total Return Adjustments		\$ (13,825,035)	\$ (250,011)	\$ (14,075,046)	\$ (12,465,035)	\$ (250,011)	\$ (12,715,046)	\$ 1,360,000	\$ -	\$ 1,360,000
314	Net Taxable Income		\$ 44,631,614	\$ (4,219,959)	\$ 40,411,655	\$ 40,377,321	\$ (3,839,066)	\$ 36,538,255	\$ (4,254,294)	\$ 380,893	\$ (3,873,400)
315	Federal Tax Factor (21%/(1-21%))		26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%
316	Federal Income Tax		\$ 11,864,100	\$ (1,121,761)	\$ 10,742,339	\$ 10,733,212	\$ (1,020,511)	\$ 9,712,701	\$ (1,130,888)	\$ 101,250	\$ (1,029,638)
	Add:										
	Amortization of Excess Deferred Federal Income Taxes		\$ (721,396)	\$ -	\$ (721,396)	\$ (721,396)	\$ -	\$ (721,396)	\$ -	\$ -	\$ -
317											
318	Net Allowable Federal Income Tax		\$ 11,142,704	\$ (1,121,761)	\$ 10,020,943	\$ 10,011,816	\$ (1,020,511)	\$ 8,991,304	\$ (1,130,888)	\$ 101,250	\$ (1,029,638)
319	<u>State Income Tax</u>										
320	Return on Rate Base		\$ 58,456,650	\$ (3,969,948)	\$ 54,486,702	\$ 52,842,356	\$ (3,589,055)	\$ 49,253,301	\$ (5,614,294)	\$ 380,893	\$ (5,233,400)
321	Total Return Adjustments		\$ (13,825,035)	\$ (250,011)	\$ (14,075,046)	\$ (12,465,035)	\$ (250,011)	\$ (12,715,046)	\$ 1,360,000	\$ -	\$ 1,360,000
322	Net Allowable Federal Income Tax		\$ 11,142,704	\$ (1,121,761)	\$ 10,020,943	\$ 10,011,816	\$ (1,020,511)	\$ 8,991,304	\$ (1,130,888)	\$ 101,250	\$ (1,029,638)
323	State Taxable Income		\$ 55,774,318	\$ (5,341,720)	\$ 50,432,598	\$ 50,389,137	\$ (4,859,577)	\$ 45,529,559	\$ (5,385,182)	\$ 482,143	\$ (4,903,038)
324	State Tax Factor (5.57%/(1-5.57%))		5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	0.00%	0.00%	0.00%
325	State Income Tax		\$ 3,289,876	\$ (315,084)	\$ 2,974,792	\$ 2,972,228	\$ (286,645)	\$ 2,685,583	\$ (317,648)	\$ 28,439	\$ (289,208)
	Add: Amortization of Excess Deferred State Income Taxes		\$ (39,981)	\$ -	\$ (39,981)	\$ (39,981)	\$ -	\$ (39,981)	\$ -	\$ -	\$ -
326											
327	Net Allowable State Income Tax		\$ 3,249,895	\$ (315,084)	\$ 2,934,811	\$ 2,932,247	\$ (286,645)	\$ 2,645,603	\$ (317,648)	\$ 28,439	\$ (289,208)

NEW MEXICO GAS COMPANY, INC.

STIPULATION COST OF SERVICE RECONCILIATION

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			Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	Future Test Year Ending 12/31/2021	Test Period Adjustments	Adjusted Future Test Year Ending 12/31/2021	
328	Revenue Credits											
329	NGV Gas Sales Margin	493	\$ (2,105)	\$ -	\$ (2,105)	\$ (2,105)	\$ -	\$ (2,105)	\$ -	\$ -	\$ -	\$ -
330	Discounted On-System Transportation	489	\$ (2,949,275)	\$ -	\$ (2,949,275)	\$ (2,949,275)	\$ -	\$ (2,949,275)	\$ -	\$ -	\$ -	\$ -
331	NGV Transportation Revenues	489	\$ (71,131)	\$ -	\$ (71,131)	\$ (71,131)	\$ -	\$ (71,131)	\$ -	\$ -	\$ -	\$ -
332	Placeholder		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
333	Miscellaneous Transportation Revenue	489	\$ (7,900)	\$ -	\$ (7,900)	\$ (7,900)	\$ -	\$ (7,900)	\$ -	\$ -	\$ -	\$ -
334	Late Payment Charges	488	\$ (322,411)	\$ -	\$ (322,411)	\$ (322,411)	\$ -	\$ (322,411)	\$ -	\$ -	\$ -	\$ -
335	Miscellaneous Service Revenues	488	\$ (5,739,247)	\$ -	\$ (5,739,247)	\$ (5,739,247)	\$ -	\$ (5,739,247)	\$ -	\$ -	\$ -	\$ -
336	Other Operating Revenues	493	\$ (727,622)	\$ -	\$ (727,622)	\$ (727,622)	\$ -	\$ (727,622)	\$ -	\$ -	\$ -	\$ -
337	Total Revenue Credits		\$ (9,819,691)	\$ -	\$ (9,819,691)	\$ (9,819,691)	\$ -	\$ (9,819,691)	\$ -	\$ -	\$ -	\$ -
338	SUMMARY											
339	Return on Rate Base		\$ 58,456,650	\$ (3,969,948)	\$ 54,486,702	\$ 52,842,356	\$ (3,589,055)	\$ 49,253,301	\$ (5,614,294)	\$ 380,893	\$ (5,233,400)	
	Total Operating Expenses (Excl Income and Revenue Related Taxes)		\$ 146,009,136	\$ -	\$ 146,009,136	\$ 143,873,788	\$ -	\$ 143,873,788	\$ (2,135,349)	\$ -	\$ (2,135,349)	
340	Net Allowable Federal Income Tax		\$ 11,142,704	\$ (1,121,761)	\$ 10,020,943	\$ 10,011,816	\$ (1,020,511)	\$ 8,991,304	\$ (1,130,888)	\$ 101,250	\$ (1,029,638)	
341	Net Allowable State Income Tax		\$ 3,249,895	\$ (315,084)	\$ 2,934,811	\$ 2,932,247	\$ (286,645)	\$ 2,645,603	\$ (317,648)	\$ 28,439	\$ (289,208)	
342	Revenue Credits		\$ (9,819,691)	\$ -	\$ (9,819,691)	\$ (9,819,691)	\$ -	\$ (9,819,691)	\$ -	\$ -	\$ -	
343	Total Revenue Requirement Before Revenue Tax		\$ 209,038,694	\$ (5,406,793)	\$ 203,631,900	\$ 199,840,516	\$ (4,896,211)	\$ 194,944,305	\$ (9,198,178)	\$ 510,583	\$ (8,687,595)	
344	Revenue Tax Factor (I&S Fee) (0.506%/(1-0.506%))		0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.00%	0.00%	0.00%	
345	Revenue Tax		\$ 1,063,115	\$ (27,498)	\$ 1,035,618	\$ 1,016,336	\$ (24,901)	\$ 991,435	\$ (46,779)	\$ 2,597	\$ (44,183)	
346	Cost of Service Revenue Requirement		\$ 210,101,809	\$ (5,434,291)	\$ 204,667,518	\$ 200,856,851	\$ (4,921,111)	\$ 195,935,740	\$ (9,244,957)	\$ 513,179	\$ (8,731,778)	
347	Cost of Service Revenues at Existing Rates				191,435,740			191,435,740				
348	Revenue Deficiency				\$ (13,231,778)			\$ (4,500,000)				

* The Settlement Stipulation includes the following: ROE of 9.375%, Capital Structure of 52% equity / 48% debt, and "blackbox" adjustments to the cost of debt, O&M, and associated income and revenue taxes to arrive at the agreed upon increase in base revenues of \$4.5 million. NMGC Witness Blotter testifies to these adjustments in her testimony in support of the Stipulation.

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-1

Line No.	Description	Adjusted Test Period As Filed	Stipulated Adjustments*	Stipulated Test Period*
1	Other Gas Supply Expenses	\$ 1,666,535	\$ -	\$ 1,666,535
2	Other Operations & Maintenance	88,406,577	(2,135,349)	86,271,228
3	Depreciation & Amortization	41,361,669	-	41,361,669
4	Miscellaneous Interest	1,251,126	-	1,251,126
5	Taxes Other Than Income	13,323,229	-	13,323,229
6	Income Taxes	12,955,753	(1,318,846)	11,636,907
7	Return on Rate Base	54,486,702	(5,233,400)	49,253,301
8	Revenue Credits	(9,819,691)	-	(9,819,691)
9	Revenue Tax	1,035,618	(44,183)	991,435
10	Total Cost of Service	204,667,518	(8,731,778)	195,935,740
11	Cost of Service Revenues at Existing Rates	191,435,740	-	191,435,740
12	Revenue Deficiency	\$ 13,231,778	\$ (8,731,778)	\$ 4,500,000

* The Settlement Stipulation includes the following: ROE of 9.375%, Capital Structure of 52% equity / 48% debt, and "blackbox" adjustments to the cost of debt, O&M, and associated income and revenue taxes to arrive at the agreed upon increase in base revenues of \$4.5 million. NMGC Witness Blotter testifies to these adjustments in her testimony in support of the Stipulation.

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-2

Test Period Revenues at Existing Rates

Line No.	Rate Schedule	Cost of Gas	Cost of Service	Natural Gas		Other	Total
				Processed By Others	Product Extraction		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	10	\$ 80,881,051	\$ 143,959,100	\$ -	\$ -	\$ -	\$ 224,840,151
2	30	1,407,865	535,302	-	-	-	1,943,167
3	31	-	25,486	-	-	-	25,486
4	35	-	-	-	-	-	-
5	37	-	2,103	-	-	-	2,103
6	39	13,961	69,662	-	-	-	83,623
7	54	25,493,807	35,700,370	-	-	-	61,194,178
8	56	1,736,661	4,982,801	-	-	-	6,719,461
9	58	1,279,695	3,550,459	-	-	-	4,830,154
10	61	-	402,530	-	-	-	402,530
11	70	-	1,304,944	-	-	-	1,304,944
12	114	-	546,997	-	-	-	546,997
13	Other	-	-	-	-	10,175,678	10,175,678
14	Total	\$ 110,813,041	\$ 191,079,753	\$ -	\$ -	\$ 10,175,678	\$ 312,068,472

Test Period Revenues at Proposed Rates

Line No.	Rate Schedule	Cost of Gas	Cost of Service	Natural Gas		Other	Total
				Processed By Others	Product Extraction		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
15	10	\$ 80,881,051	\$ 147,349,391	\$ -	\$ -	\$ -	\$ 228,230,442
16	30	1,407,865	541,605	-	-	-	1,949,470
17	31	-	25,786	-	-	-	25,786
18	35	-	-	-	-	-	-
19	37	-	2,161	-	-	-	2,161
20	39	13,961	71,561	-	-	-	85,522
21	54	25,493,807	36,541,127	-	-	-	62,034,935
22	56	1,736,661	5,100,147	-	-	-	6,836,808
23	58	1,279,695	3,634,074	-	-	-	4,913,768
24	61	-	413,503	-	-	-	413,503
25	70	-	1,340,519	-	-	-	1,340,519
26	114	-	559,879	-	-	-	559,879
27	Other	-	-	-	-	10,175,678	10,175,678
28	Total	\$ 110,813,041	\$ 195,579,753	\$ -	\$ -	\$ 10,175,678	\$ 316,568,472

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-2

Amount of Revenue Increase							
Line No.	Rate Schedule	Cost of Gas	Cost of Service	Natural Gas		Other	Total
				Processed By Others	Product Extraction		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	10	\$ -	\$ 3,390,291	\$ -	\$ -	\$ -	\$ 3,390,291
2	30	-	6,303	-	-	-	6,303
3	31	-	300	-	-	-	300
4	35	-	-	-	-	-	-
5	37	-	57	-	-	-	57
6	39	-	1,899	-	-	-	1,899
7	54	-	840,757	-	-	-	840,757
8	56	-	117,347	-	-	-	117,347
9	58	-	83,615	-	-	-	83,615
10	61	-	10,974	-	-	-	10,974
11	70	-	35,575	-	-	-	35,575
12	114	-	12,882	-	-	-	12,882
13	Other	-	-	-	-	-	-
14	Total	\$ -	\$ 4,500,000	\$ -	\$ -	\$ -	\$ 4,500,000

Percentage Increase (Decrease)							
Line No.	Rate Schedule	Cost of Gas	Cost of Service	Natural Gas		Other	Total
				Processed By Others	Product Extraction		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
15	10	0.00%	2.36%	0.00%	0.00%	0.00%	1.51%
16	30	0.00%	1.18%	0.00%	0.00%	0.00%	0.32%
17	31	0.00%	1.18%	0.00%	0.00%	0.00%	1.18%
18	35	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	37	0.00%	2.73%	0.00%	0.00%	0.00%	2.73%
20	39	0.00%	2.73%	0.00%	0.00%	0.00%	2.27%
21	54	0.00%	2.36%	0.00%	0.00%	0.00%	1.37%
22	56	0.00%	2.36%	0.00%	0.00%	0.00%	1.75%
23	58	0.00%	2.36%	0.00%	0.00%	0.00%	1.73%
24	61	0.00%	2.73%	0.00%	0.00%	0.00%	2.73%
25	70	0.00%	2.73%	0.00%	0.00%	0.00%	2.73%
26	114	0.00%	2.36%	0.00%	0.00%	0.00%	2.36%
27	Total	0.00%	2.36%	0.00%	0.00%	0.00%	1.44%

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-3

Line No.	Description	Stipulated Adjustments*
1	Fuel Related	\$ -
2	Transmission	-
3	Distribution	-
4	Customer-Related	-
5	Administrative & General	(2,135,349)
6	Depreciation & Amortization	-
7	General Taxes	-
8	Other Allowable Expenses	-
9	Income Taxes	(1,318,846)
10	Return on Rate Base	(5,233,400)
11	Revenue Credits	-
12	Revenue Tax	(44,183)
13	Total Cost of Service	\$ (8,731,778)

* The Settlement Stipulation includes the following: ROE of 9.375%, Capital Structure of 52% equity / 48% debt, and "blackbox" adjustments to the cost of debt, O&M, and associated income and revenue taxes to arrive at the agreed upon increase in base revenues of \$4.5 million. NMGC Witness Blotter testifies to these adjustments in her testimony in support of the Stipulation.

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-4

TEST PERIOD

Line No.	Description	Test Period As Filed	Stipulated Adjustments*	Stipulated Test Period
	Net Plant in Service:			
1	Transmission	\$ 307,630,961	\$ -	\$ 307,630,961
2	Distribution	384,412,301	-	384,412,301
3	General and Intangible	98,626,113	-	98,626,113
4	Total Net Plant	790,669,375	-	790,669,375
5	Accumulated Deferred Income			
6	Taxes	(67,820,861)	-	(67,820,861)
7				
8	Regulatory Assets and Liabilities	(27,165,807)	-	(27,165,807)
9				
10	Other Rate Base Items	32,165,161	-	32,165,161
11				
12	Working Capital:			
13	Natural Gas Storage	3,230,299	-	3,230,299
14	Materials and Supplies	3,581,908	-	3,581,908
15	Prepayments	3,532,613	-	3,532,613
16	Cash Working Capital	3,243,722	-	3,243,722
17	Total Working Capital	13,588,542	-	13,588,542
18				
19	Total Rate Base	\$ 741,436,410	\$ -	\$ 741,436,410

* The adjustments reflected in Schedules A-1 and A-3 attached to this Stipulation result in a net increase to rate base of approximately \$153,000 which correlates to an increase in the revenue requirement of approximately \$26,000. Given the agreed to settlement value of \$4.5 million, this \$26,000 is reflected in the Stipulated Adjustment column of Stipulation Schedule A-1 as part of the O&M adjustment and not in the rate base values shown above.

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE A-5

Line No.	Class of Capital	Capital Ratio	Effective Rate	Weighted Average Cost of Capital
<u>TEST PERIOD</u>				
1	Long-Term Debt	46.00%	4.02%	1.85%
2	Common Equity	54.00%	10.20%	5.51%
3	Total	100.00%		7.36%
4				
5	<u>STIPULATED TEST PERIOD</u>			
6	Long-Term Debt	48.00%	3.70%	1.78%
7	Common Equity	52.00%	9.375%	4.88%
8	Total	100.00%		6.65%

NEW MEXICO GAS COMPANY, INC.

630 SCHEDULE G-3

Line No.	Issue Date	Maturity Date	Interest Rate	Principal Amount at Issue Date	Costs Associated with Debt (in thousands)	Net Principal Amount	Interest Expense	Term	Amortization of Debt-Related Costs	Effective Cost of Debt
(in thousands)										
TEST PERIOD										
1	09/02/14	07/30/26	3.540%	70,000	544	69,679	2,478	12	45	2,523
2	12/19/2019	12/15/2049	3.720%	80,000	800	79,264	2,976	30	27	3,003
3	12/19/2019	12/15/2034	3.240%	15,000	150	14,850	486	15	10	496
4	02/08/11	02/08/21	4.870%	200,000	2,116	199,647	9,740	10	212	9,952
5	Total Long-Term Debt Before Refi			365,000	3,610	363,440	15,680		294	15,974
6										4.40%
8	2/8/2021	2/8/2051	4.100%	200,000	2,000	198,061	8,200	30	67	8,267
9	Total Long-Term Debt After Refi			365,000	3,494	361,854	14,140		149	14,289
11	Senior Unsecured Notes - Effective Cost of Debt Rate for the Test Period, including 13-month averaging									4.02%

Line No.	Issue Date	Maturity Date	Interest Rate	Principal Amount at Issue Date	Costs Associated with Debt	Net Principal Amount	Interest Expense	Term	Amortization of Debt-Related Costs	Effective Cost of Debt
(in thousands)										
STIPULATED TEST PERIOD										
1	09/02/14	07/30/26	3.540%	70,000	544	69,679	2,478	12	45	2,523
2	12/19/2019	12/15/2049	3.720%	80,000	800	79,264	2,976	30	27	3,003
3	12/19/2019	12/15/2034	3.240%	15,000	150	14,850	486	15	10	496
4	02/08/11	02/08/21	4.870%	200,000	2,116	199,647	9,740	10	212	9,952
5	Total Long-Term Debt Before Refi			365,000	3,610	363,440	15,680		294	15,974
6										4.40%
8	2/8/2021	2/8/2051	3.420%	200,000	2,000	198,061	6,840	30	67	6,907
9	Total Long-Term Debt After Refi			365,000	3,494	361,854	12,780		149	12,929
11	Senior Unsecured Notes - Effective Cost of Debt Rate for the Stipulated Test Period, including 13-month averaging									3.70%

New Mexico Gas Company, Inc.

Allocation of Proposed Revenue Increase to Base Rates

Line No.	Rate Class (A)	Current Base Revenue (B)	Proposed Increase (C)	Proposed Base Revenues (D)	Percent Change Base Revenues (E)
1	Rate Class Revenues				
2	Rate 10 - Residential	\$ 143,959,100	\$ 3,390,291	\$ 147,349,391	2.355%
3	Rate 30 - Irrigation Service	\$ 535,302	\$ 6,303	\$ 541,605	1.178%
4	Rate 31 - Water and Sewer Pumping Service	\$ 25,486	\$ 300	\$ 25,786	1.178%
5	Rate 35 - Cogeneration Service	\$ -	\$ -	\$ -	0.000%
6	Rate 37 - Gas Air Conditioning Service	\$ 2,103	\$ 57	\$ 2,161	2.726%
7	Rate 39 - Compressed Natural Gas Vehicle Fuel	\$ 69,662	\$ 1,899	\$ 71,561	2.726%
8	Rate 54 - Small General Service	\$ 35,700,370	\$ 840,757	\$ 36,541,127	2.355%
9	Rate 56 - Medium General Service	\$ 4,982,801	\$ 117,347	\$ 5,100,147	2.355%
10	Rate 58 - Large General Service	\$ 3,550,459	\$ 83,615	\$ 3,634,074	2.355%
11	Rate 61 - Sales for Resale Service	\$ 402,530	\$ 10,974	\$ 413,503	2.726%
12	Rate 70 - Off-System Transportation	\$ 1,304,944	\$ 35,575	\$ 1,340,519	2.726%
13	Rate 114 - District Energy System Service	\$ 546,997	\$ 12,882	\$ 559,879	2.355%
14	TOTAL	\$ 191,079,753	\$ 4,500,000	\$ 195,579,753	2.355%

New Mexico Gas Company, Inc.

Base Rates and Revenues at Present and Proposed Rates

Line No.	Current Rate (A)	Test Year Billing Units (B)	Current Charge (C)	Current Revenue (D)	Proposed Charge (E)	Proposed Revenue (F)	Base Revenue Increase (G)	1/
1	Rate 10 - Residential							
2	Access Charge	6,007,791	\$ 11.65	\$ 69,990,762	\$ 12.00	\$ 72,093,488	3.0%	
3	Transmission	314,855,506	\$ 0.0634	\$ 19,961,839	\$ 0.0675	\$ 21,252,747	6.5%	
4	Distribution	325,144,485	\$ 0.1661	\$ 54,006,499	\$ 0.1661	\$ 54,006,499	0.0%	
5	TOTAL Rate 10 BASE REVENUE			<u>\$ 143,959,100</u>		<u>\$ 147,352,734</u>	<u>2.4%</u>	
6	Rate 30 - Irrigation Service							
7	Access Charge	5,452	\$ 33.65	\$ 183,472	\$ 34.80	\$ 189,742	3.4%	
8	Transmission	2,826,503	\$ 0.0381	\$ 107,690	\$ 0.0381	\$ 107,690	0.0%	
9	Distribution	6,493,095	\$ 0.0376	\$ 244,140	\$ 0.0376	\$ 244,140	0.0%	
10	TOTAL Rate 30 BASE REVENUE			<u>\$ 535,302</u>		<u>\$ 541,572</u>	<u>1.2%</u>	
11	Rate 31 - Water and Sewage Pumping							
12	Access Charge - < 200,000 Therms	158	\$ 100.00	\$ 15,775	\$ 101.90	\$ 16,075	1.9%	
13	Access Charge - > 200,000 Therms	-	\$ 175.00	\$ -	\$ 175.00	\$ -	0.0%	
14	Transmission	107,775	\$ 0.0439	\$ 4,731	\$ 0.0439	\$ 4,731	0.0%	
15	Distribution	107,775	\$ 0.0462	\$ 4,979	\$ 0.0462	\$ 4,979	0.0%	
16	TOTAL Rate 31 BASE REVENUE			<u>\$ 25,486</u>		<u>\$ 25,785</u>	<u>1.2%</u>	

New Mexico Gas Company
Base Rates and Revenues at Present and Proposed Rates

Line No.	Current Rate (A)	Test Year Billing Units (B)	Current Charge (C)	Current Revenue (D)	Proposed Charge (E)	Proposed Revenue (F)	Base Revenue Increase (G)	1/
1	Rate 35 - Cogeneration							
2	Access Charge - < 45,0,000 Therms	-	\$ 55.00	\$ -	\$ 55.00	\$ -	0.0%	
3	Access Charge - > 450,000 Therms	-	\$ 350.00	\$ -	\$ 350.00	\$ -	0.0%	
4	Transmission	-	\$ 0.0329	\$ -	\$ 0.0337	\$ -	0.0%	
5	Distribution	-	\$ 0.0768	\$ -	\$ 0.0786	\$ -	0.0%	
6	TOTAL Rate 35 BASE REVENUE			<u>\$ -</u>		<u>\$ -</u>	<u>0.0%</u>	
7	Rate 37 -Gas Air Conditioning							
8	Access Charge	12	\$ 17.75	\$ 213	\$ 19.40	\$ 233	9.3%	
9	Transmission	-	\$ 0.0259	\$ -	\$ 0.0259	\$ -	0.0%	
10	Distribution	56,769	\$ 0.0333	\$ 1,890	\$ 0.0340	\$ 1,930	2.1%	
11	TOTAL Rate 37 BASE REVENUE			<u>\$ 2,103</u>		<u>\$ 2,163</u>	<u>2.8%</u>	
12	Rate 39 - Compressed Natural Gas Vehicle Fuel Service							
13	Access Charge	-	\$ -	\$ -	\$ -	\$ -	0.0%	
14	Transmission	-	\$ -	\$ -	\$ -	\$ -	0.0%	
15	Distribution	1,393,236	\$ 0.0500	\$ 69,662	\$ 0.0514	\$ 71,612	2.8%	
16	TOTAL Rate 39 BASE REVENUE			<u>\$ 69,662</u>		<u>\$ 71,612</u>	<u>2.8%</u>	

New Mexico Gas Company
Base Rates and Revenues at Present and Proposed Rates

Line No.	Current Rate (A)	Test Year Billing Units (B)	Current Charge (C)	Current Revenue (D)	Proposed Charge (E)	Proposed Revenue (F)	Base Revenue Increase (G)	1/
1	Rate 54 - Small Volume General Service							
2	Access Charge	491,999	\$ 22.78	\$ 11,207,732	\$ 23.50	\$ 11,561,971	3.2%	
3	Transmission	161,384,900	\$ 0.0707	\$ 11,409,912	\$ 0.0737	\$ 11,894,067	4.2%	
4	Distribution	166,024,439	\$ 0.0788	\$ 13,082,726	\$ 0.0788	\$ 13,082,726	0.0%	
5	TOTAL Rate 54 BASE REVENUE			<u>\$ 35,700,370</u>		<u>\$ 36,538,764</u>	<u>2.3%</u>	
6	Rate 56 - Medium Volume General Service							
7	Access Charge	1,154	\$ 100.00	\$ 115,384	\$ 109.00	\$ 125,769	9.0%	
8	Transmission	47,833,156	\$ 0.0544	\$ 2,602,124	\$ 0.0564	\$ 2,697,790	3.7%	
9	Distribution	43,731,514	\$ 0.0518	\$ 2,265,292	\$ 0.0521	\$ 2,278,412	0.6%	
10	TOTAL Rate 56 BASE REVENUE			<u>\$ 4,982,801</u>		<u>\$ 5,101,971</u>	<u>2.4%</u>	
11	Rate 58 - Large Volume General Service							
12	Access Charge	156	\$ 1,240.00	\$ 192,885	\$ 1,240.00	\$ 192,885	0.0%	
13	Transmission	50,409,368	\$ 0.0492	\$ 2,480,141	\$ 0.0492	\$ 2,480,141	0.0%	
14	Distribution	23,778,665	\$ 0.0369	\$ 877,433	\$ 0.0404	\$ 960,658	9.5%	
15	TOTAL Rate 58 BASE REVENUE			<u>\$ 3,550,459</u>		<u>\$ 3,633,684</u>	<u>2.3%</u>	

New Mexico Gas Company
Base Rates and Revenues at Present and Proposed Rates

Line No.	Current Rate (A)	Test Year Billing Units (B)	Current Charge (C)	Current Revenue (D)	Proposed Charge (E)	Proposed Revenue (F)	Base Revenue Increase (G)	1/
1	Rate 61 - Sales for Resale							
2	Access Charge	72	\$ 2,000.00	\$ 144,000	\$ 2,000.00	\$ 144,000	0.0%	
3	Transmission	9,981,842	\$ 0.0259	\$ 258,530	\$ 0.0270	\$ 269,510	4.2%	
4	Distribution	-	\$ -	\$ -	\$ -	\$ -	0.0%	
5	TOTAL Rate 61 BASE REVENUE			<u>\$ 402,530</u>		<u>\$ 413,510</u>	<u>2.7%</u>	
6	Rate 70 - Offsystem Transportation							
7	Access Charge	-	\$ -	\$ -	\$ -	\$ -	0.0%	
8	Transmission	66,240,829	\$ 0.0197	\$ 1,304,944	\$ 0.0202	\$ 1,338,065	2.5%	
9	Distribution	-	\$ -	\$ -	\$ -	\$ -	0.0%	
10	TOTAL Rate 70 BASE REVENUE			<u>\$ 1,304,944</u>		<u>\$ 1,338,065</u>	<u>2.5%</u>	
11	Rate 114 - District Energy System Service							
12	Access Charge	12	\$ 1,250.00	\$ 15,000	\$ 1,250.00	\$ 15,000	0.0%	
13	Transmission	7,800,541	\$ 0.0342	\$ 266,779	\$ 0.0356	\$ 277,699	4.1%	
14	Distribution	7,800,541	\$ 0.0340	\$ 265,218	\$ 0.0342	\$ 266,779	0.6%	
15	TOTAL Rate 114 BASE REVENUE			<u>\$ 546,997</u>		<u>\$ 559,478</u>	<u>2.3%</u>	

**New Mexico Gas Company
Base Rates and Revenues at Present and Proposed Rates**

<u>Line No.</u>	<u>Current Rate</u> (A)	<u>Test Year Billing Units</u> (B)	<u>Current Charge</u> (C)	<u>Current Revenue</u> (D)	<u>Proposed Charge</u> (E)	<u>Proposed Revenue</u> (F)	<u>Base Revenue Increase</u> (G)	1/
1	TOTAL REVENUE			<u>\$ 191,079,753</u>		<u>\$ 195,579,338</u>		

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

New Mexico Gas Company, Inc.

Typical Bill Impacts

All rates other than Access Fees, Transmission Fees and Distribution Fees are as of the filing date of the Rate Case (Case Number 19-00317-UT) and are subject to change.

Line No.	Monthly Therms (A)	Monthly Bill at Present Rates (B)	Monthly Bill at Proposed Rates (C)	Increase (D)	Percentage Increase (E)
1	<u>Residential Bill Impacts</u>				
2	30	\$ 29.58	\$ 30.11	\$ 0.53	1.8%
3	35	\$ 32.34	\$ 32.89	\$ 0.55	1.7%
4	40	\$ 35.09	\$ 35.66	\$ 0.57	1.6%
5	45	\$ 37.85	\$ 38.44	\$ 0.59	1.6%
6	50	\$ 40.61	\$ 41.22	\$ 0.62	1.5%
7	55	\$ 43.36	\$ 44.00	\$ 0.64	1.5%
8	60	\$ 46.12	\$ 46.78	\$ 0.66	1.4%
9	65	\$ 48.87	\$ 49.56	\$ 0.69	1.4%
10	70	\$ 51.63	\$ 52.34	\$ 0.71	1.4%
11		<u>Present</u>	<u>Proposed</u>		
12	Rates:				
13	Monthly Access Fee	\$ 11.65	\$ 12.00	per month	
14	Residential Transmission	\$ 0.0634	\$ 0.0675	per therm	
15	Residential Distribution	\$ 0.1661	\$ 0.1661	per therm	
16	Rate Rider 14	\$ -	\$ -	per therm	
17	Rate Rider 15	\$ 0.0116	\$ 0.0116	per therm	
18	Cost of Gas	\$ 0.2550	\$ 0.2550	per therm	
19	Pipeline Safety Fee	\$ 0.0900	\$ 0.0900	per month	
20	Franchise Fee	3.00%	3.00%	percent	
21	Gross Receipts	7.875%	7.875%	percent	

New Mexico Gas Company, Inc.
Current Discounted Rates for Transportation Services

Name	Discount Rate No.	Circumstance of Discount	Discount Rate, Other Charges and Commitments
Frontier Field Services - Maljamar Plant	Original 701	Increase Throughput	\$ 0.10/MMBtu; 1% Fuel and Losses; 3 Year Annual Volume Commitment of 1,825,000 MMBtu/Year
Compania de Autobastecedores de Gas Natural de San Jeromino, S.A. de C.V.	1st Revised 702	Border Crossing	WTG TRN 39897; \$2000/mo. - Access Fee Waived until ave. monthly volumes exceed 15,000 MMBtu for 6 consecutive months; \$0.0241/therm
Kolb Meyer Bioenergy NM 1, LLC	Original 703	Increase Throughput; Bypass Potential	Rate 70; off system \$0.192/MMBtu; .45% Fuel; pipeline grade quality biogas
HollyFrontier Refinery and Marketing, LLC	2nd Revised 706	Prevent Bypass and Increase Throughput	\$0.11/MMBtu 1st year; with \$0.005/MMBtu increase per year for Yr. 2, 3 & 4; endig @ \$0.125/MMBtu for remainder of term; \$0.07/MMBtu over monthly average 20,000 MMBtu/day min. obligation
Western Bloomfield Refining Company (formerly Giant Industries)	1st Revised 708	Prevent Bypass	\$ 0.12/MMBtu; 1% Fuel and Losses; \$1,000 Monthly Access Fee
City of Farminton - Animas and Bluffview Power Plants	1st Revised 741	Prevent Bypass and Increase Throughput	\$ 0.10/MMBtu; .15% Fuel and Losses; Annual Volume Commitment of 5,475,000 MMBtu
Mosaic Potash (formerly IMC Potash)	1st Revised 742	Prevent Bypass	\$ 0.15/MMBtu; 1% Fuel and Losses; \$1,000 Monthly Access Fee
PNM - Reeves 1, 2, & 3; and Rio Bravo Generation Plants	5th Revised 817	Increase Throughput	\$0.851/MMBtu - Loadside; \$0.25/MMBtu - Market Rate \$1200 per month Access Fee for each Plant
Western Ciniza Refining Company (formerly Giant Industries)	1st Revised 819	Prevent Bypass	\$ 0.12/MMBtu; 1% Fuel and Losses

**NEW MEXICO GAS COMPANY
FOURTH REVISED RATE NO. 11
CANCELING THIRD REVISED RATE NO. 11**

MISCELLANEOUS FEES AND CHARGES

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AVAILABILITY

The following fees and charges are applicable to any Customer who is rendered any of the services described in this Rate.

TERRITORY

All of the Company's service areas.

RATES

A. Turn-On Fee:

- | | | |
|----------------------------------|---|--|
| 1. Premium Service | | |
| i. Residential | \$112.50 | |
| 2. During Regular Business Hours | | |
| i. Residential | \$ 75.00 | |
| ii. Non-Residential | Applicable hourly Technical Services Labor Rate (one hour minimum) | |
| 3. After Regular Business Hour | | |
| i. Residential | One and one-half times applicable hourly Technical Services Labor Rate (one hour minimum) | |
| ii. Non-Residential | One and one-half times applicable hourly Technical Services Labor Rate (one hour minimum) | |

B. Read-in Fee \$ 40.00

C. Return Payment Fee \$ 15.00 x

D. Collection charge away from Company's established Office \$ 11.00

E. Tampering Penalty \$250.00 First offense x
\$500.00 Thereafter x

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Nicole Strauser
Associate General Counsel

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**NEW MEXICO GAS COMPANY
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CANCELING THIRD REVISED RATE NO. 11**

MISCELLANEOUS FEES AND CHARGES

F. Special charge for testing Customer's meter as provided in Company Rule No. 11(b):

<u>Type of Meter</u>	<u>Service Charge</u>
1. Positive displacement meter with a capacity of:	
a. 300 cubic feet per hour or less	\$38.00
b. 301 cubic feet per hour or more	\$63.00
2. Orifice meter	\$63.00

G. Technical Services Labor Rates (using hand tools only)
Includes services such as furnace light and check and other services on the Customers' side of the meter.

<u>Unit of Time</u>	1 Person, 1 Truck, <u>Tools</u>	2 Person, 1 Truck, <u>Tools</u>
1 Hour	\$ 75.00	\$135.00
1 Hour, 30 Min.	\$112.50	\$202.50
2 Hours	\$150.00	\$270.00
Each Additional 30 Minutes Time Unit	\$ 37.50	\$ 67.50

Work performed at a time other than regular business hours will be billed at one and one-half times the applicable hourly Technical Services Labor Rate (listed above) with a one-hour minimum charge.

H. Construction & Maintenance Labor Rates (using heavy machinery)
Includes services such as meter moves, service-lines, excess-flow valve installation.

1. For each work order processed a \$75.00 charge will be imposed.

<u>Unit of Time</u>	2 Person, 1 Truck, <u>Tools</u>	3 Person, 1 Truck, <u>Tools</u>
1 Hour	\$135.00	\$200.00
1 Hour, 30 Min.	\$202.50	\$300.00
2 Hours	\$270.00	\$400.00
Each Additional 30 Minutes Time Unit	\$ 67.50	\$100.00

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Work performed at a time other than regular business hours will be billed at one and one-half times the applicable hourly Construction and Maintenance Labor Rate (listed above) with a one-hour minimum charge.

3. There will be an additional charge to the Customer's invoice for services that require heavy machinery, such as:

	<u>Hourly Rate</u>		<u>Hourly Rate</u>
Trailers - All types	\$15.00	Motor Graders & Bulldozers	\$32.00
Trucks with Power Equipment	\$25.00	Welding Machines	\$12.00
Ditching/Trenching/ Digging Machines	\$55.00	Miscellaneous	\$ 7.00
Air Compressors	\$ 5.00	Lights, Generators, Pumps	\$ 7.00
Leak Detectors	\$ 6.00	Boring Machines/Underdaws	\$80.00

OTHER CONDITIONS

1. Any Customer who (1) is a member of a branch of the United States armed forces, the reserves or the New Mexico national guard, and (2) is deployed or on temporary military duty assignment outside the Customer's community for more than thirty (30) days, may suspend his or her utility service without penalty if the Customer certifies to the Company that:
- (i) Customer has orders to deploy or to be temporarily assigned outside the Customer's community;
 - (ii) The account is in the Customer's name;
 - (iii) Customer owns the residence where service is rendered or has a lease that does not preclude suspension of utilities; and
 - (iv) Customer's family members or other persons will not be staying in the residence during the time the Customer is deployed or temporarily assigned.

Upon return from deployment or temporary duty assignment, the Company shall not charge the Customer a Residential Turn-On Meter Order Fee or a Read-In Meter Order Fee to reinstate service to the Customer, at the Customer's prior address or a new address, during normal business hours.

If the Customer requests Premium Service Turn-On Order for Residential Service or After Regulator Business Hours for Residential Turn-On Order, the Customer shall only be charged the difference

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MISCELLANEOUS FEES AND CHARGES

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between the Residential Turn-On Meter Fee and the Premium Service Turn-On Order or the After Regular Business Hours for Residential Turn-On Order (whichever is applicable).

2. Services rendered at a Customer's premises during regular business hours will be billed at the applicable hourly labor rate plus any applicable taxes or fees. If the service requires the use of materials, supplies or specialized equipment, the actual cost of those materials, supplies or specialized equipment plus a fixed overhead fee of 50% will be added to the Customer's invoice.
3. Premium Service allows a Customer to schedule Turn-On Meter Order services for the same day, when that service would normally be performed the next day. Premium Service is billed at the one hour, thirty-minute hourly service for 1 Person, 1 Truck and Tools rates.
4. If the service requires the Company to contract for "outside" services not normally performed by the Company, the actual cost of those services will be added to the Customer's invoice.
5. If a Customer requests that work be done at the Customer's premises after regular business hours, the Company is authorized to charge one and one-half times the Company's applicable hourly labor rate. The Company is also authorized to charge other applicable fees and charges for the work done, including the actual cost of any materials or supplies plus a fixed overhead fee of 50% required to complete the work. Prior to the commencement of any work the Company shall provide the Customer with an estimate of the cost of the after-hours service.
6. If a Customer requests that work be done at the Customer's premises during regular business hours, but the work cannot be completed during regular business hours or the work cannot be performed until after regular business hours, the Company is authorized to charge one and one-half times the Company's applicable hourly labor rate for the work performed after regular business hours. Prior to the commencement of any after-hours work the Company shall provide the Customer with an estimate of the cost of the after-hours service.
7. If a Customer refuses to accept the additional charge associated with the after-hours services under either Other Conditions 3. or 4. above, then the work or service shall be performed during regular business hours in the order in which request for work or service shall have been received by the Company.

No fee, however, shall be charged in the following cases:

- (a) When the call is initiated by the Company itself.

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- (b) When the call is made as the result of the Customer's notice under Company Rule No. 6(e).
8. If the service requires the Company to make multiple trips to complete the work originally requested, the Company is authorized to charge the non-residential Customer (including residential developer/builder requesting service) the applicable hourly rate for the entire time spent to complete the service. This would include all travel time to the Customer's site.
9. Work is billed in thirty (30) minute units after a one-hour minimum charge, based upon the applicable hourly labor rates. Any portion of a thirty (30) minute interval worked will be billed as a complete unit.
- Example: a one-person job takes one (1) hour and twenty-five (25) minutes to complete. The Customer will be billed for the first three (3) units of work, (1 hour and 30 minutes) for a labor charge of \$112.50.
10. A one-hour minimum call charge will be applied to all after regular hour service which is performed at the Customer's request.
11. Whenever service is rendered to a Customer directly from a transmission line the Company is authorized to charge a non-refundable fee not to exceed actual cost payable in advance, to defray the Company's costs of making the connection and providing special equipment for removal of liquids from the gas. In addition, whenever the Company, under the provisions of the tariff of any of its pipeline suppliers, is required to pay a non-refundable connection charge to such supplier as a condition to receiving service through a tap on one of such supplier's gathering or transmission lines, the Company is authorized to collect a like charge from the Customer(s) to be served by the Company through such a tap. Prior to any work being authorized, the Customer will be advised of the Company's estimate of cost.
12. In cases of meter tampering, bypassing or diversion of a meter, the Customer will be assessed a Tampering Penalty for the first offense of \$250.00 and \$500.00 thereafter. In addition, the Customer will be charged the estimated gas usage at the applicable rate, including labor and the actual cost of any materials or supplies plus a fixed overhead fee of 50%. x
x
x
x
- Prior to the restoration of services, the Customer will be required to pay the Company all charges associated with the meter tampering, bypassing or diversion. x
x
13. The rates and charges set forth above may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees or charges Advice Notice No. xx

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(exclusive of ad valorem, state and Federal income taxes) payable by the Company and levied by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or any object or event incidental to the rendition of service.

14. Any amount for service under this Rate left unpaid thirty (30) days after the bill date is subject to a six hundred sixty-seven one-thousandths percent (0.667%) per month late payment charge.
15. Service under this Rate is subject to all applicable laws and orders, and to the Company's Rules and Regulations on file with the New Mexico Public Regulation Commission.

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NEW MEXICO GAS COMPANY
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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 Form No. 31 to a preexisting Form No. 46 (Residential and Small Volume End-Use Transportation Agreement), or from a Form No. 46 agreement to a pre-existing Form No. 31 agreement.

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)	Transportation Rate (\$/Therm)	
A. Rate 10	\$ 12.00	\$0.0675	\$0.1661		x
B. Rate 30	\$ 34.80	\$0.0381	\$0.0376	-	x
C. Rate 31 (Small)	\$ 101.90	\$0.0439	\$0.0462	-	x
(Large)	\$ 175.00				
D. Rate 35 (Small)	\$ 55.00	\$0.0337	\$0.0786	-	x
(Large)	\$ 350.00				
E. Rate 37	\$ 19.40	\$0.0259	\$0.0340	-	x
F. Rate 39	\$ 0.00	\$ -	\$ -	\$0.0514	x
G. Rate 54	\$ 23.50	\$0.0737	\$0.0788	-	x
H. Rate 56	\$ 109.00	\$0.0564	\$0.0521		x
I. Rate 58	\$1,240.00	\$0.0492	\$0.0404	-	x
J. Rate 61	\$2,000.00	\$0.0270	-		x
K. Rate 114	\$1,250.00	\$0.0356	\$0.0342	-	x
L. Non-NMGC End-Use	-	\$0.0202	-	-	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.

X
X
X

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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Nicole Strauser
Associate General Counsel

NEW MEXICO GAS COMPANY
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TRANSPORTATION SERVICE

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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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Nicole Strauser
Associate General Counsel

NEW MEXICO GAS COMPANY

**FIRST REVISED RATE NO. 39
CANCELING ORIGINAL RATE NO. 39**

COMPRESSED NATURAL GAS VEHICLE FUEL

x

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AVAILABILITY

Service under the Rate is available to any person who requests compressed natural gas (“CNG”) vehicle fuel services provided hereunder.

x

TERRITORY

All of the Company’s service areas.

RATES

1. Compressed Natural Gas Vehicle Fuel Rates:

x

- a. Basic Cost of Service Rate: During each monthly billing period, the rate for all gas delivered is \$0.0514 per therm. x
- b. Cost of Gas Component: The basic charges for cost of service shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Rider No. 4.
- c. Special Rate Adjustment: The basic charges shall be increased or reduced by the amounts indicated, as applicable to each particular area of service in the Special Rate Riders approved by the New Mexico Public Regulation Commission or its predecessor.

2. Optional Rates

x

The following charges shall apply to any Customer that elects to have the Company construct and operate a CNG refueling station on the Customer’s behalf:

x
x

- a. Station Investment Charge: During each monthly billing period, the rate for all gas delivered is \$0.2500 per therm. x
- b. Station Operating Charge: During each monthly billing period, the rate for all gas delivered is \$0.1591 per therm. x

x
x

- 3. 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 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 any object or event incidental to the rendition of service.

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Nicole Strauser
Associate General Counsel

NEW MEXICO GAS COMPANY

**FIRST REVISED RATE NO. 39
CANCELING ORIGINAL RATE NO. 39**

COMPRESSED NATURAL GAS VEHICLE FUEL

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- 4. Terms of Payment: All bills under this Rate are due and payable when rendered and become delinquent twenty (20) working days thereafter. Any amount left unpaid 30 days after the bill date is subject to a six hundred sixty-seven one thousandths percent (0.667%) late payment charge.

OPTIONAL STATION CONSTRUCTION AND OPERATION

Customer may, at its sole discretion, request the Company to construct and operate a CNG station on Customer's property.

x
x
x

- 1. The capital costs of the station shall be recovered through a Station Investment Charge applied on a per therm basis to all therms. A Customer electing this option shall enter into a Service Agreement for a term of 10, 15 or 20 years and shall be subject to a minimum annual volume during the term of the agreement as follows:

x
x
x

<u>Term</u>	<u>Minimum Annual Volume</u>
10 Years	653,000 therms multiplied by the initial capital costs of the station divided by \$1,000,000
15 Years	509,000 therms multiplied by the initial capital costs of the station divided by \$1,000,000
20 Years	442,000 therms multiplied by the initial capital costs of the station divided by \$1,000,000

x
x
x
x
x
x

The Station Investment Charge shall apply to all therms during the initial term of the Customer's service agreement. The Station Investment Charge shall not be modified during the term of Customer's Service Agreement.

x
x

- 2. Customer shall also pay a Station Operating Charge to recover all operating costs of the CNG station, including electricity costs. The Station Operating Charge shall apply for as long as the Customer takes service from the Company at the Station constructed on the Customer's behalf. The Station Operating Charge may be updated in subsequent rate case proceedings.

x
x
x
x

CURTAILABILITY

Service under the "Compressed Natural Gas Vehicles Fuel Rates" in section Rates 1. above, may be curtailed to protect service to higher priority customers in accordance with the Company's Rule No. 21.

x

OTHER CONDITIONS

Service under this Rate is subject to applicable laws and orders, and to the Company's Rules and Regulations on file with the New Mexico Public Regulation Commission.

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NEW MEXICO GAS COMPANY
FIRST REVISED RULE NO. 29
CANCELING ORIGINAL RULE NO. 29
RATE RIDER NO. 8 DETAILS

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 monthly period beginning with cycle 9 for the month of November and ending with cycle 8 for the month of May.

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:

Month	Rate No. 10 Residential	Rate No. 54 Small General Service	
October	39,885	19,484	x
November	51,797	22,361	x
December	57,215	24,874	x
January	59,209	26,396	x
February	58,383	26,356	x
March	58,598	26,312	x
April	49,814	24,535	x

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RATE RIDER NO. 8 DETAILS

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 six consecutive calendar months beginning November 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	\$0.0675	x
Distribution	<u>\$0.1661</u>	
Transmission & Distribution	\$0.2336	x
Rate 54 - Small General Service		
Transmission	\$0.0737	x
Distribution	<u>\$0.0788</u>	
Transmission & Distribution	\$0.1525	x

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	228	x
November	582	x
December	887	x
January	897	x
February	677	x
March	470	x
April	269	x

Reconciliation Period: The six consecutive months ended with Cycle 8 of the May billing month of each year.

Weather Normalization Adjustment Factor: The transmission rate and distribution rate as determined in Rate Rider No. 8 and this Rule to be multiplied by the customer's billing units.

Weather Normalization Adjustment Factor Statement: The report establishing the Weather Normalization Adjustment Factor. The Weather Normalization Adjustment Factor Statement is filed monthly with the Commission 5 days prior to changing the previously used Weather Normalization Adjustment Factor.

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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	56.88%
Deming	4.81%
Farmington	11.96%
Roswell	8.10%
Santa Fe	18.25%

x
x
x
x
x

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.

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RATE RIDER NO. 8 DETAILS

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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 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) 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.
- (5) The sum of the net revenue excess or deficiency for the current month 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.
- (6) 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.

B. Limitation on the Weather Normalization Adjustment Factor:

- (1) The Weather Normalization Adjustment Factor shall not exceed \$0.05 in any Adjustment Period. This limitation applies to the combined impact of the Transmission and Distribution Weather Normalization Adjustment Factor, and any carryover from the previous Adjustment Period for each separate rate class subject to Rate Rider No. 8.

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- (2) If a limitation of the Weather Normalization Adjustment Factor results from the operation of Section 3(B)(1) of this rule, any net revenue deficiency that is not included in the Weather Normalization Adjustment Factor for the current month shall be included in the Balancing Account and may be recovered through the Weather Normalization Adjustment Factor beginning in a subsequent month subject to the application of the limitation on the monthly change for the subsequent month.

4. Reports and Statements

- A. A Weather Normalization Adjustment Factor Statement must be filed monthly with the Commission no later than 5 days prior to changing the previously used 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 six-month period ending on cycle 8 of the billing month of May and any matters which may be of interest to the Commission. The Weather Normalization Adjustment Factor Statement consists of the following sections:

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 completed as soon after the end of the Adjustment Period as permitted by record availability and shall be filed annually with the Commission no later than August 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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Nicole Strauser
Associate General Counsel

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. 78)
)
)
NEW MEXICO GAS COMPANY, INC.)
)
)
Applicant.)**

Case No. 19-00317-UT

CERTIFICATE OF SERVICE

I CERTIFY that on this day I provided to the parties listed below electronic access to a true and correct copy of **Notice of Filing Unopposed Stipulation**.

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DATED on August 25, 2020

Respectfully submitted,

/s/ Rebecca Carter
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