

ZIA NATURAL GAS COMPANY
A DIVISION OF
NATURAL GAS PROCESSING CO.

RATE NO. 1 RESIDENTIAL SERVICE
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY: This rate applies to natural gas service supplied for cooking, water heating, refrigeration, and other domestic use.

TERRITORY: Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

MONTHLY RATE:

- A. A Customer Charge of \$14.00 plus
- B. A Commodity Cost, which shall be the cost of gas, as required under Company Rate No. 5 Purchased Gas Adjustment Clause, plus
- C. A total Cost of Service of \$0.2739 per CCF, which consists of
 - i. A Distribution Cost of Service of \$0.2174 per CCF plus
 - ii. A Transmission Cost of service of \$0.0565 per CCF.

MONTHLY MINIMUM: Customer Charge plus tax adjustment.

TAX ADJUSTMENT CLAUSE:

Billings under this schedule may be increased by an amount equal to the taxes payable under the Gross Receipts and Compensation Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem taxes and state and federal income taxes) payable by Zia Natural Gas Company and levied or assessed by any governmental authority on the 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.

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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

TERMS AND CONDITIONS:

The Company's filed rules apply to service under this schedule. All rates for billing purposes shall be adjusted to local atmospheric conditions plus four (4) ounces.

ZIA NATURAL GAS COMPANY
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RATE NO. 2 SMALL COMMERCIAL SERVICE
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY: This rate applies to natural gas service supplied for use other than residential through a meter size 425 cf/hr or less.

TERRITORY: Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

MONTHLY RATE:

- A. A Customer Charge of \$19.50 plus
- B. A Commodity Cost, which shall be the cost of gas, as required under Company Rate No. 5 Purchased Gas Adjustment Clause, plus
- C. A total Cost of Service of \$0.2739 per CCF, which consists of
 - i. A Distribution Cost of Service of \$0.2174 per CCF plus
 - ii. A Transmission Cost of service of \$0.0565 per CCF.

MONTHLY MINIMUM: Customer Charge plus tax adjustment.

TAX ADJUSTMENT CLAUSE:

Billings under this schedule may be increased by an amount equal to the taxes payable under the Gross Receipts and Compensation Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem taxes and state and federal income taxes) payable by Zia Natural Gas Company and levied or assessed by any governmental authority on the 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.

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RATE NO. 2 SMALL COMMERCIAL SERVICE
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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

TERMS AND CONDITIONS:

The Company's filed rules apply to service under this schedule. All rates for billing purposes shall be adjusted to local atmospheric conditions plus four (4) ounces.

ZIA NATURAL GAS COMPANY
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RATE NO. 3 LARGE COMMERCIAL SERVICE
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY: This rate applies to natural gas service supplied for use other than residential through a meter size larger than 425 cf/hr.

TERRITORY: Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

MONTHLY RATE:

- A. A Customer Charge of \$53.00 plus
- B. A Commodity Cost, which shall be the cost of gas, as required under Company Rate No. 5 Purchased Gas Adjustment Clause, plus
- C. A total Cost of Service of \$0.2739 per CCF, which consists of
 - i. A Distribution Cost of Service of \$0.2174 per CCF, plus
 - ii. A Transmission Cost of service of \$0.0565 per CCF.

MONTHLY MINIMUM: Customer Charge plus tax adjustment.

TAX ADJUSTMENT CLAUSE:

Billings under this schedule may be increased by an amount equal to the taxes payable under the Gross Receipts and Compensation Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem taxes and state and federal income taxes) payable by Zia Natural Gas Company and levied or assessed by any governmental authority on the 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.

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RATE NO. 3 LARGE COMMERCIAL SERVICE
EFFECTIVE DATE: May 1, 2019

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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

TERMS AND CONDITIONS:

The Company's filed rules apply to service under this schedule.
All rates for billing purposes shall be adjusted to local atmospheric conditions plus four (4) ounces.

ZIA NATURAL GAS COMPANY
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RATE NO. 4 SPECIAL FEES AND CHARGES
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY:

The following fees and charges are applicable to any customer who is rendered any non-utility services.

TERRITORY:

Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

RATES:

1. Turn-on Meter Order:
 - A. During Regular Business Hours

New Connection Fee	\$15.00
Account Transfer Fee	\$15.00
Reconnection Fee	\$15.00 plus Current hourly labor rate (one hour minimum.)
 - B. After Regular Business Hours

New Connection Fee	\$22.50 plus One and one-half times current hourly labor rate (one hour minimum).
Account Transfer Fee	\$22.50 plus One and one-half times current hourly labor rate (one hour minimum).

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Reconnection Fee	\$22.50 plus One and one-half times current hourly labor rate (one hour minimum).
2. Fee assessed for all returned payments:	\$25.00
3. Energy Diversion/Meter Tampering:	\$250.00 per incident
4. Labor rates for all services:	Per Hour
Service Technician/Construction	\$50.00

Work performed after regular business hours will be billed at one and one-half times the current hourly rate, with a one hour minimum charge.

REGULAR BUSINESS HOURS: 8:00 a.m. to 5:00 p.m. Monday through Friday, except holidays.

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OTHER TERMS AND CONDITIONS

1. Services rendered at a customer's premises during regular business hours will be billed at the current hourly Labor Rate plus any applicable taxes or fees. If the service requires the use of materials or supplies, the actual cost of those materials and supplies plus a fixed overhead fee of 50% will be added to the customer's invoice.
2. 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 current hourly Labor Rate, plus any other applicable charges, fees and taxes. If the service requires the use of materials or supplies, the actual cost of those materials and supplies plus a fixed overhead fee of 50% will be added to the customer's invoice. Prior to commencement of any work done after regular hours, the Company shall provide the customer with an estimate of the after-hours service.
3. 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 current hourly Labor Rate for the work performed after regular business hours. Prior to commencement of any work done after regular hours, the Company shall provide the customer with an estimate of the after-hours service.
4. Work is billed in 30-minute units after the one-hour minimum charge, based upon the current hourly Labor Rates. Any portion of a 30-minute interval will be billed as a complete unit.

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5. The one-hour minimum charge shall be charged to all work performed after regular business hours.

6. When service is rendered to a customer directly from a transmission line the Company is authorized to charge a non-refundable fee not to exceed the actual cost, payable in advance, to defray the Company's cost 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 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 the cost.

7. Conditions applicable to different types of service connections
 - A. New service connections:

If the customer is a new customer, with no previous billing history at the location for the past 12 months, then only the connection fee will be charged; provided, however, that the Company may charge the hourly labor rate for tapping into the Company's main distribution line to install the new service line.

 - B. Account Transfer:

If the customer is transferring his service account from one location to another.

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C. Non-payment disconnections:

If the customer is requesting to be reconnected after having their service discontinued by the company for non-payment of past bills, then the customer must pay the account balance, the reconnect fee, and the minimum hourly labor rate for turning on the meter prior to service being reconnected.

D. Voluntary discontinuance of service:

If the customer has voluntarily discontinued his service within the past twelve months and desires to reconnect, then the customer must pay any previous balance due, the reconnect fee, and the minimum hourly labor rate.

8. The Energy Diversion/Meter Tampering Fee will be charged for the detection and confirmation of any incidence of meter tampering, bypassing or diversion of a meter. The customer shall be charged the cost of gas consumed in addition to all material and equipment necessary to repair or replace the Company equipment damaged due to meter tampering, bypassing or other service diversion and other costs including labor necessary to correct service diversion where there is no damage to Company equipment, including incidents where service is connected or reconnected without authority. If any materials or equipment are used for the repair or replacement of equipment, an overhead cost of 50% above the cost of the part or material shall be charged.

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9. The rates and charges set forth above may be increased by an amount equal to the sum of 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 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.

10. Bills for services rendered under this rate schedule which remain unpaid when the next bill is generated shall be subject to the late payment charge. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

ZIA NATURAL GAS COMPANY
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RATE NO. 5 PURCHASED GAS ADJUSTMENT CLAUSE (PGAC)
EFFECTIVE DATE: May 1, 2019

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I. **APPLICABILITY:** All Direct Sales and Sales for Resale customers, and if applicable, Transportation Customers. The PGAC is the commodity cost component charged to customers on a monthly basis. It includes the actual costs paid for the gas supply delivered to Zia for distribution to its customers, as well as actual costs paid for transportation of the gas supply over upstream pipelines and applicable taxes and fees.

II. **TERRITORY:** Separate PGAC's are applicable to the Company's Lincoln County/Hobbs/Jal systems, the Maxwell System, and the Dona Ana System.

III. **PGAC METHODOLOGY:** The Company's PGAC components are developed using projected annualized purchase and sale volumes and purchased gas costs derived from historic data, adjusted for known and measurable changes, for a twelve month period. The PGAC also includes transportation costs derived from historic data, adjusted for known and measurable changes. The PGAC components are:

1. **Purchased Gas Cost Factor.** The Purchased Gas Cost Factor on a unit basis (CSCF) is the projected cost for system gas supply, including any and all direct and indirect costs for procuring said supply, including the purchase of storage gas, as applicable, divided by the projected sales volumes for the ensuing twelve month period.

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2. Purchased Gas Commodity Balancing Account Factor. The Purchased Gas Commodity Balancing Account Factor on a unit basis (CSCF) is the current balance of the Purchased Gas Commodity Balancing Account divided by the projected sales volumes for the ensuing twelve month period. The Purchased Gas Commodity Balancing Account contains the cumulative monthly differences between actual costs for system gas supply as they are recorded on the books and records of the Company and the gas cost revenues resulting from sales to Direct Sales and Sales for Resale Customers including statutory interest, less taxes and fees, recovered for the system. The resulting amount is applied as a refund or surcharge for Direct Sales and Sales for Resale Customers for that system.

3. Transportation Cost Factor. The Transportation Cost Factor on a unit basis (CSCF) is the projected cost for transportation by Upstream Third-party Transporters for system supply and transportation customer supply, and the costs for injecting and withdrawing storage gas, as applicable, divided by the projected sales volumes and transportation customer volumes for the ensuing twelve month period. Transportation costs include all charges, surcharges and fees from Upstream Third-party Transporters.

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4. Transportation Commodity Balancing Account Factor. The Transportation Commodity Balancing Account Factor on a unit basis (CSCF) is the current balance of the Transportation Commodity Balancing Account divided by the projected sales volumes for the ensuing twelve month period. The Transportation Commodity Balancing Account contains the cumulative monthly differences between actual costs for system gas transportation costs including all charges, surcharges and fees from Upstream Third-party Transporters as they are recorded on the books and records of the Company and the transportation cost revenues resulting from sales to Direct Sales and Sales for Resale Customers including statutory interest, less taxes and fees, recovered for the system. The resulting amount is applied as a refund or surcharge for Direct Sales and Sales for Resale Customers for that system.

IV. BILLING METHOD

A. The Purchased Gas Cost Factor, Purchased Gas Commodity Balancing Account Factor, Transportation Cost Factor, and Transportation Commodity Balancing Account Factor are added and the total applied as the Commodity Cost component of the customer's bill for the ensuing twelve month period; provided however, the Company may file a new PGAC Statement due to changes in the gas markets or substantial over or under collections to the commodity balancing accounts. The PGAC will be effective at a minimum three days after filing by the Company.

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V. GAS SUPPLY PLANNING

The Company's Gas Supply Planning period shall be the twelve month-period beginning October 1. The Company's Gas Supply Planning Report shall be filed with the Commission on an annual basis on or before November 1.

VI. ANNUAL RECONCILIATION REPORT

An Annual Certified Reconciliation Report shall be filed with the Commission as soon after the completion of the July accounting month as permitted by record availability, but in no case later than the November 1 filing of the Company's Gas Supply Planning Report. The Annual Reconciliation Period shall be the twelve month period from August 1 to July 31. The report shall consist of the following sections:

- (1) a summary of gas purchases and volumes, including gas purchased from affiliates;
- (2) a summary of costs, carrying charges, and collections which were recorded in the applicable balancing accounts;
- (3) a summary of reconciling items including items adjusting the applicable balancing account
- (4) any additional reporting requirements as specified by the Commission.

The Balancing Account mechanism is continuous and therefore, the Balancing Accounts are also continuous. Any under or over-collection of gas costs 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 appropriate balancing account as they become certified in the Annual Reconciliation process.

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VI. ADDITIONAL TERMS

A. Statutory interest is as provided in NMSA 1978, Section 62-13-13 or any successor statute.

B. All costs used in developing the Purchased Gas Cost Factors and Transportation Gas Cost Factor shall be the actual costs paid by the Company, with no mark-up or rate base return included.

C. Projected sales volumes are determined using the most recent twelve months of actual data, adjusted for known and measurable changes for the upcoming twelve months, and will usually be based upon purchase meter volumes, taking into consideration lost and unaccounted for volumes on the Company's system(s). Lost and unaccounted for volumes are determined by subtracting the sales volumes from the purchased volumes delivered into the Company's system, dividing that sum by the purchased volumes and multiplying the result by 100 to arrive at a percentage number.

D. Transportation customer volumes are those volumes of gas transported by the Company under a transportation contract pursuant to the Company's Rate No. 6.

E. Upstream Third-party Transporters are the upstream transportation systems who deliver volumes of gas to the Company's system pursuant to transportation contracts held by or for the Company.

F. Direct Sales and Sale for Resale Customers who leave the Company's systems to become Transportation customers shall be subject to both the Purchased Gas Commodity Balancing Account Factor and the Transportation Commodity Balancing Account Factor until the end of the twelve month period in which the reconciliation factors are to be applied.

H. Direct Sales and Sale for Resale Customers who leave the Company's systems shall also be charged their portion of contracted gas supply volumes and their portion of transportation costs associated with capacity demand on Upstream Third party Transporters for the remainder of the contract period or until such time as the contract volumes and capacity demand can be reduced or additional sales or transportation volumes meet the supply and capacity demand.

ZIA NATURAL GAS COMPANY
A DIVISION OF
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RATE NO. 6 IRRIGATION SMALL SERVICE
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY: This rate applies to natural gas service supplied for use as fuel for a prime mover driving a water pump to irrigate crops through a meter size 1400 cf/hr or less.

TERRITORY: Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

MONTHLY RATE:

- A. A Customer Charge of \$19.50 plus
- B. A Commodity Cost, which shall be the cost of gas, as required under Company Rate No. 5 Purchased Gas Adjustment Clause, plus
- C. A total Cost of Service of \$0.2739 per CCF, which consists of
 - i. A Distribution Cost of Service of \$0.2174 per CCF plus
 - ii. A Transmission Cost of service of \$0.0565 per CCF.

MONTHLY MINIMUM: Customer Charge plus tax adjustment.

TAX ADJUSTMENT CLAUSE:

Billings under this schedule may be increased by an amount equal to the taxes payable under the Gross Receipts and Compensation Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem taxes and state and federal income taxes) payable by Zia Natural Gas Company and levied or assessed by any governmental authority on the 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.

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RATE NO. 6 IRRIGATION SMALL SERVICE
EFFECTIVE DATE: May 1, 2019

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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

TERMS AND CONDITIONS:

The Company's filed rules apply to service under this schedule. All rates for billing purposes shall be adjusted to local atmospheric conditions plus four (4) ounces.

ZIA NATURAL GAS COMPANY
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RATE NO. 7 IRRIGATION LARGE SERVICE
EFFECTIVE DATE: May 1, 2019

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APPLICABILITY: This rate applies to natural gas service supplied for use as fuel for a prime mover driving a water pump to irrigate crops through a meter size greater than 1400 cf/hr.

TERRITORY: Applicable to the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.

MONTHLY RATE:

- A. A Customer Charge of \$44.00 plus
- B. A Commodity Cost, which shall be the cost of gas, as required under Company Rate No. 5 Purchased Gas Adjustment Clause, plus
- C. A total Cost of Service of \$0.2739 per CCF, which consists of
 - i. A Distribution Cost of Service of \$0.2174 per CCF plus
 - ii. A Transmission Cost of service of \$0.0565 per CCF.

MONTHLY MINIMUM: Customer Charge plus tax adjustment.

TAX ADJUSTMENT CLAUSE:

Billings under this schedule may be increased by an amount equal to the taxes payable under the Gross Receipts and Compensation Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem taxes and state and federal income taxes) payable by Zia Natural Gas Company and levied or assessed by any governmental authority on the 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.

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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. For credit card or on-line bill payments, any fees imposed by third-party providers will be assessed directly to the customer by the third-party provider.

TERMS AND CONDITIONS:

The Company's filed rules apply to service under this schedule. All rates for billing purposes shall be adjusted to local atmospheric conditions plus four (4) ounces.