

RAILROAD COMMISSION OF TEXAS
GAS UTILITIES DOCKET NO. 10823

SUPPLEMENTAL STATEMENT OF INTENT TO CHANGE
COST OF SERVICE RATES

Zia Natural Gas Company, a division of Natural Gas Processing Co. (“Utility”) hereby submits its Statement of Intent to Change its Cost of Service rates currently on file with Railroad Commission of Texas (“Commission”) for the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas. The Utility proposes to change its special rates to the rates recently approved by the New Mexico Public Regulation Commission (“NMPRC”) in Case No. 18-00018-UT for the Utility’s New Mexico service areas. NMPRC Case No. 18-00018-UT was based on a test year ended August 31, 2017. The Utility proposes to change the special rates effective for all billings rendered after April 1, 2019.

Zia Natural Gas Company is a gas utility under § 101.003(7) of the Texas Utilities Code, and the Commission has exclusive original jurisdiction to set the rates requested for the residential and commercial service customers of the Company under § 102.001 of the Texas Utilities Code.

The proposed changes are as follows:

Rate Schedule

<u>Description</u>	<u>Current</u>	<u>Proposed</u>
No. 1 Residential Service		
Base Charge (per month)	\$10.96	\$14.00
Distribution/Transmission Service Charge	\$2.698/mcf	\$0.2739/ccf

No. 2 Small Commercial Service

Base Charge (per month)	\$15.15	\$19.50
Distribution/Transmission Service Charge	\$2.698/mcf	\$0.2739/ccf

No. 3 Large Commercial Service

Base Charge (per month)	\$40.53	\$53.00
Distribution/Transmission Service Charge	\$2.698/mcf	\$0.2739/ccf

No. 4 Special Fees and Charges

Returned Payment Fee	\$15.00	\$25.00
Energy Diversion Fee	New	\$250.00

No. 6 Irrigation - Small Service

Base Charge (per month)	New	\$19.50
Distribution/Transmission Service Charge	New	\$0.2739/ccf

No. 7 Irrigation - Large Service

Base Charge (per month)	New	\$44.00
Distribution/Transmission Service Charge	New	\$0.2739/ccf

The proposed rate changes will affect all classes of customers. There are currently only 28 residential customers in Texas served by the Utility, and no small or large commercial customers. The proposed changes in special rates are not expected to increase the overall revenues of the Utility, as the rates charged to Texas customers were treated as a revenue credit in the Utility's rate proceeding before the New Mexico Public Regulation Commission and reflect the removal of state income tax, which was calculated as part of the Utility's costs of service, thereby resulting in an actual revenue loss for the Utility, based upon the New Mexico approved revenue requirement. For Texas customers, the overall increase is 8.6% above the

current rates including gas cost or 14.4% above the current rates excluding gas cost. The increase in total annual revenues, is \$1,079, which is not considered a “major change” as that term is defined by Section 104.101 of the Texas Utilities Code. The proposed rates will not exceed 115% of the average of all rates for similar services within Gaines County, TX. The Utility does not serve any municipalities in Gaines County, TX.

A Proposed Public Notice is included in the filing.

In the Order dated May 22, 2001 for Gas Utilities Docket No. 9207, the Commission noted under the Findings of Fact the following:

12. The rates approved by the state of New Mexico for the New Mexico customers are identical to the rates proposed in this docket except for the calculation of state taxes.
13. The state income tax component, approved by the state of New Mexico for Zia’s New Mexico system, has been removed from the rates requested for the Brecken Estate Subdivision residents in Gaines County, Texas.
14. Staff has reviewed Zia’s requested rate increase and determined that it is based upon reasonable test year cost of service information and should be approved.


The Commission approved the rates currently in effect based upon the same method in Gas Utilities Docket No. 9852. In the Final Order for GUD No. 9852, the Commission noted under Findings of Fact Item 13 that Zia requested approval to implement the same rates as approved by the NMPRC. In GUD No. 9852, the Commission approved the same rates with the New Mexico state income tax expense removed from the volumetric rate.

All correspondence regarding this Statement of Intent should be sent to:

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This STATEMENT OF INTENT TO CHANGE COST OF SERVICE RATES is filed to supplement the letter and notice submitted to Docket Services, Railroad Commission of Texas dated February 22, 2019 with a subject line of “Zia Natural Gas Company, Operator No. 950724, Notice of Intent of Proposed Rate Increase”. This Statement is also filed to comply with Hearings Letter No. 2 request to correct several “pleading deficiencies” and to “amend, or supplement, its pleading with the required statements/information”.

Respectfully Submitted

By: 

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