

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF ZIA NATURAL)
GAS COMPANY’S APPLICATION FOR)
REVISION OF ITS RATES, RULES, AND)
FORMS UNDER ADVICE NOTICE NO. 57,)
ZIA NATURAL GAS COMPANY,)
APPLICANT.)
_____)

CASE NO. 18-_____-UT

PREPARED DIRECT TESTIMONY

OF

K. MARIT COBURN

**On Behalf of
Zia Natural Gas Company**

**Issues:
Other Tariff Revenues
Proposed Changes to Rules and Forms**

January 26, 2018

**NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN**

I. WITNESS INTRODUCTION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

- Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**
- A.** My name is K. Marit Coburn and I am employed by Natural Gas Processing Co. (“NGP”). I work from Zia Natural Gas Company’s main office at 100 Short Drive, PO Box 888, Ruidoso Downs, NM, 88346.
- Q. WHAT ARE YOUR POSITION AND RESPONSIBILITIES WITH NGP?**
- A.** I am the Customer Information System (“CIS”) Manager for the utility divisions and I have been in this position since January 2, 2013. As CIS Manager, I am responsible for ensuring the office policies and procedures for Zia Natural Gas Company (“ZIA”) and Wyoming Gas Company (“WGC”) are in compliance with the rules of the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) and the Wyoming Public Service Commission, respectively, and that these policies are being followed by all office personnel. I am also responsible for all software maintenance, upgrades, and integrations for the customer billing system, meter reading software, customer web access portal, and online payment portal; the monthly newsletter to all customers; newspaper, magazine, and radio advertising; and various other tasks.
- Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.**
- A.** I have a Bachelor of Science degree in Finance and Accounting and a Master of Business Administration in Business Management from the University of Colorado at Colorado Springs. I also have taken training in Utility Rate Design sponsored by the American Gas Association.
- Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 **A.** I am testifying on behalf of ZIA.

2 **Q.** **HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

3 **A.** No.

4 **Q.** **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 **A.** The purpose of my testimony is to present the proposed changes to service fees and
6 charges as well as changes to the ZIA rules and forms.

7 **Q.** **DO YOU SPONSOR ANY EXHIBITS WITH YOUR TESTIMONY?**

8 **A.** Yes. I sponsor the following exhibits:

9 Exhibit KMC-1 – Other Tariff Revenue; Current and Proposed Rates

10 Exhibit KMC-2 – Other Tariff Revenue; Comparison with Other Utilities in New
11 Mexico

12 Exhibit KMC-3 – Other Tariff Revenue; Local Plumbing Rates

13 **Q.** **WERE EXHIBITS KMC-1 THROUGH KMC-3 PREPARED BY YOU OR**
14 **UNDER YOUR DIRECT SUPERVISION AND CONTROL?**

15 **A.** Yes.

16 **Q.** **ARE EXHIBITS KMC-1 THROUGH KMC-3 TRUE AND CORRECT TO THE**
17 **BEST OF YOUR KNOWLEDGE AND BELIEF?**

18 **A.** Yes.

19 **Q.** **DO YOU SPONSOR ANY SCHEDULES?**

20 **A.** Yes, I sponsor the following schedules:

21 Schedule K-1 (OTR) – Other Tariff Revenues

22 **Q.** **WAS SCHEDULE K-1 (OTR) PREPARED BY YOU OR UNDER YOUR DIRECT**
23 **SUPERVISION AND CONTROL?**

24 **A.** Yes.

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 **Q. IS SCHEDULE K-1 (OTR) TRUE AND CORRECT TO THE BEST OF YOUR**
2 **KNOWLEDGE AND BELIEF?**

3 **A.** Yes.

II. OTHER TARIFF REVENUES

5 **Q. PLEASE EXPLAIN SCHEDULE K-1 (OTR) – OTHER TARIFF REVENUES.**

6 **A.** Schedule K-1 (OTR) presents Other Operating Revenues earned by ZIA. Other Operating
7 Revenues include Interest on Unpaid Customer Bills, Other Tariff Revenues, Revenues
8 form Merchandising, Non-Tariff Revenues, and Special Contract Revenues. ZIA has
9 proposed some changes to the Other Tariff Revenues.

10 **Q. WHAT ARE OTHER TARIFF REVENUES?**

11 **A.** Other Tariff Revenues are the revenues from the non-gas charges in ZIA’s current
12 Applicable Rate Schedules and Applicable Rules and Regulations on file at the NMPRC
13 under Docket No. 08-00036-UT, 5th Revised Rate No. 4 Canceling 4th Revised Rate No.
14 4, Special Fees and Charges. These include the New Connection Fee, the Account
15 Transfer Fee, the Reconnection Fee, the Returned Payment Fee, and the Labor Rates for
16 all services.

17 **Q. HAS ZIA PROPOSED A CHANGE TO THE OTHER TARIFF REVENUES?**

18 **A.** Yes, ZIA proposes a change to the Returned Payment Fee and the Labor Rate for Service
19 Technicians. ZIA is also proposing the addition of two new fees: a Trip Charge for Door
20 Tag Fee and an Energy Diversion/Meter Tampering Fee.

21 **Q. PLEASE EXPLAIN THE PROPOSED CHANGE TO THE OTHER TARIFF**
22 **REVENUES.**

23 **A.** On Exhibit KMC-1 I outline the current rate, current revenue, proposed rate, and
24 proposed revenue for each fee or penalty. ZIA proposes an increase to the Returned

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 Payment Fee and the Labor Rate for Service Technicians (“Service Charge”). ZIA also
2 proposes to implement a new Trip Charge for Door Tag Fee and a new Energy
3 Diversion/Meter Tampering Fee.

4 **Q. PLEASE EXPLAIN THE PROPOSED INCREASE TO THE RETURNED**
5 **PAYMENT FEE.**

6 **A.** ZIA proposes to increase the Returned Payment Fee from \$15.00 to \$25.00 to recover the
7 bank charges for processing a returned check as well as ZIA’s costs for processing the
8 returned check. ZIA’s costs include reapplying the amount to the account, processing the
9 fee, and contacting the customer either by phone, mail, or field contact. On Exhibit
10 KMC-2, I compare different non-gas charges for other utilities in New Mexico. Line 5
11 lists the returned payment charges for different utilities. The proposed charge of \$25.00
12 is comparable to other utilities in New Mexico. In addition, the penalty will apply to all
13 returned payments including checks, electronic draft, or credit card chargebacks.

14 **Q. PLEASE EXPLAIN THE PROPOSED INCREASE TO THE SERVICE CHARGE.**

15 **A.** ZIA proposes to increase the hourly Labor Rate for Service Technicians under the
16 Service Charge category from \$50.00 to \$75.00. The hourly Service Charge is billed
17 primarily when reconnecting service or when requesting a connection after normal
18 business hours. Work performed after 5:00 pm and before 8:00 am during weekdays, and
19 any time on Saturday and Sunday, is billed at 1 ½ times the normal rate. To determine
20 the rate, I compared hourly service charges for local plumbing companies in each of our
21 service areas and selected a comparable rate. Local hourly plumbing rates are shown on
22 Exhibit KMC-3. Local plumbing rates range from \$60/hour to \$110/hour.

23 **Q. PLEASE EXPLAIN THE TRIP CHARGE FOR DOOR TAG FEE.**

NMPRC CASE NO. 18-_____ -UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 **A.** ZIA proposes to implement a Trip Charge for Door Tag Fee of \$10 per Door Tag.
2 Approximately 24-28 days past the due date of the bill, ZIA Service Technicians hang a
3 door tag on the door of each customer who still has a remaining balance over \$15 from
4 the previous month's bill. Expenses incurred in hanging an average of 2,000 door tags
5 each month include Service Technician labor, fuel, and wear and tear on vehicles. I
6 believe these expenses should be borne by the delinquent customers who represent 6% of
7 ZIA's customer base, and not by the 94% of ZIA's customers who pay their bills prior to
8 receiving a door tag. We estimate the addition of this fee would encourage
9 approximately 25% of ZIA's delinquent customers to pay their past due amount prior to
10 the week ZIA Service Technicians would hang door tags, thus reducing the total number
11 of door tags hung each month.

12 **Q.** **PLEASE EXPLAIN THE PROPOSED ENERGY DIVERSION/METER**
13 **TAMPERING FEE.**

14 **A.** ZIA proposes to implement an Energy Diversion/Meter Tampering Fee of \$250.00 per
15 incident. This fee will be charged for the detection and investigation of any incidence of
16 meter tampering, bypassing, or diversion of a meter, including incidents where service is
17 connected or reconnected without authority. In addition to this fee, the customer shall be
18 charged for the cost of any gas used, all materials, equipment, and Service Technician
19 labor necessary to repair or replace ZIA's equipment damaged due to meter tampering.
20 ZIA experiences multiple incidents of meter tampering each year in each of its service
21 areas, has worked closely with local law enforcement to report every one of these
22 incidents, and has attempted to have criminal charges brought against the customer under

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 violation of New Mexico Statute 30-16-16 Theft of Services. ZIA experiences an average
2 of 25 meter tampering incidents each year.

3 **Q. PLEASE SUMMARIZE THE PROPOSED CHANGE TO OTHER TARIFF**
4 **REVENUE.**

5 **A.** The proposed increase to Other Tariff Revenue is \$246,954. Please see Exhibit KMC-1.
6 Other Revenues are treated as a Revenue Credit within the Revenue Requirement model
7 and have the net effect of reducing the amount of revenue from direct gas sales.

8 **III. PROPOSED CHANGES TO RULES AND FORMS**

9 **Q. DO YOU PROPOSE ANY CHANGES TO THE RULES AND FORMS**
10 **INCLUDED IN ZIA'S TARIFFS?**

11 **A.** Yes, ZIA proposes the following changes:

12 Rule No. 3 – Character of Service:

- 13 • Added “Irrigation” to paragraph B.

14 Rule No. 10 – Rendering and Payment of Bills:

- 15 • Combined section A and B and removed the word “residential” to make the rule
16 applicable to all rate classes.
- 17 • Added new section B, “Payment Options.”

18 Rule No. 11 – Budget Payment Plan:

- 19 • Removed the word “residential” to make the rule applicable to all rate classes.

20 Rule No. 12 – Estimated Bills:

- 21 • Removed the word “residential” to make the rule applicable to all rate classes.

22 Rule No. 13 – Disputed Bills:

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

- 1 • Removed the phrase “residential or commercial sales” and “residential” to make
- 2 the rule applicable to all rate classes.
- 3 • Updated the minimum amount of the credit to be refunded from \$10.00 to \$25.00
- 4 to comply with Commission Rule 17.5.410.37(A) NMAC.

5 Rule No. 15 – Security Deposits, Guarantees of Payment:

- 6 • Removed the word “residential” to make the rule applicable to all rate classes.
- 7 • Updated the wording in paragraphs B, C, D, and G to comply with the wording in
- 8 Commission Rules 17.5.410.16 through 17.5.410.19 NMAC.

9 Rule No. 16 – Discontinuance and Restoration of Service:

- 10 • Removed the word “Denying” from the title of this section as it addresses
- 11 restoration of service, not denying restoration of service.
- 12 • Removed the word “residential” to make the rule applicable to all rate classes.
- 13 • Replaced subparagraph 4 in section D to comply with Commission Rule
- 14 17.5.410.31(C)(4) NMAC.
- 15 • Added subparagraph 4 in section E to comply with Commission Rule
- 16 17.5.410.31(D)(4) NMAC.
- 17 • Updated the wording in section G and H to comply with Commission Rule
- 18 17.5.410.33 NMAC.
- 19 • Updated section J to include a reference to Rate No. 4.
- 20 • Updated the time frame for disconnect in section N to comply with Commission
- 21 Rule 17.5.410.33(D) NMAC.
- 22 • Updated the wording in section O to comply with Commission Rule 17.5.410.30
- 23 NMAC.

NMPRC CASE NO. 18-_____ -UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 Rule No. 17 – Payment Agreements:

- 2 • Updated the title of this section on the table of contents page from “Settlement
3 Agreements” to “Payment Agreements” to reflect the actual title of the section.
4 • Updated wording to comply with Commission Rules 17.5.410.40 and 17.5.410.41
5 NMAC.

6 Rule No. 18 – Commission Complaint Procedures:

- 7 • Updated the wording in section A to comply with Commission Rule 17.5.410.39
8 NMAC.

9 Rule No. 22 – Unauthorized Connections and Tampering with Equipment:

- 10 • Added reference to Energy Diversion/Meter Tampering Fee in Rate No. 4 to
11 paragraph B.

12 Rule No. 30 – Service of Notice to Customers:

- 13 • Added last sentence in paragraph A in accordance with Commission Rule
14 17.5.410.33(A) NMAC.

15 **Q. DO YOU PROPOSE ANY CHANGES TO ANY FORMS?**

16 **A.** Yes, ZIA proposes the following changes:

17 Form No. 1 – Customer Service Guide:

- 18 • Added reference to Commission Rule 17.5.410 NMAC to front page.
19 • Updated locations of payment center offices and phone numbers.
20 • Added Reconnection of Service and Payment Options sections.
21 • Added last sentence to Energy Assistance Programs, Winter Moratorium
22 Programs, and Applying for Service sections.
23 • Added A.3 in the Billing Procedures section to include rate riders.

NMPRC CASE NO. 18-_____-UT
DIRECT TESTIMONY OF K. MARIT COBURN

1 • Updated wording in the Budget Payment Plan section to reflect how ZIA’s
2 program works.

3 • Added NMPRC contact information to the Disputed Bills section.

4 • Replaced 4th point in the three day notice section to match rule change.

5 Form No. 2 – Bill Form:

6 • Changed “Customer Number” to “Account Number” to reflect the correct field
7 name in ZIA’s new billing software.

8 • Added Energy Efficiency sections in English and Spanish on the back side of the
9 bill form.

10 Form No. 3 – Shut-Off Notice:

11 • Added the updated labor cost for reconnection.

12 Form No. 6 – Three Day Disconnect Notice:

13 • Replaced fourth bullet point to comply with Commission Rule 17.5.410.31(C)(4)
14 NMAC.

15 • Added final paragraph to comply with Commission Rule 17.5.410.31(D)(4)
16 NMAC.

17 • Added signature line.

18 Form No. 12 – Notice of Discontinuance of Service for Failure to Comply with
19 Payment Agreement:

20 • Changed “Customer Number” to “Account Number.”

21 • Added wording to comply with Commission Rule 17.5.410.41 NMAC.

22 • Updated office phone numbers, removed outdated P.O. Box.

23 Form No. 14 – Application for Gas Service:

NMPRC CASE NO. 18-_____ -UT
DIRECT TESTIMONY OF K. MARIT COBURN

- 1 • Added “Irrigation” as a type of service.
- 2 • Added “with Zia” to question about current gas service for clarification.
- 3 • Changed font size and format of question about discontinuing current gas service.
- 4 • Moved “Application Taken By” to end of signature line.
- 5 • Rearranged the order of some of the other fields requesting information.

IV. CONCLUSION

7 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

8 **A.** My testimony explains the proposed changes to Other Tariff Revenues, as shown in
9 Schedule K-1 (OTR), to update fees and include new fees; and explains the proposed
10 changes to ZIA’s rules and forms to update them and bring them into conformance with
11 the Commission’s rules.

12 **Q. IN YOUR OPINION, ARE THESE PROPOSALS IN THE PUBLIC INTEREST?**

13 **A.** Yes, these proposals are in the public interest and should be approved.

14 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

15 **A.** Yes, it does.

Zia Natural Gas Company
Other Tariff Revenues

Exhibit KMC-1

Current and Proposed Rates

Line No.	[A] Description	[B] Count	[C] Current Rate	[D] Current Revenue	[E] Proposed Rate	[F] Proposed Revenue	[G] Proposed Test Year Adjustment
1	New Connection Fee	3133	\$ 15.00	\$ 46,995	\$ 15.00	\$ 46,995	\$ -
2	Account Transfer Fee	2482	\$ 15.00	\$ 37,230	\$ 15.00	\$ 37,230	\$ -
3	Reconnection Fee	1430	\$ 15.00	\$ 21,450	\$ 15.00	\$ 21,450	\$ -
4	Reconnection Fee (After Hours)	4	\$ 22.50	\$ 90	\$ 22.50	\$ 90	\$ -
5	Returned Payment Fee	488	\$ 15.00	\$ 7,314	\$ 25.00	\$ 12,200	\$ 4,886
6	Labor - Service Charge	1471	\$ 50.00	\$ 73,550	\$ 75.00	\$ 110,325	\$ 36,775
7	Labor - Service Charge (After Hours)	4	\$ 75.00	\$ 300	\$ 112.50	\$ 450	\$ 150
8	Energy Diversion/Meter Tampering Fee (proposed)	25		\$ -	\$ 250.00	\$ 6,250	\$ 6,250
9	Trip Charge for Door Tag Fee (proposed)	26519		\$ -	\$ 10.00	\$ 198,893	\$ 198,893
10	Total			\$ 186,929		\$ 433,883	\$ 246,954

Comparison with Other Utilities in New Mexico

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	
	New Mexico - Natural Gas and Electric Utilities										
Line No.	Charge Description	ZIA current	ZIA proposed	NM Gas	Raton NG	EPE	PNM	SPS	OCEC	Lea Co Elec	Central NM Elec
1	Connect Fee-next day	\$ 15.00	\$ 15.00	\$ 70.00	\$ 10.00	\$ 26.75	\$ 11.00		\$ 40.00		\$ 50.00
2	Connect Fee-same day or holiday			\$ 105.00		\$ 300.00			\$ 200.00		\$ 150.00
3	Reconnect fee - within 12 months	\$ 15.00	\$ 15.00		\$ 15.00		\$ 11.00			\$ 167.00	
4	Reconnect fee - for non-payment	\$ 15.00	\$ 15.00		\$ 20.00	\$ 40.00	\$ 11.00	\$ 40.00		\$ 50.00	\$ 60.00
5	Returned Payment	\$ 15.00	\$ 25.00	\$ 15.00	\$ 25.00	\$ 31.25	\$ 15.00	\$ 16.00	\$ 40.00		\$ 30.00
6	Collection charge away from office			\$ 11.00	\$ 8.00		\$ 11.00			\$ 10.00	
7	Labor rates (hourly)	\$ 50.00	\$ 75.00	\$ 70.00	\$ 40.00					\$ 107.00	
8	Energy Diversion (meter tampering)		\$ 250.00			\$ 325.00	\$ 200.00	\$ 200.00	150*	\$ 200.00	\$ 500.00
9	No Access to Meter					\$ 13.50	\$ 15.00				
10	Special Bill Analysis					\$ 75.00		\$ 25.00			
11	Out of Cycle meter reading					\$ 21.00		\$ 40.00			
12	Records Change								\$ 15.00		
13	Trip to premise to collect or cut for non-pay								\$ 80.00		
14	Trip charge for door tag		\$ 10.00								\$ 25.00

Notes:

15 *150 first time, 300 each time after that (OCEC meter tampering)

Local Plumbing Rates

Line No.	[A] Company	[B] Location	[C] Hourly Rate
1	Marker Svcs	Hobbs	\$ 98
2	Jay's Inc.	Hobbs	\$ 90
3	A-Tech AC & Heating	Hobbs	\$ 110
4	Tru Degree	Maxwell	\$ 75
5	D&M Plumbing & Heating	Maxwell	\$ 60
6	Bonito River Services	Ruidoso	\$ 109
7	Haynes Plumbing	Ruidoso	\$ 85
8	Alto Plumbing & Heating	Ruidoso	\$ 90
9	On the Go Heating & Cooling	Las Cruces	\$ 75
10	Valley Plumbing	Las Cruces	\$ 105
11	Stadjuhar's Heating & Cooling	Las Cruces	\$ 80
12	Sun City Plumbing & Heating	Las Cruces	\$ 95
13	Four Season's	Las Cruces	\$ 80
14	Average hourly plumber rate		\$ 89
15	Proposed Labor Rate for Service Technicians		\$ 75

Reference:

- 16 All rates are from customer invoices submitted for Energy Efficiency Program Rebates

