

# 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, ) CASE NO. 18-00018-UT  
 )  
 ZIA NATURAL GAS COMPANY, )  
 )  
 Applicant. )  
 \_\_\_\_\_ )

## NOTICE OF PROCEEDING AND HEARING

NOTICE is hereby given by the New Mexico Public Regulation Commission ("Commission" or "PRC") of the following:

1. On January 26, 2018, Zia Natural Gas Company, an operating division of Natural Gas Processing Co. ("ZIA"), filed an application requesting Commission approval for revised rates, rules and forms under Advice Notice No. 57, and for other approvals and authorizations described in the Application. Specifically, ZIA requests that the Commission approve ZIA's request for a general rate increase of \$2,597,203, which is a 9.2% increase over current base rates, and an increase of \$246,954 in other tariff revenues.

2. In this filing, ZIA has chosen to use an historic test year. The base period and test year are the twelve-month period from September 1, 2016 to August 31, 2017. ZIA's proposed rates are derived from the base year data adjusted for known and measurable changes to operating costs and plant improvements completed after the end of the test year but before the filing date.

3. In addition to ZIA's current rate classes, in this filing ZIA proposes to add two new rate classes: industrial and irrigation. The acquisition of the Rio Grande Natural Gas Association ("RGNGA") system added a large number of customers that use natural gas to power irrigation pumps and equipment. ZIA also now has several customers that use a large amount of natural gas for purposes other than space heating, water heating, or cooking.

4. The rate increase ZIA seeks is for delivering natural gas to its customers including homes, businesses and the City of Las Vegas, New Mexico. The proposed changes and rates affect all customer classes. The cost of natural gas will continue to be billed to customers with no mark-up as required by the Commission. ZIA passes the cost of gas it pays on to customers.

5. ZIA's Application to increase its rates for natural gas utility service and Advice Notice No. 57 contain the following proposed revised rates:

Rate No.	Title
Ninth Revised Rate No. 1	Residential Service
Ninth Revised Rate No. 2	Small Commercial Service
Tenth Revised Rate No. 3	Large Commercial Service
Sixth Revised Rate No. 4	Special Fees and Charges
Fifth Revised Rate No. 15	Sale for Resale Service
Original Rate No. 16	Industrial Service
Original Rate No. 17	Irrigation Service

6. The following is a comparison between the present and proposed rates for each customer class measured in ccf (100 cubic feet) and a monthly bill comparison by amount and percentage difference for the average usage in each class:

### Rate No. 1 - Residential Service

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	10.96	16.00
Distribution Cost of Service (\$/cscf)	0.2436	0.2411
Transmission Cost of Service (\$/cscf)	0.0632	0.0632
Cost of Gas (\$/cscf)	0.3953	0.3953
Total Unit Cost (\$/cscf)	0.7021	0.6996

Bill Comparison - Residential Service - Monthly  
 Average Monthly Usage= 43 cscf

Volumetric Units	Current Rates	Proposed Rates	Increase	%Inc
(cscf)	(\$/mon)	(\$/mon)	(\$)	(%)
0	10.96	16.00	5.04	46%
43	41.15	46.08	4.93	12%
50	46.07	50.98	4.91	11%
100	81.17	85.96	4.79	6%
200	151.38	155.92	4.54	3%
300	221.59	225.88	4.29	2%

### Rate No. 2 - Small Commercial Service

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	15.15	22.50
Distribution Cost of Service (\$/cscf)	0.2436	0.2411
Transmission Cost of Service (\$/cscf)	0.0632	0.0632
Cost of Gas (\$/cscf)	0.3953	0.3953
Total Unit Cost (\$/cscf)	0.7021	0.6996

Average Monthly Bill - Small Commercial Service

Volumetric Units	Current Rates	Proposed Rates	Increase	%Inc
(cscf)	(\$/mon)	(\$/mon)	(\$)	(%)
114	95.19	102.26	7.07	7%

### Rate No. 3 - Large Commercial Service

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	40.53	60.00
Distribution Cost of Service (\$/cscf)	0.2436	0.2411
Transmission Cost of Service (\$/cscf)	0.0632	0.0632
Cost of Gas (\$/cscf)	0.3953	0.3953
Total Unit Cost (\$/cscf)	0.7021	0.6996

Average Monthly Bill - Large Commercial Service

Volumetric Units	Current Rates	Proposed Rates	Increase	%Inc
(cscf)	(\$/mon)	(\$/mon)	(\$)	(%)
754	569.92	587.51	17.59	3%

### Rate No. 15 - Sale for Resale Service

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	300.00	4885.00
Distribution Cost of Service (\$/cscf)	0.0000	0.0000
Transmission Cost of Service (\$/cscf)	0.0310	0.0632
Cost of Gas (\$/cscf)	0.3953	0.3953
Total Unit Cost (\$/cscf)	0.4263	0.4585

### Rate No. 16 - Industrial Service

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	NA	215.00
Distribution Cost of Service (\$/cscf)	NA	0.1600
Transmission Cost of Service (\$/cscf)	NA	0.0632
Cost of Gas (\$/cscf)	NA	0.3953
Total Unit Cost (\$/cscf)	NA	0.6185

### Rate No. 17 - Irrigation Service\*

Description	Current Rates	Proposed Rates
Base Charge (\$/mon)	NA	40.00
Distribution Cost of Service (\$/cscf)	NA	0.1000
Transmission Cost of Service (\$/cscf)	NA	0.0632
Cost of Gas (\$/cscf)	NA	0.3953
Total Unit Cost (\$/cscf)	NA	0.5585

Average Monthly Bill - Irrigation Service

Volumetric Units	Current Rates	Proposed Rates	Increase	%Inc
(cscf)	(\$/mon)	(\$/mon)	(\$)	(%)
167	132.4	133.27	0.87	1%

\*Irrigation Service is a new rate class. A majority of the proposed irrigation customers are currently small commercial customers.

7. The rate changes stated by class and, for residential customers, by consumption levels, are for informational purposes only, and the final rate design may vary the rates ultimately charged to each class and for each consumption level from those shown above.

8. ZIA also proposes to update and revise various rules and forms, as shown in Advice Notice No. 57 and summarized as follows:

<u>Rule or Form No.</u>	<u>Title</u>
Third Revised Rule No. 3	Character of Service
Seventh Revised Rule No. 10	Rendering and Payment of Bills
Sixth Revised Rule No. 11	Budget Payment Plan
Third Revised Rule No. 12	Estimated Bills
Third Revised Rule No. 13	Disputed Bills
Sixth Revised Rule No. 15	Security Deposits, Guarantees of Payment
Sixth Revised Rule No. 16	Discontinuance and Restoration of Service
Fourth Revised Rule No. 17	Payment Agreements
Second Revised Rule No. 18	Commission Complaint Procedures
Third Revised Rule No. 22	Unauthorized Connections and Tampering with Equipment
First Revised Rule No. 30	Service of Notice to Customers
Seventh Revised Form No. 1	Customer Service Guide
Seventh Revised Form No. 2	Bill Form
Eleventh Revised Form No. 3	Shut-Off Notice
Third Revised Form No. 6	Three Day Disconnect Notice
Third Revised Form No. 12	Notice of Discontinuance of Service for Failure to Comply with Payment Agreement
First Revised Form No. 14	Application for Gas Service

9. The Commission has assigned Case No. 18-00018-UT to this proceeding, and all correspondence, pleadings, inquiries, written comments, or other communications concerning this matter should refer to that case number.

10. The Commission has suspended ZIA's proposed rates pending the outcome of a public hearing.

11. The present procedural schedule for this proceeding established in the Procedural Order issued by the Hearing Examiner on March 19, 2018 is as follows:

- a. Any person desiring to become a party to this case must file the original and five copies of a motion for leave to intervene in conformity with Commission Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before May 7, 2018. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record.
- b. The Utility Division Staff ("Staff") shall, and any intervenors may, file direct testimony on or before June 22, 2018.
- c. Rebuttal testimony may be filed on or before July 25, 2018.
- d. A prehearing conference is tentatively scheduled to begin at 9:00 a.m. on July 26, 2018 in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico. The prehearing conference may be canceled if it is determined that there are no unresolved prehearing issues to be discussed.
- e. A public hearing will be held on August 7, 2018, starting at 9:00 a.m., and continuing thereafter through August 10, 2018, if necessary, in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

12. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

13. The Commission's Rules of Procedure found at 1.2.2 NMAC shall apply to this proceeding unless modified by order of the Commission or the Hearing Examiner. A copy of such rules may be obtained from the offices of the Commission and are available online at the official NMAC website, <http://164.64.110.239/nmac/parts/title01/01.002.0002.htm>

14. Any interested person may examine the Application together with any exhibits, related papers, and pleadings that may be filed in this case at ZIA's offices or the Commission's offices at the following addresses. In addition, further information may be obtained by contacting either ZIA or the Commission.

The addresses and telephone numbers of ZIA are as follows:

**Zia Natural Gas Company**  
P.O. Box 888  
100 Short Drive  
Ruidoso Downs, NM 88346  
(575) 378-4277

**Zia Natural Gas Company**  
PO Box 2220  
510 E. Bender  
Hobbs, NM 88241  
(575) 378-4277

**Zia Natural Gas Company**  
Maxwell Village Hall  
316 Maxwell Ave.  
Maxwell, NM 87728  
(575) 375-2277

**Zia Natural Gas Company**  
3700 W. Picacho Ave  
Las Cruces, NM 88007  
(575) 526-4427

The Application and accompanying exhibits, testimonies and papers, are also available on ZIA's website at: <http://www.zngc.com/>.

The address, telephone number, and website address of the Commission are as follows:

**New Mexico Public Regulation Commission**

1120 Paseo de Peralta  
P.E.R.A. Building  
P.O. Box 1269  
Santa Fe, NM 87504  
1-888-427-5772  
<http://www.nmprc.state.nm.us>

Further information can also be obtained at "Case Lookup EdoCKET" on the Commission's website at [www.nmprc.state.nm.us](http://www.nmprc.state.nm.us).

15. Anyone filing pleadings, testimony, and other documents in this case may file either in person with the Commission's Record Bureau in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail addressed to: Records Bureau, New Mexico Public Regulation Commission, P.E.R.A. Building, P.O. Box 1269, Santa Fe, New Mexico 87504-1269. The following physical address of the Commission shall be used only for special or hand deliveries: 1120 Paseo de Peralta, Santa Fe, New Mexico 87501. Copies of all filings shall be served on all parties of record and Staff as specified in the most recent Certificate of Service issued in this case. Copies of all filings shall also be e-mailed on the date of filing to the Hearing Examiner at [ashley.schannauer@state.nm.us](mailto:ashley.schannauer@state.nm.us) by no later than 5:00 pm Mountain Prevailing Time.

16. Any person filing prepared testimony under Commission Rule 1.2.2.35(1) NMAC on behalf of a party shall attend the hearing and submit to examination under oath.

17. Any interested person may appear at the time and place of the hearing and make a written or oral comment pursuant to the Commission's Rules of Procedure without becoming an intervenor. Written comments, which shall reference Case No. 18-00018-UT, also may be sent to the Commission at the mailing address provided above. However, pursuant to Commission Rule 1.2.2.23(F) NMAC, comments will not be considered as evidence in the proceeding.

18. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's Procedural Order issued on March 19, 2018.

19. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

Issued at Santa Fe, New Mexico this 19th day of March, 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION



Ashley C. Schannauer  
Hearing Examiner