NEW MEXICO GAS COMPANY

ORIGINAL RULE NO. 38

RATE RIDER NO. 16 DETAILS

I. Purpose

This Rule establishes the procedures by which the Company will credit Rate Rider No. 16 Amounts to customers, as determined and ordered by the Commission; defines the terms used to administer the Rate Rider No. 16 mechanism; explains how Bill Credits are calculated and applied; establishes the applicable filing requirements; and provides for a Final Reconciliation after the Bill Credit Period.

II. Definitions

The following definitions shall apply to this Rule:

1. Annual Customer Count: Average customer count for calendar year 2025.

2. Bill Credit: A monthly credit applied per customer based on the total Acquisition Credit.

3. Bill Credit Period: The Bill Credit Period will commence October 29, 2026, and will extend for twelve months.

4. Billing Cycle: A period of time consisting of thirty-two (32) days or less, employed by the Company's billing system and used by the Company to render bills for service to customers. The Company employs twenty-one (21) billing cycles for Sales Service Customers, which constitutes a billing month and may or may not coincide with a calendar month.

5. Commission: New Mexico Public Regulation Commission or NMPRC.

6. Company: New Mexico Gas Company, Inc.

7. Effective Date: Billing Cycle 1 of November 2026.

8. Final Bill Credit: Credit to be applied to all Billing Cycles within one month as the result of the Final Reconciliation.

9. Final Reconciliation: The calculation of under- or over-credits remaining after the end of the Bill Credit Period.

10. Rate Rider No. 16 Amounts: Amounts allocated to each customer for the Bill Credit Period. For the Bill Credit Period, Rate Rider No. 16 Amounts aggregated for all applicable customer classes total $22,400,000.

11. Reconciling Amounts: Consists of Rate Rider No. 16 Amounts that were under-credited or over-credited during the Bill Credit Period.

EFFECTIVE
October 29, 2026
Replaced by NMPRC
By: Commission Final Order
Case No. 24-00266-UT

Advice Notice No. 114

/s/Anita Hart
Anita Hart
Director, Regulatory Affairs

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III. Methodology for Developing and Administering the Rate Rider No. 16 Amounts and Bill Credit

1. Rate Rider No. 16 Amounts: For the twelve months following the Effective Date, Rate Rider No. 16 was designed to credit $22,400,000 to NMGC's customers. Each rate class will have an equal credit on its customers' monthly bill during the Bill Credit Period.

2. Reconciling Amounts: Reconciling Amounts are amounts over- or under-credited during the Bill Credit Period. Reconciling Amounts are calculated collectively for all customer classes and will be returned or recovered, as applicable, through the Final Bill Credit following the Final Reconciliation.

3. Bill Credit: Bill Credits for the first twelve-month period are set forth in the Original Rate Rider No. 16.

4. Termination: Except for Final Bill Credit resulting from the Final Reconciliation, Bill Credits under Rate Rider No. 16 will terminate at the end of the last cycle of the September 2027 Billing Cycle.

IV. Final Reconciliation

1. The Company will reconcile the Rate Rider No. 16 Amount balances as of the end of the Bill Credit Period.

2. The Final Reconciliation will consist of the following:

   a. A detail listing of monthly transactions consisting of the beginning balance, amounts credited, applicable credit, customer counts, and any additions/deletions with appropriate explanations, and the ending balance; and

   b. Calculation of the Final Bill Credit for each rate class based on Monthly Budgeted Customer Counts for the month for which the Final Bill Credit will be effective.

3. The Final Reconciliation report will be filed with the Commission thirty (30) days prior to the Effective Date of the Final Credit.

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