



NEW MEXICO GAS COMPANY

ORIGINAL RATE NO. 1-4

RATE RIDER NO. 4 - COST OF GAS COMPONENT

Page 1 of 1

DESCRIPTION

Cost of Gas Component.

APPLICABILITY

All rates which specify this Rate Rider.

APPLICATION

The Cost of Gas Component shall be added to each Customer's bill. It shall be determined by multiplying the number of billing units by the applicable Gas Cost Factor.

CONDITIONS

1. All general service customers shall be billed using the General Service Gas Cost Factor which shall include:
 - a. a Basic Gas Cost Factor which is designed to recover the expected cost of gas;
 - b. a Balancing Account Adjustment which is designed to recover or return any difference between costs and revenues during past operations;
 - c. a Refund/Surcharge Factor which is to return any refunds or collect any special charges for gas; and
 - d. an Inspection & Supervision Fee designed to recover revenue related taxes to be paid on the revenues from the Gas Cost Factor.

Rule No. 25 sets out in detail the steps to be used to find the amount of each part of the Gas Cost Factor.

2. Gas Cost Factors shall remain in effect until changed, unless authorized by the Commission. The Company may change the Gas Cost Factors no sooner than 15 days after notice is filed.

Notice must include a Gas Cost Factor Statement. The statement must show all calculations and data required by Rule No. 25.

3. The Company shall keep a record of all revenues and costs which apply to this Rate Rider. The record shall be closed as of the end of the month of August each year. This record shall be used in the determination of the reconciliation of gas costs and gas cost recoveries. A credit or charge in the form of a Balancing Account Adjustment Factor shall be made as necessary in determining the General Service Gas Cost Factor to compensate for over or under payments by the Customer.
4. The Special Services Gas Cost Factor shall be billed to special contract customers served directly from the lines of a supplier and shall include the amount billed to the Company for their service.

EFFECTIVE

JAN 30 2009

~~REPLACED BY NMDRC~~

BY F10 08-00078-4T

Advice Notice No. 1

Ryan Shell
V.P. Controller & Treasurer
New Mexico Gas Company