

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
ZIA NATURAL GAS COMPANY, A DIVISION)	
OF NATURAL GAS PROCESSING CO., FOR)	CASE NO. 24-_____ -UT
CONTINUED USE OF ITS PURCHASED)	
GAS ADJUSTMENT CLAUSE)	
)	
ZIA NATURAL GAS COMPANY,)	
)	
APPLICANT.)	
_____)	

**APPLICATION OF ZIA NATURAL GAS COMPANY FOR
CONTINUED USE OF ITS PURCHASED GAS COST ADJUSTMENT CLAUSE**

Zia Natural Gas Company, a Division of Natural Gas Processing Company (“Zia”) hereby submits its Application for Continued Use of its Purchased Gas Cost Adjustment Clause (“PGAC”), Zia’s Rate No. 5, in accordance with 17.10.640.11 NMAC. In support of its Application, Zia states:

1. Zia’s continued use of its PGAC methodology was last approved by the Final Order issued in Case No. 20-00201-UT, issued on March 24, 2021. Case No. 20-00201-UT was filed on October 16, 2020.
2. Zia has made no revisions to its approved Rate No. 5.
3. In accordance with 17.10.640.11, Zia is concurrently filing the Prepared Direct Testimony of Marit Coburn and exhibits in support of Zia’s Application.
4. Zia’s Application is timely filed on October 15, 2024.

WHEREFORE, Zia respectfully requests the Commission issue an order allowing Zia continued use of its PGAC, and such other approvals as the Commission needs appropriate.

DATED October 15, 2024.

Respectfully submitted,

MODRALL, SPERLING,
ROEHL, HARRIS & SISK, P.A.

By: /s/ Joan E. Drake

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Attorneys for Zia Natural Gas Company

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CASE NO. 24-_____-UT

PREPARED DIRECT TESTIMONY

OF

MARIT COBURN

**On Behalf of
Zia Natural Gas Company**

October 15, 2024

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DIRECT TESTIMONY OF MARIT COBURN

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Marit Coburn and I am testifying on behalf of the applicant, Zia Natural Gas
3 Company, a division of Natural Gas Processing Company (“NGP”). I work at the Zia
4 Natural Gas Company main office at 100 Short Drive, PO Box 888, Ruidoso Downs, NM,
5 88346.

6 **Q. WHAT ARE YOUR POSITION AND RESPONSIBILITIES WITH NGP?**

7 **A.** I am the Customer Information System (“CIS”) Manager for the utility divisions and I have
8 been in this position since January 2, 2013. As CIS Manager, I am responsible for ensuring
9 the office policies and procedures for Zia Natural Gas Company (“Zia”) and Wyoming Gas
10 Company (“WGC”) are in compliance with the rules of the New Mexico Public Regulation
11 Commission (“Commission” or “NMPRC”) and the Wyoming Public Service
12 Commission, respectively, and that these policies are being followed by all office
13 personnel. I am also responsible for all software maintenance, upgrades, and integrations
14 for the customer billing system, meter reading software, customer web access portal, and
15 online payment portal; balancing and reporting related to gas purchases; and various other
16 tasks.

17 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
18 **PROFESSIONAL QUALIFICATIONS.**

19 **A.** My educational background includes the following:

- 20 • Bachelor of Science - major: Finance, minor: Accounting, from the University of
21 Colorado at Colorado Springs, 2008.
- 22 • Master of Business Administration - major: Business Management, from the
23 University of Colorado at Colorado Springs, 2010.

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- 1 • Masters Certificate in Public Utility Regulated Economics from New Mexico State
2 University, 2022.
- 3 • Master of Arts in Economics – majors: Public Policy, Econometrics, Regulated
4 Public Utilities, from New Mexico State University, 2023.

5 I am a veteran Sergeant in the United States Marine Corps with experience in managing
6 and auditing the disbursement of military funds. I also have taken training in Utility
7 Rate Design sponsored by the American Gas Association.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 **A.** I am testifying on behalf of the applicant, Zia Natural Gas Company.

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

11 **A.** Yes, please see Exhibit MC-1 for a list of cases.

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

13 **A.** The purpose of my testimony is to support Zia’s Application for continued use of its
14 Purchased Gas Adjustment Clause (“PGAC”), Rate No. 5. I will describe how the
15 continued use of Zia’s PGAC meets the requirements of NMAC 17.10.640 and NMSA
16 1978 Section 62-8-7(E).

17 **Q. HAVE YOU PREPARED ANY EXHIBITS TO SUPPORT THIS FILING?**

18 **A.** Yes. I provide the following Exhibits to support this filing:

- 19 • MC-1: List of cases in which I have testified
- 20 • MC-2: Zia’s approved Rate No. 5, Purchased Gas Adjustment Clause
- 21 • MC-3: Zia’s most recent Gas Supply Plan
- 22 • MC-4: Select pages from Zia’s Annual Report dated December 31, 2023

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1 **Q. ARE THESE EXHIBITS TRUE AND CORRECT TO THE BEST OF YOUR**
2 **KNOWLEDGE AND BELIEF?**

3 **A.** Yes.

4 **Q. DESCRIBE HOW EXHIBIT MC-2, ZIA'S APPROVED PGAC RATE NO. 5,**
5 **COMPLIES WITH THE OBJECTIVES OF THE COMMISSION'S PGAC RULE**
6 **NMAC 17.10.640.**

7 **A.** As provided in NMAC 17.10.640.6, the PGAC is intended to ensure the stability of the
8 utility's annual earnings consistent with the utility's duty to provide adequate service at
9 just and reasonable rates. The PGAC allows utilities to set gas cost billing rates for the
10 purpose of recovering gas costs on a continuing basis. The PGAC Rule also allows for
11 levelization of the gas cost factor reflected in the PGAC component of the customer's
12 bill. Zia files its gas cost factor statements and reconciliation reports with the
13 Commission on an annual basis, which serves to levelize the cost of gas for its customers
14 by providing a set price of gas for the entire year. The reconciliation report is audited by
15 an independent auditor, who verifies that the amounts included are based on gas supply
16 and transportation invoices and contain no other costs. Zia's Rate No. 5 outlines the
17 PGAC methodology for the calculation of the purchased gas cost factor, purchased gas
18 commodity balancing account factor, transportation cost factor, and transportation
19 commodity balancing account factor. It also specifies the 12-month reconciliation period
20 to be from August 1st to July 31st of each year and outlines the filing requirements of the
21 annual Gas Supply Plan. This satisfies the requirements listed in NMAC
22 17.10.640.9(A)(1) paragraphs (a), (b), (c), and (e).

23 **Q. HAS ZIA COMPLIED WITH THE ANNUAL FILING REQUIREMENTS FOR**
24 **THE GAS COST FACTOR STATEMENT AND GAS SUPPLY PLAN?**

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1 **A.** Yes, it has. Zia files updated gas cost factor statements no later than November 1st of each
2 year in accordance with Zia’s Rate No. 5 Section VI. The Gas Supply Plan is filed in
3 conjunction with the gas cost factor statements no later than November 1st of each year in
4 accordance with Zia’s Rate No. 5 Section V. The most recent compliance filing was
5 submitted to the Commission on September 25, 2024. This filing also included an
6 updated Gas Supply Plan, effective October 1, 2024 through September 30, 2025.

7 **Q. DOES THIS FILING COMPLY WITH THE PGAC CONTINUATION FILING**
8 **RULES FOUND IN NMAC 17.10.640.11?**

9 **A.** Yes, it does. NMAC 17.10.640.11 requires a utility to file an application for continued
10 use of its PGAC at intervals of no more than four years. Zia’s most recent PGAC
11 Continuation filing, Case No. 20-00201-UT, was filed on October 16, 2020.

12 **Q. HAS ZIA INCLUDED A COPY OF ITS CURRENT GAS SUPPLY PLAN WITH**
13 **THIS PGAC CONTINUATION FILING?**

14 **A.** Yes. In the last PGAC Continuation filing, Case No. 20-00201-UT, Staff recommended
15 that Zia include a copy of its Gas Supply Plan with supporting testimony in its next
16 PGAC Continuation filing. Zia’s Gas Supply Plan is provided as Exhibit MC-3.

17 **Q. PLEASE DESCRIBE ZIA’S GAS SUPPLY PLAN.**

18 **A.** Zia’s Gas Supply Plan was developed to ensure its customers receive reliable gas supply
19 at the lowest reasonable cost. The current Gas Supply Plan covers the period from
20 October 1, 2024 through September 30, 2025, which coincides with the annual gas
21 purchase contracts Zia has with its suppliers.

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1 Zia currently serves approximately 39,300 customers statewide. Of those
2 customers, approximately 35,900 are residential, 10 are industrial, and the remainder are
3 commercial or irrigation. Since the majority of Zia’s customers are residential, Zia’s gas
4 supply load is predominately weather-sensitive and generally predictable. Zia has
5 sufficient distribution systems in place to maintain supply to current customers with room
6 for growth, although no significant growth is anticipated within the next 12 months.

7 Regarding gas supply procurement, Zia mainly employs the use of spreadsheet
8 models to determine gas supply needs. Each contract year, Zia enters into index-based
9 supply contracts with its marketers for a set volume of gas at a fixed price derived from
10 forward index prices. For the 2024-2025 contract year, Zia has locked in pricing on
11 approximately 75% of its monthly average volumes. The remaining volumes are
12 supplied at a monthly or daily index price, plus a few cents as the premium for handling
13 the varying volumes when needed. Because Zia’s volume load is relatively small, its
14 supply options are limited. Suppliers have to spend as much time scheduling delivery
15 volumes to Zia’s different receipt points as they would for a much larger company, yet
16 the lower volumes leave the supplier with smaller available profit margins. The vast
17 majority of marketers with access to gas supplies are not interested in submitting bids for
18 small loads, which makes Zia’s long-term relationships with its gas suppliers critical. Zia
19 does not have the market share or financial expertise necessary to undertake price
20 hedging, therefore it chooses marketers who can provide that service. The price of all gas
21 purchased through these marketers is based on the Platts Gas Daily Index or Forward
22 Index prices and represents the current natural gas market conditions.

23

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1 **Q. NMAC 17.10.640.11 ALSO REQUIRES A PGAC CONTINUATION FILING TO**
2 **PERIODICALLY ADDRESS THE CONSIDERATIONS DESCRIBED IN NMSA**
3 **1978 SECTION 62-8-7(E) PARAGRAPHS 1-4. DOES THIS FILING ADDRESS**
4 **THOSE CONSIDERATIONS?**

5 **A.** Yes, it does. Section 62-8-7(E) requires the Commission to periodically consider at least
6 the following:

7 (1) whether the existence of a particular adjustment clause is consistent with the
8 purposes of the Public Utility Act, including serving the goal of providing reasonable and
9 proper service at fair, just and reasonable rates to all customer classes;

10 (2) the specific adjustment mechanism to recover tax, gas, fuel or purchased power
11 costs;

12 (3) which costs should be included in an adjustment clause, procedures to avoid the
13 inclusion of costs in an adjustment clause that should not be included and methods by
14 which the propriety of costs that are included may be determined by the commission in a
15 timely manner, including what informational filings are required to enable the
16 commission to make such a determination; and

17 (4) the proper adjustment period to be employed.

18 Zia's PGAC methodology allows for the recovery only of approved purchased gas
19 and transportation costs, which are not recoverable using any other method. As
20 mentioned above, the reconciliation report is audited by an independent auditor, who
21 verifies that the amounts included are based on gas supply and transportation invoices,
22 and contain no other costs. Zia's PGAC methodology also levelizes the cost of gas for its
23 customers by providing a set price of gas for the entire year. Zia's PGAC methodology

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1 provides assurance that its customers receive adequate service at fair, just, and reasonable
2 rates, which satisfies the considerations outlined in Section 62-7-8(E).

3 Additionally, in Zia’s 2004 continuation filing, Case No. 04-00398-UT, the
4 Commission found that “Since the Commission has already enacted such rules
5 (17.10.640 NMAC), in order to continue use of its PGAC, it only remains for the
6 company to demonstrate that it meets the various requirements of 17.10.640 NMAC. In
7 essence the requirements for continuation of a PGAC are the same as for an initial PGAC
8 application, and most of those initial application requirements have already been and
9 continue to be met by virtue of Zia’s existing approved PGAC methodology, tariff Rate
10 Schedule No. 5.” Recommended Decision, p.8, approved by Final Order (8/23/05), Case
11 No. 04-00398-UT.

12 **Q. IS ZIA PROPOSING ANY CHANGES TO ITS APPROVED PGAC**
13 **METHODOLOGY RATE NO. 5?**

14 **A.** No, it is not.

15 **Q. PLEASE DESCRIBE ZIA EXHIBIT MC-4, AND HOW IT MEETS THE**
16 **REQUIREMENTS OF NMAC 17.10.640.9(A)(1)(d).**

17 **A.** NMAC 17.10.640.9(A)(1)(d) requires a utility to provide sufficient financial information
18 necessary to justify the inclusion and recovery of allowable gas costs through the utilities
19 PGAC. Exhibit MC-4 contains seven pages from Zia’s 2023 Annual Report that
20 demonstrate the necessity of allowing Zia to recover its gas costs through the PGAC
21 mechanism. As shown on line 97 of the second page of Exhibit MC-4, total gas purchase
22 costs for the year were \$33,435,155 while Zia’s total operating expenses including gas

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1 purchases, shown on line 271 of the seventh page, were \$42,829,715. This shows that
2 Zia's purchased gas costs equal 78% of Zia's total operating expenses. Zia does not have
3 an alternate method to recover these gas costs outside of the PGAC. Without a PGAC
4 mechanism in place, Zia would need to file costly, time-consuming general rate cases on
5 a more frequent basis. The existing PGAC methodology allows Zia to collect actual
6 legitimate gas costs in a timely manner, providing a measure of regulatory efficiency. It
7 also allows Zia to more promptly refund any over-collection of gas costs in the
8 commodity balancing account to customers.

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 **A.** Zia is filing this application for continued use of its PGAC in a timely manner. Zia's
11 currently approved Rule No. 5 continues to be in compliance with NMAC 17.10.640 and
12 NMSA Section 62-7-8(E), and Zia does not propose any changes to its PGAC methodology
13 or tariff.

14 **Q. IN YOUR OPINION, IS ZIA'S APPLICATION FOR THE CONTINUED USE OF**
15 **ITS APPROVED PURCHASED GAS ADJUSTMENT CLAUSE IN THE PUBLIC**
16 **INTEREST?**

17 **A.** Yes, Zia's continued use of its currently approved PGAC methodology complies with
18 Commission Rule 17.10.640 NMAC and NMSA Section 62-7-8(E), is in the public
19 interest, and should be approved.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

21 **A.** Yes, it does.

LISTING OF CASES IN WHICH MARIT COBURN HAS TESTIFIED BEFORE THE
NEW MEXICO PUBLIC REGULATION COMMISSION

<u>CASE NO.</u>	<u>DESCRIPTION</u>
18-00018-UT	Zia Natural Gas General Rate Application (2018)
Advice Notice 61	Reconciliation of Energy Efficiency Rate Rider No. 2 (2019)
Advice Notice 62	Reconciliation of Energy Efficiency Rate Rider No. 2 (2020)
20-00201-UT	Zia Natural Gas Application for Continued Use of its Fuel and Purchase Power Cost Adjustment Clause
21-00096-UT	Zia Natural Gas Application for an Expedited Adjustment to its Purchased Gas Adjustment Clause
Advice Notice 63	Reconciliation of Energy Efficiency Rate Rider No. 2 (2021)
Advice Notice 64	Reconciliation of Energy Efficiency Rate Rider No. 2 (2022)
Advice Notice 65	Reconciliation of Energy Efficiency Rate Rider No. 2 (2023)

LISTING OF CASES IN WHICH MARIT COBURN HAS TESTIFIED BEFORE THE
WYOMING PUBLIC SERVICE COMMISSION

<u>CASE NO.</u>	<u>DESCRIPTION</u>
30009-73-GP-21	Wyoming Gas Company Application to Pass on an Increase of its Wholesale Gas Supply Cost

EIGHTH REVISED RATE NO. 5
CANCELLING SEVENTH REVISED RATE NO. 5
PURCHASED GAS ADJUSTMENT CLAUSE (PGAC)
NUMEROUS CHANGES

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I. **APPLICABILITY:** All Direct Sales and Sales for Resale customers, and if applicable, Transportation Customers. The PGAC is the commodity cost component charged to customers on a monthly basis. It includes the actual costs paid for the gas supply delivered to Zia for distribution to its customers, as well as actual costs paid for transportation of the gas supply over upstream pipelines and applicable taxes and fees.

II. **TERRITORY:** Separate PGAC's are applicable to the Company's Lincoln County/Hobbs/Jal systems, the Maxwell System, and the Dona Ana System.

III. **PGAC METHODOLOGY:** The Company's PGAC components are developed using projected annualized purchase and sale volumes and purchased gas costs derived from historic data, adjusted for known and measurable changes, for a twelve month period. The PGAC also includes transportation costs derived from historic data, adjusted for known and measurable changes. The PGAC components are:

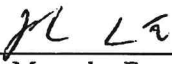
1. **Purchased Gas Cost Factor.** The Purchased Gas Cost Factor on a unit basis (CSCF) is the projected cost for system gas supply, including any and all direct and indirect costs for procuring said supply, including the purchase of storage gas, as applicable, divided by the projected sales volumes for the ensuing twelve month period.

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ADVICE NOTICE NO. 53

REPLACED BY NMPRC
BY Final Order Case # 10-00272-LT


Mercedes Fernandez-Wells
Manager of Regulatory Affairs

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ZIA NATURAL GAS COMPANY
A DIVISION OF
NATURAL GAS PROCESSING CO.

EIGHTH RATE NO. 5
CANCELLING SEVENTH REVISED RATE NO. 5
PURCHASED GAS ADJUSTMENT CLAUSE (PGAC)

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2. Purchased Gas Commodity Balancing Account Factor. The Purchased Gas Commodity Balancing Account Factor on a unit basis (CSCF) is the current balance of the Purchased Gas Commodity Balancing Account divided by the projected sales volumes for the ensuing twelve month period. The Purchased Gas Commodity Balancing Account contains the cumulative monthly differences between actual costs for system gas supply as they are recorded on the books and records of the Company and the gas cost revenues resulting from sales to Direct Sales and Sales for Resale Customers including statutory interest, less taxes and fees, recovered for the system. The resulting amount is applied as a refund or surcharge for Direct Sales and Sales for Resale Customers for that system.

3. Transportation Cost Factor. The Transportation Cost Factor on a unit basis (CSCF) is the projected cost for transportation by Upstream Third-party Transporters for system supply and transportation customer supply, and the costs for injecting and withdrawing storage gas, as applicable, divided by the projected sales volumes and transportation customer volumes for the ensuing twelve month period. Transportation costs include all charges, surcharges and fees from Upstream Third-party Transporters.

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BY Final Order Case # 10-00272-ut

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Manager of Regulatory Affairs

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EIGHTH RATE NO. 5
CANCELLING SEVENTH REVISED RATE NO. 5
PURCHASED GAS ADJUSTMENT CLAUSE (PGAC)

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4. Transportation Commodity Balancing Account Factor. The Transportation Commodity Balancing Account Factor on a unit basis (CSCF) is the current balance of the Transportation Commodity Balancing Account divided by the projected sales volumes for the ensuing twelve month period. The Transportation Commodity Balancing Account contains the cumulative monthly differences between actual costs for system gas transportation costs including all charges, surcharges and fees from Upstream Third-party Transporters as they are recorded on the books and records of the Company and the transportation cost revenues resulting from sales to Direct Sales and Sales for Resale Customers including statutory interest, less taxes and fees, recovered for the system. The resulting amount is applied as a refund or surcharge for Direct Sales and Sales for Resale Customers for that system.

IV. BILLING METHOD

A. The Purchased Gas Cost Factor, Purchased Gas Commodity Balancing Account Factor, Transportation Cost Factor, and Transportation Commodity Balancing Account Factor are added and the total applied as the Commodity Cost component of the customer's bill for the ensuing twelve month period; provided however, the Company may file a new PGAC Statement due to changes in the gas markets or substantial over or under collections to the commodity balancing accounts. The PGAC will be effective at a minimum three days after filing by the Company.

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Manager of Regulatory Affairs

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V. GAS SUPPLY PLANNING

The Company's Gas Supply Planning period shall be the twelve month-period beginning October 1. The Company's Gas Supply Planning Report shall be filed with the Commission on an annual basis on or before November 1.

VI. ANNUAL RECONCILIATION REPORT

An Annual Certified Reconciliation Report shall be filed with the Commission as soon after the completion of the July accounting month as permitted by record availability, but in no case later than the November 1 filing of the Company's Gas Supply Planning Report. The Annual Reconciliation Period shall be the twelve month period from August 1 to July 31. The report shall consist of the following sections:

- (1) a summary of gas purchases and volumes, including gas purchased from affiliates;
- (2) a summary of costs, carrying charges, and collections which were recorded in the applicable balancing accounts;
- (3) a summary of reconciling items including items adjusting the applicable balancing account
- (4) any additional reporting requirements as specified by the Commission.

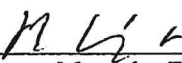
The Balancing Account mechanism is continuous and therefore, the Balancing Accounts are also continuous. Any under or over-collection of gas costs that resulted in the prior reconciliation period will immediately carry over into the subsequent reconciliation period. All adjustments resulting from the Annual Reconciliation will be recorded into the appropriate balancing account as they become certified in the Annual Reconciliation process.

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BY Final order Case# 10-00272-UT

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Manager of Regulatory Affairs

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ZIA NATURAL GAS COMPANY
A DIVISION OF
NATURAL GAS PROCESSING CO.

EIGHTH RATE NO. 5
CANCELLING SEVENTH REVISED RATE NO. 5
PURCHASED GAS ADJUSTMENT CLAUSE (PGAC)

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VI. ADDITIONAL TERMS

A. Statutory interest is as provided in NMSA 1978, Section 62-13-13 or any successor statute.

B. All costs used in developing the Purchased Gas Cost Factors and Transportation Gas Cost Factor shall be the actual costs paid by the Company, with no mark-up or rate base return included.

C. Projected sales volumes are determined using the most recent twelve months of actual data, adjusted for known and measurable changes for the upcoming twelve months, and will usually be based upon purchase meter volumes, taking into consideration lost and unaccounted for volumes on the Company's system(s). Lost and unaccounted for volumes are determined by subtracting the sales volumes from the purchased volumes delivered into the Company's system, dividing that sum by the purchased volumes and multiplying the result by 100 to arrive at a percentage number.

D. Transportation customer volumes are those volumes of gas transported by the Company under a transportation contract pursuant to the Company's Rate No. 6.

E. Upstream Third-party Transporters are the upstream transportation systems who deliver volumes of gas to the Company's system pursuant to transportation contracts held by or for the Company.

F. Direct Sales and Sale for Resale Customers who leave the Company's systems to become Transportation customers shall be subject to both the Purchased Gas Commodity Balancing Account Factor and the Transportation Commodity Balancing Account Factor until the end of the twelve month period in which the reconciliation factors are to be applied.

H. Direct Sales and Sale for Resale Customers who leave the Company's systems shall also be charged their portion of contracted gas supply volumes and their portion of transportation costs associated with capacity demand on Upstream Third party Transporters for the remainder of the contract period or until such time as the contract volumes and capacity demand can be reduced or additional sales or transportation volumes meet the supply and capacity demand.

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BY Final order Case #10-00272-UT

ADVICE NOTICE NO. 53

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Manager of Regulatory Affairs

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**ZIA NATURAL GAS COMPANY
GAS SUPPLY AND PROCURMET PLAN
OCTOBER 1, 2024 THROUGH SEPTEMBER 30, 2025**

VERIFIED BY:

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General Manager
Zia Natural Gas Company
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SUBMITTED BY:

Janeen L. Capshaw
Executive Vice-President
Natural Gas Processing Co.
101 Division St.
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I. OBJECTIVES

Zia Natural Gas Company (“Zia”) hereby submits its 2024-2025 Gas Supply and Procurement Plan, pursuant to 17.10.640 NMAC.

Zia has long interpreted Rule 640 as requiring gas utilities to develop a gas supply plan which will ensure that the utility’s customers receive reliable gas supply at the lowest reasonable cost. Zia’s Rate No. 5, Purchased Gas Adjustment Clause, also reflects Zia’s goal of 1) providing customers with reliable gas supply; 2) providing customers reasonable and stable prices that reflect market conditions over time; and 3) assuring Zia cost recovery for all prudently-incurred natural gas supply related expenditures by meeting the standards of the Commission.

II. DESCRIPTION OF COMPANY OPERATIONS AND DISTRICTS

In order to provide a better basis for understanding Zia’s plans and strategies, a detailed analysis of Zia’s natural gas distribution and transportation system follows.

Zia is an operating division of Natural Gas Processing Co. (“NGP”), a Wyoming corporation headquartered in Worland, Wyoming. NGP provides executive management and staff services to its two utility operating divisions, Zia and Wyoming Gas Company. NGP is the corporate entity regulated by the Commission, having received its original Certificate of Public Convenience and Necessity in 1988 with the acquisition of the former Ruidoso Natural Gas Company. See, Certification of Stipulation, issued December 15, 1988, Case No. 2226.¹

¹ Zia’s other distribution systems were also acquired by asset purchases, including the acquisition of the assets of Hobbs Gas Company, Jal Gas Company, the Village of Maxwell’s and Town of Springer’s municipal systems, the unregulated transmission pipeline operated by Duke Energy, the Capitan-Carrizozo Natural Gas Association, the Village of Hatch’s municipal system, and the Rio Grande Natural Gas Association. The Village of Cimarron had no natural gas distribution system, and Zia extended distribution service there after it acquired the transmission pipeline operated by Duke Energy.

Zia operates in four separate service areas in five different counties in New Mexico. In Lea and Eddy Counties, in the southeast corner of New Mexico, Zia operates the Hobbs District, which provides distribution service in Hobbs, Jal, Malaga and to 23 customers directly across the state line in Texas. For the Hobbs area, Zia receives its gas supply through a 9.5 mile, high pressure distribution pipeline that is connected directly to DCP Midstream Marketing, LP, a natural gas gathering, processing and marketing company. In the Jal area, Zia receives its gas supply from a direct interconnect with El Paso Natural Gas Company's (EPNG) interstate pipeline, and in the Malaga area, Zia has a direct interconnect with Enterprise Field Services, a gathering and processing company. There are approximately 10,876 residential and commercial customers in the Hobbs District as of July 31, 2024.

In Lincoln County, Zia provides transmission and distribution service in Ruidoso, Ruidoso Downs, Alto, Capitan, Carrizozo and surrounding areas, collectively known as the Ruidoso District. Zia receives its gas supply through a 45-mile transmission pipeline running north from Capitan to a direct interconnect with EPNG's interstate pipeline. Zia serves approximately 13,376 residential and commercial customers in Lincoln County.

In Colfax County, in northeastern New Mexico, Zia provides transmission and distribution service in the Village of Maxwell, the Village of Cimarron, the Town of Springer and areas around Raton, as well as sale for resale service to the City of Las Vegas. This is known as the Maxwell District. The gas supply is accessed through Zia's 50-mile transmission pipeline which is connected to Raton Gas Transmission Company ("RGT") just south of the Raton city limits. RGT is an interstate pipeline regulated by the Federal Energy Regulatory Commission ("FERC"). RGT in turn is interconnected to Colorado Interstate

Gas Company (“CIG”), a FERC regulated interstate pipeline, which also owns storage facilities. Zia currently serves 1,316 residential and commercial customers in the Maxwell District.

In Dona Ana County, in the southern part of the state, Zia operates its Dona Ana System, which provides service to areas in Dona Ana County outside the City of Las Cruces. Zia’s service area extends from the Village of Hatch south along the Rio Grande Valley to an area just north of Anthony, New Mexico. Zia provides service within the Village of Hatch, the Town of Mesilla, and other unincorporated areas generally west of I-25, including the Picacho Hills subdivision.² Zia’s gas supply is delivered at two different points on its system. Zia owns a four-inch high pressure distribution pipeline which is interconnected with EPNG at a point known as the Chamberino delivery point, south of the unincorporated town of Vado. The four-inch pipeline runs north all the way to Hatch. Gas is also delivered to Zia via the City of Las Cruces’ eight-inch pipeline, which is also interconnected with EPNG and which delivers the gas to a regulator station located on Picacho Avenue, known as the Martinez Station. Zia has a four-inch high pressure distribution pipeline connected to the Martinez Station. Zia currently serves 13,748 residential and commercial customers in the Dona Ana District. Overall, Zia serves approximately 39,317 customers statewide as of July 31, 2024. The vast majority of Zia’s customers, approximately 35,899, are residential, and therefore Zia’s load is predominately weather-sensitive, but generally predictable.

² New Mexico Gas Company and Zia Natural Gas Company have a Voluntary Service Area Agreement dated June 24, 2013 and approved by Commission order on August 27th, 2014 under Case No. 12-00235-UT establishing a boundary line separating Zia’s and NMGC’s service areas north of Hatch and south of Vado.

III. GAS SUPPLY PLANNING PERIOD

Zia's Gas Supply Planning Period is the twelve month period beginning October 1. The terms of Zia's gas supply contracts normally coincide with this time period.

IV. GAS SUPPLY PROCUREMENT

The bulk of Zia's supply analysis function is performed using spreadsheet models. The two principle characteristics are: load variability and natural gas price volatility. Given the relative stability of Zia's load, planning requirements for overall volumes are simplified. Also, natural gas markets are relatively liquid, and, even if loads are unanticipated, additional supply is usually a small amount when compared to overall capacity on the interstate pipelines and is available so long as adequate transportation exists. However, natural gas price volatility and efforts to predict future prices, represents a much more complicated challenge.

Natural gas supply prices are determined generally by supply/demand relationships and psychological influences in the markets. These influences include the perception of events that may occur, as well as actual events. Factors affecting the price of natural gas can include financial entity participation in the markets, supply and demand trends (and perceptions of trends), growing gas-fired electric generation requirements, national storage inventory levels, crude oil prices, and numerous other factors. Recently, world-wide liquified natural gas (LNG) demand has also affected natural gas prices.

Zia's gas price forecasts are derived from a comprehensive analysis of numerous supply and demand elements at the local, regional, national, and world levels. Although natural gas forecasts have inherent limitations, the information provides another point of reference for Zia in its decision-making process.

At least two different types of uncertainty influence the accuracy of any forecast: uncertainty related to long-term changes in the industry, and uncertainty related to short-term gas price variability. Contributing to long-term uncertainty are long-term demand and supply issues, including, as just two examples, the obvious growth in gas demand for electricity generation and the development of shale gas. Short-term gas price variability also affects the variance of long-term forecasts of gas prices. Actual gas prices in future months will reflect variability due to short-term conditions. Examples of short-term supply and demand factors that can significantly affect prices include actual weather conditions in various markets, expected short-term weather conditions, and storage inventory balances. In other words, the actual price of natural gas in the future will be influenced by short-term market fundamentals. Forecasts cannot capture market realities of this type.

Zia also uses natural gas forward market prices to observe the prices at which market participants are willing to transact for delivery in future months. This provides information, but only at a particular point in time. Forward prices augment the information provided in the longer-term fundamental gas price forecasts.

The extreme volatility of the short-term gas prices which occurred between February 12-18, 2021 as a result of supply shortages in Texas during Winter Storm Uri has added a new layer of fear to the natural gas market. Since no regulatory changes have been made in the natural gas spot market since this event, there is no tool in place to prevent it from happening again. As a result, the natural gas market has placed a high winter premium on all contract volumes through the upcoming winter season.

Zia enters into index-based supply contracts in an amount sufficient to ensure that reliable gas supply is available from a marketer during both the heating season and a base load for the remaining year. The contracts provide for purchasing a set volume of gas at a fixed price derived from forward index prices, with the remainder of the burn volume to be supplied at a monthly or daily index price plus a few cents, as the premium for handling the varying volumes when needed. Zia's load profile – small and weather-sensitive - requires as much or more time spent by a supplier as would a large utility load, yet with little profit margin available for a marketer due to the small load, emphasizing the importance of a long-term relationship between the parties.

Because of the fact that Zia has a relatively small, weather-sensitive load, Zia's supply options are limited. Experience has demonstrated that the vast majority of marketers having access to gas supplies that could be delivered to Zia's systems are not interested in submitting bids for such a small load. The stringent balancing and nomination requirements on the interstate pipelines contribute to the reluctance of marketers to bid on Zia's load. Consequently, Zia has maintained a contractual relationship with United Energy Trading, LLC, a marketing company out of Lakewood, Colorado, for gas supplies for the Maxwell System, the Jal area, and the Ruidoso District for the past twenty-two years.

For the Hobbs System, Zia has maintained a direct connection to a gathering and processing plant for the past 28 years which is now owned and operated by DCP Midstream Marketing. While there are interstate pipelines in the area, the cost to construct an interconnect point, plus the added transportation fees, are factors that have guided Zia's decision to continue taking gas directly from the gas processing plant.

For the Dona Ana System, Zia holds a gas supply contract with Shell Energy North America, which was assigned to it by the Rio Grande Natural Gas Association as part of the acquisition. Transportation is provided by EPNG and the City of Las Cruces.

In the month of June, Zia's annual gas supply review, discussed above, begins with historic usage for the previous year. Conferences with the division and district managers are held to determine whether there is any anticipated growth for the upcoming year. This information provides the basis for Zia's projected customer growth. Marit Coburn, Zia's CIS Manager, provides the usage volumes, and prepares the data used to develop Zia's annual purchased gas cost factor and reconciliation factors. Zia personnel also discussed gas purchasing best practices with each of its marketers seeking options to mitigate price spikes.

Historically, Zia locks-in a contractual price sometime during the months of August or September, for a one-year contract period beginning October 1. Zia's management decided to lock-in prices for seventy-five percent of its base load with the remainder on daily pricing for its entire system.

As stated above, because Zia's volumes are so small, its service locations have limited ability to access supplies, and nomination and balancing requirements on the interstate pipelines have become increasingly complex, Zia has very limited supply options. Storage on the CIG system is already fully subscribed, except for the small amount required under RGT's contract, as described below. Additionally, EPNG has no additional storage capacity on its system. Zia's supply contracts reflect a degree of price-hedging, performed by Zia's suppliers, United Energy Trading, DCP Midstream Marketing, and Shell. Alone, Zia does not have the market share or financial expertise necessary to undertake price hedging thus we chose marketers which provide that service.

For the transportation of Zia's gas supplies other than in Hobbs, Zia holds three long-term contracts with EPNG for transportation of gas for its Ruidoso District, Jal and Dona Ana District customers. For the Maxwell District, Zia is a named shipper on RGT's pipeline certificate. RGT holds the transportation contracts on CIG, which include the requirement that RGT place gas into storage in the summer months for Zia, which is then withdrawn in the winter months to meet peak demands. Zia purchases and nominates its storage gas as part of its overall gas supply.

V. LOAD MANAGEMENT AND FUTURE DEMAND

As explained above, Zia provides natural gas distribution service in four separate service areas, and these areas are all geographically and economically diverse. In Colfax County, Zia serves an area that is primarily rural and semi-rural, with small towns primarily geared to ranching activity and having no major commercial or industrial developments. Zia's supply side options are limited, due to its direct interconnection with RGT, but its current capacity is more than sufficient to serve its foreseeable demand.

Lincoln County is also rural and semi-rural, and while the Town of Carrizozo is the county seat, the majority of the population is located in Ruidoso and Ruidoso Downs. The economy is largely tourism-based, with many small commercial outlets, but no major industrial activity. The Ruidoso area was largely affected by the South Fork Fire on June 17, 2024. Zia lost approximately 750 customers due to the fire and an additional 50 customers to subsequent flooding. The majority of the lost customers were residential. Zia estimates sales volumes for the next 12 month in the Ruidoso area to decrease by 43,200 MSCF, approximately 6% of the annual load for Lincoln County residential customers. Zia expects it to take several years before volumes in the Lincoln County area return to pre-fire levels.

However, once customer demand returns, Zia has the opportunity to negotiate additional capacity on EPNG, if necessary. Zia also has the ability to interconnect with a second major interstate pipeline, Transwestern Pipeline Company, at a location adjacent to its current interconnect with EPNG.

Since its acquisition of the Dona Ana County system, Zia has experienced steady growth in residential customers; however, that has been primarily a function of residents located within the existing service territory converting from propane or electricity, and farmers converting irrigation pumps from other energy sources. The major commercial and industrial users on the system are the three chili processing plants, an onion dryer, and two asphalt production plants located on the east side of Interstate 10 near Vado. Zia does not anticipate any other major commercial or industrial users locating in the area. Zia currently has more than sufficient capacity on the City of Las Cruces' system, and can negotiate additional capacity on EPNG, if necessary.

The City of Hobbs is the largest city served by Zia. Residential growth has been steady, but not enough to warrant additional supply-side contracts. Should acquisition of additional or alternative supply contracts be required, Zia has the opportunity to interconnect with Northern Natural Gas Company or Transwestern Pipeline Company. At this point in time, no such additional interconnects are deemed necessary.

In sum, Zia's existing transportation contracts and supply acquisition activity are sufficient to meet existing and future customer demand during this forecast period.

VI. SYSTEM MODIFICATIONS

For the 2024/2025 gas supply planning period, Zia does not anticipate any significant system modifications or improvements that would impact Zia's supply contracts.

VII. REGULATORY DEVELOPMENTS

There are no foreseeable regulatory or market developments, other than as explained above, that may impact this plan.

Respectfully Submitted,
Zia Natural Gas Company

By: 
Janeen L. Capshaw
Executive Vice President
PO Box 541
Worland, WY 82401
(307) 347-8221

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration and Development (Total of lines 61 thru 64)			
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases			
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
70	801 Natural Gas Field Line Purchases			
71	802 Natural Gas Gasoline Plant Outlet Purchases			
72	803 Natural Gas Transmission Line Purchases	\$ 21,415,827	\$	20,887,318
73	804 Natural Gas City Gate Purchases	\$ 5,424,623	\$	5,384,651
74	804.1 Liquefied Natural Gas Purchases			
75	805 Other Gas Purchases			
76	(Less) 805.1 Purchases Gas Cost Adjustments	\$ 6,594,705	\$	5,907,262
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	\$ 33,435,155	\$	32,179,230
78	806 Exchange Gas			
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses			
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)			

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit			
87	(Less) 808.2 Gas Delivered to Storage-Credit			
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit			
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit			
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit			
92	811 Gas Used for Products Extraction-Credit			
93	812 Gas Used for Other Utility Operations-Credit			
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)			
95	813 Other Gas Supply Expenses			
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	\$ 33,435,155	\$	32,179,230
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	\$ 33,435,155	\$	32,179,230
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering			
102	815 Maps and Records			
103	816 Wells Expenses			
104	817 Lines Expense			
105	818 Compressor Station Expenses			
106	819 Compressor Station Fuel and Power			
107	820 Measuring and Regulating Station Expenses			
108	821 Purification Expenses			
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses			
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Total of lines of 101 thru 113)			

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering			
117	831 Maintenance of Structures and Improvements			
118	832 Maintenance of Reservoirs and Wells			
119	833 Maintenance of Lines			
120	834 Maintenance of Compressor Station Equipment			
121	835 Maintenance of Measuring and Regulating Station Equipment			
122	836 Maintenance of Purification Equipment			
123	837 Maintenance of Other Equipment			
124	TOTAL Maintenance (Total of lines 116 thru 123)			
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)			
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Total of lines 128 thru 133)			
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Total of lines 136 thru 144)			
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)			

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(less) 845.5 Wharfage Receipts-Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Total of lines 149 thru 164)			
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Total of lines 167 thru 174)			
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)			
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)			

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering			
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses	\$ 181,134	\$	167,476
187	857 Measuring and Regulating Station Expenses	\$ 94,075	\$	86,982
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Total of lines 180 thru 190)	\$ 275,209	\$	254,457
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains	\$ 59,066	\$	54,613
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Regulating Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Total of lines 193 thru 199)	\$ 59,066	\$	54,613
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	\$ 334,275	\$	309,070
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering			
205	871 Distribution Load Dispatching			
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	\$ 1,630,202	\$ 1,507,281	
209	875 Measuring and Regulating Station Expenses-General	\$ 846,675	\$ 782,834	
210	876 Measuring and Regulating Station Expenses-Industrial			
211	877 Measuring and Regulating Station Expenses-City Gas Check Station			
212	878 Meter and House Regulator Expenses			
213	879 Customer Installations Expenses			
214	880 Other Expenses			
215	881 Rents			
216	TOTAL Operation (Total of lines 204 thru 215)	\$ 2,476,877	\$ 2,290,115	
217	Maintenance			
218	885 Maintenance Supervision and Engineering			
219	886 Maintenance of Structures and Improvements			
220	887 Maintenance of Mains	\$ 531,597	\$ 491,514	
221	888 Maintenance of Compressor Station Equipment			
222	889 Maintenance of Measuring and Regulating Station Equipment-General			
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial			
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station			
225	892 Maintenance of Services			
226	893 Maintenance of Meters and House Regulators			
227	894 Maintenance of Other Equipment			
228	TOTAL Maintenance (Total of lines 218 thru 227)	\$ 531,597	\$ 491,514	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	\$ 3,008,475	\$ 2,781,628	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision			
233	902 Meter Reading Expenses			
234	903 Customer Records and Collection Expenses	\$ 2,931,516	\$ 3,037,000	

Name of Respondent Zia Natural Gas Company		This Report Is:(1) (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 29, 2024	Year/Period of Report End of 12/31/2023
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	\$ 143,324	\$ 98,782	
236	905 Miscellaneous Customer Accounts Expenses			
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	\$ 3,074,840	\$ 3,135,782	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision			
241	908 Customer Assistance Expenses			
242	909 Informational and Instructional Expenses			
243	910 Miscellaneous Customer Service and Informational Expenses			
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	\$ -	\$ -	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision			
248	912 Demonstrating and Selling Expenses			
249	913 Advertising Expenses			
250	916 Miscellaneous Sales Expenses			
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	\$ -	\$ -	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	\$ 2,464,584	\$ 2,269,939	
255	921 Office Supplies and Expenses			
256	(Less) 922 Administrative Expenses Transferred-Credit			
257	923 Outside Services Employed			
258	924 Property Insurance	\$ 512,386	\$ 545,500	
259	925 Injuries and Damages			
260	926 Employee Pensions and Benefits			
261	927 Franchise Requirements			
262	928 Regulatory Commission Expenses			
263	(Less) 929 Duplicate Charges-Credit			
264	930.1 General Advertising Expenses			
265	930.2 Miscellaneous General Expenses			
266	931 Rents			
267	TOTAL Operation (Total of lines 254 thru 266)	\$ 2,976,970	\$ 2,815,439	
268	Maintenance			
269	932 Maintenance of General Plant			
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	\$ 2,976,970	\$ 2,815,439	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	\$ 42,829,715	\$ 41,221,150	

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
ZIA NATURAL GAS COMPANY, A DIVISION)
OF NATURAL GAS PROCESSING CO., FOR)
CONTINUED USE OF ITS PURCHASED)
GAS ADJUSTMENT CLAUSE)
)
ZIA NATURAL GAS COMPANY,)
)
)
APPLICANT.)
_____)**

CASE NO. 24-_____-UT

ELECTRONICALLY SUBMITTED VERIFICATION

Marit Coburn, under penalty of perjury under the laws of the State of New Mexico, states:

I make this verification pursuant to 1.2.2.10(E) NMAC and New Mexico R. 1-011(B) NMRA.

I have read the foregoing Application of Zia Natural Gas Company for Continued Use of its Purchased Gas Cost Adjustment Clause, the Prepared Direct Testimony of Marit Coburn, and accompanying exhibits, and they are true and correct based on my personal knowledge and belief.

Dated: October 14, 2024

/s/ Marit Coburn

Marit Coburn
CIS Manager
Zia Natural Gas Company

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
ZIA NATURAL GAS COMPANY, A DIVISION)
OF NATURAL GAS PROCESSING CO., FOR) CASE NO. 24-_____-UT
CONTINUED USE OF ITS PURCHASED)
GAS ADJUSTMENT CLAUSE)
)
ZIA NATURAL GAS COMPANY,)
)
APPLICANT.)
_____)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of *Zia Natural Gas Company's Application for Continued Use of its Purchased Gas Adjustment Clause and the Prepared Direct Testimony of Marit Coburn with exhibits* was sent by email on this date to the following:

Gideon Elliot	GElliot@nm DOJ.gov ;
John Bogatko	john.bogatko@prc.nm.gov ;
Joan Ellis	joan.ellis@prc.nm.gov ;
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Marit Coburn	mcoburn@zngc.com ;
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DATED October 15, 2024.

Modrall, Sperling, Roehl, Harris & Sisk, P.A.

By: /s/ Joan E. Drake

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