


**[EXTERNAL] Raton Natural Gas Company's Application for Approval of its 2024-2026 Energy Efficiency Plan and Advice Notice No. 56**

Peter Gould <peter@thegouldlawfirm.com>

Tue 8/29/2023 2:40 PM

To:Records, PRC, PRC <PRC.Records@prc.nm.gov>

Cc:Cameron, Scott , PRC <scott.cameron@prc.nm.gov>;David Link <david@rngcompany.com>;Patricia Link <patricia@rngcompany.com>;Borman, Bradford, PRC <Bradford.Borman@prc.nm.gov>;Rilkoff, Ed , PRC <Ed.Rilkoff@prc.nm.gov>;Kelly Gould , <kelly@thegouldlawfirm.com>;Gideon Elliot <gelliot@nmag.gov>;Peter Gould <peter@thegouldlawfirm.com>

 2 attachments (15 MB)

08.29.23 RNG Filing Check.pdf; 23-00\_\_-UT-2023-08-29-Raton Natural Gas Company Application for Approval of 2024-2026 Energy Efficiency Plan.pdf;

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

NMPRC Records:

Attached please find Raton Natural Gas Company's Application for Approval of its 2024-2026 Energy Efficiency Plan and Advice Notice No. 56. This pdf document is being provided to you for filing pursuant to the Commission's current electronic filing policy.

Also attached is a scan of the Gould Law Firm Check No. 8745 in the amount of \$26.00 for the NMPRC's filing fees in this matter, i.e., \$25.00 for the Application and \$1.00 for Advice Notice 56. This check was mailed to the Commission's Post Office Box this date by regular First Class mail.

Please email me immediately if you have any difficulty accessing or filing this Application.

Thank you for your attention to this matter.

Peter Gould

Kelly Gould

Raton Natural Gas Company Counsel

**THE GOULD LAW FIRM, INC.**

**P. O. Box 34127  
SANTA FE, NM 87594-4127  
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August 29, 2023

Ms. Melanie Sandoval  
Records Manager  
New Mexico Public Regulation Commission  
P.O. Box 1269  
Santa Fe, New Mexico 87504  
prc.records@state.nm.us

***RE: NMPRC Case 23-00297 -UT; Raton Natural Gas Company's Application for Approval of 2024-2026 Energy Efficiency Program Plan and Raton Natural Gas Company's Advice Notice No. 56***

Ms. Sandoval:

Enclosed for filing, pursuant to the Commission's current Electronic Filing Policy, is Raton Natural Gas Company's (RNG) Application for Approval of its 2024-2026 Energy Efficiency Program Plan, and its Advice Notice No. 56. Advice Notice No. 56 is the Company's proposed Fourth Revised Rate No. 6, its Energy Efficiency Rider, for collection of its projected 2024-2026 Energy Efficiency Plan costs.

Enclosed with this cover letter are the following documents:

- RNG's 2024-2026 Energy Efficiency Plan Application
- Proposed Form of Notice to Customers
- Advice Notice No. 56, along with a Table of Contents for all of RNG's rates
- Direct Testimony of David N. Link, and supporting Exhibits

The following designated corporate representatives and legal counsel for RNG should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

David N. Link, President & General Manager  
Raton Natural Gas Company  
223 N. Guadalupe Street # 306  
Santa Fe, New Mexico 87501-1868  
Tel: 505.984.0282  
Fax: 575.613.7226  
Email: david@rngcompany.com

The Gould Law Firm  
Peter J. Gould, Esq.  
P.O. Box 34127  
Santa Fe, NM 87594  
Cell: 505.690.2966  
Email: [peter@thegouldlawfirm.com](mailto:peter@thegouldlawfirm.com)  
Kelly Gould, Esq.  
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[kelly@thegouldlawfirm.com](mailto:kelly@thegouldlawfirm.com)

RNG will serve, via email, a copy of this Application and all attachments to the parties in RNG's last energy efficiency case, NMPRC Case No. 20-00177-UT. As noted above, this Application, along with the supporting documents, is being filed electronically.

A Gould Law Firm check in the amount of \$26, which includes the filing fee of \$25 for the Application and the filing fee of \$1 for Advice Notice No. 56, is being mailed this date to the New Mexico Public Regulation Commission, P.O. Box 1269, Santa Fe, NM 87504.

If you have any questions regarding this application, please contact me at [peter@thegouldlawfirm.com](mailto:peter@thegouldlawfirm.com).

Sincerely,

*Electronically signed by*

Peter J. Goud, Esq.  
Counsel for  
Raton Natural Gas Company

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

IN THE MATTER OF THE APPLICATION )  
BY RATON NATURAL GAS COMPANY FOR )  
APPROVAL OF ITS 2024-2026 ENERGY )  
EFFICIENCY PROGRAM PLAN AND )  
FOURTH REVISED RATE RIDER NO. 6 )  
IN ADVICE NOTICE NO. 56 )  
PURSUANT TO THE NEW MEXICO )  
PUBLIC UTILITY ACT AND THE )  
EFFICIENT USE OF ENERGY ACT )  
RATON NATURAL GAS COMPANY, ) **Utility Case No. 23-00297 -UT**  
Applicant. )  
\_\_\_\_\_ )

**RATON NATURAL GAS COMPANY'S APPLICATION  
FOR APPROVAL OF ITS 2024-2026 ENERGY EFFICIENCY PLAN AND FOR  
APPROVAL OF REVISIONS TO ITS PROGRAM COST RATE RIDER**

Raton Natural Gas Company ("RNG") respectfully applies to the New Mexico Public Regulation Commission ("Commission" or "NMPRC") for its approval of the following 2024-2026 Energy Efficiency Plan, pursuant to the New Mexico Public Utility Act ("PUA"); the New Mexico Efficient Use of Energy Act ("EUEA") and the Commission's Energy Efficiency Rule, 17.7.2 NMAC ("Rule").

RNG requests the necessary approvals and authorizations to continue offering all the Residential and Commercial Energy Efficiency ("EE") programs which the Commission previously approved in its Final Orders in Case Nos. 18-00312-UT and 20-00177-UT. RNG is also asking for approval of its proposed Fourth Revised Rate No. 6, as shown in Advice Notice No. 56, which is included with this Application. If approved, Fourth Revised Rate No. 6 would increase RNG's Rate No. 6 to \$0.01308/ccf for all commercial and residential customers.

RNG's approved EE Program Plan includes the following four energy efficiency programs: (1) Water Heating, (2) Space Heating, (3) Income Qualified Services, and (4) Education Outreach. Taken as a whole, these programs provide the opportunity for all of RNG's customers to participate and achieve the savings afforded by energy efficiency measures. These 2024-2026 programs are fully described and supported in the Direct Testimony of David N. Link which is included with this Application.

In support of this Application, RNG states the following:

## **I. BACKGROUND**

1. RNG is a public utility subject to the jurisdiction of the Commission and has served the Raton community since 1963. RNG provides natural gas distribution service to approximately 3,000 customers, of which approximately eighty-eight percent (88%) are residential customers.

2. The EUEA provides that the Commission will direct public utilities to evaluate and implement cost-effective programs that reduce energy demand and consumption. NMSA 1978, § 62-17-5(B). Public utilities must obtain the Commission's approval of energy efficiency and load management programs before implementation. NMSA § 62-17-5(E). The EUEA authorizes a public utility that undertakes cost-effective energy efficiency and load management programs to recover the costs of all programs from those customers that have the opportunity to participate through an approved tariff rider or in base rates, or by a combination of the two. NMSA § 62-17-6(A). For investor-owned gas utilities, the charges for EE programs shall not exceed more than five percent (5%) of total annual revenues, or \$75,000, whichever is less, per customer per calendar year. NMSA § 62-17-6(A)(2).

3. RNG's present Energy Efficiency Program Plan was approved by the Commission in NMPRC Case No. 20-00177-UT. RNG's proposed 2024-2026 Energy Efficiency Plan is to continue to implement its approved EE Programs with an increased annual budget of \$57,376.00. RNG respectfully requests the Commission to expeditiously grant the necessary

approvals and authorizations so that it may continue to implement these EE programs without interruption to its customers.

## **II. PROPOSED ENERGY EFFICIENCY PROGRAM**

4. As noted above, RNG proposes to continue its currently approved Residential and Commercial EE programs. The current EE programs include the following: 1) an education program that incorporates (i) RNG supported forums on energy efficiency measures in various community settings, (ii) energy efficiency presentations in the elementary schools, and (iii) public service announcements on local radio; 2) Residential measures, which include (i) the provision of low-flow showerheads, (ii) incentives and rebates for the installation of high efficiency rated natural gas water heaters, (iii) incentives and rebates for the installation of high efficiency rated natural gas space heating appliances and energy conservation devices; 3) an Income Qualified program that includes a package of energy efficiency offerings for RNG's low-income customers; and 4) Commercial measures, which (i) provide incentives and rebates for the installation of high efficiency rated commercial natural gas water heaters, (ii) free energy assessments and installation of commercial low-flow pre-rinse spray valves for restaurants, (iii) incentives and rebates for the installation of high efficiency rated commercial natural gas furnaces, and (iv) free commercial grade programmable thermostats. RNG is also proposing to increase its Energy Efficiency Rate Rider, Rate Rider No. 6, to \$0.01308/ccf for all commercial and residential customer in order to recover the costs of offering and implementing these programs. The details of the revisions to Fourth Revised Rate No. 6 are provided in Advice Notice No. 56, included with this Application.

5. Based on the Company's experience with the current EE Programs, and the conclusions of the independent measurement and verification evaluator, these programs are

expected to provide benefits over their entire useful lives which exceed the costs of the programs. These programs are designed to provide all residential and commercial customers the opportunity to participate, obtain benefits gained from increased energy efficiency, and potentially realize other economic benefits. The proposed Fourth Revised Rate No. 6 allows for full recovery of costs associated with the proposed 2024-2026 Energy Efficiency Plan. As detailed in the Direct Testimony of David N. Link, RNG's base rates, and other approved charges, are not currently designed to fully recover these costs.

6. RNG has also continued to review and evaluate other utilities' programs to determine whether any might be applicable in the RNG customer environment. The currently approved programs have been well received by customers and have been successful from a cost/benefit perspective. RNG's proposed 2024-2026 Energy Efficiency Plan incorporates the lessons learned by the Company in the past several years of implementing EE Programs, input from other utility programs in the State of New Mexico, from Commission Staff, and other stakeholders and consultants. The proposed 2024-2026 Energy Efficiency Plan reflects RNG's consideration of the best interest of the purpose of RNG's Energy Efficiency Program, the EUEA, and RNG's customers.

#### **I. PROGRAM COST TARIFF RIDER**

7. The EUEA authorizes natural gas public utilities offering cost effective energy efficiency and load management programs to recover all program costs through an approved tariff rider not to exceed five percent (5%) of customers' bills estimated for the plan year.

8. RNG's energy efficiency programs will result in incremental costs that RNG's current authorized base rates and other charges are not designed to recover.

9. RNG proposes to recover these costs from the residential and commercial customer classes who are eligible to participate in the energy efficiency programs.

10. RNG's estimated total program budget for its 2024-2026 Energy Efficiency Program Plan is \$57,376.00. This amount is far less than the total amount RNG would be eligible to receive if it were to seek the maximum 5% of revenues afforded by the EUEA. In addition, RNG is not seeking to earn a profit on its EE programs in this filing, even though such a profit is allowed by Section 62-17-5.F of the EUEA. RNG proposes the following tariff rate rider to recover the 2024-2026 Energy Efficiency Program budget:

<b>Rate Class</b>	<b>Proposed Rate Per Ccf</b>
Residential Customers	\$0.01308
Commercial Customers	\$0.01308

11. Pursuant to the requirements of 17.7.2.8 NMAC, *Public Utility Filing Requirements for Annual Applications and Annual Reports*; 17.7.2.9 NMAC, *Residential Programs*; 17.7.2.13 NMAC, and *Filing Requirements for Cost Recovery*; 17.7.2.14 NMAC, RNG is filing the following documents concurrently with this Application providing the required information:

- a. Copy of RNG's Advice Notice No. 56 containing Fourth Revised Rate No. 6, RNG's Energy Efficiency Rate Rider;
- b. Direct Testimony of David N. Link and Exhibits; and
- c. Proposed Form of Notice to Customers

## **II. OTHER MATTERS**

12. RNG includes and incorporates, as if fully set forth in this Application, the Direct Testimony and Exhibits of David N. Link, served herewith. RNG will serve copies of this Application, Advice Notice No. 56, the supporting Direct Testimony of David N. Link and



Exhibits, and the Proposed Form of Customer Notice on Commission Staff and parties to its prior approved energy efficiency case.

13. The following designated corporate representatives and legal counsel for RNG should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

David N. Link, President & General Manager  
Raton Natural Gas Company  
223 N. Guadalupe Street # 306  
Santa Fe, New Mexico 87501-1868  
Tel: 505.984.0282  
Fax: 575.613.7226  
Email: david@rngcompany.com

The Gould Law Firm  
Peter J. Gould, Esq.  
P.O. Box 34127  
Santa Fe, NM 87594  
Cell: 505.690.2966  
Email: peter@thegouldlawfirm.com  
and  
Kelly Gould, Esq.  
Cell: 505.690.2966  
kelly@thegouldlawfirm.com

### **III. REQUESTED APPROVALS FOR THE IMPLEMENTATION OF ENERGY EFFICIENCY PROGRAMS AND RECOVERY OF PROGRAM COSTS**

To implement the proposed programs, RNG requests that the Commission make the following findings and grant the following approvals:

A. Pursuant to Section 62-17-5(C) of the EUEA, RNG requests the Commission to determine that the proposed energy efficiency programs are cost-effective and appropriate as provided by the statute.

B. Pursuant to Section 62-17-6 of the EUEA and Sections 17.7.2.13.A and C NMAC of the Rule, RNG requests approval of recovery of its Program Year 2024-2026

budgeted costs of \$57,376.00 going forward, through the proposed Fourth Revised Rate No. 6 of \$0.01308/ccf.

C. Pursuant to Section 62-17-6(A) of the EUEA, Section 62-8-1 of the PUA, and 17.7.2.13.C and D NMAC of the Rule, RNG requests the Commission to determine that its proposal to recover the cost of its EE programs is just and reasonable and does not recover any costs currently being collected in base rates.

D. RNG also requests the Commission to grant any other authorizations, variances, and approvals as are necessary and proper under the circumstances.

Respectfully submitted this 29<sup>th</sup> day of August, 2023.

*Electronically signed by*  
Peter J. Gould, Esq.  
P.O. Box 34127  
Santa Fe, New Mexico 87594  
Tel. 505.988.4804  
Cell 505.690.2966  
peter@thegouldlawfirm.com  
Kelly Gould, Esq.  
Cell: 505.690.2966  
kelly@thegouldlawfirm.com

Counsel for Raton Natural Gas Company

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION )  
BY RATON NATURAL GAS COMPANY FOR )  
APPROVAL OF ITS 2024-2026 ENERGY )  
EFFICIENCY PROGRAM PLAN AND )  
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EFFICIENT USE OF ENERGY ACT )  
RATON NATURAL GAS COMPANY, ) **Utility Case No. 23-00297UT**  
 )  
 )  
 **Applicant.** )  
 )

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of **Raton Natural Gas Company's Application for Approval of its 2024-2026 Energy Efficiency Plan and its Fourth Revised Rate Rider No. 6** and this **Certificate of Service** were sent by me on this date to the following via email only:

Scott Cameron, General Counsel - NMPRC	scott.cameron@prc.nm.gov
David N. Link, President, RNG	david@rngcompany.com
Patricia P. Link, RNG	patricia@rngcompany.com
Bradford Borman, Atty-Legal Staff - NMPRC	Bradford.Borman@prc.nm.gov
Ed Rilkoff, Utilities Div. PRC - NMPRC	Ed.Rilkoff@prc.nm.gov
Peter J. Gould	peter@thegouldlawfirm
Kelly Gould	kelly@thegouldlawfirm.com
NMPRC Records	<u>PRC.Records@prc.nm.gov</u>
Gideon Elliot	gelliot@nmag.gov

DATED this 29<sup>th</sup> of August 2023.

Electronically signed by  
Peter J. Gould, Esq.  
P.O. Box 34127  
Santa Fe, New Mexico 87594  
Cell 505.690.2966  
peter@thegouldlawfirm.com

Counsel for Raton Natural Gas Company

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>BY RATON NATURAL GAS COMPANY FOR</b>	)	
<b>APPROVAL OF ITS 2024-2026 ENERGY</b>	)	
<b>EFFICIENCY PROGRAM PLAN AND</b>	)	
<b>FOURTH REVISED RATE RIDER NO. 6</b>	)	
<b>IN ADVICE NOTICE NO. 56</b>	)	<b>Case No. 23-00297-UT</b>
<b>PURSUANT TO THE NEW MEXICO</b>	)	
<b>PUBLIC UTILITY ACT AND THE</b>	)	
<b>EFFICIENT USE OF ENERGY ACT</b>	)	
	)	
<b>RATON NATURAL GAS COMPANY,</b>	)	
<b>Applicant.</b>	)	
	)	

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**NOTICE TO RATON NATURAL GAS COMPANY CUSTOMERS**

Notice is hereby given to all Raton Natural Gas Company Customers of the following:

1. On August 31, 2023, Raton Natural Gas Company ("RNG") filed with the Commission an Application requesting approvals and authorizations necessary to implement its 2024-2026 Energy Efficiency ("EE") Program Plan. The Application requests approval to continue the Residential and Commercial EE measures approved by the Commission in Case No. 20-00177-UT.

Specifically, RNG requests to continue the current EE programs, which include the following specific programs: 1) an education program that incorporates (i) RNG supported forums on energy efficiency measures in various community settings, (ii) energy efficiency presentations in the elementary schools, and (iii) public service announcements on local radio; 2) Residential measures, which include (i) the provision of low-flow showerheads, (ii) incentives and rebates for the installation of high efficiency rated natural gas water heaters; (iii) incentives and rebates for the installation of high efficiency natural gas space heating appliances and energy conservation

devices; 3) an Income Qualified program that includes a package of energy efficiency offerings for RNG's low-income customers; and 4) Commercial measures, which (i) provide incentives and rebates for the installation of high efficiency rated commercial natural gas water heaters, (ii) free energy assessments and installation of commercial low-flow pre-rinse spray valves for restaurants, (iii) incentives and rebates for the installation of high efficiency commercial natural gas furnaces, and (iv) free commercial grade programmable thermostats. RNG is also proposing to increase its Energy Efficiency Rate Rider, Third Revised Rate Rider No. 6, from \$.0055/ccf to \$.01380/ccf for all of its commercial and residential customers. The proposed Fourth Revised Rate No. 6 is provided in Advice Notice No. 56, which is attached to the Company's Application.

2. The New Mexico Efficient Use of Energy Act allows RNG to recover its prudent and reasonable costs incurred as a result of implementing, funding, and administering energy efficiency programs through a tariff rider. RNG proposes to recover its program costs through the proposed Fourth Revised Rate No. 6, its Energy Efficiency Rate Rider as a per ccf rate. RNG is requesting that the proposed programs and overall portfolio annual budget of \$57,376 be approved for the 2024-2026 Program Years. RNG estimates that the proposed programs and the proposed annual budget of \$57,376 will be approved by the NMPRC in the First Quarter of 2024.

3. The proposed Energy Efficiency Rate Rider No. 6 will be applicable to all customer classes eligible to participate in RNG's energy efficiency programs, including all residential and commercial customers. The proposed Energy Efficiency Rate Rider rate is \$0.01308 per ccf.

4. The following table compares the monthly average bill for a Residential and Commercial customers including the proposed \$0.01308 per ccf Energy Efficiency Rate Rider No. 6 surcharge. This proposed rate is equal to the existing Energy Efficiency Rate Rider surcharge.

The following Monthly Average Bill Comparison includes the Cost of Gas Component and excludes applicable taxes and fees<sup>1</sup>:

**Monthly Average Bill Comparison**

<b>Rate Class</b>	<b>Proposed EE Rate Rider \$/ccf</b>	<b>Average Bill Usage ccf</b>	<b>Current Average Monthly Bill</b>	<b>With Proposed EE Rate</b>	<b>Increase \$</b>	<b>Increase %</b>
<b>Residential</b>	<b>\$.01308</b>	<b>85</b>	<b>\$62.46</b>	<b>\$63.04</b>	<b>\$0.58</b>	<b>.94%</b>
<b>Commercial</b>	<b>\$.01308</b>	<b>357</b>	<b>\$233.53</b>	<b>\$235.98</b>	<b>\$2.46</b>	<b>1.05%</b>

The bill comparisons are for informational purposes only. The impact of the Energy Efficiency Rate Rider will vary according to individual customer usage. In addition, the tariff rider ultimately approved by the Commission may vary the rate rider charges to each eligible customer class approved in this case or in future applications of the tariff rider.

5. Any person may examine RNG's Application, together with any exhibits and related papers that may be filed, during regular business hours at RNG's office located at 1360 South Second Street, Raton, New Mexico 87740, telephone 575-445-3613; or electronically on the Commission's "edocket" portal at <https://edocket.nmprc.state.nm.us>.

6. The Commission has assigned Case No. 23-00\_\_\_-UT to this proceeding, and all correspondence, pleadings, inquiries, written comments or other communications concerning this matter should refer to that case number.

- 7. The Hearing Examiner has established the following schedule for this case:
  - A. Any person who desires to become a party to this case must file a Motion for Leave to Intervene, pursuant to 1.2.2.23(A) and (B) NMAC and the NMPRC's then current

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<sup>1</sup> For illustration purposes, the Monthly Average Bill Comparison table reflects the current Cost of Gas in July,2020 bills.

Electronic Filing Policy, on or before \_\_\_\_\_. All motions for leave to intervene, pleadings or testimony shall be served on all existing parties, other proposed intervenors of record and the Hearing Examiner by e-mail or U.S. mail as required by the Commission or the Hearing Examiner. The Hearing Examiner's e-mail is \_\_\_\_\_.

B. Any pleading should be filed electronically by email to the NMPRC Records Department at: [PRC.Records@state.nm.us](mailto:PRC.Records@state.nm.us). Any person filing pleadings or testimony shall serve copies via e-mail on all parties, Commission Staff, and the below Hearing Examiner at \_\_\_\_\_.

C. The Commission Utility Staff shall, and Interveners may, file Direct Testimony on or before \_\_\_\_\_.

D. Any Rebuttal Testimony must be filed on or before \_\_\_\_\_. Any person whose testimony has been pre-filed shall attend the hearing and submit to examination under oath.

E. A public hearing will be held on \_\_\_\_\_ beginning at \_\_\_\_\_. This hearing will be held to hear and receive public comments, testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

F. The hearing will be held at \_\_\_\_\_, if possible. If not possible, or if required by any governmental orders related to the COVID-19 pandemic, the public hearing in this matter may be conducted "online" as determined by the Hearing Examiner. The procedural dates and requirements provided herein 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 because hearings are occasionally rescheduled.

9. 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. Such rules are available online at the official NMAC website <http://164.64.110.134/nmac/nmac-titles>.

10. Any interested person may appear at the time and place of hearing and make an oral or written comment pursuant to Rule 1.2.2.23(F) NMAC without becoming an intervenor. Such comments will not be considered as evidence in this case.

11. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at 1-888-427-5772 at least 24 hours prior to the commencement of the hearing.

**ISSUED** at Santa Fe, New Mexico on \_\_\_\_\_, 2023.

**NEW MEXICO PUBLIC REGULATION COMMISSION**

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Hearing Examiner



**RATON NATURAL GAS COMPANY  
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RATES  
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Advice Notice 5655

August 29, 2023

Raton Natural Gas Company hereby gives notice to the public and to the Commission of the filing of the following schedules, which are attached hereto:

Seventh Revised Rate No. 1	Residential Service	
Third Revised Rate No. 2	Miscellaneous Fees and Charges	
Second Revised Rate No. 3	Transportation Service	
First Revised Rate No. 4	Commercial Service	
Second Revised Rate No. 5	Purchased Gas Adjustment Clause	
Fourth <del>Third</del> Revised Rate No. 6	Energy Efficiency Rate Rider	X

Advice Notice No. 5655

\_\_\_\_\_  
David N. Link  
President  
Raton Natural Gas Company

**RATON NATURAL GAS COMPANY**  
**FOURTH ~~THIRD~~ REVISED RATE NO. 6**  
**ENERGY EFFICIENCY RATE RIDER**  
**REPLACING THIRD ~~SECOND~~ REVISED RATE NO. 6**

X

X

Page 1 of 3

I. DESCRIPTION This Energy Efficiency Rate Rider is a mechanism for recovery of costs associated with energy efficiency programs approved by the New Mexico Public Regulation Commission.

II. APPLICABILITY This Rider shall be applicable to all of RNG's customers that have an opportunity to participate in the Commission-approved energy efficiency programs.

III. TERRITORY All of the Company's service areas.

IV. MONTHLY SURCHARGE Subject to the limitations and exemptions contained in Section 62-17-6 and 62-17-9 of the Efficient Use of Energy Act, NMSA 1978, Sections 62-17-1 through 62-17-11 and the New Mexico Public Regulation Commission's Energy Efficiency Rule, 17.7.2 NMAC, an energy efficiency surcharge shall be added to each customer's monthly bill. The surcharge shall be calculated by multiplying ccf billed by the Commission-approved total factor for the surcharge.

A. Elements of the Surcharge Factor: Rulings by the New Mexico Public Regulation establish the amounts to be collected through this rate rider mechanism, as well as the period for the beginning of such collections. Initially, the Surcharge Factor will be calculated to collect the Rate Rider No. 6 Program Amounts. During subsequent collection periods, the Surcharge Factor will consist of the Rate Rider No. 6 Program Amounts Factor for the newly approved energy efficiency budget period plus Rate Rider No. 6 Reconciliation Amounts Factor calculated to collect from or refunded to customers any amounts under-collected or over-collected for approved energy efficiency program costs from the preceding period or periods.

1. Rate Rider No. 6 Amounts Factor: The annual energy efficiency program plan budget costs approved by the Commission will be

Advice Notice No. 556

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David N. Link  
President  
Raton Natural Gas Company

**RATON NATURAL GAS COMPANY**  
**FOURTH ~~THIRD~~ REVISED RATE NO. 6**  
**ENERGY EFFICIENCY RATE RIDER**  
**REPLACING THIRD ~~SECOND~~ REVISED RATE NO. 6**

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divided by annual ccf to determine the base Rate Rider No. 6 Amounts Factor.

2. Rate Rider No. 6 Reconciliation Factor: Any amounts that the Company collects in excess of the amounts authorized by the New Mexico Public Regulation Commission for collection as energy efficiency program costs during one program plan annual period, or any such authorized amounts that the Company fails to collect during that annual period, shall be determined and the amount of the over- or under-collection shall be refunded to or recovered from customers through a Rate Rider No. 6 Reconciliation Factor, which will be calculated by dividing the amount of the over-collection or under-collection by annual ccf's.

B. Effective Date: The date specified by the Commission to begin billing this rate.

C. Energy Efficiency Surcharge Factor: The Energy Efficiency Surcharge Factor is the sum of:

Rate Rider No. 6 Amounts Factor:      \$~~0.0055~~ \$0.01308\_\_ per ccf

X

D. Terms of Payment: All amounts under this Rate are due and payable when rendered and become delinquent twenty (20) days thereafter. Service is subject to cut-off for nonpayment of any charges after the account becomes delinquent in accordance with the notice procedures set forth in the Company's Rules and Regulations and the rules and regulations of the New Mexico Public Regulation Commission.

Advice Notice No. 556

\_\_\_\_\_  
David N. Link  
President  
Raton Natural Gas Company

**RATON NATURAL GAS COMPANY  
FOURTH ~~THIRD~~ REVISED RATE NO. 6  
ENERGY EFFICIENCY RATE RIDER  
REPLACING THIRD ~~SECOND~~ REVISED RATE NO. 6**

**Page 3 of 3**

V. OTHER CONDITIONS Service under this Rate is subject to all applicable laws and orders, and to the Company's Rules and Regulations on file with the New Mexico Public Regulation Commission.

Advice Notice No. 556

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David N. Link  
President  
Raton Natural Gas Company

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

IN THE MATTER OF THE APPLICATION )  
BY RATON NATURAL GAS COMPANY FOR )  
APPROVAL OF ITS 2024-2026 ENERGY )  
EFFICIENCY PROGRAM PLAN AND )  
FOURTH REVISED RATE RIDER NO. 6 )  
IN ADVICE NOTICE 56 )  
PURSUANT TO THE NEW MEXICO )  
PUBLIC UTILITY ACT AND THE )  
EFFICIENT USE OF ENERGY ACT )  
RATON NATURAL GAS COMPANY, )  
Applicant. )  
\_\_\_\_\_ )

Case No. 23-00297 -UT

**DIRECT TESTIMONY**  
**OF**  
**DAVID N. LINK**

August 29, 2023

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.**

2 **A.** My name is David N. Link, and my business mailing address is 223 N. Guadalupe  
3 Street, Box 306, Santa Fe, New Mexico, 87501.

4  
5 **Q. WHAT IS YOUR POSITION WITH RATON NATURAL GAS COMPANY**  
6 **AND WHAT ARE YOUR QUALIFICATIONS AND BACKGROUND?**

7 **A.** I currently serve as President and General Manager of Raton Natural Gas  
8 Company and have served in that role since July 1, 2002.

9 Before I began working with Raton Natural Gas Company, and since 1970, I  
10 worked in both the regulated and unregulated portions of the telecommunications.  
11 industry. Throughout the 1970's, 1980's and 1990's, I held a number of executive  
12 positions with corporations such as ATT, Kentron International (Division of LTV), MCI  
13 International, MCI and Telecommunications Consulting International (TCI). My  
14 experience has primarily been in the executive management, planning, engineering,  
15 operations, and regulatory arenas.

16 I received a Bachelor of Science in Electrical Engineering from Texas Tech  
17 University in 1970. Subsequently, I completed graduate level courses of study in  
18 Utility Regulation and Industrial Engineering at Iowa State University and St.  
19 Mary's University, respectively. I became a registered Professional Engineer in the State  
20 of Texas in July 1974. I have also been recognized as the Young Engineer of the  
21 Year for the Bexar County Chapter (San Antonio) of TSPE, a member of NSPE, a  
22 Member of IEEE, a Director of the Texas Tech University Industrial Advisory

1 Board, a Director of the Builders Exchange of Texas, President of the Bexar  
2 Chapter of TSPE (500 Members in 1978), a member of the New Mexico Gas Association,  
3 the New Mexico Oil & Gas Association, and a member of the Permian Basin Petroleum  
4 Association.

5

6 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE**  
7 **NEW MEXICO PUBLIC REGULATION COMMISSION?**

8 **A.** Yes, I have testified before the New Mexico Public Regulation Commission  
9 (“Commission”) prior to this proceeding. I have testified in the following cases related to  
10 Raton Natural Gas Company: 03-00174-UT, 03-00264 UT, 05-00429 UT, 07-00318 UT,  
11 09-00389 UT, 13-00389 UT, 15-00038-UT, 15-00247-UT, 16-00312-UT, 17-00307-UT,  
12 18-00274-UT, 18-00312-UT, 20-00177-UT, and 21-00109-UT.

13

14 **Q. PLEASE DESCRIBE RATON NATURAL GAS AND ITS OPERATING**  
15 **CHARACTERISTICS.**

16 **A.** Raton Natural Gas (“RNG”) is a small, privately held, public utility providing  
17 natural gas service to the City of Raton, New Mexico. Of its approximately 3,000  
18 customers, residential customers comprise 90% of the customer base by number of  
19 customers, and the remaining 10% are small commercial customers including churches,  
20 schools, small businesses, hospitals, and state & local government agencies.

21 RNG’s customer base is characterized by firm service customers who are reliant on  
22 their natural gas service for heating, cooking, and similar needs. Consequently, the  
23 dominant factor in the annual variation of RNG’s demand is determined by weather.

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

2 **A.** The purpose of my testimony is to present RNG’s 2024 – 2026 Energy Efficiency  
3 Program Plan. The proposed energy efficiency programs will reference only Program Year  
4 2024 (“PY 2024”) since the overall budgets and individual scope of work by RNG’s  
5 program implementers are expected to remain the same for Program Years 2025 and 2026.  
6 My testimony will describe the RNG’s portfolio of energy efficiency program measures,  
7 the program costs, forecasted customer participation rates, Utility Cost Test (“UCT”)  
8 calculations for the programs, the public advisory process for this application, the impact  
9 on the residential customer’s average monthly bill with the proposed increased EE PY 2024  
10 budget, and RNG’s proposed Fourth Revised Rate No. 6.

11

12 **Q. PLEASE PROVIDE AN OVERVIEW OF RNG’S APPLICATION.**

13 **A.** RNG’s present energy efficiency program portfolio was approved by the New  
14 Mexico Regulatory Commission (“Commission”) in NMPRC Case No. 20-00177-UT.  
15 RNG’s Application for PY 2024 proposes to continue its current four programs that were  
16 approved in that case. RNG is making this filing consistent with the Efficient Use of Energy  
17 Act (“EUEA”), NMSA 1978 §§ 62-17-1 *et seq.*, and the Commission’s Energy Efficiency  
18 Rule, codified as 17.7.2 NMAC (“Rule”).

19

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

21 **A.** Yes. RNG Exhibit DNL-1 is RNG’s Program Year 2024 Energy Efficiency  
22 Program Plan. It is attached to my testimony and covers the programs in greater detail.  
23 Exhibit DNL-2 is the Meeting Minutes that were published for RNG’s Public Advisory



1 Process held on July 19, 2023. Exhibit DNL-3 is the proposed PY 2024 cost comparison  
2 to RNG billing revenues. Exhibit DNL-4 is RNG’s avoided delivered gas cost calculation.  
3 Exhibit DNL-5 is the proposed tariff rate rider fee to recover the proposed Energy  
4 Efficiency PY 2024 portfolio. Exhibit DNL-6 is the impact of the proposed RNG’s PY  
5 2024 Fourth Revised Rate Rider No. 6 on the average customer monthly bill.

6

7 **I. RNG’S PROPOSED PROGRAM YEAR 2024**

8

9 **Q. PLEASE PROVIDE A SUMMARY OF RNG’S PROGRAM YEAR 2024**

10 **A.** RNG’s application for PY 2024 is proposing no program changes to its current  
11 Energy Efficiency (“EE”) Plan. RNG’s current EE Plan was approved by the Commission  
12 on April 7, 2021, in its Final Order Adopting Recommended Decision in Case No. 20-  
13 00177-UT.

14 RNG’s proposed PY 2024 is comprised of the current four energy efficiency  
15 programs: (1) Water Heating, (2) Space Heating, (3) Income Qualified Services, and (4)  
16 Education Outreach.

17 RNG’s proposed PY 2024 includes EnergyWorks as a third-party vendor and  
18 implementer. RNG has contracted with EnergyWorks to provide various energy efficiency  
19 offerings and to implement various energy efficiency measures for RNG customers. RNG  
20 selected EnergyWorks based on their program details, program costs, and their proven  
21 experience with RNG and other New Mexico utilities regulated by the Commission.

22

1 **Q. PLEASE EXPLAIN ANY FORECASTED BUDGET CHANGES DUE TO**  
2 **ESTIMATED PROGRAM PARTICIPATION CHANGES.**

3 **A.** Later in my testimony, I address RNG's proposed PY 2024 budget costs according  
4 to the proposed four energy efficiency programs. The projected total program cost for this  
5 application in PY 2024 is \$57,376. This is an eighty five percent (85%) increase over the  
6 actual costs reported in RNG's Annual Report for Program Year 2022 (PY 2022), which  
7 was filed with the Commission on June 30, 2023.

8 As noted above, RNG's proposed PY 2024 contains the same four energy efficiency  
9 programs as approved by the Commission in Case 20-00177-UT for Program Year 2021.  
10 The significant increase to RNG's portfolio of energy efficiency measures is RNG's  
11 proposed increase in participants for the Income Qualified Program which is administered  
12 by EnergyWorks.

13

14 **Q. PLEASE CONTINUE.**

15 **A.** As reported in RNG's Annual Report for PY 2022, RNG's customers responded  
16 very favorably to the Income Qualified Program implemented by EnergyWorks.  
17 Participation rates for the Water and Space Heating rebate offerings were significantly less  
18 than RNG's estimates for the Water and Space Heating Programs. RNG's Portfolio Actual  
19 Costs were also less than estimates. Consequently, approximately 38% of RNG's  
20 forecasted budget costs in PY 2021 for the Water and Space Heating Programs and  
21 Portfolio costs were re-allocated to the Income Qualified Program for PY 2022. The  
22 inflation in the cost of building supplies used for Income Qualified Program measures also  
23 increased the PY 2022 Actual Costs by 20%.

1 RNG customers continue to respond very favorably to the Income Qualified  
2 Program offerings. In addition, as shown in the Annual Report for Program Year 2022,  
3 the Income Qualified Program accounted for over eighty percent (80%) of the therm  
4 savings for RNG's entire Energy Efficiency Portfolio. Due to the actual response and  
5 participation rates of the Water Heating and Space Heating levelizing, RNG proposes to  
6 increase the PY 2024 budget. The majority of this increase will be dedicated to the Income  
7 Qualified Program and is expected to further increase the annual therm that will be saved  
8 in PY 2024 and in the subsequent years of the Plan . RNG incorporated these projections  
9 in the proposed PY 2024 budget costs in its Application.

10

11 **Q. DO THESE RE-ALLOCATION BUDGET CHANGES AFFECT THE**  
12 **COST- EFFECTIVENESS AND UCT CALCULATIONS FOR THE PROPOSED**  
13 **PY 2024?**

14 **A.** Yes, the overall UCT calculation for the proposed PY 2024 is expected to increase  
15 by thirty-six percent (36%) over RNG's approved Case 20-00177-UT UCT, due to the  
16 higher cost-effectiveness of the individual energy efficiency measures offered in the  
17 Income Qualified Program.

18

19 **Q. ARE THERE ANY DETRIMENTAL OUTCOMES FOR THE RNG**  
20 **CUSTOMER AS A RESULT OF THESE BUDGET CHANGES?**

21 **A.** No, to the contrary, the re-allocation actually benefits the community of Raton and  
22 RNG customers by placing the resources where they have the greatest environmental  
23 impact and greatest energy efficiency savings.

1

2 **Q. PLEASE DESCRIBE THE WATER HEATING PROGRAM.**

3 **A.** RNG’s proposed PY 2024 Water Heating Program consists of the following energy  
4 efficiency measures: (1) rebate offerings to customers for the qualified purchase and  
5 installation of high-efficiency rated natural gas tank and tankless water heaters;  
6 (2) a free energy assessment of water heating conservation for qualified commercial  
7 customers with resultant installations of low-flow pre-rinse spray valves; and (3) offerings  
8 to qualified customers for a free low-flow showerhead kit for self-install.

9 The proposed PY 2024 Water Heating Program energy efficiency measures are  
10 currently being offered with RNG’s current EE Plan with successful results. RNG’s  
11 Program Plan, Exhibit DNL-1, Table 3, p. 16, provides the details about the estimated  
12 participation levels, performance measurement, and cost-effectiveness for the Water  
13 Heating energy efficiency measures.

14

15 **Q. PLEASE DESCRIBE THE SPACE HEATING PROGRAM.**

16 **A.** RNG’s proposed PY 2024 Space Heating Program consists of the following energy  
17 efficiency measures: (1) rebate offerings to customers for qualified purchase and  
18 installation of high-efficiency rated natural gas furnaces; and (2) offerings to qualified  
19 customers for free smart programmable thermostats for self-install.

20 The proposed PY 2024 Space Heating Program energy efficiency measures are  
21 currently being offered with RNG’s current EE Plan with successful results. RNG’s  
22 Program Plan, Exhibit DNL-1, Table 3, p. 16, provides detail about the estimated

1 participation levels, performance measurement, and cost-effectiveness for the Space  
2 Heating energy efficiency measures.

3

4 **Q. PLEASE PROVIDE DETAIL ON THE INCOME QUALIFIED**  
5 **RESIDENTIAL PROGRAM.**

6 **A.** RNG’s proposed PY 2024 assists the income qualified customer with a program  
7 specifically designed measures to meet the energy efficiency needs of their residence. RNG  
8 and EnergyWorks have developed a program that provides a free Energy Assessment to  
9 the income-qualified resident. Based on the results of this assessment, EnergyWorks  
10 recommends specific items or the full income qualified package energy efficiency offerings  
11 for that particular residence. The Income Qualified Services Program includes following  
12 specific measures that are identified in the New Mexico Technical Resource Manual, dated  
13 March 24, 2023 (“TRM”) for them savings: air sealing, duct sealing, ceiling insulation,  
14 programmable thermostats, and water heating conservation devices, such as low-flow  
15 showerhead, aerators, pipe, and tank insulation. RNG and EnergyWorks collaborate to  
16 identify income-qualified customers for the program. RNG’s current EE Plan offers the  
17 Income Qualified Services Program with excellent results.

18 RNG’s Program Plan, Exhibit DNL-1, Table 3, p. 16, provides the details about the  
19 estimated participation levels, performance measurement, and cost-effectiveness for the  
20 Income Qualified Services program.

21

22 **Q. PLEASE DESCRIBE THE EDUCATION OUTREACH PROGRAM.**

1 A. RNG's current and past EE Plan include the Education Outreach program. This  
2 program is comprised of RNG hosted forums on energy efficiency measures in various  
3 community settings. RNG personnel collaborate with independent local licensed  
4 contractors, public officials, and the Raton Public School Administration to conduct  
5 information forums, sponsor public service announcements on local radio, and provide  
6 elementary school seminars that support the public school curriculum on energy efficiency.  
7 Together, RNG's appearances and the RNG sponsored public service announcements,  
8 made on daily morning local radio shows, reach approximately 85% of the community.  
9 The combined RNG education outreach efforts in RNG's current EE Plan have been well  
10 received in both the community and in the public schools.

11 RNG's proposed PY 2024 includes the Education Outreach program with the  
12 continued goal of educating customers and the community to promote energy efficiency  
13 awareness and programs.

14 RNG's Program Plan, Exhibit DNL-1, provides the details about the estimated  
15 participation levels and cost-effectiveness for the Education Outreach program.

16

17 **Q. IS RNG PROPOSING TO DISCONTINUE ANY OF ITS CURRENT EE**  
18 **PROGRAMS?**

19 A. No, RNG is not proposing to discontinue any of its existing EE programs.

20

21

22

23

1    **II. PROGRAM PLAN SUMMARY**

2

3        **Q. WHAT WAS THE RATIONALE RNG USED IN ITS PROGRAM**  
4        **DESIGN?**

5        **A.**      Given that RNG is the smallest regulated natural gas utility in the state, serving  
6        approximately 3,000 customers, many programs that work for other utilities with larger  
7        customer bases are not practical and do not apply to RNG’s customers and operations.  
8        Despite this challenge, RNG continues to evaluate its portfolio of energy efficiency  
9        programs to provide current information and programs that reflect the current best  
10       practices regarding energy efficiency to provide energy conservation and savings for its  
11       customer base.

12                      The success of RNG’s energy efficiency measures in its the current PY 2323 Plan  
13       has been the main criteria to identify a Program Plan that would have broad application for  
14       both the residential and commercial classes. Additionally, the success of the Income  
15       Qualified Services and the EnergyWorks implementation for RNG’s low-income  
16       residential segment, underscored the immediate importance to include this energy  
17       efficiency program.

18

19        **Q. PLEASE DISCUSS RNG’S SELECTION CRITERIA FOR ITS PROGRAM**  
20        **DESIGN.**

21        **A.**      RNG’s first criteria for its proposed PY 2024 was to select programs within the  
22       parameters established by the EUEA and the Commission’s Energy Efficiency Rule.  
23       Second, the programs were designed to provide cost-effective energy savings to RNG’s

1 customer base. Lastly, the programs were designed to be implemented with minimal  
2 administrative costs and to provide residential and commercial customers with energy  
3 efficiency benefits over the life of the program. With Commission approval of this  
4 proposed PY 2024 Plan, RNG is confident that these programs will continue to be  
5 successful on an annual basis for years 2025 and 2026.

6

7 **Q. DOES RNG'S PROPOSED PLAN PROGRAM DESIGN MEET THE**  
8 **STATUTORY REQUIREMENTS?**

9 **A.** Yes, RNG's PY 2024 development sought to meet all the statutory requirements  
10 under the EUEA and the Commission's Rule.

11 First, RNG evaluated the cost-effectiveness of the proposed programs, and  
12 considered whether its programs would reach and benefit low-income customers. As  
13 required by Rule NMAC 17.7.2.8.(H), RNG also considered the expected useful life of  
14 the measures, the participation requirements and restrictions, the time period during which  
15 the measure will be offered, the estimated number of program participants, the estimated  
16 economic benefit to the participants attributable to the measure or program, the estimated  
17 annual energy savings, the estimated energy savings over the life of the program, the  
18 estimated avoided monetary costs, program costs, and the calculation of the UCT.

19 In all cases, RNG's programs proposed in this Application satisfy all applicable  
20 elements of the Rule. RNG's complete energy efficiency Plan portfolio has met the cost-  
21 effectiveness threshold of the UCT, which I discuss in greater detail later in this testimony.  
22 More than 5% of RNG's funding for programs will be directed toward low-income  
23 residents. The programs were selected so that the total portfolio of energy efficiency



1 programs will provide the opportunity for broad participation among both the residential  
2 and commercial classes. The Education Outreach Program is designed to target all  
3 consumers throughout the RNG service territory. The Water Heating, Space Heating, and  
4 Income Qualified Programs offer a cost-effective energy efficiency prescriptive for the  
5 both residential and commercial customers. The total programs in RNG's PY 2024 will  
6 benefit the community with quantifiable energy efficiency savings, substantial educational  
7 and community involvement benefits.

8 In proposing its PY 2024 Program, RNG has focused on proposing programs that  
9 have a proven track record and that are appropriate for its customers based on the program  
10 costs, participation rates, and cost-effectiveness.

11 RNG is committed to satisfying the policy and data requirements of the EUEA and  
12 the Commission's Rule.

13

14 **Q. DID RNG VERIFY THAT THE ESTIMATED PLAN YEAR FUNDING**  
15 **PROGRAM COSTS DID NOT EXCEED FIVE PERCENT (5%) OF CUSTOMER'S**  
16 **BILLS?**

17 **A.** Yes, Exhibit DNL-3 demonstrates that RNG's proposed PY 2024 budget will not  
18 exceed 5% of RNG's total billing revenues, excluding gross receipts taxes, franchise fees,  
19 and inspection and supervision fees. The proposed PY 2024 total budget costs of \$57,376  
20 is 1.69% of RNG's estimated billing revenues of \$3,388,645 for the period of May 1, 20223  
21 through April 30, 2024.

22

1 **Q. DID RNG CONVENE ANY TYPE OF PUBLIC ADVISORY REVIEW**  
2 **PROCESS TO RECEIVE INPUT FROM THE COMMISSION STAFF, THE**  
3 **ATTORNEY GENERAL, AND OTHER NEW MEXICO UTILITIES TO ENSURE**  
4 **IT WAS ADOPTING THE BEST AND MOST INFORMED APPROACH?**

5 **A.** Yes. RNG convened a pre-filing Public Advisory Process meeting and invited  
6 representatives of Commission Staff, the New Mexico Attorney General’s Office (AG),  
7 the New Mexico Energy Minerals and Natural Resources Department , New Mexico Gas  
8 Company (NMGC), Zia Natural Gas Company, EnergyWorks, Evergreen Economics, and  
9 New Mexico Mortgage Finance Authority. On July 19, 2023, RNG hosted a Zoom call to  
10 solicit possible elements of the 2024-2026 Energy Efficiency Programs for RNG.  
11 Members from the New Mexico Attorney General’s Office, the Commission Staff, New  
12 Mexico Gas Company, Zia Natural Gas Company, EnergyWorks, and New Mexico  
13 Mortgage Finance Authority attended the Public Advisory Meeting. RNG considered  
14 carefully the group’s feedback, which can be referenced in the meeting minutes that were  
15 published and the associated meeting outline, attached as Exhibit DNL-2.

16

17 **Q. DOES RNG’S PROPOSED PLAN MEET OTHER CRITERIA IDENTIFIED**  
18 **IN THE RULE?**

19 **A.** Yes it does. RNG’s proposed PY 2024’s funding for Income Qualified Services  
20 program directed for low-income customers is 75% of the overall proposed budget.  
21 Pursuant to 17.7.2.8 (K) NMAC, program costs directed for low-income customers shall  
22 be no less than 5% of the overall budget. This percentage is appropriate given the relatively  
23 high percentage of low-income customers in RNG’s service territory.

1 RNG's portfolio does not include large customer self-directed programs due to the  
2 absence of large commercial customers in RNG's territory. Therefore, 17.7.2.8 (M)  
3 NMAC does not apply to RNG's application.

4

5 **Q. WHAT WAS RNG'S LAST APPROVED ENERGY EFFICIENCY RATE**  
6 **RIDER?**

7 **A.** In its Final Order in NMPRC Case 20-00177-UT, the Commission approved  
8 RNG's Third Revised Rate No. 6 Rate Rider at \$.0055/ccf in Advice Notice 55. Section  
9 A (2) of Third Revised Rate No. 6 allows for an annual reconciliation to determine any  
10 amounts of an over-or under-collection to be refunded or collected from the customers  
11 through the Rate Rider.

12

13 **Q. PLEASE CONTINUE.**

14 **A.** On June 30, 2023, RNG filed its Annual Report for the EE Program Year 2022. In  
15 that report, RNG determined that the Program Year 2022 had an under-collection of  
16 \$9,654.96. To meet a net zero balance at the end of April 30, 2024, the Rate Rider was  
17 increased to \$.0062/ccf to collect the under-collection of \$9,654.96 as well as the ongoing  
18 costs of the approved annual Plan budget. The current EE Rate Rider is \$.0062/ccf, which  
19 will remain in effect until the end of April 30, 2024.

20

21 **Q. IS RNG REQUESTING AN INCREASE IN ITS ENERGY EFFICIENCY**  
22 **TARIFF IN THIS FILING?**

1 A. Yes. RNG is proposing to increase its current Energy Efficiency Surcharge Factor,  
2 i.e., its Third Revised Rate Rider No. 6, from \$.0062/ccf to \$0.01380/ccf for RNG’s  
3 proposed PY 2024 energy measures. The new rate is shown in Advice Notice 56, which is  
4 included with this Application.

5 Based on the total proposed PY 2024 budget of \$57,376, RNG estimates that \$3,761  
6 will be recovered through RNG’s existing base rates. RNG proposed that the remaining  
7 \$53,615 be recovered through the Fourth Revised Rate Rider No. 6. RNG estimates that a  
8 tariff rate rider of \$.01308/ccf will recover those remaining costs of \$53,615.

9 To summarize:

<b>Program Year 2024 Cost Recovery</b>	
RNG Rate Base Recovery	3,761
RNG Proposed Fourth Revised Rate No. 6 Recovery	53,615
<b>TOTAL</b>	<b>\$ 57,376</b>

10

11 **Q. DOES RNG’S APPLICATION INCLUDE A REQUEST FOR A PROVISION**  
12 **FOR INCENTIVES?**

13 A. No, RNG is not including a request to earn a profit on its energy efficiency program.  
14 RNG is concerned with the potential rate impact on the consumer and has made every effort  
15 to minimize the costs of the program and the resultant consumer rate impact.

16

17 **Q. WHAT WILL BE THE IMPACT ON A RESIDENTIAL AVERAGE BILL?**

18 A. As detailed in Exhibit DNL-6, RNG estimates that the proposed tariff rate of  
19 \$.01308/ccf will increase the residential customer’s average monthly bill by .94% or  
20 approximately \$.58 per month.

21

1 **III. PROGRAM BUDGET COSTS**

2  
3 **Q. PLEASE EXPLAIN RNG'S PY 2024 BUDGET COSTS**

4 **A.** The projected total program cost for the four programs is \$57,376 based on  
5 forecasted first year participation rates. The PY 2024 budget is comprised of four  
6 categories: (i) RNG's staff administration costs, which are already included in base rates;  
7 (ii) internal administration costs; (iii) promotional costs; and (iv) portfolio costs. Exhibit  
8 DNL-1, Table 2, p. 12, provides details for the PY 2024 Program Costs.

<b>PY24 Budget</b>	
Staff Administration Base Rate Costs	\$3,761
Internal Administration	\$44,495
Promotional Costs	\$4,920
Portfolio Costs	\$4,200
<b>TOTAL</b>	<b>\$57,376</b>

9  
10  
11 **Q. WHAT COMPRISES THE STAFF ADMINISTRATION BASE RATE**  
12 **COSTS?**

13 **A.** Staff Administration costs are the costs, including estimated labor costs, to  
14 administer, track, and report on the proposed programs for regulatory compliance. The  
15 estimated costs also include the estimated RNG personnel time to distribute low-flow  
16 showerhead, to distribute smart programmable thermostats, to coordinate the Income  
17 Qualified Program, and to administer rebate information to the customers. The  
18 Commission's Rule 17.7.2.13 (B) NMAC allows a public utility to seek recovery of costs  
19 through a tariff rider or base rates or by a combination of the two. Being a very small  
20 natural gas utility, RNG does not have any employees who are specifically dedicated to the

1 administration of its EE Program; and therefore, RNG's current personnel administratively  
2 assist with customer interaction and information. Exhibit DNL-1, Table 2, p.12, provides  
3 details on the administration costs for each proposed energy efficiency program.

4

5 **Q. WHAT COMPRISES THE INTERNAL ADMINISTRATIVE COSTS?**

6 **A.** Internal Administration costs are the costs that are RNG estimates as direct  
7 expenses related to the program implementation. For the Water Heating Program this is  
8 estimated at \$895; for Space Heating \$1,300; for Income Qualified, \$42,000; and for the  
9 Educational Program \$300. The Program Plan, Exhibit DNL-1, pp 13-15, provides details  
10 on the internal administrative costs for each proposed energy efficiency program.

11

12 **Q. WHAT COMPRISES THE PROMOTIONAL COSTS?**

13 **A.** Promotional costs are the estimated expenses related to the promotional and  
14 marketing expenses related for program implementation. For the Education Outreach  
15 Program, and specifically the local forums for residents and commercial businesses, RNG  
16 plans to continue to utilize local radio spots to promote the general energy efficiency topics  
17 for community education and awareness and to inform customers of the local forum  
18 programs. The local radio station in Raton has a listenership of approximately 85%,  
19 according to the KRTN General Manager. RNG is confident that these radio spots are the  
20 most effective tool for promoting the Education Outreach Program and energy efficiency  
21 awareness. RNG estimates an annual budget for Promotional Costs at \$4,920. The  
22 Program Plan, Exhibit DNL-1, p. 14, provides details on the promotional costs for the  
23 energy efficiency programs.

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**Q. WHAT COMPRISES THE PORTFOLIO COSTS?**

**A.** Portfolio costs are the last category of Program Costs. Portfolio costs include costs associated with energy efficiency activities mandated by the EUEA and Commission’s Rule 17.7.2 NMAC, including legal expenses and other legal costs associated with NMPRC open meetings and workshops. Also included in Portfolio Costs are the budget costs associated with completion of the annual Measurement and Verification (“M&V”) audit report. Portfolio Costs are non-program specific and represent the costs to implement RNG’s PY 2024 program pursuant to the EUEA and Commission’s Rule. RNG retains outside counsel for its regulatory project management. In discussions with RNG’s legal counsel, RNG has estimated its the annual legal costs. RNG also included an annual budget amount for the M&V Report prepared by Evergreen Economics.

The Program Plan, Exhibit DNL-1, p. 14-15, provides details on the portfolio costs estimated for PY 2024.

**IV. PROGRAM COST-EFFECTIVENESS AND UCT ANALYSIS**

1 **Q. PLEASE EXPLAIN THE COMMISSION’S REQUIREMENTS FOR**  
2 **DETERMINATION OF COST-EFFECTIVENESS OF PROPOSED ENERGY**  
3 **EFFICIENCY PROGRAMS?**

4 **A.** Pursuant to 17.7.2.8 (H) NMAC, the Commission requires that a utility’s  
5 proposed energy efficiency programs must provide that the measures are cost-effective  
6 by meeting the UCT. The UCT is the statutory standard threshold test to determine cost  
7 effectiveness. NMSA 1978 § 62-17-4(K). The UCT is met if the cost of energy efficiency  
8 or load management resources are less than the avoided costs of supply-side resources. In  
9 other words, the UCT ratio is the present value of savings associated with an energy  
10 efficiency program and the present value of utility costs associated with that program. A  
11 program is cost-effective if the UCT is greater than one (1).

12  
13 **Q. DID RNG EVALUATE THE PROPOSED PY 2024 ENERGY**  
14 **EFFICIENCY PROGRAMS FOR COST-EFFECTIVENESS?**

15 **A.** Yes, RNG calculated the UCT ratios for each of the proposed programs and  
16 overall portfolio are shown in the table below.

17

<b>PY 2024 UCT Results</b>	
Water Heating	1.98
Space Heating	3.37
Income Qualified	2.85
Education	1.00
<b>TOTAL PROGRAMS</b>	<b>2.35</b>

18



1 **Q. PLEASE EXPLAIN HOW RNG CALCULATED THE UCT RESULTS**  
2 **FOR EACH PROPOSED ENERGY EFFICIENCY PROGRAM AND OVERALL**  
3 **PORTFOLIO.**

4 **A.** As I discussed earlier, the UCT is met if the cost of energy efficiency or load  
5 management resources are less than the avoided costs of supply-side resources. Or in  
6 other words, the UCT is the ratio of the present value of benefits and the costs to the  
7 utility.

8

9 **Q. DESCRIBE THE KEY LEVEL INPUTS FOR THE PROPOSED ENERGY**  
10 **EFFICIENCY PROGRAM TOTAL PRESENT VALUE BENEFITS.**

11 **A.** Key level inputs for the Total Present Value Benefits for RNG's proposed PY 2024  
12 are detailed in Table 3, p. 16, in my Exhibit DNL-1. The key level inputs per measure to  
13 calculate the Present Value Benefits are: 1) annual therm savings per unit; 2) estimated  
14 participation; 3) annual therms saved; 4) measure life per unit; and 5) avoided costs.

15

16 **Q. PLEASE CONTINUE. EXPLAIN HOW RNG DETERMINED THE**  
17 **EXPECTED ANNUAL THERM SAVINGS AND EXPECTED MEASURE LIFE.**

18 **A.** RNG referenced the TRM to determine energy savings in therms and the expected  
19 measure lives for each of its proposed energy efficiency measures. For the components of  
20 the energy efficiency programs implemented by EnergyWorks, RNG imputed an average  
21 measure life from EnergyWorks PY 2022 customer data.

22

1 **Q. HOW DID RNG ESTIMATE PARTICIPATION RATES FOR EACH OF**  
2 **ITS PROPOSED PROGRAMS?**

3 **A.** Program Plan Exhibit DNL-1 details the “Expected Participation” for each energy  
4 efficiency program in Table 3, p 16.

5 Expected program participation rates are a result of prior experience with RNG’s  
6 current EE programs, prior experience within the community, current and past survey  
7 results, and discussions with EnergyWorks.

8 The Education Outreach Program is a combination of the Education Program in the  
9 elementary school of Raton Public Schools (“RPS”) and the sponsorship of local forums  
10 on energy efficiency. Each program conducted at the elementary school will have an  
11 estimated fifty-five (55) students, based on the last program’s participants. Additionally  
12 RNG’s local EE forums average ten to fifteen participants.

13

14 **Q. PLEASE EXPLAIN HOW RNG DETERMINED THE PRESENT VALUE**  
15 **BENEFITS OF EACH ENERGY EFFICIENCY PROGRAM.**

16 **A.** A key level input to determine the total Present Value Benefit is to apply a  
17 net present value (“NPV”) factor that will capture the net present value of the energy  
18 savings over the expected life of the proposed energy efficiency measure. RNG utilized  
19 its cost of capital, 8.73%, granted in its last general rate case, NMPRC Case No. 15-0038-  
20 UT, to calculate the net present value of the energy saving over the expected useful life of  
21 the energy efficiency measure.

22 Total Present Value Benefits includes a net present value factor to represent the  
23 present value of savings over the life of each energy efficiency program. The estimated

1 participants, multiplied by the total annual therms saved, multiplied by the avoided gas  
2 cost/therm, multiplied by a net present value interest factor yields RNG's Total Present  
3 Value Benefits of its proposed PY 2024. My Exhibit DNL-1 Table 4, p.25, details the  
4 Total Present Value Benefits.

5

6 **Q. HOW DID RNG DEVELOP THE AVOIDED GAS COSTS FOR THE**  
7 **PROPOSED PY 2024?**

8 **A.** RNG's avoided delivered gas costs are those costs avoided by the utility due to  
9 energy efficiency program therm savings. The avoided delivered gas costs are related to  
10 the period in which the savings occur. For RNG's PY 2024 application, RNG utilized the  
11 NYMEX Futures Henry Hub price from the EIA for each year 2024, 2025, and 2026. The  
12 average NYMEX Futures Henry Hub price for the three years was imputed for the PY 2024  
13 calculations of a forecasted gas cost factor. The forecasted gas cost factor was applied to  
14 the estimated sales volumes for May 1, 2024, to April 30, 2025. The gross receipts tax and  
15 franchise fees were included in the projections. RNG's current cost of service rates were  
16 not included. The unit cost projection provides the total delivered cost of natural gas  
17 commodity to the customer's meter.

18 RNG's avoided delivered gas costs projection for PY 2024 is \$.6294/therm. Please  
19 refer to Exhibit DNL-4.

20

21 **Q. PLEASE PROVIDE THE TOTAL VALUE PRESENT BENEFITS OF THE**  
22 **PROPOSED PY 2024.**

1 A. The Total Present Value Benefits of the proposed energy efficiency program for  
2 PY 2024 is \$134,674. RNG calculated the Total Present Value Benefits using the estimated  
3 participants, multiplied by the total annual terms saved, multiplied by the avoided delivered  
4 gas cost/therm, and multiplied by a net present value interest factor. In my Exhibit DNL-  
5 1, Table 4, p.17, each proposed energy efficiency program is listed with its Present Value  
6 Benefit.

7

8 **Q. HOW ARE THE UCT VALUES OF RNG'S PROPOSED PY 2024**  
9 **CALCULATED FOR COST-EFFECTIVENESS?**

10 A. As discussed earlier, the UCT is the ratio of the present value of benefits associated  
11 with a given efficiency program and the present value of costs associated with that  
12 program. If the UCT is greater than 1, then the program has met the statutory UCT test. To  
13 determine the overall portfolio UCT, the non-program specific portfolio costs are included.

14 The UCT values for RNG's Proposed PY 2024 equals the Total Present Value  
15 Benefits divided by the Total Program Costs. In the Program Plan, Exhibit DNL-1, Table  
16 5, p. 18, details each proposed energy efficiency program with its estimated UCT and the  
17 overall portfolio's UCT. RNG's proposed PY 2024 UCT is 2.35.

18

19 **Q. IN YOUR OPINION IS RNG'S PROPOSED PY 2024 COST-EFFECTIVE?**

20 A. Yes, based on the projected program present value benefits and associated utility  
21 costs, the UCT calculations for each proposed program and the overall plan portfolio result  
22 in an UCT greater than one (1).

23

1 **V. MEASUREMENT AND VERIFICATION**

2  
3 **Q. WHAT MEASUREMENT AND VERIFICATION APPROACH DOES**  
4 **RNG PROPOSE?**

5 **A.** The M&V reports are conducted by an independent program evaluator, Evergreen  
6 Economics. The Commission has selected Evergreen Economics to provide these  
7 evaluation services pursuant to the requirements of its EE Rule. Evergreen Economics  
8 presented evaluation results for RNG’s most recent energy efficiency program year 2022  
9 (PY 2022). RNG imputed the PY 2022 fee associated with Evergreen Economics PY 2022  
10 M&V report for this application for PY 2024.

11  
12 **VI. RNG’S ENERGY EFFICIENCY RATE RIDER**

13  
14 **Q. PLEASE EXPLAIN RNG’S CURRENT ENERGY EFFICIENCY RATE**  
15 **RIDER THIRD REVISED RATE NO. 6.**

16 **A.** The EUEA authorizes public utilities offering cost effect energy efficiency  
17 and load management programs to recover all program costs through base rates or an  
18 approved tariff rider, or a combination of both. RNG’s Third Revised Rate No. 6 of  
19 \$0.0055/ccf was approved by the Commission on April 7, 2021, in the Final Order in  
20 NMPRC Case No. 20-00177-UT.

21 RNG’s proposes to recover the proposed PY 2024 costs through its rate base  
22 and through the proposed Fourth Revised Rate No. 6. Based on the proposed PY  
23 2024 budget, and assuming a net zero balance at the end of April 2024, RNG

1 estimates that a tariff rider rate of \$.01308/ccf will recover the proposed PY 2024  
2 program costs  
3 of \$53,615. To summarize:

<b>Program Year 2024 Cost Recovery</b>	
RNG Rate Base Recovery	3,761
RNG Proposed Fourth Revised Rate No. 6 Recovery	53,615
<b>TOTAL</b>	<b>\$ 57,376</b>

7

8 **Q. DOES RNG'S PROPOSED FOURTH REVISED RATE NO. 6 ALLOW**  
9 **FOR A RECONCILIATION OF REVENUES AND EXPENSES?**

10 A. Yes, the reconciliation method was approved with Advice Notice No. 55 in the  
11 Final Order of NMPRC Case 20-00177-UT. This approved reconciliation method is  
12 continued in the proposed Fourth Revised Rate Rider No. 6. The rate rider calculation will  
13 include a reconciliation factor to allow for the recovery of any over or under collection  
14 (overage and underage) from the previous year's program. The Energy Efficiency Rider is  
15 the sum of the Energy Efficiency Plan Year Cost Factor and the Energy Efficiency Plan  
16 Year Reconciliation Factor. The Energy Efficiency Plan Year Reconciliation Factor is the  
17 dollar amount by which the prior Plan Year was over-recovered or under-recovered  
18 divided by the projected sales volumes to arrive at the billing unit amount to apply to  
19 customer bills going forward.

20 To calculate the reconciliation amount, RNG tracks both the actual reported  
21 annual revenue from the Energy Efficiency Rate and the actual reported annual expenses  
22 from the Energy Efficiency Program. Each year the revenue will be subtracted from the  
23 expense and the result will be added to the prior year's balance. The balance at the end

1 of the Plan Year becomes the over-recovered or under-recovered amount. A positive  
2 amount is under-recovered, and a negative amount is over-recovered. The amount is  
3 divided by the projected sales volumes to determine the Reconciliation Factor.

4

5 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO THIRD REVISED**  
6 **RATE RIDER NO. 6 IN ADVICE NOTICE NO. 56.**

7 **A.** Advice Notice 56 details one change to the current Third Revised Rate Rider No.  
8 6. The one change proposed in Advice Notice 56 is to increase the Energy Efficiency  
9 Surcharge Factor to \$.01308/ccf for RNG's proposed PY 2024 energy efficiency measures.

10

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

12 **A.** Yes, it does.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION )  
BY RATON NATURAL GAS COMPANY FOR )  
APPROVAL OF ITS 2024-2026 ENERGY )  
EFFICIENCY PROGRAM PLAN AND )  
FOURTH REVISED RATE RIDER NO. 6 )  
IN ADVICE NOTICE NO. 56 )  
PURSUANT TO THE NEW MEXICO )  
PUBLIC UTILITY ACT AND THE )  
EFFICIENT USE OF ENERGY ACT )  
RATON NATURAL GAS COMPANY, ) **Case No. 23-00\_\_-UT**  
Applicant. )  
\_\_\_\_\_ )

SELF AFFIRMATION OF DAVID N. LINK

I, DAVID N. LINK, President of Raton Natural Gas, do hereby affirm and state as follows: The foregoing Direct Testimony of David N. Link, and attached Exhibits, in the above-captioned case, are true and correct based on my knowledge and personal belief.

*Electronically signed by:*

David N. Link



**ENERGY EFFICIENCY PROGRAM PLAN  
PROGRAM YEAR 2024  
RATON NATURAL GAS**

EXHIBIT DNL-1

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## I. EXECUTIVE SUMMARY

Raton Natural Gas (“RNG”) submits this application for Program Year’s 2024, 2025, and 2026. This proposal will reference only Program Year 2024 throughout the document since the budgets and scope of work by RNG implemented for its EE Program measures are expected to remain the same through Program Years 2025 and 2026. RNG’s current energy efficiency (“EE”) program plan was approved by the New Mexico Public Regulation Commission (“Commission”) in its Final Order in NMPRC Case No. 20-00177-UT on April 7, 2021. RNG’s proposes to continue its current portfolio of energy efficiency programs. This application updates RNG’s projected annual budget and projected Utility Cost Test (“UCT”) ratio for the various programs. RNG’s application is consistent with the Efficient Use of Energy Act (“EUEA”) and complies with the Commission’s Energy Efficiency Rule (“Rule”)

RNG’s proposed Program Year 2024 (“PY 2024”) Energy Efficiency (“EE”) Plan’s annual net therm savings is estimated at 24,057 therms with an estimated plan budget of \$57,376, yielding an overall Utility Cost Test (“UCT”) ratio of 2.35.

RNG’s proposed PY 2024 budget of \$57,376 is an increase of 124% over the approved budget of \$25,585 in Case No. 20-00177-UT. RNG estimates the PY 2024 proposed measures to produce an annual net energy savings of 24,057 therms which is an increase of 74% over the annual net energy savings in Case No. 20-00177-UT. The UCT ratio for the PY 2024 portfolio of programs is 2.35 which is an increase of 37% over the UCT ratio for the portfolio approved in Case No. 20-00177-UT.

The EUEA authorizes a public utility that undertakes a cost-effective energy efficiency program to recover the program costs through a combination of exiting base rates and approved tariff rider. RNG proposes to recover \$3,761 in its current base rates and the remaining Program Year 2024 EE Plan costs of \$53,615 through RNG’s proposed Fourth Revised Rate No 6.

RNG conducted a Public Advisory Group meeting on July 19, 2023, to discuss its current program and to solicit comments for the RNG 2024-2026 Plan changes. Members of this group who participated in the Public Advisory Group conference call included Commission Staff, New Mexico Attorney General’s office, New Mexico Gas Company, Zia Natural Gas Company,

EnergyWorks, and Mortgage Finance Authority. RNG has considered and included the group's recommendations for RNG's Program Year 2024 Energy Efficiency Plan. The meeting minutes are attached to David N. Link's Testimony as Exhibit DNL-2.

## **II. OVERVIEW**

### **A. INTRODUCTION**

The following describes and provides the rationale for RNG's proposed Program Year 2024 Energy Efficiency Plan. RNG's current energy efficiency program portfolio was approved by the Commission on April 7, 2021, in NMPRC Case No. 20-00177-UT. RNG proposes to continue all energy efficiency programs approved in that case. The following Program Year 2024 descriptions include estimated program costs, estimated participation, energy savings, program assumptions, resultant UCT cost-effectiveness, and estimated customer bill impact. The projected UCT of each program includes testing results by the independent measurement and verification ("M&V") evaluator selected by the Commission, Evergreen Economics ("Evergreen").

### **B. EXISTING PROGRAMS PROPOSED TO CONTINUE**

RNG'S proposed PY 2024 portfolio of EE measures will continue to be available to all RNG customers in both service classes, residential and commercial.

#### **1. Water Heating:**

The Water Heating Program in RNG's current EE Plan consists of the following energy efficiency measures:

- 1) RNG provides customers with a \$250 incentive rebate for each qualified purchase and installation of a new high-efficiency natural gas tank water heater;<sup>1 2</sup>
- 2) RNG provides customers with a \$250 incentive rebate for each qualified purchase and installation of a new high-efficiency natural gas tankless water heater;<sup>12</sup>

---

<sup>1</sup> A qualified purchase is a natural gas water heater storage water heater tank (with energy factor of .67 or higher) or natural gas tankless water heater. See [https://www.energystar.gov/products/water\\_heaters/residentail\\_water\\_heaters\\_key\\_product\\_criteria](https://www.energystar.gov/products/water_heaters/residentail_water_heaters_key_product_criteria)

<sup>2</sup> A qualified installation is an installation by a licensed contractor in compliance with state and local New Mexico Construction Industry codes

## EXHIBIT DNL-1

- 3) RNG provides free Water Heating Conservation Services conducted by EnergyWorks for commercial customers that includes a free energy assessment and installation of commercial low-flow pre-rinse spray valves;
- 4) RNG provides low-flow showerhead kits free to qualified residential and commercial customers.

### **2. Space Heating:**

The Space Heating Program in RNG's current EE Plan consists of the following energy efficiency measure:

- 1) RNG provides customers with a \$250 incentive rebate for each qualified purchase and installation of a new high-efficiency natural gas heater or natural gas boiler with AFUE 92-99%;<sup>3 4</sup>
- 2) RNG provides free smart programmable thermostats to qualifying customers.

### **3. Income Qualified:**

The Income Qualified Program in RNG's current EE Plan is a program specifically designed to meet the energy efficiency needs of an income qualified residence. RNG and EnergyWorks have developed a program that provides a free Energy Assessment to the income-qualified resident and includes the following specific measures: air sealing, duct sealing, ceiling insulation, smart programmable thermostat, and water heating conservation devices, such as low-flow showerhead, aerators, pipe, and tank insulation.

### **4. Education Outreach:**

The Education Outreach Program in RNG's current EE Plan is designed for the community at-large to increase customer awareness of energy efficiency measures. RNG sponsors energy efficiency campaigns with educational programs delivered regularly through the local radio station which reaches an estimated 85% of the community and

---

<sup>3</sup> A qualified purchase is a natural gas heater with energy factor of 92-94.9%. See <https://www.energystar.gov/products/furnaces> and <https://www.energystar.gov/products/boilers>.

<sup>4</sup> A qualified installation is an installation by a licensed contractor in compliance with state and local New Mexico Construction Industry codes

through an education program developed for fourth graders in collaboration with the Raton Public School system

### **III. PROGRAM DESIGN**

#### **A. RATIONALE AND SELECTON CRITERIA**

Given that RNG is the smallest regulated natural gas utility in the state, serving approximately 3,000 customers, several energy efficiency programs and incentives that are cost-effective for other utilities with larger customer bases do not meet the cost-effectiveness UCT threshold of one (1.00) due to the small RNG customer base and volume through-put. Despite this challenge, RNG's proposed Program Year 2024 Energy Efficiency Plan portfolio complies with the EUEA Statute and the Commission's Rule. Along with cost effectiveness, RNG considered the criteria contained in the Commission's Rule and they are listed below:

**1. Cost-effectiveness:**

The portfolio of programs being proposed has a UCT of 2.35 which is greater than the required UCT 1 benchmark stated in the EUEA and Rule. The individual programs being proposed also each have a UCT of one ("1") or above.<sup>5</sup> Please see Table 5 on page 18 for additional UCT Calculations detail.

**2. System Benefits:**

All of the programs proposed deliver energy efficiency benefits and energy savings for the customer. The total estimated annual energy savings is estimated at 24,057 therms for all RNG customers. This is an increase of 74% over RNG's approved PY 2021 EE Program. This substantial increase is attributable to the additional therms saved for a forecasted increase of customer installed low -flow showerhead kits, water heating rebate program, and an increase participation for the Income Qualified Program.

---

<sup>5</sup> Final Order Case No. 15-00247-UT granted an imputed UCT value of one (1) for RNG's education programs

## EXHIBIT DNL-1

### 3. Participation criteria:

The programs were selected to provide participation opportunities for both RNG customer service classes. Incentives for the energy efficiency programs will be available to current RNG customers for the specific measure that applies to each specific class of service (residential or commercial). RNG personnel will review customer applications to verify customer's natural gas service and other components of the application.

Due to the finite number of water and heating conservation devices available for self-install, customer applications will be processed on a first-come, first-served basis. Rebates associated with the Water and Space heating categories, will be issued after RNG personnel's review of customer's qualified appliance purchases and installations. Participation criteria in specific energy efficiency programs include:

- a) Low-Flow Showerhead kits will continue to be available to qualified RNG residential and commercial customers who complete RNG's application.
- b) The Education Outreach Program will continue to be implemented as education and outreach programs to address energy efficiency topics and raise awareness in the community at large which includes both residential and commercial customers. As a recommendation from the Commission Utility Staff during the Public Advisory meeting held on July 19, 2023, RNG will explore with the Raton electric utility municipality, Raton Public Service, opportunities to present jointly the elementary education energy program to the fourth graders to highlight energy efficiency measures for both electric and natural gas.
- c) Water Heating Conservation Services Program will be available to all qualified RNG commercial customers who complete RNG's application. A third party contractor, EnergyWorks, will implement the Water Heating Conservation Services program that is specifically

## EXHIBIT DNL-1

designed to benefit the small commercial customer's energy needs in RNG's territory.

- d) Water Heating and Space Heating Program rebate offerings will be available to both residential and commercial customers. RNG personnel will review the customer's completed rebate application form to process the associated rebate amount for qualified purchases and installations.
- e) Smart programmable thermostats will be offered at no-charge as self-installation energy conserving devices for qualified RNG customers. Smart programmable thermostats will be distributed on a first-come, first-serve basis after RNG personnel review a customer's application to qualify their building.
- f) Income Qualified Program will be implemented by the third-party contractor, EnergyWorks, who has experience working with energy efficiency programs at other regulated utilities in northern New Mexico. RNG will work closely with EnergyWorks to identify RNG's income qualified residential customers who will benefit most from the package of weatherization products offered in this program.



## EXHIBIT DNL-1

4. Projected implementation date: RNG proposes to begin its PY 2024 on May 1, 2024, with Commission approval. This proposed implementation time-period also facilitates the Commission's Annual Energy Efficiency reporting compliance filings.
5. Existence of non-energy benefits: The current Low-Flow Showerhead program, the proposed Income Qualified program, and the proposed Commercial Water Heating Conservation Services program are packages that provide non-energy benefits in the form of water savings through the various low flow devices. The Education Outreach Program presents and discusses broad energy saving tips that also generate electric savings in a home or commercial location.
6. Administrative ease of program deployment: RNG programs have a proven track record with RNG and also at other utilities. Additionally, for RNG's major energy efficiency measure, Income-Qualified program, EnergyWorks is a third-party contractor experienced with low-income programs and is a successful component of RNG's current and past EE programs. RNG customers have been extremely satisfied with EnergyWorks programs and personnel in the previous EE programs.
7. Overall portfolio development considerations: Programs were selected primarily based on consideration of the EUEA and the Rule objectives to provide cost effective energy savings for RNG's customers. RNG is mindful to maintain current programs that are successful with RNG customers; to adopt programs that have a proven track record with other natural gas utilities; to adopt programs with low program costs, that offer efficiency measures to attract customer participation, and that will meet the statutory UCT cost test.

### **B. PUBLIC ADVISORY PROCESS**

RNG convened a pre-filing Public Advisory Group meeting and invited representatives of the Commission Staff, the New Mexico Attorney General's Office ("AGO"), the New Mexico Energy Minerals and Natural Resources Department ("NMEMNRD"), New Mexico Gas Company ("NMGC"), Zia Natural Gas Company ("ZIA"), EnergyWorks, and the New Mexico Mortgage Finance Authority ("MFA").

## EXHIBIT DNL-1

On July 19, 2023, RNG hosted an Advisory Group conference call to solicit comments and ideas for new elements of RNG's energy efficiency program. Members of the Advisory Group in attendance were from the Commission Staff, New Mexico Attorney General's Office, New Mexico Gas Company, Zia Natural Gas, EnergyWorks, and the New Mexico Mortgage Finance Authority. RNG outlined its proposals for its Program Year 2024 in order to solicit the group's comments and feedback. The meeting minutes are attached as Exhibit DNL-2.

### **C. PROGRAM GOALS**

The primary long-term goal of the portfolio of programs is to continue lasting structural and behavioral changes in the community, which will result in the increased adoption of energy efficient strategies and technologies. This is accomplished by promoting customers participation in the current energy efficiency programs, to increase customer awareness of energy efficiency measures through the Education Outreach Program, and to provide new opportunities for customers' energy efficiencies through participation of the proposed Water Heating, Space Heating, and Income Qualified Programs.

RNG is committed to achieving these goals by active promotional efforts through several channels to increase customers' awareness. Energy Efficiency Promotions will use local news media, customer bill inserts, company's web site, in-office literature, and representation at community forums sponsored by community-based organizations.

**IV. PROGRAM BUDGET, COSTS, BENEFIT ANALYSIS, AND UCT CALCULATIONS**

RNG has forecast customer participation and expected energy savings for each energy efficiency program. The following sections detail the Program Year 2024 Energy Efficiency Plan budget, expected participation, costs and benefit analysis.

**A. PROJECTED PLAN BUDGET AND EXPECTED PARTICIPATION**

Table 1 that follows presents RNG’s projected energy efficiency budget of \$57,376 for the Program Year 2024 and expected participation.

The proposed Program Year 2024’s total budget costs of \$57,376 are approximately 1.69% of RNG’s estimated amount it will bill customers during the Program Year 2024, based on actual billing revenues for the same period in prior years (See Exhibit DNL-3). RNG’s proposed Program Year 2024 Energy Efficiency Plan budget of \$56,376 is under the five percent (5%) cap as directed under NMSA 1978, Section 62-17-6 (A)(2).

Table 1: Projected Program Year 2024 Plan Budget and Expected Participation

<b>PROGRAM</b>	<b>2024 EXPECTED PARTICIPATION</b>	<b>TOTAL PROGRAM BUDGET</b>
Water Heating	13	\$1,195
Space Heating	12	\$1,438
Income Qualified	40	\$42,808
Education	65	\$5,578
Portfolio Costs	N/A	\$6,357
<b>TOTAL</b>	<b>130</b>	<b>\$57,376</b>

In Table 1, the column, Program Year 2024 Expected Participation, is an estimate of participation for the proposed programs based on RNG’s most recent energy efficiency program implementations. Actual participation will be recorded at the end of

EXHIBIT DNL-1

the Plan year in addition to actual reported program costs. The column, Total Program Budget, are the estimated costs for complete Program Year 2024 Plan implementation. For additional detail, please refer to the Program Budget Cost categories in Section B below, the Participation estimates in Section C that follows, and the David N. Link Testimony.

**B. PROGRAM COSTS FOR COST-EFFECTIVENESS ALLOCATION**

The Program Year 2024 budget is comprised of four categories: RNG staff administration costs in base rates, internal administration costs, promotional costs, and portfolio costs. Table 2 below and the following section explain the detail in each cost category for RNG’s proposed efficiency programs.

Table 2: Projected Program Year 2024 Plan Program Costs for Cost-Effectiveness

<b>Program</b>	<b>RNG Staff Administration Costs in Base Rates<sup>6</sup></b>	<b>Internal Administration</b>	<b>Promotional</b>	<b>Portfolio Costs</b>	<b>Total Cost</b>
Water Heating	\$300	\$895	\$0	\$0	\$1,195
Space Heating	\$138	\$1,300	\$0	\$0	\$1,438
Income Qualified	\$808	\$42,000	\$0	\$0	\$42,808
Education	\$358	\$300	\$4,920		\$5,578
Non-Program Specific	\$2,157	n/a	n/a	\$4,200	\$6,357
<b>TOTAL COSTS</b>	<b>\$3,761</b>	<b>\$44,495</b>	<b>\$4,920</b>	<b>\$4,200</b>	<b>\$57,376</b>

<sup>6</sup> Commission’s Rule 17.7.2.13 (B) NMAC allows a public utility to seek recovery of costs through a tariff rider or base rates or by a combination of the two.

## EXHIBIT DNL-1

1. RNG Staff Administration: The RNG Staff Administration costs include estimated labor cost to administer, track, and report on the proposed energy efficiency programs for regulatory compliance. These estimated costs also include the estimated RNG personnel time to distribute low-flow showerhead and programmable thermostats and to coordinate the Income Qualified Program and rebate information to the customers. These costs are currently included in RNG's base rates and are not included in RNG's proposed cost recovery through the proposed ThirdRevised Rate No. 6.
2. Internal Administration: The internal administrative costs are RNG's estimated direct expenses related to the program implementation.
  - a) Water Heating Program Internal Administrative Estimated Costs: RNG's estimates internal administrative expenses of \$895 for the Water Heating program. Detailed estimated costs:
    - i. \$200 for the Water Heating Conservation package as proposed by EnergyWorks.
    - ii. \$500 for the rebates offered on estimated participation of two (2) qualified customer purchases and installations of a natural gas water heater with .67 or higher EF rating or natural gas tankless water heater. RNG is proposing a \$250 rebate for a qualified customer's purchase and installation.
    - iii. \$195 for the cost of an estimated participation of ten (10) qualified customers to receive low-flow showerhead kits. RNG will purchase the low-flow showerhead kits directly from EnergyWorks at \$19.53 per unit.
  - b) Space Heating Program Internal Administrative Estimated Costs: RNG 's estimates internal administrative expenses of \$1,300 for the Space Heating program.
    - i. \$800 for the estimated participation of ten (10) qualified customers to receive smart programmable thermostats.
    - ii. \$500 for rebates offered on estimated participation of two (2) qualified customers for purchase and installation of natural gas heaters with

## EXHIBIT DNL-1

AFUE 92-94.9%. RNG is proposing a \$250 rebate for each qualified customer purchase and installation.

c) Income Qualified Internal Administrative Estimated Costs:

- i. RNG's estimates internal administrative expenses of \$40,000 for the Income Qualified program as proposed by EnergyWorks. Due to its past EE Program implementations with RNG customers, both EnergyWorks and RNG have historical costs and participation data to forecast the upcoming EnergyWorks' program costs.

d) Education Program:

- i. RNG estimates internal administrative expenses of \$300 for educational materials to be used for the 4<sup>th</sup> Grade Elementary Energy Efficiency school program. The energy efficiency materials are coordinated with the elementary school administration.

3. Promotional costs:

The promotional costs are the estimated expenses related to the promotional and marketing expenses related for program implementation:

a) RNG's estimated promotional costs of \$4,920 for the Education Outreach Program:

- i. \$4,920 annually for the one local radio station that provides the public announcement spots to promote energy efficiency issues, energy efficiency events in the community, and to raise public awareness for energy savings. affecting both residential and commercial customers.<sup>7</sup> RNG augments EE community awareness programs and EE program offerings with social media posts and RNG's newsletters mailed and available on RNG's website.

4. Portfolio costs:

The portfolio costs are the estimated expenses related to RNG's implementation of the Program Year 2024 Plan and are non-program specific.

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<sup>7</sup> Local Radio station KRTN has 85% listenership in the City of Raton. Estimate provided to RNG by KRTN's General Manager.

## EXHIBIT DNL-1

- a) RNG's estimated portfolio costs of \$4,200 for the Program Year 2024 Plan consist of:
- i. RNG estimates a total of \$9,000 for outside legal costs to represent RNG in the filing and case management of its EE Program Year 2024-2026. For annual EE Program cost estimates, RNG amortized the forecasted total outside legal costs of \$9,000.00 over three years. An imputed \$3,000 for PY 2024 represents the amortized legal costs.
  - ii. RNG estimates \$1,200 for M&V audit costs. The Commission's Rule requires an annual "comprehensive measurement, verification and program evaluation report prepared by an independent program evaluator." (NMAC 17.7.2.15 (A)).

### C. BENEFIT ANALYSIS

The EUEA and the Commission's Rule establish the Utility Cost Test ("UCT") as the standard to determine cost-effectiveness of an energy efficiency program. If the ratio of present value benefits or savings to the program costs is greater than one ("1"), then the program meets the cost-effectiveness measurement. RNG has estimated its proposed Program Year 2024 Energy Efficiency Plan overall UCT at 2.35.

Key inputs for benefit analysis are listed in Table 3 below. These program level inputs are the fundamental component required for the UCT calculation, which is the standard index used to determine the cost-effectiveness. RNG utilized the New Mexico Technical Resource Manual dated March 24, 2023 ("TRM") to arrive at the annual therm savings for each specific proposed energy efficiency measure. RNG listed the expected participation levels for each specific proposed energy efficiency measure. Expected participation values for the various energy efficiency measures for Program Year 2024 are based on: results of past successful participation levels, current participation levels, comments from RNG's customer base, discussions with EnergyWorks, and the participant cost of a specific measure. Annual therms saved is a calculation of Expected Participation values multiplied by the Annual Unit Therm Savings. RNG utilized the TRM to arrive at the measure life or functional life for each specific proposed program

EXHIBIT DNL-1

and the data results in RNG’s most recent M&V report conducted by Evergreen Economics.

Table 3: Key Inputs for Benefit Analysis

Program	Annual Unit Therm Savings	Expected Participation	Annual Therms Saved	Measure Life
<b>Water Heating Program:</b>	<b>425</b>	<b>13</b>	<b>487</b>	
EnergyWorks Conservation kit	110	1	550	8
Water Heater (.67 or higher)	75.1	1	75.1	11
Tankless	233	1	233	20
Low-flow showerhead kit	6.92	10	69	10
<b>Space Heating Program:</b>	<b>295</b>	<b>12</b>	<b>970</b>	
92% or above AFUE Furnace	247.5	2	495	20
Programmable thermostat	47.5	10	475	10
<b>Income Qualified:</b>	<b>565</b>	<b>40</b>	<b>22,600</b>	<b>16.47</b>
Income Qualified Residential	565	40	22,600	16.47
<b>Education Program:</b>	<b>n/a</b>	<b>65</b>	<b>n/a</b>	<b>n/a</b>
Education Program	n/a	65	n/a	n/a

Table 4 below continues the UCT calculation by determining the Program Present Value Benefits of each proposed energy efficiency plan category. RNG’s Avoided Costs are those natural gas costs avoided by the utility due to energy efficiency program therm savings. The avoided natural gas costs include gross receipts tax and franchise fees. For the period of Program Year 2024, RNG utilized the NYMEX Henry Hub price from the EIA Short-Term Energy Outlook. This unit cost was added to RNG’s estimated Program Year 2024 total delivery costs to develop a projected gas cost factor applied to the estimated volumes for Program Year 2024, plus gross receipts tax and franchise fees. RNG’s avoided cost projection for Program Year 2024 is \$.6294/therm. (See Exhibit DNL-4). Total Present Value Benefits includes a net present value factor to represent



EXHIBIT DNL-1

the present value of savings over the life of each energy efficiency program. RNG imputed the cost of capital approved in its last general rate case (NMPRC Case 15-00038-UT) at 8.73% over the specific estimated life of the energy measures. The estimated participants, multiplied by the total annual therms saved, multiplied by the avoided gas cost/therm, multiplied by a net present value interest factor yields the Total Present Value Benefits.

Table 4: RNG Program Year 2024 Present Value Benefits

<b>Program</b>	<b>Annual Unit Therm Savings</b>	<b>Expected Participation</b>	<b>Annual Therms Saved</b>	<b>Avoided Costs</b>	<b>Total Present Value Benefits</b>
Water Heating	425	13	487	\$307	\$2,371
Space Heating	295	12	970	\$611	\$4,841
Income Qualified	565	40	22,600	\$14,224	\$121,884
Education	n/a	65	n/a	n/a	\$5,578
<b>TOTAL</b>	<b>1,285</b>	<b>130</b>	<b>24,057</b>	<b>\$15,142</b>	<b>\$134,674</b>

**D. UCT CALCULATIONS**

In summary, Table 5 below lists for each program category, Present Value Benefits (See Table 4) and Program Costs (See Table 2). The UCT for each proposed program category is calculated dividing the Total Present Value Benefits by the Total Program Costs. The UCT of 2.35 is calculated for RNG’s Program Year 2024 Energy Efficiency full portfolio of programs and includes the non-program specific Portfolio Costs.

EXHIBIT DNL-1

Table 5: UCT Calculations

<b>Program</b>	<b>Total Present Value Benefits</b>	<b>Total Program Costs</b>	<b>UCT</b>
Water Heating	\$2,371	\$1,195	1.98
Space Heating	\$4,841	\$1,438	3.37
Income Qualified	\$121,884	\$42,808	2.85
Education	\$5,578	\$5,578	1.00
Non-Program Specific Portfolio Costs	n/a	\$6,357	n/a
<b>Total EE Portfolio</b>	<b>\$134,674</b>	<b>\$57,376</b>	<b>2.35</b>

**V. ENERGY EFFICIENCY RATE RIDER**

The Commission’s Rule allows the utility to recover the proposed energy efficiency program costs “either through an approved tariff rider, in base rates or by combining recovery through a tariff rider and base rates.” Table 6 details this application’s proposed Program Year 2024 costs for recovery according to existing RNG base rates and through RNG’s proposed Fourth Revised Rate No. 6:

Table 6: Proposed Cost Recovery for Program Year 2024

<b>Program</b>	<b>Proposed RNG Staff Administration Costs in Base Rates<sup>8</sup></b>	<b>Proposed RNG Fourth Revised Rate No. 6 Cost Recovery</b>	<b>Proposed Total Program Year 2024 Costs</b>
Water Heating	\$300	\$895	\$1,195
Space Heating	\$138	\$1,300	\$1,438
Income Qualified	\$808	\$42,000	\$42,808
Education	\$358	\$5,220	\$5,578
Non-Program Specific	\$2,157	\$4,200	\$6,357
<b>TOTAL COSTS</b>	<b>\$3,761</b>	<b>\$53,615</b>	<b>\$57,376</b>

RNG’s current Third Revised Rate No. 6 Section A (2) allows for an annual reconciliation to determine the amount of an over or under collection that is refunded or

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<sup>8</sup> Commission’s Rule 17.7.2.13 (B) NMAC allows a public utility to seek recovery of costs through a tariff rider or base rates or by a combination of the two.

## EXHIBIT DNL-1

collected from the customers through the Rate Rider. At the completion of RNG's most recent EE Program Year 2022, RNG calculated an under-collection of \$9,654.96. On June 30, 2023, RNG filed its Annual Report for EE Program Year 2022. In that report, RNG determined the under-collection amount of \$9,654.96 as of April 30, 2024. RNG calculated the impact of the under-collection to the Third Revised Rate Rider No. 6 and reconciled the Third Revised Rate No. 6 rate to \$.0062/ccf.

The current tariff rider rate of \$.0062/ccf will remain in effect through the end of April 2024. The impact of this rate is to increase RNG's current EE under-collection (as reported in RNG's PY22 Annual Report) to an estimated zero net balance as of April 30, 2024.

Based on the proposed Program Year 2024 budget, and assuming a net zero balance at the end of April 2024, RNG's PY 2024 application proposes Fourth Revised Rate No. 6 tariff rider at \$.01308/ccf to recover PY 2024 EE costs beginning May 1, 2024. See Exhibit DNL-5

Exhibit DNL-6 compares the average monthly bill for a residential customer with the current rate at \$.0062/ccf and the impact of RNG's proposed Fourth Revised Rate No. 6 tariff rider at \$.01308/ccf. The proposed Fourth Revised Rate No. 6 tariff rider fee of \$.01308/ccf will increase the residential customer's average monthly bill by .94% or \$.58.

**RATON NATURAL GAS COMPANY'S (RNG)  
2024 ENERGY EFFICIENCY (EE) PLAN  
PUBLIC ADVISORY TELECONFERENCE MEETING<sup>1</sup> MINUTES  
JULY 19, 2023**

**Public Advisory Group Members:**

David Link, President of RNG  
Patricia Link, Vice President of RNG  
Keven Gedko, New Mexico Attorney General's Office  
Oscar Saucedo, Zia Natural Gas Company (ZNG)  
Douglas Campion, EnergyWorks<sup>2</sup>  
Steve Casey, New Mexico Gas Company (NMGC)  
Gloria Regensberg, New Mexico Public Regulation Commission Utility Staff (NMPRC Staff)  
Felicia Jojola, NMPRC Staff  
Marc Tupler, NMPRC Staff  
Georgette Ramie, NMPRC Staff  
Christopher Dunn, NMPRC Staff  
Gabiella Dasheno, NMPRC Staff  
Edison Jimenez, NMPRC Staff  
Tosin Olofinsao, NMPRC Staff  
Joan Ellis, NMPRC Staff  
Bryce Zedalis, NMPRC Staff  
Kai Fillion, NMPRC Staff  
Jack Sidler, NMPRC Staff  
Troy Cucchiara, New Mexico Mortgage Finance Authority (MFA)  
David Gutierrez, MFA  
Dimitri Florez, MFA  
Peter Gould, RNG Regulatory Counsel  
Katrina Reid, The Gould Law Firm, Administrative Assistant  
Chisholm Gould, The Gould Law Firm, Intern

The Teleconference Meeting was called to order at 10:01 am MDT by David Link, President of RNG.

**1. Opening Statement**

Mr. Link opened the meeting by welcoming the participants. The participants then introduced themselves and identified the company or organization with which they were affiliated. Mr. Link used the slides, attached hereto as Attachment A, as the agenda and meeting materials for the Public Advisory Group Meeting.

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<sup>1</sup> The RNG Public Advisory Group Meeting was held using the Zoom Teleconferencing service.

<sup>2</sup> EnergyWorks is a contractor that subcontracts with RNG to manage its EE Programs.

## 2. RNG's Current EE Programs

Mr. Link explained that RNG's current Energy Efficiency (EE) Plan consists of four programs: (1) An Educational Program focusing on grade school children and the public at large;<sup>3</sup> (2) A Water Heating Program, which provides rebates for the installation of new energy efficient water heaters; (3) A Space Heating Program, which provides rebates for the installation of new energy efficient furnaces and the installation of new insulation; and (4) An Income Qualified Services Program, which installs energy efficiency measures in the homes of qualified low-income customers. *See slide entitled RNG EE Programs.* These programs were approved by the NMPRC in Case No. 20-00177-UT<sup>4</sup> and are a continuation of the Plan approved in RNG's prior EE case, Case No. 18-00312-UT.

Mr. Link stated that RNG's 2024 EE Plan Application will be filed on August 31, 2023.

## 3. Presentation of the Measurement and Verification (M&V) Results for RNG's EE Programs

### *a. Background Information*

The Efficient Use of Energy Act (EUEA), NMSA 1978, §§ 62-17-1 *et seq.*, establishes the requirements for a utility's EE Plan. Under the EUEA, the basic measurement of an EE Plan's success is the Utility Cost Test (UCT). Under the UCT, an EE Plan, and the individual programs in that Plan, are successful if the monetary costs that are borne by the public utility and that are incurred to develop energy efficiency resources on a life-cycle basis are less than the avoided monetary costs associated with supply-side resources. NMSA 1978 § 62-17-4.K. At least once every three years, a utility must submit to the NMPRC a comprehensive M&V report prepared by an independent program evaluator in which each individual program, and the utility's EE Plan as a whole, are evaluated using the UCT. NMSA 1978 § 62-17-8.B.

### *b. Evaluation of RNG's Energy Efficiency Plan*

Mr. Link presented the results of the M&V evaluation for RNG's current EE Programs. Those results are shown in the slide entitled, *PY21 & PY22 Average Results*. Mr. Link explained that RNG was presenting the average results for these two years in order to normalize the impacts of the COVID pandemic on RNG's programs.

For the Educational Program, this slide shows an annual average participation rate of 14 persons, program costs of \$4,770 and an imputed UCT of 1.00. This imputed UCT value was adopted by the NMPRC in Case No. 18-00312-UT in recognition of the value of the program and the difficulty in actually measuring the results on a pure monetary basis.

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<sup>3</sup> These numbers do not include the general public reached by RNG's public service messages on KRTN radio whose listenership is estimated at 85% of the public in Colfax County.

<sup>4</sup> RNG's Application for 2021-2023 EE Program Plan in Case No. 20-00177-UT was filed on August 31, 2020 and was approved on April 7, 2021.

## EXHIBIT DNL-2

The Water Hearing Program had an annual average of two participants, with 216 annual therms saved, lifetime therms savings of 3,195, an annual cost of \$312, benefits, measured on a net present value (NPV) basis, of \$1,803 and a UCT of 5.78.

The Space Heating program had an annual average of nineteen participants, with 1,180 annual therms saved, lifetime therms savings of 14,278, an annual cost of \$2,077, NPV annual benefits of \$8,531, and a UCT of 4.11.

The Income Qualified Residential program had an annual average of twenty households, with 9,491 annual therms saved, lifetime therms savings of 163,106, an annual cost of \$18,025, NPV benefits of \$103,928 and a UCT of 5.77.

The annual average results for the total RNG EE Plan were 55 participants/households, 10,887 therms saved, 180,579 lifetime therms saved at a cost of \$27,630, with NPV benefits of \$119,032 and a total UCT for RNG's Plan of 4.31.

Mr. Link provided additional details about the Income Qualified Residential program. This program helps low income residential customers save energy by making their homes more energy efficient. This is the program's fourth year and is managed by EnergyWorks, an independent energy efficiency contractor. If a customer is qualified and approved, EnergyWorks installs a number of measures, which may include energy efficient windows, new air ducts, water saving shower heads and faucets and added attic insulation. Because many of the houses in Raton were built before energy efficiency was a concern, this program has consistently shown the highest level of benefits in RNG's EE Plan.

The slide entitled, *RNG EE Plan Budget vs. PY21 & PY22 Average Results*, compared, on a program by program basis, the expected results when the Plan was approved to the actual EE Plan results in 2021 and 2022. This slide showed that RNG exceeded its Plan budget by 21%, with the largest increase of 123% to its most successful program, the Income Qualified Residential program.

The slide entitled, *RNG EE Plan Budget UCT vs. PY21 & PY22 Average UCT*, compared the projected UCT of each program with the verified UCT results. Overall, the actual average UCT for RNG's EE Plan in 2021 and 2022 was 4.31 versus an expected UCT of 1.72. RNG's most successful program, the Income Qualified Residential program, had a verified UCT of 5.77, which exceeded its anticipated UCT of 3.56.

Mr. Link ended his presentation by stating that RNG would be proposing to continue all of its current EE programs when it filed its 2024 Plan on August 31, 2023. He indicated that due to the success of its Income Qualified Residential program, with a UCT of 5.77, RNG intends to propose spending a larger share of its Plan budget in future years on this program.

He then invited comments and questions from the meeting participants.

#### 4. Comments and Questions about RNG's EE Programs

Mr. Gould, RNG's Regulatory Counsel, asked Mr. Link if the Covid-19 Pandemic had any negative impacts on RNG's customers and its EE Plan. Mr. Link stated the Covid pandemic had a noticeable impact on the cost of goods and labor, and drove up the program costs, especially for the Income Qualified Residential program. These cost increases were reflected in the slide that compared the Plan budget versus the actual average expenditures in 2021 and 2022. He noted that the pandemic also had a dramatic impact on the small business community with as many as 40% of small businesses in Raton failing to survive. He noted that recently there has been an influx of new businesses opening marijuana dispensaries. However, these businesses have moved into existing commercial spaces that emptied during the pandemic, and have needed few, if any, efficiency upgrades.

Douglas Campion, of EnergyWorks, noted that both labor and travel costs went up in 2021 and 2022. He stated that this was due in part to the pandemic, but also due to the fact that Raton is geographically isolated, making travel more expensive.

Mr. Link thanked EnergyWorks for its hard work as the customer point of contact for the Income Qualified Residential program. He stated that the program has been very well received in the community. This is due to the professional manner in which EnergyWorks has operated the program and the benefits that the participants have experienced. Mr. Campion provided more details about the measures EnergyWorks installs in the typical home retrofit. He also stated that the older age of the housing stock in Raton helps to ensure that the continuing success of this program. Mr. Link stated that the program's success was borne out by the fact that 92% of the savings shown in the M&V analysis were attributable to that program.

NMPRC Staff member, Georgette Ramie, inquired about the number of RNG's residential customers and the percentage of those that were low income. Mr. Link said that the total population of Raton was about six thousand residents. Seventeen percent (17%) of the population is considered to be low income. RNG has about 3000 customers, the majority of which are residential customers. Mr. Link indicated that after years of decline the City of Raton is attracting new residents, especially retirees, due to the availability and relatively low cost of the homes and low taxes. He noted that there is a new residential development of about twenty new homes that will likely add to RNG's customer base. Since these homes will be built to new efficiency standards, however, RNG's energy efficiency programs are not likely to be impacted by these new customers.

NMPRC Staff member, Christopher Dunn, asked whether RNG offered rebates on tankless water heaters. Mr. Link stated that RNG's Water Heating Program does include rebates for such installations.

Mr. Dunn asked if RNG was collaborating with the City-owned and operated electric utility, Raton Public Service Company (RPS) on energy efficiency measures. Mr. Link responded that RNG collaborates with RPS on their responses to emergency situations such as extreme weather or unplanned outages. RNG supplies natural gas to RPS for its back-up generator in case of an outage on their transmission line that supplies power to the City of Raton.



## EXHIBIT DNL-2

Mr. Link noted that this lateral transmission line crosses very rugged terrain and is subject to outages during harsh weather. Patricia Link, RNG's Vice President, stated that the opportunities for collaboration with RPS on energy efficiency programs are very limited. As a municipally-owned enterprise, RPS is very limited in the resources it can commit to any collaborative activities with RNG as those contributions might be seen as a donation to a private enterprise. In addition, as noted by Mr. Gould, the EUEA only allows gas utilities to fund energy efficiency programs that directly reduce the consumption of gas. Even if a program in RNG's Plan indirectly results in decreased electricity usage, that decrease cannot be counted in the M&V calculation of the Plan's UCT. Mr. Dunn also stated that he was very encouraged by RNG's overall UCT of 4.31.

Mr. Gould asked Mr. Champion whether the energy efficiency retrofits installed in RNG's Income Qualified Residential program could also reduce electricity usage in those homes. Mr. Champion stated that many of the measures his company installs do reduce the electric usage in the retrofitted homes, but that EnergyWorks has not tried to quantify those savings.

Steve Casey, of the New Mexico Gas Company (NMGC), stated that EnergyWorks provides some contract energy efficiency services for NMGC as well. NMGC has been impressed with the quality of work performed by EnergyWorks. With respect to the issue of decreases in electricity usage as a result of natural gas programs, Mr. Champion stated that EnergyWorks makes a point of discussing with customers possible ways to reduce electricity usage when it does its assessment of a residence for gas efficiency programs. Mr. Casey also stated that NMGC collaborates with both the Public Service Company of New Mexico (PNM) and El Paso Electric Company (EPE) on new construction standards and home check-up programs that benefit the energy efficiency programs of both gas and electric utilities. Mr. Casey suggested that gas and electric utilities could also collaborate to inform builders of rebates offered by both types of utilities.

Mr. Gould asked if any of the New Mexico Mortgage Finance Authority (MFA) participants could offer any insight into their energy efficiency measures. Troy Cucchiara indicated that MFA has funding sources, such as federal programs, that are not available to RNG. He suggested there is the potential that RNG and MFA could work together to see whether the homes chosen to participate in RNG's Income Qualified Residential program could also benefit from those federal dollars. Mr. Cucchiara stated he would provide Mr. Link with the email addresses of residents in the Raton area that were on MFA's contact lists. Mr. Link thanked Mr. Cucchiara for his promise to provide those MFA contacts, and reminded him that RNG's Income Qualified Residential program only operates within the Raton city limits.

Mr. Dunn (NMPRC Staff) asked if RNG had explored the potential energy savings from 'smart' thermostats versus programmable thermostats. Mr. Champion stated that EnergyWorks mostly uses programmable thermostats in its Raton projects. This is due to a number of factors including low level of homes with Wi-Fi capability, and compatibility issues with smart thermostats and the old wiring and dated appliances usually encountered in Raton. Patricia Link also noted that a small number of the participating commercial customers expressed preferences

## EXHIBIT DNL-2

for a standard programmable thermostat, however, RNG installed smart thermostats for each commercial customer.

Mr. Gould asked Oscar Saucedo of Zia Natural Gas, if he had any additional advice for RNG pertaining to their energy efficiency programs. Mr. Saucedo noted that ZNG and RNG work closely together as ZNG serves customers outside of the Raton city limits. Mr. Saucedo stated that he would like to know more about RNG's Educational Program and how to implement that kind of program in the schools that ZNG serves. Mr. Link and Mr. Saucedo agreed they would be in touch after the meeting for collaboration on this program.

### **5. Adjournment**

Mr. Link thanked all the participants for their questions and comments and adjourned the meeting at 10:55 am.

**Raton Natural Gas Company**  
**Program Year 2024**  
**5% Billing Revenues**

Billing Revenues -May 1, 2022 to April 30, 2023	\$4,273,080
Projected Billing Revenues - May 1, 2024 to April 30, 2025	\$3,388,645
5% Maximum	\$169,432
RNG Program Year 2024 Proposed EE Budget	\$57,376
Percentage of Billing Revenues	1.69%

**Raton Natural Gas Company  
 Program Year 2024  
 Avoided Delivered Gas Costs**

RNG Plan Year	RNG Forecasted Purchased Gas Costs \$/therm	Delivered Forecasted Avoided Gas Costs \$/therm
	(1) (2)	(4)

2024-2026    \$    0.5556    \$    0.6294

1. NYMEX Henry Hub EIA 2024-2026 3 YR Forecast Average = \$3.85/dth
2. Includes projected upstream transport costs
3. Average RNG delivered gas Btu 98153
4. Franchise Fee + GRT=.125028

**Raton Natural Gas Company**  
**Program Year 2024**  
**Proposed Fourth Revised Rate Rider No. 6 Effective May 1, 2024**

Line No.		Over/(Under) Recovered Amounts
<u>1</u>	Projected Third Revised Rate Rider No 6 Balancing Account on 5.1.2024	\$ -
2	Proposed PY24 EE Budget (proposed cost recovery from Fourth Revised Rate No.6)	\$ 53,615.00
3	Projected PY24 ccf	4,100,000
4	Proposed Fourth Revised Rate Rider No. 6 per ccf effective May 1, 2024	\$ 0.01308

Raton Natural Gas Company  
 Program Year 2024  
 Average Monthly Bill Impact for Proposed PY24 Fourth Revised Rate No. 6

<u>Current Residential Bill</u>					
<u>Line</u>	<u>Units</u>	<u>Unit Type</u>	<u>Rate</u>	<u>Rate Type</u>	<u>\$</u>
1	1	Cust/Month	\$9.00000	Customer Monthly Service Charge	\$9.00
2	85	ccf	\$0.19593	Distribution Rate	\$16.65
6	85	ccf	\$0.42680	PGAC	\$36.28
4	85	ccf	\$0.00620	Current EE Rate Rider	\$0.53
5	<b>TOTAL</b>				<b>\$62.46</b>
<u>Proposed Residential Bill with Proposed EE PY24 Program Budget</u>					
	<u>Units</u>	<u>Unit Type</u>	<u>Rate</u>	<u>Rate Type</u>	<u>\$</u>
6	1	Cust/Month	\$9.00000	Customer Monthly Service Charge	\$9.00
7	85	ccf	\$0.19593	Distribution Rate	\$16.65
8	85	ccf	\$0.42680	PGAC	\$36.28
9	85	ccf	\$0.01308	Proposed PY24 Fourth Revised Rate No. 6	\$1.11
10	<b>TOTAL</b>				<b>\$63.04</b>
11	<b>Percentage Increase Average Monthly Residential Bills with Proposed PY24 EE</b>				<b>0.94%</b>
12	<b>Increase for Average Monthly Residential Bill</b>				<b>\$0.58</b>

Notes:

1. Average Monthly Bill reflects Cost of Gas for July 2023 bills
2. Current and Proposed Bill exclude impact of government imposed taxes and fees.
3. PGAC is based on RNG's Gas Cost Factor Statement for July23 filed 7.27.23
4. RNG's proposed PY24 EE Fourth Revised Rate No. 6 : \$.01308/ccf