

**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 )     **Docket No. 23-00297-UT**  
FOURTH REVISED RATE NO. 6 IN ADVICE )  
NOTICE NO. 56 PURSUANT TO THE NEW )  
MEXICO PUBLIC UTILITY ACT AND THE )  
EFFICIENT USE OF ENERGY ACT )**

**ORDER GRANTING APPLICATION**

THIS MATTER comes before the New Mexico Public Regulation Commission (the “Commission”) upon the Response to Procedural Order (“Staff’s 2<sup>nd</sup> Response”), filed by Staff of the Utility Division of the Commission (“Staff”), and the Response to Staff’s 2<sup>nd</sup> Response (“RNGC’s 2<sup>nd</sup> Response”), filed by Raton Natural Gas Company (“RNGC”).

The Commission, for the reasons discussed below, grants RNGC’s Application for Approval of its 2024-2026 Energy Efficiency Plan and for Approval of Revisions to Its Program Cost Rate Rider (the “Application”).

**JURISDICTION AND PROCEDURAL HISTORY**

1. The Commission has jurisdiction over this matter pursuant to Section 62-17-5 of the Efficient Use of Energy Act (the “EUEA”). NMSA 1978, § 62-17-5.

2. On August 29, 2023, RNGC filed the Application. In the Application, RNGC seeks approval of its 2024-2026 Energy Efficiency Plan, pursuant to the EUEA and the Commission's Energy Efficiency Rule, 17.7.2 NMAC (the “Rule”). The Application is supported by the Direct Testimony of David N. Link, RNGC’s President and General Manager.

3. On November 27, 2023, the Commission issued, via single-signature order, its Order Requiring Staff to Provide Recommendation (the “Nov. 27<sup>th</sup> Order”). In the Nov. 27<sup>th</sup> Order, the Commission ordered Staff to review the Application and Advice Notice No. 56 (“AN

56”), and to provide a recommendation as to whether AN 56 should be allowed to take effect on its stated effective date of January 1, 2024. The Commission stated that Staff need only review AN 56 to determine whether Fourth Revised Rate No. 6 is correctly formulated to recover the lawful and reasonable costs of RNGC’s compliance with the EUEA and the Rule. The Commission further stated that Staff need not provide a recommendation concerning the EE Programs as all of the programs have been approved by the Commission in previous cases.

4. On December 7, 2023, Staff filed Staff’s Response.
5. On December 13, 2023, RNGC filed RNGC’s Response.
6. On December 26, 2023, the Commission issued its Procedural Order, in which the Commission: (1) suspended AN 56 through February 23, 2024; (2) ordered RNGC to amend its proposed Notice to RNGC Customers (the “Notice”); (3) ordered RNGC to publish the Notice, by newspaper and RNGC’s website, on or before January 10, 2024; (4) set a deadline of January 25, 2024, for interested persons to file motions for leave to intervene; (5) ordered Staff to file, on or before January 8, 2024, detailed recommendations and support therefor concerning the Energy Efficiency programs proposed by RNGC (the “EE Programs), as well as the budgets for each program; and (6) ordered RNGC to file, on or before January 22, 2024, a response to Staff’s recommendations.
7. On January 8, 2024, Staff filed Staff’s 2<sup>nd</sup> Response.
8. On January 16, 2024, RNGC filed its Affidavit of Publication, providing evidence of RNGC’s publication of the Notice, amended as per the Procedural Order, in the World Journal and on RNGC’s website.
9. On January 22, 2024, RNGC filed RNGC’s 2<sup>nd</sup> Response.

10. On January 25, 2024, the intervention deadline passed with no motions for leave to intervene having been filed.

## I. DISCUSSION

11. In the Application, RNGC requests the necessary approvals and authorizations to continue offering all of the Residential and Commercial Energy Efficiency programs (the “EE Programs”) that the Commission approved in Docket Nos. 18-00312-UT and 20-00177-UT. RNGC also seeks approval of its proposed Fourth Revised Rate No. 6, as shown in AN 56, filed concurrently with the Application. RNGC’s Rate No. 6 is its Energy Efficiency Rate Rider.

12. RNGC states that, if approved, RNGC’s Fourth Revised Rate No. 6 would increase Rate No. 6 to \$0.01308/centum cubic feet (“CCF”) for all commercial and residential customers.

13. RNGC further states that its approved EE Programs include the following four energy efficiency programs: (1) Water Heating, (2) Space Heating, (3) Income Qualified Services, and (4) Education Outreach. RNGC states that these programs provide the opportunity for all of RNGC’s customers to participate and to achieve the savings afforded by energy efficiency measures.

14. In Staff’s Response, Staff states that it has reviewed AN 56 in conjunction with the Application and has determined that RNGC’s proposed Fourth Revised Rate No. 6 is correctly formulated. Staff further states that, of the proposed total budget of \$57,376.00 for 2024, RNGC estimates that \$3,761.00, corresponding to administrative costs, is to be recovered through the existing base rate, while the remaining budget amount of \$53,615.00 is to be recovered through the proposed Fourth Revised Rate No. 6. This reflects a projection of 4,100,000 CCF of natural gas sales in 2024.

15. Staff adds, however, that “there are components of the rider that Staff believes should be evaluated in [RNGC’s] energy efficiency plan.”<sup>1</sup> Staff notes that the total budget requested for each year, \$57,376.00, includes an increase of approximately 85% over RNGC’s 2022 total budget of \$25,585.00. Staff further states that the allocation of the budget among the four EE Programs would also change considerably, resulting in a higher proportion allocated to the Income Qualified Residential Program. Staff is unable to make any further recommendations (including that no hearing is necessary in this case) without undertaking additional review, analysis, and filing of testimony. Accordingly, Staff recommends that AN 56 not be allowed to become effective on its stated effective date of January 1, 2024, and that AN 56 be suspended pending the outcome of this matter.

16. In RNGC’s Response, RNGC states that the EUEA requires public utilities, such as RNGC, to evaluate and to implement cost-effective programs that reduce energy demand and consumption. NMSA 1978, § 62-17-5(B). RNGC further states that 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 1978, § 62-17-6(A). RNGC notes that, for investor-owned gas utilities like RNGC, the charges for EE Programs must not exceed more than five percent (5%) of total annual revenues, or \$75,000 per customer per calendar year, whichever is less. NMSA § 62-17-6(A)(2).

17. RNGC further states that it is seeking Commission approval to continue the same EE Programs that have been approved in its previous two energy efficiency dockets, Case Nos. 20-00177-UT and 18-00312-UT. The EE Programs include the following:

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<sup>1</sup> Staff’s Response, Exhibit 1, Affirmation of Edison Jimenez in Response to Order Requiring Staff to Provide Recommendation, p. 3.

- 1) an education program that incorporates (i) RNGC-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.<sup>2</sup>

18. RNGC states that it is seeking Commission approval to make only two changes to its EE Programs: (a) to increase the annual budget from \$25,585 to \$57,376; and (b) to increase its EE Rate Rider, Rider No. 6, to \$0.01308 per CCF, to collect its proposed program costs.

19. RNGC states that the purpose of these proposed changes is to allow RNGC to increase its funding of the programs that have been the most successful in producing cost-effective energy savings for its customers. RNGC further states that the proposed increased annual budget of \$57,376.00 is equal to 1.69% of RNGC's projected billing revenues of \$3,388,645.00 for the period from May 1, 2023 through April 30, 2024. RNGC notes that this is far less than the statutorily authorized cap of 5%.

20. RNGC concludes that it welcomes any additional review that Staff believes is necessary. RNGC notes that its most recent two energy efficiency plans have been approved

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<sup>2</sup> RNGC's Response, ¶ 2.  
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without formal hearings. RNGC argues that its current Application should be equally uncontroversial.

21. RNGC requests that the Commission order Staff to undertake its additional review in an expeditious fashion and in a way that serves the public interest and conserves the scarce regulatory resources of both the Commission and RNGC.

22. In Staff's 2<sup>nd</sup> Response, Staff recommends approval of RNGC's EE Programs for 2024 through 2026. Staff finds that "[t]he overall portfolio of programs has been successful in prior years and has shown to be appropriate for its customers based on the program costs."<sup>3</sup> Staff finds that RNGC's plan is consistent with the EUEA, the Commission's Rule, and the Public Utility Act (the "PUA"). Staff finds that RNGC is not proposing any changes to the previous Commission-approved programs other than budget amounts. Staff finds that approval of the plan would be just and reasonable. Staff further recommends that AN 56 be allowed to become effective on its stated effective date.

23. Staff supports an expeditious approval by the Commission, noting that RNGC filed its Application on August 29, 2023, with a requested effective date of May 1, 2024. Staff finds that a hearing is unnecessary if there are no intervenors in the matter after the January 25, 2024 intervention deadline passes.

24. RNGC, in RNGC's 2<sup>nd</sup> Response, RNGC states that it "greatly appreciates [] Staff's thorough review of its Application in this matter" and that RNGC "fully agrees with Staff's recommendations."<sup>4</sup> RNGC requests that the Commission adopt those recommendations without change in its final order in this case.

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<sup>3</sup> Staff's 2<sup>nd</sup> Response, Affirmation of Georgette O. Ramie in Response to Procedural Order, ¶ 24.

<sup>4</sup> RNGC's 2<sup>nd</sup> Response, ¶ 7.

## II. FINDINGS AND CONCLUSIONS

25. The Commission finds that the Application, including all of the approvals requested therein, should be granted, based upon the following findings of fact and conclusions of law:

- (1) Due and proper notice of this proceeding has been provided to RNGC's customers and other potentially interested persons.
- (2) The Application is unopposed, and there are no Intervenors.
- (3) The Commission adopts Staff's findings and conclusions from Staff's 2<sup>nd</sup> Response and incorporates them herein by reference.
- (4) The Application complies with the EUEA and the Commission's Rule.
- (5) Granting the Application is in the public interest.

### **IT IS THEREFORE ORDERED:**

- A. The Application is GRANTED.
- B. This Order is effective immediately.
- C. A copy of this Order shall be served upon all parties listed on the attached certificate of service via email, if the email addresses are known, and if not known, by regular mail.
- D. This docket is now closed.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico, this 8<sup>th</sup> day of  
February, 2024.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Gabriel Aguilera, electronically signed  
GABRIEL AGUILERA, COMMISSIONER

/s/ James F. Ellison, Jr., electronically signed  
JAMES F. ELLISON, JR., COMMISSIONER

/s/ Patrick J. O'Connell, electronically signed  
PATRICK J. O'CONNELL, COMMISSIONER





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**Docket No. 23-00297-UT**

**CERTIFICATE OF SERVICE**

I **CERTIFY** that on this date I served upon the parties listed below, via email, a true and correct copy of the foregoing *Order Granting Application*.

Peter J. Gould	<a href="mailto:peter@thegouldlawfirm.com">peter@thegouldlawfirm.com</a> ;
Kelly Gould	<a href="mailto:kelly@thegouldlawfirm.com">kelly@thegouldlawfirm.com</a> ;
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**DATED** this 8<sup>th</sup> day of February, 2024.

**NEW MEXICO PUBLIC REGULATION COMMISSION**

**/s/ LaurieAnn Santillanes, electronically signed**  
**LaurieAnn Santillanes, Law Clerk**