

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF NEW MEXICO GAS COMPANY, INC. )  
FOR APPROVAL OF ITS 2026 - 2028 ENERGY) )  
EFFICIENCY PROGRAM PLAN PURSUANT )  
TO THE NEW MEXICO PUBLIC UTILITY )  
AND EFFICIENT USE OF ENERGY ACT )**

**Case No. 25-\_\_\_\_\_ -UT**

**NEW MEXICO GAS COMPANY, INC.**

**Applicant.**

**NEW MEXICO GAS COMPANY, INC.'S APPLICATION FOR  
APPROVAL OF ITS 2026-2028 ENERGY EFFICIENCY PROGRAM PLAN**

New Mexico Gas Company, Inc. (“NMGC”), respectfully applies to the New Mexico Public Regulation Commission (“Commission” or “NMPRC”), pursuant to the New Mexico Public Utility Act, NMSA 1978, Chapter 62, Articles 1 through 6 and 8 through 13 (“PUA”), the New Mexico Efficient Use of Energy Act, NMSA 1978, Sections 62-17-1 through -12 (“EUEA”), and the Commission’s Energy Efficiency Rule, 17.7.2 NMAC, for the following approvals and authorizations necessary to institute NMGC’s 2026-2028 Energy Efficiency Program Plan (“2026-2028 EE Plan”):

1. Approval of NMGC's 2026-2028 EE Plan, including: 1) the modification of NMGC's Space Heating, Water Heating, New Homes and Home Energy Reports Programs; 2) the addition of a Single-Family Home offering under the Income Qualified Program; and 3) the addition of an Agricultural Program;
2. Approval of NMGC's proposed 2026-2028 EE Plan budget;
3. Approval of an incentive pursuant to the EUEA;
4. Approval for NMGC to recover 2026-2028 EE Plan costs and the proposed incentive through NMGC's Second Revised Rule No. 37 - Rate Rider No. 15 Details; and

5. All other approvals, authorizations and actions that may be necessary to implement the 2026-2028 EE Plan.

Because NMGC needs to implement the 2026-2028 EE Plan by April 1, 2026, and needs lead time to work with its outside administrators, NMGC respectfully requests that the Commission issue a final order by February 1, 2026.

In support of this Application, NMGC states the following:

## **I. BACKGROUND**

6. NMGC is a New Mexico headquartered Delaware corporation that owns, operates, and controls public utility plant, property and facilities, including natural gas transmission and distribution facilities that provide retail gas utility service in New Mexico. NMGC is a public utility subject to the jurisdiction of the Commission.

7. The EUEA establishes the State's policy that public utilities include cost-effective energy efficiency investments in their energy resource portfolios. NMSA 1978, § 62-17-3.

8. In furtherance of that policy, the EUEA requires the Commission to 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 programs before implementing those programs. NMSA 1978, § 62-17-5(E). The EUEA authorizes a public utility that undertakes cost-effective energy efficiency programs to recover the costs of all programs through an approved tariff rider or in base rates, or by a combination of the two. NMSA 1978 § 62-17-6(A).

9. The EUEA also establishes the State's policy that the Commission provide public utilities an opportunity to earn a profit on cost-effective energy efficiency resource development

that, with satisfactory program performance, is financially more attractive to the utility than supply-side utility resources. *See* NMSA 1978, § 62-17-3 and 62-17-5(F).

10. NMGC's present energy efficiency program portfolio was approved by the Commission in NMPRC Case No. 22-00232-UT. NMGC proposes to continue all of the major programs approved in that case, while making modifications to four of the existing programs, adding an additional offering under another existing program, and adding one new program.

11. NMGC held multiple public advisory meetings to solicit nonbinding recommendations related to the 2026-2028 EE Plan, and invited interested stakeholders.

## **II. PROPOSED CHANGES TO ENERGY EFFICIENCY PROGRAMS**

NMGC is proposing to modify four existing programs: the Space Heating Program, the Water Heating Program, the New Homes Program, and the Home Energy Reports Program. NMGC is also proposing to add a Single-Family offering under the Income Qualified Program and to add an Agricultural Program.

12. NMGC is proposing to expand its Space Heating Program and Water Heating Program to provide additional offerings focused on community outreach and education. These offerings include a high school and senior citizen education program; promotion and education in rural communities; and a customer link rebate tool.

13. NMGC is proposing to modify its New Homes Program by expanding the scope to include new manufactured homes and new multi-family homes.

14. NMGC is proposing to modify its Home Energy Reports Program to provide technological enhancements that will provide customers with more personalized and useful information.

15. NMGC is proposing the addition of a fifth offering in NMGC's Income Qualified Program called the Single-Family Energy Efficiency Program. This new program will allow NMGC to provide additional low-income customers with more expedient access to weatherization services than NMGC's current EnergySmart Weatherization Assistance Program alone.

16. NMGC is also proposing to add a new Agricultural Program to increase rural commercial customer participation in NMGC's energy efficiency programs by providing rebates for the installation of high efficiency farm and agricultural equipment.

17. NMGC is not proposing any changes to its Multi-Family Program or Efficient Buildings Program.

18. NMGC's proposed 2026-2028 EE Plan as a whole meets the Utility Cost Test ("UCT"), the cost-effectiveness test established by the EUEA.

19. The 2026-2028 EE Plan programs are designed to give all customers in the targeted customer classes the opportunity to participate in the programs and obtain energy efficiency benefits in relation to natural gas usage.

20. The 2026-2028 EE Plan programs, with the exception of the Native American program and the mid-stream measure, will be available to customers throughout NMGC's service territory.

### **III. PROGRAM COST TARIFF RIDER**

21. The EUEA authorizes public utilities offering cost-effective energy efficiency and load management programs to recover all program costs through an approved tariff rider.

22. NMGC's energy efficiency programs will result in incremental costs that NMGC's currently authorized rates and charges are not designed to recover.

23. NMGC proposes to recover these costs from service customer classes that are eligible to participate in the efficiency programs, including sales service customers receiving service under NMGC’s Residential Service Rate No. 10, Small Volume Service Rate No. 54, and Medium Volume Service Rate No. 56 and transportation customers in the corresponding rate classes under Transportation Rate No. 70.

24. NMGC is not proposing any adjustment to NMGC’s Rate Rider No. 1-15 (“Rate No. 15”) as shown below. The tariff rider rate will remain as currently set until the NMPRC approves otherwise.

<b><u>Rate Class</u></b>	<b><u>Current Rate Per Therm</u></b>	<b><u>Change in Rate Per Therm</u></b>
Residential Customers (Rate No. 10)	\$0.0380	\$0.0000
Small Volume—General Service Customers (Rate No. 54)	\$0.0380	\$0.0000
Medium Volume—General Service Customers (Rate No. 56)	\$0.0380	\$0.0000
Transportation Service (Rate No. 70) for A. Rate No. 10 B. Rate No. 54 C. Rate No. 56	\$0.0380	\$0.0000

25. NMGC will file a new Advice Notice when it seeks to change its tariff rider. Currently, NMGC estimates that it will seek a change to Rate No. 15 in June 2026, and will likely request a rate per therm charge of \$0.0426.

26. Pursuant to the requirements of 17.7.2.8 NMAC, 17.7.2.9 NMAC, and 17.7.2.13 NMAC, NMGC is filing NMGC Witness Carey J. Salaz’s Pre-filed Direct Testimony and Exhibits concurrently with this Application providing the required information.

#### **IV. INCENTIVE PROGRAM**

27. NMGC is seeking approval to recover an incentive rate in future tariff rate rider filings pursuant to the EUEA. *See* NMSA 1978, § 62-17-3 and 62-17-5(F). NMGC proposes an incentive rate of 6.79% of its overall portfolio costs. NMGC's proposed 2023 EE Plan costs are estimated to be between \$20.9 and \$21.7 million for program years 2026 through 2028. A 6.79% incentive for each program year is shown in the table below.

	2026	2027	2028
Total Energy Efficiency Costs	\$20,932,759	\$21,235,761	\$21,717,790
Incentive (6.79%)	\$1,421,334	\$1,441,908	\$1,474,638
<b><i>Total Energy Efficiency Budget</i></b>	<b><i>\$22,354,093</i></b>	<b><i>\$22,677,669</i></b>	<b><i>\$23,192,428</i></b>

#### **V. REQUESTED APPROVALS FOR THE IMPLEMENTATION OF ENERGY EFFICIENCY PROGRAM PLAN, RECOVERY OF PROGRAM COSTS, AND IMPLEMENTATION OF AN INCENTIVE**

28. NMGC requests that the Commission make the following findings and grant the following approvals:

A. Determine that NMGC's portfolio of existing and modified energy efficiency programs is cost-effective and designed to provide every affected customer class with the opportunity to participate and benefit economically and approval of the current and modified programs, pursuant to NMSA 1978, Section 62-17-5(C), 17.7.2.8(H)(1) NMAC, and 17.7.2.8(J) NMAC;

- B. Approve the 2026-2028 EE Plan;
- C. Approve NMGC's proposal to recover the 2026-2028 EE Plan budgeted costs going forward, pursuant to 17.7.2.13(C) NMAC;
- D. Determine that NMGC's proposed incentive is just and reasonable;
- E. Pursuant to Section NMSA 1978, Sections 62-17-6(A) and 62-8-1, and 17.7.2.13(B) NMAC, determine that NMGC's proposal to recover the cost of the modified energy efficiency programs and those previously approved programs that will be continued is just and reasonable under Rate No. 15.

## **VI. OTHER MATTERS**

29. NMGC includes and incorporates as if fully set forth in this Application the Direct Testimony and Exhibits of NMGC Witness Carey J. Salaz. NMGC's 2026-2028 EE Plan is NMGC Exhibit CJS-3 and is attached to the Direct Testimony of NMGC Witness Salaz. In addition to serving this filing on those listed in the Certificate of Service, NMGC will send courtesy copies of this Application and supporting Direct Testimony and Exhibits to the participants in NMGC's energy efficiency public advisory group meetings.

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

Nicole V. Strauser  
Vice President and General Counsel  
Dominic A. Martinez  
New Mexico Gas Company, Inc.  
P.O. Box 97500  
Albuquerque, NM 87199-7500  
Office: (505) 697-3809  
[nicole.strauser@nmgco.com](mailto:nicole.strauser@nmgco.com)  
[dominic.martinez@nmgco.com](mailto:dominic.martinez@nmgco.com)

Gerald Weseen  
Anita Hart  
Carey J. Salaz  
New Mexico Gas Company, Inc.  
P.O. Box 97500  
Albuquerque, NM 87199-7500  
Telephone No.: (505) 697-3832  
Telefax No.: (505) 797-7901  
[gerald.weseen@nmgco.com](mailto:gerald.weseen@nmgco.com)  
[Anita.Hart@nmgco.com](mailto:Anita.Hart@nmgco.com)  
[carey.salaz@nmgco.com](mailto:carey.salaz@nmgco.com)

Brian J. Haverly  
Julianna T. Hopper  
Jennings Haug Keleher McLeod  
Waterfall LLP  
P.O. Box AA  
Albuquerque, NM 87103  
Office: (505) 346-4646  
bjh@jkwlawyers.com  
jth@jkwlawyers.com

WHEREFORE, NMGC respectfully requests that the Commission enter a final order granting the following relief:

1. Approval of NMGC's proposed 2026-2028 EE Plan;
2. Approval of the annual budget for the 2026-2028 EE Program Years;
3. Approval of NMGC's proposal to recover an incentive pursuant to the provisions of the EUEA;
4. Approval for NMGC to recover 2026-2028 EE Plan costs and the proposed incentive through Rate No. 15; and
5. Such other approvals, authorizations and actions that may be required under the PUA, EUEA, Commission Rules, or Commission Orders to implement the proposed 2026-2028 EE Plan.

Respectfully submitted this 2<sup>nd</sup> day of September 2025.

By: /s/Nicole V. Strauser  
NICOLE V. STRAUSER  
DOMINIC A. MARTINEZ  
Vice President and General Counsel  
P. O. Box 97500  
Albuquerque, NM 87199-7500  
Phone: (505) 697-3809  
Fax: (505) 797-4752  
nicole.strauser@nmgco.com



dominic.martinez@nmgco.com

JENNINGS HAUG KELEHER MCLEOD  
WATERFALL LLP

BRIAN J. HAVERLY  
JULIANNA T. HOPPER  
P.O. Box AA  
Albuquerque, NM 87103  
Phone: (505) 346-4646  
Fax: (505) 346-1370  
bjh@jkwlawyers.com  
jth@jkwlawyers.com  
*Attorneys for New Mexico Gas Company, Inc.*

NMGC#4964532