

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR APPROVALS TO ENTER)
INTO A LONG-TERM HAZARD SHARING)
AGREEMENT WITH TRI-STATE)
GENERATION AND TRANSMISSION)
ASSOCIATION, INC.)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO)
Applicant.)
_____)

Case No. 16-00315-UT

NOTICE OF PROCEEDING AND PUBLIC HEARING

NOTICE is given by the New Mexico Public Regulation Commission ("Commission" or "NMPRC") of the following:

On November 30, 2016, Public Service Company of New Mexico ("PNM") filed an Application with the Commission requesting Commission approval to enter into a Hazard Sharing Agreement ("Agreement") with Tri-State Generation and Transmission Association, Inc. ("Tri-State"). Specifically, PNM requests that the Commission grant the following relief: (1) approval pursuant to 17.9.551 NMAC ("Rule 551") to purchase from Tri-State 100 MW of capacity and energy on a unit contingent basis for a period of five years from Tri-State's Springerville Generating Station Unit 3, then continuing from year-to-year after that; (2) approval pursuant to section 8(f) of the stipulation approved in Case No. 08-00305-UT for PNM to contract to sell to Tri-State 100 MW of capacity and energy on a unit contingent basis for a period of five years, then continuing from year-to-year after that; and (3) pursuant to Section 9 of Rule 551, ratemaking determinations that all costs incurred and revenues received by PNM under the

Agreement will be passed to customers through PNM's Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC"). PNM also requests that the Commission issue an order approving its Application within sixty days after notice is provided if no protest is filed, or within six months of the date of filing its Application if a protest is filed.

PNM and Tri-State are members of the Southwest Reserve Sharing Group ("SRSG"), which is a southwest regional organization that administers North American Electric Reliability Corporation requirements, including BAL-002, the Disturbance Control Standard ("DCS") for utilities in the Western Electricity Coordinating Council. This standard establishes the criteria and reporting requirements to ensure that an area Balancing Authority ("BA"), such as PNM, restores the electricity supply and demand balance for service to all loads and interconnection frequency at specified levels within prescribed time limits following a reportable system disturbance. BAL-002 requires a BA to maintain sufficient reserves to recover within a specified time period from the loss of the BA's single largest generating unit, also known as the single largest hazard. PNM's single largest hazard is now 235 MW of generation from SJGS Unit 4, which will increase to 392 MW beginning in 2018. Entering into the Agreement will permit PNM to reduce this single largest hazard by 100 MW, to 135 MW in 2017 and 292 MW in 2018.

PNM contends that the Agreement reduces its single largest hazard at little, if any, cost to PNM's customers. PNM currently has a short-term Hazard

Sharing Agreement with Tri-State, which took effect on June 1, 2016. This agreement has resulted in net revenues to PNM of \$44,744 through October 2016.

Further information regarding this case can be obtained by contacting the Commission at the address and telephone number set forth below. The Commission has assigned Case No. 16-00315-UT to this proceeding, and all inquiries or written comments concerning this matter should refer to that docket number.

By Order issued in this case on January 5, 2017, the undersigned Hearing Examiner has established the following procedural schedule and requirements for this case:

1. Any person desiring to intervene to become a party ("intervenor") to this case must file a motion for leave to intervene in conformity with Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC no later than February 9, 2017.

2. The Commission's Utility Division Staff shall, and any intervenor may, file direct testimony on or before February 28, 2017.

3. Any uncontested stipulation may be filed by February 28, 2017.

4. Any rebuttal testimony shall be filed by March 13, 2017.

5. Testimony in support of any uncontested stipulation shall be filed by March 13, 2017.

6. A public hearing in this case shall be held on **March 23, 2017**, commencing **at 9:30 A.M. MDT** and shall continue as necessary at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, for purposes of hearing and receiving testimony, exhibits, arguments and any other material matters and issues relevant to this proceeding. The hearing may be vacated, however, and the Commission may approve the Application without a formal hearing if it is determined, after the

time for filing motions to intervene, and for filing of Staff and Intervenor testimony, or protests, that good cause exists to submit a decision in this matter to the Commission without a formal hearing.

Interested persons should contact the Commission for confirmation of the hearing date, time and place since hearings are occasionally rescheduled or canceled if deemed not required at the discretion of the Hearing Examiner or Commission. The procedural dates and requirements of this case are subject to further order of the Commission or Hearing Examiner. Further procedural details and requirements are set out in the Procedural Order issued in this case on January 6, 2017.

The Commission's Rules of Procedure, 1.2.2 NMAC, shall apply to this case except as modified by order of the Commission or Hearing Examiner. The Rules of Procedure may be obtained from the offices of the Commission and are available online at the official NMAC website, <http://www.nmcpr.state.nm.us/nmac/>.

Interested persons may appear at the time and place of hearing and make written or oral comment without becoming an intervener. Written comments, which shall reference Case No. 16-00315-UT, also may be sent to the Commission at the following address: New Mexico Public Regulation Commission (ATTN: Records Management Bureau), P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, NM 87504-1269, telephone 1-888-427-5772. Pursuant to 1.2.2.23(F) NMAC, all comments governed by this paragraph shall not be considered as evidence in this case.

Interested persons may examine PNM's Application and the pre-filed testimony, exhibits, pleadings and other documents filed in the public record for this case at the Commission's address set out above or at PNM's principal office in New Mexico, located at 414 Silver Ave, SW, Albuquerque, New Mexico 87102, telephone (505) 241-2700 or PNM's website at <http://www.pnm.com/regulatory>.

Anyone filing pleadings, testimony and other documents in this case may file either in person at the Commission's docketing office in the P.E.R.A. Building in Santa Fe, New Mexico or by mail to the Commission's address at P.O. Box 1269, Santa Fe, New Mexico 87504-1269, and shall serve copies thereof on all parties of record and Staff in the way or ways specified (i.e., by email and first-class mail or hand delivery, or by email only) in the most recent Certificate of Service issued in this case by the Hearing Examiner or Commission. Copies of all filings shall also be emailed on the date of filing and service to the Hearing Examiner at elizabeth.hurst@state.nm.us. All documents emailed to the Hearing Examiner shall also include versions created in Microsoft Word or other native formats if available.

ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico this 6th day of January, 2017.

NEW MEXICO PUBLIC REGULATION COMMISSION



Elizabeth C. Hurst, Hearing Examiner