

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S APPLICATION)
FOR APPROVAL OF A 345 KV TRANSMISSION)
LINE AND ASSOCIATED FACILITIES PURSUANT)
TO THE PUBLIC UTILITY ACT,)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)
_____)**

Case No. 18-00__-UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S APPLICATION FOR
APPROVAL OF A 345 KV TRANSMISSION LINE AND ASSOCIATED FACILITIES**

Public Service Company of New Mexico (“PNM”) hereby submits its Application for Approval of a 345kV Transmission Line and Associated Facilities (“Application”). The proposed transmission line and associated facilities, which are referred to as the “BB2 Project” or “Proposed Project” in the Application and supporting testimonies, will parallel a portion of PNM’s existing transmission facilities known as the “BB Line”.¹ Eastern New Mexico is the most wind-rich part of the state. The BB Line, which can deliver approximately 1,000 MW of renewable power, is already fully subscribed to the line’s maximum capacity and cannot support additional wind farm development. The BB2 Project will provide opportunities for new wind farms in eastern New Mexico to supply up to 362 MW of additional renewable energy to PNM’s customers, as well as delivering more power to western regional markets. The new line will extend approximately 45 miles into New Mexico’s eastern plains, through Sandoval and Santa Fe counties.

¹ The BB Line runs from the BA 345kV Switching Station (BA Station) north of Albuquerque to the PNM Blackwater 345kV Switching Station (Blackwater Station) in the Clovis-Portales area of eastern New Mexico.

PNM first notified the New Mexico Public Regulation Commission (“Commission”) of the need for the BB2 Project in Case No. 18-00009-UT. In that case, the Commission approved three purchased power agreements (“PPAs”) with wholesale renewable energy generators to match a portion of the energy needs of the Facebook data center in Los Lunas (“Data Center Customer”). The Commission determined that approving those renewable energy PPAs was consistent with the Special Service Contract entered into by PNM and Facebook, Inc.² and was in the public interest. *See* March 21, 2018 Final Order at Ordering Paragraph B. As noted in Case No. 18-00009-UT, the approved La Joya PPA with Avangrid Renewables, LLC, to purchase the output of the 166 MW La Joya wind farm located in Torrance County, requires that the BB2 Project be constructed in order to deliver power from the La Joya wind farm to PNM’s transmission system. *Id.* at ¶¶ 39, 47.

PNM requests that the Commission issue a Notice of this Application in the form set forth in Attachment 1. If no formal written protests are filed within sixty days of the publication of notice, PNM requests that the Commission expedite consideration of the Application without a formal hearing; and in any event, issue a Final Order approving the Application within nine months. Specifically, PNM requests that the Commission issue a Final Order approving the BB2 Project and:

- granting a Certificate of Public Convenience and Necessity (“CCN”) pursuant to NMSA 1978, Section 62-9-1;
- determining the ratemaking principles and treatment that will apply to the BB2 Project, also pursuant to Section 62-9-1;

² Assigned to Greater Kudu LLC

- approving the location of the project pursuant to NMSA 1978, Section 62-9-3 and 17.9.592 NMAC (“Rule 592”); and
- authorizing a right-of-way (“ROW”) width greater than one hundred feet pursuant to NMSA 1978, §62-9-3.2.

In support of this Application, PNM states the grounds for approval below, which are supported by direct testimony and exhibits. An index to the materials detailing PNM’s compliance with the Commission’s requirements for the requested approvals is provided in Attachment 2 to this Application.

I. Introduction

1. PNM is a New Mexico corporation that owns, operates and controls public utility plant, property and facilities, including generation, transmission and distribution facilities that provide retail and wholesale electric service in New Mexico. PNM is a public utility subject to the jurisdiction of the Commission pursuant to the Public Utility Act, NMSA 1978, §§ 62-1-1 to 62-6-28 and §§ 62-8-1 to 62-13-15 (“PUA”).

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

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All pleadings, correspondence and other documents should be delivered electronically to the following email addresses:

Mark.Fenton@pnm.com;
Brian.Buffington@pnm.com;
Ryan.Jerman@pnmresources.com;
Stacey.Goodwin@pnmresources.com; and
RALvidrez@mstlaw.com.

II. Description of Proposed Project

3. The BB2 Project will be located in Sandoval and Santa Fe Counties, New Mexico.

The project has four segments:

- i. Expansion of the Clines Corners 345kV Switching Station. This Switching Station will be expanded to accommodate a new transmission line interconnection.
- ii. Construction of 42 Miles of Single-Circuit 345kV Transmission Line. This new line will be 42 miles long and will stretch from Clines Corners 345 Switching Station to the new, 345kV Diamond Tail Switching Station. The new line will be single-circuit and will expand an existing utility corridor because it will be located adjacent to the BB Line.
- iii. Construction of the 345kV Diamond Tail Switching Station. This new station will tie the existing BB Line together with the new BB2 Line. The Diamond Tail Switching Station will be located generally east of Interstate 25 and west of NM State Highway North 14, and the station footprint of approximately 25 acres will be located within a larger area encompassing approximately 40 acres.
- iv. Construction of three miles of Double-Circuit 345kV Transmission Line. The fourth segment of the project is the construction of a new 345kV transmission

loop from the proposed Diamond Tail Switching Station west to a point of interconnection on the NB 345kV Line. This line component will also be located adjacent to the existing BB Line and expand an existing utility corridor. This section of line is approximately three miles in length and allows power generated in eastern New Mexico to be delivered to the existing PNM transmission grid at two locations: the Norton 345kV Switching Station located northwest of Santa Fe, NM, and the BA 345kV Switching Station located east of Algodones, NM.

4. The transmission line segments will cross approximately 20,106 feet of state-owned land, approximately 217,047 feet of privately-owned land, approximately 273 feet of New Mexico Department of Transportation land, and approximately 270 feet of County of Santa Fe land. The BB2 Project will not cross federal lands.

5. Construction of the BB2 Project will improve system reliability and provide redundancy from Clines Corners Switching Station west to the BA Switching Station by having two circuits instead of one circuit. In the event of a planned or forced outage on one of the circuits, the circuit remaining in-service will be used to continue to transmit power up to 1,000 MW. This flexibility helps to provide a secondary path for wind farms since at times they will not be at their full output levels. Non-firm transmission will be available to wheel power for the windfarms that do not have firm transmission equivalent to the installed wind farm capacity.

6. The estimated cost of the BB2 Project is \$85 million, which includes approximately \$3.5 million of Allowance for Funds Used During Construction (“AFUDC”).

III. Issuance of a CCN for Proposed Project

7. The BB2 Project is in the public interest and will serve the public convenience and necessity because the construction and operation of a new 345kV transmission line is required to

deliver renewable wind energy to PNM's customers and access regional energy markets. The BB2 Project will also improve system reliability and redundancy by having two circuits instead of one circuit on a portion of the BB Line. In the event of a planned or forced outage on one the circuits, the remaining circuit that is still in-service will be able to be utilized to continue to transmit power up to 1,000 MW.

8. The Commission recently approved a renewable energy PPA with the La Joya project from Avangrid for PNM to serve the Data Center Customer in Case No. 18-00009-UT. The Commission found that PNM's testimony relating to the BB2 Project provided necessary information on the transmission needs of the PPA and the related transmission costs, and that PNM met the requirements of Rule 17.9.551.8(D)(3) NMAC in that regard. The information and requested approvals in this Application are consistent with the Findings and Conclusion of the Commission in Case No. 18-00009-UT that the development of renewable energy and its delivery into PNM's service territory and the broader transmission grid is in the public interest. The Commission concluded that approval of the La Joya PPA for renewable energy to be delivered into PNM's service territory, and which requires the construction of the BB2 Line, is in the public interest because it met operational and reliability needs of PNM and brought economic benefits to New Mexico, including significant economic development in eastern New Mexico as well as within PNM's retail service territory. *See* Final Order (March 21, 2018) at Paragraphs 47-48, 68-70.

9. PNM does not anticipate that recovery of the costs of the BB2 Project through the normal ratemaking process will result in an incremental cost increase to PNM's retail customers. This is partly because the BB2 Project will result in a shift in transmission related costs from retail customers to wholesale FERC transmission customers. The BB2 Project is required to

interconnect the La Joya wind farm, a facility whose output will be purchased by PNM through the La Joya PPA approved in Case No. 18-00009-UT to serve the Data Center Customer and by FERC wholesale transmission customers. The increased energy usage by the Data Center Customer will result in increased transmission revenues from the Data Center Customer. These increased revenues, plus the shift in transmission allocation away from retail customers, more than offset the costs of the BB2 Project.

10. In addition to the statutory requirements, PNM has met further requirements for transmission lines set forth by the Commission in its administrative regulations and in Case Nos. 2382 and 10-00086-UT.

IV. Location Approval for Proposed Project

11. The BB2 Project meets all Commission requirements for location approval pursuant to Rule 17.9.592 NMAC. PNM engaged an environmental consultant to assess the impacts of the BB2 Project and prepare an Environmental Analysis Report ("EAR"). The EAR documents the evaluation of the land use, environmental, and cultural impacts on lands crossed by the Proposed Project and concludes that the Proposed Project will not unduly impair important environmental values, as required by Section 62-9-3(F) and Rule 17.9.592.10(H) NMAC. The EAR and other supporting testimonies and exhibits also demonstrate that the Proposed Project satisfies all applicable land use requirements (see Rule 592).

12. PNM's filing complies with all the requirements under Rule 592 for Location Approval of the Proposed Project.

V. Determination of a ROW Width in Excess of 100-feet

13. The Proposed Project will require a minimum ROW width of 150 feet or 75 feet on either side of the centerline to construct, operate, and maintain the 345kV transmission line in conformity with National Electrical Safety Code requirements.

14. Pursuant to Section 62-9-3.2 of the PUA, the Commission should approve a minimum ROW of 150 feet.

VI. Determination of Ratemaking Principles

15. PNM requests that the Commission authorize PNM to include the actual capital costs to construct the BB2 Project, estimated at \$85.0 million, including AFUDC, in PNM's total company rate base in future ratemaking proceedings. For costs exceeding \$85 million, the Commission should apply the principles of the Cost Overrun Rule, 17.9.580 NMAC, and approve recovery in a future rate case upon a demonstration that any additional costs were prudently incurred. PNM also requests that it be authorized to recover in future ratemaking proceedings the reasonable actual operation and maintenance ("O&M") costs, property taxes and depreciation expenses associated with the BB2 Project.

VII. Notice and Procedural Requirements

16. PNM will serve and provide the following notices in accordance with the PUA and Rule 592:

- a. In accordance with Rule 592, PNM will: (i) serve a copy of this Application and supporting pre-filed direct testimony on the New Mexico Attorney General, the Commission's Utility Division Staff, the New Mexico Environment Department, the New Mexico State Engineer, and local authorities in each county and township in which the transmission line will be located (Rule 592.10(J)); and (ii) make

available a copy of this Application and supporting pre-filed direct testimony in the public library located in the county seats of Santa Fe and Sandoval Counties. Additionally, PNM will post its application on PNM's website (Rule 592.13);

b. PNM will publish notice of any initial hearing at least twenty days before the time set for hearing regarding this Application in accordance with 17.1.2.9(D) NMAC;

c. PNM will also serve a copy of this Application and supporting pre-filed direct testimony and notice on all landowners and lessees for which PNM has not obtained an easement to construct, operate, and maintain the Proposed Project and PNM will also mail notice of time and place of hearing on this Application to all landowners and person's in actual occupancy of all lands crossed by the Proposed Project at least twenty days before the time set for hearing (Section 62-9-3.2(D) of the PUA).

17. PNM's proposed form of Notice is attached to the Application as Attachment 1.

18. In accordance with Sections 62-9-1(C) and 62-9-3(K) of the PUA, PNM asks that the Commission consider PNM's request for approval of its Application without a formal hearing if no protest is filed within 60 days after PNM's publication of notice in this case. PNM requests that the Commission promptly issue its final order in this case approving the Application's requests, in all events within the statutory deadline of nine months.

VIII. Supporting Evidence

19. In support of its Application, PNM is concurrently filing the direct testimony of the following witnesses that discuss the matters described below:

a. Jeff R. Mechenbier, Director of the Transmission/Distribution Planning and Contracts Department at PNM, whose testimony: i) provides an overview of the project and

PNM's transmission system; ii) describes the Proposed Project; iii) demonstrates PNM's need for the Proposed Project; iv) explains how PNM's filing satisfies the public convenience and necessity requirements for issuance of a CCN; and v) describes PNM's compliance with Final Orders in case nos. 2382 and 10-00086-UT;

b. Douglas Campbell, Project Manager in PNM's Environmental Planning and Surveying department, who discusses: i) PNM's request for Location Approval and how those requirements are met; ii) details PNM's public outreach for the Proposed Project and iii) describes PNM's need for a determination of a right-of-way width of 150 feet;

c. Eric Johnson, Senior Environmental Project Manager with Marron and Associates – NV5, who provides the Environmental Assessment Report ("EAR") in compliance with Rule 592.10(E) and (H) and concludes that the Proposed Project will not unduly impair important environmental values; and

d. Kelli Alcantar, Manager of Cost of Service for PNM, who describes the revenue requirements for the Proposed Project and its impact on New Mexico retail customers.

WHEREFORE, PNM respectfully requests that the Commission issue notice of this proceeding, waive formal hearing on this matter if no formal protests are filed within 60 days of publication of notice, and enter a Final Order within the statutory deadline of nine months from the date of application. PNM further requests that the Final Order grant PNM's Application to include Findings and Conclusions:

A. Declaring that the public convenience and necessity requires or will require PNM to construct and operate the BB2 Project and granting a CCN for the 345kV transmission line's construction and operation;

B. Approving the location for the 345-kV transmission line;

C. Determining that a minimum 150-foot ROW width for the 345kV transmission line segments is necessary for the BB2 Project;

D. Authorizing PNM to include the actual capital costs of the BB2 Project in its rate base and to recover the reasonable actual O&M costs, property taxes and depreciation expenses; and

E. Granting PNM such other approvals, authorizations, and relief as the Commission deems necessary and proper to allow PNM to construct and operate a 345 kV transmission line as set forth in its Application and supporting testimonies and exhibits.

Respectfully submitted this 10th day of August 2018 by

PUBLIC SERVICE COMPANY OF NEW MEXICO



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Attorneys for Public Service Company of New Mexico

GCG#524907

Attachment 1- Proposed Form of Notice

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S APPLICATION)
FOR APPROVAL OF A 345 KV TRANSMISSION)
LINE AND ASSOCIATED FACILITIES PURSUANT)
TO THE PUBLIC UTILITY ACT,)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)
_____)**

Case No. 18-00__-UT

FORM OF NOTICE OF PROCEEDING

NOTICE is hereby given of the following matters pending before the New Mexico Public Regulation Commission (“NMPRC” or “Commission”):

On August 10, 2018, Public Service Company of New Mexico (“PNM”) filed an Application and supporting direct testimonies in the above captioned case in accordance with Sections 62-9-1, 62-9-3, 62-9-3.2, and 62-9-6 of the Public Utility Act (“PUA”) and 17.1.2.9 NMAC and 17.9.592 NMAC. PNM seeks authorizations for the construction and operation of a new 345 kV transmission line project and associated facilities located in Santa Fe and Sandoval counties, New Mexico, referred to as the “BB2 Project”. PNM asserts the BB2 Project will expand PNM’s existing transmission capacity and parallel existing transmission facilities into New Mexico’s eastern plains so that new wind farms can deliver renewable energy to PNM’s system and can access regional energy markets.

In accordance with Sections 62-9-1(C) and 62-9-3(K) of the PUA, the Commission may approve PNM’s requests for CCN and location approvals without formal hearing if no protest is filed within sixty (60) days after PNM publishes notice of the Application in the case. PNM asks that the Commission waive a formal hearing if no written protests are timely filed, and further requests that the Commission rule promptly on PNM’s Application within nine months.

Specifically, PNM requests that the Commission enter a Final Order that grants the following approvals:

1. Issuance of a Certificate of Public Convenience and Necessity and determination of the ratemaking principles and rate treatment of the costs of the BB2 Project;
2. Location Approval of the BB2 Project's transmission lines and facilities; and
3. A determination that a minimum 150-foot right-of-way width is necessary for construction, operation, and maintenance of the proposed 345-kV transmission line.

PNM's Application states that the BB2 Project is needed to deliver renewable power from existing and new wind generation in eastern New Mexico. Currently, several wind farms are connected to PNM's BB line, extending from Albuquerque east to the Clovis-Portales area of eastern New Mexico. The current maximum transmission capacity for the BB Line is 1,000 MW, and the BB Line is fully subscribed to its maximum capacity. To accommodate additional delivery of renewable power, including the output of the 166 MW La Joya wind facility approved by the Commission in Case No. 18-0009-UT, PNM asserts that it must expand the capacity on its transmission system. PNM states the BB2 Project is the most cost effective solution, with an estimated cost of \$85.0 million, including AFUDC of approximately \$3.5 million. PNM requests authorization to recover the reasonable actual costs through its rates in future rate cases.

Further information regarding this case can be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 18-___-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case is as follows:

- a. PNM shall post this Notice on its public website and shall publish notice of this proceeding in a newspaper of general circulation in Sandoval and Santa Fe Counties within 7 days of issuance of this Notice.
- b. On or before [60 days from the date notice is given], any person objecting to the requested approvals shall file a written Protest specifying the grounds for protest and demonstrating the need for a formal hearing on PNM's Application. If no written Protests are timely filed, the Commission may vacate and waive a formal hearing on this matter.
- c. On or before [60 days from the date notice is given], any person desiring to intervene to become a party ("intervenor") in this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure, 1.2.2.23(A) and (B) NMAC.
- d. Staff and any intervenor testimony shall be filed by [Date], 2018.
- e. Rebuttal testimony shall be filed by [Date], 2018.
- f. If written protests are filed that demonstrate the need for a formal hearing on this matter, such public hearing shall be held beginning on [Date], 2018, commencing at 9:00 a.m. at the offices of the Commission, P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, and continuing on succeeding days, as determined necessary. The hearing may be vacated and waived if no written Protests are filed.

The procedural dates and requirements of this case are subject to further order of the Commission or Hearing Examiner.

The Application, together with supporting pre-filed direct testimony and any attachments and related papers, may be examined by any interested person at:

PNM's website (<http://www.PNM.com/regulatory>);

NMPRC's website (<http://www.nmprc.state.nm.us/general-counsel/caselookup.html>).

Any interested person may examine PNM's Application and all other pleadings, testimony, exhibits and other documents filed in the public record for this case at the Commission's address set out below or at the offices of PNM at the following address:

Public Service Company of New Mexico
414 Silver Ave. SW
Albuquerque, New Mexico 87102
Telephone: (505) 241-2700

Pursuant to 17.9.592.13 NMAC, the Application and supporting pre-filed direct testimony and attachments may also be examined by any interested person at:

Santa Fe Public Library
145 Washington Avenue
Santa Fe, New Mexico 87501

Martha Liebert Town of Bernalillo Public Library
124 Calle Melinche
Bernalillo, NM 87004

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. A copy of such Rules may be obtained from the offices of the Commission and such Rules are available at the official NMAC website, <http://164.64.110.134/nmac/nmac-titles>.

Any person whose testimony has been filed shall attend the hearing and submit to examination under oath.

Any interested person may appear at the time and place of the hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Comments

shall not be considered as evidence in this case. Written comments, which shall reference NMPRC Case No. 18-____-UT, also may be sent to the Commission at the following address:

New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
P.O. Box 1269
Santa Fe, NM 87504-1269
Telephone: (888) 427-5772

Interested persons should contact the Commission for confirmation of the hearing date, time and place since hearings are occasionally rescheduled and may be vacated in this instance.

Anyone filing pleadings, testimony and other documents in this case may file them 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 must serve copies thereof on all parties of record and the Commission's Utility Division Staff ("Staff") in the manner indicated on the Certificate of Service for this case. All filings shall be e-mailed to Staff and the parties on the date they are filed with the Commission. All filings shall be e-mailed to the Hearing Examiner at _____. Additional details regarding this proceeding and its procedural requirements are set forth in the Procedural Order, issued _____, 2018.

Individuals with a disability who are in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, may contact the Commission's docketing office at least 24 hours prior to the hearing. The Commission's docketing office may be reached at (505) 827-4526. Public documents associated with the hearing can be provided in various accessible forms for disabled individuals. Requests for summaries or other types of accessible forms also should be addressed to the Utility Division at (505) 827-6941.

ISSUED at Santa Fe, New Mexico this _____ day of August, 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION

GCG#524908

Attachment 2- Compliance Matrix

Item	Rule	Type	Witness	Section
Location of the line	592.10.A.1	Location Approval	Mechenbier	Exhibit JRM-6
ID of the ownership of the land	592.10.A.2	Location Approval	Campbell	Table DC-1
the total length of each transmission line in feet;	592.10.A.3	Location Approval	Campbell	Table DC-2
a description of interconnection facilities;	592.10.A.4	Location Approval	Mechenbier	III (D)
a map showing the location of the transmission line	592.10.A.5	Location Approval	Mechenbier	Exhibit JRM-6
a schematic diagram showing the transmission line and the interconnection of the transmission line into the transmission grid	592.10.A.6	Location Approval	Mechenbier	Exhibit JRM-7
identification of all applicable land use statutes and administrative regulations and proof of compliance or statement of noncompliance with each	592.10.B	Location Approval	Campbell	Exhibit DC-2
if required under NEPA, an environmental assessment prepared in connection with the transmission line	592.10.C	Location Approval	N/A	
if required under NEPA, an environmental impact statement and record of decision or a finding of no significant impact, prepared in connection with the transmission line	592.10.D	Location Approval	N/A	
if preparation of a federal environmental assessment or environmental impact statement is not required under NEPA in connection with the transmission line, then a report, comparable to an environmental impact statement, in the format prescribed in 40 C.F.R. Section 1502.10	592.10.E	Location Approval	Johnson	Direct Testimony PNM Exhibit EJ-2
all written federal, state, and local environmental authorizations necessary to begin construction of the transmission lines	592.10.F	Location Approval	Campbell	Exhibit DC-3
all written federal, state, and local environmental authorizations necessary to begin operation of the transmission line; if any such authorization cannot be obtained until after construction of the transmission line, proof of application for such authorization	592.10.G	Location Approval	Campbell	Exhibit DC-4
testimony demonstrating that the transmission line will not unduly impair important environmental values; important environmental values include, but are not limited to, preservation of air and water quality, land uses, soils, flora and fauna, and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources	592.10.H	Location Approval	Johnson	Direct Testimony PNM Exhibit EJ-2
the expected date that the transmission line will be online;	592.10.I	Location Approval	Mechenbier	III
proof that the application has been served on all local authorities in each county and township where the transmission line will be located, the New Mexico attorney general, the New Mexico environment department, and the New Mexico state engineer;	592.10.J	Location Approval	Certificate of Service	
any other information, including photographs, which the applicant wishes to submit in support of the application	592.10.K	Location Approval	Campbell Mehenbier	Various
At a minimum, the applicant shall make its application available in the county seat of each county in which the large capacity plant or transmission line is located. If available, the applicant shall deposit the application in a public library of a county seat. Additionally, the applicant shall post its application on the applicant's web site.	592.13	Location Approval	Certificate of Service	

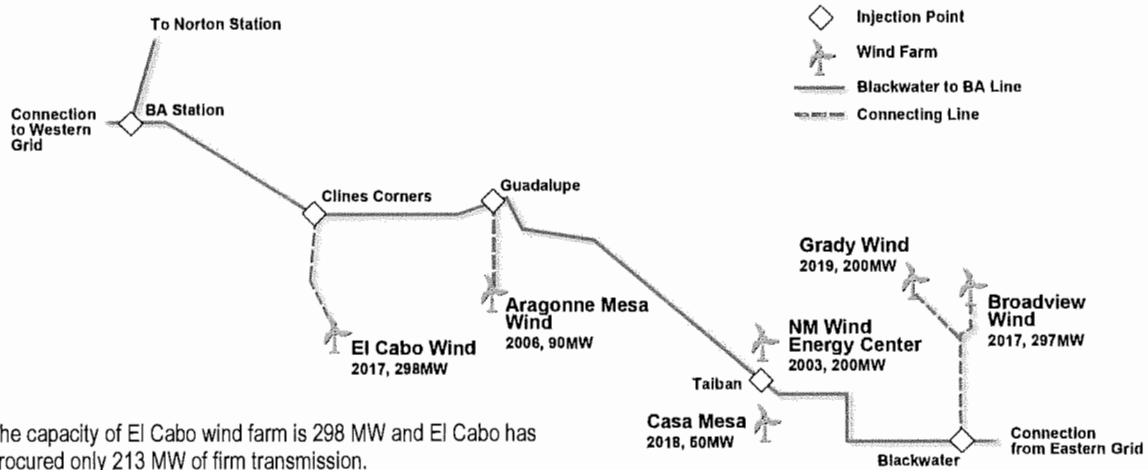
Item	Rule	Type	Witness	Section
The applicant shall cause notice of the time and place of hearing on the application for the right-of-way determination to be given to any owner of property proposed to be taken and, if applicable, to the person in actual occupancy of the property. Notice shall be given by mailing a copy by ordinary first class mail at least twenty days before the time set for hearing. Proof of the giving of notice shall be made on or before the hearing and filed in the proceeding.	62-9-3.2	ROW	Campbell	V
There is a need for the facility	Staff	CCN	Mechenbier	III (C)
Cost information for facility	Staff	CCN	Mechenbier Alcantar	III (D) II
No environmental violations are noted	Staff	CCN	Johnson	
Proposed facility the most economical choice among feasible alternatives	Staff	CCN	Mechenbier	III (E)
All efforts to collaborate with interested constituents and reach a consensus, and the results of such efforts	2382 (OLE)	CCN	Campbell	III
The ramifications of any increase in PNM's ability to wheel into its service area	2382 (OLE)	CCN	Mechenbier	III (G)
The current status of any other projects or planned projects which would significantly affect the transmission grid, and how such projects affect the current application	2382 (OLE)	CCN	Mechenbier	III (G)
The current status of any plans to change the ownership or operation of significant portions of the New Mexico transmission grid (i.e., the connection of Plains' transmission system to SPS) and how such change would affect the current applicatio	2382 (OLE)	CCN	Mechenbier	III (G)
How PNM's transmission needs have been integrated with PNM's generation/power purchase plans and needs, including how such transmission will affect or be affected by present or future generation configurations	2382 (OLE)	CCN	Mechenbier	III (G)
if the project is to benefit DOE/LANL/LAC, updates to their load growth or shrink	2382 (OLE)	CCN	Mechenbier	III (G)
Progress on and analysis of all reasonable alternatives to the current application	2382 (OLE)	CCN	Mechenbier	III (E)
all assumptions to which PNM's proposal is significantly sensitive	2382 (OLE)	CCN	Mechenbier	III (G)
PNM agrees not to request from the Commission rate recovery of any transmission costs that are not caused by, or do not directly benefit, New Mexico retail customers. "Directly benefit" includes transmitting power for retail customer use, transmitting power for off-system sales, and enhancing system reliability	10-00086-UT	CCN	Mechenbier	III (G)

**Public Service Company of New Mexico
BB2 Line
Executive Summary**

Public Service Company of New Mexico (“PNM”) has submitted a request to the Commission for permission to construct a 345 kV transmission line. The proposed transmission line and associated facilities are known as the “BB2 Project”, and will parallel an existing PNM transmission line, the BB Line, through Sandoval and Santa Fe counties into eastern New Mexico. The portion of eastern New Mexico that the BB2 Project will reach has vast potential for wind resource development; however, all of the transmission in the area is fully subscribed and it is not possible to transmit additional wind energy to PNM’s load centers without building the BB2 Project.

The BB2 Line and Eastern New Mexico’s Wind Resources

The wind farms in eastern New Mexico that are currently interconnected to PNM’s BB Line¹ are shown on the map below:



- The capacity of El Cabo wind farm is 298 MW and El Cabo has procured only 213 MW of firm transmission.
- NMWEC and Casa Mesa wind farms will jointly use the 200 MW firm transmission already procured by NMWEC.

¹ The BB Line runs from the BA 345kV Switching Station (BA Station) north of Albuquerque to the PNM Blackwater 345kV Switching Station (Blackwater Station) in the Clovis-Portales area of eastern New Mexico.

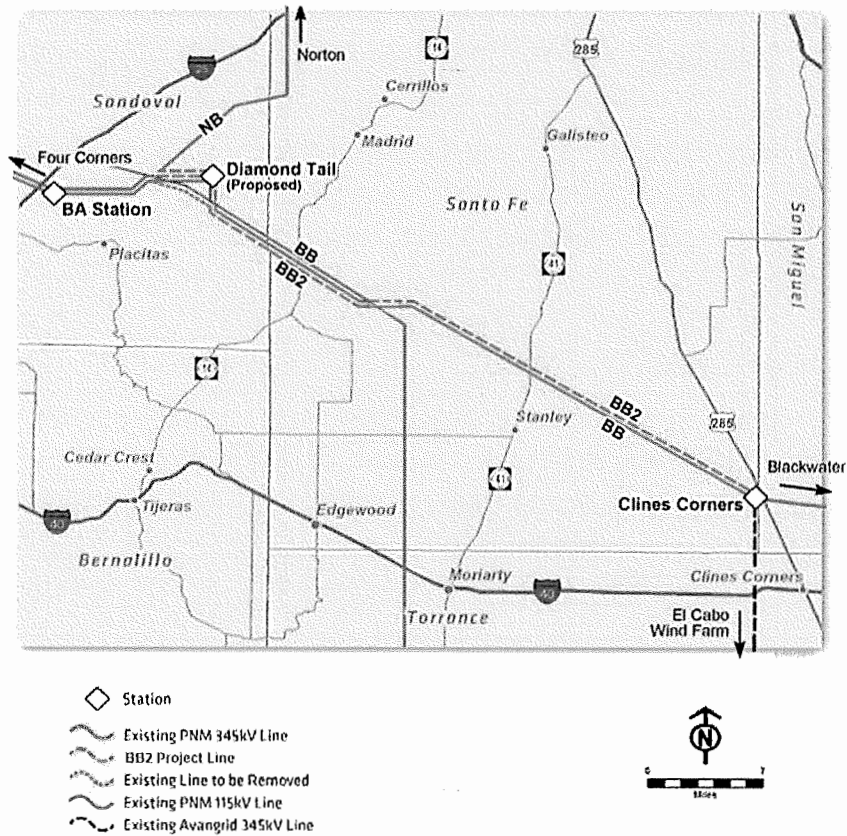
In addition to these wind farms, the 166 MW La Joya wind facility will be on-line in November 2020. In Case No. 18-0009-UT, the Commission approved a purchased power agreement (“PPA”) for the output of this facility to meet the energy needs of PNM’s data center customer. The BB2 Project is needed to deliver the renewable energy from the La Joya wind facility.

Description of the BB2 Project

The BB2 Project has four segments:

- i.** Expansion of the Clines Corners 345kV Switching Station;
- ii.** Construction of 42 Miles of Single-Circuit 345kV Transmission Line;
- iii.** Construction of the 345kV Diamond Tail Switching Station; and
- iv.** Construction of three miles of Double-Circuit 345kV Transmission Line.

The following map shows how the project will parallel the existing BB Line:



PNM plans to have the BB2 Project delivering renewable power by November 2020, although individual transmission line segments and portions of the switching stations may be completed in stages prior to that date.

Because the BB2 Project will parallel the current BB Line, environmental and other impacts will be reduced. A third-party environmental assessment of the BB2 Project concluded that it will not unduly impair environmental values, the same standard the Commission applies in approving the location of transmission lines.

The estimated cost of the project is \$85 million. The rate impact to PNM's retail customers will be offset by anticipated revenues from providing incremental transmission service to renewable generators on the new line and by increased transmission revenues from PNM's data center customer.

Requested Approvals

PNM requests that the Commission issue the following approvals:

1. Certificate of Public Convenience and Necessity for the construction and operation of the BB2 Project;
2. Location Approval of the project pursuant to Section 62-9-3 of the Public Utility Act and 17.9.592 NMAC;
3. A determination that a minimum 150-foot right-of-way width is necessary for construction, operation, and maintenance of the proposed 345-kV transmission line (Section 62-9-3.2 of the PUA); and
4. Approval to recover the estimated cost of the BB2 Project, and approval of certain ratemaking principles to be applied in PNM's next general rate case.

PNM is requesting that a decision approving the project be made within nine months, as provided in Section 62-9-1 of the Public Utility Act.