

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO’S APPLICATION FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY TO)
CONSTRUCT, OWN AND OPERATE THE RIO PUERCO)
TO PAJARITO TO PROSPERITY 345 KV)
TRANSMISSION PROJECT)**

Docket No. 26-00000__

PUBLIC SERVICE COMPANY OF NEW MEXICO,)

Applicant.)

_____)

APPLICATION

Public Service Company of New Mexico (“PNM”) hereby submits its Application for approval of 345 kV transmission line and associated facilities (“Application”) to construct, own and operate three new segments of transmission line connecting between the Rio Puerco to Pajarito to Prosperity 345 kV stations in the Albuquerque area and to expand and upgrade the related station facilities (the “Project”). Because the transmission capacity serving the Albuquerque area has reached a critical capacity point, the Project is needed to strengthen system reliability, support load growth, enable renewable integration into the PNM system, and lay the groundwork for future grid expansions. The Project is a foundational component of PNM’s long-term transmission plans, which is intended to transition PNM’s transmission planning from incremental, piecemeal upgrades toward a forward-looking expansion strategy.

PNM requests that the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) grant a Certificate of Public Convenience and Necessity (“CCN”) pursuant to NMSA 1978, Section 62-9-1 for the Project. PNM also requests that the Commission authorize a right-of-way (“ROW”) width of 150 feet, greater than 100 feet, for the Project pursuant to NMSA 1978, Section 62-9-3.2. PNM does not seek a determination of the ratemaking principles and

treatment to be applied to the Project in this case. Instead, PNM will request ratemaking treatment for the costs of the Project in a future general rate case. PNM also does not seek location approval pursuant to NMSA 1978, Section 62-9-3, because the transmission lines and facility upgrades and expansions are not associated with the construction of any new generating facilities for which approval is required by NMSA 1978, Section 62-9-3(B).¹

In support of the 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 requirements for the requested approvals is provided in Attachment 2 to this Application.

I. DESCRIPTION OF PROJECT AND REQUIRED APPROVALS

1. PNM is a New Mexico corporation that owns, operates and controls public utility plant, property and facilities that provide retail and wholesale electric services in New Mexico. PNM is a public utility as defined in NMSA 1978, Section 62-3-3, and is subject to the jurisdiction of the Commission pursuant to the Public Utility Act (“PUA”) as codified in Chapter 62 of the New Mexico Statutes.

2. The Project is designed to construct three new segments of 345 kV transmission lines running between three existing transmission stations on the west and south side of Albuquerque, New Mexico, and associated facilities. The Project will cost approximately \$247 million (including approximately \$23 million allowance for funds used during construction (“AFUDC”)) and consists of the following components:

- Construction of a new 345 kV transmission line connecting PNM’s Rio Puerco and Pajarito 345 kV stations (approximately 35 miles);
- Expansion of Rio Puerco and Pajarito 345 kV stations to accommodate the new 345 kV transmission line terminations;

¹ NMSA 1978, § 62-9-3(B) (2005) (“For the purposes of this section, ‘transmission line’ means any electric transmission line and associated facilities designed for or capable of operations at a nominal voltage of two hundred thirty kilovolts or more, **to be constructed in connection with and to transmit electricity from a new plant for which approval is required.**”) (Emphasis added).

- Within the existing Prosperity station boundaries, construction of a 345 kV station with a four (4) breaker ring configuration (expandable to breaker-and-a-half), which will include 345/115 kV transformation;
- Construction of an approximately 0.47-mile transmission line extension linking an existing 345 kV line from Pajarito to the new Prosperity 345 kV station; and
- Connection of the existing 345 kV Pajarito-Sandia line into the Prosperity station (approximately 0.38 miles of new line).

The new transmission lines and expansions and upgrades to the existing stations will increase reliability and allow for expansion of loads throughout the Albuquerque metropolitan area, all as described in the supporting direct testimonies and exhibits included with the Application.

3. The Project is critical to system operations because it will increase the transmission capacity, provide needed grid redundancy, and enable necessary maintenance and upgrades to the infrastructure in the area. In addition to providing necessary infrastructure for existing system and customer needs and already forecasted load growth, the Project will support economic development in the metropolitan area.

4. The Project will facilitate the use of a higher percentage of renewable energy to serve load in the Albuquerque metro area, while also providing a path to reduce reliance on load-side gas generation which has historically served that load.

5. The following witnesses provide testimonies and exhibits in support of the Application. The testimonies and exhibits are incorporated by reference herein.

- a. Adam J. Alvarez, PNM Director of Regulatory Policy and Case Management, who addresses the statutory and regulatory framework for PNM's Application;
- b. Erfan Hakimian, Director of Transmission/Distribution Planning and Contracts, whose testimony supports approval of the Project from a systems and engineering planning perspective;

- c. Julia L. Munoz, Engineer IV, who provides the Professional Engineer-stamped engineering calculations and drawings supporting the 150-foot ROW width;
- d. Adam McClellan, Senior Manager of Land Services, who addresses the 150-foot ROW necessary to construct the Project from a lands perspective by presenting the required land permits, discussing the status of PNM's negotiations to obtain land, and non-Tribal stakeholder outreach and engagement;
- e. Cathy Newby, Director of Tribal Government and Customer Engagement, who discusses Tribal outreach and engagement; and
- f. Leslie Watson, Environmental Planning and Permit Project Manager, who addresses the environmental studies conducted for the Project and the best management practices PNM will use during project construction and operation.

6. Section 62-9-1 of the PUA (the "CCN Statute") requires public utilities to obtain a CCN from the Commission prior to beginning the construction, operation or extension of any public utility plant or system, outside the ordinary course of business. Historically, the Commission has required a CCN for the construction of 345 kV transmission lines. The CCN Statute provides for a determination within nine months, unless the deadline is extended for good cause by the Commission for no more than six additional months.

7. Section 62-9-3.2 (the "ROW Statute") requires that a utility obtain a determination from the Commission of the necessary ROW width to construct and maintain line if the proposed width is greater than one hundred feet and unless otherwise agreed to by the parties. The ROW Statute requires a final decision to be issued within six months of filing an application for a ROW determination.

8. The Project also meets the purposes set forth in Section 62-6-26 (2025) of the PUA (“Econ Dev Statute”), which allows public utilities to develop economic development projects to provide incremental capacity within the economic development project’s service area, where the Economic Development Department has certified that the economic development project will support reasonably anticipated economic development within the state. The Econ Dev Statute modifies the CCN Statute’s deadline for action by requiring a final decision within six months, unless extended for good cause by three additional months. Although PNM has received the appropriate certification from the Economic Development Department, the Project is necessary regardless of economic development opportunities that may be generated by the addition of transmission capacity. Therefore, PNM is seeking approval of the Project pursuant to the CCN Statute rather than in accordance with criteria for economic development projects established in Section 62-6-26(E).

9. No Commission approval is required under the provisions of Section 62-9-3 (the “Location Statute”). The Project is not being constructed in connection with and to transmit electricity from a new generation plant for which location approval is necessary. Therefore, the Location Statute standards and statutory deadline for action are not relevant.

10. PNM is anticipating the Project would come online for service by no later than Q1 2029. Recent experience has shown that long-lead equipment, permitting and construction schedules are lengthy. A prompt review and final decision by the Commission is important in order to timely begin construction of the Project, if approved. Therefore, PNM requests that the Commission make reasonable efforts to issue a final decision within six months of the Application’s filing, and no later than the nine months provided by the CCN statute.

II. NOTICE AND PROCEDURAL MATTERS

1. PNM's proposed form of Notice is attached to the Application as Attachment 1. PNM will publish the approved Notice as may be issued by the Commission in the manner so directed.

2. PNM has served a copy of this Application and supporting pre-filed direct testimony on the New Mexico Attorney General, the Commission's Utility Division Staff, and parties to Case No. 24-00089-UT (PNM's most recent general rate case) and Case No. 18-00243-UT (PNM's previous CCN application for a 345 kV transmission project).

3. Given that the relevant statutes provide for final decisions within six or nine months from the date an application is filed, PNM respectfully requests that the Commission establish a procedural schedule that reasonably would allow for a final decision within six months and, if otherwise necessary to accommodate the Commission's requirements, within nine months from filing.

4. 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 also be delivered electronically to the following email addresses: Laura Maestas, laura.maestas@pnm.com; and PNM Regulatory Department, pnmregulatory@pnm.com.

WHEREFORE, PNM respectfully requests that the Commission issue a notice of this proceeding, conduct all necessary hearings in accordance with pertinent statutory deadlines and to reach a final decision within six to nine months from the filing date of this Application. PNM asks the Commission to approve the Application and among other things determine that:

A) PNM's request for regulatory approval of the Project is reasonably necessary to provide reliable service to customers, will support economic development, and is in the public interest, and therefore a CCN should be granted pursuant to the CCN Statute;

B) PNM's request for a ROW width of greater than 100 feet, specifically 150 feet, is necessary to construct and maintain the Project;

C) Any ratemaking principles and cost recovery matters are deferred to a future general rate case; and

D) PNM should be granted any other such authorizations necessary to implement the proposed actions in accordance with the requirements of the Public Utility Act and any other applicable Commission rules.

Respectfully submitted this 25th day of February 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO

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