

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF PUBLIC SERVICE COMPANY )  
OF NEW MEXICO'S APPLICATION FOR )  
APPROVAL OF TWO ECONOMIC DEVELOPMENT )  
PROJECTS AND ISSUANCE OF AN ACCOUNTING )  
ORDER GOVERNING THE TREATMENT OF COSTS )  
RELATED TO THOSE PROJECTS )**

**Docket No. 25-00 \_\_\_\_-UT**

**PUBLIC SERVICE COMPANY OF NEW MEXICO, )  
 )  
Applicant )**

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**DIRECT TESTIMONY**

**OF**

**ADAM J. ALVAREZ**

**December 29, 2025**

**NMPRC DOCKET NO. 25-00\_\_-UT**  
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**WITNESS FOR**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO**

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Affidavit

**DIRECT TESTIMONY OF  
ADAM J. ALVAREZ  
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**I. INTRODUCTION AND PURPOSE**

**Q. Please state your name, position, and business address.**

**A.** My name is Adam J. Alvarez. I am the Director of Regulatory Policy and Case Management for Public Service Company of New Mexico (“PNM” or “Company”). My business address is PNM, 414 Silver Avenue SW, Albuquerque, New Mexico 87102. I am testifying on behalf of PNM.

**Q. Please summarize your educational background and professional qualifications.**

**A.** My educational background and professional experience are summarized in PNM Exhibit AJA-1.

**Q. Please describe your responsibilities as the Director of Regulatory Policy and Case Management.**

**A.** In this role, one of my primary responsibilities is to direct PNM’s Regulatory and Case Management Department, which actively participates in all PNM regulatory proceedings before the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) and the Federal Energy Regulatory Commission (“FERC”).

**Q. Please state the purpose of your Direct Testimony.**

**A.** The purpose of my testimony is to provide policy support and an overview of the requested economic development project approvals and regulatory asset for the incremental capital investments in PNM’s Application.

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**Q. What other PNM witness will be providing testimony as part of this filing?**

**A.** PNM witness Grant Taylor, Economic Development Specialist, is providing testimony that explains the economic development process and why, based on several inquiries over the last few years, PNM is accelerating the timeline of these projects.

**II. OVERVIEW OF FILING**

**Q. Please summarize PNM's Application in this case.**

**A.** PNM's application is being filed under a new provision within NMSA 1978, Section 62-6-26(E) ("Economic Development Statute"), which requires the Commission review a public utility's application for an economic development project and issue a final order approving, modifying or denying the application and to allow public utilities to recover prudent and reasonable costs for the ongoing development, construction or maintenance of resources for economic development projects that provide incremental capacity, or serve incremental load growth, within the economic development project's service area.

Essentially, this is a 'build it and they will come' approach for utilities to pre-build electrical infrastructure which makes it more feasible and attractive for businesses to locate or expand within New Mexico. Projects such as the ones presented in the Application are normally constructed in the ordinary course of business as new loads take service or to accommodate forecasted growth across PNM's system. Because there is a regulatory lag in recovering the costs of new distribution projects built in the ordinary course of business, normally such projects are not built in advance of having existing or already identified load growth. The Economic Development Statute allows a utility to seek permission to create a

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1 regulatory asset for investments made in advance of actual load growth in order to ensure  
2 adequate utility infrastructure is available to support economic development.  
3

4 **Q. Does the Economic Development Statute require evidence that an area is ripe for**  
5 **economic development when seeking a regulatory asset accounting order for these**  
6 **projects?**

7 A. Yes. The statute requires “[a]ll projects shall be certified by the economic development  
8 department using industry standard guidelines for site selection and approved by the  
9 commission. All certified and approved projects shall be allowed to complete  
10 construction.” PNM has received site certifications from the New Mexico Economic  
11 Development Department (“NMEDD”) for the Westpointe 40 and Mesa del Sol service  
12 areas. The Direct Testimony of PNM witness Taylor provides additional information about  
13 these certifications.  
14

15 **Q. Is PNM seeking economic development rates or rate riders in this case?**

16 A. No. PNM has an existing economic development rider (Rider No. 45), but this case does  
17 not involve any specific customer who might request discounted service under an  
18 individual rider at that rate. PNM is only requesting that it be allowed to create a regulatory  
19 asset for the costs of the Westpointe 115 kV Substation<sup>1</sup> and Mesa del Sol projects, so that  
20 expanded infrastructure will be in place for economic development that might occur in  
21 these areas.  
22

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<sup>1</sup> The substation being constructed is named Westpointe. The service area being served is Westpointe 40.

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**Q. Is PNM seeking to defer the costs from these economic development projects to a general rate case?**

**A.** Yes. Section 62-6-26(E) allows a utility to defer costs incurred for economic development costs not included in rates through the use of a regulatory asset. The reasonable costs of economic development projects are recoverable through the ratemaking process when the associated equipment and facilities begin serving the new load associated with the economic development project or the utility demonstrates that the economic development project provides benefits to existing customers. Review of the reasonableness of deferred costs and the potential recovery of those costs would occur in a future general rate case filing.

**Q. Which regulatory standards apply to this Application?**

**A.** NMSA 1978, Section 62-6-26(E) and Commission Rule 510 (17.3.510 NMAC) require electric utilities to follow the FERC Uniform System of Accounts.

**Q. What is PNM requesting from the Commission pursuant to NMSA 1978, Section 62-6-26(E)?**

**A.** PNM requests a Commission order (i) approving the two projects explained below as economic development projects and (ii) granting an accounting order authorizing PNM to defer costs incurred for these economic development projects that are not currently in rates to a regulatory asset, with cost recovery to be determined in a future general rate case.

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**III. REQUEST FOR APPROVAL FOR ECONOMIC DEVELOPMENT  
PROJECTS**

**Q. What is an economic development project?**

**A.** NMSA 1978, Section 62-6-26(G)(1) defines an economic development project as the construction or modification of generation, storage, transmission, distribution, or other resources necessary to serve reasonably anticipated new load, certified by the economic development department pursuant to Section 62-6-26(F).

**Q. What economic development projects is PNM seeking approval for?**

**A.** PNM is requesting that the Commission approve the projects associated with the Westpointe 115 kV Substation and Mesa del Sol that are further discussed in PNM witness Taylor's testimony and PNM 440 Filing Nos. 1328 (Westpointe 115 kV Substation) and 1329 (Mesa del Sol) as economic development projects. The relevant 440 Filings are included as PNM Exhibits AJA-2 and AJA-3 to my testimony.

**Q. Were the service areas for these projects certified by the NM EDD?**

**A.** Yes. On November 14, 2025, and November 25, 2025, the NMEDD issued site certification letters for Westpointe 40 and Mesa del Sol, respectively. These areas are further discussed by PNM witness Taylor and are included as PNM Exhibits GAT-4 and GAT-5.

**Q. Please provide a brief overview of the Westpointe 115 kV Substation and Mesa del Sol projects.**

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1    **A.**     Summarily, the Westpointe 115 kV Substation project is located near I-40 & 98<sup>th</sup> Street in  
2           Albuquerque. This project will provide incremental capacity for the Westpointe 40 area  
3           and will include additional transmission tie-ins. It has an estimated cost of approximately  
4           \$45 million. The Mesa del Sol project includes a new substation, substation expansion,  
5           and new 115 kV lines to create looped service for the area, with a cost estimate of  
6           approximately \$121 million. Please see PNM Exhibits AJA-2 and AJA-3, which are the  
7           respective 440 Filings that PNM has filed with the Commission. The size and scope of  
8           these projects are routinely built within the ordinary course of business, but would not  
9           necessarily be prioritized given the range of investments that can be made to improve or  
10          expand PNM's system in any given year. For further discussion on the projects and site  
11          locations, please see the Direct Testimony of PNM witness Taylor.

12  
13   **Q.**     **How do these projects meet the new requirements of NMSA 1978, Sections 62-6-26(E)**  
14           **& (F)?**

15   **A.**     These new sections require that all projects for which a utility seeks to recover prudent and  
16           reasonable costs for economic development purposes shall have site certification by the  
17           NMEDD and approval by the Commission. As explained throughout my testimony and  
18           the Direct Testimony of PNM witness Taylor, PNM plans to construct these projects in the  
19           timeframe it does in order to attract economic development in the two areas they will serve.  
20           PNM has received letters from the NMEDD certifying the sites for economic development.  
21           See PNM Exhibits GAT-4 and GAT-5. In PNM's view, NMEDD certification of economic  
22           development sites helps avoid a "chicken and egg" situation, where new infrastructure may



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1 not be built until new load materializes, but that load locates elsewhere because the  
2 infrastructure is not already in place.

3  
4 **Q. Why is PNM filing these projects pursuant to 17.5.440 NMAC as opposed to the CCN**  
5 **Statute, NMSA 1978, Section 62-9-1?**

6 **A.** The work PNM plans to defer the costs of with respect to these two projects is work that,  
7 if it were not being accelerated for economic development purposes, would eventually be  
8 done in the ordinary course of business. A certificate of convenience and necessity  
9 (“CCN”) is not required for either project that is being built to provide or extend service  
10 within PNM’s existing service territory. PNM would normally simply file a Rule 440 form  
11 describing the projects and reporting the costs. The distinction here is that PNM has moved  
12 up the timing of these projects for economic development reasons and will create a  
13 regulatory asset to book the projects’ deferred costs for consideration in a future rate case.  
14 The Commission uses the 440 Filing process for informational purposes for projects that  
15 fall within the ordinary course of business. PNM has filed similar-type projects using this  
16 approach when it intends to seek cost recovery for those projects.<sup>2</sup>

17  
18 **IV. ACCOUNTING ORDER REQUEST**

19 **Q. Which accounting standards apply to PNM’s accounting request?**

20 **A.** Regulatory assets (and liabilities) are defined by FERC at 18 CFR Part 101 as follows:

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<sup>2</sup>See NMPRC Rule 440 Filing Nos. 1089 (Pachman Switching Station to Progress Substation 115 kV line), 1167 (Rio Puerco-Progress approximately 8 miles of 115 kV line), 1190 (College Substation 115 kV), 1255 (Sagebrush Substation 115 kV Substation), 1258 (Rattlesnake 115 kV Substation), and 1262 (Prosperity Substation).

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1 Regulatory Assets and Liabilities are assets and liabilities that result from rate actions of  
2 regulatory agencies. Regulatory assets and liabilities arise from specific revenues,  
3 expenses, gains, or losses that would have been included in net income determination in  
4 one period under the general requirements of the Uniform System of Accounts but for it  
5 being probable:

- 6 A. that such items will be included in a different period(s) for purposes of  
7 developing the rates the utility is authorized to charge for its utility services; or  
8 B. in case of regulatory liabilities, that refunds to customers, not provided for in  
9 other accounts, will be required.<sup>3</sup>
- 10

11 **Q. Does 17.3.510 NMAC (Rule 510) govern ratemaking?**

12 A. No. Rule 510 provides that: “[t]he adoption of the respective uniform systems of accounts  
13 by 17.3.510.10 NMAC shall not be construed as approval or acceptance of any item  
14 recorded pursuant to the said system of accounts on the books of any utility for the purpose  
15 of fixing rates or determining other matters before the commission. The uniform system of  
16 accounts is designed to record the facts of the operations of all electric utilities in a uniform  
17 manner, and when engaged in fixing rates or passing upon other matters before it, the  
18 commission will determine what consideration shall be given to various items so recorded  
19 in the several accounts.”<sup>4</sup>

20

21 **Q. Is PNM requesting ratemaking treatment in this Application?**

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<sup>3</sup> See #31 of 18 CFR Part 101, available at <https://www.ecfr.gov/current/title-18/chapter-I/subchapter-C/part-101>.

<sup>4</sup> 17.3.510.11 NMAC.

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1    **A.**    No. PNM is seeking that these costs be deferred for consideration in a future general rate  
2           case, similar to what was recently approved in Docket No. 25-00059-UT.

3  
4    **Q.**    **Will approval of this request have an immediate impact on customer rates?**

5    **A.**    No. This request, if approved, will not. Because PNM seeks to defer recovery of the costs  
6           of these projects to a future rate case, approving PNM's request in this case only enables  
7           PNM to seek full cost recovery. Under the Economic Development Statute, PNM may only  
8           seek cost recovery once the economic development loads are in service, or when PNM can  
9           demonstrate that the projects benefit existing customers. Creating a regulatory asset does  
10          not in any way guarantee recovery of the costs being deferred through this mechanism,  
11          and, because the costs cannot be recovered until the projects are serving customers,  
12          customer rates are not being impacted at this time.

13  
14   **Q.**    **What considerations have Staff evaluated for meriting an accounting order?**

15   **A.**    In Docket No. 25-00059-UT, NMPRC Utility Division Staff ("Staff") looked to certain  
16          considerations from previous Commission decisions to determine if an accounting order is  
17          merited. Those include:

- 18          1.       Is the amount material?
- 19          2.       Was the event unplanned?
- 20          3.       Was the event beyond management's control?
- 21          4.       Is the problem unusual, abnormal, and not likely to be repeated?

22          Staff acknowledged that not every factor must be met in order for the Commission to  
23          authorize the creation of a regulatory asset. In this instance, the Economic Development

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1 Statute provides direction to the Commission on the appropriateness of authorizing a  
2 regulatory asset to encourage economic development in the state.  
3

4 **Q. How does this Application merit an accounting order based on the factors Staff has**  
5 **considered?**

6 **A.** First, the amount PNM is investing is approximately \$45 million and \$121 million for the  
7 Westpointe 115 kV Substation and Mesa del Sol projects, respectively. Second, the timing  
8 of the event is accelerated because PNM would otherwise make this investment when PNM  
9 has immediate service to provide rather than investing now to be ready for likely but not  
10 yet known economic development. Third, similar to the second factor, PNM is providing  
11 a piece of the economic puzzle that many state agencies, organizations, and communities  
12 depend on from PNM. PNM is also, in part, responding to recent NMEDD site  
13 certifications. Finally, PNM does not expect this to be routine, and while it may be  
14 repeated, PNM will generally continue to construct new or expanded substations and 115  
15 kV infrastructure throughout its system to meet typical customer needs and load growth  
16 without booking those costs as a regulatory asset.  
17

**V. CONCLUSION**

18  
19 **Q. Please summarize the key points of your testimony.**

20 **A.** My testimony supports PNM's Application under the new provisions of Section 62-6-  
21 26(E). As explained by PNM witness Taylor, PNM is routinely approached with inquiries  
22 from businesses, either directly or through local and state economic development  
23 organizations, and the utility's timely service delivery is an essential factor in furthering

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1 state and community economic goals by creating jobs, retaining jobs, and broadening the  
2 tax base.

3  
4 Granting this Application will allow the infrastructure needed to be placed into service  
5 sooner, thereby attracting economic development within PNM's service areas.

6

7 **Q. Does this conclude your testimony?**

8 **A.** Yes.

*GCG#534468*

Adam J. Alvarez Resume

# PNM Exhibit AJA-1

Is contained in the following 1 page.

**ADAM J. ALVAREZ**  
**EDUCATIONAL AND PROFESSIONAL SUMMARY**

**Name:** Adam J. Alvarez

**Address:** Public Service Company of New Mexico  
414 Silver SW  
Albuquerque, NM 87102

**Position:** Director, Regulatory Policy and Case Management

**Education:** Bachelor of Accountancy, New Mexico State University, 2006  
Master of Arts in Economics, emphasis in Public Utility Regulation, 2008

**Employment:** Employed by Public Service Company of New Mexico (PNM) since 2018

Positions held within the Company include:

Director, Regulatory Policy and Case Management (2024-Present)

Manager, Federal Regulatory Policy and Standards of Conduct (2022-2024)

Sr. Regulatory Project Manager (2018-2022)

Federal Energy Regulatory Commission (2009-2018)

Energy Industry Analyst

**Testimony:**

Before the New Mexico Public Regulation Commission

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25-00059-UT PNM's Application for Approval of an Accounting Order Governing PNM's  
Investment and Expenditures to Join the Extended Day-Ahead Market

GCG#534480

PNM 440 Filing No. 1328, Westpointe 115 kV Substation

# PNM Exhibit AJA-2

Is contained in the following 6 pages.





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**[EXTERNAL] 2025-12-29 PNM's Rule 440 Filing No. 1328 Westpointe 115 kV Substation**


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**From** Maestas, Laura <Laura.Maestas@pnm.com>

**Date** Mon 12/29/2025 1:53 PM

**To** Records, PRC, PRC <PRC.Records@prc.nm.gov>

**Cc** Aguilera, Gabriel , PRC <gabriel.aguilera@prc.nm.gov>; O'Connell, Pat , PRC <Pat.OConnell@prc.nm.gov>; Nibert, Greg, PRC <greg.nibert@prc.nm.gov>; Dasheno, Gabriella, PRC <Gabriella.Dasheno@prc.nm.gov>; Khoury, Cholla , PRC <cholla.khoury@prc.nm.gov>; Kerolle, McLee , PRC <mclee.kerolle@prc.nm.gov>; Fillion, Kai , PRC <kai.fillion@prc.nm.gov>; Magofna, Angelah, PRC <angelah.magofna@prc.nm.gov>; Baca, Jennifer, PRC <Jennifer.Baca@prc.nm.gov>; Sidler, Jack, PRC <Jack.Sidler@prc.nm.gov>; Sanders, Kyle <Kyle.Sanders@txnmenergy.com>; Alvarez, Adam <Adam.Alvarez@pnm.com>; Williams, Laurie A. <Laurie.Williams@txnmenergy.com>

 1 attachment (2 MB)

2025-12-29 PNM Rule 440 Filing No. 1328.pdf;

Some people who received this message don't often get email from laura.maestas@pnm.com. [Learn why this is important](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good Afternoon,

Please see the attached document for PNM's Rule 17.5.440 NMAC Form filing No. 1328 – Westpointe 115 kV Substation.

Pursuant to 17.5.440.8C(4)NMAC, this filing is also being sent to the Commission considering the Westpointe 115 kV Substation project exceeds \$8.0M on a total company basis.

Thank you,

Laura

Laura Maestas  
Regulatory Project Manager II  
FERC Compliance  
PNM, 414 Silver Ave SW, Albuquerque, NM 87102-0605  
505-241-2647  
[Laura.maestas@pnm.com](mailto:Laura.maestas@pnm.com)



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PNM.com



December 29, 2025

Ms. Melanie Sandoval  
Records Bureau Chief  
New Mexico Public Regulation Commission  
Prc.records@prc.nm.gov

Subject: NMPRC Rule 440  
Filing No. 1328  
Westpointe 115 kV Substation

Dear Ms. Sandoval,

Attached for filing with the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) is Public Service Company of New Mexico’s (“PNM” or “Company”) 17.5.440 NMAC Form Filing No. 1328 for the Westpointe 115 kV substation (“Project”) that will provide incremental capacity or serve incremental load growth for the area around the Westpointe 40 business park, a site recently certified by the New Mexico Economic Development Department (“Economic Development Department”) in Albuquerque, NM that meets the criteria set forth in Section 62-6-26(F). The Project, as further described below, meets the requirements of 17.5.440.7(B) and 8 NMAC and Subsection E of Section 62-6-26 NMSA 1978. Further, pursuant to 17.5.440.8(C)(4) NMAC, this filing is also being sent to the Commissioners because the Project exceeds \$8 million on a total Company basis. Prior to this filing, PNM met with Utility Division Staff to discuss this project in detail.

Due to character and formatting limitations of the Commission’s 440 Form, PNM is including additional information in this cover letter.

#### **PURPOSE SOUGHT TO BE ACCOMPLISHED BY THIS UNDERTAKING**

On November 14, 2025, Westpointe 40 received an Economic Development Site Certification from Cabinet Secretary Rob Black of the Economic Development Department, pursuant to Subsection F of Section 62-6-26 NMSA 1978 (“Site Certification”) that was enacted by Senate Bill 170 (2025).

Westpointe 40 is 115-acre commercial and industrial site on the west side of Albuquerque near the area of Interstate 40 and 98th Street that hosts a variety of commercial end users, all of which are currently served by the landlocked Central substation. Potential new commercial and industrial customers with demand loads ranging from 1 MW to 45 MW have been interested in the area. Many of these potential customers require dedicated backup capacity in addition to their normal

service and also seek compressed timelines to be in service. PNM has previously referenced this growth on Albuquerque's west side in Rule 440 filing Nos. 1245 (Petroglyph Substation) and 1317 (Lost Horizon 11/Center 13 Feeder Rebuild), as well as in PNM's presentations and responses to bench requests in Docket No. 24-00257-UT.<sup>1</sup>

The Project supports reasonably anticipated economic development in the area, as described in the Economic Development Site Certification letter for Westpointe 40, by expanding PNM's infrastructure to meet growing customer demand and future high-load interconnections in that area. The Project will enhance system reliability and enable timely power delivery to respond to the above-mentioned industrial and large-scale manufacturing interests.

### **ORDINARY COURSE OF BUSINESS**

This project is in the ordinary course of business because it is necessary to serve anticipated load growth within PNM's service area and enables incremental capacity or serves incremental load growth within the Economic Development Department's site certification service area. This undertaking meets the definitions of NMPRC Rule 440 because it is a system improvement with an estimated cost that exceeds \$1 million for which PNM will request rate recovery in a future general rate case proceeding. See 17.5.440.7(B) NMAC, 17.5.440.8(A)(1)(b) NMAC, and NMSA 1978, Section 62-6-26(E).

Such projects are in the ordinary course of business to meet existing and anticipated customer loads, and the estimated costs are typical for substation projects of similar size and scope.<sup>2</sup> Deferring the Project or reducing its size and scope are not reasonable alternatives because delays or no action will adversely impact PNM's ability to support reasonably anticipated economic development in the state.

### **CONCLUSION**

The construction of the Westpointe 115 kV substation is necessary to respond to the Economic Development Department's recent site certification, the area's expected load growth and the need to add capacity to the local system to serve current and future customers. Interconnection of area substations is necessary to ensure continued safe and reliable electric service. Constructing the project is consistent with good utility practices and will ensure continued reliable service to existing and future customers on Albuquerque's Westside. The project's estimated cost is approximately \$44,998,800.

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<sup>1</sup> Docket No. 24-00257-UT, In Matter of an Inquiry Regarding Grid Readiness and Economic Development. See *PNM's Response to Order Opening and Requiring Responses to Bench Request*, pp. 9 (November 4, 2024); PNM's Presentation at NMPRC Workshop (February 13, 2025); and PNM's Response to Third Bench Request (August 1, 2025, and Supplemental Response on October 15, 2025).

<sup>2</sup> See NMPRC Rule 440 Filing Nos. 1190 (College Substation 115 kV Substation), 1219 (San Clemente 115 kV Substation), 1255 (Sagebrush Substation 115 kV Substation), and 1258 (Rattlesnake 115 kV Substation).

Thank you for your assistance with this matter.

/s/ Laura M. Maestas

Laura M. Maestas

Project Manager II

PNM Regulatory Policy and Case Management

505-241-2647

Cc: Chair Gabriel Aguilera-NMPRC  
Commissioner Patrick O'Connell-NMPRC  
Commissioner Greg Nibert-NMPRC  
Gabiella Dasheno-NMPRC Staff  
Cholla Khoury – NMPRC Chief of Staff  
McLee Kerolle-NMPRC Advisor  
Kai Filion-NMPRC Advisor  
Angelah Magofna – NMPRC Advisor  
Jennifer Baca-NMPRC  
Jack Sidler-NMPRC Staff  
Kyle Sanders-PNM  
Adam Alvarez-PNM  
Laurie Williams-PNM

GCG# 534479

NMPRC RULE 17.5.440 FORM

|   |  |
|---|--|
| DATE FILED:   | EMERGENCY UNDERTAKING:<br><small>see 17.5.440.8(C) NMAC</small>        |
| 440 NUMBER:   | AMENDS 440 no.:<br><small>see 17.5.440.8(D) NMAC</small>               |
| UTILITY NAME:   |  |
| NEAREST UTILITY NAME/DISTANCE:  |  |
| COUNTY:   |  |
| UNDERTAKING START DATE:   |  |
| SAFE HARBOR FROM RULE 592:<br><small>see 17.5.440.8(A)(1)(e) NMAC</small> | COMMISSIONER NOTIFICATION:<br><small>see 17.5.440.8(C)(4) NMAC</small> |

ENGINEERING DATA

|                             |          |             |
|-----------------------------|----------|-------------|
| EXTENSION LENGTH:           | VOLTAGE: | PHASE:      |
| TRANSFORMER/GENERATOR SIZE: |          | CONNECTION: |

COST DATA

|   |                 |        |
|---|-----------------|--------|
| TRANSFORMER COSTS:  | OVERHEAD COSTS: |        |
| MATERIAL, LABOR, EQUIPMENT COSTS:                             |                 |        |
| LAND, CONTRACT, MISC COSTS:                                   |                 |        |
| TOTAL PROJECT COSTS:<br><small>see 17.5.440.8(D) NMAC</small> |                 |        |
| ESTIMATED   | AMENDED         | ACTUAL |

UNDERTAKING PURPOSE/JUSTIFICATION:  
see 17.5.440.8(A)(1) NMAC

**UNDERTAKING LOCATION/DESCRIPTION:**

**MAP:**

PNM 440 Filing No. 1329, Mesa del Sol

# PNM Exhibit AJA-3

Is contained in the following 8 pages.



---

**[EXTERNAL] 2025-12-29 PNM's Rule 440 Filing No. 1329 Mesa del Sol**

---

**From** Maestas, Laura <Laura.Maestas@pnm.com>

**Date** Mon 12/29/2025 1:54 PM

**To** Records, PRC, PRC <PRC.Records@prc.nm.gov>

**Cc** Aguilera, Gabriel , PRC <gabriel.aguilera@prc.nm.gov>; O'Connell, Pat , PRC <Pat.OConnell@prc.nm.gov>; Nibert, Greg, PRC <greg.nibert@prc.nm.gov>; Dasheno, Gabriella, PRC <Gabriella.Dasheno@prc.nm.gov>; Khoury, Cholla , PRC <cholla.khoury@prc.nm.gov>; Kerolle, McLee , PRC <mclee.kerolle@prc.nm.gov>; Fillion, Kai , PRC <kai.fillion@prc.nm.gov>; Magofna, Angelah, PRC <angelah.magofna@prc.nm.gov>; Baca, Jennifer, PRC <Jennifer.Baca@prc.nm.gov>; Sidler, Jack, PRC <Jack.Sidler@prc.nm.gov>; Sanders, Kyle <Kyle.Sanders@txnmenergy.com>; Alvarez, Adam <Adam.Alvarez@pnm.com>; Williams, Laurie A. <Laurie.Williams@txnmenergy.com>

 1 attachment (12 MB)

2025-12-29 PNM Rule 440 Filing No. 1329.pdf;

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good Afternoon,

Please see the attached document for PNM's Rule 17.5.440 NMAC Form filing No. 1329 – Mesa del Sol

Pursuant to 17.5.440.8C(4)NMAC, this filing is also being sent to the Commission considering the Mesa del Sol project exceeds \$8.0M on a total company basis.

Thank you,

Laura

Laura Maestas  
Regulatory Project Manager II  
FERC Compliance  
PNM, 414 Silver Ave SW, Albuquerque, NM 87102-0605  
505-241-2647  
[Laura.maestas@pnm.com](mailto:Laura.maestas@pnm.com)





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December 29, 2025

Ms. Melanie Sandoval  
Records Bureau Chief  
New Mexico Public Regulation Commission  
Prc.records@prc.nm.gov

Subject: NMPRC Rule 440  
Filing No. 1329  
Mesa del Sol Project

Dear Ms. Sandoval,

Attached for filing with the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) is Public Service Company of New Mexico’s (“PNM” or “Company”) 17.5.440 NMAC Form Filing No. 1329 for a project that will provide incremental capacity or serve incremental load growth within Mesa del Sol, a site recently certified by the New Mexico Economic Development Department (“Economic Development Department”) that meets the criteria set forth in Section 62-6-26(F). The project includes the new Sol Substation, expansion of the Studio Substation, rebuild of the Prosperity to Studio transmission line to higher capacity, and new 115 kV connections to the Sandia Substation located in Albuquerque, New Mexico (“Project”). The Project, as further described below, meets the requirements of 17.5.440.7(B) and 8 NMAC and Subsection E of Section 62-6-26 NMSA 1978. Further, pursuant to 17.5.440.8(C)(4) NMAC, this filing is also being sent to the Commissioners because the Project exceeds \$8 million on a total Company basis. Prior to this filing, PNM met with Utility Division Staff to discuss this project in detail.

Due to character and formatting limitations of the Commission’s 440 Form, PNM is including additional information in this cover letter.

#### **PURPOSE SOUGHT TO BE ACCOMPLISHED BY THIS UNDERTAKING**

On November 25, 2025, Mesa del Sol received an Economic Development Site Certification from Cabinet Secretary Rob Black of the Economic Development Department pursuant to Subsection F of Section 62-6-26 NMSA 1978 (“Site Certification”) that was enacted by Senate Bill 170 (2025).

Mesa del Sol is a planned community intended to provide numerous opportunities for greenfield economic development and expansion projects to support ongoing residential and mixed-use development in the area. A 500-acre industrial site and Employment Center within the community is frequently included in requests for information from economic development organizations. PNM has previously referenced this growth in Rule 440 filing Nos. 1255 (Sagebrush Substation)

and 1262 (Prosperity Substation), as well as PNM's presentations and responses to bench requests in Docket No. 24-00257-UT.<sup>1</sup>

The Project is in response to the Site Certification and supports economic development in the area by expanding PNM's transmission and distribution infrastructure to meet growing customer demand and future high-load interconnections. The Project improvements will enhance system reliability and enable timely power delivery to respond to industrial and large-scale manufacturing opportunities whose potential loads range in size from 1 MW to 1 GW.

### **DESCRIPTION OF FACILITIES AND ESTIMATED PROJECT COST**

Key components of the multi-phase project are:

Studio Unit 2 Expansion – Consists of the addition of one 115/12.47 kV 33 MVA transformer to the existing Studio Unit Substation to increase distribution load-serving capacity in the area. The project also includes installing a new 115 kV breaker to separate both unit sub transformers and provide transmission line sectionalization to improve reliability. The project requires a new control enclosure and expansion of the existing walled substation footprint. Long-lead materials are assumed available, with control enclosure delivery targeted for September 2026 to meet a December 2026 in-service date.

Prosperity Substation to Studio Substation 115 kV Transmission Line Rebuild – Consists of increasing the capacity of the existing Prosperity to Studio radial 115 kV line to 350 MVA. Existing plan assumes reuse of existing structures through either the installation of a second circuit connected in parallel as a “bifurcated” line or reconductoring using an advanced transmission line conductor.

Studio Substation to Sol Substation Line and Sol Substation to Sandia Substation Line – Consists of a new 115 kV 350 MVA high-capacity 115 kV line between PNM's existing Studio Substation to the new Sol 115 kV Station, then continues to the Sandia Substation providing looped transmission service through the area. The Transmission line route has been identified, and PNM is working to secure rights of way.

Sol Substation – Is a greenfield three-breaker ring, 115 kV station. It will serve as the point for interconnection of potential large customers and can provide service for additional distribution load.

Sandia Substation - Consists of the expansion of the existing Sandia 115 kV station for connection of the new line to the Sol substation.

The table on the following page provides a detailed description of the components of the project, including estimated cost.

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<sup>1</sup> Docket No. 24-00257-UT, In Matter of an Inquiry Regarding Grid Readiness and Economic Development. See *PNM's Response to Order Opening and Requiring Responses to Bench Request*, pp. 7-8 (November 4, 2024); PNM's Presentation at NMPRC Workshop (February 13, 2025); and PNM's Response to Third Bench Request (August 1, 2025, and Supplemental Response on October 15, 2025).

| Equipment                   | Description  | Cost Estimate        |
|-----------------------------|--|----------------------|
| 115/15 kV Power Transformer | Power Transformer from Transmission to Distribution at Studio        | \$2,570,973          |
| 15 kV Switchgear            | Studio Switchgear for the planned future 15kV feeders leaving Studio | \$1,200,000          |
| 115 kV Breakers             | Breakers for Studio, Sol, and Sandia                                 | \$544,000            |
| Control Enclosure           | Control Enclosure for Studio's new 115kV Breaker and Sol Substation  | \$2,500,000          |
| SSVT Station Service        | Stations Service Voltage Transformer for Studio and Sol Substation   | \$153,819            |
| CVT                         | Capacitive Voltage Transformer                                       | \$64,863             |
|                             | Additional Material, Labor, Equipment Cost                           | \$87,704,637         |
|                             | Land Contract Misc Cost  | \$2,437,407          |
|                             | Overhead Cost  | \$23,293,204         |
|                             | <b>Total</b>   | <b>\$120,468,903</b> |

### **ORDINARY COURSE OF BUSINESS**

This project is within the ordinary course of business because it is necessary to serve anticipated load growth in PNM's service area and enables incremental capacity or serves incremental load growth within the Site Certification service area. The undertaking qualifies under Rule 440 as a system improvement with transmission/distribution extensions exceeding \$1 million, for which PNM intends to seek rate recovery in a future general rate case proceeding. See 17.5.440.7(B) and 17.5.440.8(A)(1)(b) NMAC; NMSA 1978, Section 62-6-26(E).

The estimated cost of the project, while significant, reflects the current costs for planning, designing, and expanding existing substations to accommodate committed customer load and future load growth. Cost, by itself, does not determine ordinary-course status under Section 62-9-1; the estimate reflects typical substation expansion costs necessary to support future load

growth and economic development. PNM has historically filed 440 filings for similar size and scope projects.<sup>2</sup>

### **REASONABLE ALTERNATIVES**

To provide safe, reliable service for new and expanding customers and to enable economic development, the expansion of two existing substations and construction of a new substation with looped 115 kV service is the only reasonable way to respond to the Site Certification requirements, which are to increase local grid capacity and resiliency in that service area. The existing Studio Substation cannot meet the required capacity and reliability needs.

Without incremental capacity, PNM may be unable to meet the expectations of the Site Certification, which could discourage future economic growth and increase the cost of delivering infrastructure to customers. Overall, the project supports anticipated economic development, improves system reliability and resilience, and adds capacity for future load growth.

### **CONCLUSION**

The construction of the Project is necessary to respond to the Economic Development Department's recent Site Certification and the expected load growth and the need to add capacity to the local system to serve current and future customers. Interconnection of area substations is necessary to ensure safe and reliable electric service. Constructing the project is consistent with good utility practices and will ensure continued reliable service to existing and future customers in the Mesa del Sol area. The project's estimated cost is approximately \$120,468,903.

Thank you for your assistance in this matter.

/s/ Laura M. Maestas

Laura M. Maestas

Project Manager II

PNM Regulatory Policy and Case Management

505-241-2647

Cc: Chair Gabriel Aguilera-NMPRC  
Commissioner Patrick O'Connell-NMPRC  
Commissioner Greg Nibert-NMPRC  
Gabriella Dasheno-NMPRC Staff  
Cholla Khoury – NMPRC Chief of Staff  
McLee Kerolle-NMPRC Advisor  
Kai Fillion-NMPRC Advisor  
Angelah Magofna – NMPRC Advisor  
Jennifer Baca-NMPRC  
Jack Sidler-NMPRC Staff  
Kyle Sanders-PNM

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<sup>2</sup> See NMPRC Rule 440 Filing Nos. 1089 (Pachman Switching Station to Progress Substation 115 kV line), 1167 (Rio Puerco-Progress approximately 8 miles of 115 kV line), 1190 (College Substation 115 kV), 1224 (Transmission System Upgrades in Valencia County), 1255 (Sagebrush Substation 115 kV), and 1262 (Prosperity Substation).

Adam Alvarez-PNM  
Laurie Williams-PNM

*GCG#534478*

## NMPRC RULE 17.5.440 FORM

**DATE FILED:**

**EMERGENCY UNDERTAKING:**  
see 17.5.440.8(C) NMAC

**440 NUMBER:**

**AMENDS 440 no.:**  
see 17.5.440.8(D) NMAC

**UTILITY NAME:**

**NEAREST UTILITY NAME/DISTANCE:**

**COUNTY:**

**UNDERTAKING START DATE:**

**SAFE HARBOR FROM RULE 592:**  
see 17.5.440.8(A)(1)(e) NMAC

**COMMISSIONER NOTIFICATION:**  
see 17.5.440.8(C)(4) NMAC

### ENGINEERING DATA

**EXTENSION LENGTH:**

**VOLTAGE:**

**PHASE:**

**TRANSFORMER/GENERATOR SIZE:**

**CONNECTION:**

### COST DATA

**TRANSFORMER COSTS:**

**OVERHEAD COSTS:**

**MATERIAL, LABOR, EQUIPMENT COSTS:**

**LAND, CONTRACT, MISC COSTS:**

**TOTAL PROJECT COSTS:**  
see 17.5.440.8(D) NMAC

**ESTIMATED**

**AMENDED**

**ACTUAL**

**UNDERTAKING PURPOSE/JUSTIFICATION:**  
see 17.5.440.8(A)(1) NMAC

**UNDERTAKING LOCATION/DESCRIPTION:**

**MAP:**

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

|   |                                 |
|---|---------------------------------|
| <b>IN THE MATTER OF PUBLIC SERVICE COMPANY )</b><br><b>OF NEW MEXICO’S APPLICATION FOR )</b><br><b>APPROVAL OF TWO ECONOMIC DEVELOPMENT )</b><br><b>PROJECTS AND ISSUANCE OF AN ACCOUNTING )</b><br><b>ORDER GOVERNING THE TREATMENT OF COSTS )</b><br><b>RELATED TO THOSE PROJECTS )</b><br><b>)</b><br><b>PUBLIC SERVICE COMPANY OF NEW MEXICO, )</b><br><b>)</b><br><div style="text-align: right;"><b>Applicant )</b></div> | <b>Docket No. 25-00 ____-UT</b> |
|---|---------------------------------|

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**AFFIDAVIT**

|                      |   |    |
|----------------------|---|----|
| STATE OF NEW MEXICO  | ) |    |
|                      | ) | ss |
| COUNTY OF BERNALILLO | ) |    |

**ADAM J. ALVAREZ, Director of Regulatory Policy and Case Management, for**  
**Public Service Company of New Mexico,** upon being duly sworn according to law, under oath,  
deposes and states: I have read the foregoing **Direct Testimony of Adam J. Alvarez,** and it is  
true and accurate based on my own personal knowledge and belief.

Dated this 29<sup>th</sup> day of December, 2025.

/s/ Adam J. Alvarez  
**ADAM J. ALVAREZ**