

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN)	
PUBLIC SERVICE COMPANY'S)	
APPLICATION REQUESTING: (1))	
ISSUANCE OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION AND)	
OPERATION OF A 345-kV TRANSMISSION)	
LINE AND ASSOCIATED FACILITIES IN)	
EDDY AND LEA COUNTIES, NEW MEXICO;)	CASE NO. 16-_____ -UT
(2) APPROVAL OF THE LOCATION OF THE)	
345-kV TRANSMISSION LINE; (3))	
DETERMINATION OF RIGHT OF WAY)	
WIDTH AND (4) AUTHORIZATION TO)	
ACCRUE AN ALLOWANCE FOR FUNDS)	
USED DURING CONSTRUCTION FOR THE)	
TRANSMISSION LINE AND ASSOCIATED)	
FACILITIES,)	
)	
SOUTHWESTERN PUBLIC SERVICE)	
COMPANY,)	
)	
APPLICANT.)	

APPLICATION

In accordance with the New Mexico Public Utility Act (NMSA 1978, §§ 62-3-1 *et seq.*, “PUA”) and New Mexico Public Regulation Commission (“Commission”) Rules, Southwestern Public Service Company (“SPS”) applies to the Commission for an order granting the following relief:

- (1) issuing a certificate of public convenience and necessity (“CCN”) authorizing SPS to construct, operate, and maintain a 345-kilovolt (“kV”) transmission line and associated facilities in Lea and Eddy Counties, New Mexico, that will extend from SPS’s Hobbs Generating Substation to its

China Draw Substation (“Proposed Project”) (Sections 62-9-1 and 62-9-6 of the PUA);

- (2) approving the location of the proposed 345-kV transmission line segments and associated facilities (Section 62-9-3 of the PUA and 17.9.592 NMAC (“Rule 592”));
- (3) determining that a minimum 150-foot right-of-way (“ROW”) width is necessary to construct, operate, and maintain the proposed 345-kV transmission line segments (Section 62-9-3.2 of the PUA); and
- (4) authorizing SPS to accrue an allowance for funds used during construction (“AFUDC”) of the 345-kV transmission line and associated facilities (*see* 17.3.580 NMAC).

These approvals and authorizations are described in this Application and SPS’s supporting pre-filed direct testimony concurrently filed with the Application. In support of this Application, SPS states the following:

I. INTRODUCTION

1. SPS is a New Mexico corporation, that owns, operates, and controls electric generation, transmission, and distribution plant, property, and facilities that provide retail and wholesale electric capacity and energy to portions of New Mexico and Texas. With respect to its provision of retail electric service in New Mexico, SPS is a public utility in New Mexico as defined in Section 62-3-3 of the PUA, and is subject to the jurisdiction and authority of this Commission.

2. A certified copy of SPS's articles of incorporation is on file with the Commission.

3. SPS's principal office in New Mexico is located at 111 East Fifth Street, Roswell, New Mexico 88201, and its principal corporate office is located at 600 S. Tyler Street, Amarillo, Texas 79101.

4. SPS's corporate representatives and attorneys who should receive all notices, pleadings, discovery requests and responses, and other documents related to this case are:

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II. RELIEF REQUESTED IN APPLICATION

A. Description of Proposed Project

5. SPS proposes to construct and operate a 345-kV transmission line and associated facilities to be located in Lea and Eddy Counties, New Mexico. The 345-kV transmission line will consist of the following three segments: (a) a line extending from the Hobbs Generating Substation, located 10 miles west of Hobbs, New Mexico, to the proposed Kiowa Substation; (b) a line extending from the new Kiowa Substation to the North Loving Substation, located 2 miles northeast of Loving, New Mexico; and (c) a line extending from the North Loving Substation to the China Draw Substation, located 25 miles southeast of Carlsbad, New Mexico. The transmission line segments will cross approximately 44 miles (234,326 feet) of federal land, approximately 30 miles (156,710 feet) of state-owned land, and approximately 13 miles (68,059 feet) of privately-owned land. Please refer to Exhibit A for a map showing the location of the 345-kV transmission line segments and associated facilities in Lea and Eddy Counties.

6. The estimated cost of the Proposed Project is approximately \$163 million, which includes AFUDC. The total cost of the Proposed Project will be allocated to SPS's New Mexico retail jurisdiction and other jurisdictions based on the Southwest Power Pool's ("SPP") Base Plan Funded – Highway/Byway cost allocation methodology.

B. Requested Approvals and Authorizations

i. Issuance of a CCN for Project

7. The Proposed Project is necessary to serve SPS's existing and expanding New Mexico retail loads in southeastern New Mexico, and to enhance reliability of SPS's southeastern New Mexico transmission system by reducing potential overload and low voltage conditions. In this regard, the SPP prepared a High Priority Incremental Load Study ("HPILS") that demonstrates the Proposed Project is needed for the reasons described above. Based on the HPILS, the SPP issued Notifications to Construct ("NTCs") to SPS for the three transmission line segments, the new Kiowa Substation, and upgrades to other substation facilities. In accordance with Section 62-9-1 and 62-9-6 of the PUA, SPS is requesting that the Commission determine that the public convenience and necessity requires the construction, operation, and maintenance of the Proposed Project and issue a CCN for the Proposed Project. In conformity with the SPP NTC's and the associated construction schedule timeline, the Proposed Project will be needed by June 2018.

ii. Location Approval for Proposed Project

8. In relation to environmental impacts potentially associated with the Proposed Project, an Environmental Assessment ("EA") was prepared in accordance with National Environmental Policy Act and the United States Bureau of Land Management ("BLM") requirements. The EA, prepared at the direction of the BLM, establishes that the location of the Proposed Project on BLM lands, New Mexico State Land Office

(“NMSLO”) lands and private lands will not unduly impair important environmental values in the areas where the Proposed Project will be constructed, operated, and maintained (Section 62-9-3(F) of the PUA and Rule 592.10(H)). The EA also demonstrates that the Proposed Project comports with, and satisfies, all applicable land use requirements (*see* Rule 592.10(B)).

9. Based on the BLM’s review of the matters covered in the EA, the BLM issued a finding of no significant impact (“FONSI”) and Decision Record, and issued permits for the 345-kV transmission line and new Kiowa Substation. Following the BLM’s action, the NMSLO has also issued a permit for the 345-kV transmission line segments that are located on state lands, and SPS has obtained most of the easements for the private lands, and is currently negotiating for easements on the remaining private lands.

iii. Determination that a ROW Width in Excess of 150-feet is Necessary

10. Based on engineering analyses performed by or for SPS, it is clear that 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 345-kV transmission line segments. Therefore in accordance with Section 62-9-3.2 of the PUA, SPS requests the Commission determine that a ROW width in excess of 150-feet is appropriate and necessary for the Proposed Project.

C. Notice and Procedural Requirements

11. SPS will serve and provide the following notices in accordance with the PUA and Rule 592:

- a. In accordance with Rule 592, SPS 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 libraries located in the county seats of Eddy County (Carlsbad, New Mexico) and Lea County (Lovington, New Mexico), and will also make available a copy of its filing available in the Hobbs Public Library. Additionally, SPS will post its application on Xcel Energy's *Power for the Plains* website (<http://www.powerfortheplains.com/>) (see Rule 592.13).
- b. SPS 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. SPS will also serve a copy of this Application and supporting pre-filed direct testimony and notice on all landowners and lessees, for which SPS has not obtained an easement to construct, operate, and maintain the

Proposed Project, and SPS will also mail notice of the 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 (*see* Section 62-9-3.2(D) of the PUA);

12. SPS's proposed form of Notice is attached to the Application as Exhibit B.

13. In accordance with Sections 62-9-1(C) and 62-9-3(K) of the PUA, the Commission may approve SPS's request for a CCN and its related request for location approval without formal hearing if no protest is filed within 60 days after SPS's publication of notice regarding the filing of the application in this case.

D. Miscellaneous Matters

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

a. Roland C. Azcarraga, SPS's Senior Engineer in Transmission Planning whose testimony: (i) provides an overview of SPS's transmission system and operations in the service area; (ii) describes the proposed 345-kV transmission line segments and upgrades required to terminate the line at the existing Hobbs Substation, the existing North Loving and China Draw Substations, and the proposed Kiowa Substation; (iii) demonstrates SPS's need for the Proposed Project; (iv) explains how SPS's filing satisfies the requirements for issuance of a CCN for the Proposed Project and its request for location approval of the proposed 345-kV transmission line segments; and (vi) provides the cost estimate for the Proposed Project, including SPS's request for AFUDC,

and provides an estimate of the jurisdictional allocation of the total cost of the Proposed Project to the New Mexico retail jurisdiction;

b. Jason F. Brunner, SPS's engineering consultant employed by HDR Engineering Inc., whose testimony: (i) provides a general description of the Proposed Project; (ii) describes the circuit design and construction of the Proposed Project; and (iii) discusses the statutory requirements for approval of ROW widths in excess of 100-feet, and the need for a ROW of at least 150-feet and up to 170-feet ROW for the Proposed Project;

c. Nisha P. Fleischman, SPS's Siting and Land Rights Agent, whose testimony: (i) explains the process for selecting the route for the Proposed Project and supports SPS's request for location approval of the Proposed Project under Section 62-9-3 of the PUA and Rule 592; (ii) demonstrates SPS's compliance with the Commission's filing requirements in Rule 592.10 for approval of the location of the Proposed Project; and (iii) discusses the status of SPS's requests for federal, state, and private easements, grants, and permits required for the Proposed Project; and

d. David Brown, SPS's environmental consultant, employed by SWCA, Inc. d.b.a SWCA Environmental Consultants, Inc., whose testimony: (i) generally describes the Proposed Project; (ii) discusses the EA prepared to evaluate the potential environmental impacts of the Proposed Project within the areas that the Proposed Project will be constructed, operated, and maintained; (iii) describes the proposed modifications to the Proposed Project necessary to address potential impacts identified in the EA;

(iv) discusses the BLM's review and approval of the EA and its issuance of a FONSI and Decision Record approving SPS's request for a 150-foot ROW for the Proposed Project; and (v) demonstrates that SPS's filing and BLM's action on the EA satisfy the requirements for location approval established in Section 62-9-3 of the PUA and Rule 592.

WHEREFORE, SPS respectfully requests that the Commission enter a final order that grants the following relief:

A. declaring that the public convenience and necessity requires or will require SPS to construct and operate the Proposed Project on or before June 1, 2018, and, based on that declaration, granting to SPS a CCN for the proposed 345-kV transmission line segments and associated facilities;


B. approving the location for the 345-kV transmission line segments and the new Kiowa Substation;

C. determining that a minimum 150-foot ROW width for the 345-kV transmission line segments is appropriate and necessary for the Proposed Project;

D. authorizing SPS to accrue AFUDC for the Proposed Project; and

E. granting to SPS such other approvals, authorizations, and relief as the Commission deems necessary and proper in order to allow SPS to implement and effectuate the relief in the final order issued in this case.

Respectfully submitted,



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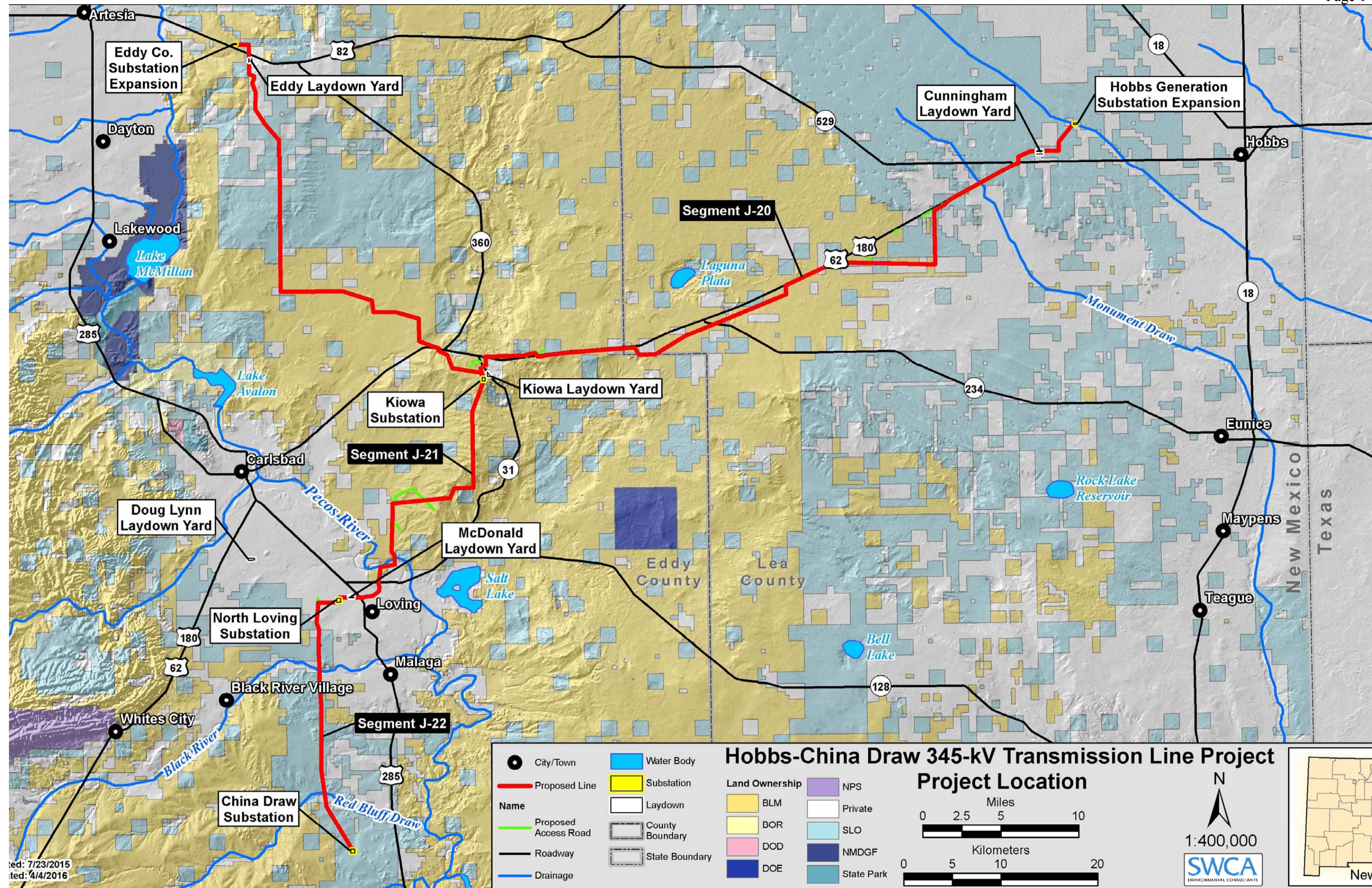


EXHIBIT B

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NOTICE

NOTICE is hereby given that:

1. In accordance with Sections 62-9-1, 62-9-3, 62-9-3.2, and 62-9-6 of the Public Utility Act and 17.1.2.9 NMAC and 17.9.592 NMAC, on May 11, 2016, Southwestern Public Service Company ("SPS") filed an Application and supporting direct testimony with the New Mexico Public Regulation Commission ("Commission") requesting that the Commission enter a Final Order that grants the following relief: (A) issuance of a certificate of public convenience and necessity ("CCN") authorizing SPS

to construct, operate, and maintain a 345-kilovolt (“kV”) transmission line and associated facilities located in Eddy and Lea Counties, New Mexico (“Proposed Project”); (2) approving the location of the proposed 345-kV transmission line and associated facilities; (3) determining that a minimum 150-foot right-of-way (“ROW”) width is necessary for the proposed 345-kV transmission line; and (4) authorizing SPS to accrue an allowance for funds used during construction of the 345-kV transmission line and associated facilities.

2. SPS’s Application states that the Proposed Project is needed to serve SPS’s existing and expanding New Mexico retail loads in southeastern New Mexico, and to enhance reliability of SPS’s southeastern New Mexico transmission system by reducing potential overload and low voltage conditions, and that the in-service date for the Proposed Project is needed on or before June 1, 2018.

3. SPS proposes to construct and operate the Proposed Project in three segments – the first extending from the Hobbs Generating Substation, located 10 miles west of Hobbs, New Mexico, to the proposed Kiowa Substation; the second from the new Kiowa Substation to the North Loving Substation, located 2 miles northeast of Loving, New Mexico; and the third from the North Loving Substation to the China Draw Substation, located 25 miles southeast of Carlsbad, New Mexico.

4. The Commission has assigned Case No. 16-_____-UT to this Application, and all correspondence, pleadings, comments, and other communications shall refer to that case number.

5. The procedural schedule established in this case is as follows:

(A) Any interested person may intervene in this case by filing a motion for leave to intervene pursuant to 17.1.2.26.1 and 17.1.2.26.2 NMAC on or before _____, 2016;

(B) The Utility Division Staff and any Intervenors shall file direct testimony on or before _____, 2016;

(C) Any rebuttal testimony shall be filed on or before _____, 2016; and

(D) A public hearing will be held on _____, 2016, at _____ m. at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive evidence, arguments, and any other appropriate matters pertaining to the case.

6. In accordance with NMSA 1978, Sections 62-9-1(C) and 62-9-3(K), the Commission may approve SPS's request for a CCN and its related request for location approval without formal hearing if no protest is filed within sixty (60) days after SPS publishes notice of the Application in the case.

7. The Application, together with supporting pre-filed direct testimony and any attachments and related papers, may be examined by any interested person at the Xcel Energy's *Power for the Plains* website (<http://www.powerfortheplains.com/>), or the Commission's website (<http://www.nmprc.state.nm.us/general-counsel/caselookup.html>), or the offices of SPS and the Commission at the following addresses:

Southwestern Public Service Company
525 E. Bender
Hobbs, NM 88241
Attn: Ben Jaime

Southwestern Public Service Company
600 S. Tyler, Suite 2400
Post Office Box 1261
Amarillo, TX 79105
Attn: James Bagley

New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
Santa Fe, NM 87504

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

Lovington Public Library
115 South Main Street
Lovington, NM 88260

or

Carlsbad Public Library
101 S. Halgueno St.
Carlsbad, NM 88220

For convenience, a copy of the Application, supporting pre-filed direct testimony and attachments may also be examined at the Hobbs Public Library, located at 509 N. Shipp Street, Hobbs, NM 88240.

9. Any interested person may appear at the time and place of hearing and make a written or oral comment, pursuant to 17.1.2.26.6 NMAC without becoming an intervenor. Such comments will not be considered as evidence in this case.

10. The procedural dates and requirements provided herein are as provided in the Procedural Order issued in this case, and are subject to further order of the Commission or Hearing Examiner. Any interested person should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled.

11. Anyone filing pleadings, documents, or testimony shall serve copies thereof on all parties of record and the Utility Division Staff and the Hearing Examiner by (a) first class mail or hand-delivery and (b) by e-mail as provided by the Procedural Order. Copies served on the Hearing Examiner shall include an electronic version of the filing in Word format. All filings shall be e-mailed on the date they are filed with the Commission. Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath.

12. 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 the rules may be obtained from the Offices of the Commission or at www.nmprc.state.nm.us/nmcc/.

13. All documents mailed to the Commission and its personnel shall be mailed to: New Mexico Public Regulation Commission, P.E.R.A. Building, P. O. Box 1269, Santa Fe, New Mexico 87504-1269. The following physical address of the Commission shall be used only for special or hand-deliveries: 1120 Paseo de Peralta, Santa Fe, New Mexico 87501.

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

ISSUED at Santa Fe, New Mexico, this _____ day of _____, 2016.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner