

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF APPROVAL OF A)
VOLUNTARY SERVICE AGREEMENT BETWEEN)
CENTRAL VALLEY ELECTRIC COOPERATIVE,)
INC., AND SOUTHWESTERN PUBLIC SERVICE)
COMPANY.)

SOUTHWESTERN PUBLIC SERVICE)
COMPANY AND CENTRAL VALLEY)
ELECTRIC COOPERATIVE, INC.)

APPLICANTS.)

Case No. 19-00211-UT

FILED IN OFFICE OF

JUL 24 2019

NEW MEXICO PUBLIC REGULATION COMMISSION
REGULATORY MANAGEMENT BUREAU

DIRECT TESTIMONY

of

WADE NELSON

on behalf of

CENTRAL VALLEY ELECTRIC COOPERATIVE, INC.

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Wade Nelson. My business address is Central Valley Electric Cooperative,
4 Inc. ("CVEC"), 1403 North Thirteenth Street, Artesia, NM 88210

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

6 A. I am employed by CVEC. My job title is Manager of Distribution Engineering.

7 **Q. DESCRIBE YOUR CURRENT POSITION AND JOB RESPONSIBILITIES?**

8 A. My duties include managing the Distribution Engineering Department and Warehouse,
9 overseeing material and contracts and acquiring rights-of-way. I am also responsible for
10 the engineering of distribution and transmission lines.

11 **Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY AUTHORITIES?**

12 A. No. I have not testified before a regulatory authority.

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

14 A. The purpose of my testimony is to explain the boundary issue that arose between CVEC
15 and Southwestern Public Service Company ("SPS"). Both CVEC and SPS have the right to
16 serve customers. Over the course of several years, issues periodically arose when
17 particular customers requested service as to whether such service would be provided by
18 CVEC or SPS. Both CVEC and SPS recognize that as a public utility, each has an obligation
19 to serve within its service territory, but neither was certain as to how to proceed when
20 there are issues about whether a particular customer is in the CVEC and SPS service
21 territory. To avoid potential disputes regarding CVEC's and SPS's obligation to serve

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1 customers within this particular area, both parties negotiated and agreed to the
2 Boundary Agreement.

3 **Q. PLEASE DESCRIBE THE ISSUE THAT NECESSITATED A BOUNDARY**
4 **AGREEMENT.**

5 A. A boundary issue arose between CVEC and SPS as a result of SPS constructing a
6 distribution line extension to a requested load by crossing an existing distribution line
7 owned by CVEC. After CVEC filed a complaint with the New Mexico Public Regulation
8 Commission ("Commission"), CVEC and SPS began working on a boundary
9 agreement. Both parties have negotiated and agreed to the Boundary Agreement
10 ensuring both CVEC and SPS meet the obligation to serve consumers by providing
11 reliable electric service in a safe manner without confusion and to avoid potential
12 disputes. CVEC and SPS both have the right to serve specific consumers within the areas
13 depicted in Exhibit A and Exhibit B of the Boundary Agreement ("Boundary Area").

14 **Q. PLEASE DESCRIBE THE PROCESS FOLLOWED TO REACH A SOLUTION.**

15 A. Representatives of CVEC and SPS met regularly over a period of time and agreed to have
16 their respective engineering departments study the subdivision and attempt to arrive at a
17 mutual agreement as to a boundary division that would best serve the consumers. The
18 goal was to provide for the most efficient use of existing resources to assure there would
19 be adequate and reliable service to customers and to minimize the exchange or
20 modification of service territory between the utilities.

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1 **Q. PLEASE DESCRIBE THE AGREEMENT THAT WAS REACHED.**

2 A. The Boundary Agreement addresses four different issues within the Boundary Area.
3 First, it establishes the boundary line between both utilities in the area in question.
4 Second, it authorizes the utilities to continue to maintain and operate their existing
5 facilities located in the other utility's service area. Third, it identifies the location of
6 CVEC's or SPS's distribution lines that currently extend outside of their service area and
7 cross into the other utility's service area. Finally, it establishes rules and procedures to be
8 followed by both utilities in a situation when a customer requests initial or additional
9 service in the Boundary Area.

10 **Q. ARE THIRD PARTIES PRECLUDED FROM POSSIBLY EXTENDING**
11 **ELECTRIC SERVICE INTO THE BOUNDARY AREA?**

12 A. No. The Boundary Agreement only applies to electric service provided by CVEC and
13 SPS. This agreement does not bind or otherwise affect the rights of third parties.

14 **Q. PLEASE STATE WHY THIS VOLUNTARY BOUNDARY AGREEMENT IS IN**
15 **THE PUBLIC INTEREST AND THE INTEREST OF CVEC AND ITS**
16 **MEMBERS.**

17 A. This agreement will provide the most cost-effective utilization of resources and the safest
18 solution to provide electrical service to the Boundary Area. This Boundary Agreement
19 will allow service to be provided to the consumers from facilities already in place.
20 Efficiently using existing facilities will minimize the need by either CVEC or SPS for
21 new construction of facilities that otherwise would have been required and will be cost
22 effective. It also eliminates the possibility of future disputes and the expense of hearings
23 and litigation that might result.

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1 **Q. WILL THE PROPOSED BOUNDARY AGREEMENT ADVERSELY IMPACT**
2 **THOSE CUSTOMERS CURRENTLY SERVED BY CVEC?**

3 A. No. This Boundary Agreement will not negatively affect any existing customer of either
4 CVEC or SPS.

5 **Q. DOES THE PROPOSED BOUNDARY AGREEMENT COMPLY WITH**
6 **APPLICABLE LAWS?**

7 A. Yes. NMSA 1978, §62-9-7 of the Public Utility Act (“PUA”) authorizes the Commission
8 to approve voluntary service agreements filed with the Commission if, after a public
9 hearing upon at least 20 days notice, the Commission determines that the proposed
10 delineation service areas are consistent with the public convenience and necessity and
11 otherwise conforms to the PUA.

12 **Q. DO YOU BELIEVE THAT THE PROPOSED BOUNDARY AGREEMENT**
13 **SATISFIES THIS STANDARD?**

14 A. Yes. I believe that the Boundary Agreement is in the public convenience and necessity,
15 because it allows for the most efficient use of existing resources, it provides for a
16 boundary alignment which will allow both utilities to locate lines in areas that are safe for
17 the public, and it minimizes the exchange of service territory between the parties with no
18 impact on existing customers of either utility. Moreover, the proposed voluntary
19 Boundary Agreement eliminates the potential expense of complex hearings and litigation
20 and eliminates delay in the planning and constructing of utility facilities. It also promotes
21 certainty for CVEC and SPS and their customers, and generally, encourages utility
22 investment to provide for the construction, development and extension, without
23 unnecessary duplication and economic waste of proper utility facilities for service to

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1 customers. Accordingly, the Boundary Agreement is fair and reasonable, consistent with
2 the public convenience and necessity, and in the best interest of both utilities and their
3 customers.

4 **Q. IF THE COMMISSION APPROVES THE VOLUNTARY BOUNDARY**
5 **AGREEMENT, WILL ADDITIONAL CERTIFICATES OF PUBLIC**
6 **CONVENIENCE AND NECESSITY BE REQUIRED FOR CVEC AND SPS TO**
7 **PROVIDE SERVICE IN EACH DESIGNATED AREA?**

8 A. No. Both CVEC and SPS currently have the requisite authority to provide service in the
9 areas specified in the voluntary Boundary Agreement. However, if for any reason, the
10 Commission determines that CVEC or SPS needs additional authority to serve the areas
11 established in the Boundary Agreement, the parties request that the Commission grant
12 such additional authority in this case.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

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AFFIDAVIT OF WADE NELSON

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

I have read the foregoing Direct Testimony, and it is true and accurate based on my own
knowledge and belief.

Wade Nelson
Wade Nelson

SUBSCRIBED and sworn to me before this 23rd of July 2019.

OFFICIAL SEAL
JOANNA CALLAWAY
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 2/25/2021

Joanna Callaway
NOTARY PUBLIC

My Commission Expires: 02-25-2021