

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)	
LEA COUNTY, NEW MEXICO;)	CASE NO. 17-_____ -UT
(2) LOCATION APPROVAL OF THE 345-KV)	
TRANSMISSION LINE; (3) DETERMINATION)	
OF THE NECESSARY RIGHT-OF-WAY)	
WIDTH; AND (4) AUTHORIZATION TO)	
ACCUE 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”) to SPS that authorizes it to construct, operate, and maintain a 345-kilovolt (“kV”)

transmission line and associated facilities in Lea County, New Mexico, that will extend from the New Mexico/Texas state line to SPS's Hobbs Generating Substation ("Proposed Project") (Sections 62-9-1 and 62-9-6 of the PUA);

- (2) approving SPS's proposed location for the 345-kV transmission line 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 for SPS's construction, operation, and maintenance of the proposed 345-kV transmission line (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 790 Buchanan 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 will construct and operate a 345-kV transmission line and associated facilities to be located in Lea County, New Mexico, which will extend approximately 36 miles from the New Mexico/Texas state line to SPS's Hobbs Generating Substation, located 10 miles west of Hobbs, New Mexico. The transmission line segments will cross approximately 7.5 miles of state-owned land and approximately 28.5 miles of privately-owned land. Please refer to Exhibit A for a map showing the location of the 345-kV transmission line in Lea County.

6. The estimated cost of the Proposed Project is approximately \$50.9 million, which includes approximately \$1.43 million of AFUDC. SPS is not requesting in this case ratemaking treatment for a recovery of the costs associated with the Proposed Project.

B. Requested Approvals and Authorizations

i. Issuance of a CCN for Project

7. The Proposed Project will serve the public convenience and necessity by: (a) providing service to SPS's existing and expanding New Mexico retail loads in southeastern New Mexico; and (b) enhancing reliability of SPS's southeastern New Mexico transmission system by reducing potential overload and low voltage conditions, as well as reducing existing transmission congestion and reducing the use of flowgates. In regards to these matters, the Southwest Power Pool ("SPP") prepared a High Priority Incremental Load Study ("HPILS") that determined the Proposed Project is needed for the reasons described above. Based on the HPILS, the SPP issued to SPS a Notification to Construct ("NTC") in 2014 for the construction of a 345-kV line from the Hobbs Substation in Lea County, New Mexico to the Yoakum County Substation in Yoakum

County, Texas. This application addresses the New Mexico portion of the proposed 345-kV transmission line. In accordance with Section 62-9-1 and 62-9-6 of the PUA, SPS requests a Commission determination that the public convenience and necessity requires the construction, operation, and maintenance of the Proposed Project and issue a CCN for the Proposed Project. The expected in-service date of the Proposed Project is June 2020.

ii. Location Approval for Proposed Project

8. In relation to the location of the 345-kV transmission line and the potential impacts on the human environment associated with the Proposed Project, SPS arranged for an Environmental Assessment (“EA”) to evaluate the land use, environmental, and cultural impacts on state lands and private lands crossed by the Proposed Project. The EA concludes that the Proposed Project 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. The New Mexico State Land Office has also issued to SPS ROW Easement No. R-35542 on May 31, 2017 for the portions of the 345-kV transmission line that are located on state lands, and SPS is currently in the process of obtaining easements for the private lands crossed by the Proposed Project.

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

10. Engineering analyses were prepared to determine the necessary width of the ROW for the Proposed Project. Based on these analyses it was determined 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 in conformity with National Electrical Safety Code requirements. 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 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 library located in the county seat of 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) John S. Fulton, Manager Transmission Planning South 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 and upgrades required to terminate the line at the existing Hobbs Generating Substation; (iii) demonstrates SPS's need for the Proposed Project; (iv) explains how SPS's filing satisfies the public convenience and necessity 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 (v) provides for illustrative purposes an estimate of the New Mexico retail jurisdictional cost of the Proposed Project based on the SPP's Base Plan Funded – Highway/Byway cost allocation methodology;

(b) Steve Hirst, SPS's engineering consultant employed by Burns & McDonnell Engineering Company, Inc. whose testimony: (i) 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; (ii) describes the circuit design and construction of the Proposed Project; and (iii) provides an estimated cost table for the Proposed Project;

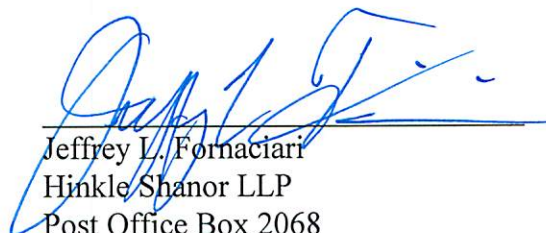
(c) Lance Kenedy, Principal Siting & Land Rights Agent, whose testimony: (i) discusses the basis for determining the route selected for the 345-kV transmission line and SPS's request for location approval of the Proposed Project; (ii) explains SPS's compliance with the Commission filing requirements under Rule 592 and approval of the location of the Proposed Project; and (iii) discusses the status of state and private easements and grants required for the location and construction of the proposed transmission line and associated facilities; and

(d) Anastacia Santos, SPS's environmental consultant, employed by POWER Engineers, Inc. ("POWER"), whose testimony: (i) presents the EA prepared by POWER to evaluate the Proposed Project's land use, environmental, and cultural impacts within the areas where the Proposed Project will be constructed and operated; (ii) explains the EA's findings and conclusions concerning the route for the Proposed Project; and (iii) based on the EA's findings and conclusions, explains that SPS's request for location approval of the Proposed Project satisfies the requirements of 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, 2020, and, based on that declaration, issuing to SPS a CCN for the Proposed Project;
- B. approving the location for the 345-kV transmission line;
- C. determining that a minimum 150-foot ROW width for the 345-kV transmission line segments is 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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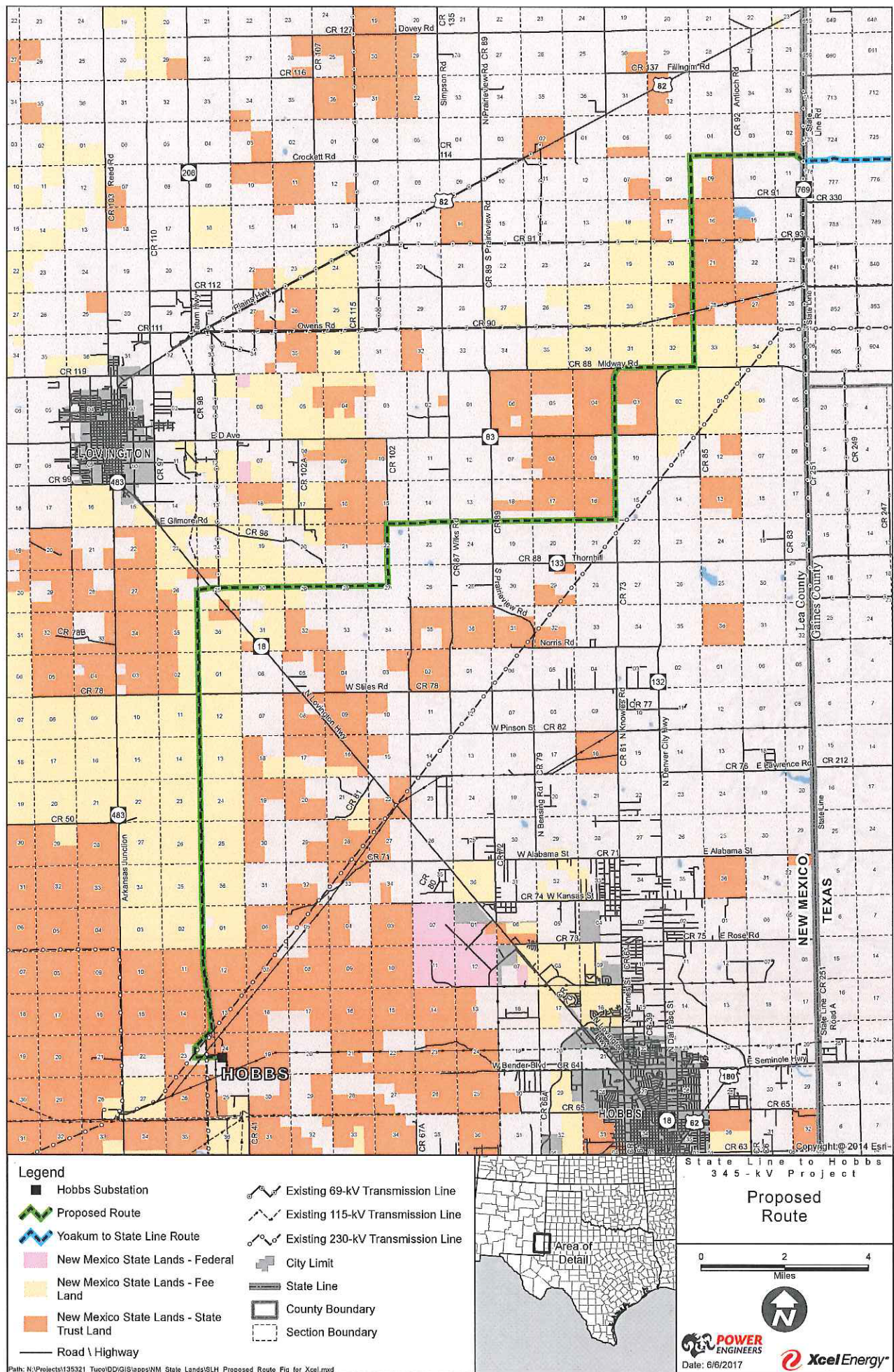


EXHIBIT B

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION REQUESTING:)
(1) ISSUANCE OF A CERTIFICATE OF)
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AUTHORIZING CONSTRUCTION AND)
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LINE AND ASSOCIATED FACILITIES IN)
LEA COUNTY, NEW MEXICO;)
(2) LOCATION APPROVAL OF THE 345-KV)
TRANSMISSION LINE; (3) DETERMINATION)
OF THE NECESSARY 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.)**

CASE NO. 17-_____-UT

NOTICE TO SPS CUSTOMERS

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 June 19, 2017, 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) issuing a certificate of public convenience and necessity (“CCN”) to SPS that authorizes it to construct, operate, and maintain a 345-kilovolt (“kV”) transmission line and associated facilities in Lea County, New Mexico, that will extend approximately 36 miles from the New Mexico/Texas state line to SPS’s Hobbs Generating Substation (“Proposed Project”); (2) approving SPS’s proposed location for the 345-kV transmission line and associated facilities; (3) determining that a minimum 150-foot right-of-way width is necessary for the proposed 345-kV transmission line; and (4) authorizing SPS to accrue an allowance for funds used during construction (“AFUDC”) 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 2020. SPS is not requesting in this case ratemaking treatment for a recovery of the costs associated with the Proposed Project. The estimated cost for the Proposed Project is approximately \$50.9 million, which includes approximately \$1.43 million of AFUDC.

3. The Commission has assigned Case No. 17-____-UT to this Application, and all correspondence, pleadings, comments, and other communications shall refer to that case number.

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

(A) Notice shall be mailed to customers on or before _____, 2017 and published in newspapers of general circulation in the service territory on or before _____, 2017.

(B) 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 _____, 2017.

(C) The Utility Division Staff shall and any Intervenors may file direct testimony or a stipulation on or before _____, 2017.

(D) Any rebuttal testimony or testimony in support of a stipulation shall be filed on or before _____ 2017.

(E) A public hearing to hear and receive evidence, arguments, and any other appropriate matters pertaining to the case will be held on _____, 2017, at _____.m. at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico.

5. 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.

6. 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
790 Buchanan Street
Amarillo, TX 79101
Attn: James Bagley

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

7. 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:

Lovington Public Library
115 South Main Street
Lovington, NM 88260

For convenience, a copy of the Application and supporting pre-filed direct testimony and attachments may also be examined at:

Hobbs Public Library
509 N. Shipp Street
Hobbs, NM 88240

8. 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.

9. 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.

10. 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 first class mail or hand-delivery and 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.

11. 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.

12. All documents mailed to the Commission and its personnel shall be mailed to the 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.

13. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS CASE SHOULD CONTACT THE COMMISSION AT (505) 827-4084 AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico, this ____ day of _____ 2017.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner