

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

Docket No. 25-00__-UT

**DIRECT TESTIMONY
OF
ADAM J. ALVAREZ**

December 30, 2025

**NMPRC DOCKET NO. 25-00__-UT
INDEX TO THE DIRECT TESTIMONY OF
ADAM J. ALVAREZ**

**WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO**

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Affidavit

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I. INTRODUCTION AND PURPOSE

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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. I oversee the team that is responsible for state and federal regulatory compliance with the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) and the Federal Energy Regulatory Commission (“FERC”). In addition, this role develops regulatory strategies.

Q. Please state the purpose of your Direct Testimony.

A. My testimony supports PNM’s request for a Certificate of Convenience and Necessity (“CCN”) for the Rio Puerco to Pajarito to Prosperity 345 kV transmission project (the “Project”) and a determination of a right-of-way (“ROW”) width in excess of 100 feet

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1 pursuant to Section 62-9-3.2 (collectively, “Application”). The Project includes three
2 transmission lines and related facilities to be constructed, owned and operated by PNM
3 within the Albuquerque metro area. I will identify the approvals requested in PNM’s
4 Application, discuss the statutory and regulatory framework for PNM’s request and
5 describe PNM’s compliance with those requirements.

6
7 **Q. What other PNM witnesses will be providing testimony and what will they address as**
8 **part of this filing?**

9 **A.** PNM has three additional witnesses, and they will attest to the following:

- 10 • Erfan Hakimian, Director of Transmission/Distribution Planning and Contracts,
11 will support the request for approval of the Project from a systems and engineering
12 planning perspective. He outlines how the project integrates with PNM’s long-term
13 transmission plan, addresses improvements in system reliability and resiliency,
14 discusses project benefits and costs, evaluates system needs and alternatives, and
15 explains the ROW requirements for the Project.
- 16 • Adam McClellan, Senior Manager of Land Services, will address the minimum
17 150-foot ROW width determination request, permitting and easement acquisition,
18 stakeholder outreach, and required notices; and
- 19 • Leslie Watson, Environmental Planning and Permit Project Manager, will discuss
20 the environmental studies and best-management practices for construction and
21 operation, explaining how PNM will avoid, minimize, or mitigate impacts while
22 meeting environmental requirements.

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II. OVERVIEW OF FILING

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Q. What Commission approvals are PNM requesting within this filing?

A. PNM is requesting Commission approval of: i) a CCN for three transmission facilities built around the Albuquerque metro area pursuant to Sections 62-9-1 (the “CCN statute”) and 62-9-6 of the Public Utility Act and ii) a determination of a ROW width of 150 feet, which is in excess of 100 feet, pursuant to Section 62-9-3.2. PNM is not requesting ratemaking treatment at this time and will defer any ratemaking determinations to a future PNM general rate case.

Q. Does this project require location approval under NMSA 1978, Section 62-9-3 or 17.9.592 NMAC?

A. No. The location control statute¹ applies only to transmission lines greater than 230 kV when such lines are “constructed in connection with and to transmit electricity from a new plant for which approval is required.”² Location approval is not required for this project because the proposed transmission lines are not being constructed in connection with any new generating facilities. Similarly, 17.9.592.2 NMAC states that the rule applies to all persons seeking to construct a large capacity (300 MW or greater) plant, whether or not owned or operated by a person that is a public utility subject to regulation by the commission, or *transmission lines in connection with such a plant*, on a location within New Mexico.

¹ NMSA 1978, § 62-9-3.
² NMSA 1978, § 62-9-3(B).

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1 **Q. Are there any statutory deadlines that are applicable in this filing?**

2 **A.** Yes. The earliest statutory deadline is six months from filing for the determination of ROW
3 requiring a width of greater than 100 feet pursuant to NMSA 1978, Section 62-9-3.2(F).
4 The statute requires that the Commission issue a final decision on a ROW application
5 within six months from the date the application is filed with the Commission, or the request
6 is deemed to be approved by law.

7
8 Under the CCN statute, the Commission may approve the application for the CCN without
9 a formal hearing if no protest is filed within 60 days of the date that notice of the application
10 is given. The CCN statute requires a final decision within nine months from the date the
11 application is filed with the commission, or the application is deemed approved; the statute
12 also permits the Commission to extend the time for granting approval for an additional six
13 months for good cause shown.

14
15 PNM requests that if there are no protests filed within 60 days, that the Commission act
16 within six months, but in any case, no later than the nine-month deadline under the CCN
17 statute.

18

19 **III. REQUEST FOR CCN**

20 **Q. Please identify and explain the statutory and regulatory standards the Commission**
21 **applies when deciding whether to issue a CCN for new electric transmission lines.**

22 **A.** The Commission applies the CCN statute found in the Public Utility Act, Section 62-9-1,
23 which requires a public utility to obtain a CCN before constructing or operating any public

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1 utility plant or system that is not in the ordinary course of business. In determining whether
2 to issue a CCN, the Commission applies a public interest standard that requires a finding
3 of a net benefit and takes into consideration the need for the additional capacity and
4 whether the project is the most cost-effective among reasonable alternatives.³

5
6 **Q. Has the Commission specified certain criteria that PNM must address when**
7 **requesting a CCN for new transmission lines?**

8 **A.** Yes. In Case No. 10-00086-UT, PNM's 2010 general rate case, the Commission imposed
9 certain conditions on PNM regarding the recovery of transmission costs to ensure that retail
10 customers benefit from the construction of transmission that is included in PNM's cost of
11 service. Previously, in Case No. 2382, regarding the Ojo Line Extension Project (referred
12 to as the "OLE Case"), the Commission denied the requested CCN and provided a list of
13 questions for PNM to address in any subsequent transmission line proceeding. The
14 Commission has also clarified that a CCN for a transmission line is not required unless
15 PNM intends to seek rate recovery of PNM's project costs from retail customers.⁴

16
17 **Q. What conditions from Case No. 2382 does the Commission require PNM to address**
18 **when requesting a CCN for new transmission lines?**

19 **A.** In the OLE Case, the Commission ordered PNM to address several specific issues in future
20 applications for approval to construct major transmission system additions. To the extent

³ Case No. 18-00243-UT (Request for CCN for BB2 Line) Recommended Decision at 15 (March 11, 2019).

⁴ See Case No. 19-00129-UT (Approval to Acquire Western Spirit Transmission Line), Recommended Decision at 30-32 (September 11, 2019).

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1 that the requirements from the OLE Case are still applicable, PNM is providing information
2 on the issues enumerated in the Commission’s decision as follows:

- 3 1. All efforts to collaborate with interested constituents and reach a consensus, and
4 the results of such efforts (PNM witness McClellan).
- 5 2. The ramifications of any increase in PNM's ability to wheel into its service area
6 (PNM witness Hakimian).
- 7 3. The current status of any other projects or planned projects which would
8 significantly affect the transmission grid, and how such projects affect the current
9 application (PNM witness Hakimian).
- 10 4. The current status of any plans to change the ownership or operation of significant
11 portions of the New Mexico transmission grid and how such change would affect
12 the current application (PNM witness Hakimian).
- 13 5. How PNM's transmission needs have been integrated with PNM's generation/power
14 purchase plans and needs, including how such transmission will affect or be
15 affected by present or future generation configurations (PNM witness Hakimian).
- 16 6. Not Applicable: If the project is to benefit the U.S. Department of Energy, Los
17 Alamos National Laboratory or Los Alamos County, updates to their load growth
18 or shrinkage.
- 19 7. Progress on and analysis of all reasonable alternatives to the current application
20 (PNM witness Hakimian).
- 21 8. All assumptions to which PNM's proposal is significantly sensitive (PNM witness
22 Hakimian).

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1 **Q. Has the NMPRC Utility Division Staff (“Staff”) also specified certain information**
2 **that is useful in reviewing CCN applications?**

3 **A.** Yes. As summarized by Staff witness Jack Sidler in NMPRC Case No. 17-00143-UT, Staff
4 takes into consideration the following information when reviewing CCN applications:

5 (a) Information or studies showing the need or use for the facility being proposed;

6 (b) Information providing specific cost information for the facility being proposed;

7 (c) Environmental, ecological, and/or cultural impact studies for the facility being
8 proposed; and

9 (d) Specific information demonstrating that the proposed facility is the most economical
10 choice among any feasible alternatives.

11 In Case No. 13-00004-UT (PNM's request for a generating unit CCN to purchase the Delta
12 Person Station), Staff also considered the extent of public opposition and possible
13 mitigation of any valid public concerns associated with that generation. As further
14 discussed in the Direct Testimony of Adam McClellan, PNM has not experienced any direct
15 opposition to the Project in the course of public outreach, and PNM has, thus far, been able
16 to address or mitigate the concerns raised.

17

18 **Q. Has PNM addressed the factors that Staff considers in evaluating a CCN?**

19 **A.** Yes. All of the necessary information is contained or addressed in the Direct Testimonies
20 and Exhibits of PNM's witnesses included in PNM's Application.

21

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IV. DETERMINATION OF RIGHT OF WAY WIDTH

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2 **Q. Will this project require Commission determination of the necessary ROW width to**
3 **construct and maintain the transmission line as required by NMSA 1978, Section 62-**
4 **9-3.2?**

5 **A.** Yes. PNM is seeking ROW width approval of 150 feet for this project. The Direct
6 Testimony of PNM witnesses McClellan and Hakimian support PNM's requests for the
7 Commission to make a determination that this project requires a ROW width in excess of
8 100 feet, pursuant to NMSA 1978, Section 62-9-3.2.

V. RATE RECOVERY AND FUTURE TREATMENT

10
11 **Q. Is PNM seeking cost recovery in this proceeding?**

12 **A.** No. PNM is not seeking cost recovery in this proceeding. Although Section 62-9-1(B) of
13 the CCN statute allows a utility to include a request for a determination of the ratemaking
14 principles and treatment that would be applied in the future, PNM is not requesting that the
15 Commission establish a specific ratemaking principle or treatment. PNM will seek
16 authorization to recover the actual cost of the Project, including allowance for funds used
17 during construction ("AFUDC"), with the reasonableness of the final actual costs subject
18 to Commission review and determination in a future general rate case and subject to
19 17.3.580 NMAC.

20
21 **Q. Has PNM estimated the cost for the Project?**

22 **A.** Yes. The cost estimate for the Project is approximately \$247 million, including
23 approximately \$23 million AFUDC. PNM witness Hakimian provides a detailed

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1 breakdown of the Project costs. Under the Commission’s Cost Overrun Rule for new
2 generating facilities, 17.3.580 NMAC, a utility may request that the Commission certify
3 the estimated cost of a generation project for which a CCN is granted. In instances where
4 there is a cost overrun as defined in the rule, the utility then must demonstrate the difference
5 between the estimated and actual cost was prudently incurred. While the Cost Overrun Rule
6 is directed to generation, the Commission also has applied this principle for non-generation
7 projects such as energy storage and transmission. Similarly, for this Project, if the actual
8 cost is more than the estimated cost, PNM will include in any future request for rate
9 recovery an explanation of any material differences between the estimated and actual costs
10 of the Project and the prudence of those costs.

11
12 **Q. Are the costs of 345 kV transmission facilities typically allocated between PNM’s**
13 **retail and wholesale jurisdictions?**

14 **A.** As a general matter, Bulk Electric System transmission costs are included in PNM’s FERC-
15 regulated transmission costs and rates, which are paid by all wholesale transmission service
16 customers; the portion of those costs that is allocated to PNM’s Native Load (or retail)
17 customers for wholesale transmission service are ultimately recovered through PNM’s
18 NMPRC-established retail rates. By way of example, in PNM’s last general rate case, retail
19 customers were allocated 44.53% of transmission-related costs, with the remainder
20 assigned to other FERC customers. The actual jurisdictional allocation of transmission-
21 related costs after the Project is placed in service will be established in a future general rate
22 case, along with the allocation of the retail jurisdictional costs among PNM’s retail
23 customer classes.

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VI. BENEFITS OF THE PROPOSED PROJECT

Q. How will the Project benefit PNM customers?

A. As further explained by PNM witness Hakimian, the Project will provide customer benefits such as reliability, resiliency, load-serving capability, and economic development benefits. It also prepares the system to transition to emissions-free generation and provides a path to reduce reliance on load side gas generation in this part of PNM’s system. The project strengthens the grid by improving grid stability, deliverability, and reduces the risk of outages. The Project also provides additional reliability through redundancy and more capacity for the existing path into Albuquerque by adding a new 345 kV transmission path.

Q. Has PNM received a site certification letter from the New Mexico Economic Development Department (“EDD”) consistent with NMSA 1978, Section 62-6-26(F)?

A. Yes. PNM received a site certification letter from the EDD, included as PNM Exhibit AJA-2. Although PNM is not requesting expedited approval or deferred accounting treatment from the Commission under the provisions of Senate Bill 170 (2025 Regular Session)⁵ within this Application, the Project will serve locations along the proposed corridor where reasonably anticipated economic development is expected. PNM offers the certification letter as evidence of economic-development readiness. The CCN filing demonstrates the need, benefits, and public interest of constructing the 345 kV facilities that will enable service to the certified site and nearby areas and enhance reliability in the surrounding areas.

⁵ The portions of Senate Bill 170 relevant to this Application are codified at NMSA 1978, Sections 62-6-26(E) and (F), and 62-9-1(D).

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1 PNM is providing this letter as additional support for the Project’s economic development
2 benefits. The EDD finds that the Project will improve the marketability of the certified site
3 by increasing capacity for economic development loads such as Upper Petroglyphs on the
4 west side of Albuquerque and Mesa del Sol on the southeast side. Based on its review, the
5 EDD certifies that the site meets the statutory criteria for marketable sites with the potential
6 to provide meaningful economic opportunities for the state.

7
8 **Q. When does PNM anticipate that it will need to place the Project in service?**

9 **A.** As explained in the Direct Testimony of PNM witness Hakimian, the proposed in-service
10 date for the Project is Q1 of 2029.

11
12 **VII. REGULATORY STAKEHOLDER OUTREACH PROCESS**

13 **Q. Please describe the outreach process around the Project that PNM engaged in with**
14 **its regulatory stakeholders.**

15 **A.** In November 2024, PNM presented its 20-Year Transmission Planning Outlook, included
16 as PNM Exhibit EH-6, which identified the Project. In the Spring of 2025, PNM separately
17 introduced the concept of the project to Staff and presented at a May 2025 open meeting
18 on PNM’s 20-Year Transmission Planning Outlook. PNM has also discussed this project at
19 a high level with stakeholders during bi-weekly calls. This outreach to the NMPRC is in
20 addition to the stakeholder outreach that PNM witness McClellan discusses.

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VIII. CONCLUSION

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Q. Is PNM required to provide service to retail customers within its jurisdictional service territory and does the Project directly benefit PNM retail customers?

A. Yes. PNM is required to provide electric service to its customers in its jurisdictional territory pursuant to the Public Utility Act⁶ and NMPRC regulations.⁷ The Project would fall within PNM’s retail jurisdiction which will help PNM meet its requirements and obligations of serving retail customers, as well as help with moving towards emission-free generation, and ensure PNM can serve its customers reliably.

Q. In conclusion, what is PNM requesting in this case?

A. PNM is requesting that the Commission grant PNM’s request for a CCN. The Project is a timely investment that directly responds to system reliability requirements and increasing customer demand. The Project is necessary for PNM to provide safe and reliable service to customers, provides benefits to customers, is in the public interest, and should be approved. Moreover, PNM also requests that the Commission grant a ROW width determination for the project under NMSA 1978, Section 62-9-3.2(A).

Q. Please summarize how PNM has met the Commission’s requirements for the approvals listed in this Application?

A. Through supporting testimonies, PNM's Application meets the CCN requirements by providing detailed planning and engineering studies that demonstrate the need for and net

⁶ NMSA 1978, § 62-8-2.
⁷ See, e.g., 17.9.560 NMAC.

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1 public benefits of the project. This includes offering cost estimates and planning to defer
2 ratemaking until a general rate case. PNM also evaluates feasible alternatives and explains
3 the necessity of a 345 kV backbone, while documenting environmental and cultural
4 considerations, as well as stakeholder outreach efforts. Moreover, PNM presents technical
5 justification for its request for a 150-foot ROW width.

6

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

8 **A. Yes.**

GCG#534493

Adam J. Alvarez's 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

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

25-00088-UT PNM's Application for Approval of Two Economic Development Projects and Issuance of an Accounting Order Governing the Treatment of Costs Related to Those Projects

Economic Development Certification Letter-
PNM's 345kV Transmission Project

PNM Exhibit AJA-2

Is contained in the following 3 pages.



Michelle Lujan Grisham • Governor
Rob Black • Cabinet Secretary-Designate
Isaac Romero • Deputy Cabinet Secretary

November 12, 2025

To: Monique Jacobson
Senior Vice President, Corporate Services

FROM: Rob Black
Cabinet Secretary, New Mexico Economic Development Department

RE: PNM's 345kV Transmission Project Request for Economic Development Site

The New Mexico Economic Development Department (NM EDD) has reviewed the application for certification submitted Public Service Company of New Mexico (PNM) pursuant to the requirements of Subsection F of Section 62-6-26 NMSA 1978 (S.B. 170, 57th Leg. 1st Sess. § 3(F) (N.M. 2025)). After careful review, NM EDD certifies the following site as a location that will support reasonably anticipated economic development in the state: 345 kV Transmission Project.

Section 62-6-26 (F) NMSA 1978 requires the following of NM EDD:

The economic development department shall certify, using industry standard guidelines for site selection, whether the economic development project will support reasonably anticipated economic development within the state. Prior to the certification, the department shall provide an opportunity for public comments regarding whether the proposed economic development project will support reasonably anticipated economic development within the state. The department shall issue a certification letter within sixty days of a request from a public utility or project developer, and the certification letter shall be included in a public utility's application filed pursuant to Subsection E of this section.

The goal of this process is to identify sites, with proper investments in pre-development activities, including utility pre-deployment, can be marketed for quick and efficient construction and development of economically valuable projects in the state.

PNM submitted its' completed application for economic development certification to NM EDD on September 11, 2025. The original application entailed: 1) a new 345kV line connecting the Rio Puerco substation in Sandoval County to the Pajarito substation in Bernalillo County. 2) a half-mile line to complete termination of the existing Pajarito-Prosperity transmission conductor; and 3) loop the existing Prosperity-Sandia 345kV line

into the Prosperity switchyard. The project will also add six 345kV breakers and a 245-115kV line into the Prosperity anchor substation.

While NM EDD may suggest potential power needs for specific sites in order to make them ready for development, the analysis of what is needed for power generation, transmission or distribution to service a particular site is a determination for the Public Regulation Commission, not NM EDD. See NMSA 1978, § 62-6-26.

Pursuant to Section 62-6-26 (F), NM EDD provided an opportunity for and considered public comment. NM EDD received zero public comment regarding the application

345 kV Transmission Project was identified in the proposal as an appropriate site for review by NM EDD.

NMEDD reviewed this site using data provided by the applicant, public comment and independent data assembled as part of NMEDD's site readiness program. The review included assessments of site logistics, environmental concerns, ease of development, utility access and ownership and entitlements for the site.

After careful review, NM EDD identified advantages and disadvantages for the location and confirmed alignment with the intent of Section 62-6-26 (F). NM EDD has determined that this site meets the threshold established by Section 62-6-26 (F) as a site that is currently or potentially marketable and which presents genuine economic opportunity within the State of New Mexico, provided sufficient investments in pre-development activities occur.

A summary of the review follows, with detailed analysis in the appendix.

345 kV Transmission Project- Upper Petroglyphs Industrial- +/- 694, with 280 contiguous and developable

Advantages:

- A. Ability to sell or lease property
- B. Zoned for light industrial and would not require rezoning for industrial uses.
- C. Site is approximately 691 acres with approximately 280 acres contiguous and developable
- D. Very flat topography; No grading or clearing anticipated to be required
- E. Due diligence studies have been completed on the property
- F. 2.5 miles to I-40 entrance
- G. Natural gas on site with ability to serve 50 MCF/hour
- H. Sufficient water and wastewater available to the site; Only small line extensions are required to serve 1 MGD of water and wastewater

Disadvantages:

- A. Height restriction of 40-foot; Variance likely required for industrial users (ex: Amazon received variance)
- B. Electric demands over 5 MW would require a new feeder station from the existing Petroglyph substation (~1 mile)

Conclusion: The 345 kV Transmission Project has many assets that potentially make it very competitive site for industrial and manufacturing in the region, in particular its proximity to I-40. However, the site requires additional investment to make it competitive with sites in the region and in other states. Adding 5MW of service would improve the marketability of the site and would also add six 345 kV breakers and a 345-115kV transformer in the Prosperity anchor substation. In addition to increasing capacity for economic development loads at sites in Upper Petroglyphs (Westside Albuquerque) and Mesa del Sol (southeast Albuquerque), the 345 kV Transmission Project will improve system reliability, prepare the system to transition to emissions-free generation and enable future advanced-conductor rebuilds within the Albuquerque metro area.

As established under Section 62-6-26 (F), NM EDD's statutory role is to evaluate whether proposed sites demonstrate reasonable economic development potential for the state. This determination is based on current and future investments needed for marketability. NM EDD does not make determinations regarding the location, or method of generation, transmission, or deployment of electricity. These determinations will be made by the Public Regulation Commission.

In conclusion, NM EDD hereby certifies that the site listed above submitted within the Public Service Company of New Mexico (PNM) application meets the criteria set forth in Section 62-6-26 (F) for marketable sites with the potential to provide meaningful economic opportunity for New Mexico.



Rob Black
Cabinet Secretary
New Mexico Economic Development Department

CC: Cholla Khoury, PRC

