

Main Offices  
Albuquerque, NM 87158 -1105  
P 505 241-2647  
F 505 241-2347  
PNM.com



December 29, 2025

Ms. Melanie Sandoval  
Records Bureau Chief  
prc.records@prc.nm.gov  
New Mexico Public Regulation Commission  
P.O. Box 1269  
Santa Fe, NM 87504

**Subject: 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**

Dear Ms. Sandoval:

Public Service Company of New Mexico ("PNM") hereby files its application for the Commission to approve two economic development projects and issue an accounting order governing the accounting treatment of costs related to those projects: the Westpointe 115 kV Substation and the Mesa del Sol projects, pursuant to NMSA 1978, Section 62-6-26(E). This filing includes the direct testimony and exhibits of two PNM witnesses and contains the following components:

- Executive Summary
- Application
- Proposed Form of Notice
- Direct Testimony and Exhibits of Adam J. Alvarez and Grant A. Taylor

This application is being served on parties to Docket No. 24-00089-UT. PNM respectfully requests that the Commission issue a final order no later than July 1, 2026.

This application is being electronically filed and a check in the amount of \$25.00 for this application will be mailed to the NMPRC. A copy of the check will be emailed to PRC Records separately.

If you have any questions, please contact me at 505-241-2647 or at [laura.maestas@pnm.com](mailto:laura.maestas@pnm.com).

Respectfully submitted,

/s/ Laura M. Maestas

Laura M. Maestas

Project Manager II - Regulatory Policy and Case Management

CC: Certificate of Service for Docket No. 24-00089-UT

GCG#534473

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

Public Service Company of New Mexico (“PNM”) is filing an application to the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) for approval of two economic development projects and for an accounting order to defer costs for those projects pursuant to NMSA 1978, Section 62-6-26(E) (“Application”). The approval and accounting order would govern the accounting treatment of the proposed economic development projects’ costs to serve two New Mexico Economic Development Department (“NMEDD”) certified economic development sites: Westpointe 40 and Mesa del Sol.

The enactment of Senate Bill 170 (“SB 170”) in 2025 facilitated the Application, which, among other things, allows a utility to defer costs of economic development projects that serve sites that have been certified by the economic development department to support economic development that is not included in rates to a regulatory asset.

PNM requests Commission approval and deferred accounting treatment for PNM 440 Filings:

- PNM 440 Filing No. 1328 – The Westpointe 115 kV Substation Project consists of the construction of a new 115 kV substation to be approximately located at the intersection of Interstate 40 (I-40) and 98<sup>th</sup> Street that will serve the Westpointe 40 business park and the surrounding area.
- PNM 440 Filing No. 1329 – The Mesa del Sol Project consists of the addition of a 115-12.47 kV transformer at the existing Studio substation, an upgrade to the existing 115 kV line to the Studio substation, and the addition of a 115 kV line from the Studio substation to a new, nearby Sol 115 kV substation with a loop transmission line to the existing Sandia 115 kV to establish looped transmission service in the area.

As explained in the Application and supporting testimony, PNM proposes the development of these projects to increase load-serving capability and enable large-scale industrial and employment opportunities at both locations. The NMEDD site certification letters acknowledge that these projects would add needed capacity that can be dispatched throughout the area, particularly for construction power and for customers requiring distribution-level service.

The projects are considered valuable assets for business attraction efforts at the state, regional, and local levels. Their approval and timely construction are seen as critical for New Mexico’s competitiveness in attracting new businesses to minimize the risk of losing economic development opportunities to other regions.

PNM requests review and a final order from the Commission in accordance with statutory requirements of Section 62-6-26(E). If no protest is filed within 30 days of notice, PNM asks that the Commission waive a formal hearing and issue a final order based on the filed testimonies and exhibits. PNM is not seeking ratemaking treatment in this Application. Ratemaking treatment will be subject to Commission review in a future rate case.

*GCG#534474*



development project's service area.”<sup>2</sup> SB 170 also provides that “[a] public utility shall be allowed to defer costs incurred for economic development projects that are not included in rates to a regulatory asset.”<sup>3</sup> Such projects require site certification from the NMEDD<sup>4</sup> prior to approval by the Commission. Both of the projects associated with this Application provide incremental capacity for the sites that have received NMEDD certifications.

Based on the information outlined below and filed in support of this Application, the two projects described in this Application are objectively valuable assets to business-attraction efforts of state, regional and local economic development stakeholders, such as the NMEDD, Albuquerque Regional Economic Alliance, developers, landowners and real estate brokers. Economic development projects pursued pursuant to SB 170 enhance the competitiveness of certified sites and support New Mexico’s efforts to attract investment and job-creating opportunities. Authorizing PNM to create a regulatory asset provides PNM an opportunity to recover the reasonable costs of constructing these projects, subject to Commission review of the regulatory asset in a future rate case. PNM seeks the approval of the economic development projects and issuance of an accounting order by the Commission no later than July 1, 2026, that specifically:

- 1) Finds that PNM’s Application and supporting testimonies and exhibits comply with any applicable filing requirements;
- 2) Approves the two projects as “economic development projects” pursuant to NMSA 1978, Section 62-6-26(E);<sup>5</sup>

---

<sup>2</sup> NMSA 1978, § 62-6-26(E) (2025).

<sup>3</sup> NMSA 1978, § 62-6-26(E) (2025).

<sup>4</sup> See NMSA 1978, § 62-6-26(F) (2025) (“The [NMEDD] shall certify, using industry standard guidelines for site selection, whether the economic development project will support reasonably anticipated economic development within the state.”)

<sup>5</sup> NMSA 1978, § 62-6-26(E) (2025) (“All projects shall be certified by the [NMEDD] using industry standard guidelines for site selection *and approved by the commission.*” Emphasis added).

- 3) Authorizes PNM to create a regulatory asset that allows PNM to seek recovery of the costs associated with the capital investments and operating and maintenance costs of constructing the Westpointe 115 kV Substation and Mesa del Sol economic development projects; and
- 4) Defers ratemaking treatment and cost recovery determinations to a future PNM general rate case.

### **Background of Application**

1. On November 4, 2024, PNM identified Westpointe 40 and Mesa del Sol as key sites for economic development, noting 16 instances of the site being evaluated for Westpointe 40 and 27 instances for Mesa del Sol between 2021–2024 in a response to a Commission Bench Request in Docket No. 24-00257-UT.<sup>6</sup>

2. On February 13, 2025, PNM’s presentation to the Commission during a Workshop listed both Mesa del Sol and Westpointe 40 as priority economic development sites in Albuquerque/Bernalillo County.<sup>7</sup>

3. On April 10, 2025, PNM filed a response to the second bench request in Docket No. 24-00257-UT, and again references both Westpointe 40 and Mesa del Sol as high-interest sites for economic development, noting the potential to pre-plan infrastructure upgrades for these locations due to historical interest and repeated requests.<sup>8</sup>

4. On August 1, 2025, and later supplemented on October 15, 2025, PNM filed its Responses to Third Bench Request in Docket No. 24-00257-UT, which included the Westpointe 115

---

<sup>6</sup> Docket No. 24-00257-UT, *PNM’s Response to Bench Request*, pp. 7-9 (Nov. 4, 2024).

<sup>7</sup> Docket No. 24-00257-UT, *PNM’s Presentation to NMPRC Workshop*, p. 11 (Feb. 13, 2025).

<sup>8</sup> Docket No. 24-00257-UT, *PNM’s Response to Second Bench Request*, p. 13 (Apr. 10, 2025).

kV Substation and Mesa del Sol projects.<sup>9</sup> PNM has also provided informal updates and briefings to interested stakeholders and NMPRC Utility Division Staff to keep them informed of PNM's plans on infrastructure investments that may be of interest.

5. On November 14 and 25, 2025, the NMEDD issued site certification letters for the Westpointe 40 and Mesa del Sol sites, respectively, as locations that will support reasonably anticipated economic development in the state and meet the requirements under NMSA 1978, Section 62-6-26(F). The letters clarify that while the NMEDD certifies the sites for their economic potential, the analysis and approval of specific power generation, transmission, or distribution projects is the responsibility of the Commission, not NMEDD.

#### **Request for Approval of Economic Development Projects**

6. Section 62-6-26(G)(1) defines an “economic development project” as follows:  
[T]he construction or modification of new or existing electric generation facilities, energy storage facilities, transmission and distribution facilities, zero-carbon resources as defined in Subsection K of Section 62-16-3 NMSA 1978, alternative fuel facilities, energy efficiency programs, renewable energy and fuel cell facilities, recycled energy or other technologies necessary to serve reasonably anticipated new load and that have been certified by the economic development department pursuant to Subsection F of this section;

7. PNM has submitted concurrently with this application PNM 440 Filing Nos. 1328 (Westpointe 115 kV Substation) and 1329 (Mesa del Sol) for the substations and related facilities that will serve the certified economic development sites.

---

<sup>9</sup> Docket No. 24-00257-UT, *PNM's Supplemental Responses to Third Bench Request*, pp. 2-3 (Oct. 15, 2025).

8. The projects identified in PNM's 440 Filings were acknowledged by NMEDD as providing support to the certified economic development sites. PNM requests that the Commission confirm that these projects meet the definition of an "economic development project" and approve them accordingly pursuant to NMSA 1978, Section 62-6-26(E).

9. The Testimony and Exhibits supporting this Application support the conclusion that there will be benefits to customers and to the State from PNM constructing the two projects, and thus granting the Application is consistent with the public interest.

### **Request for Accounting Order**

10. PNM seeks the issuance of an accounting order by the Commission allowing PNM the opportunity to recover in a future rate case reasonable expenditures for these two projects through a regulatory asset. Regulatory assets (and regulatory liabilities) are defined by the Federal Energy Regulatory Commission ("FERC"), at 18 CFR Part 101, as follows:

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

A. that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services;

or

B. in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

11. In this instance, there is statutory language that provides direction for the Commission to authorize the creation of regulatory assets for the purposes sought in this Application.

12. The ability to create a regulatory asset allows a utility to invest in discretionary projects that, even if not necessary to provide safe and reliable service, can nonetheless provide future benefits to customers, as is the case with these two economic development projects. In order to create a regulatory asset under FERC accounting standards, PNM must have a Commission order or other basis for expecting that these deferred expenses will be recoverable in a future rate case. PNM therefore requests specific authorization by the Commission to create a regulatory asset in order to recover in a future ratemaking proceeding the identified costs associated with capital investments and operating and maintenance costs incurred by PNM to construct the Westpointe 115 kV Substation and Mesa del Sol projects. The actual balances in the regulatory asset will be subject to review by the Commission in a future PNM ratemaking proceeding to ensure that the costs were actually and reasonably incurred by PNM and are consistent with the estimated costs provided in this proceeding.

13. The Testimony and Exhibits supporting this Application support the conclusion that there will be benefits to customers and to the State from PNM constructing the two projects, and thus granting the Application is consistent with the public interest.

#### **Request for Timely Commission Review**

14. PNM requests approval of the economic development projects and the issuance of an accounting order from the Commission by no later than July 1, 2026, pursuant to NMSA 1978, Section 62-6-26(E), which provides that all economic development projects shall be certified by the NMEDD using industry standard guidelines for site selection and approved by the Commission. Timely consideration by the Commission is necessary for PNM to begin investing in these projects.

Prompt approval will help avoid delays in project schedules and prevent missed economic opportunities for New Mexico. The statute requires that the Commission issue a final order within six months from the date the application is filed.<sup>10</sup>

15. PNM requests that this matter be heard directly by the Commission in order to allow for an expedited review of PNM's Application.

16. Pursuant to NMSA 1978, Section 62-10-2, the Commission has discretion to establish the form and scope of notice and hearings for this matter and to provide for prompt consideration of an application. By way of example, the Public Utility Act directs the Commission to promptly act on applications for securities transactions within a 30-day period; allows for approval of advice notices to change rates after 30 days by operation of law or upon order of the Commission and for good cause shown without requiring the 30 days' notice; and contemplates that the Commission may issue a certificate of public convenience and necessity without a formal hearing if no protest is filed within sixty days of the date that notice of such a request is given. See NMSA 1978, §§ 62-6-13, 62-8-7(C), and 62-9-1(C).

17. PNM therefore requests that if no written protest to PNM's Application is filed within 30 days of issuance of the Commission-approved notice, the Commission waive a formal evidentiary hearing and issue a final order based on the verified, filed testimonies and exhibits.

### **Notice of Proceeding**

18. PNM has served its Application and supporting materials on the service list in PNM's most recent rate case, Docket No. 24-00089-UT. PNM has included a proposed form of notice as

---

<sup>10</sup>NMSA 1978, § 62-6-26(E) ("the commission shall review a public utility's application for an economic development project and issue a final order approving, modifying or denying the application within six months of the application filing date; *provided, however, that the commission may extend the time for granting approval for an additional three months for good cause shown.*") (emphasis added).

Attachment A to this Application, to be published in a newspaper of general circulation in PNM's service territory, consistent with notice provisions set forth in 17.1.2.9(D) NMAC. No notice to other utilities is required under 17.1.2.9(B) NMAC or 17.5.440.8(A)(1)(a) NMAC because the facilities are not outside the limits of a municipality to a point within one-half mile of the facilities of any other utility or utilities rendering electric service.

19. The following designated corporate representatives and legal counsel for PNM should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

John Verheul, Corporate Counsel  
Stacey J. Goodwin, Associate General Counsel  
PNMR Services Company  
Corporate Headquarters – Legal Department  
Albuquerque, NM 87158  
(505) 241-4927  
(505) 241-4864  
[John.Verheul@txnmenergy.com](mailto:John.Verheul@txnmenergy.com)  
[Stacey.Goodwin@txnmenergy.com](mailto:Stacey.Goodwin@txnmenergy.com)

Adam Alvarez, Director of Regulatory Policy  
Laura Maestas, Regulatory Project Manager II  
Public Service Company of New Mexico  
Corporate Headquarters – Regulatory Department  
Albuquerque, NM 87158-1105  
(505) 241-2849  
(505) 241-2647  
[Adam.Alvarez@pnm.com](mailto:Adam.Alvarez@pnm.com)  
[Laura.Maestas@pnm.com](mailto:Laura.Maestas@pnm.com)

**WHEREFORE**, PNM respectfully requests that the Commission approve PNM's Application by no later than July 1, 2026. Based on the information outlined above and set forth in the supporting Testimonies and Exhibits, PNM further requests that the Commission: find PNM has complied with any applicable filing requirements; approve the projects as "economic development projects" pursuant to NMSA 1978, Section 62-6-26(E); and issue an accounting order that authorizes PNM to create a regulatory asset that allows PNM to seek recovery of the costs associated with the capital investments and operating and maintenance costs of constructing the Westpointe 115 kV Substation and Mesa del Sol economic development projects in a future general rate case, subject to review by the Commission.

Respectfully submitted this 29th day of December, 2025.

PUBLIC SERVICE COMPANY OF NEW MEXICO

*/s/ John Verheul*

---

John Verheul, Corporate Counsel

Stacey J. Goodwin, Associate General Counsel

PNMR Services Company

Corporate Headquarters – Legal Department

Albuquerque, NM 87158

Telephone: (505) 241-4927

(505) 241-4864

John.Verheul@txnmenergy.com

Stacey.Goodwin@txnmenergy.com

*Attorneys for Public Service Company of New Mexico*

GCG#534477



NEW MEXICO  
**PUBLIC REGULATION  
COMMISSION**

**COMMISSIONERS**  
GABRIEL AGUILERA  
GREG NIBERT  
PATRICK O'CONNELL

## **NOTICE TO PNM CUSTOMERS**

Public Service Company of New Mexico (PNM) has filed an application requesting the approval of two economic development projects and issuance of an accounting order governing the treatment of costs related to those projects: the Westpointe 115 kV Substation project and the Mesa del Sol project, pursuant to NMSA 1978, Section 62-6-26(E) (2025), which allows public utilities to recover prudent and reasonable costs incurred for the construction of resources for economic development projects. PNM is requesting the Commission issue a final order approving the two economic development projects and issue an accounting order by July 1, 2026.

More information about this case can be found on PNM's website, <https://www.pnm.com/regulatory>, or by contacting the Commission at the addresses and telephone number provided below. The Commission has assigned Docket No. 25-\_\_\_\_\_ - UT to this case. All questions or written comments about this case should refer to this case number.

**NO ACTION IS REQUIRED UNLESS YOU WANT TO PARTICIPATE IN THE  
PUBLIC HEARING OR COMMENT ON THE PROCEEDINGS.**

---

### **PUBLIC HEARING**

A public hearing will be held beginning at [time] on **[date]**, to hear and receive testimony, exhibits, and legal arguments about PNM's application. The public hearing will take place via the Zoom platform. Members of the public can watch the hearing via a livestream on the Commission's YouTube channel and its website, <https://www.prc.nm.gov/public-hearings/>.

If you wish to participate in the hearing as a party to this case, you must file a motion for leave to intervene on or before **[date]**. Anyone filing pleadings, documents or testimony

in this case must comply with the Commission's electronic filing policy and serve a copy on all parties, the Commission's Staff, and the assigned hearing examiners.

The Commission's Rules of Procedure, found at 1.2.2 NMAC, apply to this case except if modified by order of the Commission or hearing examiners. The rules of procedure and other NMPRC rules are available online at the New Mexico Compilation Commission at <https://nmonesource.com/nmos/en/nav.do>.

### **PUBLIC COMMENT**

If you are interested in the case but do not wish to become a party, you may make written and oral comments as allowed by Rule 1.2.2.23(F) NMAC. Public comments are not taken at the evidentiary hearing because they are not evidence, but they are reviewed and considered by Commission staff. You may send written comments before the Commission takes final action by sending the comment, which must specifically reference Docket No. 25-\_\_\_\_\_-UT, to [prc.records@prc.nm.gov](mailto:prc.records@prc.nm.gov). The Commission may also be reached by telephone at 1-888-427-5772 if there are questions about how to submit written comments. Additionally, oral comments may be taken at public comment hearing if one is scheduled by the Commission. If a public comment hearing is scheduled, the date, time and location will be provided on the Commission's website. Public comment is also welcome during Commission open meetings. The open meetings schedule is available on the Commission's website.

---

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER, OR ANY OTHER FORM OF AUXILIARY AID OR SERVICE TO ATTEND OR PARTICIPATE IN THE HEARING. OR FOR A SUMMARY OR OTHER TYPE OF ACCESSIBLE FORMAT OF PUBLIC DOCUMENTS, PLEASE CONTACT THE DIRECTOR OF ADMINISTRATIVE SERVICES OF THE COMMISSION AT (505) 827-8019 AS SOON AS POSSIBLE PRIOR TO THE HEARING.

---

**Any person who desires more information about this case may contact the Commission by phone at (505) 827-4084 or 1-888-427-5772 or by email at [Ryan.Jimenez@prc.nm.gov](mailto:Ryan.Jimenez@prc.nm.gov).**