DOCKET NUMBER
26-0000041
FILED DATE & TIME
10/06/2026 01:13 PM MST
FILED WITH NMPRC

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	)	**DOCKET No. 26-0000041**
PUBLIC SERVICE COMPANY OF NEW MEXICO, APPLICANT	)	

CERTIFICATE OF CONVENIENCE AND NECESSITY RECOMMENDED DECISION

Jocelyn Barrett
Chief Hearing Examiner

Keven Gedko
Hearing Examiner

October 6, 2026

TABLE OF CONTENTS

Abbreviations 3

I. Executive Summary 4

II. Background 6

III. Discussion 9

A. Need for and Benefits of the Project 9

B. Technical Feasibility and Reliability 12

C. Alternatives and Cost 14

D. Route, Environmental, and Land-Use Considerations 17

E. Public Convenience and Necessity 21

IV. Recommended Findings of Fact and Conclusions of Law 23

V. Recommended Decretal Paragraphs 26

ABBREVIATIONS

ABCWUA	Albuquerque Bernalillo County Water Utility Authority
AFUDC	Allowance for Funds Used During Construction
CCN	Certificate of Convenience and Necessity
Commission	New Mexico Public Regulation Commission
EDD	New Mexico Economic Development Department
EJ	Environmental Justice
EMF	Electric and Magnetic Fields
Interwest	Interwest Energy Alliance
IRP	Integrated Resource Plan
NERC	North American Electric Reliability Corporation
NMAC	New Mexico Administrative Code
NMSA	New Mexico Statutes Annotated
PNM	Public Service Company of New Mexico
ROW	Right-of-Way
SAF	Soil Amendment Facility
Staff	New Mexico Public Regulation Commission Utility Division Staff
WECC	Western Electricity Coordinating Council

I. EXECUTIVE SUMMARY

(1) On February 26, 2026, Public Service Company of New Mexico ("PNM") filed its 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 ("Application"). PNM requests that the New Mexico Public Regulation Commission ("Commission") issue a certificate of public convenience and necessity ("CCN") pursuant to NMSA 1978, Sections 62-9-1 (2025) and 62-9-6 (1967), authorizing PNM to construct, own, and operate three new segments of 345 kV transmission line and associated station facilities in the Albuquerque metropolitan area (collectively, the "Project"). The Project includes an approximately 35-mile 345 kV transmission line connecting PNM's Rio Puerco and Pajarito stations, an approximately 0.47-mile extension connecting an existing Pajarito-to-Prosperity 345 kV line to the Prosperity station, an approximately 0.38-mile extension looping the existing Pajarito-Sandia 345 kV line into the Prosperity station, and associated expansions and upgrades to the Rio Puerco, Pajarito, and Prosperity stations. PNM estimates the Project will cost approximately $247 million, including approximately $23 million in allowance for funds used during construction ("AFUDC"), and projects an in-service date in the first quarter of 2029. PNM does not request approval of ratemaking treatment or cost recovery for the Project in this proceeding.

(2) PNM also requested that the Commission determine, pursuant to NMSA 1978, Section 62-9-3.2 (2001), that a maximum right-of-way ("ROW") width of 150 feet is necessary to construct and maintain the Project. Because Section 62-9-3.2 establishes a six-month deadline for Commission action on a request for a ROW width greater than 100 feet, the Hearing Examiners separately considered that portion of the Application on an expedited schedule. On August 14, 2026, the Commission issued its Order Approving Right-of-Way Width, determining that a

maximum ROW width of 150 feet is necessary to construct and maintain the proposed transmission line. The Commission expressly reserved for later determination all issues concerning PNM's request for a CCN. Accordingly, this Recommended Decision addresses the remaining request for a CCN.

(3) Commission Utility Division Staff ("Staff") independently reviewed the Project and recommends that the Commission grant the requested CCN, while further recommending that any CCN make clear that approval is limited to the facilities described in the Application and that the grant of a CCN does not constitute approval of a precise transmission route or particular property interest. Staff also recommends that the Commission reserve for future proceedings all determinations concerning the prudence of Project costs, jurisdictional and customer-class cost allocation, AFUDC, any material cost overruns, and recovery of Project costs in retail rates. Interwest Energy Alliance ("Interwest"), the sole intervenor in this proceeding, also supports approval of the Project.

(4) The Hearing Examiners find that PNM has sufficiently demonstrated that the Project is necessary and in the public interest. For the reasons discussed below, the Hearing Examiners recommend that the Commission grant PNM a CCN to construct, own, and operate the Rio Puerco to Pajarito to Prosperity 345 kV Transmission Project, subject to the limitations and reporting requirements set forth in this Recommended Decision.

II. BACKGROUND[1]

(5) On February 26, 2026, PNM filed its Application requesting Commission approval to construct, own, and operate the Rio Puerco to Pajarito to Prosperity 345 kV Transmission Project. PNM requested two principal Commission determinations: issuance of a CCN for the Project pursuant to NMSA 1978, Sections 62-9-1 and 62-9-6, and a determination pursuant to NMSA 1978, Section 62-9-3.2 that a maximum ROW width of 150 feet is necessary to construct and maintain the proposed transmission line.[2] PNM had previously filed an application seeking approval of substantially the same Project in Docket No. 25-00089-UT, which the Commission dismissed without prejudice on February 13, 2026.[3] PNM supported this Application with the direct testimony and exhibits of Adam J. Alvarez, Erfan Hakimian, Julia L. Munoz, Adam K. McClellan, Cathy Newby, and Leslie M. Watson.[4]

(6) On March 12, 2026, the Hearing Examiners issued a Procedural Order establishing the schedule and procedures for the case. Among other requirements, the Procedural Order required PNM to publish notice in the Albuquerque Journal, mail notice to affected property owners and the twenty-nine Tribes to which PNM had previously provided formal written notification, and post the Application and supporting materials on its website.[5]

(7) The Procedural Order established April 17, 2026, as the intervention deadline, May 18, 2026, as the deadline for protests to the Application, and scheduled a public hearing to begin on

[1] This section summarizes relevant background. The full electronic record of this proceeding is available at https://e360.prc.nm.gov/portal/public/.

[2] Application at 1-2.

[3] Docket No. 25-00089-UT, Final Order Dismissing Application Without Prejudice (Feb. 13, 2026).

[4] Direct Testimony of Adam J. Alvarez ("Alvarez Direct") at 3.

[5] Procedural Order (Mar. 12, 2026) at 3.

August 26, 2026.[6] Because the statutory deadline applicable to the requested ROW width determination was shorter than the period applicable to the CCN request, the Procedural Order further provided for an expedited, concurrent process if a protest concerning the ROW width was filed.[7]

(8) Interwest was the sole intervenor in this case.[8]

(9) On May 18, 2026, Albuquerque Bernalillo County Water Utility Authority ("ABCWUA") and New Mexico Affordable Reliable Energy Alliance ("NM AREA") each timely filed protests. ABCWUA protested both the requested CCN and the requested ROW width.[9] NM AREA protested the requested CCN.[10]

(10) On July 17, 2026, NM AREA filed its Notice of Protest Withdraw. NM AREA stated that, after having an opportunity to conduct discovery, its questions and concerns had been addressed and therefore withdrew its protest and request for a formal hearing.[11]

(11) Staff and Interwest subsequently filed testimony addressing the remaining CCN request.[12]

(12) On July 24, 2026, the Hearing Examiners issued a Right of Way Width Recommended Decision recommending that the Commission determine that a maximum ROW width of 150 feet is necessary and appropriate to construct and maintain the proposed transmission line. The

[6] *Id.* at 3-4.

[7] *Id.* at 4.

[8] Order Granting Interwest Energy Alliance's Motion to Intervene (April 13, 2026).

[9] There were several procedural steps taken to address ABCWUA's Protest of the Right of Way not directly relevant to this RD. A full description of such can be found in the Right of Way Width Recommended Decision filed in this docket on July 24, 2026, at pages 5-6.

[10] NM AREA Statement of Protest (May 18, 2026).

[11] NM AREA Notice of Protest Withdraw (July 17, 2026).

[12] Direct Testimony of Orland Whitney ("Whitney Direct"); Direct Testimony of Remy Franklin on Behalf of Interwest Energy Alliance ("Franklin Direct").

Recommended Decision expressly did not address or resolve PNM's requested CCN and associated matters.[13]

(13) On August 7, 2026, ABCWUA filed its Notice of Withdrawal of Protest. ABCWUA stated that, after receiving and reviewing discovery responses and meeting and conferring with PNM, it withdrew its remaining protest and request for hearing concerning the CCN.[14]

(14) On August 10, 2026, the Hearing Examiners issued a Bench Request seeking additional information concerning PNM's environmental-justice review of the Project.[15] PNM subsequently filed the Supplemental Testimony of Adam K. McClellan.[16]

(15) On August 13, 2026, PNM and Interwest filed an Unopposed Joint Motion to Vacate Public Hearing. The motion asserted that, because both protests had been withdrawn and all testimony filed concerning the CCN supported approval, an evidentiary hearing was no longer necessary.[17] The Motion was granted on August 19, 2026.[18]

(16) The Commission issued its Order Approving Right-of-Way Width on August 14, 2026, determining that a maximum ROW width of 150 feet is necessary to construct and maintain the proposed transmission line. The Commission expressly limited that determination to the ROW width and reserved for subsequent determination PNM's requested CCN, the proposed route,

[13] Right of Way Width Recommended Decision (July 24, 2026).

[14] ABCWUA Notice of Withdrawal of Protest (Aug. 7, 2026) at 1.

[15] Bench Request to PNM (August 10, 2026).

[16] Supplemental Testimony of Adam K. McClellan in Response to August 10, 2026 Bench Request ("McClellan Supplemental") (August 12, 2026).

[17] Unopposed Joint Motion to Vacate Public Hearing (Aug. 13, 2026).

[18] Order Vacating Hearing and Admitting Evidence (Aug. 19, 2026).

Project need, Project costs and alternatives, environmental and land-use considerations, and any conditions that might be appropriate if a CCN were issued.[19]

III. DISCUSSION

(17) PNM requests a CCN pursuant to Sections 62-9-1 and 62-9-6. PNM bears the burden of establishing its entitlement to the requested CCN by a preponderance of the evidence. Section 62-9-1 requires a public utility to obtain a CCN before beginning construction or operation of a public utility plant or system, subject to exceptions not applicable here. Section 62-9-6 authorizes the Commission to issue a CCN when the operation or construction for which approval is sought is consistent with the public convenience and necessity.[20]

(18) The Commission has interpreted the public-convenience-and-necessity standard to require an applicant seeking a CCN to establish that the proposed project provides a net public benefit, that the applicant considered alternatives before proceeding with the project, and that the proposed project is the most cost-effective among feasible alternatives.[21]

A. Need for and Benefits of the Project

(19) PNM witness Erfan Hakimian testified that the Project is intended to address limitations in PNM's existing transmission system in the Albuquerque metropolitan area. According to Hakimian, PNM has historically relied primarily on additions and upgrades to its underlying 115 kV system rather than construction of new 345 kV backbone transmission in the Albuquerque

[19] Order Approving Right-of-Way Width (Aug. 14, 2026) at 10-14.

[20] NMSA 1978, §§ 62-9-1, 62-9-6.

[21] *New Energy Econ., Inc. v. N.M. Pub. Regulation Comm'n*, 2018-NMSC-024, ¶ 14; Docket No. 22-00309-UT, *In the Matter of New Mexico Gas Company, Inc.'s Application for Issuance of a Certificate of Public Convenience and Necessity to Construct a Liquefied Natural Gas Facility*, Final Order (March 14, 2024) at 4–5; Docket No. 16-00105-UT, Order Denying Motion to Dismiss (Aug. 25, 2016) at 7; Docket No. 19-00349-UT, Recommended Decision (Nov. 16, 2020) at 16-17, adopted by Order Adopting Recommended Decision with Additional Instructions (Dec. 16, 2020) at 11.

metropolitan area.[22] PNM's existing transmission system also relies on load-side generation to serve load when transmission capability into the area is insufficient and to manage local constraints associated with outages of 115 kV transmission facilities and 345/115 kV transformers.[23]

(20) PNM's transmission studies identify existing thermal constraints and evaluate the effect of the Project under normal and contingency conditions. PNM Exhibit EH-4 concludes that the Project resolves numerous pre-existing thermal overloads, including overloads affecting the West Mesa 345/115 kV transformers and multiple 115 kV transmission facilities.[24] The study explains that the Project provides greater system flexibility and resilience during outages.[25]

(21) PNM also evaluated the Project's effect on load-serving capability at several locations in the Albuquerque metropolitan area. The results vary depending upon the location of the additional load and generation dispatch. Under the peak dispatch scenario, for example, modeled transfer capability at Hidden Mountain increased from 78 MW before the Project to 907 MW after the Project, while modeled capability at Quail Ranch increased from 389 MW to 811 MW.[26] The new Prosperity 345 kV station had a modeled transfer limit of 871 MW under the same peak scenario. PNM concluded from these results that the Project provides a significant increase in Albuquerque-area load-serving capability.[27]

(22) PNM further evaluated the Project in connection with the potential retirement of the Reeves and Valencia generating facilities. Mr. Hakimian testified that PNM currently dispatches load-side

[22] Direct Testimony of Erfan Hakimian ("Hakimian Direct") at 5-6; PNM Ex. EH-8 at 15-16.

[23] *Id.*

[24] Hakimian Direct, PNM Ex. EH-4 at 7, 18-19.

[25] *Id.*

[26] Hakimian Direct, PNM Ex. EH-4 at 15-16.

[27] *Id.*

generation both when northern New Mexico transmission capability is insufficient to serve load from remotely located resources and to address more localized transmission constraints in and around the Albuquerque metropolitan area.[28] PNM's analysis concludes that the existing lower-voltage transmission system cannot reliably operate without the load-side gas generation under the conditions studied and that construction of the Project would allow retirement of those resources while maintaining acceptable transmission-system power-flow limits.[29]

(23) PNM Exhibit EH-4 similarly concludes that the Project prepares PNM's system to operate within applicable reliability performance criteria in anticipation of retirement of load-side gas generation and reduces PNM's current reliance on redispatch of that generation to mitigate transmission-system congestion. The study identifies these benefits, together with the Project's resolution of existing thermal overloads and increased load-serving capability, as principal benefits of the Project.[30]

(24) Mr. Hakimian also testified that the Project facilitates maintenance and modernization of PNM's existing transmission facilities. According to Hakimian, PNM cannot substantially expand the capacity of certain existing 115 kV transmission lines without first constructing the Project because taking those facilities out of service for rebuilding or upgrading would, in many instances, overload other portions of the 115 kV system. The additional infrastructure provided by the Project would allow PNM to undertake those outages and subsequent upgrades.[31]

[28] Hakimian Direct at 12-14, and PNM Ex. EH-8 at 15-16.

[29] *Id.*

[30] Hakimian Direct at 7-9, and PNM Ex. EH-4 at 7.

[31] Hakimian Direct at 14.

(25) The Hearing Examiners find that PNM has demonstrated a need for the Project that is not dependent solely upon projections of future load growth. PNM's evidence demonstrates that the Project addresses existing thermal constraints, increases transmission capability and operational flexibility, reduces reliance on load-side gas generation to manage transmission constraints, and facilitates maintenance and modernization of the existing 115 kV system. The Project's additional ability to accommodate future load and generation changes provides a further benefit supporting its construction.

B. Technical Feasibility and Reliability

(26) PNM evaluated the Project through steady-state power-flow, contingency, load-serving, voltage, short-circuit, and transient-stability analyses. PNM Exhibit EH-4 compares a pre-Project baseline case, a post-Project case incorporating the proposed 345 kV facilities, and a post-Project case that also includes the supporting Prosperity-Sandia 115 kV facilities.[32] The study evaluates system performance under normal and contingency conditions using applicable NERC and WECC planning criteria.[33]

(27) PNM's steady-state analysis demonstrates that the Project resolves or materially reduces numerous thermal overloads identified under the studied contingencies.[34] The study also identifies limitations that require measures in addition to the Project, including protection changes, redispatch, curtailment, limited load shedding under certain overlapping-outage conditions, reconductoring of the Person-Prosper 115 kV line, and the subsequent Prosperity-Sandia 115 kV

[32] Hakimian Direct, PNM Ex. EH-4 at 10, 15; Whitney Direct at 8-9.

[33] Hakimian Direct, PNM Ex. EH-4 at 10-13.

[34] Hakimian Direct, PNM Ex. EH-4 at 7, 18; Whitney Direct at 9.

facilities.[35] Staff explained that these measures address separate limiting elements within the transmission network and are part of integrating and operating the proposed facilities.[36]

(28) The other technical analyses likewise support the feasibility of the Project. PNM's post-mitigation voltage analysis identified no triggered voltage violations in the updated cases and found that existing baseline voltage issues were not significantly worsened.[37] PNM's short-circuit analysis found adequate interrupting capacity at the studied PNM circuit breakers, and its transient-stability analysis reported acceptable system performance for all contingencies studied.[38] Staff found no unresolved voltage violation caused by the Project and no breaker-duty issue at the studied stations. The highest reported breaker utilization was approximately 40.7 percent at Sandia 115 kV.[39]

(29) Staff also reviewed PNM's transient-stability analysis. Staff concluded that the study reports acceptable system performance for all studied contingencies under the stated composite-load assumptions and that the remaining model and protection-validation items do not identify a transient-stability failure caused by the Project.[40]

(30) Staff's review was not limited to accepting PNM's conclusions. Staff witness Orland Whitney testified that he compared the pre-Project and post-Project cases, reviewed the contingency categories and associated mitigation, checked voltage and breaker-duty results, evaluated the transient-stability conclusions and model notes, and traced PNM's principal claims

[35] PNM Ex. EH-4 at 18-19; Whitney Direct at 9.

[36] Whitney Direct at 9.

[37] PNM Ex. EH-4 at 8, 33-35.

[38] *Id.*

[39] Whitney Direct at 9.

[40] *Id.* at 10.

to the supporting studies and exhibits.[41] Based on that review, Staff concluded that the studies demonstrate overload mitigation, increased transfer capability, acceptable voltage performance, adequate breaker-duty margin, and acceptable transient performance under the modeled conditions. Staff further concluded that PNM provided sufficient technical support to demonstrate that the Project can be constructed, integrated, and operated as proposed.[42] Staff therefore recommends approval without an additional engineering condition.[43]

(31) Based on PNM's technical studies and Staff's independent engineering review, the Hearing Examiners find that PNM has demonstrated by a preponderance of the evidence that the Project is technically feasible and can be constructed, integrated, and operated as proposed. The studies demonstrate that the Project will mitigate significant existing transmission constraints and provide additional transmission capability and operational flexibility.

C. Alternatives and Cost

(32) PNM considered alternatives to the proposed Project. These included continued reliance on load-side gas generation, rebuilding or reconductoring portions of the existing 115 kV transmission system, and not constructing the Project.[44] Staff reviewed and compared these alternatives.[45]

(33) PNM asserts that continued reliance on load-side generation would maintain PNM's dependence on generation located within the Albuquerque-area load center to manage transmission constraints. PNM's studies show that Reeves, Valencia, Rio Bravo, and La Luz generation are

[41] *Id.* at 4-5.

[42] *Id.* at 4-5.

[43] *Id.* at 10.

[44] Hakimian Direct, PNM Ex. EH-8 at 7–9, 21; Whitney Direct at 10-11.

[45] Whitney Direct at 5, 10-11.

dispatched at times when northern New Mexico transmission capability is insufficient or to address local constraints associated with 115 kV transmission and 345/115 kV transformer outages.[46] Staff concluded that continued reliance on load-side gas generation would not provide a durable transmission solution.[47] The no-build alternative likewise would not address the existing needs identified in the record or provide the additional transmission capability associated with the proposed 345 kV facilities.[48]

(34) PNM also studied an alternative centered on rebuilding and reconductoring existing 115 kV facilities. That alternative, identified as Option 2 in PNM Exhibit EH-8, initially included rebuilding approximately 15 miles of the West Mesa-Person WV line and approximately 12.8 miles of the West Mesa-Person WJ line, and reconductoring the North-Embudo, Richmond-Sandia, and Prager-Richmond 115 kV lines.[49] PNM explained that the West Mesa-Person lines are nearly sixty years old and constructed on wood structures, such that increasing their capacity would effectively require rebuilding the lines with steel structures while maintaining service during construction.[50]

(35) PNM's analysis further demonstrates that the initial comparison between the alternatives does not capture all of the reinforcements necessary under the more demanding contingency conditions. For P1, P2, P4, and P7 contingencies, PNM estimated Option 1 at approximately $241.1 million with a 45-month construction period and Option 2 at approximately $76.5 million

[46] Hakimian Direct, PNM Ex. EH-8 at 5-6.

[47] Whitney Direct at 10-11.

[48] *Id.* at 7-8, 10-11.

[49] Hakimian Direct, PNM Ex. EH-8 at 9, 21.

[50] *Id.* at 9.

with a 36-month construction period.[51] When additional reinforcements necessary for overlapping N-1-1 contingencies are included, however, PNM estimated Option 1+ at approximately $273.8 million with a 45-month construction period and Option 2+ at approximately $234.6 million with a 48-month construction period.[52] The Option 2+ configuration would require substantial additional 115 kV rebuilding and reconductoring beyond the facilities included in the initial Option 2 configuration, as well as additional transformer work.[53]

(36) Staff reviewed this comparison and reached the same conclusion. Staff found that, although the 115 kV-focused alternative may have a lower initial cost for certain limited contingency sets, the costs of the more complete alternatives are substantially closer, and the 115 kV alternative requires longer construction schedules and more difficult outages.[54]

(37) Staff found that the proposed Project also provides system benefits that the 115 kV-focused alternative does not provide to the same extent. The 115 kV alternative would not provide the same 345 kV backbone, outage flexibility, or platform for future changes in resources and load.[55] Staff therefore concluded that, when the alternatives are compared, the proposed Project is the more reasonable and economical alternative.[56]

(38) Corrected PNM Exhibit EH-7 estimates the cost of the facilities for which PNM seeks a CCN in this proceeding at approximately $247.14 million, consisting of approximately $155.71 million for the Rio Puerco-Pajarito facilities and approximately $91.43 million for the Pajarito-

[51] *Id.* at 36-37.

[52] *Id.*

[53] *Id.* at 34-35.

[54] Whitney Direct at 11.

[55] *Id.* at 10-11.

[56] *Id.* at 11.

Prosperity and Prosperity facilities. The total estimate includes approximately $22.87 million in AFUDC.[57] Staff reconciled the corrected cost schedules to the facilities included in PNM's CCN request and confirmed both the approximately $247.14 million total estimate and the approximately $22.87 million of AFUDC. Staff found the cost information sufficient for purposes of CCN review.[58]

(39) PNM does not request approval of Project costs or ratemaking treatment in this proceeding. PNM states that it will seek authorization to recover the actual Project costs, including AFUDC, in a future general rate case, at which time the reasonableness of the final actual costs will be subject to Commission review.[59]

(40) The Hearing Examiners find that PNM adequately considered feasible alternatives and demonstrated that the proposed Project is the most reasonable and cost-effective alternative. The estimated Project cost is sufficiently supported for purposes of determining whether the Project provides a net public benefit. Prudence, actual Project costs, AFUDC, allocation, cost overruns, and rate recovery remain reserved for appropriate future proceedings.

D. Route, Environmental, and Land-Use Considerations

(41) PNM conducted a routing study for the Rio Puerco-Pajarito portion of the Project that identified 34 individual route segments capable of being combined into 129 route alternatives.[60] PNM evaluated those alternatives based on design and construction feasibility and sought to

[57] PNM's Notice of Errata to PNM Exhibit EH-7 of the Direct Testimony of Erfan Hakimian (May 5, 2026), Corrected PNM Ex. EH-7 at 1-2.

[58] Whitney Direct at 5, 11.

[59] Alvarez Direct at 8-9.

[60] Direct Testimony of Leslie M. Watson ("Watson Direct"), PNM Ex. LMW-2 at 7. *Hearing Examiners' Note: PNM Ex. LMW-2 appears to have two different sets of page numbering, one in bold in the header and smaller numbers in the footer. These citations refer to the page numbers in the header.*

minimize impacts to residences and developed areas as well impacts to wetlands, riparian areas, conservation lands, protected species, and habitat. PNM also took into consideration overall route length and use of existing utility corridors and roadways where practical.[61]

(42) PNM narrowed the alternatives to two technically feasible routes and developed the Proposed Route by combining portions of those routes.[62] PNM witness Leslie Watson testified that the Proposed Route was selected to avoid or minimize cultural, environmental, and land-use impacts while providing the least-cost route for design and construction.[63] Staff independently reviewed PNM's route-selection process and concluded that the record demonstrates the existence of feasible corridors and that PNM's route analysis is sufficient for purposes of the requested CCN.[64]

(43) PNM also evaluated environmental and cultural resources potentially affected by the Project. PNM uses the resulting information during Project planning and design to avoid or minimize impacts and incorporates completed survey results and environmental studies into an Environmental Report used to guide the site-specific location of facilities.[65] PNM's stated practice is to avoid resources eligible or potentially eligible for state or national historic registers where possible.[66] Its biological review assessed vegetation, water resources, noxious plants, and habitat suitability for federally and state-protected species. PNM concluded that no additional ecological-

[61] *Id.*

[62] *Id.* at 7-8.

[63] Watson Direct at 3.

[64] Whitney Direct at 12.

[65] Watson Direct at 4-6.

[66] *Id.* at 6.

resource studies were necessary and that the Proposed Route would not unduly affect wildlife habitat or vegetation.[67]

(44) PNM's separate biological survey determined that the Project would not result in ground disturbance within the Rio Grande riparian corridor.[68] PNM's preliminary air-quality analysis concluded that construction and operation would conform to applicable emissions requirements.[69] PNM conducted viewshed analysis and incorporated design features intended to reduce visual impacts.[70]

(45) PNM's socioeconomic evaluation was not final when PNM filed its direct testimony, but at the time of filing direct testimony PNM had identified no adverse socioeconomic impacts and anticipated positive effects associated with construction activity and increased transmission capacity and reliability.[71]

(46) The environmental-justice analysis also was not final when PNM filed its direct testimony. Watson testified that PNM's consultant was preparing a final environmental-justice screening and that the preliminary screening identified environmental-justice populations based on minority population or low-income household criteria in all census block groups within three miles of the alternative routes.[72] In response to the Hearing Examiners' August 10, 2026 Bench Request, PNM witness Adam McClellan explained that PNM deferred finalization of the environmental-justice

[67] *Id.* at 7.

[68] *Id.* at 8.

[69] *Id.* at 8-9.

[70] *Id.* 9.

[71] *Id.* at 9-10.

[72] Watson Direct at 10.

screening until completion of route adjustments, after which PNM will determine whether modifications to the screening are necessary.[73]

(47) McClellan further testified that, if the completed environmental-justice screening or socioeconomic evaluation identified a negative effect on the public interest, PNM would conduct additional public outreach and evaluate potential engineering modifications or further route adjustments.[74] If the Commission grants the CCN before those studies are completed, PNM has committed to update the Commission through a compliance filing and, in any event, to update the Commission concerning completed studies if they affect the final route.[75] The Hearing Examiners recommend that PNM be required to make a compliance filing upon completion of the environmental-justice screening and socioeconomic evaluation if the completed studies affect the final route or otherwise result in a material change to the Project.

(48) In summary, and based on resource evaluations and supporting technical reports, PNM witness Watson concluded that the Project is not anticipated to unduly impair important environmental values and that best management practices and permit conditions will further avoid or reduce adverse impacts.[76]

(49) Staff independently reviewed the environmental, cultural, and permitting record and concluded that it identifies no issue that would prevent construction of the Project.[77]

(50) PNM also conducted Tribal outreach concerning the Project. PNM notified all twenty-nine Tribes identified as having ancestral ties to the Petroglyph National Monument area and met

[73] McClellan Supplemental at 1.

[74] *Id.* at 2.

[75] *Id.*

[76] *Id.* at 14.

[77] Whitney Direct at 12-13.

directly with Tribes requesting additional involvement.[78] Six Tribal Historic Preservation Officers requested cultural-resource information, which PNM provided.[79] Tribal feedback included concerns regarding preservation of west-facing views toward Mt. Taylor and questions concerning electric and magnetic fields.[80] PNM testified that no Tribe had expressed verbal or written opposition to the Project and committed to continued communication with Tribal governments and representatives as the Project progresses.[81]

(51) The Hearing Examiners find that PNM has reasonably evaluated routing, environmental, cultural, Tribal, and land-use considerations to the extent necessary for the requested CCN. Staff's independent review supports the conclusion that the route and environmental record identifies no issue that prevents construction of the Project. PNM nevertheless remains responsible for final design, acquisition of necessary land rights, completion of its environmental review, compliance with environmental and cultural requirements, and obtaining all required governmental permits and approvals.[82]

E. Public Convenience and Necessity

(52) The final inquiry is whether the Project, considered as a whole, provides a net public benefit and is consistent with the public convenience and necessity.

(53) Staff weighed the Project's approximately $247 million estimated cost, construction and land-use impacts, permitting requirements, and related future upgrades against its reliability benefits, relief of identified thermal constraints, greater outage flexibility, increased transfer

[78] Direct Testimony of Cathy Newby ("Newby Direct") at 6-7.

[79] *Id.* at 4.

[80] *Id.* at 5-7.

[81] *Id.* at 7.

[82] Whitney Direct at 15.

capability, reduced dependence on load-side gas generation, and ability to accommodate future resource and load changes. Staff concluded that, on balance, the benefits outweigh the burdens and establish a net public benefit.[83]

(54) Staff also concluded that the Project will not result in unnecessary duplication or economic waste. The Project creates a new 345 kV path around PNM's principal Albuquerque-area load center that performs a function the existing 115 kV network does not provide. The supporting 115 kV facilities and later reinforcements address different transmission-system limitations and are complementary rather than duplicative. Staff further noted that the additional 345 kV path will relieve identified overloads, provide operational redundancy, and create outage flexibility needed for later work on the existing 115 kV system.[84]

(55) Interwest witness Remy Franklin testified that the Project addresses important near-term reliability needs while providing a foundation for future transmission expansion, enabling reduced reliance on load-side gas generation, and increasing access to regional electricity markets.[85] Franklin also concluded that the Project's consistency with PNM's Integrated Resource Plan and 20-Year Transmission Outlook supports its value as a long-term transmission investment.[86] Interwest recommends approval of the requested CCN.[87]

(56) The Hearing Examiners conclude that PNM has met its burden of proof. The preponderance of the evidence establishes a present transmission need independent of future load growth. The Project is technically feasible and will provide substantial reliability and operational

[83] *Id.* at 14.

[84] *Id.* at 13.

[85] Franklin Direct at 3-5.

[86] *Id.* at 4-5, 9-10, 22.

[87] *Id.* at 22.

benefits. PNM considered feasible alternatives, and the Project is the more reasonable and economical alternative when the alternatives are compared. The record further establishes that the Project's benefits outweigh its estimated costs and identified burdens, and that the Project will not result in unnecessary duplication or economic waste.

(57) The Hearing Examiners therefore recommend that the Rio Puerco to Pajarito to Prosperity 345 kV Transmission Project be granted a CCN pursuant to NMSA 1978, Sections 62-9-1 and 62-9-6. The CCN should be limited to the facilities described in the Application and should not constitute approval of a precise route or any particular property interest. PNM should remain responsible for final design, required permits and land rights, environmental and cultural compliance, applicable reliability standards, and the compliance filing discussed above concerning the completed environmental-justice screening and socioeconomic evaluation. All issues concerning prudence, actual Project costs, AFUDC, cost overruns, jurisdictional and class allocation, and rate recovery should be reserved for an appropriate future proceeding.

IV. RECOMMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission finds and concludes:

(58) PNM is a public utility subject to the jurisdiction of the Commission under the Public Utility Act.

(59) PNM seeks a CCN to construct, own, and operate the Rio Puerco to Pajarito to Prosperity 345 kV Transmission Project.

(60) The Project and the facilities for which PNM seeks a CCN are sufficiently defined in the Application and supporting evidence for purposes of Commission review.

(61) The evidence establishes a present need for the Project independent of future load growth. The Project will address existing transmission-system constraints, increase transmission capability

and operational flexibility, reduce reliance on load-side gas generation to manage transmission constraints, and facilitate maintenance and modernization of PNM's existing transmission system.

(62) PNM's technical studies, as independently reviewed by Staff, demonstrate that the Project is technically feasible, can be integrated into PNM's transmission system, and will materially improve the reliability and operational flexibility of that system.

(63) The additional operating measures, supporting transmission facilities, and future system improvements identified in the record do not undermine the need for or technical feasibility of the Project.

(64) PNM adequately considered feasible alternatives to the Project, including continued reliance on load-side generation, improvements to the existing 115 kV system, and the no-build alternative.

(65) The evidence establishes that the Project is the most reasonable and cost-effective alternative when the alternatives are compared.

(66) The estimated cost of the Project is approximately $247.14 million, including approximately $22.87 million of AFUDC, and is sufficiently supported for purposes of evaluating the requested CCN.

(67) PNM does not seek approval of Project costs or ratemaking treatment in this proceeding. Issuance of the CCN does not constitute a determination of the prudence or recoverability of any particular Project expenditure. Prudence, actual Project costs, AFUDC, cost overruns, jurisdictional and class allocation, and rate recovery remain subject to review in an appropriate future proceeding.

(68) PNM adequately evaluated routing, environmental, cultural, Tribal, and land-use considerations for purposes of the requested CCN, and the record identifies no such issue that renders the Project infeasible.

(69) PNM's environmental-justice screening and socioeconomic evaluation were not final when the evidentiary record closed. PNM should be required to make a compliance filing if the completed studies affect the final route or otherwise result in a material change to the Project.

(70) Issuance of the CCN does not approve a precise transmission route, determine the location of facilities or right-of-way on any particular parcel, authorize acquisition of any particular property interest, or relieve PNM of its obligation to obtain required property rights, permits, land-use approvals, or other governmental authorizations.

(71) The Commission has previously approved a maximum right-of-way width of 150 feet for the Project. This approval does not constitute approval of the precise route or location of the Project.

(72) The Project does not constitute unnecessary duplication or economic waste. The proposed 345 kV facilities and the supporting 115 kV facilities and future reinforcements perform complementary functions within PNM's transmission system.

(73) The evidence establishes that the benefits of the Project outweigh its burdens and that the Project provides a net public benefit.

(74) No party presently opposes issuance of the requested CCN. Staff recommends approval without additional engineering conditions, and Interwest supports approval.

(75) PNM has met its burden of demonstrating that the Project is consistent with the public convenience and necessity and should be granted a CCN pursuant to NMSA 1978, Sections 62-9-1 and 62-9-6, subject to the limitations and requirements stated in the Commission's Final Order.

V. RECOMMENDED DECRETAL PARAGRAPHS

(A) The findings of fact and conclusions of law contained in this Recommended Decision are adopted.

(B) PNM's request for a certificate of public convenience and necessity to construct, own, and operate the Rio Puerco to Pajarito to Prosperity 345 kV Transmission Project is granted pursuant to NMSA 1978, Sections 62-9-1 and 62-9-6.

(C) The CCN granted by this Order is limited to the Project facilities described in PNM's Application and supporting evidence and does not extend to supporting future transmission facilities that are not included in the Application.

(D) Approval of the CCN does not constitute approval of the precise route or location of the Project, determine the location of Project facilities or right-of-way on any particular parcel, or authorize the acquisition or taking of any particular property interest.

(E) PNM remains responsible for obtaining all necessary easements, property rights, permits, land-use approvals, consents, and other governmental authorizations required for construction and operation of the Project.

(F) PNM remains responsible for final engineering and design, implementation of necessary operating and mitigation measures, compliance with applicable reliability standards, and compliance with applicable environmental, cultural-resource, and consultation requirements.

(G) PNM shall complete its environmental-justice screening and socioeconomic evaluation. If the completed studies affect the final route or otherwise result in a material change to the Project as approved by this Order, then within one month of completing the relevant screening or evaluation, PNM shall make a compliance filing with the Commission identifying the change and any effects on the Project.

(H) The Commission's August 14, 2026, Order Approving Right-of-Way Width remains in effect and is not modified or superseded by this Order.

(I) Approval of the CCN does not constitute a determination that any particular Project expenditure is prudent or recoverable from customers.

(J) All issues concerning the prudence of Project expenditures, actual Project costs, AFUDC, cost overruns, jurisdictional and customer-class allocation, and rate recovery are reserved for determination in an appropriate future proceeding.

(K) Any finding or conclusion not specifically stated here but that is necessary to make this writing coherent and complete is adopted by the Commission as if it were stated.

(L) The Commission has taken administrative notice of all Commission orders, rules, and decisions in all Commission proceedings cited in this Final Order.

(M) Any matter not specifically ruled on during the hearing or in this writing is resolved consistent with this Final Order.

(N) If no motions for rehearing are filed, or if all motions for rehearing are denied by operation of law, this Docket shall close.

(O) This Order is effective when signed.

(P) In computing time in accordance with statute, regulation, or Commission order, the computation shall begin on the date that this Order is filed.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico on October 6, 2026.

NEW MEXICO PUBLIC REGULATION COMMISSION

Jocelyn Barrett
Chief Hearing Examiner
Jocelyn.Barrett@prc.nm.gov

Keven Gedko
Hearing Examiner
Keven.Gedko@prc.nm.gov

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. 26-0000041**

CERTIFICATE OF SERVICE

I certify that on this date I sent via email a true and correct copy of the **Recommended Decision**, filed on PRCe360 on the same day, to parties and potential parties listed below.

PNM	
Christopher Atencio	christopher.atencio@txnmenergy.com;
Debrea Terwilliger	dterwilliger@wbklaw.com;
John Verheul	john.verheul@txnmenergy.com;
Kyle Sanders	kyle.sanders@txnmenergy.com;
Laura Maestas	laura.maestas@pnm.com;
Lisa Contreras	lisa.Contreras@pnm.com;
PNM Regulatory	pnmregulatory@pnm.com;
Raymond L. Gifford	rgifford@wbklaw.com;
Rick Alvidrez	ralvidrez@mstlaw.com;
Stacey Goodwin	stacey.goodwin@txnmenergy.com;
Adam Alvarez	Adam.Alvarez@pnm.com;
ABCWUA	
Nann M. Winter	nwinter@stelznerlaw.com;
Keith Herrmann	kherrmann@stelznerlaw.com;
Alex Cannady	acannady@stelznerlaw.com;
L. Erica Flores	eflores@stelznerlaw.com;
Christopher P. Melendez	cmelendrez@abcwua.org;
INTERWEST ENERGY ALLIANCE	
Joan E. Drake	jdrake@modrall.com;
Chris Leger	chris@interwest.org;
Remy Franklin	remy@interwest.org;
NEW MEXICO AREA	
Peter J. Gould	peter@thegouldlawfirm.com;
Kelly Gould	kelly@thegouldlawfirm.com;

PRC ADVOCACY STAFF	
Nicholas Rossi	nicholas.rossi@prc.nm.gov;
John Bogatko	John.bogatko@prc.nm.gov;
Jack Sidler	Jack.Sidler@prc.nm.gov;
Orland Whitney	orland.whitney@prc.nm.gov;
Christopher Dunn	Christopher.Dunn@prc.nm.gov;
Jonah Mauldin	Jonah.Mauldin@prc.nm.gov;
Ed Rilkoff	ed.rilkoff@prc.nm.gov;
Elisha Leyba-Tercero	Elisha.leyba-tercero@prc.nm.gov;
Elizabeth Ramirez	Elizabeth.Ramirez@prc.nm.gov;
Gabriella Dasheno	gabriella.dasheno@prc.nm.gov;
Peggy Martinez-Rael	Peggy.Martinez-Rael@prc.nm.gov;
PRC General Counsel	
Russell Fisk	Russell.Fisk@prc.nm.gov;
Hearing Examiner Division	
Keven Gedko	Keven.Gedko@prc.nm.gov;
Jocelyn Barrett	Jocelyn.Barrett@prc.nm.gov;
Ana Kippenbrock, Paralegal	Ana.kippenbrock@prc.nm.gov;

Dated on October 6, 2026.

NEW MEXICO PUBLIC REGULATION COMMISSION



Paralegal