

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF A PROTEST TO THE )  
2012 NEW MEXICO GAS COMPANY )  
INTEGRATED RESOURCE PLAN )  
\_\_\_\_\_ )

Case No. 12-00145-UT

NEW MEXICO GAS COMPANY, INC.'S RESPONSE TO  
NATIONAL NUCLEAR SECURITY ADMINISTRATION'S PROTEST OF  
NEW MEXICO GAS COMPANY'S INTEGRATED RESOURCE PLAN

New Mexico Gas Company, Inc. ("NMGC") hereby responds to National Nuclear Security Administration's ("NNSA") Protest (the "Protest") of NMGC's Integrated Resource Plan, and respectfully requests that the New Mexico Public Regulation Commission ("NMPRC" or the "Commission") accept NMGC's Integrated Resource Plan ("IRP") as compliant without the necessity of a hearing.

Commission Rule 17.7.4.15.A NMAC states that "[t]he [C]ommission may accept the proposed IRP as compliant with this rule without a hearing, unless a protest is filed that demonstrates *to the [C]ommission's reasonable satisfaction* that a hearing is necessary." (emphasis added). As discussed in greater detail below, the Protest fails to demonstrate that a hearing on NMGC's IRP is necessary. NMGC's IRP meets all of the requirements of NMSA 1978, Section 62-17-10 and 17.7.4 NMAC, and the issues raised in the Protest have already been addressed in other proceedings before the Commission.

**I. The Issues NNSA Raises Have Already Been Addressed.**

Essentially, NNSA's Protest alleges that NMGC's IRP is "inadequate" because it "glosses" over the curtailment and provides no "significant, detailed plans that would assure [NMGC's] customers that if [a cold weather event similar to February, 2011 occurred] again that

it will be prepared and a curtailment would not reoccur." Protest p. 2. The Protest also contains a number of recommendations for the Commission to pursue, including a primary request that the Commission appoint a hearing examiner to evaluate steps that can be taken to avoid a curtailment of service in the event a winter storm similar to February, 2011 occurs in the future.

The events and issues raised by the cold weather event in the Southwestern United States in February, 2011 have or are being investigated by the Federal Energy Regulatory Commission ("FERC"), the NMPRC, a NMPRC's Utility Division Staff ("Staff") workshop, an appointed Legislative Task Force, a Los Alamos National Labs ("LANL") modeling study, and an evaluation by an NMPRC independently retained expert: Michael Johnson. Throughout all of these investigations, NMGC has detailed its efforts during and after the outage, and has outlined its efforts to avoid any further recurrence of the events of February, 2011 or similar events. These investigations and reports were all public, and NNSA has participated in the state sponsored investigations.

Rather than repeat all this information in its IRP filing, NMGC chose to comply with the requirements of NMSA 1978, Section 62-17-10 and 17.7.4 NMAC. To allege, as NNSA has, that NMGC has "glossed" over the "curtailment and [has] provided no significant, detailed plans" ignores this investigative history and promotes form over substance. Rather than ignore these investigations, NMGC's IRP addresses the potential "local storage" recommendations of these various investigations by providing pertinent facts regarding the three options discussed.

Specifically, at the state level, and with regard to future plans, in NMPRC Case No. 11-00039-UT<sup>1</sup> ("Case 11-00039"), the Commission directed Staff to evaluate potential ways to mitigate or avoid the impact of future severe weather events and ordered Staff to submit a report

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<sup>1</sup> NNSA intervened in Case 11-00039, participated in discovery, presented witnesses, cross-examined witnesses and filed both a Brief in Chief and proposed Findings of Fact.

detailing Staff's findings and recommendations to the Commission. *See* Order Partially Denying Joint Motion to Continue Investigation, Case 11-00039.

Following this Order, Staff organized an investigation into the weather event of February, 2011, and held multiple meetings between March 3, 2011 and August 3, 2011 in conjunction with its investigation into the February, 2011 gas curtailments and possible ways to mitigate the impacts of future severe weather events. All interested parties (including NNSA) were invited to participate in these meetings, were provided with copies of all documents NMGC and other participants provided to Staff, and had the opportunity to submit their own recommendations on ways to mitigate or avoid future curtailments. NNSA fully participated in these efforts. Following its investigation, Staff submitted its report, entitled *Severe Weather Event of February, 2011 and its Cascading Impact on NM Utility Service* (the "Report"), to the Commission on December 21, 2011. Staff's Report was very comprehensive; containing a detailed analysis of how the February, 2011 severe weather event impacted the major utilities in New Mexico, as well as multiple recommendations on ways to mitigate the impacts of future severe weather events. NNSA's Protest does not mention this investigation by Staff, or NNSA's participation in this effort, or the Staff Report. NNSA's Protest does not argue that Staff's Report was deficient in any way or otherwise attempt to explain why the Commission should appoint a hearing examiner to essentially repeat the task that the Commission previously assigned to Staff and which Staff completed.

Second, NNSA's Protest also challenges NMGC's IRP on the theory that the IRP does not discuss adding additional compression to certain stations where NMGC takes gas from the interstate pipelines. This challenge is without merit. Following the February weather event LANL modeled the NMGC system and did not note any issues with the compression capabilities

of NMGC's system. LANL issued a report (the "LANL Report") detailing its findings, which was included as an exhibit in Case 11-00039, and was subject to examination during that hearing. The LANL Report went unchallenged by any witness to that proceeding, including NNSA witness Winfield. It is unclear what additional information NNSA believes can be derived in addition to the detail contained in the LANL Report, and the Protest amounts to little more than an unfounded desire to revisit an issue already addressed. Additionally, as detailed during the preparation of the Staff's Report and as noted in Staff's Report, *see* Staff's Report, pp. 63-64, NMGC, has added some additional compression to the Chaparral Compression Station, the site where NMGC receives gas from El Paso Natural Gas for use in the Alamogordo area.

Third, NNSA's Protest requests that the Commission obtain an independent expert witness to investigate and make recommendations to the Commission regarding possible solutions to any NMGC system reliability problems. This has already been done. As part of its investigation of the February, 2011 curtailments in Case 11-00039, the Commission retained Michael Johnson as an independent expert to evaluate the causes of the gas curtailments and provide recommendations to reduce the possibility of future gas curtailments during cold weather events. Mr. Johnson submitted his findings on June 30, 2011 in a report entitled *Evaluation of the Gas Outages During the Cold Weather Event, Early February, 2011, from the Industry Segments Outside the City Gates of the Local Distribution Companies* (the "Johnson Report"). The Johnson Report contains approximately five (5) pages of recommendations from Mr. Johnson aimed at reducing the possibility of gas curtailments during future cold weather events. *See* Johnson Report, pp. 12-16. Without objection, the Johnson Report was inserted as public comment in Case 11-00039.

Significantly, the Federal Energy Regulatory Commission ("FERC") also investigated the February, 2011 weather events throughout the Southwestern United States, and issued multiple recommendations to mitigate or avoid future curtailments in its report entitled *Outages and Curtailments During the Southwest Cold Weather Event of February 1 through 5, 2011*, which was published in August, 2011.

Finally, the Protest requests that interested parties be allowed to retain independent experts to study the reliability of NMGC's system. Interested parties have always had and continue to have this opportunity, and this does not create any reasonable basis to oppose the Company's IRP.

Given that the bases for NNSA's Protest have already been addressed in other proceedings before the NMPRC and FERC, the Protest fails to demonstrate that a hearing on NMGC's IRP is reasonably necessary.

## **II. NMGC Provided Sufficient Information Regarding Additional Infrastructure.**

NNSA's Protest recommends that NMGC make detailed studies of the three options set out at page 23 of the IRP. NMGC fails to see the value of this recommendation.

The Commission's IRP rules require NMGC to provide an "evaluation of various options that could reasonably be added to the utility's resource portfolio." 17.7.4.10 NMAC. In compliance with this provision, NMGC provided overviews, evaluations and cost estimates for three potential large scale infrastructure projects available to enhance supply reliability through the development of local storage options: (1) a pipeline to a new supply basin; (2) developing underground storage facilities in New Mexico; and (3) the construction of a Liquid Natural Gas facility. *See* IRP, pp. 23-24. Previously, NMGC provided more detailed discussions of these

three projects in its submissions and communications to Staff and parties during the preparation of Staff's Report. All interested parties were provided with copies of these submissions.

Prior to undertaking any large project such as one of the three for local storage discussed in the IRP, NMGC will by rule be required to file additional detailed support with the Commission for such a project. Unless ordered to do so, preparing the detailed reports requested by NNSA at this time on all three options is not necessary for purposes of NMGCs' IRP filing, and would not provide additional useful information that has not been previously provided in the several investigations detailed above.

**III. Conclusion.**

NNSA's protest boils down to a request, at NMGC's and the Commission's expense, to revisit issues addressed or evaluated in other proceedings including the utility Staff investigation initiated at the request of the Commission. This is not necessary for full consideration of NMGC's IRP and would result in unnecessary delay and expense.

WHEREFORE, for all of the foregoing reasons, NMGC respectfully requests that the Commission accept NMGC's IRP as compliant without the necessity of a hearing.

Respectfully submitted,

NEW MEXICO GAS COMPANY, INC.

By: 

Thomas M. Domme, Vice President  
and General Counsel

P.O. Box 97500

Albuquerque, New Mexico 87199-7500

Phone: (505) 697-3300

Fax: (505) 797-4752

Keleher & McLeod, P.A.  
Clyde F. Worthen, Esq.  
Brian J. Haverly, Esq.  
P.O. Box AA  
Albuquerque, New Mexico 87103  
(505) 346-4646  
cfw@keleher-law.com  
bjh@keleher-law.com

NMGCO #2491329

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of New Mexico Gas Company's Response to National Nuclear Security Administration's Protest of New Mexico Gas Company's Integrated Resource Plan, issued May 14, 2012, was sent either by electronic mail or by first class, postage prepaid U.S. Mail to the parties below:

Thomas Domme, Esq.  
New Mexico Gas Company  
P.O. Box 97500/MS/AC02  
Albuquerque, NM 87199-7500  
[tom.domme@nmgco.com](mailto:tom.domme@nmgco.com)

Mary E. Homan  
New Mexico Gas Company/Regulatory Policy  
P.O. Box 97500/MS/AC04  
Albuquerque, NM 87199-7500  
[mary.homan@nmgco.com](mailto:mary.homan@nmgco.com)

Bruce Throne, Esq.  
1440 B. South St. Francis Dr.  
Santa Fe, NM 87505

Roger Colton  
Fisher, Sheehan & Colton  
34 Warwick Road  
Belmont, MA 02478

John Arrowsmith  
Utilities Manager  
Department. of Public Utilities  
P.O. Box 1030  
Los Alamos, NM 87544

Evan D. Evans  
El Paso Electric Company  
100 N. Stanton  
El Paso, TX 79901

Sheryl Carter  
NRDC  
111 Sutter Street -- 20<sup>th</sup> Floor  
San Francisco, CA 94104

Elida Saucedo  
1507 Katie St NE  
Albuquerque, NM 87110

**And sent electronically only to:**

Jeff Taylor, Esq.  
Loretta Martinez  
Clyde F. Worthen, Esq.  
Andrea Crane  
Theresa Leger, Esq.  
Noelle Graney, Esq.  
Sunny Nixon, Esq.

[JTaylor@nmag.gov](mailto:JTaylor@nmag.gov)  
[Lmartinez@nmag.gov](mailto:Lmartinez@nmag.gov)  
[cfw@keleher-law.com](mailto:cfw@keleher-law.com)  
[etcolumbia@aol.com](mailto:etcolumbia@aol.com)  
[tleger@nordhauslaw.com](mailto:tleger@nordhauslaw.com)  
[ngraney@nordhauslaw.com](mailto:ngraney@nordhauslaw.com)  
[snixon@rodey.com](mailto:snixon@rodey.com)

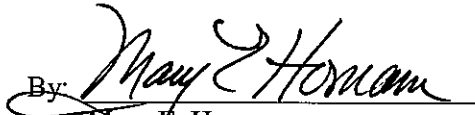


Charles Garcia, Esq.	<a href="mailto:cgarcia@mstlaw.com"><u>cgarcia@mstlaw.com</u></a>
Daniel A. Najjar, Esq.	<a href="mailto:vnajjar@aol.com"><u>vnajjar@aol.com</u></a>
Maude Grantham-Richards	<a href="mailto:MaudeGR@fmtn.org"><u>MaudeGR@fmtn.org</u></a>
Lewis O. Campbell, Esq.	<a href="mailto:Lcampbell@abqenergy.net"><u>Lcampbell@abqenergy.net</u></a>
Richard L. Alvidrez, Esq.	<a href="mailto:ralvidrez@mstlaw.com"><u>ralvidrez@mstlaw.com</u></a>
David B. Nava, Esq.	<a href="mailto:dnava@cabq.gov"><u>dnava@cabq.gov</u></a>
Justin Lesky, Esq.	<a href="mailto:jlesky@leskylawoffice.com"><u>jlesky@leskylawoffice.com</u></a>
Nann Winter, Esq.	<a href="mailto:nmw@ssslawfirm.com"><u>nmw@ssslawfirm.com</u></a>
Peter Gould, Esq.	<a href="mailto:pgouldlaw@aol.com"><u>pgouldlaw@aol.com</u></a>
Jeff D. Reynolds, Esq.	<a href="mailto:JER@gknet.com"><u>JER@gknet.com</u></a>
Robert Kidd, Esq.	<a href="mailto:rkidd@cabq.gov"><u>rkidd@cabq.gov</u></a>
Jenica Jacobi	<a href="mailto:jjacobi@acabq.gov"><u>jjacobi@acabq.gov</u></a>
Jami Porter Lara	<a href="mailto:jlaraporter@gmail.com"><u>jlaraporter@gmail.com</u></a>
Tom Singer	<a href="mailto:tsinger@nrdc.org"><u>tsinger@nrdc.org</u></a>
Helga Schmikat	<a href="mailto:Schimkat_Law@comcast.net"><u>Schimkat_Law@comcast.net</u></a>
Patricia Cardona	<a href="mailto:trishcard@hotmail.com"><u>trishcard@hotmail.com</u></a>
Thomas Wander	<a href="mailto:Thomas.Wander@pnmresources.com"><u>Thomas.Wander@pnmresources.com</u></a>
Sanders Moore	<a href="mailto:sanders@environmentnewmexico.org"><u>sanders@environmentnewmexico.org</u></a>
David Van Winkle	<a href="mailto:david@vw77.com"><u>david@vw77.com</u></a>
Stephen Fischmann	<a href="mailto:Stephen.fischmann@gmail.com"><u>Stephen.fischmann@gmail.com</u></a>
Margret Carde	<a href="mailto:mcarde@live.com"><u>mcarde@live.com</u></a>
Steven S. Michel, Esq.	<a href="mailto:smichel@westernresources.org"><u>smichel@westernresources.org</u></a>
Tammy Fiebelkorn	<a href="mailto:tfiebelkorn@swenergy.org"><u>tfiebelkorn@swenergy.org</u></a>
Benjamin Phillips, Esq.	<a href="mailto:Ben.phillips@pnmresources.com"><u>Ben.phillips@pnmresources.com</u></a>
Jim Brack	<a href="mailto:Jim.brack@state.nm.us"><u>Jim.brack@state.nm.us</u></a>
Nancy Burns, Esq.	<a href="mailto:Nancy.burns@state.nm.us"><u>Nancy.burns@state.nm.us</u></a>
Timothy Martinez	<a href="mailto:Timothy.martinez@state.nm.us"><u>Timothy.martinez@state.nm.us</u></a>
Richard. D. Vergas, Esq.	<a href="mailto:rvergas@doeal.gov"><u>rvergas@doeal.gov</u></a>
Laura E. Sanchez, Esq.	<a href="mailto:lsanchez@nrdc.org"><u>lsanchez@nrdc.org</u></a>
Jay Kumar	<a href="mailto:jkumar@etcinc.biz"><u>jkumar@etcinc.biz</u></a>
Howard Geller	<a href="mailto:hgeller@swenergy.org"><u>hgeller@swenergy.org</u></a>
Michael Dirmeier	<a href="mailto:mdirmeie@gsb.uchicago.edu"><u>mdirmeie@gsb.uchicago.edu</u></a>
Richard Mertz, Esq.	<a href="mailto:RMertz@salud.unm.edu"><u>RMertz@salud.unm.edu</u></a>
Kimberly N. Bell, Esq.	<a href="mailto:KiBell@salud.unm.edu"><u>KiBell@salud.unm.edu</u></a>
Randall W. Childress, Esq.	<a href="mailto:randy@childresslaw.com"><u>randy@childresslaw.com</u></a>
Stacey J. Goodwin, Esq.	<a href="mailto:stacey@childresslaw.com"><u>stacey@childresslaw.com</u></a>
John Reynolds	<a href="mailto:john.reynolds@state.nm.us"><u>john.reynolds@state.nm.us</u></a>
Craig O'Hare	<a href="mailto:cohare@state.nm.us"><u>cohare@state.nm.us</u></a>
Jack Purson	<a href="mailto:purson@earthlink.net"><u>purson@earthlink.net</u></a>
Ken Hughes	<a href="mailto:khughes@state.nm.us"><u>khughes@state.nm.us</u></a>
Tom Dobson	<a href="mailto:Tom.dobson@el Paso.com"><u>Tom.dobson@el Paso.com</u></a>
Steve Henderson	<a href="mailto:stevelhenderson@hotmail.com"><u>stevelhenderson@hotmail.com</u></a>
Judy Stubbs	<a href="mailto:Judystubbs@cableone.net"><u>Judystubbs@cableone.net</u></a>
Bill Monlux	<a href="mailto:billmonlux@gmail.com"><u>billmonlux@gmail.com</u></a>
Dave Gilmer	<a href="mailto:dgilmer@ieee.org"><u>dgilmer@ieee.org</u></a>
Cliff Richardson	<a href="mailto:Clifford.richardson.ctr@kirtland.af.mil"><u>Clifford.richardson.ctr@kirtland.af.mil</u></a>

Jerry Pekarek  
Jeff Zumwalt  
Bill Payne  
Laryy Mapes  
Cora Bermal  
Eva Bermal  
Michael Furze  
Dean Brunton  
Cindy Bothwell  
David Romero  
Bill Foster  
Andy Robertson  
Thomas Domme  
Mary Homan

[pekjj@msn.com](mailto:pekjj@msn.com)  
[jzumwalt@unm.edu](mailto:jzumwalt@unm.edu)  
[bpayne37@comcast.net](mailto:bpayne37@comcast.net)  
[lmapes@valverdeenergy.com](mailto:lmapes@valverdeenergy.com)  
[Ubermom87@yahoo.com](mailto:Ubermom87@yahoo.com)  
[evavmae@yahoo.com](mailto:evavmae@yahoo.com)  
[mfurze@housingnm.org](mailto:mfurze@housingnm.org)  
[Dean.brunton@prnresources.com](mailto:Dean.brunton@prnresources.com)  
[cbothwe@pnm.com](mailto:cbothwe@pnm.com)  
[David.romero@krqe.com](mailto:David.romero@krqe.com)  
[b.foster@regensp.com](mailto:b.foster@regensp.com)  
[andyrobertson@comcast.net](mailto:andyrobertson@comcast.net)  
[tom.domme@nmgco.com](mailto:tom.domme@nmgco.com)  
[mary.homan@nmgco.com](mailto:mary.homan@nmgco.com)

Dated this 14th day of May, 2012.

By 

Mary E. Homan  
Project Manager, Regulatory Affairs  
New Mexico Gas Company  
P.O. Box 97500  
Albuquerque, NM 87199-7500  
Telephone: (505) 697-3833