

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

INITIAL ORDER

THIS MATTER comes before the New Mexico Public Regulation Commission (Commission) upon the Protest filed on May 2, 2012, by the United States Department of Energy (DOE) on behalf of the National Nuclear Security Administration against New Mexico Gas Company's (NMGC's) 2012 Integrated Resource Plan (IRP). Whereupon, being duly advised,

THE COMMISSION FINDS AND CONCLUDES:

1. The Commission has adopted a rule regarding Integrated Resource Plans For Gas Utilities, as set forth in Title 17, Chapter, 7, Part 4 of the New Mexico Administrative Code (NMAC), under the authority vested in the Commission by the New Mexico Public Regulation Commission Act, NMSA 1978, Section 8-8-15; the Public Utility Act, NMSA 1978, Section 62-3-1 *et seq.*; the Efficient Use of Energy Act, NMSA 1978, Section 62-17-1 *et seq.*; and Rule 17.7.4.3 NMAC.

2. The Commission's IRP Rule, Rule 17.7.4.1 -.18 NMAC, states as its objective, "The purpose of this rule is to set forth the commission's requirements for the preparation, filing, review and acceptance of New Mexico integrated resource plans by public utilities supplying retail natural gas service in New Mexico." Rule 17.7.4.6 NMAC.

Initial Order
Case No. 12-00145-UT

3. Pursuant to Rule 17.7.4.15(A) NMAC, the Commission may accept a proposed IRP as compliant with the IRP Rule without a hearing, unless a protest is filed that demonstrates to the Commission's reasonable satisfaction that a hearing is necessary. Protests to an IRP must be filed within 30 days after the date it is filed with the Commission. Then, if the Commission determines that a protest demonstrates that a hearing is necessary, the Commission will set the IRP for a hearing in which all parties will have the opportunity to seek discovery and cross-examine witnesses.

4. On April 2, 2012, NMGC filed its 2012 IRP. Therefore, the deadline to file a protest was May 2, 2012.

DOE's Protest

5. On May 2, 2012, DOE filed its Protest to NMGC's 2012 IRP. DOE's challenge to NMGC's IRP alleges, in sum, that NMGC's IRP does not adequately address the February, 2011, gas curtailment caused by cold weather or provide detailed, sufficient assurance that a future occurrence of a similar event will not have the same result. (Protest at pp. 2, 12.)

6. More specifically, DOE alleges that NMGC's IRP is deficient in the following respects:

- a. It lacks a plan to construct necessary infrastructure to ensure service during cold weather (Protest at p.2);
- b. It lacks a detailed study of the options listed on p.23 of the IRP that are supposed to enhance supply reliability: pipeline to a new supply basin, underground storage, and liquefied natural gas storage (Id.);
- c. It makes assumptions without analysis, particularly as to the operating range of the interconnection point and mainline pressure (Id. pp. 10-11);and
- d. It does not address the possible benefits of installing compressors at city

inlet gates. (Id. p.9)

7. DOE asks that the Commission appoint a hearing examiner who will hold a hearing on the adequacy of the IRP. DOE recommends, among other things, that the Commission require NMGC to make detailed studies of the options noted in Paragraph (6)(b) above as well as other options and report to the Commission on the progress of these studies. (Protest at .p.13) DOE also recommends that the Commission require NMGC to fund the hiring of an “independent expert selected by the Hearing Examiner in consultation with the parties to the hearing” to find solutions to the “reliability problems inherent in the 2011 curtailment.” (Id. p.14)

8. DOE’s Protest does not state that it raised the above issues during the IRP’s Public Advisory Process in which it participated. (IRP at p. 25)

Commission's Determination

9. The Commission determines that the contentions made by DOE and the facts as presented demonstrate to the Commission's reasonable satisfaction that a hearing on NMGC’s IRP is necessary.

10. However, the Commission has not found it necessary it appoint an independent expert, as recommended by DOE. Instead, administrative notice is taken of the record in Case No. 11-00039-UT.

11. Prior to any hearing the Commission should encourage interested parties, particularly NMGC and DOE, to discuss the disputed issues and NMGC and DOE should file jointly a report within 30 days of this Order that details the results of those discussions. If the issues are resolved, NMGC should file a new IRP. If the issues are not resolved, the Commission should hold a hearing on the April 2 IRP 60 days after this Order. That hearing should be before a hearing examiner in which all parties will have the opportunity to seek

discovery and cross-examine witnesses. The Commission does not foreclose the possibility that after such hearing, NMGC may be required to revise and resubmit its IRP.

IT IS THEREFORE ORDERED:

A. A proceeding is hereby established for the limited purpose of consideration of the issues identified herein at ¶ 6(a)-(d) regarding NMGC's 2012 IRP and the Protest thereto, consistent with this Order.

B. Interested parties, particularly NMGC and DOE, shall meet and shall discuss the disputed issues in the IRP, and NMGC and DOE shall file jointly a report within 30 days of the date of this Order that details the results of those discussions. If the issues are resolved, NMGC shall file a new IRP. If the issues have not been resolved, a hearing shall be held before a hearing examiner 60 days after the date of this Order to determine whether, within the scope set forth in ¶ A hereof, the IRP complies with applicable laws and rules.

C. This Order is effective immediately.

D. Copies of this Order shall be sent to all persons on the attached Certificate of Service via email if an email address is known, and if not known, via regular mail.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico, this 15th day of
May, 2012.

NEW MEXICO PUBLIC REGULATION COMMISSION

No - Vote

PATRICK H. LYONS, CHAIRMAN



Theresa Becenti-Aguilar

THERESA BECENTI-AGUILAR VICE-CHAIR

Jason Marks

JASON A. MARKS, COMMISSIONER

Douglas J. Howe

DOUGLAS J. HOWE, COMMISSIONER

Ben L. Hall *No*

BEN L. HALL, COMMISSIONER

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INTEGRATED RESOURCE PLAN.)
)**

CERTIFICATE OF SERVICE

I Certify that a true and correct copy of the Initial Order adopted May 15, 2012, was sent on May 16, 2012, either by electronic mail or by first class mail to the individuals listed below.

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May 16, 2012.


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