

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF A PROTEST TO THE)
2012 NEW MEXICO GAS COMPANY) Case No. 12-00145-UT
INTEGRATED RESOURCE PLAN.)
)

JOINT REPORT

New Mexico Gas Company, Inc. ("NMGC") and the National Nuclear Security Administration ("NNSA"), pursuant to the New Mexico Public Regulation Commission's ("NMPRC" or the "Commission") Initial Order, issued on May 18, 2012, hereby submit this Joint Report detailing the discussions between NMGC, NNSA and the Commission's Utility Division Staff ("Staff") and the agreed upon resolution of NNSA's concerns relating to NMGC's Natural Gas Integrated Resource Plan (the "IRP").

I. Procedural Background

1. On April 2, 2012, pursuant to 17.7.4 NMAC, NMGC filed its IRP. The deadline to file a protest to the IRP was May 2, 2012.
2. On May 2, 2012, NNSA filed its Protest (the "Protest") objecting to NMGC's IRP, and asserting various grounds for the Protest.
3. On May 9, 2012, Gary King, the Attorney General of New Mexico (the "AG"), sent an email to the Commission and interested parties supporting NNSA's Protest.
4. On May 12, 2012, the AG filed his Motion for Leave to Intervene, Request for Discovery, and Statement of Position, in which the AG stated his support of the objections raised in NNSA's Protest and urging the Commission to set the IRP for hearing.

5. On May 14, 2012, NMGC filed its Response to NNSA's Protest, stating that the concerns raised in the Protest were addressed in other proceedings before the Commission, and that NMGC had complied with all of the Commission's IRP requirements.

6. On May 15, 2012, the NMPRC issued its Initial Order in NMPRC Case No. 12-00145-UT ("Case No. 12-00145") requiring: (1) interested parties, particularly NNSA and NMGC, to discuss the disputed issues between NMGC and NNSA involving the IRP; and (2) NMGC and NNSA to file jointly a report within 30 days of the date of the Initial Order detailing the results of the discussions.

7. NMGC and NNSA scheduled meetings on May 24 and May 31, 2012 to discuss the disputed issues. Staff and the AG were invited to participate in the discussions.

8. NMGC and NNSA met on May 24 and May 31, 2012, and discussed the disputed issues and all related matters. Staff attended these meetings by phone.

9. On June 13, 2012, NMGC and NNSA filed their Unopposed Motion for Extension of Time to File Joint Report, asking the Commission to extend the date by which NMGC and NNSA were required to file a joint report detailing the results of the discussions on the disputed issues between NMGC and NNSA involving the IRP.

10. On June 20, 2012, the Commission entered its Order Granting Extension of Time to File Joint Report, extending the date by which NMGC and NNSA must file a joint report detailing the results of the discussions on the disputed issues between NMGC and NNSA involving the IRP to June 28, 2012.

II. Resolution

11. NMGC and NNSA have resolved the concerns raised in the Protest.

12. NMGC and NNSA have agreed to meet twice a year, at six month intervals, starting in August/September 2012, to discuss NMGC's natural gas utility service, including any disruptions such as the event that occurred in February 2011 or other issues related thereto. A primary purpose of these meetings will be to discuss NMGC's planning to ensure reliability of NMGC's distribution and transmission system in order to avoid and/or mitigate future curtailments of gas transportation service in New Mexico. NNSA representatives shall be free to make suggestions of different approaches to reliability at these meetings.

13. NMGC will provide NNSA with reasonable planning documents prior to each meeting.

14. If after any meeting NNSA requests further documentation and/or follow-up meetings, NMGC will make a reasonable effort to provide the requested documentation and participate in follow-up meeting(s).

15. NNSA will provide NMGC with a list of people, with relevant contact information, who NMGC shall contact in the event of an anticipated severe weather event or other situation which could cause a gas service outage to NNSA.

16. NMGC will work with NNSA on a curtailment protocol for all Kirtland Air Force Base ("KAFB") located agencies and contractors (the U.S. Air Force, Sandia National Laboratories, the U.S. Department of Energy, NNSA, and Chugach) that is consistent with NMGC's Rule 21, which will be used by NMGC in the event of future KAFB-required gas delivery curtailments.

17. NNSA will work with KAFB located agencies and contractors to make reasonable efforts to simplify curtailment of facilities on KAFB.

18. NMGC will continue to evaluate the "local storage" options presented in its IRP, as recommended by a study conducted by Los Alamos National Labs and a report issued by the Federal Energy Regulatory Commission.

19. NMGC will meet with the AG to discuss the issue of compression as a lower cost alternative to local storage.

20. Based on the foregoing agreements, which have been memorialized, NNSA and NMGC further agree that:

- A. NNSA will withdraw its Protest of the IRP;
- B. NMGC does not need to file a new IRP; and
- C. A hearing on NMGC's current IRP is not necessary.

21. NNSA and NMGC have contacted Staff and the AG regarding this Joint Report, and they support the resolution reached between NMGC and NNSA, and agree that NMGC does not need to file a new IRP and that a hearing on NMGC's current IRP is not necessary.

WHEREFORE, NMGC and NNSA respectfully request that the Commission accept this Joint Report as a complete resolution of this matter and issue an Order approving NMGC's current IRP without the necessity of a hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of **Joint Report**, issued June 28, 2012, was sent either by electronic mail, hand-delivered or by first class postage prepaid U.S. Mail to the parties below:

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Dated this 28th day of June, 2012.

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