

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF EL PASO ELECTRIC)
COMPANY'S APPLICATION FOR APPROVAL)
OF ABANDONMENT AND SALE OF ITS)
SEVEN PERCENT FOUR CORNERS UNITS 4)
AND 5 OWNERSHIP INTEREST)
)
)
)
EL PASO ELECTRIC COMPANY,)
Applicant.)
_____)**

Case No. 15-00109-UT

PROCEDURAL ORDER AND NOTICE

THIS MATTER comes before Frances I. Sundheim, Hearing Examiner, in this case, upon the Application by El Paso Electric Company (“EPE”) filed with the New Mexico Public Regulation Commission (“Commission”) on April 27, 2015. EPE requests all necessary regulatory approvals for EPE to sell its seven percent ownership interest in Four Corners Units 4 and 5 (“Four Corners”) to Arizona Public Service Company (“APS”), the majority owner and operator of Four Corners, pursuant to a Purchase and Sale Agreement executed February 17, 2015 (“PSA”), with an anticipated closing date of July 6, 2016.

Being fully informed of the premises, the Hearing Examiner **FINDS** and **CONCLUDES**:

1. EPE specifically requests approval for the abandonment and sale of its Four Corners interest, determination of certain ratemaking principles, but no changes to current rates. Additionally EPE requests any other approvals deemed necessary for the contemplated transactions by the Commission.

2. EPE's Application states the request is based upon the July 2016 expiration of the original 50-year term of operation of Four Corners, the expiration of the coal supply contract in July 2016, and risks and uncertainties associated with extending Four Corners beyond its contractual term.

3. EPE assumed for planning purposes in its 2009 and 2012 Integrated Resource Plan ("IRP") processes that EPE's participation in Four Corners would end in July 2016. EPE's 2012 IRP was accepted by the Commission in NMPRC Case No. 12-00294-UT and showed EPE would not continue with Four Corners participation beyond July 2016.

4. EPE further states that continuation of ownership and participation in the Four Corners remote generation facility beyond July 2016 is not necessary for the public convenience and necessity, and abandonment and sale will benefit EPE and its customers.

5. In support of its Application, EPE presented the testimony of four witnesses: Nadia L. Powell, Ricardo Acosta, David G Carpenter, and Scott D. Wilson.

6. The Commission has jurisdiction over EPE and the subject matter of the Application.

7. As previously scheduled by Order of the Hearing Examiner, a pre-hearing conference was held on June 9, 2015. Attending the pre-hearing conference were Staff of the Utility Division of the Commission, the New Mexico Attorney General ("AG"), and Counsel for EPE. Counsel for Coalition for Clean Affordable Energy (CCAEE) was excused from attendance of the pre-hearing conference.

8. Motions for Intervention were filed by the AG on May 29, 2015 and by CCAE on May 28, 2015.

9. The procedural detail agreed to at the pre-hearing conference should be adopted for this proceeding.

10. A copy of the Notice for this matter has been reviewed by the parties, and is attached hereto.

The Hearing Examiner **ORDERS** that:

A. A public hearing in this case is set to commence at 9:30 a.m. on January 26 and continue through January 28, 2016 in the Ground Floor Board Room at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501, to hear and receive testimony, exhibits, arguments and any other appropriate matters relevant to this proceeding. Such hearing may be vacated if deemed not required under NMSA 1978, Section 62-9-1 (2005), in which case the Commission will take public comment and dispose of the Application at an Open Meeting.

B. Any interested person should contact the Commission for confirmation of the hearing dates, time and place of hearing, since they may be rescheduled. The hearing date and other relevant information will be posted on the Commission's website, www.nmprc.state.us .

C. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the public hearing or Open Meeting.

D. EPE shall cause, at its sole expense, a copy of the Notice to be published in newspapers of general circulation in its service territory, and mailed to all customers not later than July 30, 2015. EPE shall promptly file affidavits attesting to publication and mailing.

E. Any person desiring to intervene in this case must file a Motion for Leave to Intervene pursuant to 17.1.2.26 (A) and 17.1.2.26 (B) NMAC not later than August 30, 2015. A copy of all Commission rules is available on the Commission website. Any such filing shall include the case number (15-00109-UT) and be sent to:

New Mexico Public Regulation Commission
ATTN: Records Division
PERA Building
PO Box 1269
1120 Paseo de Peralta
Santa Fe, New Mexico 87501-1269

F. The Motions to Intervene previously filed by the AG and CCAE are hereby GRANTED.

G. Staff and Intervenor Direct Testimony, or a Stipulation, shall be filed not later than December 18, 2015.

H. Any Rebuttal Testimony will be filed not later than January 8, 2016.

I. The end of any discovery on Rebuttal shall be January 15, 2016.

J. Any interested person may examine EPE's Application at the Commission's offices, PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501, telephone number (888) 427-5772.

K. Any interested person may appear at the time and place of hearing and make oral or written comment pursuant to 17.1.2.26 (F) NMAC without becoming an Intervenor in this matter. Interested persons may also make written comments which shall specifically reference NMPRC Case No. 15-00109-UT, to the Commission at the mailing address:

New Mexico Public Regulation Commission
1120 Paseo de Peralta
PO Box 1269
Santa Fe, New Mexico 87501-1269

All such comments shall not be considered as evidence in this case.

L. The filing and service of pleadings and other documents in this case are subject to applicable Commission rules (*see, e.g.*, 17.1.2.10 and 17.1.2.28 (H) NMAC).

M. Anyone filing pleadings, documents or testimony in this case shall serve copies thereof on all parties of record and Staff via e-mail and first class U.S mail. Any such filings shall also be sent to the Hearing Examiner by e-mail at: frances.sundheim@state.nm.us.

N. The Official Certificate of Service for this case is attached to this Order. Subject to further revision, the attached Certificate of Service shall be used for the service of paper copies of pleadings and other documents to those listed thereon.

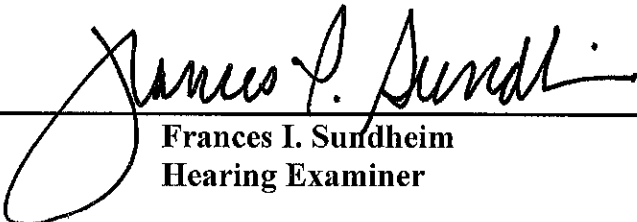
O. A Commission Order is not required for agreements between or among any of the participants regarding discovery matters. All other participants shall be notified of any such agreements.

P. No motion regarding a discovery dispute shall be considered unless accompanied by a statement that the participants have made a good faith effort to resolve the dispute and were unable to do so.

Q. All documents exchanged in this matter, other than discovery, shall be sent to the Hearing Examiner by e-mail in Word or native format.

ISSUED at Santa Fe, New Mexico, this **22nd Day of June 2015**.

NEW MEXICO PUBLIC REGULATION COMMISSION



Frances I. Sundheim
Hearing Examiner

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF EL PASO ELECTRIC)
COMPANY'S APPLICATION FOR APPROVAL)
OF ABANDONMENT AND SALE OF ITS)
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AND 5 OWNERSHIP INTEREST)**

**EL PASO ELECTRIC COMPANY,)
Applicant.)**

Case No. 15-00109-UT

NOTICE

NOTICE is hereby given of the following matters pertaining to the above-captioned case pending before the New Mexico Public Regulation Commission ("Commission" or "NMPRC"):

On April 27, 2015, El Paso Electric Company ("EPE" or "Company") filed its Application with the Commission requesting all necessary regulatory approvals for EPE to sell its seven percent ownership interest in Four Corners Units 4 and 5 ("Four Corners") to Arizona Public Service Company ("APS"), the majority owner and operator of Four Corners, pursuant to a Purchase and Sale Agreement executed February 17, 2015 ("PSA"), with an anticipated closing date of July 6, 2016. EPE specifically requested approval for the abandonment and sale of its Four Corners interest, determination of certain ratemaking principles, but no changes to rates, and any other approvals deemed necessary for the contemplated transactions by the Commission.

EPE states because of the July 2016 expiration of the original 50-year term of operation of Four Corners, the expiring coal supply contract in July 2016, and risks and uncertainties associated with extending Four Corners beyond its contractual term, EPE

assumed for planning purposes in its 2009 and 2012 Integrated Resource Plan (“IRP”) processes that EPE’s participation in Four Corners would end in July 2016. EPE’s 2012 IRP was accepted by the Commission in NMPRC Case No. 12-00294-UT and showed EPE would not continue with Four Corners participation beyond July 2016. EPE further states that continuation of ownership and participation in the Four Corners remote generation facility beyond July 2016 is not necessary for the public convenience and necessity and abandonment and the sale will benefit EPE and its customers.

In support of its Application, EPE presented the testimony of four witnesses.

The present procedural schedule for this case is as follows:

- A. Any person desiring to intervene in the proceeding must file a Motion to Intervene on or before August 30, 2015, pursuant to 17.1.2.23 NMAC.
- B. The Commission’s Utility Division Staff shall, and any intervenor may, file direct testimony or a stipulation on or before December 18, 2015.
- C. Any rebuttal testimony shall be filed on or before January 8, 2015.
- D. A public hearing in this case is set to commence at 9.30 a.m. on January 26 and continue through January 28, 2016 at the Commission’s offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501, to hear and receive testimony, exhibits, arguments and any other appropriate matters relevant to this proceeding. Such hearing may be vacated if deemed not required under NMSA 1978, Section 62-9-1 (2005), in which case the Commission will take public comment and dispose of the Application at an Open Meeting.

The procedural dates and requirements provided herein are subject to further order of the Commission or Hearing Examiner, and the formal hearing scheduled for this matter may be vacated upon further order of the Commission or Hearing Examiner. The Commission's Utility Division Procedures, 1.2.2 NMAC, apply to this case except as modified by Order of the Commission or the Hearing Examiner. A copy of such rules may be obtained from the offices of the Commission and are available at the official New Mexico Administrative Code website, www.nmprc.state.nm.us/nmac/.

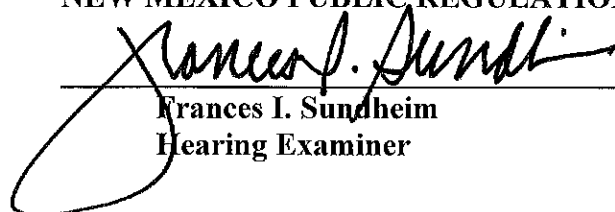
Anyone filing pleadings, documents or testimony in this case shall serve copies on all parties of record and the Commission Staff via first class mail and email. Any such filings shall also be sent to the Hearing Examiner via email to frances.sundheim@state.nm.us in PDF and Word formats. All filings shall be emailed on the date they are filed with the Commission.

Any interested person may appear at the public hearing referred to above and give a written or oral comment, pursuant to the Commission's Utility Division Rules of Procedure, 1.2.2 NMAC, without becoming an intervenor. The comment will not be considered as evidence in this case.

Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the Open Meeting.

I S S U E D at Santa Fe, New Mexico this 22nd Day of June, 2015.

NEW MEXICO PUBLIC REGULATION COMMISSION



Frances I. Sundheim
Hearing Examiner