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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF EL PASO ELECTRIC COMPANY FOR)
REVISION OF ITS RETAIL ELECTRIC)
RATES PURSUANT TO ADVICE NOTICE)
NO. 317)

Case No. 25-00082-UT

EL PASO ELECTRIC COMPANY,)
Applicant.)

DIRECT TESTIMONY

OF

OMAR A. GALLEGOS

FOR

EL PASO ELECTRIC COMPANY

MARCH 2026

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ACRONYMS	
AIP	Arizona Interconnect Project
AMS	Advanced Metering System
ANSI	American National Standards Institute
APS	Arizona Public Service Company
BES	Bulk Electric System
BESS	Battery Energy Storage System
CAIC	Contribution in Aid of Construction
DACC	Doña Ana Community College
EHV	Extra High Voltage
EPE	El Paso Electric Company
ERCOT	Electric Reliability Council of Texas
FERC	Federal Energy Regulatory Commission
HVDC	High Voltage Direct Current
IRP	Integrated Resource Plan
kV	Kilovolt
kVA	Kilovolt-Ampere
LGIA	Large Generator Interconnection Agreement
NERC	North American Electric Reliability Corporation
MVA	MegaVolt Ampere
MW	Megawatts
NERC	North American Electric Reliability Corporation
NMPRC	New Mexico Public Regulation Commission
OATT	Open Access Transmission Tariff
O&M	Operation & Maintenance
PNM	Public Service Company of New Mexico
PPA	Power Purchase Agreement
PO	Purchase Order
REA	Renewable Energy Act
ROW	Right-of-Way
RPS	Renewable Portfolio Standard
SPP	Southwest Power Pool
SPS	Southwestern Public Service Company
T&D	Transmission and Distribution
TEP	Tucson Electric Power Company
TSR	Transmission, Substation and Relay
WECC	Western Electricity Coordinating Council
WTC	Western Technical College

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I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Omar A. Gallegos. My business address is 100 N. Stanton Street,
El Paso, Texas, 79901.

Q2. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or the "Company") as
Vice President of Energy Delivery.

Q3. PLEASE DESCRIBE YOUR PRINCIPAL AREAS OF RESPONSIBILITY.

A. As Vice President of Energy Delivery, I am responsible for the oversight and
direction of EPE's Energy Delivery Division. The Energy Delivery Division is,
essentially, the Transmission and Distribution ("T&D") "wires" portion of EPE,
which includes the Transmission, Substations and Relays ("TSR"), Distribution
System Engineering, Distribution Operations, TSR Construction and Maintenance,
Meter Test, and Project Management subdivisions. I also am responsible for
ensuring that each of these systems operate in a safe and reliable manner to
collectively provide T&D service to EPE customers.

EPE's T&D Departments were restructured in 2025 to more efficiently and
effectively meet the needs and challenges of an expanding electric energy delivery

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1 system. The drivers for reorganization were to effectively address four over-
2 arching priorities: (1) capital project execution for grid growth needs, (2) proper
3 attention to distribution customer service requests considering supply chain
4 challenges, (3) T&D grid modernization, and (4) customer transmission level
5 service requests. The drivers for reorganization were to effectively address four
6 over-arching priorities: (1) capital project execution for grid growth needs, (2)
7 proper attention to distribution customer service requests considering supply chain
8 challenges, (3) T&D grid modernization, and (4) customer transmission-level
9 service requests. Prior to that reorganization, my responsibilities as VP of Energy
10 Delivery included oversight of EPE's Transmission System Planning (2022-2023),
11 Distribution Design for new customer connections, and Distribution Construction
12 and Maintenance (2022-2024).

13
14 **Q4. PLEASE SUMMARIZE YOUR BUSINESS AND EDUCATION**
15 **BACKGROUND.**

16 **A.** I have been employed by EPE since 2009. I have served in my current role as Vice
17 President of Energy Delivery since 2022. Prior to becoming a Vice President, I
18 served as Director of Resource Planning and was responsible for the Integrated
19 Resource Plan and new energy resource selection (2017-2021). My early career at
20 EPE included roles in System Operations, Corporate Projects and T&D Project

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1 Management and Budgeting.

2 I hold a Bachelor of Science degree in Mechanical Engineering and a
3 Master's degree in Business Administration, both from University of Texas at El
4 Paso. I also obtained a Graduate Certificate for Public Utility Regulation and
5 Economics from New Mexico State University.

6
7 **Q5. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**
8 **REGULATORY AGENCIES?**

9 **A.** Yes. I have previously presented testimony before the New Mexico Public
10 Regulation Commission ("NMPRC" or "Commission") as well as the Public Utility
11 Commission of Texas.

12
13 **II. PURPOSE OF TESTIMONY**

14 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 **A.** The purpose of my testimony is to support the necessary and reasonable costs to
16 provide safe and reliable T&D service to EPE's customers. My testimony addresses
17 the following topics:

- 18 • EPE's T&D system;
- 19 • Organization and responsibilities of EPE's Energy Delivery Department;
- 20 • How EPE plans and operates its T&D system;

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- 1 • The reasonableness of EPE's T&D capital investments placed in service since
2 EPE's last rate case, NMPRC Case No. 20-00104-UT ("2020 Rate Case"),
3 including (1) Test Year Period adjustments for T&D plant placed in service
4 during October 2025 and (2) legacy meters that were installed between January
5 1, 2020 and December 31, 2023 and then replaced by advanced meters pursuant
6 to Commission Case No. 21-00269-UT Final Order authorizing EPE's Grid
7 Mod plan for deployment of an advanced metering system ("AMS"); 21-00269-
8 UT Final Order authorizing EPE's Grid Modernization plan for deployment of
9 an advanced metering system ("AMS");
- 10 • The reasonableness of T&D operation and maintenance ("O&M") costs; and
- 11 • EPE's proposed replacement Rule No. 8 – Line Extension Policy and
12 corresponding changes to Rule No. 13 – Increase or Decrease of Connected
13 Load.
- 14

15 **Q7. WHAT RATE CASE SCHEDULES DO YOU SPONSOR?**

16 **A.** I sponsor Schedules P-8 and P-10.

17

18 **Q8. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

19 **A.** EPE is requesting \$251,472,746 of total Company transmission plant additions
20 since the 2020 Rate Case through the Base Period ending September 30, 2025, as

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1 adjusted for the Test Year Period. This amount includes \$660,877 of total
2 Company transmission plant placed into service between October 1, 2025, and
3 October 31, 2025. EPE witness Adrian Hernandez supports the allocation of New
4 Mexico jurisdictional transmission plant additions in the amount of \$55,592,040.

5 The Company is also requesting \$197,344,455 in direct assigned New
6 Mexico distribution plant additions since the 2020 Rate Case through the Base
7 Period ending September 30, 2025, as adjusted for the Test Year Period. The
8 Company is also requesting \$197,344,455 in direct-assigned New Mexico
9 distribution plant additions since the 2020 Rate Case through the Base Period
10 ending September 30, 2025, as adjusted for the Test Year Period. This request
11 includes \$12,642,824 for New Mexico distribution plant placed into service
12 between October 1, 2025, and October 31, 2025.

13 O&M expense for transmission on a total Company basis is \$29,603,190.
14 EPE witness Hernandez supports the New Mexico jurisdictional transmission
15 O&M in the amount of \$6,872,008. The New Mexico direct-assigned O&M
16 expense for distribution is \$8,240,915.

17 My testimony demonstrates that the costs of EPE's T&D plant additions are
18 reasonable and necessary and used and useful, for safe, reliable and efficient service
19 to New Mexico customers. It also demonstrates that the Test Year Period expenses
20 for T&D are reasonable and necessary for safe and reliable service to New Mexico

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1 customers. I also support the reasonable and necessary costs of investment in
2 legacy meters installed between January 1, 2020 and December 31, 2023 that were
3 then replaced during AMS deployment. I also support the reasonable and necessary
4 costs of investment in legacy meters installed between January 1, 2020, and
5 December 31, 2023, that were then replaced during AMS deployment.
6 Additionally, I address any Rule 440 reports that needed to be amended for
7 transmission or distribution projects. I conclude my testimony with EPE's
8 proposed replacement Line Extension Policy.

9 EPE witnesses Steven A. Sierra and Cynthia S. Prieto address Test Year
10 Period adjustments to capital investments and operating costs.

11
12 **Q9. WHAT ARE THE PRIMARY DRIVERS FOR CAPITAL INVESTMENTS**
13 **IN T&D?**

14 **A.** There are three primary drivers of T&D capital investments. I briefly describe them
15 here at a high level and offer more project-specific details later in my testimony.
16 First, organic load growth, including urban sprawl and increased usage from
17 electrification, requires system expansion, upgrades to existing infrastructure, and
18 customer connections.

19 The second driver is upgrades associated with the interconnection of energy
20 resources, inclusive of New Mexico renewable resources for New Mexico

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1 Renewable Energy Act ("REA") compliance. Transmission upgrades associated
2 with interconnections at the transmission level are defined per EPE's Federal
3 Energy Regulatory Commission ("FERC") open access transmission tariff
4 ("OATT").

5 The third driver is reliability investments, with the largest being investments
6 associated with wildfire mitigation. This category also includes technology and
7 grid enhancements of transmission-level protection and control and distribution-
8 level remote controllable recloser segmentation for outage mitigation and
9 restoration.

10
11 **III. OVERVIEW OF T&D SYSTEM**

12 **Q10. HOW IS THIS SECTION OF YOUR TESTIMONY ORGANIZED AND**
13 **WHAT DOES IT DESCRIBE?**

14 **A.** This section first provides a high-level description of the role T&D plays in
15 delivering power to EPE's New Mexico customers. I then describe EPE's T&D
16 systems, including significant changes that are necessary to meet EPE's dual
17 obligations to provide safe and reliable electric service while also satisfying EPE's
18 incremental renewable portfolio standard ("RPS") targets set by the REA.

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**Q11. PLEASE DESCRIBE THE ROLE OF T&D INFRASTRUCTURE IN
DELIVERING POWER TO EPE'S RETAIL CUSTOMERS.**

A. The function of the T&D system is to interconnect energy generation resources and transmission lines to deliver power to retail customers. The T&D system is a complex, networked grid that operates at multiple voltages and interconnects multiple energy resource types at various locations and voltages. Substations are the facilities that enable interconnection of resources, networking of transmission lines, reactive power equipment, and stepping up and down of system voltage. Collectively, the energy generation resources and transmission grid comprise the Bulk Electric System ("BES"). The BES is critical to maintain reliability and grid stability. An important role of the BES is the tie-lines interconnecting the EPE system to the neighboring systems and the Western Interconnection, overall, which provides stability to the grid and broad access to the interconnected network to import power for both reliability and optimization of market opportunities.

EPE manages its portion of the grid and the dispatch of resources connected to it for both cost optimization and grid stability and reliability. Without the BES, EPE could not meet the service obligations it has to retail customers, because it is through the BES network that resources are integrated into it for ultimate consumption by end users. The BES is the system which enables the distribution facilities to function. Because so few of EPE's customers receive power directly

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1 from facilities that operate at a transmission voltage, retail customers rely upon the
2 transmission network to move power into the distribution system and then into the
3 many dispersed neighborhoods, homes and businesses that are connected to it. The
4 BES includes EPE's transmission facilities that operate at voltages of 115 kV, 345
5 kV and 500 kV. The BES receives resources into it, integrates those resources, and
6 then supports the functioning and reliability of the interconnected distribution
7 system which allows power to be received and consumed by EPE retail customers.
8

9 **Q12. PLEASE DESCRIBE EPE'S 345 KILOVOLT ("kV") AND 500 kV**
10 **TRANSMISSION FACILITIES.**

11 **A.** The North American Bulk Electric System is comprised of three independent
12 electrical grids: the Western Interconnection, the Eastern Interconnection, and the
13 Electric Reliability Council of Texas ("ERCOT"). EPE is a member of the Western
14 Electricity Coordinating Council ("WECC") and is located in the far southeast
15 corner of the Western Interconnection, often referred to as the Western Grid. The
16 WECC region spans a geographic area that, starting with EPE's west Texas service
17 territory, extends north to include two Canadian provinces and extends west to
18 cover all or part of 14 western states and northern Baja California, Mexico.

19 To the east, EPE is connected to the Eastern Interconnection through an
20 asynchronous High Voltage Direct Current ("HVDC") tie located at the Eddy

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1 County Substation near Artesia, New Mexico. The Southwest Power Pool ("SPP")
2 is on the eastern side of the Eddy County HVDC tie. EPE is not interconnected
3 with the Electric Reliability Council of Texas. Overall, EPE owns approximately
4 989 miles of multiple 345 kV transmission lines, most of which are situated within
5 New Mexico. A copy of the WECC System Map is attached to this testimony as
6 Exhibit OAG-1.

7
8 **Q13. WHAT IS THE FUNCTION OF THESE TRANSMISSION FACILITIES?**

9 **A.** EPE's 345 kV transmission facilities connect Las Cruces, New Mexico, and El
10 Paso, Texas (and surrounding communities) to the Western Interconnection and
11 connect the EPE system to the Eastern Interconnection. A copy of the Southwest
12 Area Extra High Voltage Transmission map of the WECC System, which shows
13 EPE's service territory, is attached to this testimony as Exhibit OAG-2.

14 EPE's major 345 kV transmission interconnections with other utilities
15 include: (1) the West Mesa Switching Station near Albuquerque, New Mexico,
16 with the Public Service Company of New Mexico ("PNM"); (2) the Eddy County
17 HVDC Terminal near Artesia in Eddy County, New Mexico, with Southwestern
18 Public Service Company ("SPS"); and (3) the Springerville Generating Station and
19 Greenlee Substation (both located in Arizona) with Tucson Electric Power
20 Company ("TEP"). Additionally, EPE has a partial ownership interest in three 500

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1 kV transmission lines in Arizona that are connected to the Palo Verde Generating
2 Station ("Palo Verde") and extend from switchyards at Palo Verde to the Kyrene
3 and Westwing substations in Maricopa County, just outside of Phoenix, Arizona.
4 These 500 kV transmission facilities in Arizona are integrated into the EPE
5 transmission network and are part of the network that allows for the Palo Verde
6 resources to be relied upon by EPE retail customers.

7
8 **Q14. PLEASE DESCRIBE EPE'S OTHER HIGH VOLTAGE TRANSMISSION**
9 **FACILITIES.**

10 **A.** EPE also owns and operates highly networked 115 kV and 69 kV lines in and
11 around Las Cruces, New Mexico and El Paso, Texas. This high level of networking
12 increases the reliability of the system by allowing power to re-route to other
13 locations within the interconnected transmission network during outages. A map
14 showing EPE's transmission system is attached to this testimony as Exhibit OAG-
15 3. EPE's 115 kV transmission facilities are part of the BES.

16
17 **Q15. WHAT ROLE DO THE 115KV TRANSMISSION FACILITIES PERFORM**
18 **IN SERVING CUSTOMERS?**

19 **A.** The 115kV transmission facilities play multiple roles. First, these facilities deliver
20 power to the 69 kV part of the transmission network and to the various distribution

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1 substations located throughout the service territory. In New Mexico, distribution
2 substations are located as far north as Hatch, NM, south to Santa Teresa, NM, and
3 from the Las Cruces Airport to Chaparral, NM west to east. Second, they provide
4 several interconnection points for energy resources to transmit this power on the
5 network and to distribution substations. Finally, the 115 kV transmission works in
6 parallel with the higher voltage portions of the network to permit power resources
7 to be integrated into the network, and to allow the network to integrate customer
8 loads within it. It is through the integrated nature of the transmission network, and
9 the integration of resources and loads within the network, that system reliability
10 and system stability are achieved and maintained.

11
12 **Q16. PLEASE DESCRIBE HOW EPE'S DISTRIBUTION SYSTEM DELIVERS**
13 **POWER TO EPE'S RETAIL CUSTOMERS.**

14 **A.** The distribution system is the customer connection level of an electric utility's
15 energy delivery system. Physically, the distribution system is the collection of
16 electric lines that run down streets and alleys, and to which all homes and
17 businesses are connected. All distribution lines originate at a substation where a
18 transformer reduces (or "transforms") the energy delivered at transmission voltage
19 (i.e., voltages of 69 kV and above) to energy of a lower distribution voltage (i.e.,
20 24 kV and below). The distribution lines coming out of a substation are the

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1 distribution circuits or "feeders" that extend through the service area to deliver
2 electric energy to the customers. The lower distribution level voltage allows for
3 the use of smaller support structures that are easier to construct in populated areas.

4 The final connection between a home or business and the distribution
5 system is accomplished by yet another transformer (pole-mounted or pad-mounted)
6 that steps down (again, "transforms") the energy delivered at the distribution
7 voltage (24 kV, 14 kV, or 4 kV) to one of the standard service voltages for the home
8 (120/240 Volts) or business (277/480 Volts). The physical connection of the home
9 or business is the point of metering.

10 The distribution system also facilitates New Mexico's distributed solar
11 generation and community solar interconnections. The first 15 MW of the New
12 Mexico Community Solar Program were interconnected in 2025, and another 15
13 MW are currently in process for planned interconnection in 2026.

14
15 **Q17. DOES THE TRANSITION TO RENEWABLE RESOURCES IMPACT T&D**
16 **SYSTEMS?**

17 **A.** Yes. There are two significant impacts to T&D systems. First, the transition from
18 traditional power plants to renewable energy and associated battery resources
19 requires more grid interconnections. Traditional gas generation uses large,
20 centralized plants with few interconnections to the grid, whereas generation of

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1 renewable energy typically relies on a diverse portfolio of multiple energy
2 resources with significantly more interconnections.

3 Second, the advent of distributed energy resources also impacts the
4 complexity of the distribution system. The distribution system was originally
5 designed as single direction power flow from the BES to the customer. The
6 introduction of energy resources on the distribution grid now creates a multi-
7 directional power flow system that impacts equipment ratings and voltage
8 variations that must be managed. This results in equipment upgrades, increased
9 reactive power capacity, increased system monitoring and control capabilities. This
10 includes EPE's upgrades of metering at the New Mexico substations to measure
11 minimum feeder loads for distributed generation hosting capacity. The increase in
12 inverter-based resources is also changing the stability and reactive power
13 requirements of the BES grid. This also includes increased reactive power demands
14 and system monitoring and control. Additionally, it requires strengthening of the
15 transmission grid for resiliency due to the reduction in synchronous generators
16 which contribute to inertia of the system.

17
18 **Q18. HOW MANY MEGAWATTS OF RENEWABLE SOLAR ENERGY AND**
19 **BATTERY ENERGY STORAGE SYSTEM ARE INTERCONNECTED TO**
20 **EPE'S SYSTEM?**

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1 **A.** As of September 2025, EPE has 545 MW of solar energy resources and 125 MW
2 of battery energy storage system ("BESS") interconnected to EPE's system to serve
3 its customers. There are an additional 730 MW of solar resources and 665 MW of
4 BESS planned through 2029 as reflected by the EPE's Commission-accepted 2025
5 IRP.

6

7 **Q19. HAVE NEW ENERGY RESOURCES BEEN INTERCONNECTED TO**
8 **EPE'S SYSTEM SINCE EPE'S 2020 NEW MEXICO RATE CASE?**

9 **A.** Yes. EPE interconnected and energized seven transmission-level interconnections
10 and one distribution-level interconnection since the last New Mexico rate case. The
11 energy resources (both owned and contracted) are listed in Table OAG-1 below.
12 Additionally, a TEP wind resource, Oso Grande, which wheels through the EPE
13 system to TEP, was interconnected in June 2020. This is referenced later in my
14 testimony addressing project TS142.

15 /

16 /

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Table OAG-1

Facility	Technology/Fuel Type	Nameplate Capacity (MW)	In-Service Date
New Mexico State University Solar (EPE)	Solar	3	May 2022
Felina Project (EPE)	Solar	150	By Q4 2025
Buena Vista Energy Center, LLC ("Buena Vista 1")	Solar	100	May 2022
Buena Vista Energy Center Storage, LLC ("Buena Vista 1 Storage")	Battery	50	May 2022
Buena Vista Energy Center II, LLC ("Buena Vista 2")	Solar	20	May 2022
Milagro Solar 1, LLC ("Milagro 1")	Solar	150	September 2025
Milagro Storage 1, LLC ("Milagro Storage")	Battery	75	September 2025
Santa Teresa Solar, LLC ("DESRI")	Solar	150	June 2026
Santa Teresa Storage, LLC ("DESRI Storage")	Battery	150	June 2026
Carne Energy Solar, LLC ("Carne")	Solar	130	February 2026
Carne Energy Storage, LLC ("Carne Storage")	Battery	65	February 2026

IV. T&D ORGANIZATIONAL STRUCTURE

Q20. HOW IS THIS SECTION OF YOUR TESTIMONY ORGANIZED?

A. In this section, I first describe the organization structure of the EPE departments that collectively comprise T&D and the roles and responsibilities of each of those

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1 departments. I next address EPE's ongoing workforce training and other efforts to
2 sustain a workforce pipeline for skills training.

3
4 **Q21. PLEASE DESCRIBE EPE'S T&D ORGANIZATIONAL STRUCTURE.**

5 **A.** My background section briefly addresses EPE's reorganization of T&D since
6 EPE's last rate case. EPE has structured the T&D responsibilities to operate
7 efficiently and effectively to meet the needs and challenges of an expanding electric
8 energy delivery system.

9 Figure OAG-1 below identifies the ten sub departments within T&D by
10 solid green, double border squares. As shown in the figure, these sub departments
11 span across three divisions—Energy Delivery, Energy Supply & Distribution Ops,
12 and System Plan & Operations Support.

13 /

14 /

15 /

16 /

17 /

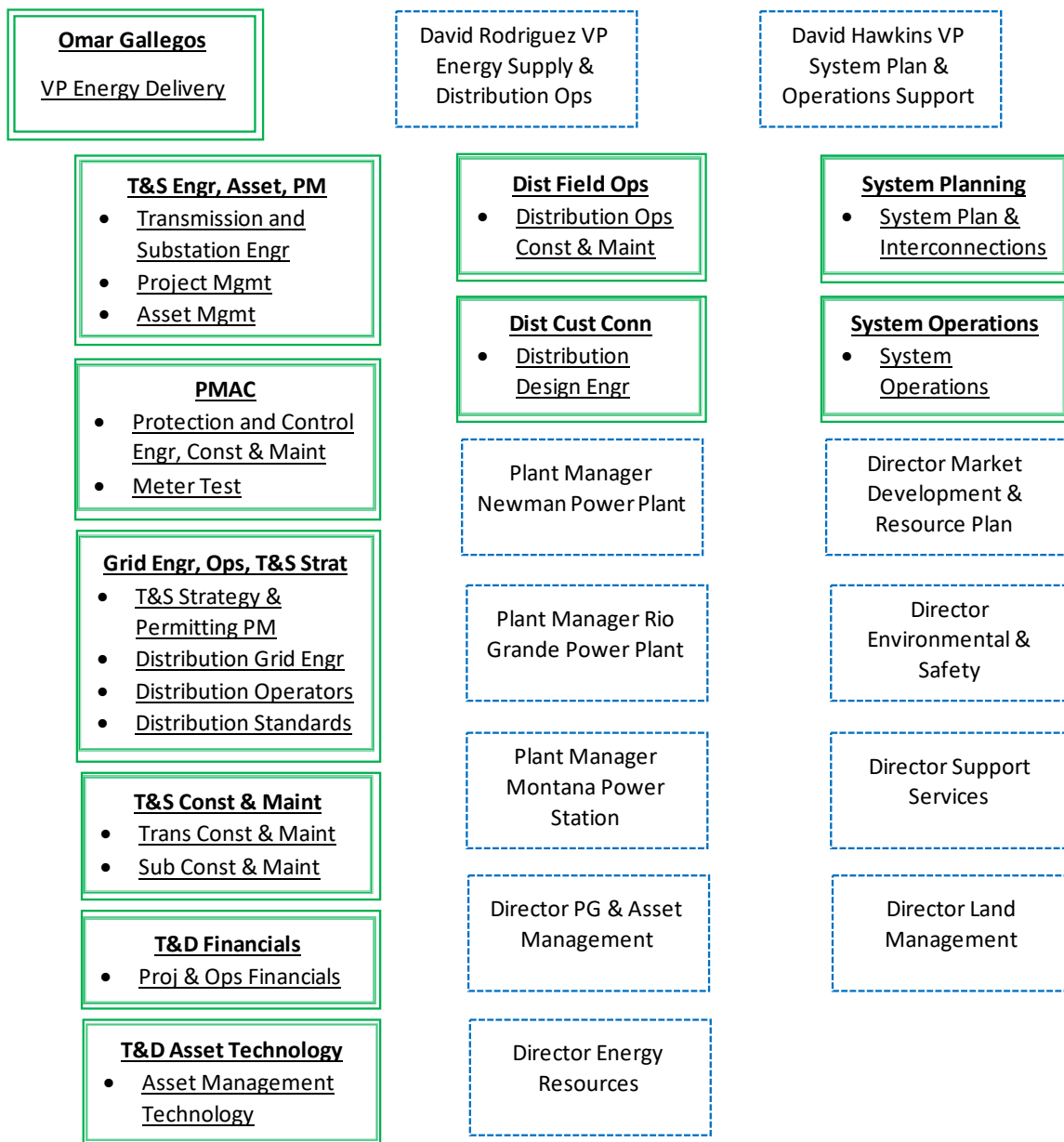
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Figure OAG -1



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1 **Q22. WHAT IS THE ROLE OF ENERGY DELIVERY?**

2 **A.** Energy Delivery focuses on capital project execution for T&D grid growth needs,
3 T&D grid modernization, and transmission permitting and land acquisition. This
4 also includes execution of energy resource interconnections and transmission level
5 customer service connections. The division is also responsible for T&D asset
6 maintenance engineering. Energy Delivery also has the field workforce for
7 transmission, substation, relay and meter test activities.

8
9 **Q23. WHAT IS THE ROLE OF DISTRIBUTION DESIGN AND OPERATIONS?**

10 **A.** Distribution Design is the engineering department supporting new distribution level
11 customer connection requests. Distribution Operations is the field workforce for
12 all distribution construction and maintenance activities.

13
14 **Q24. WHAT IS THE ROLE OF THE SYSTEM PLANNING AND SYSTEM**
15 **OPERATIONS DEPARTMENTS?**

16 **A.** System Planning is responsible for developing EPE's Ten-year System Expansion
17 Plan for defining transmission infrastructure requirements to meet customer
18 demand. They are also responsible for the transmission-level generator
19 interconnection requests and agreements per EPE's FERC-approved OATT
20 process. System Operations maintains control of EPE's BES for reliability.

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1

2 **Q25. DOES THE DISTRIBUTION DIVISION HAVE ANY PROGRAMS TO**
3 **SUPPORT INTEREST IN DISTRIBUTION CAREERS AND OTHER**
4 **OPPORTUNITIES TO JOIN EPE'S WORKFORCE?**

5 **A.** Yes, the Distribution Division occasionally participates in, and benefits from, a
6 College Internship Program. This internship program is designed to provide
7 valuable on-the-job experience in one of our corporate divisions and advance the
8 participants' technical, leadership and professional competencies through
9 challenging work projects and training. This unique program allows participants
10 to network with executives and business leaders in the Company; gain electrical
11 utility work experience; and build transferable skills such as problem-solving,
12 teamwork, and effective communication. This paid program recruits rising seniors
13 and graduate students from colleges and universities throughout the country who
14 have a vested interest in the power industry with the goal of returning that talent to
15 Las Cruces, New Mexico, or El Paso, Texas, upon graduation.

16 Additionally, EPE has partnered with the Doña Ana Community College
17 ("DACC") in its Line-worker Certification Program to promote, train, support, and
18 develop individuals who are interested in a career in the various skilled positions
19 within the electric utility industry. The DACC Line-worker Certification Program
20 includes two semesters of course work with physical and technical field training

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1 followed by a 10-week internship with an electric utility (investor-owned electric
2 utility or a rural electric co-op). EPE, working in conjunction with DACC, recruits
3 eight students to the program each year. EPE also provides tuition scholarships for
4 those qualified and the 10-week internship to finish their certification. The
5 EPE/DACC Line worker Certification Program partnership has been in place for
6 eleven consecutive years and has been tremendously successful in attracting and
7 retaining motivated individuals to EPE's skilled workforce. Most of the students
8 who successfully completed their DACC Line-worker Certification (including their
9 10-week working internship with EPE) have been hired on to EPE full-time.

10 EPE has established a similar partnership in its Texas jurisdiction with
11 Western Technical College ("WTC") with the first class starting in May of 2024.
12 WTC is composed of a 12-week, 40-hour per week, course with physical, technical
13 field training followed by a 10-week working internship with an electric utility
14 (investor-owned electric utility or a rural electric co-op). As with the DACC
15 partnership, EPE recruits eight students to the program each year. EPE also
16 provides tuition scholarships for those qualified, and the 10-week internship to
17 finish their certification.

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Q26. DOES THE DISTRIBUTION DIVISION PROVIDE ANY ON THE JOB TRAINING FOR THE LINE-WORKER WORKFORCE ONCE THEY JOIN EPE?

A. Yes. Upon joining EPE's line-worker workforce, an individual can join EPE's International Brotherhood of Electrical Workers apprenticeship program. Upon completion of the apprenticeship, the employee will be a full-time lineman. EPE has also completed construction of a new modern training center with advanced media classrooms and fully operational outdoor training yards for crews. EPE also invested in an outdoor distribution training simulator that provides voltage without the hazardous arc flashes and fault currents. Figure OAG-2 shows the new training center and field equipment used for training:

Figure OAG-2



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1 **Q27. DOES THE DESCRIBED T&D STRUCTURE AND ORGANIZATION**
2 **PROVIDE FOR A REASONABLE AND EFFICIENT OPERATION?**

3 **A.** Yes. EPE is focused on running T&D efficiently while providing safe and reliable
4 service. The departmental organization described above allows T&D to leverage
5 synergies and maximize coordination across T&D. The consolidation of TSR
6 Engineering, Distribution Grid Engineering and Distribution Operators within
7 Energy Delivery allows a focus on the grid optimization efforts and
8 interrelationships between T&D systems.

9

10 **V. IDENTIFICATION OF T&D PROJECTS AND PROCESSES**

11 **Q28. PLEASE DESCRIBE WHAT IS COVERED IN THIS SECTION OF YOUR**
12 **TESTIMONY.**

13 **A.** This section first explains how EPE identifies the need for T&D capital projects. I
14 then address EPE's process to manage costs associated with these projects.

15

16 **A. IDENTIFYING THE NEED FOR TRANSMISSION CAPITAL**

17 **INVESTMENTS**

18 **Q29. HOW DOES EPE IDENTIFY THE NEED FOR TRANSMISSION**
19 **PROJECTS?**

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1 **A.** The need for transmission infrastructure improvement projects is often identified
2 through EPE's system planning for the expansion of and assessing the continued
3 operational capability of EPE's transmission and substation systems, which consists
4 of EPE's transmission lines, interconnections with neighboring systems, and any
5 studies that may impact the transmission system. The process of system planning
6 is necessary to evaluate and identify the need for facilities to meet present and
7 future load and to comply with the operational requirements mandated by the
8 WECC and NERC Reliability Standards.¹ The output of this process is EPE's
9 annual Ten-year System Expansion Plan.

10

11 **Q30. HOW DOES EPE IDENTIFY TRANSMISSION UPGRADES AND**
12 **PROJECTS ASSOCIATED WITH TRANSMISSION SYSTEM**
13 **GENERATOR INTERCONNECTIONS?**

14 **A.** Employees in EPE's System Planning department manage generator
15 interconnections to the integrated EPE transmission network. The process by
16 which such generator interconnection requests are made and agreements are
17 executed is governed by EPE's FERC-approved OATT.

18

¹ Although the NERC Reliability Standards do not apply to 69 kV assets, EPE applies the same reliability standards to its 69 kV system to ensure uniform reliability standards across its system.

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1 **Q31. ARE ALL TRANSMISSION PROJECTS IDENTIFIED AND DEFINED**
2 **THROUGH THE SYSTEM PLANNING EFFORTS DESCRIBED ABOVE?**

3 **A.** No. The need for some capital projects can also be identified and defined in the
4 regular course of EPE's annual O&M inspections, in response to an unexpected
5 transmission and substation asset contingency event, or both. Often, EPE executes
6 these capital improvement projects immediately upon discovery when restoring the
7 operational service of a transmission and substation asset (e.g., replacing a
8 transmission structure that collapsed under extreme weather conditions to return
9 the line to service). However, some of these "inspection-identified" or
10 "event-caused" replacement or repair projects require more planning or equipment
11 procurement time, or both. EPE's TSR personnel will manage the execution of
12 asset repairs or replacements, usually within one to two years, based on their need.

13 It is also important to emphasize that some projects are identified and
14 initiated by EPE's TSR or Distribution personnel. These projects are usually driven
15 by customer service requests or public infrastructure projects (e.g., New Mexico
16 Department of Transportation projects) that require additional or relocation of EPE
17 assets.

18
19 **Q32. WHAT SEVERE WEATHER EVENTS AND RISKS IS EPE'S SYSTEM**
20 **EXPOSED TO?**

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1 **A.** Extreme weather events in EPE's service territory include high winds,
2 thunderstorms, and extreme heat. EPE witness George Novela describes recent
3 weather trends of increasing temperatures and high heat days. I briefly describe
4 how extreme weather events in EPE's service territory impact EPE's system.

5 EPE is exposed to high wind events throughout the year, with and without
6 associated storms. In the winter and spring months, sustained winds of 50 to 60
7 mph and wind gusts of up to 90 mph occur, especially in open areas and mountain
8 passes. These wind speeds are comparable to those in a category 1 hurricane, which
9 can lead to infrastructure damage and outages. Flying debris and vegetation caused
10 by high winds also contribute to outages. From May to September, EPE's service
11 territory also experiences frequent thunderstorm events. A subset of EPE's
12 transmission system is located within the Gila National Forest, which is vulnerable
13 to wildfires, particularly during dry, high temperature periods.

14 EPE's service territory is also prone to high heat events. Hot weather raises
15 cooling demands across all customer levels, which in turn increases the electrical
16 loading on equipment. EPE's system also faces outages from extreme heat,
17 regardless of precipitation. Extended periods of high temperatures further strain
18 load-serving equipment, which lacks sufficient cooling time. At the BES level,
19 extreme heat can lead to equipment failures due to heat stress and thermal
20 overloading. The North American Electric Reliability Corporation ("NERC")

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1 mandates that utilities operate their transmission systems within capacity ratings.
2 When heat waves push equipment to or beyond these limits, utilities must quickly
3 reduce loads or take equipment offline to prevent failures. Thanks to monitoring
4 systems and NERC standards, such failures are rare.

5
6 **Q33. HOW DOES EPE PLAN AND DESIGN FOR HIGH WIND AND WILDFIRE**
7 **EXPOSURE?**

8 **A.** EPE has updated transmission design standards for new or rebuilt transmission
9 lines. The updated design standards use steel poles and can withstand 100 mph
10 wind loads. Using steel structures also mitigates the risk of wildfire to transmission
11 lines. EPE proactively rebuilt its existing AIP 345kV transmission line that
12 traverses the Gila National Forest from wood to steel. This project, TL302, is
13 addressed later in my testimony.

14 EPE also takes preventative measures to routinely clear the right-of-way
15 ("ROW") of encroaching trees and remove any unauthorized structures that could
16 threaten the lines or contribute to wildfire risks. EPE regularly patrols each
17 transmission line to check for ROW changes and obstructions, conducting visual
18 inspections and maintenance while reporting any damage. Contractors are also
19 employed for above-ground and subsurface inspections and testing of wood pole
20 transmission structures.

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1

2 **Q34. HOW DOES EPE PLAN AND PREPARE FOR HIGH HEAT EXPOSURE?**

3 **A.** To avoid heat-related outages, utilities must closely monitor seasonal loading and
4 equipment capacities. Compliance with NERC's planning requirements ensures
5 that BES capacities and thermal ratings are not exceeded during peak summer
6 loads. EPE, like other utilities, continually assesses its high-voltage transmission
7 and substation equipment to manage capacity and thermal ratings effectively.

8

9 **Q35. DOES EPE HAVE AN INTERNAL APPROVAL PROCESS FOR NEW**
10 **TRANSMISSION AND SUBSTATION PROJECTS?**

11 **A.** Yes. The are three primary project identification channels. First, EPE's
12 development of the Ten-year System Expansion Plan includes joint review with
13 TSR and System Operations engineering and Operations Management prior to
14 issuance of the plan. Second, Large and Small Generator Interconnections are
15 managed via the FERC-approved OATT process. Third, betterment projects to
16 address aging infrastructure and asset replacement are reviewed annually by an
17 established Betterment Committee. Transmission and substation projects that are
18 identified follow a scoping process to define the requirements and priority of all
19 projects. In the scoping process, each project is reviewed with the applicable EPE
20 departments to pre-define and identify any obstacles or conflicts associated with

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1 the proposed route or site, any land or rights-of-way acquisition or permitting
2 requirements, any viable alternatives, supply chain management constraints, and
3 finally the project's priority to schedule the required resources for the project. On
4 an annual basis, the capital projects are reviewed by senior leadership and provided
5 to executive leadership for approval. Any individual non-blanket project over
6 \$25M goes to the Board for approval.

7
8 **B. IDENTIFYING THE NEED FOR DISTRIBUTION CAPITAL**
9 **INVESTMENTS**

10 **Q36. HOW DOES EPE IDENTIFY THE NEED FOR NEW DISTRIBUTION**
11 **PROJECTS?**

12 **A.** Distribution system capital projects are driven by customer service requests,
13 customer load growth, service reliability improvements, and compliance with the
14 American National Standards Institute ("ANSI") electric service standards. The
15 ANSI standards define service voltage standards and the acceptable range of
16 variation above and below the standard, i.e., the electric service voltage single-phase
17 standard is 120/240 Volts with a maximum variation from that standard of plus or
18 minus five percent. Additionally, some capital projects are identified and defined in
19 the regular course of EPE's annual O&M inspections; in response to an unexpected
20 distribution outage event caused by weather, vegetation, vehicles, construction

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1 equipment, etc.; or a combination of both. Distribution system expansion projects
2 are listed and defined in an internal document referred to as the 10-year Distribution
3 System Expansion Plan.

4
5 **Q37. DOES EPE HAVE AN INTERNAL APPROVAL PROCESS FOR NEW**
6 **DISTRIBUTION PROJECTS?**

7 **A.** Yes. Distribution projects that are identified and defined in the 10-year Distribution
8 System Expansion Plan follow a scoping process to define the requirements and
9 priority of the projects. In the scoping process, each project is reviewed with the
10 applicable EPE departments to pre-define and identify any obstacles or conflicts
11 associated with the proposed route or site, any land or rights-of-way acquisition or
12 permitting requirements, and any alternatives, and finally the project's priority to
13 schedule the required resources for the project. On an annual basis, capital projects
14 are reviewed by senior leadership and provided to executive leadership for
15 approval. Any individual non-blanket project over \$25M goes to the Board for
16 approval.

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C. PROCEDURES TO MANAGE COSTS

Q38. DOES THE COMPANY HAVE PROCEDURES IN PLACE TO MANAGE COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION PROJECTS?

A. Yes. For non-stock materials and construction services for T&D projects exceeding \$150,000, EPE solicits bids through a formal competitive bidding process. Excluding professional services, EPE also requires competitive bids for all non-stock purchases when the total value of the goods or services equals or exceeds \$25,000. However, informal telephone and email bids conducted by the requesting department are acceptable for purchases from \$25,000 up to \$149,999.

Requests for competitive bid negotiations are forwarded to EPE's Supply Chain Management group for further processing and review as needed. EPE also works with alliance manufacturing partners that help standardize the large equipment and help streamline the process of procurement. These alliances are checked against market for lead times and cost every three years.

A purchase requisition with all necessary information and management approvals will then be submitted to EPE's Supply Chain Management group for processing. All requests for bids, with appropriate EPE bid number and bid due date, will be sent to a minimum of three qualified and approved suppliers, provided that three qualified and approved suppliers for that service or material exist.

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1

2 **Q39. WHAT INFORMATION IS INCLUDED IN THE REQUEST FOR BIDS**
3 **THAT EPE PROVIDES FOR CONTRACTOR SERVICES?**

4 **A.** Bid specifications will include a statement of work and will clearly state the
5 supplier's obligations and responsibilities for all areas of the work or services to be
6 performed. This includes but is not limited to safety, sanitation, and all other
7 aspects of the work to be performed or provided. Bid specifications will include a
8 time frame for the completion of the necessary work or service. Specifications may
9 also include a detailed performance guarantee clause, if applicable. Pre-bid
10 meetings and tours of the project site will be conducted when appropriate.

11

12 **Q40. WHAT PROCESS DOES EPE FOLLOW WHEN IT RECEIVES THE BIDS**
13 **FROM SUPPLIERS?**

14 **A.** Upon receipt of the bids, the Supply Chain Management group will issue a
15 summary report to the user who requested the bid. It will include price quotes by
16 supplier, copies of the bids, the recommended supplier, and the reason for the
17 selection. All information received pertaining to bid packages will remain strictly
18 confidential. Supplier pricing and services will never be discussed with other
19 competing suppliers. Supply Chain Management may notify all participants as to
20 which supplier the bid was awarded. Work performed by contractors or consultants

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1 will not begin until a purchase order ("PO") has been issued. In all cases,
2 contractors and consultants, including subcontractors, must provide proof of
3 required insurance before a PO will be issued.

4 The Company reserves the right to reject any or all bids. Additionally, the
5 Company reserves the right to deviate from written policies and related procedures
6 when, upon a showing of good cause and with the approval of senior management,
7 it is in the best interest of the Company and its customers.

8
9 **Q41. WHAT OTHER PRACTICE DOES EPE FOLLOW TO ENSURE THAT**
10 **COSTS INCURRED FOR T&D PROJECTS ARE REASONABLE?**

11 **A.** When appropriate, EPE will use its own labor resources to help control costs. If,
12 however, a particular task or project requires resources or skills that EPE does not
13 have, or that are not available, outside contractors are employed. Outside
14 contractors are subject to the procurement process described above.

15
16 **VI. T&D CAPITAL INVESTMENTS**

17 **A. TRANSMISSION CAPITAL PROJECTS**

18 **Q42. WHAT IS EPE'S TRANSMISSION CAPITAL INVESTMENT PLACED IN**
19 **SERVICE SINCE THE 2020 RATE CASE?**

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1 **A.** The total Company amount of additional transmission plant in service since the
2 2020 Rate Case is \$251,472,746. These costs include \$250,811,869 for total
3 Company transmission plant additions since the 2020 Rate Case through the Base
4 Period ending September 30, 2025, as adjusted for the Test Year Period to include
5 \$660,877 of total Company transmission plant placed into service in October 2025.
6 A complete list of the total Company transmission capital projects that were
7 completed and placed into service for the Test Year Period is provided by EPE
8 witness Prieto and listed in Exhibit CSP-1. As addressed by EPE witness
9 Hernandez, the New Mexico jurisdictional amount of transmission capital additions
10 is \$55,592,040.

11

12 **Q43. WHAT ARE THE MAJOR LARGE TRANSMISSION PROJECT CAPITAL**
13 **ADDITIONS THAT EPE SEEKS TO INCLUDE IN RATE BASE?**

14 **A.** Non-blanket large transmission projects with a cost of \$5 million or more, as
15 identified in EPE witness Prieto's Exhibit CSP-1, that EPE is requesting to be
16 included in rate base are presented in Table OAG - 2 below. I describe each of
17 these projects in the following section of my testimony.

18

19

20

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Table OAG – 2

PROJECT	PROJECT DESCRIPTION	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
TL302	AIP WOOD TO STEEL STRUCTURES PHASE ONE	\$ 41,349,329
TL245 ⁽¹⁾	SEABECK TO SAN FELIPE 115 KV TRANSMISSION LINE	\$ 24,095,953
TL295	OTERO 345KV NEW SUBSTATION & TRANSMISSION LINE ADJUSTMENTS	\$ 19,657,560
TS142	EDDY WINDFARM 345KV INTERCONNECTION SUBSTATION	\$ 15,909,819
TL119	JORNADA - MOONGATE 115KV TRANSMISSION LINE	\$ 13,615,691
TS148	ROBERTS 115KV INTERCONNECTION SUBSTATION	\$ 10,398,636
TS125	PICANTE 345KV SUBSTATION REACTOR ADDITION	\$ 9,542,696
TL243	SEABECK - HORIZON 115KV TRANSMISSION LINE	\$ 7,865,330
TP101	SPRINGERVILLE CIRCUIT BREAKER REPLACEMENT	\$ 5,394,983
TL312	CLINT TO VALLEY LINE UPGRADE	\$ 5,218,346

⁽¹⁾ Adjusted total Company gross addition includes plant placed into service in October 2025

1. PROJECT NUMBER 1 – TL302

Q44. WHAT IS PROJECT TL302 - AIP WOOD-TO-STEEL STRUCTURE REPLACEMENT?

A. This is a \$41.35 million (\$9.61 million New Mexico jurisdiction) wood to steel structure conversion along the 345 kV Macho Springs–Springerville (also referred to as the Arizona Interconnection Project) ("AIP") transmission line. This is a \$41.35 million (\$9.61 million New Mexico jurisdiction) wood-to-steel structure

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1 conversion along the 345 kV Macho Springs–Springerville (also referred to as the
2 Arizona Interconnection Project) ("AIP") transmission line. The AIP transmission
3 line is 199.93 miles long and extends through the northern region of the Gila
4 National Forest in Southwest New Mexico.

5 The Project included replacing two hundred ninety-nine (299) structures
6 along a fifty (50) mile stretch of the AIP transmission line (please see Exhibit OAG-
7 4 for project pictures). The Project included replacing 299 structures along a 50-
8 mile stretch of the AIP transmission line (please see Exhibit OAG-4 for project
9 pictures). The Project also included replacing 345kV insulator assemblies for 36
10 existing lattice tower structures.

11
12 **Q45. WHY WAS THE AIP WOOD-TO-STEEL STRUCTURE REPLACEMENT**
13 **PROJECT NEEDED?**

14 **A.** The AIP transmission line is critical to EPE's system and is part of WECC Path 47,
15 a vital path for importing EPE's Palo Verde remote generation to meet native load.
16 During peak load season, when EPE is typically importing above 400MW of power,
17 a sustained outage would have a detrimental impact to the reliability of our grid.

18 The older wood structures, which are prone to rotting, deterioration, high
19 wind damage, and pose an increased wildfire risk, contributed to increased risk of
20 long-term outages to this 345kV transmission line.

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1 The rebuilding of this line also greatly reduces maintenance costs, and this
2 type of system hardening is part of EPE's wildfire mitigation efforts. The structure
3 and insulator replacement will contribute to system resilience and reliability for
4 EPE's entire transmission system.

5
6 **Q46. CAN YOU ELABORATE ON THE RISK FROM WILDFIRES TO THE AIP**
7 **TRANSMISSION LINE?**

8 **A.** Yes. The Gila National Forest and areas surrounding the AIP transmission line are
9 prone to and have experienced numerous large wildfires annually over the last six
10 years and three of the state's largest: the Whitewater-Baldy Fire, which burned
11 approximately 300,000 acres in 2012, the Silver Fire, which burned approximately
12 140,000 acres in 2013, and the Black Fire, which burned approximately 325,000
13 acres in 2021. The Gila National Forest and areas surrounding the AIP transmission
14 line are prone to and have experienced numerous large wildfires annually over the
15 last six years and three of the state's largest wildfires: the Whitewater-Baldy Fire,
16 which burned approximately 300,000 acres in 2012, the Silver Fire, which burned
17 approximately 140,000 acres in 2013, and the Black Fire, which burned
18 approximately 325,000 acres in 2021. EPE's formal documentation of wildfires in
19 proximity to EPE facilities since 2020 shows at least six wildfires came within 10
20 miles of the AIP transmission line, prior to the wood-to-steel conversion project,

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1 including the 2023 Dolan Fire which came within one mile of the AIP line. My
2 Exhibit OAG-4 provides further details regarding the fires since 2020.

3
4 **Q47. WERE THERE ALTERNATIVES TO CHANGING OUT THESE WOOD**
5 **STRUCTURES?**

6 **A.** There were no reasonable alternatives. EPE theoretically could have delayed
7 replacing the wooden structures. However, that would have increased risk to the
8 transmission system and sensitive wildfire-prone areas such as the Gila National
9 Forest and compromised the reliability of our system.

10
11 **Q48. SINCE THE PROJECT WAS COMPLETED, HAS THE AIP**
12 **TRANSMISSION LINE BEEN EXPOSED TO A WILDFIRE?**

13 **A.** Yes. In June 2025 the Buck Fire burned more than 50,000 acres and crossed 50
14 structures along the 345kV Macho Springs–Springerville AIP transmission line.
15 Critically, the fire intersected around eight miles of this line, which was the very
16 segment that was recently upgraded as part of the TL302 wood-to-steel pole
17 conversion project. Images of the Buck Fire aftermath are included in Exhibit
18 OAG-04. EPE’s proactive investment likely prevented structural failure and
19 mitigated the risk of broader system reliability impacts. The incident underscores

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1 the importance of continued infrastructure hardening to protect essential
2 transmission assets from wildfire-related disruptions.

3
4 **Q49. WAS PROJECT TL302 - AIP WOOD-TO-STEEL STRUCTURE**
5 **REPLACEMENT PROJECT A REASONABLE AND NECESSARY**
6 **INVESTMENT?**

7 **A.** Yes. This system hardening project is part of EPE's wildfire mitigation efforts,
8 which reduce the likelihood of prolonged outages and position EPE to better serve
9 its customers and respond to the evolving climate challenges.

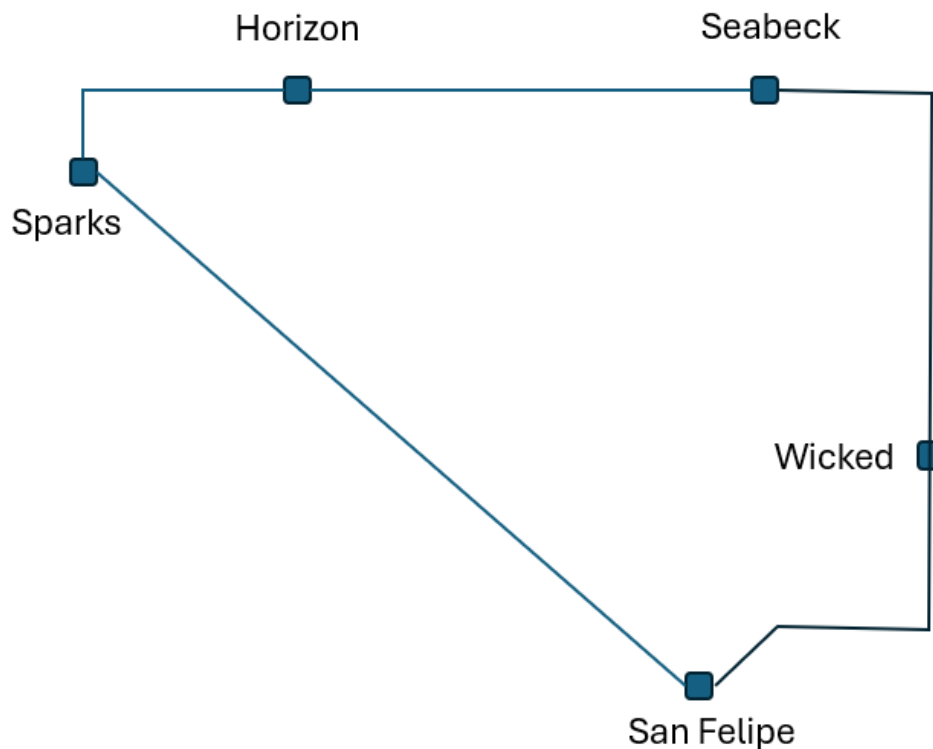
10
11 2. PROJECT NUMBER 2- TL245

12 **Q50. WHAT IS PROJECT TL245 – SEABECK TO SAN FELIPE 115 kV**
13 **TRANSMISSION LINE?**

14 **A.** This \$24.10 million project (\$5.60 million New Mexico jurisdiction) is a new
15 115 kV transmission line that is 18.34 miles located in the eastern region of El Paso
16 County, Texas. This new 115kV transmission line extends from the new Seabeck
17 Substation to the new San Felipe Substation. This is a new transmission line
18 segment, in combination with the additional segment of Project Number TL243
19 discussed later in my testimony, are part of the creation of a 115kV as shown in
20 Figure OAG-3.

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Figure OAG-3



The new 115kV transmission loop will:

- Improve Reliability for the BES: In conducting N-1 contingency planning analysis for 2019, EPE transmission planners identified a NERC Transmission Planning (TPL) reliability requirement [TPL Standard 001-4] that needed to be solved for reliability purposes. The transmission loop associated with this project resolves the projected requirement. In particular, by creating a loop, the transmission system will gain an alternate

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1 path for power flow, which enhances reliability. This redundancy helps
2 prevent outages, especially during peak demand or emergency situations.

- 3 • Voltage Support: The new line provides better transmission voltage support,
4 ensuring that voltage levels remain within acceptable limits, which is
5 crucial for the efficient operation of electrical equipment and overall system
6 stability.

7 The other portions of the loop will include the two existing transmission
8 segments upgraded from 69 kV to 115 kV, Horizon – Seabeck and Felipe – Sparks.
9

10 **Q51. WERE THERE ALTERNATIVES TO THIS PROJECT?**

11 A. EPE considered the possible alternative of rebuilding and increasing the capacity
12 of eight transmission lines that are otherwise projected to overload in 2024-2025
13 under the contingencies analyzed. EPE rejected this approach because EPE
14 estimated that upgrading these eight existing transmission lines and related
15 equipment would be more than the total projected costs for the 115kV transmission
16 loop project. Additionally, the alternative of upgrading the existing transmission
17 lines alone would not provide an infrastructure backbone, which is an additional
18 benefit of the 115kV transmission loop project.
19
20

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1 **Q52. IS PROJECT TL245 – SEABECK TO SAN FELIPE 115KV**
2 **TRANSMISSION LINE REASONABLE AND NECESSARY?**

3 **A.** Yes. EPE's System Planning demonstrated that the line was essential for improving
4 the system and addressing identified planning standard requirements. Building this
5 new line was the least costly and most effective alternative to ensure the ability to
6 serve load to EPE's customers. The project was designed to meet current and future
7 demand, maintain system reliability, and provide necessary voltage support,
8 making it a critical investment for the region's power infrastructure.

9

10 3. PROJECT NUMBER 3 – TL295

11 **Q53. WHAT IS PROJECT TL295 - OTERO 345KV INTERCONNECTION**
12 **SUBSTATION?**

13 **A.** This \$19.66 million project (\$4.57 million New Mexico jurisdiction) is a new
14 345kV interconnection substation necessary to energize the Buena Vista Solar
15 Project in Otero County, New Mexico. This substation will initially employ a ring
16 bus configuration based on the Large Generator Interconnection Agreement
17 ("LGIA") executed between EPE and the generator and the facilities studies
18 conducted to support it. EPE executes interconnection agreements with generators
19 pursuant to the required interconnection agreements and procedures for large and
20 small generators, as applicable, promulgated by the FERC.

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1

2 **Q54. WAS THE OTERO 345KV INTERCONNECTION SUBSTATION**
3 **PROJECT NEEDED?**

4 **A.** Yes. The 345kV interconnection substation project was required to support the
5 interconnection of the 120MW Solar and 50 MW battery storage Buena Vista
6 Project discussed in the Direct Testimony of EPE witness Victor Martinez. With
7 an executed LGIA in place, EPE was obligated to complete this interconnection
8 substation.

9 As discussed by Mr. Martinez, the Buena Vista Project was selected from a
10 competitive bidding process to meet load growth in EPE's service territory. EPE
11 purchases the solar energy and capacity generated by the Buena Vista Project
12 pursuant to a Commission-approved PPA.

13

14 **Q55. WAS THERE AN ALTERNATIVE TO COMPLETING THE OTERO**
15 **SUBSTATION?**

16 **A.** No. EPE was complying with the requirements of the LGIA and completed all the
17 necessary studies to accommodate this request. It was determined that, at this
18 location, this substation was needed to intercept the 345kV transmission line and to
19 bring in the tie-line to the Buena Vista facility.

20

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1 **Q56. WAS PROJECT TL295 - OTERO 345KV INTERCONNECTION**
2 **SUBSTATION PROJECT REASONABLE AND NECESSARY?**

3 **A.** Yes. EPE's System Interconnection department and TSR Engineering department
4 determined that this substation design was the most optimal to meet all the
5 requirements of the LGIA.

6

7 4. PROJECT NUMBER 4 – TS142

8 **Q57. WHAT IS PROJECT TS142 - EDDY WINDFARM 345KV**
9 **INTERCONNECTION SUBSTATION?**

10 **A.** This \$15.91 million project (\$3.70 million New Mexico jurisdiction) is a new
11 345kV interconnection substation project necessary for a wind facility, the Oso
12 Grande Wind Project. The wind facility is located in southeastern New Mexico
13 and is owned by TEP. This substation will employ a ring bus configuration based
14 on the LGIA and the facilities studies conducted to support it.

15

16 **Q58. WHY WAS THE EDDY WINDFARM 345KV INTERCONNECTION**
17 **SUBSTATION PROJECT NEEDED?**

18 **A.** The location, design and construction of the Eddy Windfarm 345 interconnection
19 substation is a product of EPE's implementation of the FERC Large Generator

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1 Interconnection Procedures for a 250MW wind facility. With an executed LGIA
2 in place, EPE was obligated to complete this interconnection substation.

3

4 **Q59. WAS THERE AN ALTERNATIVE TO COMPLETING EMPIRE**
5 **SUBSTATION?**

6 **A.** No, EPE was complying with the LGIA and completed all the necessary studies to
7 accommodate this request. It was determined that at this location, this substation
8 needed to be built to intercept the nearby 345kV transmission line and to bring in
9 the tie-line to the Oso Grande facility.

10

11 **Q60. WAS PROJECT TS142 - EDDY WINDFARM 345KV**
12 **INTERCONNECTION SUBSTATION PROJECT REASONABLE AND**
13 **NECESSARY?**

14 **A.** Yes. EPE's System Interconnection department and TSR Engineering department
15 determined that this substation design was the most optimal to meet all the
16 requirements of the LGIA and covered the facility studies and system impacts.
17 Since the wind project went into commercial operation, TEP pays approximately
18 \$4.9 million annually in transmission service based on EPE's FERC-approved
19 OATT rate. TEP utilizes EPE's transmission to move energy across EPE's system

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1 into Arizona. The revenues are credited back to EPE's retail customers as an offset
2 to the Test Year Period revenue requirement.

3
4 *5. PROJECT NUMBER 5 – TL119*

5 **Q61. WHAT IS PROJECT TL119 – JORNADA - MOONGATE 115KV**
6 **TRANSMISSION LINE?**

7 **A.** This \$13.62 million project (\$3.16 million New Mexico jurisdiction) is a new
8 115 kV transmission line that is 9.06 miles long and is located in the central region
9 of Doña Ana County, New Mexico. This new 115kV transmission line is between
10 EPE's Jornada and Moongate substations.

11
12 **Q62. WHY WAS THE JORNADA - MOONGATE TRANSMISSION NEW LINE**
13 **PROJECT NEEDED?**

14 **A.** This new 115kV transmission line extends an existing line from the Jornada
15 Substation to the Moongate Substation. Extension of this line allows for the
16 creation of a transmission loop that will:

- 17 • Improve Reliability for the BES: In conducting N-1 contingency planning
18 analysis for 2019, EPE transmission planners identified a NERC
19 Transmission Planning ("TPL") reliability requirement [TPL Standard 001-
20 4] that needed to be solved for reliability purposes. The transmission loop

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1 associated with this project resolves the projected requirement. In
2 particular, by creating a loop, the transmission system will gain an alternate
3 path for power flow, which enhances reliability. This redundancy helps
4 prevent outages, especially during peak demand or emergency situations.

- 5 • Voltage Support: The new line provides better transmission voltage
6 support, ensuring that voltage levels remain within acceptable limits, which
7 is crucial for the efficient operation of electrical equipment and overall
8 system stability.

9 The other portions of the loop will include a transmission circuit from the
10 Moongate Substation back to the Company's 345/115kV Arroyo Substation.

11

12 **Q63. WHAT WOULD HAVE BEEN THE CONSEQUENCES OF NOT**
13 **BUILDING THIS NEW TRANSMISSION LINE?**

14 **A.** Not building this new transmission line would have had several negative
15 consequences as reflected in the NERC TPL standards discussed above:

- 16 • Strain on Existing Infrastructure: The existing transmission system would
17 struggle to handle the increasing load, leading to potential overloads and
18 increased risk of outages.

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- 1 • Inability to Serve Growing Demand: As customer demand rises, the
2 existing lines would face higher loading and thermal stress, making it
3 difficult to maintain reliable service.

4
5 **Q64. WERE THERE ALTERNATIVES TO THIS PROJECT?**

6 **A.** No. The project was required for system reliability, and there were no viable
7 alternatives to improving the transmission system in this region. The Distribution
8 and System Planning departments conducted a thorough analysis of the Company's
9 growing needs and the existing transmission system. They determined that
10 constructing this 115kV transmission line to allow for the creation of a transmission
11 loop was the least costly and most effective solution.

12
13 **Q65. DOES PROJECT TL119 JORNADA-MOONGATE HAVE AN**
14 **AMENDMENT TO THE 440 FILING?**

15 **A.** Yes. EPE amended EPE 440 Number 75 on March 23, 2026. EPE 440 Number 75
16 includes projects TL119 and DN164 which is the distribution underbuilt attached
17 to the transmission structures. The project's original cost estimate was
18 \$12,807,153. The final, amended amount is \$ 16,937,995 (\$6,485,270 New Mexico
19 jurisdiction).

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1 **Q66. WHAT WERE THE CAUSES FOR THE AMENDED COST?**

2 **A.** EPE experienced delays in the ROW acquisition and was required to negotiate
3 routing redesigns. This delay pushed the project into the COVID-19 pandemic
4 supply chain disruptions that resulted in equipment cost increases and lead time
5 extensions. Additionally, increased labor costs for construction associated with the
6 COVID-19 disruptions impacted contractor costs.

7

8 **Q67. WAS PROJECT TL119 – JORNADA - MOONGATE 115KV**
9 **TRANSMISSION LINE REASONABLE AND NECESSARY?**

10 **A.** Yes. EPE's System Planning demonstrated that the line was essential for improving
11 the system and addressing identified planning standard requirements. Building this
12 new line was the least costly and most effective alternative to ensure the ability to
13 serve load to EPE customers in New Mexico and Texas. The project was designed
14 to meet current and future demand, maintain system reliability, and provide
15 necessary voltage support, making it a critical investment for the region's power
16 infrastructure.

17

18 6. PROJECT NUMBER 6 – TS148

19 **Q68. WHAT IS PROJECT TS148 – ROBERTS 115KV INTERCONNECTION**
20 **SUBSTATION?**

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1 **A.** This \$10.40 million project (\$2.42 million New Mexico jurisdiction) is a new
2 115kV substation project required to interconnect the Newman-Picante and the
3 Newman-Pipeline 115kV transmission lines into a new Roberts Substation located
4 in west El Paso County, Texas. This substation employs a breaker-and-half
5 configuration based on the requirements of the LGIA required for Newman Unit 6.

6
7 **Q69. WHY WAS THE ROBERTS 115kV INTERCONNECTION SUBSTATION**
8 **PROJECT NEEDED?**

9 **A.** The location, design and construction of the Roberts 115 kV substation is a product
10 of EPE's implementation of the FERC Large Generator Interconnection
11 Procedures. This project is for the purpose of interconnecting to the EPE
12 transmission system a new 228-MW unit at Newman Power Station, namely
13 Newman Unit 6. The project expenditure represents additions and modifications
14 to the transmission system and does not include facilities upstream of the point of
15 interconnection. Facilities upstream of the point of interconnection (from the
16 location of the generating unit to the substation) are not included in EPE's proposed
17 New Mexico rate base. EPE initially considered connecting Unit 6 to the
18 transmission grid through expansion of the existing Newman substation. However,
19 short circuit issues and other limitations of the existing substation's equipment and
20 configuration resulted in the identification of the point of interconnection's

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1 location. The ultimate location of the point of interconnection was identified during
2 the interconnection process. The point of interconnection required construction of
3 a substation at that location. Not only does the point of interconnection substation
4 avoid reliability issues, such as short circuit exceedances, it provides reliability
5 benefits to the transmission network and all those who use the transmission
6 network, as detailed further below.

7
8 **Q70. IS THE ROBERTS SUBSTATION INTEGRATED INTO THE EPE**
9 **TRANSMISSION NETWORK?**

10 **A.** Yes.

11
12 **Q71. DOES POWER MOVE THROUGH THE ROBERTS SUBSTATION AS**
13 **THE TRANSMISSION NETWORK SERVES LOAD CONNECTED TO**
14 **THE NETWORK?**

15 **A.** Yes.

16
17 **Q72. FOR PROJECT TS148 – ROBERTS 115KV INTERCONNECTION**
18 **SUBSTATION, CAN YOU DESCRIBE THE RELIABILITY BENEFITS TO**
19 **THE INTEGRATED TRANSMISSION AND OTHER BENEFITS OF**
20 **CONSTRUCTING THIS INTERCONNECTION AS A NEW**

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SUBSTATION?

A. There are many lines entering the existing Newman Substation at present, and the breakers at the station have reached the limits of their ability to interrupt short circuit fault current. Thus, interconnecting Newman Unit 6 to the transmission network at a separate location mitigates the risk that would have come from force fitting another unit at Newman Substation. The potential risk for generation outages at the existing Newman Substation would have increased substantially, impacting all generation at the Newman Power Station. With the new point of interconnection established for Unit 6, in circumstances in which there was a significant outage at Newman Substation, Newman Unit 6 may still operate via Roberts Substation where Unit 6 output would enter the transmission network. Additionally, Roberts Substation is also connected to two existing 115kV transmission lines downstream of Newman to EPE's far east load pocket. These benefits bring reliability and resiliency benefits to the BES grid. Finally, building a new Roberts Substation allowed EPE to achieve the new generation interconnection without having to do major reconstruction of an energized substation and avoided unnecessary risk to EPE personnel.

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1 **Q73. WHAT DOES FERC REQUIRE WHEN A NEW SUBSTATION IS**
2 **CONSTRUCTED AS A RESULT OF A GENERATOR**
3 **INTERCONNECTION REQUEST?**

4 **A.** FERC requires facilities at or beyond the point of interconnection to be paid for by
5 all users of the transmission network. FERC's generator interconnection rules are
6 rooted in the premise that all users of the transmission network benefit from
7 network upgrades.

8

9 **Q74. IS THAT TRUE EVEN IN SITUATIONS IN WHICH NOT ALL USERS OF**
10 **THE TRANSMISSION NETWORK PURCHASE THE OUTPUT OF THE**
11 **GENERATING FACILITY INTERCONNECTED AT THE SUBSTATION?**
12 **IF SO, WHY?**

13 **A.** Yes. While some users may not purchase the output of the specific generating
14 facility whose interconnection request triggered the installation of the specific
15 substation, those substation facilities are considered part of the integrated
16 transmission network. The integrated transmission network serves all users of the
17 network.

18

19 **Q75. DO RETAIL CUSTOMERS IN NEW MEXICO USE THE INTEGRATED**
20 **TRANSMISSION NETWORK?**

1 **A.** Yes.

3 Q76. WAS PROJECT TS148 – ROBERTS 115KV INTERCONNECTION
4 SUBSTATION PROJECT REASONABLE AND NECESSARY?

5 **A.** Yes. EPE's System Interconnection department studied and EPE's TSR department
6 evaluated the facilities, their design, their configuration and their capabilities and
7 determined the Roberts Substation was the most optimal to meet all the
8 requirements of the LGIA.

10 7. PROJECT NUMBER 7-TS125

11 **Q77. WHAT IS PROJECT TS125 - PICANTE 345KV SUBSTATION**
12 **MODIFICATIONS PROJECT?**

A. EPE's Caliente to Amrad 345 kV transmission line runs adjacent to Picante Substation. Under this \$9.54 million project (\$2.22 million New Mexico jurisdiction), this line was reconfigured to interconnect to the substation's ring bus which also required modification. The substation modifications included the addition of three 345 kV gas circuit breakers as well as disconnect switches with motor operated devices to the substation. A new in-line 345 kV shunt reactor was also installed at Picante Substation to help with voltage support on the 345 kV transmission line.

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2 **Q78. WHY WERE THE PICANTE 345KV SUBSTATION MODIFICATIONS**
3 **NEEDED?**

4 **A.** Project TS125 was identified in EPE's transmission system expansion plan to help
5 support the 345kV transmission system. In conjunction with the Otero project,
6 described above, this line re-configuration and substation modification project
7 created two parallel transmission line paths from Picante Substation to Caliente
8 Substation and a single transmission path from Picante to Otero and Otero to
9 Amrad. This project was needed to help create another transmission path to critical
10 substations in this region of the system to support NERC TPL-001 standard
11 requirements, and it improves the accessibility of conducting emergency or routine
12 maintenance on these critical transmission lines.

13

14 **Q79. WERE THERE ALTERNATIVES TO THIS PROJECT?**

15 **A.** No. The Caliente-Picante transmission line could have bypassed Picante
16 Substation and gone straight to Otero Substation. However, doing so would have
17 limited the transmission paths into EPE's eastern portion of EPE's 345kV system
18 and would have adversely impacted the flexibility required for EPE to perform
19 maintenance on transmission lines in this region, reducing voltage stability during
20 an N-1 contingency.

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2 **Q80. WAS PROJECT TS125 - PICANTE 345KV SUBSTATION REACTOR**
3 **ADDITION PROJECT A REASONABLE AND NECESSARY**
4 **INVESTMENT?**

5 **A.** Yes. An analysis by EPE's System Planning and TSR determined that this
6 substation modification was the most optimal to meet all the requirements needed
7 by this portion of EPE's transmission system.

8

9

8. PROJECT NUMBER 8 – TL243

10 **Q81. WHAT IS PROJECT TL243 SEABECK TO HORIZON 115KV**
11 **TRANSMISSION LINE?**

12 **A.** This \$7.87 million project (\$1.83 million New Mexico jurisdiction) upgraded
13 existing 69 kV transmission infrastructure to a 7.3 mile, 115 kV transmission line
14 in the eastern region of El Paso County, Texas. This 115kV transmission line is
15 between EPE's Horizon and Seabeck Substations. This new transmission line
16 segment is also part of the 115kV loop in Figure XX described earlier in testimony
17 as part of project TL245.

18

19 **Q82. WHY WAS THE SEABECK – HORIZON TRANSMISSION NEW LINE**
20 **PROJECT NEEDED?**

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1 A. This new 115kV transmission line extends from the new Seabeck Substation to the
2 Horizon Substation. The new transmission line extension emanating from the
3 Horizon – Seabeck transmission line will provide a new 115kV transmission loop
4 that will:

- 5 • Improve Reliability for the BES: In conducting N-1 contingency planning
6 analysis for 2019, EPE transmission planners identified a NERC
7 Transmission Planning (TPL) reliability requirement [TPL Standard 001-4]
8 that needed to be solved for reliability purposes. The transmission loop
9 associated with this project resolves the projected requirement. In
10 particular, by creating a loop, the transmission system will gain an alternate
11 path for power flow, which enhances reliability. This redundancy helps
12 prevent outages, especially during peak demand or emergency situations.
- 13 • Voltage Support: The new line provides better transmission voltage
14 support, ensuring that voltage levels remain within acceptable limits, which
15 is crucial for the efficient operation of electrical equipment and overall
16 system stability.

17 The other portions of the loop will include the rebuild of the new
18 Seabeck – Horizon 115 kV transmission line and the existing Felipe – Sparks 69kV
19 transmission circuit upgraded to 115kV.

20

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1 **Q83. WHAT WOULD HAVE BEEN THE CONSEQUENCES OF NOT**
2 **BUILDING THIS NEW TRANSMISSION LINE?**

3 **A.** Not building this new transmission line would have had several negative
4 consequences as reflected in the NERC TPL standards discussed above:

- 5 • Strain on Existing Infrastructure: The existing transmission system would
6 struggle to handle the increasing load, leading to potential overloads and
7 increased risk of outages.
- 8 • Inability to Serve Growing Demand: As customer demand rises, the
9 existing lines would face higher loading and thermal stress, making it
10 difficult to maintain reliable service.

11

12 **Q84. WERE THERE COST-EFFECTIVE ALTERNATIVES TO THIS**
13 **PROJECT?**

14 **A.** No. Upgrading the capacity of existing transmission lines such as through voltage
15 upgrades, bundling conductors along existing facilities, or reconductoring existing
16 lines potentially could have addressed the need, but those approaches were rejected
17 as more costly than the proposed project. Specifically, the alternatives to the new
18 115kV transmission loop would have been to rebuild and increase the capacity of
19 eight transmission lines that are otherwise projected to overload in 2024-2025 under
20 the contingencies analyzed. EPE estimated that upgrading these eight existing

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1 transmission lines and related equipment would be more costly than the total
2 projected costs for the eastside loop expansion project. Additionally, upgrading the
3 existing transmission lines alone would not provide the benefit of providing an
4 infrastructure backbone for required network expansion.

5
6 **Q85. WAS PROJECT TL243 – HORIZON TO SEABECK 115kV**
7 **TRANSMISSION LINE REASONABLE AND NECESSARY**
8 **INVESTMENT?**

9 **A.** Yes. EPE's System Planning demonstrated that the line was essential for improving
10 the system and addressing identified planning standard requirements. Building this
11 new line was the least costly and most effective alternative to ensure the ability to
12 serve load to EPE customers in New Mexico and Texas. The project was designed
13 to meet current and future demand, maintain system reliability, and provide
14 necessary voltage support, making it a critical investment for the region's power
15 infrastructure.

16
17 *9. PROJECT NUMBER 9 – TP101*

18 **Q86. WHAT IS PROJECT TP101 - SPRINGVILLE CIRCUIT BREAKER**
19 **REPLACEMENT PROJECT?**

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1 **A.** This \$5.39 million project (\$1.25 million New Mexico jurisdiction) consists of the
2 design, procurement, and construction of eighteen (18) 345kV circuit breakers,
3 thirty-four (34) disconnect switches, and other associated equipment at
4 Springerville Substation, of which EPE is a part owner. EPE's allocated cost share
5 was 19.44% of total project costs pursuant to the substation's operating agreement.
6 The project also included the upgrade and replacement of the fencing around
7 Springerville substation with a metal mesh fencing for increased physical security,
8 of which EPE paid for 8.33% of that cost pursuant to the operating agreement.

9

10 **Q87. WHY WAS THE SPRINGERVILLE CIRCUIT BREAKER**
11 **REPLACEMENT PROJECT NEEDED?**

12 **A.** Replacements were needed due to equipment being at end of life.

13

14 **Q88. WHAT WOULD HAVE BEEN THE CONSEQUENCES OF NOT**
15 **COMPLETING THIS SPRINGERVILLE CIRCUIT BREAKER**
16 **REPLACEMENT PROJECT?**

17 **A.** The circuit breakers replaced were at end of life and could have suffered a
18 catastrophic failure if not replaced. The breakers are vital to the operation of the
19 substation.

20

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1 **Q89. WERE THERE ALTERNATIVES TO COMPLETING THIS CIRCUIT**
2 **BREAKER REPLACEMENT PROJECT?**

3 **A.** No. There were no alternatives to completing this circuit breaker replacement. EPE
4 is not the sole owner of this station and together with the other owners, the decision
5 was made to replace the circuit breakers.

6

7 **Q90. WAS PROJECT TP101 - SPRINGVILLE CIRCUIT BREAKER**
8 **REPLACEMENT PROJECT REASONABLE AND NECESSARY?**

9 **A.** Yes. Although EPE is only a part owner of this facility, it exercised reasonable
10 oversight regarding the project to ensure that the project and its costs were
11 reasonable and necessary.

12

13 *10. PROJECT NUMBER 10 – TL312*

14 **Q91. WHAT IS PROJECT TL312 – CLINT TO VALLEY TRANSMISSION LINE**
15 **RECONDUCTOR PROJECT?**

16 **A.** This \$5.22 million project (\$1.21 million New Mexico jurisdiction) consists of the
17 reconductoring of the Clint to Valley 69kV transmission line in the Clint and
18 Socorro Texas area. It also was a pole-for-pole replacement from wood-to-steel
19 structures with the capacity for a second distribution circuit underbuilt on the
20 transmission line. The distribution circuit itself was not part of this project.

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1

2 **Q92. WHY WAS THE CLINT TO VALLEY TRANSMISSION LINE**
3 **RECONDUCTOR PROJECT NEEDED?**

4 **A.** The Clint to Valley project was needed to address and mitigate potential overload
5 conditions under certain transmission event contingencies. With the change in
6 conductor size, a complete replacement of the wood structures was necessary due
7 to all the upgrades to complete reconductoring. Once it was determined that a
8 structure replacement was necessary, a second distribution circuit was added to the
9 transmission structures to help support the additional load growth from Clint
10 Substation.

11

12 **Q93. WHAT WOULD HAVE BEEN THE CONSEQUENCES OF NOT**
13 **COMPLETING THIS RECONDUCTOR PROJECT?**

14 **A.** EPE's System Planning department identified the need to reductor the Clint to
15 Valley transmission line due to projected overloading conditions. If this project
16 was not completed, this transmission line was projected to overload under
17 contingency planning scenarios and place the system reliability at risk. This would
18 also put in jeopardy the load growth and additional capacity needed in this region.

19

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1 **Q94. WERE THERE ALTERNATIVES TO COMPLETING THIS**
2 **RECONDUCTOR PROJECT?**

3 **A.** No, there were no viable alternatives to the reconductoring project. Constructing a
4 separate new transmission line to relieve the projected overloads would have been
5 much more expensive than reconductoring the existing facilities.

6

7 **Q95. DOES PROJECT TL312 CLINT-VALLEY HAVE AN AMENDMENT TO**
8 **THE 440 FILING?**

9 **A.** Yes. EPE amended EPE 440 Number 92 on March 23, 2026. The original cost
10 estimate was \$ 8,705,799 and the final, amended amount is \$ 5,218,346 (\$1,212,237
11 New Mexico jurisdiction).

12

13 **Q96. WHAT WERE THE CAUSES FOR THE AMENDED COST?**

14 **A.** The adjustment is attributable to decreased costs for labor and traffic control. The
15 initial estimate assumed added costs to work nighttime hours; however, the
16 Department of Transportation approved daytime lane closures which resulted in
17 lower labor costs. Additionally, materials were procured at a lower cost than
18 originally estimated.

19

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1 **Q97. WAS THE CLINT TO VALLEY TRANSMISSION LINE RECONDUCTOR**
2 **PROJECT REASONABLE AND NECESSARY?**

3 A. Yes. Transmission Engineering verified that the required upgrades addressed all
4 system planning contingencies and projected overloading impacts to the 69kV
5 system.

6

7 *11. ADDITIONAL TRANSMISSION CAPITAL PROJECTS*

8 **Q98. WHAT OTHER TRANSMISSION PROJECTS WITH COSTS GREATER**
9 **THAN \$1 MILLION ARE INCLUDED IN THIS RATE APPLICATION?**

10 A. My Exhibit OAG-5 presents transmission projects and their associated costs with
11 project descriptions for all projects with a cost greater than \$1 million but less than
12 \$5 million; transmission blanket projects with a total cost greater than \$1 million
13 are also included in Exhibit OAG-5 Transmission blanket projects are standing
14 projects that are utilized to cover smaller, recurring initiatives that arise such as
15 transmission segment rebuilds due to forced outages, required structure
16 replacements identified during inspections, and investments to meet changing
17 NERC Reliability Standards.

18

19 **Q99. DO ANY OF THE PROJECTS ON EXHIBIT OAG-5 HAVE**
20 **AMENDMENTS TO THE 440 FILING?**

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1 **A.** Yes. Project TL316 Lane to Wrangler Reconductor is the only project that has an
2 amended 440. EPE 440 Number 104 on March 23, 2026. The original cost estimate
3 was \$2,047,959. The final, amended project amount is \$1,187,042 (\$275,753 New
4 Mexico jurisdiction). The adjustment is attributable to decreased costs for labor
5 and traffic control. The initial estimate assumed added costs to work nighttime
6 hours; however, the Department of Transportation approved daytime lane closures
7 which resulted in lower costs.

8

9 **Q100. ARE THE COSTS OF ALL THE TRANSMISSION PROJECTS LISTED IN**
10 **MS. PRIETO'S EXHIBIT CSP-1 REASONABLE AND NECESSARY TO**
11 **PROVIDE SAFE AND RELIABLE SERVICE TO CUSTOMERS?**

12 **A.** Yes. The costs are reasonable and necessary to provide safe and reliable service.
13 The transmission projects are necessary to serve anticipated load growth, improve
14 overall reliability and functionality of EPE's system, adhere to applicable reliability
15 standards, and are subject to EPE's procurement processes and procedures to ensure
16 the reasonableness and prudence of the costs. All of the projects are used and useful
17 as well.

18

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B. DISTRIBUTION CAPITAL PROJECTS

Q101. WHAT AMOUNT OF NEW MEXICO DISTRIBUTION PLANT ADDITIONS HAS EPE PLACED IN SERVICE SINCE THE 2020 RATE CASE?

A. Since the 2020 Rate Case, EPE has placed \$197,344,455 of additional distribution plant in service in New Mexico, including \$2,730,644 of distribution plant placed in service in New Mexico in October 2025. As described in the testimony of EPE witness Hernandez, New Mexico distribution plant costs are directly assigned to New Mexico. A list of these New Mexico distribution projects is provided by EPE witness Prieto in her Capital Additions Exhibit CSP-1. These projects are discussed further in my testimony.

Q102. WHAT ARE THE MAIN FACTORS THAT DETERMINE THE NEED FOR CAPITAL INVESTMENT IN THE NEW MEXICO DISTRIBUTION SYSTEM?

A. Load growth and maintaining reliability are the main factors that drive the need for capital investments in the New Mexico distribution system. New facilities are required to reliably serve EPE's expanding customer load growth. Existing facilities need to be proactively replaced as they reach the end of their useful lives to maintain acceptable reliability and to be reactively replaced if they fail or

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1 premature failures due to aging.

2

3 **Q103. PLEASE DESCRIBE TABLE OAG-3.**

4 **A.** Table OAG-3 identifies the largest New Mexico distribution projects placed into
5 service between January 1, 2020, and October 31, 2025. The single criterion that I
6 have used in developing Table OAG-3 is a total cost amount to distinguish major
7 distribution projects from other projects. Those non-blanket projects that cost more
8 than \$5 million per project and have been placed in service from January 1, 2020,
9 through October 31, 2025, are listed below. Non-blanket projects under \$5 million
10 total approximately \$17 million and predominantly consist of New Mexico
11 distribution projects such as distribution substation and feeder additions,
12 expansions, and other infrastructure betterments to meet load requirements and
13 maintain reliability. While the New Mexico distribution capital projects that EPE
14 requests be placed into rate base are used and useful and have been constructed in
15 a prudent manner at a reasonable cost, I describe the projects over \$5 million in
16 greater detail for ease in reference and to highlight the key distribution capital
17 projects since the Company's last general rate case.

18

19 **Q104. WHAT ARE THE LARGEST DISTRIBUTION SUBSTATION PROJECTS**
20 **LISTED?**

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1 **A.** The largest non-blanket New Mexico distribution projects by cost are outlined in
2 Table OAG-3 and are as follows:

Table OAG-3

PROJECT	PROJECT DESCRIPTION	ADJUSTED NEW MEXICO GROSS ADDITIONS
DN185	TALavera SUBSTATION	\$ 16,463,086
DN145	MOONGATE SUBSTATION	\$ 14,047,540

9
10 *I. PROJECT NUMBER 1 – DN185*

11 **Q105. WHAT IS PROJECT DN185 TALavera SUBSTATION?**

12 **A.** Project DN185 is a \$16.46 million-dollar project to construct a new substation,
13 Talavera substation, in southeast Las Cruces. Talavera substation is a 115/23.9 kV
14 distribution substation serving the rapid load growth in that area which will exceed
15 capacity of existing Salopek and Arroyo substations. Talavera substation was
16 constructed as a six-position 115 kV ring bus, with two 50 MVA distribution power
17 transformers, and two distribution switchgears, which connect four distribution
18 feeders. The Talavera Substation has modernized transformer protection and
19 controls that allow for automatic load restoration in the event of one transformer
20 locking out of service due to a fault. The automatic scheme will assess total

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1 transformer loading and if there is sufficient capacity on the second transformer it
2 will transfer distribution feeders and restore load. To meet the rapidly growing
3 electrical load of this area, EPE needed to construct and place the new Talavera
4 substation in service in 2023.

5
6 **Q106. WHY WAS THIS PROJECT NEEDED?**

7 **A.** Talavera substation is needed to serve increasing customer load in the area and
8 alleviate load on Salopek and Arroyo substations. In 2007, the peak load of Salopek
9 and Arroyo were at 82% of capacity and projected to exceed 92% by 2013 due to
10 load growth and development in the southeast area of Las Cruces. It is necessary
11 to keep capacity loading to below 80% to ensure sufficient capacity for addressing
12 unforeseen forced outages. During forced outages (due to structure/crossarm
13 failures, equipment failures, etc.), sufficient capacity is required to reconfigure
14 feeders and offload customers to neighboring feeders for service restoration. EPE's
15 ability to serve load from Salopek substations' east-serving feeders and Arroyo
16 substations' south-serving feeders was very limited and reliability to area critical
17 loads like medical facilities also needed to be maintained. The southeast area of
18 Las Cruces continues to experience moderate growth, including numerous medical
19 facilities which require reliable service supported by a networked distribution
20 network for offloading capacity.

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1

2 **Q107. DOES PROJECT DN185 TALAVERA SUBSTATION HAVE AN**
3 **AMENDMENT TO THE 440 FILING?**

4 **A.** Yes. EPE amended EPE 440 Filing No. 70 on March 23, 2026. EPE 440 Filing
5 No. 70 includes project numbers DN185, DN178 and TL254. The original cost
6 estimate was \$9,810,967 and the final, amended amount is \$19,972,331 on a total
7 Company basis (\$18,965,186 on a New Mexico jurisdictional basis).

8

9 **Q108. WHAT WERE THE CAUSES FOR THE AMENDED COST?**

10 **A.** The adjustment is in part attributable to supply chain disruptions that resulted in
11 equipment cost increases and lead time extensions. These disruptions were caused
12 by the COVID-19 pandemic which impacted the utility industry along with full
13 economy. Lead-time extensions resulted in an extended project timeline for
14 execution. Additionally, the initial estimate was stochastic. During the project
15 execution, design standards were modified and additional required equipment was
16 identified. Finally, additional costs were added to meet Bureau of Land
17 Management's aesthetics requirements.

18

19 **Q109. WAS PROJECT DN185 TALAVERA SUBSTATION A REASONABLE**
20 **AND NECESSARY INVESTMENT?**

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1 **A.** Yes. As described above, this substation is needed to meet current and increasing
2 load growth in this area to provide reliable service to EPE customers.

3

4

2. *PROJECT NUMBER 2 – DN145*

5 **Q110. WHAT IS PROJECT DN145, THE MOONGATE SUBSTATION?**

6 **A.** DN145 is a \$14.05 million project to construct a new substation, Moongate
7 substation, in northeast Las Cruces. Moongate substation is a 115/23.9 kV
8 distribution substation serving the rapid load growth in that area, and it will help
9 support existing Jornada and Arroyo substations as well. The Moongate substation
10 was constructed as an eight-position 115 kV ring bus, with a 50 MVA distribution
11 power transformers, and two distribution switchgears, which connect four
12 distribution feeders. To meet the rapidly growing electrical load of this area, EPE
13 needed to construct and place the new Moongate substation in service in 2023.

14

15 **Q111. WHY WAS THIS PROJECT NEEDED?**

16 **A.** Moongate substation is needed to serve increasing customer load in the northeast
17 area of Las Cruces and alleviate load on Jornada, Picacho, and Arroyo substations.
18 In 2011 the area peak load reached a 75% capacity utilization and projected to reach
19 87% utilization. As described above, it is necessary to maintain sufficient capacity
20 for offloading during forced outages to provide reliable service. Additionally,

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1 EPE's ability to serve load from Jornada and Arroyo substations is very limited and
2 constrained by the distance from these substations to the load centers. Growth in
3 this area is due to the development of residential subdivisions and new commercial
4 loads.

5
6 **Q112. DOES PROJECT DN145 MOONGATE SUBSTATION HAVE AN**
7 **AMENDMENT TO THE 440 FILING?**

8 **A.** Yes. EPE amended EPE 440 Number 72 on March 23, 2026. The original cost
9 estimate was \$8,756,828 and the final amended amount is \$14,047,540.

10
11 **Q113. WHAT WERE THE CAUSES FOR THE AMENDED COST?**

12 **A.** The amendment for this project was in part attributable to supply chain disruptions
13 that resulted in equipment cost increases and lead time extensions. These
14 disruptions were caused by the COVID-19 pandemic which impacted the utility
15 industry along with full economy. Lead-time extensions resulted in an extended
16 project timeline for execution. Additionally, increased labor costs for construction
17 associated with the COVID-19 disruptions impacted contractor costs.

18
19 **Q114. WAS PROJECT DN145 MOONGATE SUBSTATION A REASONABLE**
20 **AND NECESSARY INVESTMENT?**

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1 **A.** Yes. As previously described, this substation is needed to serve the increasing load
2 in the area and to serve as support for Jornada and Arroyo substations.

3

4 3. *BLANKET PROJECTS FOR CUSTOMER CONNECTIONS*

5 **Q115. WHICH ARE THE BLANKET PROJECTS ASSOCIATED WITH**
6 **CUSTOMER CONNECTIONS?**

7 **A.** There are four distribution blanket projects that are directly associated with
8 customer connections between January 1, 2020, and October 31, 2025. The total
9 capital for these four blankets is \$76,274,371 and are listed below.

10

11

Table OAG-4

12

13

14

15

16

PROJECT	PROJECT DESCRIPTION	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
DN061	NEW MEXICO RESIDENTIAL CONSTRUCTION	\$ 34,803,406
DN069	NEW MEXICO COMMERCIAL CONSTRUCTION	\$ 27,183,108
MN004	NEW MEXICO METERS	\$ 8,676,912
DN068	NEW MEXICO OVERHEAD SERVICE NEW AND/OR REPLACEMENT	\$ 5,610,946

17

18 **Q116. PLEASE DESCRIBE THE FOUR BLANKET PROJECTS AND THEIR**
19 **PURPOSE AS IT RELATES TO CUSTOMER CONNECTIONS.**

20 **A.** The first two, DN061 and DN069, are costs associated with new customer
21 connections and include line extension costs per EPE's Commission-approved Line

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1 Extension Policy. This includes installation or replacement of
2 overhead/underground distribution facilities to provide service to new residential
3 customer installations and to provide additional load to existing residential
4 customer installations.

5 DN068 is also associated with customers connections; however, it is the
6 installation of the customer service drop. This is the final span connecting to
7 customer facilities. Similarly, MN004 is the installation of meters for customer
8 connections.

9
10 **Q117. ARE THE COSTS OF THE FOUR DISTRIBUTION BLANKET PROJECTS**
11 **REASONABLE AND NECESSARY TO PROVIDE SAFE AND RELIABLE**
12 **SERVICE TO CUSTOMERS?**

13 **A.** Yes. The blanket projects are administered per EPE's Commission approved Line
14 Extension Policy and are necessary to serve customer connections and reliably
15 serve their load growth. Additionally, to add some perspective, there were
16 approximately 8,480 new customers added since December 2019. This results in
17 approximately \$8,996 per customer connection, which is reasonable. All of the
18 projects are used and useful as well.

19

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4. *NEW MEXICO DISTRIBUTION DAMAGE BLANKET*

**Q118. WHAT IS BLANKET PROJECT DN065 NEW MEXICO DISTRIBUTION
DAMAGE BLANKET?**

A. The project is associated with infrastructure replacement as part of unplanned forced outages with a total \$7,626,633 between January 1, 2020, and October 31, 2025. These are typically associated with damage during weather events or vehicle accidents. These costs include installation of infrastructure such as distribution poles, transformers and conductor.

**Q119. ARE THE COSTS OF THE NEW MEXICO DAMAGE REASONABLE AND
NECESSARY TO PROVIDE SAFE AND RELIABLE SERVICE TO
CUSTOMERS?**

A. Yes. The investments were necessary to reliably replace damaged infrastructure and restore service to customers. All the infrastructure is used and useful as well.

5. *RELAY UPGRADES NEW MEXICO DISTRIBUTION SUBSTATIONS*

**Q120. WHAT IS BLANKET PROJECT DN015 NEW MEXICO DISTRIBUTION
DAMAGE BLANKET?**

A. The blanket project is for the replacement and upgrade of protection control equipment in New Mexico distribution substations with a total \$5,064,119 between

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1 January 1, 2020, and October 31, 2025, including relay upgrades necessary for EPE
2 to comply with the minimum load feeder reporting associated with the New Mexico
3 distributed generation hosting rule. Additionally, this equipment provides real time
4 data and responses to system conditions, which is improves system reliability.
5 Finally, the relay upgrades improve performance and protection coordination on
6 the distribution system resulting in improved reliability.

7
8 **Q121. ARE THE COSTS OF THE NEW MEXICO DAMAGE REASONABLE AND**
9 **NECESSARY TO PROVIDE SAFE AND RELIABLE SERVICE TO**
10 **CUSTOMERS?**

11 **A.** Yes. The investments were necessary to comply with the New Mexico rule
12 reporting requirement for minimum feeder load, replace aging relays and improve
13 reliability of service. All of the relays are used and useful as well.

14
15 *6. ADDITIONAL NEW MEXICO DISTRIBUTION CAPITAL PROJECTS*

16 **Q122. WHAT OTHER NEW MEXICO DISTRIBUTION PROJECTS WITH**
17 **COSTS GREATER THAN \$1 MILLION ARE INCLUDED IN THIS RATE**
18 **CASE?**

19 **A.** My Exhibit OAG-6 presents New Mexico distribution projects and their associated
20 costs with project descriptions for all special projects with a cost greater than

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1 \$1 million but less than \$5 million; the exhibit also presents Distribution blanket
2 projects over \$1 million but less than \$5 million. Distribution blanket projects are
3 standing projects that are utilized to cover smaller, recurring initiatives that arise
4 such as substation equipment replacement identified during inspections or due to
5 forced outages. Another area of investment is from reliability improvements to
6 meet changing NERC Reliability Standards. The Company uses Distribution
7 Blanket Projects to account for capital costs that fall within pre-defined, recurring
8 categories. Although the individual activities are recurring and comparatively
9 small in nature, these projects span activities that apply to the entire distribution
10 system. The specific work orders under the project delineate the task by location,
11 customer, or other characteristics that facilitate both scheduling and accounting
12 processes at EPE. These projects are necessary to (1) improve reliability of the
13 distribution system, (2) improve operation of the distribution system, and (3) meet
14 EPE's continuous customer load growth.

15 The capital investment associated with most blanket projects are, in large
16 part, customer-driven investments and net of any Contribution in Aid of
17 Construction ("CIAC") made by the customer. These represent reasonable,
18 necessary, and prudent capital investments that are used and useful to serve New
19 Mexico customers.

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**Q123. ARE THE COSTS OF ALL THE NEW MEXICO DISTRIBUTION
SUBSTATION PROJECTS LISTED IN MS. PRIETO'S EXHIBIT CSP-2
REASONABLE AND NECESSARY TO PROVIDE SAFE AND RELIABLE
SERVICE TO CUSTOMERS?**

A. Yes. The costs are reasonable, necessary, and prudent to provide safe and reliable service. The distribution substation projects are necessary to serve anticipated load growth, improve overall reliability and functionality of EPE's system, adhere to applicable reliability standards, and are subject to EPE's procurement processes and procedures to ensure the reasonableness and prudence of the costs. All of the projects are used and useful as well.

VII. T&D OPERATIONS AND MAINTENANCE

A. TRANSMISSION OPERATIONS AND MAINTENANCE

**Q124. HOW MUCH IS INCLUDED IN TEST YEAR PERIOD O&M EXPENSE
FOR TRANSMISSION?**

A. O&M expense in the Test Year Period for transmission on a total Company basis is \$29,603,190, as adjusted and as presented in the testimony of EPE witness Sierra and listed in Schedule H-01. EPE witness Hernandez supports the New Mexico jurisdictional transmission O&M in the amount of \$6,872,008.

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1 **Q125. WHAT ACTIVITIES CREATE TRANSMISSION O&M EXPENSE?**

2 **A.** The transmission O&M expense consists primarily of the cost of employees
3 operating the transmission system and associated materials and services necessary
4 and reasonable for maintaining the system, including vegetation management,
5 repair work, replacement, and general upkeep.

6

7 **Q126. DOES EPE HAVE COST CONTROL MEASURES IN PLACE TO**
8 **MANAGE ITS TRANSMISSION O&M COSTS?**

9 **A.** Yes. There are two major cost control mechanisms in place to manage these costs.
10 As with the Energy Delivery capital projects, materials and services for
11 transmission O&M projects are solicited through a formal competitive bidding
12 process. Transmission O&M projects are subject to the same processes for
13 obtaining competitive bids as I described previously. The expense also goes
14 through a budgeting process that requires management approval. EPE has
15 reasonable measures in place to manage these costs, and the costs for the Test Year
16 Period are reasonable.

17

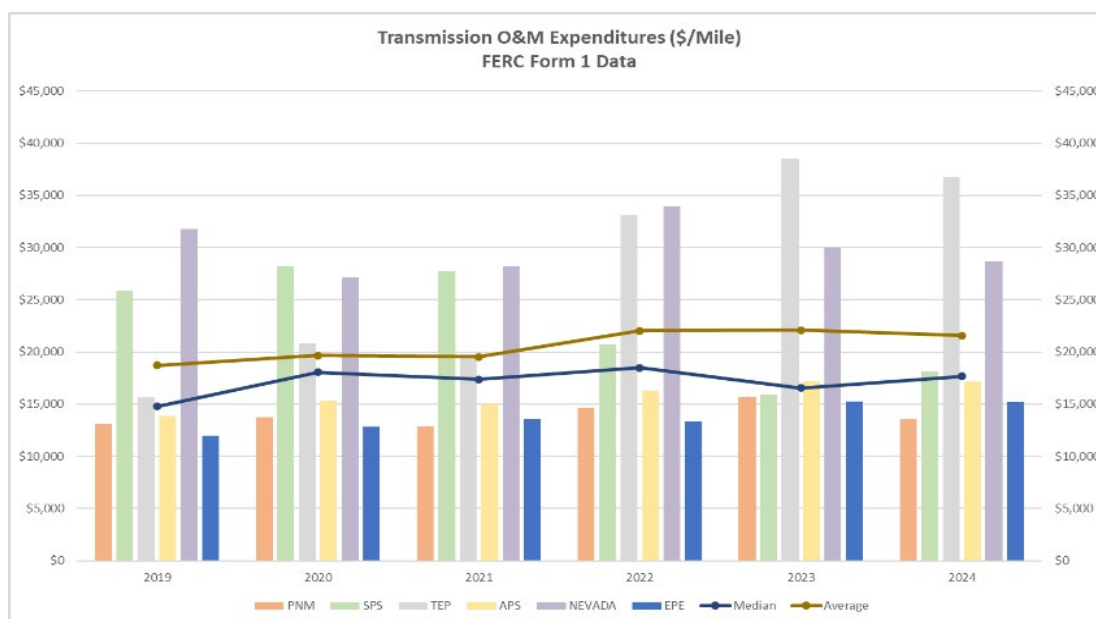
18 **Q127. HOW DOES EPE'S TRANSMISSION O&M EXPENSE COMPARE TO**
19 **OTHER REGIONAL UTILITIES IN RECENT YEARS?**

20 **A.** The figures below illustrate EPE's comparative transmission O&M cost per mile of

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transmission line with those of the other regional utilities (SPS, PNM, and TEP).

Figure OAG-4



Q128. DOES A FAVORABLE COMPARISON OF EPE'S TRANSMISSION O&M COSTS TO OTHER REGIONAL UTILITIES PROVE THAT EPE'S COSTS WERE REASONABLE AND NECESSARY?

A. Not by itself. Each company faces its own unique circumstances. A favorable comparison would simply show that EPE's efforts achieved results for its customers that are within the range of the other utilities' transmission costs, which they are. As I have discussed above, the facts show that EPE has cost control processes in place to allow it to effectively manage its transmission operations and to provide

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1 reliable electric service to its retail customers, which in part can be demonstrated
2 by the relatively low swings in EPE's O&M costs over the years. Accordingly, the
3 transmission O&M costs EPE incurred during the Test Year Period should be found
4 reasonable and necessary.

5
6 **B. DISTRIBUTION OPERATIONS AND MAINTENANCE**

7 **Q129. WHAT IS THE TEST YEAR PERIOD O&M EXPENSE FOR**
8 **DISTRIBUTION?**

9 **A.** The total Company distribution O&M expense for the Test Year Period is
10 \$31,482,441 which includes adjustments presented by EPE witness Sierra and
11 listed in Schedule H-01. EPE witness Hernandez supports the New Mexico direct
12 assigned O&M expense for distribution of \$8,240,915.

13
14 **Q130. WHAT ACTIVITIES ARE INCLUDED IN DISTRIBUTION O&M**
15 **EXPENSE?**

16 **A.** Total distribution O&M expense consists of the cost of (1) employees operating the
17 distribution system and any associated materials and equipment and
18 (2) maintaining the system, such as vegetation management, repair work,
19 replacement, and general upkeep.

1 Q131. DOES EPE HAVE COST CONTROL MEASURES IN PLACE TO
2 MANAGE DISTRIBUTION O&M COSTS?

10

11 **Q132. HOW DOES EPE'S DISTRIBUTION O&M EXPENSE COMPARE TO**
12 **OTHER REGIONAL UTILITIES IN RECENT YEARS?**

17 /

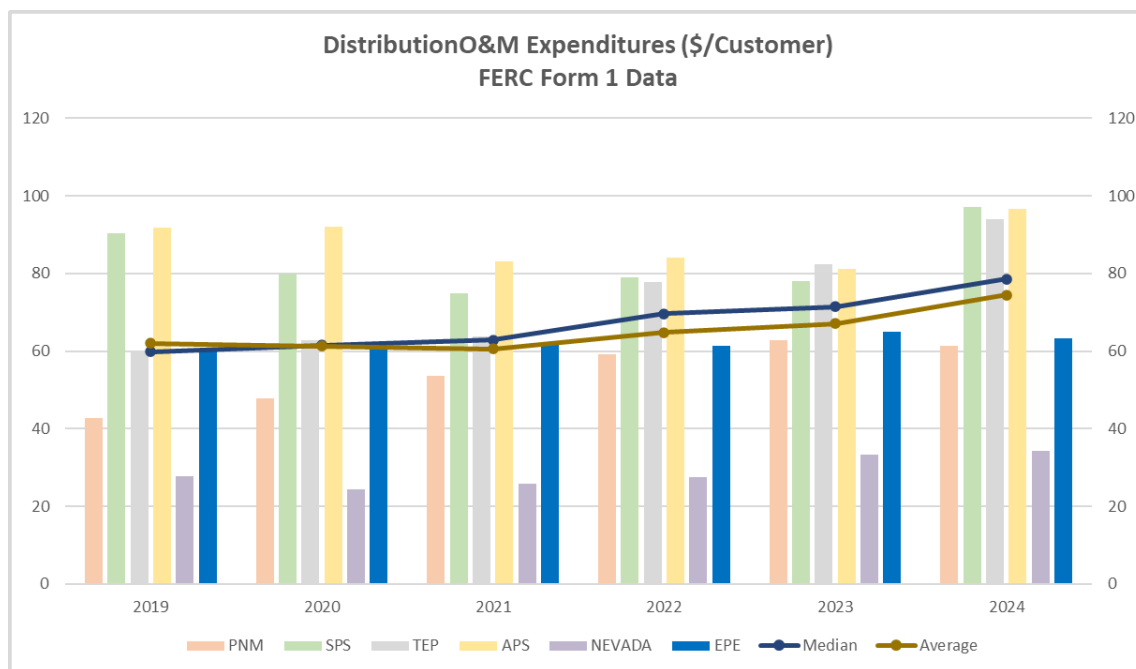
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Figure OAG-5



Q133. DOES A FAVORABLE COMPARISON OF EPE'S DISTRIBUTION O&M COSTS TO OTHER REGIONAL UTILITIES PROVE THAT EPE'S COSTS WERE REASONABLE AND NECESSARY?

A. Not by itself; each company faces its own unique circumstances. A favorable comparison simply shows that EPE's efforts achieved results for its customers that are within the range of the other utilities' distribution costs. And, as I have discussed above, the facts show that EPE has cost control processes in place to allow it to effectively manage its distribution operations and to provide reliable electric service to its retail customers. Accordingly, the distribution O&M costs

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1 EPE incurred during the Test Year Period should be found reasonable and
2 necessary.

VIII. OTHER ITEMS

A. LEGACY METER PLANT

6 **Q134. FOR CONTEXT, WHY IS LEGACY METER PLANT INSTALLED AFTER**
7 **DECEMBER 2019 AN ISSUE IN THIS RATE CASE?**

8 **A.** The AMS Case addressed stranded costs related to legacy meter plant that was in
9 base rates at that time. The parties to that proceeding agreed that stranded costs
10 related to any additional legacy meter plant investment, placed in service after the
11 base year period for EPE's last rate case ending December 31, 2019 could be
12 addressed in a future rate case filing. EPE witness George Novela provides
13 additional detail regarding the AMS Project and the Commission approved
14 Stipulation. Mr. Novela also presents and supports EPE's proposed ratemaking
15 treatment for stranded costs related to legacy meters placed in service after
16 December 31, 2019. My testimony is limited to the reasonableness of legacy meter
17 capital investment after December 31, 2019.

18
19 **Q135. WHAT IS EPE'S CAPITAL INVESTMENT IN LEGACY METER PLANT**
20 **INSTALLED AFTER DECEMBER 31, 2019?**

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1 **A.** The New Mexico investment in legacy meter plant from January 1, 2020 through
2 December 31, 2023 is \$5,244,616.

3

4 **Q136. WHY WAS THE INVESTMENT IN LEGACY METERS BETWEEN**
5 **JANUARY 1, 2020 AND DECEMBER 31, 2023 REASONABLE AND**
6 **NECESSARY?**

7 **A.** The AMS Project was approved in November 2022 and EPE began mass
8 deployment of AMS meters in New Mexico in the Fall of 2023.

9 First, it was reasonable and necessary for EPE to continue investing in and
10 installing Legacy Meters during the approximately three years between the end of
11 the last Base Period and AMS deployment during service calls for existing
12 customers or for new customer services. The AMS meters require the AMS
13 network for connectivity and billing data retrieval. The alternative of installing an
14 AMS meter before there was an adequate mesh coverage would have increased
15 metering costs for dispatching of technicians to manually retrieve billing data on a
16 monthly basis because the AMS meters were not compatible with legacy meter
17 drive by data retrieval.

18 EPE worked closely with contractors to establish a reliable and stable AMS
19 mesh network across the entire service territory. However, while this work was in
20 progress in 2023, it was at times necessary to install a legacy meter during service

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1 calls for existing customers or for new customer services in areas where the AMS
2 network was not yet fully operational due to insufficient meter deployment, which
3 limited connectivity and functionality.

B. DISTRIBUTION LINE EXTENSION POLICY

Q137. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

7 **A.** This section of my testimony supports EPE's proposed replacement to Rule 8 - Line
8 Extension Policy. The replacement Line Extension Policy includes four
9 substantive changes to protect EPE's existing New Mexico customers from
10 potential costs of connecting large distribution customers. This section will first
11 describe the need for those substantive changes and how the proposed changes
12 protect existing customers while allowing for new large distribution customer
13 connections. Given the current need for those four proposed changes, EPE took
14 the opportunity to substantially update the structure and language of the Line
15 Extension Policy to improve clarity. Other than the four previously mentioned
16 substantive changes, the replacement Line Extension Policy does not introduce
17 substantive policy changes or additional benefits to new connecting customers.

18 The proposed replacement Form 8 - Line Extension Policy (now formally
19 titled Line Extension Policies and Construction Charges) is included in Advice
20 Notice No. 317 and is also provided as Exhibit OAG-7.

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1

2 1. *FOUR PROPOSED CHANGES FOR PROTECTION OF CUSTOMERS*

3 **Q138. WHY IS EPE PROPOSING CHANGES TO ITS LINE EXTENSION**
4 **POLICY RELATED TO LARGE CUSTOMERS?**

5 **A.** Like many utilities around the country, EPE has recently experienced a significant
6 increase in the number of service requests from or related to large loads (e.g., loads
7 approaching or exceeding one megawatt, and in some instances, exceeding 10
8 megawatts). Some existing EPE customers have also requested or needed
9 additional services for their own growing loads. While EPE works to ensure that
10 the Company has the *generation* capacity to serve these new customer requests
11 along with the Company's existing and projected customer load, the Company must
12 also ensure that it has the *distribution and transmission* capacity to serve these new
13 customer requests along with the Company's existing and projected customer load.
14 This section of my testimony, therefore, discusses four scenarios that the Company
15 has been experiencing in this context and describes the Company's proposed
16 solution to address each scenario.

17

18 **Q139. DESCRIBE THE FIRST SCENARIO AND EXPLAIN EPE'S PROPOSED**
19 **SOLUTION OF A RESERVED DISTRIBUTION CAPACITY CHARGE.**

20 **A.** One or more EPE customers with significant load have requested an additional

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1 Primary Voltage line and related distribution facilities as a back-up to their regular
2 main Primary Voltage line and related distributed facilities. To appropriately
3 provide such service, EPE must ensure that the Company has distribution capacity
4 reserved to serve both the customer's initial and alternate feeders. To avoid having
5 other customers subsidize the costs of such reserved distribution capacity, it is
6 reasonable that the requesting customer should be charged for the capacity
7 reservation.

8 EPE therefore proposes, first, that any customer requesting an alternate
9 Primary Voltage line shall either make a Customer Contribution in the amount of
10 the Estimated Cost of the Primary Voltage Extension (including substation
11 facilities) or enter into a written agreement to pay a monthly facilities charge equal
12 to the Company's fixed charges on the additional facilities. See Section 3(E)(1)
13 ("Dual Feeders.") Second, the proposed replacement line extension policy includes
14 a provision that, if the alternate Extension requires a reservation of distribution
15 capacity, requires the customer to be charged a Reserved Distribution Capacity
16 Charge under the customer's applicable rate schedule, as further detailed by
17 Company witness Rene Gonzalez. Please see Section 3(E)(1) ("Dual Feeders") of
18 Exhibit OAG-7, which reflects the proposal.

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Q140. DESCRIBE THE SECOND SCENARIO AND EXPLAIN EPE'S PROPOSED SOLUTION.

A. EPE has received requests to install facilities to provide service to speculative commercial or industrial developments² that plan to host a range of multiple large loads. This includes prospective manufacturing and small data center loads. For example, developers may request multiple 2,500 kVA transformers for one complex. For some context, one complex with four 2,500kVA transformers would consume the capacity of one distribution feeder (a 13.8 kV feeder has a 10 kVA capacity) or one-third of a substation transformer. Some of these loads may not come online for many months or may never materialize if a different type of tenant with lower consumption is ultimately attained. Therefore, the expectation of recovering costs to install or reserve capacity to serve these future loads through their payments for incurred electric services is uncertain. This creates a risk to the Company and its customers who may otherwise be responsible for these costs due to the premature acceleration of the construction of additional substation and transmission infrastructure. While some protection exists through existing credit requirements in the current line extension policy (i.e., provisions that a customer may be required to secure a Revenue Guarantee or otherwise have available funds

² I am using the term "speculative" as it is used in the real estate industry to describe buildings under construction with no tenant yet identified.

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1 to cover the Adjusted Revenue Obligation for line extensions), not all the costs of
2 reserving EPE distribution capacity for these customers may be covered by the
3 guarantee, and other customers requesting service could be delayed due to the
4 capacity reserved for these speculative loads.

5 To respond to these types of requests and improve protection for itself and
6 its customers, EPE plans to impose controls for transformer size commitments
7 upfront and proposes to add a new Distribution Capacity Reservation Charge to the
8 Company's line extension policy and applicable line extension agreements for any
9 customers that request to reserve the capacity beyond a twelve-month period. Upon
10 any customer service request that requires a transformer greater than 750 kVA, EPE
11 will request verification from the customer, including, if applicable, from the
12 customer's certified electrician, of tenant status and type, and electrical load
13 characteristics of planned equipment to assess planned Connected Load. Any
14 requests from customers verifying planned Connected Load will be addressed
15 under Section 3(B) of the proposed revised line extension policy including any
16 applicable Customer Contribution requirements. If the customer does not verify
17 planned Connected Load, EPE will provide at minimum a 750 kVA transformer, or
18 a transformer sized to the verified load, and will reserve distribution capacity for
19 the planned Connected Load for no more than one year after installation of the
20 transformer. If the customer later verifies additional planned Connected Load, EPE

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1 will provide a larger kVA transformer as applicable but not exceeding the reserve
2 distribution capacity amount, and the customer will be managed going forward
3 under Section 3(B) of the proposed revised line extension policy. However, if
4 planned Connected Load requiring a larger transformer is not verified during the
5 first twelve months after installation of the transformer, EPE will bill the
6 Distribution Capacity Reservation Charge to any customer that requests to hold the
7 reservation beyond the twelve-month period. The charge will be a one-time, non-
8 refundable charge to reserve the requested capacity for an additional twelve-month
9 period after which the reservation will terminate. It will be calculated as an
10 annualized minimum demand charge based on the difference of the requested load
11 and the install transformer capacity at the end of the initial twelve-month period.
12 My Exhibit OAG-7 shows this proposal at Section 3(E)(4). EPE witness Rene
13 Gonzalez's direct testimony provides an example of how the proposed charge will
14 be calculated.

15
16 **Q141. EXPLAIN THE THIRD SCENARIO AND DESCRIBE EPE'S PROPOSED**
17 **SOLUTION.**

18 **A.** EPE has received large load requests that, despite being at distribution voltage,
19 would trigger the need to construct new transmission, substation and/or relay
20 facilities (i.e., facilities energized at or above 69kV) due to their magnitude or

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1 unusual character. To respond to these types of requests and improve protection
2 for the Company and its customers, I first note that Section E.2 of EPE's existing
3 line extension policy already includes the following provisions for primary and
4 transmission voltage interconnections:

5 Electric service from the Company's Primary and Transmission
6 Voltage system is available, at the Company's option, to customers
7 whose electrical load is of such magnitude or unusual character that
8 it should not be served otherwise. The Customer shall be
9 responsible for providing all transformation equipment, which must
10 be in accordance with Company specifications. The total cost of the
11 transmission line extension (including metering) shall be subject to
12 a monthly facilities charge. The Company, at its option, may require
13 a Customer Contribution for all or a portion of the Company's costs
14 to construct the line extension.

15
16 EPE proposes to clarify the applicability of this section and include a new
17 charge to protect the Company and its customers from potential adverse impacts.

18 Regarding applicability, EPE proposes that any customer seeking
19 interconnection at distribution voltage for a 30,000 kW or higher load will be
20 responsible for the costs of any unplanned substation upgrades, as well as
21 transmission line upgrades, if applicable, that are required for the requested service
22 (the transmission upgrades), as dedicated facilities. The 30,000 kW value is
23 selected because it equates to the capacity of one substation power transformer for
24 that customer. If the customer chooses that EPE install, operate and maintain the
25 distribution facilities, the customer will be responsible for the costs of the

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1 transmission upgrades via an Infrastructure Capacity Charge and cost recovery
2 guarantee that will be estimated at the time of the service request. The fee will be
3 based on the investment required to build out infrastructure to satisfy the needs of
4 the development. The Company and the customer will enter into a written
5 agreement addressing the cost recovery guarantee as well as the Infrastructure
6 Capacity Charge and the period over which it will be paid. If the customer chooses
7 not to move forward with their project, EPE will allow a refund of any unused funds
8 towards construction efforts that had begun in good faith.

9 Regarding the new charge, EPE proposes a new Infrastructure Capacity
10 Charge to the line extension policy and applicable line extension agreements. My
11 Exhibit OAG-7 contains this proposal at Section 3(E)(5) ("Load Requests at
12 Distribution Voltage for 30 MW or Greater") of the proposed replacement line
13 extension policy.

14
15 **Q142. DESCRIBE THE FOURTH SCENARIO AND EXPLAIN EPE'S**
16 **PROPOSED SOLUTION.**

17 A. EPE has experienced circumstances in which existing primary metering voltage
18 customers as well as customers served from a distribution step-down transformer
19 have increased their load significantly without the required notice to EPE under
20 EPE's Second Revised Rule No. 13. When a customer that is served from a

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1 distribution step-down transformer increases load to the point that the transformer
2 is overloaded, all customers served from that transformer may experience low
3 voltage and the transformer may fail, resulting in an extended outage. Similarly,
4 primary customers that exceed the EPE-approved load might impact other
5 customers that are served from the primary distribution line if the amount of added
6 load results in an overloaded condition for the distribution line equipment.

7 EPE's Rule 13 in Section 2 (Rules and Regulations) of EPE's Tariff already
8 addresses this issue to some extent. That rule is entitled "Increase of [sic] Decrease
9 of Connected Load" and states:

10 Customers shall not increase or decrease the connected load except
11 upon notice to the Company, and in the event of any such increase
12 or decrease, the customer shall pay for such increased or altered
13 service at the Company's rates and minimum or guaranteed charges.
14 The customer, if requested by the Company, will execute a new
15 agreement at the Company's regular published rate covering the total
16 connected load as increased.
17

18 Under Section 2 of EPE's Tariff, "Connected Load" means the combined
19 nominal rated capacity in kilowatts of all motors or other electric energy consuming
20 devices installed on the Customer's premises that may be operated with electric
21 energy supplied by the Company. (See page 2 of Section 2, Sheet 2).

22 To improve the practical application of Rule 13 considering the increasing
23 magnitude and impact of violations, EPE proposes to clarify the language of Rule
24 13 and identify disconnection of service as a possible penalty for failure to provide

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1 required notice to the Company. EPE also proposes to make Rule 13 more clear
2 and to conform it with the corresponding rule in our Texas service area. Please see
3 Exhibit OAG-8 to my testimony for a copy of the proposed replacement Rule 13.

4
5 *2. STRUCTURE AND LANGUAGE CHANGES*

6 **Q143. WHAT ELSE IS EPE PROPOSING IN THIS CASE WITH REGARD TO**
7 **ITS LINE EXTENSION POLICY?**

8 **A.** EPE's Line Extension Policy has not been substantially updated or revised in many
9 years, with only minor modifications in 2021. With the passage of time, the
10 Company's line extension policies in its two jurisdictions became more different in
11 their organization and phrasing, although not in most material respects. In EPE's
12 most recent 2025 Texas Rate Case, EPE updated its line extension policy to be
13 make it easier to understand the requirements (and, as explained above, to address
14 changes needed based on the four large customer scenarios) Since both the New
15 Mexico and Texas line extension policies are materially the same, EPE is proposing
16 language and structural changes that comports with the Company's recently
17 updated Texas line extension policy. As a matter of administrative ease and
18 efficiency, it makes sense for the Company to apply the same policy system-wide.
19 It is therefore reasonable at this time to comprehensively revise and replace the
20 New Mexico Line Extension Policy.

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1

2 **Q144. CAN YOU DESCRIBE THE NOTEWORTHY CHANGES MADE TO THE**
3 **DEFINITIONS SECTION?**

4 **A.** First, several new definitions were added, including definitions for the terms
5 "notice," "Commission," "connected load," and "cost of capital charge," in order to
6 improve clarity or because other changes to the Policy use those terms. New
7 definitions were also added for the terms "revenue period," "revenue credit," and
8 "revenue deficiency." Second, the definition of "adequate security" was removed,
9 because it effectively has the same meaning as "revenue guarantee," a defined term
10 in the Line Extension Policy. Third, several definitions were modified. The term
11 "extension cost" was modified, for example, to be more specific about what costs
12 are included in a line extension and what costs are not included. The definition of
13 "revenue guarantee" was modified to specify the types of securities that are
14 acceptable to the Company.

15

16 **Q145. IN SECTION 3 (POLICIES), UNDER PARAGRAPH A(2), WHY WAS THE**
17 **WORDING "IN A COST-CONSCIOUS MANNER WHILE ADHERING TO**
18 **ALL APPLICABLE STATE AND LOCAL ORDINANCES" ADDED?**

19 **A.** The wording "in a cost-effective manner while adhering to all applicable state and
20 local ordinances" was added to ensure that while extending safe and reliable

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1 electrical facilities, the Company carefully considers all methods of construction
2 and builds in the most economic manner possible while adhering to all applicable
3 ordinances.

4
5 **Q146. IN SECTION 3 (POLICIES) UNDER PARAGRAPH B. (LINE**
6 **EXTENSIONS) OPTION 1: LINE EXTENSION BUILT BY THE**
7 **COMPANY 2. (REVENUE DEFICIENCIES) b. – 2 (REVENUE**
8 **GUARANTEE ACCOUNT), WHY WAS THE WORDING "EPE MUST BE**
9 **NOTIFIED BY THE ORIGINAL CUSTOMER IN ADVANCE" ADDED?**

10 **A.** The wording "EPE must be notified by the original customer in advance" was added
11 to guarantee that the customer responsible for the original line extension is given
12 full credit for actual revenues of additional customers served from the original line
13 extension within the allotted timeframe, after the cost of the additional line
14 extension is covered. Due to the sheer number of new line extensions built by the
15 Company yearly, it is difficult to track each line extension and correlate back to the
16 original line extension. The Company is requiring that the customer of the original
17 line extension notify the Company when additional line extensions are connected
18 to receive the credit of additional revenue.

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1 **Q147. IN SECTION 3 (POLICIES) UNDER PARAGRAPH B. (LINE**
2 **EXTENSIONS) OPTION 2: LINE EXTENSIONS BUILT BY THE**
3 **CUSTOMER 11. (REFUNDS FOR CUSTOMER BUILT LINE**
4 **EXTENSIONS) b. - 3, WHY WAS THE WORDING "IF NOTIFIED BY THE**
5 **CUSTOMER THAT BUILT THE ORIGINAL LINE EXTENSION IN**
6 **ADVANCE" ADDED?**

7 **A.** Like the changes I describe above, the wording "If notified by the customer that
8 built the original line extension in advance" was added to guarantee that the
9 customer that built the line extension is given full credit for actual revenues of
10 additional customers served from the original line extension within the allotted
11 timeframe, after the cost of the additional line extension is covered. Due to the
12 sheer number of new line extensions constructed yearly, it is difficult to track each
13 line extension and correlate back to the original line extension. The Company is
14 requiring that the customer of the original line extension notify the Company when
15 any additional line extensions are connected to receive the credit of additional
16 revenue.

17

18 **Q148. THE REVISED LINE EXTENSION POLICY REMOVES LANGUAGE**
19 **THAT STATES THE COMMISSION'S RULE AT 17.5.410.27 NMAC. WHY**
20 **IS THAT BEING REMOVED?**

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1 A. The line extension policy, at Section 3 (Policies), Section A (General) states that it
2 is subject to all rules and regulations of the Commission. This includes 17.5.410.27
3 NMAC. Therefore, it is unnecessary for the line extension policy to merely re-state
4 that rule.

5

6 **Q149. PLEASE DESCRIBE ALL OTHER CHANGES REFLECTED IN YOUR**
7 **EXHIBIT OAG-7.**

8 A. The proposed replacement Line Extension Policy included in my Exhibit OAG-7
9 reflects the changes detailed above, such as using the new defined terms, or non-
10 substantive clarifications to the existing language consistent with existing
11 Company practices and to bring the Company's New Mexico and Texas line
12 extension policies into conformance.

13

14 **Q150. ARE EPE'S PROPOSED REVISED CHANGES TO THE LINE**
15 **EXTENSION POLICY REASONABLE AND NECESSARY?**

16 A. Yes, to achieve the purposes of the changes as described above, the revised Line
17 Extension Policy proposed by the Company is reasonable and necessary.

18

19 **IX. CONCLUSION**

20 **Q151. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

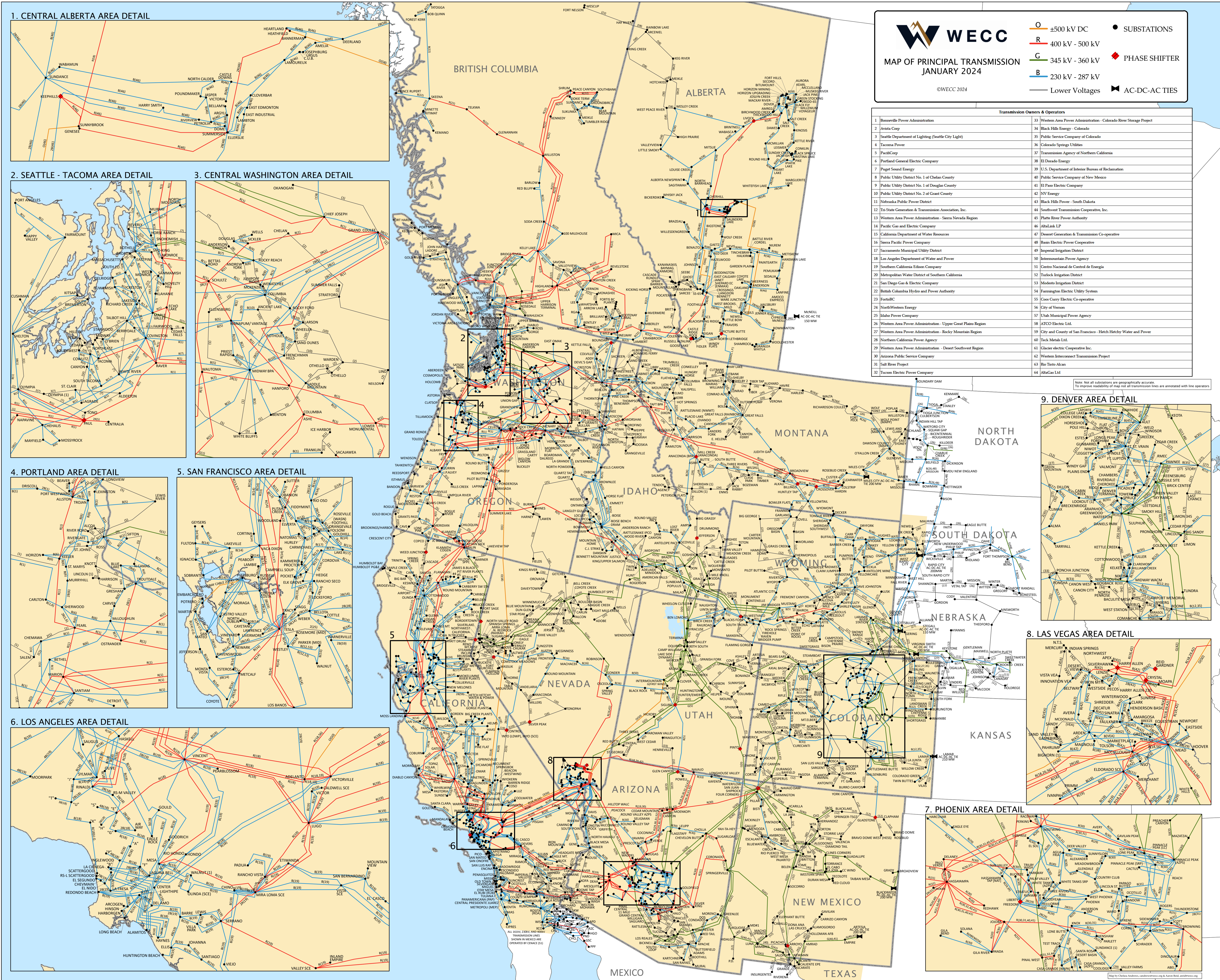
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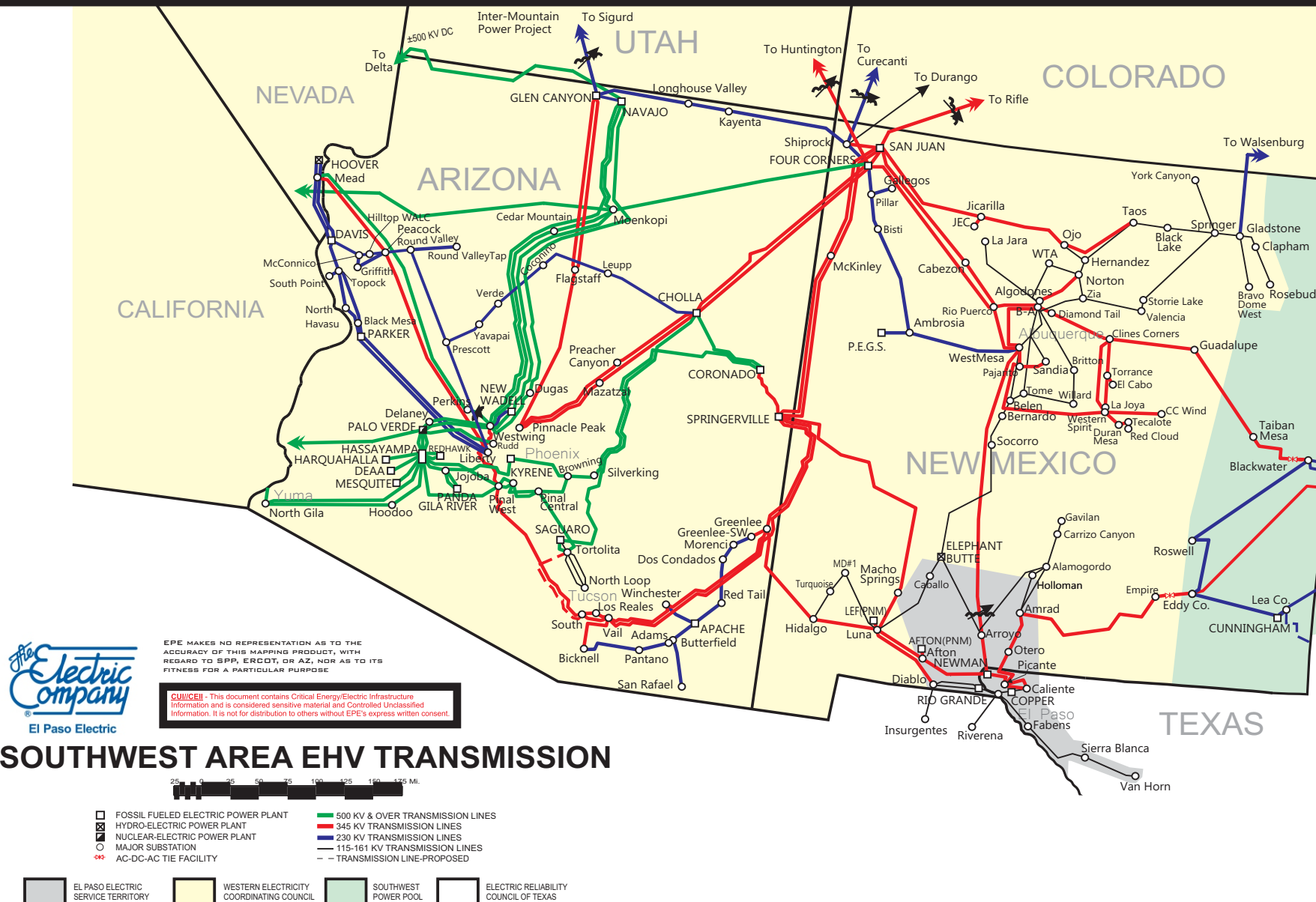
1 **A.** EPE's Test Year Period cost of service and capital investments for T&D Operations
2 are reasonable and necessary to provide safe and reliable service. EPE requests the
3 additions to rate base of transmission capital investments in the total Company
4 amount of \$251.5 million (\$55.6 million on a New Mexico jurisdictional basis) and
5 \$197.3 million for distribution capital investments in New Mexico. EPE's total
6 Company transmission O&M expenses are \$29.6 million, and distribution O&M
7 expenses are \$31.5 million. As supported in EPE witness Adrian Hernandez's
8 direct testimony, the New Mexico jurisdictional transmission and distribution
9 O&M expenses are \$6.9 million and \$8.2 million, respectively. The Test Year
10 Period costs are reasonable and necessary for safe and reliable service in New
11 Mexico. All the distribution facilities I present in my direct testimony are in
12 service, used, and useful. Additionally, EPE's proposed replacement to its Rule 8
13 Line Extension Policy and Rule 13 Increase or Decrease or Connected Load should
14 be approved.

15

16 **Q152. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes, it does.







TL302 AIP Wood to Steel Project

Gila Forest Wildfire History Since 2020

- **Vics Peak Fire**

- Area affected: 14,624 acres
- Cause: lightning
- Location: Sierra County
- duration: 6/15/2020 - 8/4/2020
- **Distance from fire to AIP transmission line: 12 miles**

- **Black Fire**

- Area affected: 325,136 acres
- Cause: Human
- Location: Catron County, Grant County, Sierra County
- duration: 5/13/2022 - 7/27/2022
- **Distance from fire to AIP line: 6 miles**

- **Bear Trap Fire**

- Area affected: 38,225 acres
- Cause: undetermined
- Location: Socorro County
- duration: 5/1/2022 - 6/21/2022
- **Distance from fire to AIP line: 24 miles**

- **Collins Fire**

- Area affected: 3000 acres
- Cause: undetermined
- Location: Socorro County

- duration: 4/7/2022 - 4/11/2022
- **Distance from fire to AIP line: 7 miles**
- **Divide Fire**
 - Area affected: 26,514 acres
 - Cause: lightning
 - Location: Catron county
 - duration: 7/13/2023 - 8/4/2023
 - **Distance from fire to AIP line: 8 miles**
- **Davis Fire**
 - Area affected: 6,073 acres
 - Cause: lightning
 - Location: Catron county
 - duration: 7/15/2023 - 9/25/2023
 - **Distance from fire to AIP line: 6 miles**
- **Dolan Fire**
 - Area affected: 3,200 acres
 - Cause: lightning
 - Location: Catron county
 - duration: 7/30/2023 - 8/31/2023
 - **Distance from fire to AIP line: 1 mile**
- **Antone Fire**
 - Area affected: 12,397 acres
 - Cause: lightning

- Location: Catron county
- duration: 6/7/2024 - 6/24/2024
- **Distance from fire to AIP line: 6 miles**
- **Fisher Fire**
 - Area affected: 8130 acres
 - Cause: lightning
 - Location: Socorro county
 - duration: 7/1/2024 7/21/2024
 - **Distance from fire to AIP line: 25 miles**
- **Ridge Fire**
 - Area affected: 4257 acres
 - Cause: lightning
 - Location: Socorro county
 - duration: 7/1/2024 7/21/2024
 - **Distance from fire to AIP line: 21 miles**
- **Paramount Fire**
 - Area affected: 1335 acres
 - Cause: lightning
 - Location: Catron county
 - duration: 7/11/2024 7/27/2024
 - **Distance from fire to AIP line: 11 miles**
- **Buck Fire**
 - Area affected: 1335 acres

- Cause: lightning
- Location: Catron county
- duration: 6/11/2025 6/24/2025
- **Encroached and traversed 8 miles of the transmission line**

TL302 AIP Wood to Steel Structure Project Photos

Figure 1 represents the old wooden structures that run through the Gila National Forest. Wooden structures are the AIP (345kV Macho Springs-Springerville transmission line).



Figure 1

Figure 2 shows another view of a wooden structure through the forested area.



Figure 2

The next three photos (Figure 3-5) show the condition of some of the structures and the need to replace with steel structures to avoid failure.



Figure 3



Figure 4



Figure 5

Here are three photos (Figure 6-8) of the construction efforts to upgrade the wood structures to steel.

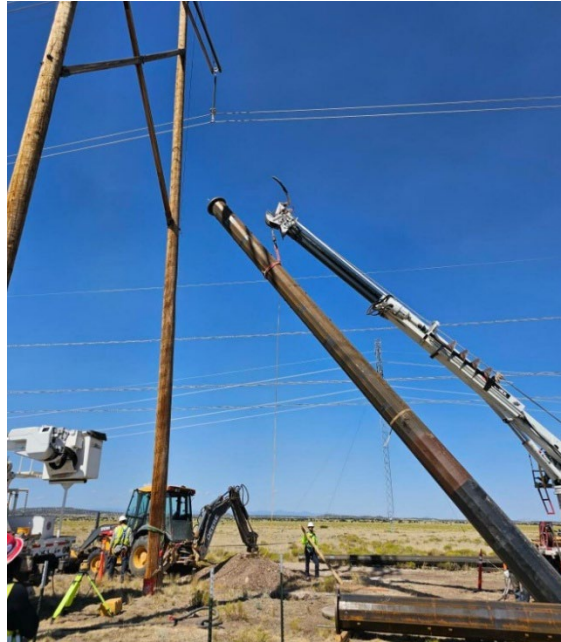


Figure 6



Figure 7



Figure 8

Finally, a photo representing the 345kV AIP transmission line through the Gila National Forest with the new steel structures.

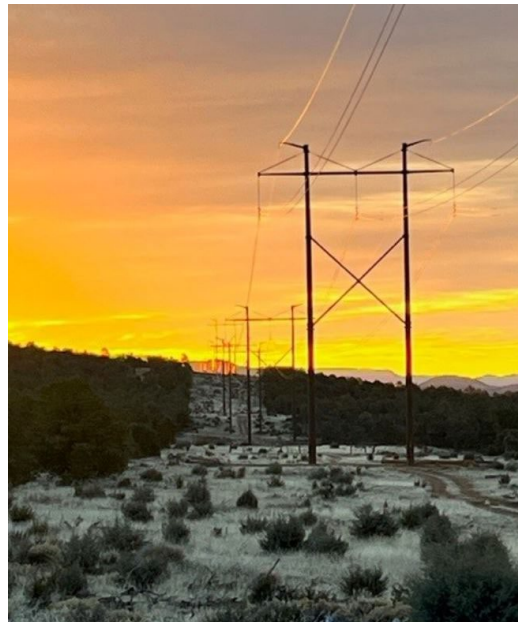


Figure 9

Buck Fire Traversing the AIP Steel Structures



Figure 10



Figure 11



Figure 12



Figure 13

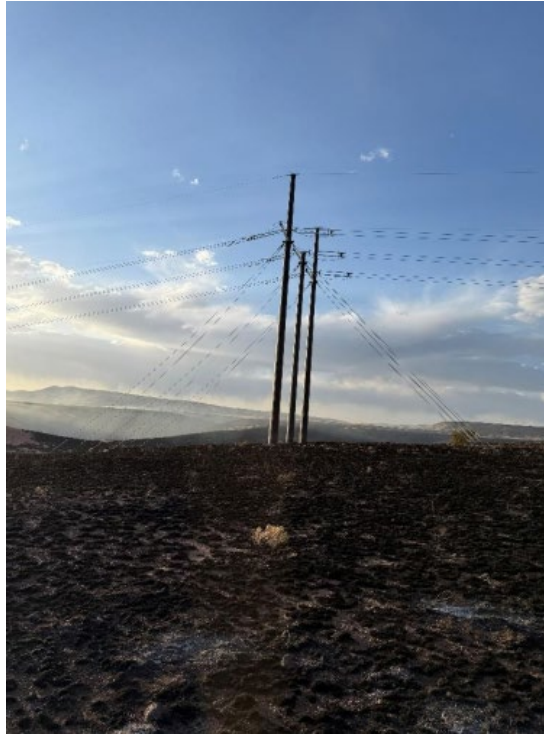


Figure 14

Transmission Special Projects Over \$1M and Less than \$5M		
PROJECT	PROJECT DESCRIPTION AND BENEFIT	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
TL283	TXDOT PHASE 1 LOOP 375 XING UPGRADE - Project was required as part of a widening project of loop 375 roadway by TXDOT. Structures were replaced on four different transmission lines and increased in height to accommodate new highway infrastructure. Old wood H-Frame structures on both 345kV and 151kV lines were replaced with new steel structures, which increases reliability in our transmission system.	\$ 4,032,267
TS156 ⁽¹⁾	ESCONDIDO 115KV NEW SUBSTATION AND TRANSMISSION LINE UPGRADES - Project part of a group of network upgrades required under the Service Agreement for Conditional Firm Point-To-Point Transmission Service for 65MW of solar power between EPE and Tucson Electric. The amount closed to plant in service is only network upgrade repayments credited to TEP's monthly ancillary services since COD through September 2024.	\$ 4,185,010
TL282	TXDOT PHASE 1 LOOP 375 XING UPGRADE - Project was required as part of a widening project of loop 375 roadway by TXDOT. Structures were replaced on two different transmission lines and increased in height to accommodate new highway infrastructure. Old wood H-Frame structures on two 345kV lines were replaced with new steel structures, which increases reliability in our transmission system.	\$ 3,597,258
TL193	LANE TO DIAMOND HEAD LINE (REBUILD) - This project is needed to provide additional capacity in an existing corridor with no new or expanded right-of-way options for linear infrastructure. The project included the replacement of fourteen transmission structures with taller steel structures to accomodate double distribution circuit underbuilds in the area.	\$ 3,431,699
TL293	FABENS TO FELIPE TRANSMISSION LINE UPGRADES - A transmission system improvement project to reconductor, for additional capacity, the 69 kV transmission line between EPE's Fabens and Felipe substations.	\$ 3,357,394
TL106	SPARKS-WRANGLER REBUILD - This project was identified as part of EPE's transmission expansion plan to upgrade conductor to 954 ACSR to increase line capacity and accommodate additional distribution line underbuild in existing right of way.	\$ 3,068,900
TL299	18900 TROWBRIDGE - MARLOW TRANSMISSION LINE UPGRADE - This project is needed to provide additional capacity and line rating on the Marlow to Trowbridge 115kV transmission line. This included the replacement of old wood structures with taller steel poles and replacement of the conductor with 954 Rail ACSR.	\$ 2,148,539
TL313	FE-5 TRANSMISSION LINE - Project was needed to connect a substation in our eastside service area to meet load growth. The structures installed to provide transmission service to this substation bisected the existing Sparks to Wrangler 115kV line.	\$ 1,798,646
TS168	SUBSTATION SPARE AUTO TRANSFORMERS - This project was for the purchsae of one spare 115/69kV auto transformer. There were no spare 115/69kV auto transformers in the event an existing auto transformer failed and could not be brought back into service. An outage on any of our 115/69kV auto transformers would cause instability and outages along the transmission system. This spare auto transformer increases resiliency and reliability in our service area.	\$ 1,715,967

TL274	TRANSMISSION LINE ADJUSTMENTS FOR ROBERTS SUBSTATION - This project was required to as part of the generation expansion plan to connect Newman #6 unit to Roberts substation. It included connecting to the Newman-Pipeline and Newman-Picante 115kV lines.	\$ 1,566,496
TL254	TALAVERA TRANSMISSION LINE IN AND OUT RECONFIGURATION - This project was needed to connect a new substation, Talavera, to the 115kV transmission system. The project is related to growth in the area and included new structures to cut into the former Anthony-Arroyo 115kV transmission line, now the Anthony-Talavera and Talavera-Arroyo 115kv lines.	\$ 1,311,904
TL253	69KV WOOD POLE REPLACEMENTS ON GATEWAY - This project includes the replacement of 23 wood pole structures with steel structures. Wood pole structural assessments were completed in prior years and options to truss with steel bands were assessed. Due to the location of the poles next to highly trafficed areas, replacements with steel poles decreased safety risk to the public if a structure were to fail.	\$ 1,212,128
SS189	PHYSICAL SECURITY IMPROVEMENTS (CIP-014) - This project includes supplementing the existing security infrastructure at Luna substation with additional physical hardening and electronic security solutions. These improvements include installation of physical access control card readers, a new precast concrete wall, perimeter lighting, perimeter detection and supporting equipment.	\$ 1,209,675
TS175	MACHO SPRINGERVILLE TSS RELAY REPLACEMENT - Project increases reliability for our 345kV system by replacement of outdated technology used for line protection of the Macho Springs to Springerville 345kV transmission line.	\$ 1,194,651
TL316	LANE TO WRANGLER RECONDUCTOR - This project is needed to provide additional capacity and line rating on the Lane to Wrangler 115kV transmission line. This included the replacement of structures with taller steel poles and replacement of the conductor with 954 Rail ACSR to obtain a normal line rating of 165.3 MVA and emergency line rating of 219.7 MVA.	\$ 1,187,042
TL297	DALLAS TRANSMISSION LINE STRUCTURE REPLACEMENT - Project was required for the rebuild of Dallas substation to provide increased capacity in the area and increased reliability. It included the relocation and replacement of structures directly outside of the substation for line out of Dallas to Ascarate due to repositioning of the transmission line entry points to the substation. These structures were older wooden transmission structures and were replaced with new steel structures, increasing reliability of this line.	\$ 1,126,991

Transmission Blanket Projects Over \$1M		
PROJECT	PROJECT DESCRIPTION AND BENEFIT	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
TL015	TRANSMISSION LINES IMPROVEMENTS AND UPGRADES - Blanket project used for recurring transmission line improvements. This includes steel channel additions, timber replacements, structure replacements resulting from inspections, and other capital investments related to transmission lines or corridors	\$ 7,841,499
TS065	RELAY UPGRADES IN TRANSMISSION SUBSTATIONS - This blanket project is for the replacement and upgrade of protection control equipment in transmission substations. This equipment provides real time data and responses to system conditions, which improves system reliability.	\$ 5,827,425
TE100	EMERGENCY TRANSMISSION STRUCTURE REPLACEMENT - This blanket project contains emergency transmission structure replacements due to damage by the public, weather events, and aging infrastructure.	\$ 5,544,304
TS063	TRANSMISSION SUBSTATION IMPROVEMENTS BLANKET - This blanket project maintains or improves transmission system reliability. It includes replacements or additions of transmission substation equipment and infrastructure, included but not limited to grounding grid, relay equipment, circuit breakers, switches, battery chargers, bushings, control house buildings, and security fencing.	\$ 3,627,951
TP100	PALO VERDE TRANSMISSION BLANKET - Project is used to capture allocated capital costs associated with EPE's ownership of Palo Verde transmission assets.	\$ 3,056,743
TT080	TRANSMISSION RIGHT OF WAY AND LAND ACQUISITION BLANKET - Blanket used for right of way (easements, land grants, etc.) renewal costs and costs related to new right of way and land parcel purchases which are not part of distribution projects.	\$ 2,050,373
TH350	EASTERN INTERCONNECTION PROJECT CAPITAL BLANKET - Project needed to maintain or improve transmission system reliability. This blanket project is used for capital projects at Eddy Tie and Amrad substations and the transmission lines that connect them. Work included necessary equipment upgrades and replacement or upgrade of transmission structures.	\$ 1,754,857
TH360	SOUTHWEST NEW MEXICO TRANSMISSION BLANKET – SHARED - Project needed to maintain or improve transmission system reliability. This blanket project is used for capital projects at Greenlee, Hidalgo, and Luna substations and the transmission lines that connect them. Work included necessary equipment upgrades and replacement or upgrade of transmission structures.	\$ 1,609,522

(1) Includes amounts closed to Plant In Service in October 2025

\$ 67,457,241

Disribution Special Projects Over \$1M and Less than \$5M		
PROJECT	PROJECT DESCRIPTION AND BENEFIT	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
DN164	MOONGATE (LE1) GETAWAY & FEEDERS - Project needed to maintain or improve system reliability and serve load growth in the area. It included the construction of new feeders from Moongate substation and feeder extensions to provide offload and back-feed support for Arroyo and Jornada feeders.	\$ 3,322,304
DN178	TALAVERA SUBSTATION GETAWAYS AND FEEDERS - Project needed to maintain or improve system reliability and serve load growth in the area. It included the construction of new feeders from Talavera substation and feeder extensions to provide offload and back-feed support for Arroyo and Salopek feeders.	\$ 2,197,341
DN226	GRID MOD NEW MEXICO SUBSTATION UPGRADES - Project needed to provide real time situational awareness of system conditions which improves system reliability. Upgrades of old electromechanical and solid state type technology to new microprocessor based relays on 28 New Mexico feeders. These new relays provide fault location, fault type, and fault current magnitudes along with increased system visability to our distribution operators.	\$ 2,098,539
DN100	HATCH LINE REBUILD - Project needed to maintain or improve system reliability and serve load growth in the area. It includes the upgrade of ties between Hatch 20 and Picacho 20 to 795 AAC to provide offload and back-feed support.	\$ 1,682,189
DN199	LAS CRUCES AIRPORT FEEDER EXTENSIONS AND BACKFEED - Project needed to maintain or improve system reliability and serve load growth in the area. It includes the installation of a feeder tie between Salopek 20 and Airport 21, and a tie between Picacho 20 and Airport 20 feeders to provide offload and back-feed support.	\$ 1,634,750
DN198	JORNADA FEEDERS - Project needed to maintain or improve system reliability and serve load growth in the area. It included the construction of new feeders from Jornada substation and extensions of existing feeders to intercept Arroyo and Picacho feeders to provide offload and back-feed support.	\$ 1,489,826
DN192	HATCH 21 REBUILD - Project needed to maintain or improve system reliability and serve load growth in the area. It includes the rebuild with 795 AAC to improve power flow from the 5 MW solar facility near the Uvas Valley, and flatten the voltage profile for the feeder.	\$ 1,061,261

Distribution Blanket Projects Over \$1M		
PROJECT	PROJECT DESCRIPTION AND BENEFIT	ADJUSTED TOTAL COMPANY GROSS ADDITIONS
DN061 ⁽¹⁾	NEW MEXICO RESIDENTIAL CONSTRUCTION BLANKET - Needed to maintain or improve system reliability and serve load growth. Involves replacement or installation of overhead/underground distribution facilities to provide service to new residential customer installations and to provide additional load to existing residential customer installations.	\$ 34,803,406
DN069 ⁽¹⁾	NEW MEXICO COMMERCIAL CONSTRUCTION BLANKET - Needed to maintain or improve system reliability and serve load growth. Involves replacement or installation of overhead/underground distribution facilities to provide service to new commercial/industrial customers installations and provide additional load to existing commercial/industrial customer installations.	\$ 27,183,108
DN062 ⁽¹⁾	NEW MEXICO DISTRIBUTION BETTERMENT - Blanket project needed to maintain or improve distribution system reliability. Proactive replacement and upgrades of overhead and underground distribution equipment. This equipment includes, but is not limited to, pole top and pad mount transformers, poles, switches, and conductor.	\$ 12,041,557
MN004	NEW MEXICO METERS BLANKET - Blanket project needed to maintain or improve system reliability and serve load growth. Replacement or installation of large residential and small and large commercial polyphase meters and primary metering equipment.	\$ 8,676,912
DN065 ⁽¹⁾	NEW MEXICO DISTRIBUTION DAMAGE BLANKET - Reactive replacement of failed overhead/underground equipment due to damage by the public, weather events, and aging infrastructure.	\$ 7,626,633
DN068	NEW MEXICO OVERHEAD SERVICE NEW AND/OR REPLACEMENT BLANKET - Blanket project needed to maintain or improve system reliability and serve load growth. Replacement and installation of wire and meters associated with new service hookups.	\$ 5,610,946
DN015	RELAY UPGRADES NEW MEXICO DISTRIBUTION SUBSTATIONS - This blanket project is for the replacement and upgrade of protection control equipment in New Mexico distribution substations. This equipment provides real time data and responses to system conditions, which improves system reliability.	\$ 5,064,119
DN063	NEW MEXICO SUBSTATION BETTERMENT BLANKET - This blanket project maintains or improves distribution system reliability in New Mexico. It includes replacements or additions of distribution substation equipment and infrastructure, included but not limited to grounding grid, relay equipment, circuit breakers, switches, battery chargers, bushings, control house buildings, and security fencing.	\$ 2,700,233
DN193	POLE REPLACEMENTS & IMPROVEMENTS NEW MEXICO BLANKET - Blanket project for the replacement or reinforcement of EPE owned pole based on below ground inspections. This project maintains and improves distribution system reliability.	\$ 2,652,721
DN177	NEW MEXICO SUBSTATION 4KV CONVERSIONS - This project maintains or improves reliability in older parts of our New Mexico distribution system. It includes the replacement of older 4kV transformers, which have exposed primary and secondary terminators, with pad mount transformers that have equivalent load supplying capacity. Where it is not feasible to convert to a 4kV padmount substation, 4kv feeders are being converted to either 23.9kV or 13.8kV distribution when possible.	\$ 2,386,340
DN064	NEW MEXICO LIGHTING BLANKET - Blanket project for the replacement and installation of both area and street lighting infrastructure for New Mexico area customers.	\$ 1,946,875

DN222	NEW MEXICO 24KV FEEDER EXTENSION CONDUCTOR UPGRADES - Blanket project for the extension or reconductor of the 24kV distribution system in New Mexico as identified in the Distribution System Expansion plan. Project serves to improve or maintain distribution system reliability in New Mexico.	\$ 1,916,185
DN214	NEW MEXICO OVERLOADED TRANSFORMER REPLACEMENTS - Project supports increased loads driven by refrigerated air conversions and electric vehicle charging in residential areas across the New Mexico distribution system. Includes the identification and replacement of undersized line transformers.	\$ 1,446,848

⁽¹⁾ Includes amounts closed to Plant In Service in October 2025

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SECTION 1 - PURPOSE

It is the purpose of this document to set forth uniform and comprehensive policies concerning Line Extensions and construction charges for the entire New Mexico service area of El Paso Electric Company ("Company")

SECTION 2 - DEFINITIONS

Actual Revenue means

The actual amount of revenue billed on account of the Line Extension by the Company from the Customer. The amount shall be based on monthly bills determined by the metered monthly kilowatt (kW) demand and kilowatt-hour (kWh) usage and by applying the appropriate tariff schedule and riders, less the fixed fuel factor costs and taxes.

Address for Notice means

Where notice is required to be provided to the Company under this Policy, such notice shall be sent via mail to:

El Paso Electric Company
ATTN: Distribution Design Supervisor
100 N. Stanton St.
El Paso, TX 79901
Location #571

OR sent electronically to:

DESIGNSUPERS@epelectric.com

Notice will be deemed received with a Notice Received email is sent to the Customer. If a Customer's email address is not provided to the Company, a Notice Received will be sent via mail.

Adjusted Revenue Obligation means

The Revenue Guarantee Obligation reduced by any Actual Revenue earned in any of the Revenue Period's twelve- (12-) month periods.

Cash Advance for Construction means

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Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Customer and
Regulatory Solutions

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A cash advance by a Customer for construction that is subject to refund either wholly or in part, depending on the amount of Actual Revenue generated over the Revenue Period.

Commission means

The New Mexico Public Regulation Commission.

Completion Date means

The date that the Company has completed its portion of the work on the Line Extension to include any electrical work, which does not necessarily include energization of the Meter and service drop.

Connected Load means

The combined nominal rated capacity in kilowatts of all motors or other electric energy consuming devices installed on the Customer's premises that may be operated with electric energy supplied by the Company.

Construction Refund Cap means

The Company's design costs paid by the Customer plus the lesser of the Company's Estimated Extension Cost or the Customer's Company-approved actual costs for the construction of the Line Extension.

Cost of Capital Charge means

A charge calculated based on the Company's weighted average cost of capital (WACC) approved by the Commission in its last base rate case.

Customer means

Any corporation, business establishment, institution, association, governmental entity, or individual currently being served or using electric energy supplied by the Company.

Customer Contribution means

Either a Cash Advance for Construction or a Revenue Guarantee Account to cover a Revenue Deficiency.

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Ending Revenue Deficiency means

The amount by which the Extension Cost exceeds Actual Revenue received from Customers served from the Line Extension at the end of the Revenue Period.

Estimated Annual Revenue means

The estimated revenue during any of the Revenue Period's twelve- (12-) month periods. The estimated revenue shall be calculated in a similar fashion as Estimated Revenue.

Estimated Extension Cost means

The Company's estimate of the Extension Cost calculated on the basis of current costs to install the same or a similar type of Line Extension.

Estimated Revenue means

The estimated revenue during the Revenue Period. The respective monthly kWh usage is determined by estimating the Customer's monthly demand, hours per day, days per week, and an average of 4.3 weeks per month, and calculated with the following formula:

$$\text{kWh} = \text{kW} * \text{hrs} * \text{days} * \text{weeks}$$

The above formula will be adjusted by a load factor and power factor, as applicable, based on the customer type and rate schedule for which the Customer qualifies. The monthly demand (kW) above is estimated based on operating and load information provided by the Customer and/or the average demand and operating characteristics of similar Customers.

The estimated revenue during the Revenue Period is determined by using the estimates of kWh and kW usage calculated by the above methods and applying the appropriate rate schedule and riders, less the fixed fuel factor costs and taxes.

Extension or Line Extension means

Either an Overhead Line Extension, Underground Line Extension (including a Line Extension for a backbone system), or Transmission Line Extension. A backbone system is the main line or "trunk" of a distribution feeder.

Extension Cost means

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The actual cost to the Company for the design, installation, acquisition of permits, and any other necessary costs incurred for the construction of the Line Extension by the Company. The cost of the service drop, meters, and metering equipment is not included in the cost of an Overhead Line Extension except for those Customers served at one of the Company's standard Transmission Voltages. The cost of the meters and metering equipment is not included in the cost of an Underground Line Extension.

Franchised Area means

Those cities, towns, villages and counties in which the Company has been granted a franchise to provide electric utility service.

Impaired Clearance means

The condition where a structure(s), including, but not limited to, buildings, signs, towers, poles, fencing, and swimming pools, is located in a position or manner in which insufficient clearance, as specified by any applicable law, regulation, and local codes and the National Electric Safety Code, as may be amended, exists between the structure and the Company's existing transmission, substation, express feeder, streetlight or distribution line facilities or any combination thereof.

Line Extension Agreement means

The agreement entered into between the Customer and the Company based on this Policy in which either (1) the Company agrees to build a Line Extension in exchange for the Customer providing a Customer Contribution; or (2) the Company grants the Customer a Refund Credit, subject to any reductions or refunds as outlined in the Section 3 (Policies) under Paragraph B (Line Extensions), Option 2: Line Extensions Built by the Customer, Paragraph 11 (Refunds for Customer Built Line Extensions) in exchange for the Customer building the Line Extension.

Maximum Run means

The maximum amount of distance as determined by Company policy at the time of construction.

Meter means

A recording instrument of standard manufacture provided by the Company to measure energy consumption, demand, or both at a single Point of Delivery.

Overhead Line Extension means

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The new pole line facilities (including, without limitations, poles, anchors, conductors, insulators, arresters, cut-outs, transformers, breakers and other miscellaneous hardware) necessary to provide electric service to the Point of Delivery.

Permanent Customer means

A Customer whose service is delivered to a Permanent Installation.

Permanent Installation means

Any structure that is constructed or placed on and permanently affixed to a foundation, and that is, or will be, used or occupied on a full-time basis. A manufactured home or a prefabricated structure shall qualify as a Permanent Installation if 1) the home or structure is installed on a foundation system according to regulations of the applicable city, county or state regulations or is otherwise impractical to move and has the wheels, axles and hitch or towing device removed and 2) the home or structure is connected to a permanent water and sewer system.

Point of Delivery means

The point where the Company's wires or facilities are connected with those of the Customer. For overhead service, the point specified by the Company where the Company's and the Customer's conductors are connected. For underground, see the Policies Section, Section C (Special Underground Service Provisions) Subsection A (Secondary Voltage Underground Extensions) Paragraph 2 (Point of Delivery).

Primary Service means

Electric service provided to a Customer at a Primary Voltage.

Primary Voltage means

One of the Company's standard voltages between 2,400 volts and 25,000 volts.

Revenue Credit means

The Estimated Revenue for the Revenue Period that can be used to offset the Customer's monthly bill.

Revenue Deficiency means

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Vice President – Customer and
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The amount by which the Estimated Revenue is less than the Estimated Extension Cost.

Revenue Guarantee Account means

An irrevocable letter of credit or certificate of deposit in a manner acceptable to the Company, and in an amount equal to the Adjusted Revenue Obligation. Such Adequate Security shall be obtained by the Customer from, or maintained by the Customer at, a financial institution that is acceptable to the Company, insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, and preferably located within the Company's service territory.

Revenue Guarantee Obligation means

The Estimated Extension Cost plus Cost of Capital Charges or, upon the final accounting for the Line Extension's construction, the Extension Cost as adjusted for Cost of Capital Charges.

Revenue Period means

The forty-eight (48) months that starts with the first month after the Completion Date for a Company-built Line Extension and after the closing of the sale of the Line Extension to the Company for a Customer-built Line Extension. The Revenue Period shall be divided into four separate 12-month periods, the first of which begins on the first full-billing month that begins after the Completion Date. The Revenue Period may be extended in accordance with Section 3 (Policies), Paragraph B, Option 1.2.b.2 Revenue Guarantee Account or Section 3 (Policies), Paragraph B, Option 2.11.c. for Customer-built Line Extensions.

Secondary Service means

Electric service provided to a Customer at a Secondary Voltage.

Secondary Voltage means

One of the Company's standard service voltages below 600 volts.

Temporary Service means

Electric service to a Customer that is not delivered to a Permanent Installation and, in the sole opinion of the Company, is otherwise not of a permanent nature (e.g., temporary sales stands or construction sites).

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Vice President – Customer and
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Transmission Line Extension means

New overhead Transmission Voltage facilities including, without limitation, poles, anchors, conductors, insulators, arresters, cut-outs, transformers, breakers, and other miscellaneous hardware necessary to provide electric service to the Point of Delivery.

Transmission Voltage means

One of the Company's standard voltages greater than or equal to 69,000 volts.

Underground Line Extension means

The new underground Primary or Secondary Voltage facilities including, without limitation, conduit system, pullboxes, transformer enclosure(s), transformer(s), primary voltage cables, secondary voltage cables, arresters, switches, cut-outs, pole risers and miscellaneous hardware necessary to provide underground service to the Point of Delivery.

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SECTION 3 - POLICIES

A. GENERAL

1. The policies herein contained are subject to the terms and conditions in the Company tariff schedules, the rules and regulations of the New Mexico Public Regulation Commission, and the Company's standard operating procedures.

2. The Company will extend its facilities in a cost conscious manner while adhering to all applicable state and local ordinances. The Company will provide service in a uniform and nondiscriminatory manner to all Customers within its service territory under its standard applicable rate schedules and this policy. The Company will make Extensions within its territory required to serve any Customer on a basis equitable both to the Company and the Customer.

3. Meters:

The Company will provide the Meter and designate the location of all Meters and metering equipment.

4. Type of Service:

Either single-phase or three-phase electrical service shall be specified by the Company and service will be at one of the Company's standard voltages (i.e. Primary or Secondary Voltage). Customers requesting service must meet Company requirements.

5. Rights-of-Way (Easements):

The Company will not construct a Line Extension for a Customer until the Company has secured all required rights-of-way and permits. All extensions shall be constructed on private rights-of-way, except for within Franchised Areas where Line Extensions may be constructed on existing public roads, streets, alleys or easements. New Customers shall grant such rights of way as required to the Company, without charge, over property owned or leased by said new Customers, and, if possible, will assist the Company in securing other rights-of-way necessary to provide service (by way of example, rights of way from a neighboring property owner). The Customer shall have all the Customer's property corners surveyed and necessary property irons installed by licensed surveyors to permit the Company to properly install Company's electrical facilities within said rights-of-way.

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6. If the Customer decides to cancel the request for a Line Extension, the Company shall have the right to recover all Extension Costs incurred by the Company until such cancellation. The customer shall secure a Revenue Guarantee Account or otherwise have available funds to cover the Adjusted Revenue Guarantee Obligation.

7. Renewable Energy and Distributed Generation Information:

Upon request, the Company will provide information to the Customer requesting a Line Extension of the availability of information concerning on-site renewable energy and distributed generation technology alternatives. The Company shall provide a Customer with such information:

- a. At the same time the estimate of any required Cash Advance for Construction or other such prepayment is provided to the Customer, or
- b. Prior to the Customer signing a Line Extension Agreement if the Customer is not required to provide a Cash Advance for Construction or other such prepayment.

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B. LINE EXTENSIONS

OPTION 1: LINE EXTENSIONS BUILT BY THE COMPANY

1. General:

The Company will provide at its expense, Primary or Secondary Service to a Permanent Customer if the Estimated Revenue equals or exceeds the Estimated Extension Cost. No extension of overhead lines will be made from underground facilities or into areas designated or committed to underground facilities or into areas designated or committed to underground facilities. If the Company determines the Estimated Revenue from the Primary or Secondary Service Line Extension does not equal or exceed the Estimated Extension Cost, the Company shall be allowed to require a Customer Contribution for the Extension pursuant to the terms and conditions of this Line Extensions Policy.

2. Revenue Deficiencies:

- a. If the Estimated Revenue results in a Revenue Deficiency, the Company is not obligated to provide the Extension unless the Customer provides a Customer Contribution. The amount of the Customer Contribution shall be provided to the Customer and will be computed using the following formula:

(1)	Estimated Annual Revenue	\$ _____	
(2)	Estimated Extension Cost	\$ _____	
(3)	Revenue Credit, if any	\$ _____	(Line 1 x 4)
(4)	Customer Contribution	\$ _____	(Line 2 less Line 3)

- b. In cases of a Revenue Deficiency, the Customer must enter into a written agreement with the Company to cover the Revenue Deficiency through a Line Extension Agreement.

(1) Cash Advance for Construction:

The Customer may enter into a Line Extension Agreement for a term that commences when the Revenue Period commences.

(a) Individual Customer Served:

If the Extension is to serve an individual Customer, the Actual Revenue from the Customer shall be deducted from the Cash Advance for Construction for the Revenue Period, or until the amount advanced has

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been exhausted. If a balance remains after the Revenue Period, the balance reverts to the Company as a Customer Contribution. All of the fixed fuel factor costs and taxes shall be paid monthly by the Customer.

(b) More Than One Customer Served:

If the Extension is to serve a group of Customers, refunds of the Cash Advance for Construction will be made annually based upon Actual Revenue received from Customers served by the Extension. If additional Customers are served from additional Line Extensions, refunds may be given as set forth in paragraph (d), which is below.

(c) Revenue Credit Given – Partial Cash Advance Required:

If the Customer is given a Revenue Credit, the Customer then may be required to make a Cash Advance for Construction for the Revenue Deficiency. Refunds will then be made only from Actual Revenue received from other Customers served when additional Line Extensions are constructed. Refunds or appropriation of the advance will be made as set forth in the following paragraph (d).

(d)
$$R = \frac{E - C}{48 - M} \times (48 - M), \text{ where:}$$

R = the amount of the refund,
E = the Estimated Revenue from Permanent Customers served from additional Line Extensions,
C = the Estimated Extension Cost for the additional Extensions,
M = the number of months since the Completion Date.

Note that in no case will refunds from electric bill and one-time refunds exceed the Customer's Advance for Construction.

(e) The Company will reduce or waive the Customer Contribution when portions of a Line Extension are a service betterment for existing lines which constitute an upgrade or improvement that the Company would pursue even if the Customer had not requested the Line Extension.

Following the payment of a Customer Contribution, the Company will reconcile refund balances at the end of the first twelve (12) months of the Revenue Period and thereafter annually. The interest rate that will be applied

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to balances subject to refund will be the annual Commission-approved interest rate for customer deposits.

(2) Revenue Guarantee Account:

Customers may enter into a Line Extension Agreement for a term that commences at the beginning of the Revenue Period. At the end of the Revenue Period, the Company will determine if there is an Ending Revenue Deficiency. If there is an Ending Revenue Deficiency, Cost of Capital Charges will be assessed. The Ending Revenue Deficiency and the Cost of Capital Charges will then be due within thirty (30) days of billing.

If additional Line Extensions are to be connected to the original Line Extension, the Company must be notified in advance but no earlier than 30 days prior to such extension by the original customer at the Address for Notice. Thereafter, any Actual Revenue received from Customers served from the additional Extensions must first cover the cost of the additional Extension, including transformers, before it can be applied to the original Customer's Customer Contribution. When a Customer enters into a Revenue Guarantee to offset the Extension Cost, the Actual Revenue can come from the Customer entering into the Line Extension Agreement and other Customers who are later served from the Line Extension. If at the end of a Line Extension's term there is an expectation that the Actual Revenue will equal or exceed the Extension Cost within an additional two (2) year period, at the Company's option, the Line Extension Agreement's term may be extended by two (2) years.

The above terms related to Revenue Guarantee Accounts apply to individual residential Customers, commercial and industrial Customers, land developers, residential subdivision developers, and commercial and industrial subdivision/park developers.

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OPTION 2: LINE EXTENSIONS BUILT BY THE CUSTOMER

1. General

Customers desiring new Line Extensions may choose to have the Extension constructed by a competent and qualified electrical contractor. After construction and acceptance, the Customer shall sell the Line Extension to the Company for \$1.00 for its use in serving end-users.

Customers may choose to have only the underground structural portion of the Underground Line Extension constructed by a competent and qualified contractor. The underground structural portion of the Underground Line Extension includes all trenching, bedding, backfilling and required compaction, duct, concrete pullboxes, pull-box lids, Secondary Service enclosure, transformer pad and pullbox and transformer protection from vehicular traffic. After construction and acceptance by the Company of the structural portion of the Underground Line Extension, the Customer shall sell the underground structural system shall to the Company for \$1.00 for its use in serving end-users.

In recognition of the need to protect the public from electrical hazards, and the need for structural and electrical systems which are useful and safely maintainable over a normal and customary service life, the following will govern the construction of customer-built electrical systems.

2. Design and Construction Specifications

The Company will design the Line Extension required to serve the Customer, in accordance with the Company's standards and specifications, and shall provide the design drawings and specifications to the Customer. The Customer shall pay the Company for applicable design costs at the time of the closing of the Line Extension sale, which are refundable to the Customer in accordance with this Option 2, paragraph 11.

3. Material Specifications

The Company shall specify all materials and equipment to be used in the Line Extension including, but not limited to, wire, cable, conduit, transformers, poles, fixtures, switchgear, relays, capacitors, and insulators. The Customer shall be free to acquire said materials from any source, provided that all materials shall be from Company-approved manufacturers and meet the specifications as promulgated by the Company that are in effect at the time the Company begins construction on the Line Extension.

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4. Quality Control and Assurance

The Customer agrees to comply with Company specifications for materials, equipment, and construction standards. In order to assure compliance, the Company will select a construction inspector who will visit the construction site. The construction inspector shall have the authority to accept, or reject, the work and materials of the Customer or contractor and shall certify such acceptance or rejection at the time of inspection. The function of the construction inspector shall be to verify compliance with design, materials, equipment and installation specifications and all other matters relating to the quality control of the Line Extension construction.

The Customer agrees to pay the Company at the closing of the sale of the Line Extension for the Company's reasonable costs incurred in the inspection of the Line Extension. The inspection costs are refundable in accordance with this Option 2, paragraph 11.

5. Easements and Rights-of-Way

The Company will secure all required firm rights-of-way and permits for customer-built Line Extensions in accordance with Rights-of-Way (Easements) above located in the Policies Section under Paragraph A (General) 5, and the Customer shall pay the Company for all costs incurred by the Company for right-of-way acquisition. The Customer, at its option, can secure all required firm rights-of-way and permits. In this case, the following will apply:

- a. The Customer shall provide to the Company easements and rights-of-way in a format approved by Company in its sole discretion, that reflects the as-built configuration and location of the Line Extension.
- b. The Company will assist the Customer in securing rights-of-way necessary for the Extension, if requested. The Customer shall pay the Company for such assistance.
- c. The Customer shall pay the Company for its reasonable costs incurred to verify the easements and rights-of-way. Right-of-way verification must be completed prior to closing of the Line Extension sale.
- d. All right-of-way costs incurred by the Company shall be paid by the Customer at the time of closing of the Line Extension sale. Such rights of way are refundable in accordance with paragraph 11 of this Option 2.

6. Licensing Requirements and Compliance with Required Governmental Inspections

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The Customer shall only use those contractors who are properly qualified and licensed, in accordance with any applicable state and local law and regulation, to construct the Line Extension. The Customer shall also obtain from the contractor and transfer to Company at the closing of the sale of the Line Extension a one-year workmanship warranty as well as any standard equipment warranties for the Line Extension's components. The Customer agrees to comply with all applicable state and local construction inspection requirements.

7. Meters

The purchase and installation of Meters will be the sole responsibility of the Company.

8. Purchase of System and Resulting Tax Liability

After the Line Extension has been constructed, and accepted by the Company's construction inspector, the Customer agrees to sell to the Company and the Company agrees to buy the Line Extension for \$1.00. This sale shall be free of any liens or encumbrances.

Should any gross receipts tax liability to the Company result from the sale, the Customer agrees to pay the cost of said tax liability.

The Company and the Customer shall execute an agreement (Customer-Built Line Extension) to transfer the property and to make the Customer eligible for refunds in accordance with paragraph 11 of this Option 2.

9. Property Records at the Time of Sale

The Customer agrees to supply to the Company its actual cost incurred in constructing the Line Extension so that proper accounting of the extension may be made by the Company. The Company will review the actual costs and may, at its sole discretion, request further documentation to support the submitted actual costs. Further, the Company may, at its sole discretion, reject such costs that after review it deems unreasonable. Those costs rejected by the Company shall reduce the Customer's total actual costs, which may affect the amount of the Construction Refund Cap. The Company agrees to keep the Line Extension costs incurred by the Customer confidential unless the Company is required to disclose this information to regulatory or other governmental agencies or bodies.

10. Liability for the Line Extension

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Commencing with the date of sale of the Line Extension to the Company, the Company will assume full and complete operating responsibility for the Extension. The Customer shall be liable for the direct and indirect consequences of any defects or failures of the Line Extension constructed by the Customer for a period of one (1) year from the date of acceptance, unless such defects or failures arise from the Company's design, specifications, or improper operation of the Extension.

11. Refunds for Customer-Built Line Extensions

- a. At the time of sale of the Line Extension to the Company, the Customer may receive an initial refund payment based upon the installation of permanent Meters. The revenue refund payment is based on the Estimated Revenue from the Meters over the Revenue Period and cannot exceed the Construction Refund Cap. In such cases, the amount subject to refund will be computed using the following formula:

(1)	Construction Refund Cap	\$_____
(2)	Total Revenue Credit for the Revenue Period (Estimated Revenue)	\$_____
(3)	Amount Subject to Refund (Line 1 less Line 2)	\$_____

The Customer must enter into a Line Extension Agreement with the Company to make the Customer eligible for refunds.

- b. The Amount Subject to Refund will be refunded by the Company as follows:

- (1) The Company will refund at the end of each Revenue Period's twelve- (12-) month periods to the Customer the Actual Revenue from such period above the Revenue Credit already given for the same twelve- (12-) month period or reduce the refundable portion by Actual Revenue from the twelve- (12-) month period below the Revenue Credit already given for such twelve- (12-) month period. At no time will the Company ever refund in total more than the Construction Refund Cap.
- (2) The Company must review the account at the end of each of the Revenue Period's twelve- (12-) month periods. If at the end of a twelve- (12-) month period or the Revenue Period the total Actual Revenue exceeds the Construction Refund Cap, the Company must refund the entire amount subject to refund to the Customer.

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Signature/Title _____ /s/ James Schichtl
James Schichtl
Vice President – Customer and
Regulatory Solutions

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- (3) If notified, in advance, at the Address for Notice by the customer that built the original line extension, the Company will refund an amount equal to the Actual Revenue over the Revenue Period or the Estimated Revenue of each new customer connected to the customer-built Line Extension, less an amount equal to the Estimated Extension Cost of the additional Extensions, including transformers. No refund shall be made for Customers connected to a new Line Extension off the original Line Extension unless the new Extension and customers are within the area exactly described in the original Line Extension agreement. The total of all such refunds shall in no case exceed the Construction Refund Cap. Refunds will be made annually or at shorter intervals at the option of the Company.
- c. If the Line Extension is generating sufficient revenue in the fourth (4th) twelve-month period of the Revenue Period to cover the Company's fixed costs, the Company will extend the Line Extension Agreement for an additional two (2) years.

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C. SPECIAL UNDERGROUND SERVICE PROVISIONS

A. Secondary Voltage Underground Extensions:

1. Permanent New Residential Customers:

(1) Overhead System:

Where 120/240 volt service is readily available from an existing overhead system, the Company will install, own, and maintain a pole riser, riser base, secondary service enclosure, and service conductors up to the Maximum Run for providing single phase underground secondary service to a Customer. The cost of installing the service enclosure and the pole riser installation shall be borne by the Customer. The Customer will supply, install, own, and maintain the conduit system from service enclosure to the Meter enclosure. The Customer-supplied conduit system must meet Company specifications and local code requirements.

(2) Underground System:

Where 120/240-volt service is readily available from an existing underground system, the Company will install, own, and maintain service conductors up to the Maximum Run for single phase service, in a customer supplied, owned, and maintained conduit system, from the nearest Company transformer or service enclosure to the Point of Delivery. The location of both points will be designated by the Company. The Customer-supplied conduit system must meet Company specifications and local code requirements.

2. Point of Delivery:

The Point of Delivery for individually served and metered residential Permanent Customers requesting underground service shall be the Meter enclosure.

When multiplex residential units (duplex and above) have their Meters grouped and connected into a common gutter, the Point of Delivery shall be at a Company-owned Secondary Service enclosure or transformer as designated by the Company.

The Point of Delivery for all other Customers requesting underground service shall be the low voltage terminals of the Company's transformation unless another Point of Delivery is specified by the Company.

Customers will provide, own, and maintain all facilities beyond the Point of Delivery.

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3. Residential Subdivisions:

In a residential subdivision, normally Underground Line Extensions must be made before construction of houses begins. The Company will install an underground distribution system in a filed, dedicated subdivision after the developer has met Company requirements pertaining to the installation of other utilities and has entered into a Line Extension Agreement covering the number of residential lots to be served, the location of any necessary overhead express feeder lines, the Revenue Guarantee Obligation, the Adequate Security, and other necessary conditions as determined by the Company. The developer's Revenue Guarantee Obligation for an underground residential system will be determined using then-current material and construction costs.

No overhead or underground Secondary Voltage services will be extended from the overhead express feeder lines.

4. Commercial and Industrial Customers:

The Company will install an underground Primary Voltage or Secondary Voltage Extension to serve a commercial or an industrial Customer after the Customer has entered into a Line Extension Agreement (if needed) covering the location of the Company's new Overhead and Underground Extensions, the amount of the Revenue Guarantee Account, if applicable, and the method of securing payment of the Revenue Guarantee Account. Commercial areas designated or committed to underground facilities by the Company and/or the developer or any regulatory body will only be served underground.

Commercial and industrial customers will provide, own and maintain all facilities beyond the Point of Delivery for both overhead and underground service.

5. Conversion of Overhead Facilities to Underground Facilities:

a. Residential Service Drops:

If a residential Customer requests conversion of the Customer's existing overhead service drop to underground service; the Company will, at the Customer's expense, install underground service conductors up to the Maximum Run if the following four (4) conditions are met:

- (1) The Customer supplies and installs the pole riser, riser base, Secondary Service enclosure, and any conduit between the riser base and the service enclosure. After the installation of the above facilities, the Company will

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assume ownership and maintenance of these facilities. The customer must also grant any needed firm easements for this installation and for future Underground Line Extensions from the service enclosure to adjacent lot(s) as required.

- (2) The customer supplies, and installs, owns and maintains the conduit system from the riser base or service enclosure to the Meter enclosure. The conduit system must meet Company and local code requirements.
- (3) The customer makes any changes to the Customer's own service entrance equipment necessary to accommodate the new underground service.
- (4) The Customer pays the Company the then-current estimated cost to install and remove the overhead service drop.

The cost of installing the service pedestal and the pole riser installation shall be borne by the Customer and the Company shall own and maintain the service pedestal and the pole riser installation.

B. Primary Voltage Distribution Facilities

If the Company, in response to a Customer request, agrees to replace the Company's existing overhead facilities with underground facilities, the Customer shall pay the Company in advance the estimated installed cost of the Company's new underground facilities plus the estimated cost to remove the existing overhead facilities less the estimated salvage of the removed overhead facilities.

Commercial and industrial customers will provide, own, and maintain all facilities beyond the new Point of Delivery.

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Signature/Title /s/ James Schichtl

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D. TEMPORARY SERVICE

A Customer requesting Temporary Service shall pay the Company in advance the estimated cost of equipment plus installation and removal expenses, less the estimated salvage value. The cost of the equipment plus installation shall be calculated in the same manner as for permanent service. The removal expenses will be estimated based on the specific equipment and installation used for the Customer and the most current standard labor cost estimates. Salvage value will be based on the specific equipment and the market value of the equipment at the time the estimate is provided.

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E. SPECIAL SERVICES

1. Dual Feeders:

Any customer requesting an alternate Primary Voltage line in addition to the regular main Primary Voltage line shall either make a Customer Contribution in the amount of the Estimated Cost of the Primary Voltage Extension (including substation facilities), or enter into a written agreement to pay a monthly facilities charge equal to the Company's fixed costs on the alternate Extension. To the extent that the alternate Extension requires a reservation of distribution capacity, the Customer will be charged a Reserved Distribution Capacity Charge, as provided in the Customer's applicable rate schedule.

2. Transmission Voltage Service:

Electric service from the Company's Transmission Voltage system is available at the Company's option to customers whose electrical load is of such magnitude or unusual character that it should not be served otherwise. The Customer shall be responsible for providing or funding all transformation equipment, which must be in accordance with Company specifications. The total cost of the transmission Line Extension (including metering) shall be subject to a monthly facilities charge. The Company, at its option, may require a Customer Contribution for all or a portion of the construction cost of the Extension.

3. Private Security Lighting or Area Lighting:

Dusk to dawn security lighting service is available in the Company's service area under the terms and conditions of the applicable tariff rate schedule. If 240-volt overhead service is readily available within the Maximum Run, the Company will install a standard fixture on an existing wood pole or new wood pole located as mutually agreed to by the Company and Customer. If 240-volt overhead service is not readily available within the Maximum Run, the Extension Cost will be borne by the Customer. All requests for service from an underground system must be negotiated separately with the Company, as this lighting service is not available in all underground situations.

The Company retains the right to remove a security light if it is damaged or vandalized repeatedly.

4. Load Requests Greater Than 750 kVA:

Upon any customer request for service that requires a transformer greater than 750 kVA, EPE will request verification from the customer including, if applicable, from the

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customer's certified electrician, of tenant status and type and electrical load characteristics of planned equipment to assess planned Connected Load. Any requests from customers verifying planned Connected Load will be addressed under Section B of this line extension policy including any applicable Customer Contribution requirements. If the customer does not verify planned Connected Load, EPE will provide, at minimum, a 750 kVA transformer, or a transformer sized to the verified load, and will reserve distribution capacity for the planned Connected Load for no more than one year after installation of the transformer.

If the customer later verifies additional planned Connected Load, EPE will provide a larger kVA transformer as applicable but not exceeding the reserve distribution capacity amount, and the Customer will be managed going forward under Section B of this line extension policy.

However, if planned Connected Load requiring a larger transformer is not verified during the first twelve months after installation of the transformer, EPE will bill a Distribution Capacity Reservation Charge to any customer that requests to hold the reservation beyond the twelve-month period. The charge will be a one-time, non-refundable charge to reserve the requested capacity for an additional twelve-month period after which the reservation will terminate. It will be calculated as an annualized minimum demand charge based on the difference of the requested load and the installed transformer capacity at the end of the initial twelve-month period.

5. Load Requests at Distribution Voltage for 30 MW or Greater:

Any customer seeking interconnection at distribution voltage for a 30,000 kW or higher load will be responsible for the costs of any unplanned substation upgrades, as well as transmission line upgrades, if applicable, that are required for the requested service (the Transmission Upgrades) as dedicated facilities. If the customer chooses that EPE install, operate and maintain the distribution facilities, the customer will be responsible for the costs of the Transmission Upgrades via an Infrastructure Capacity Charge and cost recovery guarantee that will be estimated at the time of the service request. The fee will be based on investment required to build out infrastructure to satisfy the needs of the development. The Company and the customer will enter into a written agreement addressing the cost recovery guarantee as well as the Infrastructure Capacity Charge and the period of time over which it will be paid. If the customer chooses to not move forward with their project, EPE will allow a refund of any unused funds towards construction efforts that had begun in good faith.

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**F. PUBLIC STREET LIGHTING, FREEWAY LIGHTING AND TRAFFIC SIGNAL
LIGHTS**

1. Company-Owned Street Lighting:

Street lighting systems are normally installed, owned and maintained by the Company. Only Company-specified standard street lighting components are used in the installations. Street lighting service is available to all city, town, village, county and state governmental entities (hereinafter referred to as "City") and will be installed only after the appropriate installation and billing authorization is received by Company in writing. This lighting service is also available to public schools for street, parking, and area lighting. All lighting service will be provided and billed under the applicable rate schedules.

a. Lights Served from Overhead Lines:

In areas with overhead electric distribution lines, streetlights are installed on existing wood poles. If the desired location of the new light does not have an existing pole, the Company will install one additional pole for each streetlight at no cost. If additional facilities are required in order to provide service to the light, the City, state entity, or school shall pay the Extension Cost as a Customer Contribution.

b. Lights Served from Underground Facilities:

In areas with underground electric distribution lines, streetlights (including a standard wood pole) will be installed at a location designated by the City and agreed to by the Company. The Company will also install the underground conduit, service wire, and related facilities as needed. Where streetlights are requested to be served underground and are installed by the Company and the street light installation will be owned by the Company, the Customer shall make a Customer Contribution for the difference between the cost of the Underground Line Extension and the four-year estimated revenue if there is a difference. The Company will install street light poles only on streets or main thoroughfares that are paved and have curbs and gutters.

2. City-Owned Street Lighting:

If a City desires to own streetlights that are to be installed by the Company, the City shall pay the Company the total installed cost incurred by the Company. The Company will operate and maintain the lights under the applicable rate schedule (Note 1: not all rates include maintenance). If the City specifies the materials and installation standards, they must be agreed to by the Company.

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a. Lights Served from Overhead Lines:

In overhead served areas, the Company shall install all requested lights and related facilities at the City's cost.

b. Lights Served from Underground Facilities:

In underground distribution areas, the Company or the City may provide and install the streetlights at the City's cost. If the City provides and installs the lights (or requires a third party to do so) the Company will not assume any responsibility for operation or maintenance until after the light is connected and in service. If the Company is asked to make a connection to a new City-installed light and is unable to do so because of a faulty installation by the City, a charge for the service call equal to the Company's actual cost will be made.

3. State or City- Owned Street or Freeway Lighting:

In Franchised Areas, the Company may contract with the City to operate and maintain street lighting installed and owned by the State of New Mexico. In some cases, the Company may contract with a county for Interstate Highway lighting only. In the absence of such a contract, electric service for State-owned street lighting systems shall be provided under the Company's standard practice for metered commercial services and billed under the applicable rate schedule. The same terms apply to State-owned traffic signals, sign lighting, etc.

4. Relocation of Street Lights:

Street lighting facilities will be relocated for the benefit or convenience of a Customer only when written approval of the new location is received from proper county or municipal authorities and when the Customer making the request bears all relocation cost.

5. Lights in New Subdivisions with Underground Electric Facilities:

If streetlights are to be installed in a subdivision, the locations shall be mutually agreed to by the City and the Company before the Company designs its underground distribution system. The necessary conduit shall be installed from the nearest Company power source location to the proposed light pole location at the time of the subdivision development. Payment for these costs will be negotiated between the parties.

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6. General Information

If the City or school desires to convert an existing Company-owned mercury vapor fixture to a high pressure sodium vapor fixture or LED fixture, the City or school shall pay all the labor costs associated with the conversion and purchase the old mercury vapor fixture from the Company at the un-depreciated value.

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G. REMOVAL AND RELOCATION

A Customer requesting the removal and/or relocation of Company facilities shall bear all costs incurred by the Company in completing the removal and/or relocation. Should a request involve providing electric service simultaneously to new or additional electrical loads, the cost incurred by the Company in completing the removal and/or relocation shall be combined with the estimated cost to provide service. This applies to the removal and/or relocation of Company facilities that will physically interfere with the development of a property or construction of a new building(s), but does not apply to the removal and/or relocation of Company facilities simply as a matter of preference or for aesthetic reasons. If removal and/or relocation causes operating problems for the Company or is objectionable to other parties, the Company may refuse to remove and/or relocate the facilities. Relocation of the Company facilities is contingent upon the Company's securing all necessary rights of way.

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Signature/Title _____ /s/ James Schichtl
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H. AFTER HOURS RATE

A Customer requesting the Company to perform work on an overtime basis shall be required to pay appropriate after-hours rate.

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I. RENTAL OF COMPANY EQUIPMENT

The Company will rent certain equipment to customers on a short-term emergency basis, provided the items of equipment are not immediately available from local suppliers and the Company has a sufficient supply of such items in stock to meet its operating requirements. The terms and conditions of the rental transaction shall be specified in writing.

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J. SALE OF COMPANY INSTALLED FACILITIES

The Company, in response to a Customer request, may, in its sole discretion, sell Company facilities, in place, as is, for the estimated replacement cost less depreciation on replacement cost, if:

- (1) The facilities are solely for the purpose of serving the customer, and
- (2) The Customer is changing or expanding his electrical facilities in a manner that will include the Company's facilities as an integral part of the Customer's facilities.

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K. IMPAIRED LINE CLEARANCE

Any Customer who installs or constructs any permanent or temporary structure(s) that constitutes an Impaired Clearance of the Company's existing transmission, substation, express feeder, street light or distribution line facilities, or any combination thereof, shall bear all costs incurred by the Company in the reconstruction or relocation, or both, necessary to remove any and all Impaired Clearances. The customer shall notify the Company as soon as possible of any existing or anticipated Impaired Clearances. In accordance with Section 1(A) of Second Revised Rule 7 of the Company's New Mexico Rules and Regulations approved by the New Mexico Public Regulation Commission, the Company may discontinue utility service to a customer without prior notice in the event of a condition determined by the Company to be hazardous.

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Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Customer and
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**EL PASO ELECTRIC COMPANY
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CANCELLING SECOND REVISED RULE NO. 13**

INCREASE OR DECREASE OF CONNECTED LOAD

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Customers shall not increase the connected load except upon written notice to the Company. In the event of any such increase, the customer shall pay for such increased or altered service pursuant to the appropriate tariff schedule(s). If requested by the Company, the Customer will execute a new Agreement for the Purchase of Electric Service at the Company's regular published rates covering the total connected load as so increased. In all cases in which new facilities are required to serve the increased load, the Customer must execute a new Line Extension Agreement.

The Company's service conductors, transformers, meters and other devices used to supply electric energy to the Customer each have a definite capacity, and no addition to the Customer's Installed Connected Load thereto will be permitted until the Customer has secured the Company's consent. A violation of this rule makes the Customer liable for any damage resulting there from and can result in the disconnection of service if, in the judgment of the Company, the increased load that has been added without consent of the Company has damaged or may damage the Company's facilities. In case the Customer's Connected Load is decreased, it is the responsibility of the Customer to notify the Company, in writing, of such decrease before obtaining any benefit in rates from such decrease

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Signature/Title /s/ James Schichtl
James Schichtl
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Amended Filing
BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF EL PASO ELECTRIC COMPANY FOR)
REVISION OF ITS RETAIL ELECTRIC)
RATES PURSUANT TO ADVICE NOTICE)
NO. 317)**

Case No. 25-00082-UT

**DECLARATION OF OMAR A. GALLEGOS IN SUPPORT OF THE FOREGOING
AMENDED FILING DIRECT TESTIMONY**

I, ***Omar A. Gallegos***, pursuant to Rule 1-011 NMRA, state as follows:

1. I affirm in writing under penalty of perjury under the laws of the State of New Mexico that the following statements are true and correct.

2. I am over 18 years of age and have personal knowledge of the facts stated herein. I am employed by El Paso Electric Company ("EPE" or "the Company") as the *Vice President – System Planning and Construction*.

3. I have reviewed the foregoing Amended Filing Direct Testimony of Omar A. Gallegos, and the exhibits, schedules, and workpapers sponsored by me and I confirm, to the best of my knowledge, that those materials are complete, accurate, internally consistent, and consistent with the Amended Application.

4. The foregoing Amended Filing Direct Testimony of Omar A. Gallegos, together with all exhibits sponsored therein and attached thereto, is true and accurate based on my knowledge and belief.

5. I submit this Declaration, based upon my personal knowledge and upon information and belief, in support of EPE's ***Amended Application for Revisions of Its Retail Electric Rates Pursuant to Advice Notice No. 317***.

Amended Filing

FURTHER, DECLARANT SAYETH NAUGHT.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 6, 2026.

/s/ Omar A. Gallegos
OMAR A. GALLEGOS