BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

APPLICATION FOR LOCATION APPROVAL AND
RIGHT-OF-WAY WIDTH DETERMINATION

TABLE OF CONTENTS

EXHIBITS

LIST OF ACRONYMS AND ABBREVIATIONS

BLM	Bureau of Land Management
BO	Biological Opinion
DOD	Department of Defense
DOE	Department of Energy
EIS	Environmental Impact Statement
EPE	El Paso Electric Company
FERC	Federal Energy Regulatory Commission
FLPMA	Federal Land Policy Management Act
Final EIS	Final Environmental Impact Statement
kV	Kilovolt
MW	Megawatt
NEPA	National Environmental Policy Act
NESC	National Electric Safety Code
NMAC	New Mexico Administrative Code
NMSA	New Mexico Statutes Annotated
NMSLO	New Mexico State Land Office
OATT	Open Access Transmission Tariff
POD	Plan of Development
PNM	Public Service Company of New Mexico
PUA	Public Utility Act
ROD	Record of Decision
ROW	Right-of-Way
RPS	Renewable Portfolio Standard
WAPA	Western Area Power Administration
WECC	Western Electricity Coordinating Council

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APPLICATION FOR LOCATION APPROVAL
AND RIGHT-OF-WAY WIDTH DETERMINATION

Pursuant to New Mexico Public Utility Act ("PUA"), New Mexico Statutes Annotated ("NMSA") 1978, Sections 62-9-3 and 62-9-3.2, Southline Transmission, L.L.C. ("Applicant" or "Southline") requests that the New Mexico Public Regulation Commission ("Commission") grant (1) location approval for the New Mexico portion of the proposed Southline Transmission Project; (2) a right-of-way ("ROW") width determination for the proposed transmission line with a ROW greater than one hundred feet; and (3) any other Commission approvals and authorizations that may be legally required. Southline respectfully requests that a hearing examiner be assigned and a prehearing conference be scheduled promptly.

I. INTRODUCTION

A. Project Overview

Overall, the Southline Transmission Project ("Project") is an approximately 370-mile merchant electric transmission line located in southern New Mexico and Arizona. It includes two sections: (1) a new approximately 249-mile double-circuit 345-kV transmission line and associated facilities beginning in Doña Ana County, New Mexico and running west into Arizona (the "New Build Section") and (2) the upgrade of approximately 121 miles of two existing 115-kV Western Area Power Administration ("WAPA") transmission lines to double-circuit 230-kV lines in Arizona and short segments to interconnect those upgraded lines to existing substations owned by other utilities (the "Upgrade Section"). The Project will provide up to approximately 1,000 megawatts ("MW") of bidirectional transmission capacity. A map of the Project is provided at Exhibit 1 and a description of the Project is provided in the Direct Testimony of Matthew Virant and Doug Patterson.

The New Mexico portion of the Project for which Southline seeks approval here (the "NM Proposed Route" and associated facilities) falls entirely within the New Build Section. The NM Proposed Route consists of (1) approximately 147 miles of double-circuit 345-kV transmission line that will start at the existing El Paso Electric Company ("EPE") Afton Substation south of Las Cruces and run west to the existing EPE Hidalgo Substation northeast of Lordsburg, then continue westerly to the New Mexico/Arizona border; (2) a 5-mile-long double-circuit 345-kV segment ("Segment P1") to loop the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation; and (3) a 31-mile-long double-circuit 345-kV segment ("Segment P3") running north-south between Interstate 10 and New Mexico State

Route 9. The NM Proposed Route will have a nominal ROW width of 200 feet and will interconnect with the existing EPE Afton Substation, a new "Midpoint" substation near Deming, and the existing EPE Hidalgo Substation. It is not associated with any generation plant. A map showing the specific New Mexico facilities for which Southline seeks location approval and a ROW width determination is provided at Exhibit 2 and described further in Section III.A of this Application. The Direct Testimony of Andy Rawlins discusses the technical aspects of the Project, including ROW requirements and additional information about the new substation and necessary upgrades to the existing substations.

The Project addresses four primary regional transmission needs: (1) improved reliability, (2) congestion mitigation, (3) increased regional ability to meet electrical demand growth, and (4) facilitation of renewable generation development. The need for the Project has been confirmed by the response to the Project's recent Open Solicitation, where total Expressions of Interest for transmission capacity on the Project exceeded the Project's capacity.[1] Those needs are detailed in Section I.F of this Application and in the Direct Testimony of Doug Patterson.

The Project was designed to minimize land and resource impacts by developing a route along existing corridors and by upgrading existing transmission lines where feasible—an approach that respects the region's communities and natural and cultural resources and avoids undue impairment of important environmental values. Southline actively and continuously worked with stakeholders to avoid sensitive areas in New Mexico.

[1] The Open Solicitation was conducted pursuant to a FERC Declaratory Order approving a capacity allocation mechanism for Southline's capacity on the Project. *See* Southline Transmission, L.L.C. & SU FERC, L.L.C. 152 FERC ¶ 56, 63 (2015) ("FERC Declaratory Order"). The FERC Declaratory Order is attached as Exhibit 3 for reference. The Project's approved capacity allocation mechanism is discussed in more detail in Section I.C *infra*.

Because the Project requires substantial Bureau of Land Management ("BLM") ROW in New Mexico and Arizona and the use of WAPA facilities in Arizona, Southline required route approval from both agencies. Those agencies co-led the formal National Environmental Policy Act ("NEPA") process and issued a Final Environmental Impact Statement ("Final EIS") for the Project in 2015.[2] After considering a range of alternatives, including no action, the BLM and WAPA each issued a Record of Decision ("ROD") approving the route referred to in the Final EIS as the "Agency Preferred Alternative" route.[3] The NM Proposed Route (Exhibit 2) for which Southline seeks approval follows the route approved in the agency RODs. The Final EIS and the Direct Testimony of DeAnne Rietz establish that the proposed location of the Project on federal, New Mexico State Land Office ("NMSLO"), and private lands in New Mexico will not unduly impair important environmental values.

Southline has an executed ROW agreement with the BLM, ROW approval from NMSLO, and plans to begin negotiations with private landowners after obtaining the approvals requested in this Application. Specific to New Mexico, on August 22, 2016, Southline executed a ROW agreement with the BLM covering 43 percent of the NM Proposed Route.[4] Southline also submitted an application to NMSLO on October 3, 2016 to obtain ROW covering 31 percent of the NM Proposed Route. Southline and NMSLO have executed a Right of Entry Agreement[5]

[2] The Final EIS is provided in its entirety in electronic format at Exhibit 4.

[3] A copy of the BLM and WAPA RODs are provided in electronic format at Exhibits 5 and 6, respectively.

[4] Redacted copies of the executed BLM ROW Agreements without attachments are included as Exhibit DP-1 to Doug Patterson's Direct Testimony.

[5] The executed NMSLO Right of Entry Agreement without attachment is included as Exhibit DP-2 to Doug Patterson's Direct Testimony.

in order to conduct surveys and have agreed in principle to major terms of the ROW agreement.[6] While a final ROW agreement has not yet been executed with NMSLO, the parties are far along in that process and anticipate executing the agreement during the pendency of this proceeding. Finally, Southline plans to begin easement negotiations with private landowners upon approval of this Application. Doug Patterson discusses the status of ROW negotiations in his Direct Testimony.

B. The Applicant

Southline is the sponsor of the Project and the Applicant in this proceeding. It will own the transmission facilities that make up the New Mexico portion of the Project. Southline is a wholly-owned subsidiary of Hunt Power, L.P., which develops and invests in entrepreneurial electric utility opportunities and is part of a larger privately-owned group of entities managed by the Ray L. Hunt family that engages in oil and gas exploration and production, refining, power, real estate, ranching, and private equity investments. Black Forest Partners, L.P. is the Project Manager and first created the Project's concept in 2008 as a transmission solution to minimize land use challenges and strengthen the existing transmission system in New Mexico and Arizona, while enabling the development of renewable energy projects.

The contact information for Southline's corporate representative and counsel is as follows:

[6] Commissioner Dunn to Grant Right-of-Way to Southline Transmission Project, Aubrey Dunn, State Land Commissioner State of New Mexico Press Release (Aug. 30, 2016), *available at* http://www.nmstatelands.org/uploads/PressRelease/7c63bfca932547d89f9afbbc8739d0aa/Commissioner_Dunn_to_Grant_Right_of_Way_to_Southline_Transmission_Project.pdf. Commissioner Dunn's press release is provided at Exhibit 7.

Enrique Marroquin
Senior Vice President
Hunt Power, L.P.
1900 Akard Street
Dallas, Texas 75201
(214) 978-6505 (Telephone)

James M. Bushee
James E. Guy
Martha M. Hopkins
Eversheds Sutherland (US) LLP
600 Congress Avenue, Suite 2000
Austin, Texas 78701-3238
(512) 721-2700 (Telephone)

Anthony J. Trujillo
Germaine R. Chappelle
Gallagher & Kennedy, P.A.
1239 Paseo De Peralta
Santa Fe, New Mexico 87501
(505) 982-9523 (Telephone)

C. Project Structure

The Project involves a proposed public-private endeavor between Southline and WAPA, subject to negotiations and approval by WAPA, pursuant to which (1) WAPA will construct and continue to own and operate upgrades to its existing transmission lines in the Upgrade Section, which are located wholly within Arizona; (2) Southline will construct and own the New Build Section, which spans New Mexico and Arizona, and the short segments in the Upgrade Section necessary to interconnect the upgraded WAPA lines to existing Arizona substations; and (3) WAPA and Southline will work cooperatively with affected landowners to obtain land rights on the New Build Section. Southline and WAPA will contribute certain resources and will obtain capacity rights on the Project commensurate with those contributions. After construction

is complete, as the owner of the New Build Section, Southline will lease its physical transmission system assets and associated capacity rights to SU FERC, L.L.C. ("SU FERC").

The Project does not meet the definition of "utility" under NMSA 1978, Section 62-3-3(G) because it will engage solely in interstate business. The Project is a merchant transmission line in which Southline bears all the financial risks associated with the Project and the Project will not have any captive customers. On September 17, 2015, the Federal Energy Regulatory Commission ("FERC") issued a Declaratory Order that authorized SU FERC to charge negotiated rates and approved a method for the allocation of Southline's capacity on the Project.[7] The capacity allocation process involves an Open Solicitation, which includes a broad notice, objective selection criteria, and an independent third-party manager. The FERC Declaratory Order is provided at Exhibit 3.

D. Brief Project History

Southline began working with regional planning groups in 2009 to analyze transmission needs in southern New Mexico and Arizona. Over the next two years, Southline continued working with regional planning groups, conducted proof of concept technical studies, and held public meetings to share information and receive input on preliminary routing options. Southline then developed a preliminary line design and preliminary routing possibilities informed by this public outreach and regional planning. Ultimately, Southline proposed to combine the upgrade of WAPA Arizona facilities with a new connection to the New Mexico transmission system to

[7] *See* FERC Declaratory Order ¶¶ 10, 12, 45, 51, 63, 74, 75, Ordering ¶ A.

create potential bidirectional use by enabling access and delivery of renewable resources in one direction combined with access to markets and existing resources in the other direction.

The Project was designed to minimize land and resource impacts by developing a route along existing corridors and by upgrading existing transmission lines where feasible—an approach that respects the region's communities and natural and cultural resources. Because of that design philosophy, more than 78 percent of the NM Proposed Route—and 85 percent of the overall Project route—parallels or upgrades existing corridors.

The BLM and WAPA conducted a multi-year environmental impact analysis under NEPA culminating in a Final EIS in late 2015 and RODs selecting an approved route in early 2016. Southline also initiated the Western Electricity Coordinating Council ("WECC") Project Coordination and Path Rating Review Process in 2010 and received an Accepted WECC Phase 3 Path Rating in 2015. Southline also recently received location approval from the Arizona Power Plant and Transmission Line Siting Committee and the Arizona Corporation Commission.[8]

E. Public Outreach and Environmental Review

The Project has undergone extensive public and stakeholder outreach and a comprehensive environmental study process that included impact analyses, significant public

[8] *In the matter of the Application of Southline Transmission, L.L.C., in conformance with the requirements of Arizona Revised Statutes 40-360, et seq., for a Certificate of Environmental Compatibility authorizing construction of the non-WAPA-owned Arizona portions of the Southline Transmission Project, including a new approximately 66-mile 345-kV transmission line in Cochise County from the Arizona-New Mexico border to the proposed Southline Apache Substation, the associated facilities to connect the Southline Apache Substation to the adjacent AEPCO Apache Substation, and approximately 5 miles of new 138-kV and 230-kV transmission lines and associated facilities to connect the existing Pantano, Vail, DeMoss Petrie, and Tortolita substations to the upgraded WAPA-owned 230-kV Apache-Tucson and Tucson-Saguaro transmission lines in Pima and Pinal counties*, Arizona Power Plant and Transmission Line Siting Committee, Docket No. L-00000AAA-16-0370-00173, Case No. 173, Certificate of Environmental Compatibility (Dec. 22, 2016) *approved as modified by* Arizona Corporation Commission, Decision No. 75978 (Feb. 24, 2017).

involvement, detailed reviews of alternative routes, and mitigation planning. This process included input and expertise from New Mexico citizens and New Mexico governmental entities.

Though not required by NEPA, in September 2011, Southline conducted a series of pre-scoping meetings and workshops. The meetings' goals were to give the public early notification and begin to work with interested stakeholders on routing options. In New Mexico, Southline hosted pre-NEPA public meetings in Deming and Lordsburg on September 21-22, 2011 and an agency workshop in Deming on September 22, 2011. Southline also met with county commissioners and supervisors from Hidalgo and Luna counties and city administrators from Deming and Columbus. Although these meetings were prior to and not part of the formal NEPA process, they helped to identify stakeholder issues, potential alternatives, and analysis methodology. These meetings also resulted in the collection of information important to Southline, the agencies, and the NEPA process. Southline used information from its stakeholder outreach to develop its proposed Project description (proposed action) and an alternative route. This information was submitted to the BLM and WAPA in the form of a Routing Report[9] and modification to the project Plan of Development ("POD").

On April 4, 2012, a Notice of Intent published in the *Federal Register* initiated the NEPA process for the Project and began the formal public scoping period.[10] The purpose of scoping was to provide an opportunity for members of the public to learn about the proposed Project and

[9] A copy of the Southline Transmission Project Routing Report is provided in electronic format at Exhibit 8.

[10] Notice of Intent to Prepare an Environmental Impact Statement for the Proposed Southline Transmission Line Project in New Mexico and Arizona (DOE/EIS-0474) and Possible Land Use Plan Amendments, Bureau of Land Management, U.S. Department of the Interior, Western Area Power Administration, U.S. Department of Energy, 77 FR 20,411 (Apr. 4, 2012).

to share any concerns, pertinent information, or comments. Input from the public scoping process was used by the BLM and WAPA to identify issues and concerns to be considered in the EIS, as well as identify potential alternatives. The BLM and WAPA held scoping meetings in New Mexico and Arizona—three public meetings and one agency meeting in New Mexico specifically—from which they received 133 comments. A detailed discussion of the public engagement process is included in the Final EIS at Sections 1.12 and 5.2.

Furthermore, the BLM and WAPA invited 21 American Indian tribes and 33 agencies at the federal, state, and local levels to participate as cooperating agencies in preparation of the EIS. Seventeen agencies accepted, affording the BLM and WAPA the benefit of each agency's particular expertise and guidance. New Mexico-based cooperating agencies that were active participants included the New Mexico Department of Game and Fish, NMSLO, and U.S. Army Corps of Engineers (Albuquerque District).

On April 11, 2014, a Notice of Availability of the Draft EIS published in the *Federal Register*[11] initiated the 90-day Draft EIS comment period. Another six public meetings were held during the Draft EIS comment period, three of which were in New Mexico. The BLM and WAPA considered all substantive comments collected during the NEPA process in development and approval of the selected route.[12]

The Final EIS was issued in 2015. Thereafter in 2016, the BLM and WAPA published their respective RODs selecting and approving the Agency Preferred Alternative route identified

[11] Notice of Availability of the Proposed Southline Transmission Line Project Draft Environmental Impact Statement and Draft Resource Management Plan Amendment, New Mexico and Arizona, Bureau of Land Management, Western Area Power Administration, U.S. Department of Energy, 79 FR 20,224 (Apr. 11, 2014).

[12] A catalog of the comments received can be found in Table 8-1 of the Final EIS.

in the Final EIS as the best route for the Project. The New Mexico portion of the Agency Preferred Alternative route is approximately 183 miles of the New Build Section and represents the transmission route for which Southline seeks location approval and ROW width approval from the Commission here (NM Proposed Route, Exhibit 2). Additionally, the NM Proposed Route is the same as the environmentally preferred route identified in the Final EIS.

F. Project Need and Benefits

From the beginning, Southline worked with the WECC, local utilities, and other regional transmission planning groups to design the Project to help solve regional transmission needs. The Project addresses four primary needs: (1) improved reliability, (2) congestion mitigation, (3) increased regional ability to meet electrical demand growth, and (4) facilitation of renewable generation development and achievement of public policy goals.

The need for the Project has been confirmed by the response to the Project's recent Open Solicitation. The Open Solicitation window to submit Expressions of Interest for transmission capacity on the Project closed on June 30, 2016, with received submittals totaling in excess of the Project's capacity. An independent third-party solicitation manager has screened and ranked the submittals, and bilateral negotiations are ongoing for transmission capacity on the Project.

1. Improve Reliability

Currently, there is limited existing electrical transmission capacity in the southern New Mexico and Arizona region. The New Build Section will provide up to 1,037 MW of east-to-west capacity from the Afton Substation in New Mexico to the Apache Substation in Arizona and up to 971 MW of west-to-east capacity from Apache to Afton. Southline's WECC Path

Rating Studies found that Southline could achieve additional capacity above current peak import limits, which would provide flexibility for operations and maintenance and increase the limited transmission connections between the southern New Mexico and Arizona area and the rest of the western United States' transmission grid. The additional transmission capacity added to the region by the Project will enable New Mexico to meet future load growth while meeting North American Electric Reliability Corporation ("NERC") and WECC criteria.

2. Mitigate Existing Congestion

Existing transmission capacity in southern New Mexico is either currently fully utilized and congested or substantially limited. That congestion exacerbates the difficulties local utilities encounter in providing reliable and economical electric service and limits the ability of renewable generation to reach markets. By adding a connection between the New Mexico and Arizona grids, and by upgrading the existing limited lines in Arizona, the Project creates new and expanded paths between New Mexico and Arizona, relieving congestion. Further, by adding additional capacity in New Mexico, the Project will mitigate existing and anticipated future congestion. Reduced congestion also expands opportunities for New Mexico utilities to import cost-effective power from regional market hubs like Palo Verde.

3. Increase Ability to Meet Electrical Demand Growth

The Project has been designed to reliably meet existing demand and transfer needs, as well as position utilities to meet future growth. How regional utilities meet future load growth will depend on the availability and cost of various resources, including both transmission and

generation.[13] As new transmission resources become available, utilities will have access to a broader range of potential resources. Absent adequate transmission facilities, utilities are limited to generation solutions for their resource needs, and the potential types and locations for such generation may be limited. Thus, the additional transmission capacity provided by the Project will unlock a range of resource solutions and potentially a greater universe of generation types and locations. For example, transmission that provides access to solar or wind generation zones will provide attractive options to a utility with growing resource needs and increasing renewable portfolio standards ("RPSs") and to businesses looking to locate in the state to utilize renewables. Similarly, the availability of transmission capacity will provide access to purchased power resources.

4. Facilitate Renewable Generation Development and Achieve Public Policy Goals

There will be an increased need for transmission capacity to serve and integrate renewable resources as western states attempt to meet existing and potentially increased renewable energy requirements. Mandatory RPSs have been established to encourage the development of renewable energy sources and mandate that electricity producers obtain a minimum percentage of power from renewable energy resources before a certain date. Currently, New Mexico's RPS is 20 percent by 2020.[14] The Project will provide access to renewable energy development zones in New Mexico and Arizona. The additional transmission

[13] Southern New Mexico and Arizona have seen increased growth in recent years, according to the U.S. Census Bureau ("Census Bureau"). The average population growth in Doña Ana, Grant, Hidalgo, and Luna counties in New Mexico, and Cochise County in Arizona was 12.9 percent between 2000 and 2010. Major load centers in the region (Tucson, Las Cruces, El Paso, and Phoenix) grew by as much as 20 percent between 2000 and 2010 (Census Bureau 2013a).

[14] *See* NMSA 1978, § 62-16-4.

capacity provided by the Project will facilitate the development of potential wind and solar generation in these zones. Not only will available capacity provide a path to market for new renewable generation, but the existence of that capacity availability may well be the factor that secures financing for these generation projects.

II. THE PROJECT SATISFIES ALL REQUIREMENTS OF NMSA 1978, SECTIONS 62-9-3 AND 62-9-3.2

NMSA 1978, Section 62-9-3 (the "Siting Statute") provides the Commission with specified jurisdiction over the siting of power plants within the State with a "capacity greater than three hundred thousand kilowatts or more for the generation of electricity for the sale to the public within or without [New Mexico]."[15] The Siting Statute also confers jurisdiction to the Commission for transmission lines constructed in connection with such a plant.[16] The Siting Statute requires that the Commission "shall approve the application unless the [C]ommission finds that the operations of the facilities for which approval is sought will not be in compliance with all applicable air and water pollution control standards and regulations existing."[17] However, the Commission is precluded by the Siting Statute from requiring "compliance with performance standards other than those established by the agency of this state having jurisdiction over a particular pollution source."[18]

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[15] NMSA 1978, § 62-9-3(B).

[16] *Id*.

[17] NMSA 1978, § 62-9-3(E).

[18] *Id.*

For transmission lines, the Commission "shall approve the application for the location unless it finds the location will unduly impair important environmental values."[19] The Siting Statute further provides that "[n]o application shall be approved pursuant to this section that violates an existing state, county or municipal land use statutory or administrative regulation unless the commission finds that the regulation is unreasonably restrictive and compliance with the regulation is not in the interest of the public convenience and necessity...."[20]

As set forth in the Final EIS and the Direct Testimony of Ms. Rietz, the Project satisfies all the requirements of the Siting Statute for location approval because: (1) the Project will comply with all applicable air and water pollution control standards and regulations established under state law; (2) the Project will not unduly impair environmental values; and (3) the Project will comply fully with all existing land use statutory and administrative regulations.

Additionally, pursuant to NMSA 1978, Section 62-9-3.2, the Commission is directed to determine before construction commences of any transmission line requiring ROW width greater than 100 feet, the necessary ROW width to construct and maintain the transmission line.[21] The ROW width will allow for the safe movement and operation of construction and maintenance equipment and to allow for sufficient clearance between conductors and the ROW edge, as required by the National Electric Safety Code ("NESC"). The Commission should approve the proposed ROW width of 200 feet because, as set forth in the Direct Testimony of Mr. Rawlins, that width is necessary to accommodate the proposed double-circuit 345-kV line.

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[19] NMSA 1978, § 62-9-3(F).

[20] NMSA 1978, § 62-9-3(G).

[21] NMSA 1978, § 62-9-3.2.

III. ITEMS REQUIRED BY SECTION 17.9.592 NMAC ("RULE 592")

A. A Description of the Transmission Line

1. The location of the transmission line

The location of the transmission line for which Southline seeks approval—the NM Proposed Route—is illustrated on the map attached at Exhibit 2. The transmission line will be located in the following counties: Doña Ana, Grant, Hidalgo and Luna. As shown on Exhibit 2, the NM Proposed Route will include both Segment P1 and a portion of Segment P2 between the Afton and proposed Midpoint Substation—which parallels an existing EPE 345-kV transmission line. From the proposed Midpoint Substation, the NM Proposed Route extends west alongside and parallel to existing EPE and Public Service Company of New Mexico ("PNM") 345-kV lines and includes Segment P3 and a portion of Segment P4a to the existing EPE Hidalgo Substation. Segment P1 is a short (5-mile) segment (in and out loop) between the existing Afton Substation and the existing Luna-Diablo 345-kV transmission line. Segment P3 is a 31-mile segment running north-south between Interstate 10 and New Mexico State Route 9 intended to access an area rich in renewable resources. It is anticipated that construction of this segment will not begin until it is needed to serve as yet undetermined generation facilities expected along Segment P3.

The NM Proposed Route then extends west along Segment P4a from the existing Hidalgo Substation, connecting to Local Alternatives LD3a and LD3b around the north and west sides of Lordsburg Playa. The east-west segment of Local Alternative LD3a parallels an existing EPE/PNM 345-kV line. Local Alternative LD3b connects to Segment P5b, which is located in Arizona.

2. Identification of the ownership of the land (such as private, bureau of land management, U.S. forest service, state trust, etc.) the transmission line will cross and the number of feet the transmission line will cross over each owner's land

The NM Proposed Route will cross the following lands:

Owner	Distance (Miles)	Distance (Feet)	Percentage
BLM	79.14	417,875	43%
NMSLO	57.64	304,322	31%
Private Lands	46.55	245,779	25%

A map depicting the ownership of land crossed by the NM Proposed Route is provided at Exhibit 9. The Project does not cross any federally recognized Indian tribe or land contiguous to such Indian tribal land. The distance that the line will cross individual private parcels is shown on Exhibit 10.

3. The total length of each transmission line in feet

The total length of the transmission line in New Mexico will be approximately 183 miles (967,976 feet) comprised of approximately 147 miles (776,160 feet) from the existing Afton Substation south of Las Cruces, New Mexico to the New Mexico/Arizona border in the County of Hidalgo, a 5-mile (26,400 feet) loop-in of the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation, and a 31-mile (163,680 feet) segment running north-south between Interstate 10 and New Mexico State Route 9.

4. A description of interconnection facilities

In addition to the information provided below, Mr. Rawlins describes in his Direct Testimony the Project's interconnection facilities located in New Mexico. The Project will interconnect with the following substations in New Mexico:

Substation	Owner	Land Status
Afton	EPE	BLM and private
Hidalgo	EPE	NMSLO and private
Midpoint	Southline	NMSLO and private

Afton

The Afton Substation is an existing substation owned and operated by EPE and is located southwest of Las Cruces, New Mexico. There will be approximately 20 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed after construction, and the other 10 acres of which will be the permanent disturbance for the substation expansion. The majority of this proposed substation expansion area has been previously disturbed. Existing access to the site will be used for construction, operation, and maintenance. The new yard will be built adjacent to the existing switchyard on the west side. Within the existing substation, the control building will be used and existing main buses expanded to accommodate two additional line positions and two additional transformer positions.

Equipment to be installed within the new yard will include circuit breakers and associated equipment, high-voltage switches, transmission line termination structures, bus supports, and two phase-shifting transformers. Two line positions and two transformer positions will be added to the existing switchyard. The Luna-Diablo 345-kV transmission line will be looped into the new yard and terminated at the new line positions. The maximum takeoff transmission line structure height will be 80 feet. All additional equipment needed for technical reasons, such as series capacitor banks and shunt reactors will be located within the footprint of the new yard.

Hidalgo

The Hidalgo Substation is an existing substation owned and operated by EPE and is located north of Lordsburg, New Mexico. There will be approximately 35 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed after construction, and the other 25 acres of which will be the permanent disturbance for the substation expansion. Approximately 6 acres of this proposed substation expansion area have been previously disturbed; the remainder is undisturbed lands. Existing access to the site will be used for construction, operation, and maintenance. Equipment to be installed within the new yard will include circuit breakers and associated equipment, high-voltage switches, transmission line termination structures, and bus supports. The existing substation buses will be expanded to accommodate an additional line position for connection to the new yard. A new control building will be required.

Transmission lines from the Midpoint (described below) or Afton substations and the Apache Substation in Arizona will be terminated at Hidalgo. The maximum takeoff transmission line structure height will be 80 feet. Additional equipment like series capacitor banks and shunt reactors will be located within the footprint of the new yard.

Midpoint

The Midpoint Substation is a planned new substation that will be located near I-10 east of Deming, New Mexico. Its purpose is to provide an interconnection point for Segment P3, which is being permitted to provide access to a renewable-rich area. It is anticipated that construction of this substation will not be part of the initial construction phase, but will be delayed until

needed to serve as yet undetermined generation facilities expected along Segment P3. The Midpoint Substation will be owned by Southline but operated by a third party to be determined at a later date. There will be approximately 35 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed, and the other 25 acres of permanent disturbance. The proposed Midpoint Substation location has not been previously disturbed. Equipment installed will include 345-kV circuit breakers, disconnect switches, bus supports, transformers, and transmission line termination structures.

The maximum takeoff transmission line structure height will be 80 feet. A small control building will be constructed to accommodate necessary system communications and control equipment. Additional equipment like series capacitor banks and shunt reactors will be located within the footprint of the new yard.

5. A map showing the location of the transmission line

Please see the maps provided at Exhibits 1-2 and 9 for the location of the proposed transmission line.

6. A schematic diagram showing the transmission line and the interconnection of the transmission line to the transmission grid

Please see Exhibit 11 for a schematic diagram showing the proposed transmission line and the interconnection of the transmission line to the transmission grid in New Mexico.

B. Identification of all applicable land use statutes and administrative regulations and proof of compliance or statement of noncompliance with each.

The Direct Testimony of Ms. Rietz identifies the applicable land use statutes and administrative regulations and demonstrates compliance with those requirements. The BLM and

WAPA RODs were developed in accordance with applicable federal statutes, and Southline has acquired a ROW grant from the BLM that is consistent with federal statutes. Notably, the BLM and WAPA, as co-lead agencies, have issued a Final EIS and RODS pursuant to NEPA, which required a hard look at all relevant federal and state statutes.

The New Mexico land use statutes and administrative regulations that Southline must comply with include NMSA 1978, Sections 18-6, 19.21.2, 19-7-57, 62-9-1, 62-9-3, 75-6-1, and New Mexico Administrative Code ("NMAC"), Sections 17.1.2.9, 17.4.2, 17.9.592, 18.31.6. Please see Table 1.5 of the Final EIS, which provides additional details regarding these statutes.

C. If required under NEPA, an environmental assessment prepared in connection with the transmission line.

An environmental assessment was not prepared in connection with this Project.

D. If required under NEPA, an environmental impact statement and record of decision or a finding of no significant impact, prepared in connection with the transmission line.

A copy of the Final EIS has been provided at Exhibit 4, the BLM ROD has been provided at Exhibit 5, and the WAPA ROD has been provided at Exhibit 6.

E. If preparation of a federal environmental assessment or environmental impact statement is not required under NEPA in connection with the transmission line, then a report, comparable to an environmental impact statement, in the format prescribed in 40 C.F.R. Section 1502.10.

Not applicable.

F. All written federal, state, and local environmental authorizations necessary to begin construction of the transmission line.

Southline must receive the following federal authorizations for the New Mexico portion of the Project:

- ROW grants from the BLM (issued on August 22, 2016)
- Permit for archaeological investigations from the BLM
- Permit for collection of paleontological resources from the BLM
- Compliance with Section 106 of the National Historic Preservation Act from the BLM and WAPA (a Project-specific Programmatic Agreement was executed on March 14, 2016 and is provided as an attachment to the BLM ROD)
- Section 404 Permit from U.S. Army Corps of Engineers (will be determined if necessary after final design stage and surveys are completed)
- A Biological Opinion ("BO") from the U.S. Fish and Wildlife Service (issued, as amended, on November 10, 2015)
- National Pollutant Discharge Elimination System Permit from the U.S. Environmental Protection Agency (cannot be completed until final design stage and surveys are completed)

Southline must receive the following authorizations from New Mexico:

- Approval of location of transmission line and ROW width determination from the New Mexico Public Regulation Commission
- Access or public highway utility accommodation permit from the New Mexico Department of Transportation (will be determined if necessary after final design stage and surveys are completed)
- ROW or easement permit from the New Mexico State Land Office (currently being negotiated, Right of Entry granted on October 3, 2016)
- Permit for archaeological investigations from the New Mexico State Historic Preservation Division
- Collection permit from the New Mexico Department of Energy, Minerals, and Natural Resources Forestry Division (will be determined if necessary after final design stage and surveys are completed)

G. All written federal, state, and local environmental authorizations necessary to begin operation of the transmission line; if any such authorization cannot be obtained until after construction of the transmission line, proof of application for such authorization.

The following federal authorizations are required:

- FERC rate authorization and capacity allocation mechanism approval.[22]
- FERC acceptance of an Open Access Transmission Tariff ("OATT").[23]

H. Testimony demonstrating that the transmission line will not unduly impair important environmental values; important environmental values include, but are not limited to, preservation of air and water quality, land uses, soils, flora and fauna, and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources.

As demonstrated in the Final EIS and the Direct Testimony of Ms. Rietz, the location of the NM Proposed Route and associated facilities will not unduly impair any important environmental values.

I. The expected date that the transmission line will be online.

Southline currently anticipates operations to be phased into service beginning in 2019.

J. Proof that the Application has been served on all local authorities in each county and township where the transmission line will be located, the New Mexico attorney general, the New Mexico environment department, and the New Mexico state engineer.

Please see Exhibit 12 for proof that the Application has been served in accordance with Rule 592.

[22] These authorizations were provided in the FERC Declaratory Order as discussed *supra*.

[23] The OATT will be filed within one year of commercial operation.

K. Any other information, including photographs, which the applicant wishes to submit in support of the Application.

Southline has provided additional information in support of the Project it believes will assist the Commission throughout the Application and pre-filed direct testimony and in the accompanying exhibits, including the following:

- Application Section I.A – Project Overview
- Application Section I.B – The Applicant
- Application Section I.C – Project Structure
- Application Section I.D – Brief Project History
- Application Section I.E. – Public Outreach and Environmental Review
- Application Section I.F – Project Need and Benefits
- Application Exhibit 1 – Overview Map of Project
- Application Exhibit 3 – FERC Declaratory Order
- Application Exhibit 5 – BLM ROD
- Application Exhibit 6 – WAPA ROD
- Application Exhibit 7 – NMSLO Press Release
- Application Exhibit 8 – Southline Transmission Project Routing Report
- Matthew Virant Direct Testimony
- Doug Patterson Direct Testimony and Associated Exhibits
- Andy Rawlins Direct Testimony and Associated Exhibits
- DeAnne Rietz Direct Testimony

IV. NOTICE

Southline has provided or will provide the following notices in accordance with the PUA and Rule 592.

- In accordance with Rule 592, Southline will (i) serve a copy of this Application and supporting pre-filed testimony on the New Mexico Attorney General, the Commission's Utility Division Staff, the New Mexico Environmental Department, the New Mexico State Engineer, and local authorities in each county

and township in which the transmission line will be located (Rule 592.10(J) and described above); and (ii) make available a copy of this Application and supporting pre-filed direct testimony in public libraries located in the county seats of Doña Ana County (Las Cruces), Luna (Deming), Grant (Silver City), and Hidalgo (Lordsburg) and will also make available a copy of its filing in the Sunland Park public library. Additionally, Southline will post its Application on the Project's website (www.southlinetransmissionproject.com) per Rule 592.13.

- Southline will mail notice of the time and place of hearing on this Application to all landowners and persons in actual occupancy of all lands crossed by the NM Proposed Route and associated facilities at least 20 days before the time set for hearing per NMSA 1978, Section 62-9-3.2(D).
- Southline's proposed form of Notice is attached to the Application as Exhibit 13.

In accordance with NMSA 1978, Section 62-9-3(K), the Commission may approve Southline's request without formal hearing if no protest is filed within 60 days after notice has been given that the Application has been filed.

V. TESTIMONY

In support of its Application, Southline is concurrently filing the direct testimony of the following witnesses that generally discuss the matters described below.

Witness	**Topics**
Matthew Virant	Project overview, applicant, witnesses, compliance with applicable laws and regulations
Doug Patterson	Project history, environmental review and public outreach, need and benefits, estimated costs, compliance with applicable laws and regulations
Andy Rawlins	Technical aspects of Project
DeAnne Rietz	Environmental aspects of Project and compliance with statutory and regulatory requirements

VI. CONCLUSION

Southline has demonstrated that the NM Proposed Route and associated facilities meet all applicable requirements of NMSA 1978, Sections 62-9-3 and 62-9-3.2. Specifically, (1) the operation and construction of the New Mexico portion of the Project will be in compliance with all applicable air and water pollution control standards and regulations established by NMSA 1978, Section 62-9-3(F); (2) the location of the NM Proposed Route and associated facilities will not unduly impair important environmental values (NMSA 1978, Section 62-9-3(G)); (3) the location of the NM Proposed Route and associated facilities do not violate any existing state, county, or municipal land use statutory or administrative regulations (NMSA 1978, Section 62-9-3(H)); and (4) the NM Proposed Route requires a 200-foot wide ROW, as determined by electrical safety codes and operation considerations (NMSA 1978, Sections 62-9-3.2).

Southline has complied with all the applicable requirements of NMSA 1978, Sections 62-9-3 and 62-9-3.2, and respectfully requests that the Commission issue a Final Order (1) approving Southline's Application for the location of the NM Proposed Route and associated facilities represented by Segments P1, P2, P3, P4a, LD3a, and LD3b (see Exhibit 2), (2) determining that the necessary ROW width to construct and maintain the New Mexico portion of the Project is 200 feet, and (3) providing such other relief as the Commission deems necessary and appropriate.

WHEREFORE, for the foregoing reasons, Southline requests that the Commission grant this Application and any other relief as may be deemed necessary and appropriate.

Respectfully Submitted,

James M. Bushee
James E. Guy
Martha M. Hopkins
EVERSHEDS SUTHERLAND (US) LLP
One American Center
600 Congress Ave., Suite 2000
Austin, Texas 78701-3232
Telephone (512) 721-2652
Fax (512) 721-2656
jamesbushee@eversheds-sutherland.com
jamesguy@eversheds-sutherland.com
martyhopkins@eversheds-sutherland.com

Anthony J. Trujillo
Germaine R. Chappelle
GALLAGHER & KENNEDY
1239 Paseo De Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-9523
ajt@gknet.com
germaine.chappelle@gknet.com

ATTORNEYS FOR
SOUTHLINE TRANSMISSION, L.L.C.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the Application for Location Approval and Right-of-Way Width Determination, Supporting Testimony, and Exhibits were sent on this 3rd day of March, 2017, as described below:

Via Hand Delivery

Hector Balderas, Attorney General
State of New Mexico
The Office of the Attorney General
P.O. Drawer 1508
Santa Fe, New Mexico 87504-1508

New Mexico Public Regulation Commission
Utility Division Staff
1120 Paseo De Peralta
P.O. Box 1269
Santa Fe, New Mexico 87504

New Mexico Environmental Department
Harold Runnels Building
1190 St. Francis Dr. Suite N4050
Santa Fe, New Mexico 87505

New Mexico State Engineer
407 Galisteo St. # 101
Santa Fe, New Mexico 87501

Via Certified Mail, Return Receipt Requested

Billy G. Garrett
Doña Ana County Commissioner
Doña Ana County Government Center
845 N Motel Blvd
Las Cruces, New Mexico 88007

Ramon S. Gonzalez
Doña Ana County Commissioner
Doña Ana County Government Center
845 N Motel Blvd
Las Cruces, New Mexico 88007

Benjamin L Rawson
Doña Ana County Commissioner
Doña Ana County Government Center
845 N Motel Blvd
Las Cruces, New Mexico 88007

Isabella Solis
Doña Ana County Commissioner
Doña Ana County Government Center
845 N Motel Blvd
Las Cruces, New Mexico 88007

John L. Vasquez
Doña Ana County Commissioner
Doña Ana County Government Center
845 N Motel Blvd
Las Cruces, New Mexico 88007

Joe L. "Oleo" Milo
Luna County Commissioner
Luna County Courthouse
700 S. Silver Ave.
Deming, New Mexico 88030

Linda Smrkovsky
Luna County Commissioner
Luna County Courthouse
700 S. Silver Ave.
Deming, New Mexico 88030

John Sweetser
Luna County Commissioner
Luna County Courthouse
700 S. Silver Ave.
Deming, New Mexico 88030

Gabriel Ramos
Grant County Commissioner
Grant County Administration Center
1400 Highway 180 East
Silver City, New Mexico 88061

Brett Kasten
Grant County Commissioner
Grant County Administration Center
1400 Highway 180 East
Silver City, New Mexico 88061

Alicia Edwards
Grant County Commissioner
Grant County Administration Center
1400 Highway 180 East
Silver City, New Mexico 88061

Billy Billings
Grant County Commissioner
Grant County Administration Center
1400 Highway 180 East
Silver City, New Mexico 88061

Harry Browne
Grant County Commissioner
Grant County Administration Center
1400 Highway 180 East
Silver City, New Mexico 88061

Darr Shannon
Hidalgo County Commissioner
County Administration Building
305 Pyramid St.
Lordsburg, New Mexico 88045

Joey Mora
Hidalgo County Commissioner
County Administration Building
305 Pyramid St.
Lordsburg, New Mexico 88045

Benny L. Jasso
Mayor
City of Deming, New Mexico
309 South Gold Avenue
P.O. Box 706
Deming, New Mexico 88031

Jim Foy
City Attorney
City of Deming, New Mexico
309 S. Gold Ave.
PO Box 706
Deming, New Mexico 88031

Ryan E. Anderson
Director, Regulatory Projects
Public Service Company of New Mexico
Alvarado Square, MS-0920
Albuquerque, New Mexico 87158

Mario Contreras
Sr. Regulatory Case Manager
El Paso Electric Company
100 N. Stanton Street
El Paso, Texas 79901

By: _____
Marty Hopkins

Exhibit 1

Overview Map of Project

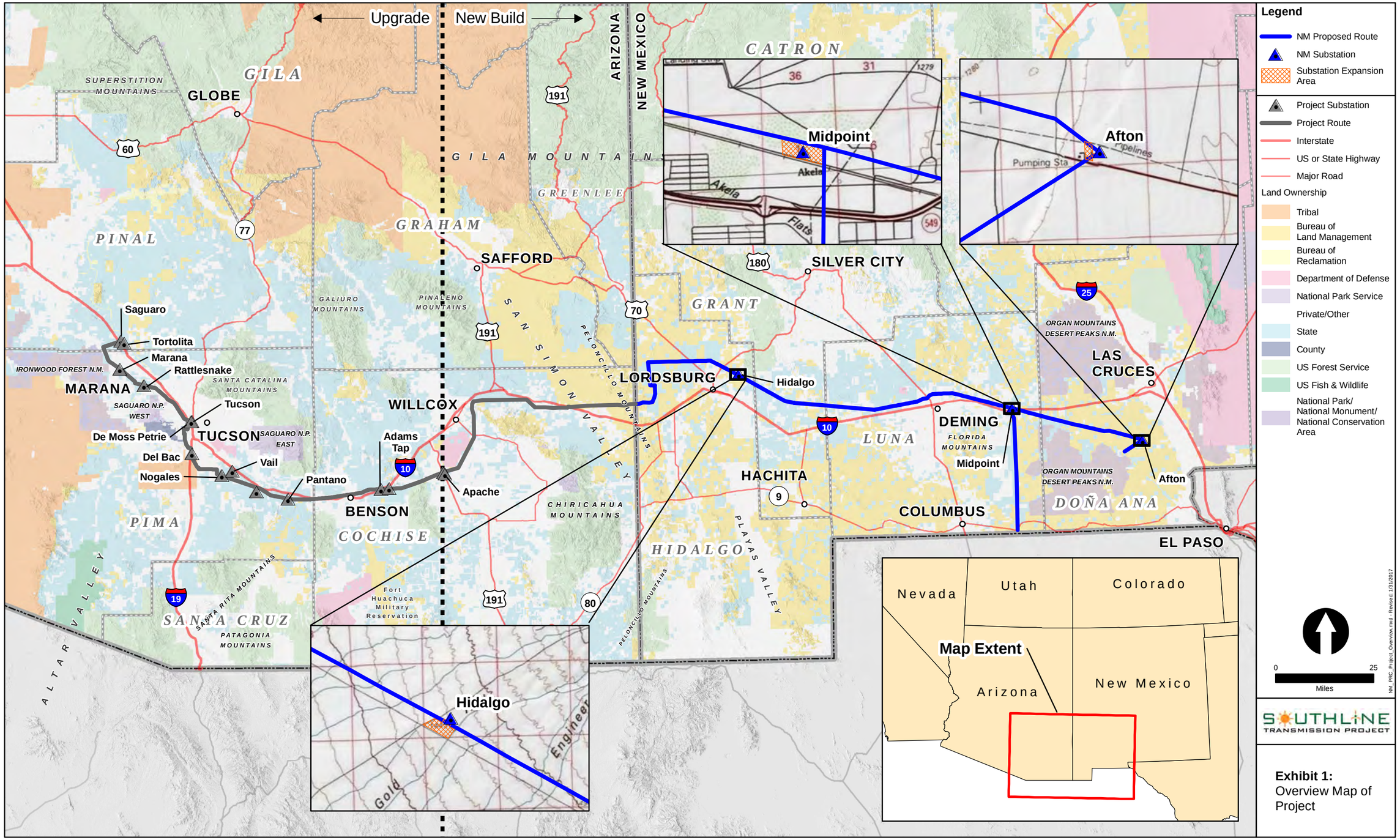

Exhibit 1:
Overview Map of Project

Exhibit 2

Map of New Mexico Facilities

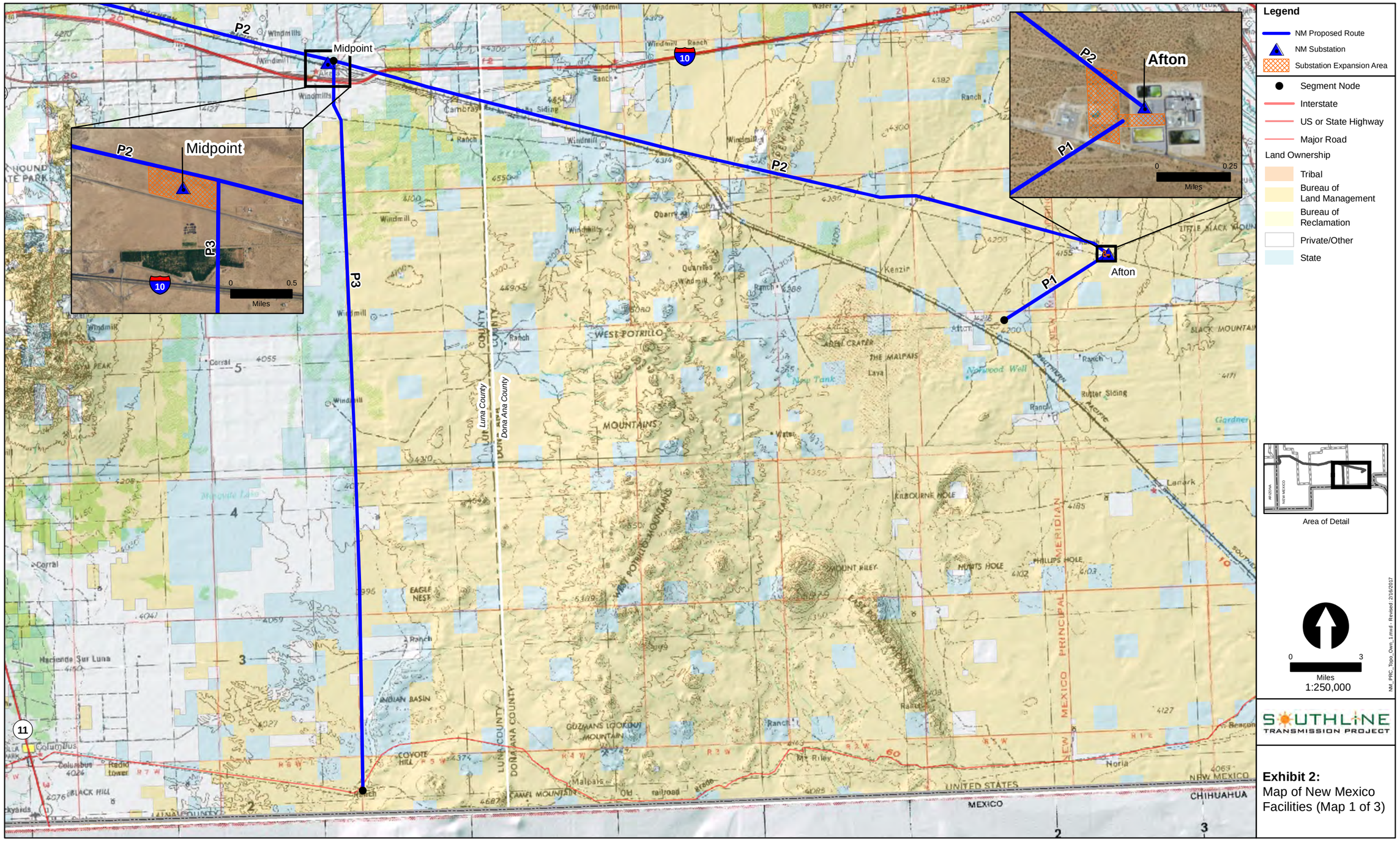

Exhibit 2:
Map of New Mexico Facilities (Map 1 of 3)

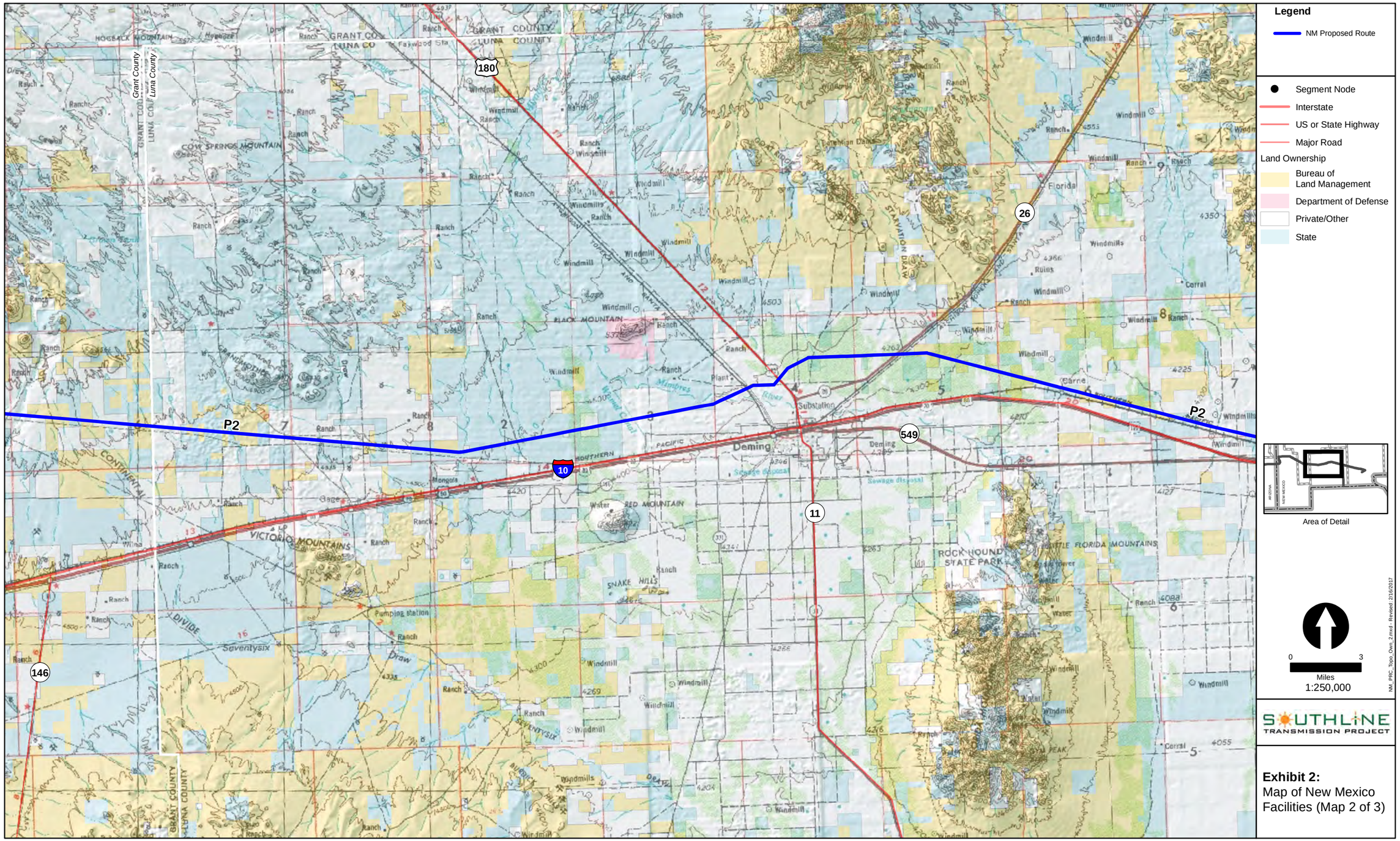

Exhibit 2:
Map of New Mexico Facilities (Map 2 of 3)

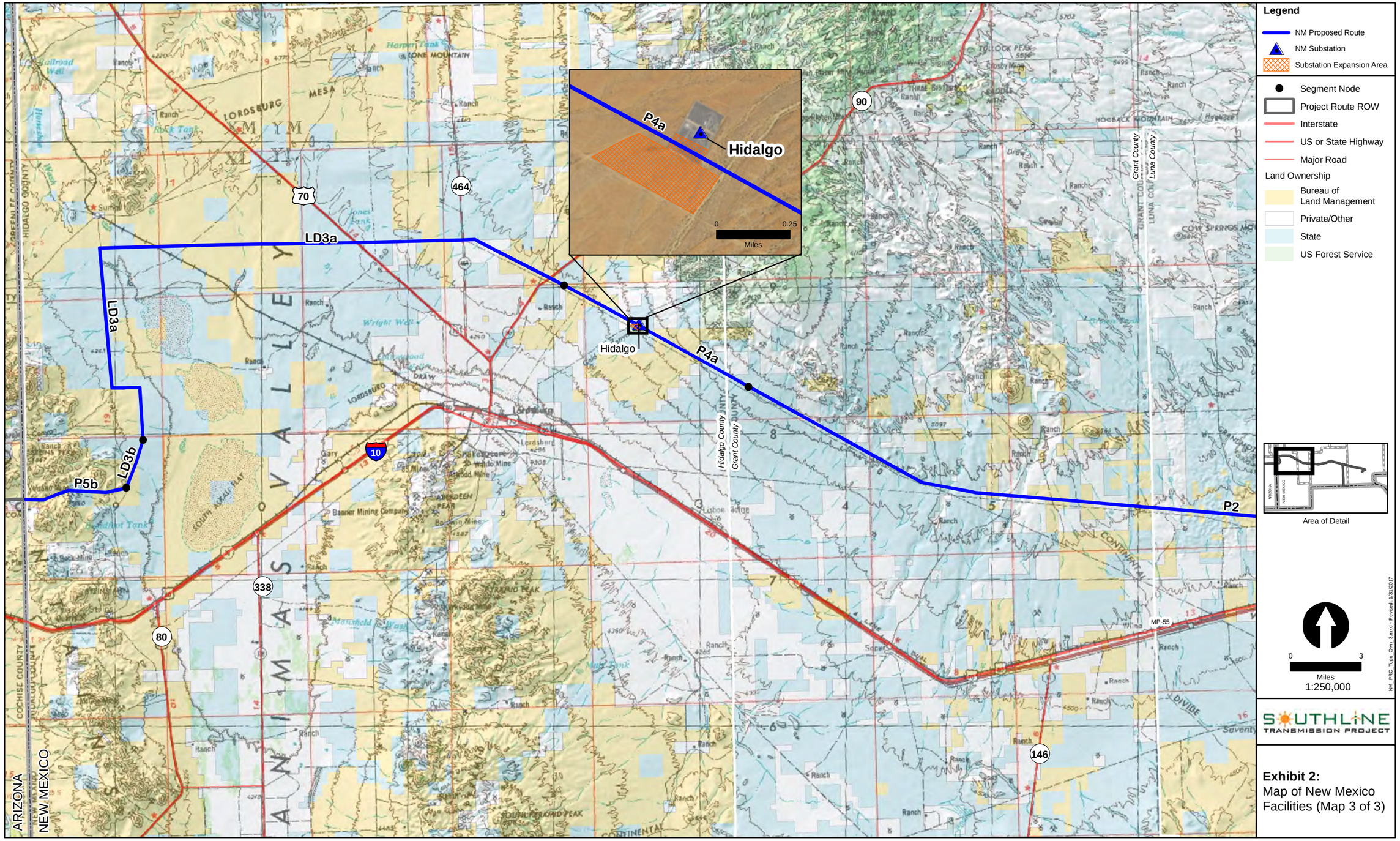

Exhibit 2:
Map of New Mexico Facilities (Map 3 of 3)

Exhibit 3

FERC Declaratory Order

152 FERC ¶ 61,211
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Philip D. Moeller, Cheryl A. LaFleur,
Tony Clark, and Colette D. Honorable.

Southline Transmission, L.L.C. Docket No. EL15-65-000
SU FERC, L.L.C.

ORDER GRANTING PETITION FOR DECLARATORY ORDER

(Issued September 17, 2015)

1. On May 11, 2015, Southline Transmission, L.L.C. (Southline Transmission) and SU FERC, L.L.C. (SU FERC) (collectively, Applicants) filed a petition for a declaratory order (Petition) with the Commission seeking the following: (1) a finding that Southline Transmission is a passive entity and therefore not a public utility under the Federal Power Act (FPA) or an electric utility company under the Public Utility Holding Company Act of 2005 (PUHCA 2005); (2) authorization granting SU FERC negotiated rate authority; (3) approval of SU FERC's capacity allocation methodology; and (4) certain waivers of Commission regulations. The Commission grants the petition for declaratory order, as discussed below.

I. Background

2. Applicants state that Southline Transmission is an indirect wholly-owned subsidiary of Hunt Power, LP, which is a subsidiary of Hunt Consolidated, Inc. Applicants further state that Hunt Power, LP develops and invests in entrepreneurial electric and gas opportunities. Applicants explain that Hunt Power, LP is part of a larger, privately-owned, group of companies managed by the Ray L. Hunt family, which engage in oil and gas exploration, refining, power, real estate, ranching, and private equity investments. Applicants state that Southline Transmission does not own or operate any existing electric generation, transmission, or distribution facilities.[1]

[1] Petition at 4.

3. Applicants state that SU FERC is a wholly-owned subsidiary of Sharyland Utilities, L.P. (Sharyland). Applicants explain that Shary Holdings, LLC (Shary Holdings) owns one percent of Sharyland and is the general partner of Sharyland; SU Investment Partners, LP (SU Investment Partners) owns the remaining 99 percent of Sharyland. Applicants state that both Shary Holdings and SU Investment Partners are owned by members of the Hunt family. Applicants state that SU FERC does not currently own or operate any facilities that are subject to Commission jurisdiction.[2]

4. Applicants seek Commission determinations related to their activities in connection with the proposed Southline transmission project (Southline Project). Applicants state that the Southline Project would consist of a new build section and an upgrade section. Applicants explain that the Southline Project would interconnect with up to 14 existing substations and potentially one new substation; the new build section would include approximately 240 miles of new 345 kV double-circuit electric transmission lines and related facilities located in New Mexico and Arizona, and would provide approximately 1,000 MW of bi-directional capacity. According to Applicants, the new build section would connect the existing Afton Substation, south of Las Cruces, New Mexico, to the existing Apache Substation, south of Willcox, Arizona, and may include a new "midpoint" substation in Luna County, New Mexico. Applicants state that this section includes a 30-mile spur that would provide transmission for areas in southern New Mexico that Applicants describe as rich in renewable resources, and a five-mile loop between the existing Afton Substation and the existing Luna-Diablo 345 kV transmission line that Applicants state is necessary to strengthen the existing regional transmission system.[3]

5. Applicants state that the upgrade section would rebuild and convert approximately 120 miles of Western Area Power Administration's (Western) aging Saguaro-Tucson and Tucson-Apache 115 kV transmission lines to double-circuit 230 kV lines. Applicants state that these lines are used to deliver federal hydropower to customers. Applicants state that these lines are built on wooden H-frame poles that date to 1951 and, as part of its efforts to maintain system reliability and meet customer needs, Western has identified the upgrade of these two 115kV lines in its Desert Southwest Region 10-year plan for construction and maintenance projects. According to Applicants, the upgrade would strengthen the integrated transmission system, increase transmission capacity and improve power delivery. The upgrade section, Applicants explain, would connect the existing Apache Substation with the existing Saguaro Substation located northwest of Tucson, Arizona, and would provide approximately 1,000 MW of transmission capacity

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[2] *Id.* at 4-5.

[3] *Id.* at 5.

between these substations. Applicants state that the upgrade will also include certain minor expansions of the existing Western 115 kV system.[4]

6. Applicants state that Western is considering participation in the Southline Project. According to Applicants, Western and Southline Transmission have executed a Memorandum of Understanding and an Advanced Funding Agreement. Applicants state that Western and Southline Transmission also have finalized a confidential, nonbinding participation principles document that would lead to the development of a definitive participation agreement governing the parties' respective rights and obligations with respect to the Southline Project.[5]

7. Applicants state that under the contemplated public-private partnership, Southline Transmission and Western would contribute certain resources and would obtain capacity rights commensurate with those contributions. Applicants explain that Southline Transmission would fund the costs of all new construction, improvements to existing transmission lines and related facilities, and the acquisition of any needed real property interests. Applicants state that, to the extent federal law permits, Western would utilize existing land rights associated with its two 115 kV lines and manage the process of acquiring additional land rights necessary to complete construction of the Southline Project. According to Applicants, Western would acquire capacity rights on the upgrade section (in addition to its existing capacity) and would acquire capacity rights on the new build section in amounts that correspond to Western's contributions to the Southline Project.[6]

8. Applicants state that Southline Transmission would acquire, and lease to SU FERC, certain Southline Project physical transmission system assets and the associated capacity rights. Further, Applicants state, Southline Transmission would transfer to SU FERC any other capacity rights not associated with the leased Southline Project assets. Applicants state that Western would be the construction manager for the upgrade section, and Southline Transmission or its designee would be the construction manager for the new build section. Applicants state that after the Southline Project construction is complete, Western and SU FERC would operate and maintain the upgrade and new build sections, respectively, consistent with Western Electricity Coordinating Council (WECC) and North American Electric Reliability Corporation (NERC) Reliability Standards. Applicants state that, under the contemplated public-private partnership, Western and SU

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[4] *Id.* at 5-6.

[5] *Id.* at 6-7.

[6] *Id.* at 7.

FERC would share costs and expenses related to the operations and maintenance of the Southline Project in proportion to their respective capacity rights.[7]

9. Applicants state that legal title to various Southline Project facilities would be held separately by Western and Southline Transmission. For the upgrade section, Western would, with certain exceptions, hold title to right-of-way and transmission facilities. In addition, Applicants explain that to the extent federal law permits, Western would manage the process of obtaining land rights for non-federal land in the new build section and would lease those rights to Southline Transmission, which would own transmission facilities as tenant improvements. Applicants state that in the case of transmission facilities located on federal land or land owned by an electric utility, Southline Transmission would own both the land rights and the facilities.[8]

10. Applicants state that Southline Transmission would utilize a real estate investment trust (REIT) structure under which it would hold legal title to, or a leasehold interest in, certain Southline Project land and transmission facilities, and capacity rights commensurate with its contributions to the Southline Project. Applicants state that Southline Transmission would have no operational control over any facilities or services that are subject to Commission jurisdiction. According to Applicants, the REIT structure is an investment vehicle that would allow Southline Transmission to access efficient sources of capital needed to finance the Southline Project while reserving full operational control of jurisdictional services and facilities to SU FERC and Western. Applicants state that, under the REIT structure, Southline Transmission would execute a long-term lease whereby all of its ownership interests and associated capacity rights in the Southline Project would be transferred to SU FERC. SU FERC would have the exclusive right to use the facilities, as well as responsibility for operation and maintenance of the new build section and compliance with all regulatory and reliability requirements. Applicants state that SU FERC would have a controlling managing member interest in Southline Transmission. Applicants explain that Western would not be part of the REIT structure and would operate and maintain the upgrade section, and administer all of its capacity rights on the project using its existing non-jurisdictional open access transmission tariff (OATT).[9]

11. Applicants state that under the long-term lease agreement to be executed between Southline Transmission and SU FERC, SU FERC would make rent payments that include a specified annual base rent and a payment based on a percentage of SU FERC's annual

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[7] *Id.*

[8] *Id.* at 7-8.

[9] *Id.* at 2, 8-9.

gross revenues from the Southline Project. Although the lease term has not yet been established, Applicants state that they anticipate that the initial term will be between five and 20 years, with renewal options. Applicants explain that SU FERC will be responsible for the payment of additional amounts under the lease arrangement for expenses such as insurance premiums, taxes, and other costs (associated with leasing, servicing, insuring, maintaining, repairing, and operating the system); the lease will not permit SU FERC to transfer, assign, surrender, or otherwise cease to be the operator without prior Commission approval.[10]

12. Applicants request that the Commission find that Southline Transmission will not be considered to be a public utility under section 201(e) of the FPA if it holds legal title to, or a leasehold interest in, the Southline Project, as well as the associated capacity rights, as described in the Petition.[11] SU FERC requests authority to charge negotiated rates for transmission service rights related to its interest in the Southline Project and authority to allocate up to 100 percent of its capacity rights through bilateral negotiations concerning key rates, terms and conditions, as well as approval of the capacity allocation process proposed in the Petition.[12]

13. Applicants state that they anticipate completing the Southline Project development activities in 2015, beginning construction in 2016, and commencing service in 2017.[13]

II. Notice of Filing and Responsive Pleadings

14. Notice of Applicants' Petition was published in the *Federal Register*, 80 Fed. Reg. 28,613 (2015), with interventions and protests due on or before June 10, 2015. Southwest Transmission Dependent Utility Group (Southwest Group)[14] filed a timely

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[10] *Id.* at 9-10.

[11] *Id.* at 13.

[12] *Id.* at 18.

[13] *Id.* at 13.

[14] Southwest Group is made up of: Aguila Irrigation District, Ak-Chin Energy Services, Buckeye Water Conservation and Drainage District, Central Arizona Water Conservation District, Electrical District No. 3, Electrical District No. 4, Electrical District No. 5, Electrical District No. 6, Electrical District No. 7, Electrical District No. 8, Harquahala Valley Power District, Hohokam Irrigation and Drainage District, Maricopa County Municipal Water District No. I, McMullen Valley Water Conservation and Drainage District, City of Needles, Roosevelt Irrigation District, City of Safford, Tonopah Irrigation District, and Wellton-Mohawk Irrigation and Drainage District.

motion to intervene and comments, and Arizona Electric Power Cooperative, Inc. and Southwest Transmission Cooperative (collectively, the Cooperatives) filed a timely motion to intervene and protest. Applicants filed an answer to the Cooperatives' protest, the Cooperatives filed an answer to Applicants' answer, and the Applicants filed an answer to the Cooperatives' answer to their answer.

15. Southwest Group states that it is not protesting the issuance of the declaratory order that Applicants request. Instead, it states that it is concerned that the Commission be supplied with additional facts on which it can base its decision.

16. First, Southwest Group states that there are material uncertainties about the Southline Project. According to Southwest Group, there are no agreements between Applicants and Western concerning the Southline Project. Southwest Group states that Western held a meeting on May 28, 2015, regarding the Southline Project where customers raised a number of questions concerning rate impact studies, line de-energizing requirements, facility inclusion, and marketability of additional capacity. Southwest Group states that Western agreed to look at these issues and respond to comments received.[15]

17. Second, Southwest Group states that Applicants' representatives stated that they had not yet contacted the State Land Departments of Arizona and New Mexico, had no arrangements with the owners of existing substations necessary for the Project, and had not initiated siting protocols required under Arizona law.[16]

18. Third, Southwest Group states that the environmental impact statement process has been delayed for the Southline Project. According to Southwest Group, the Bureau of Land Management, Western's co-lead in the process, unilaterally proposed rerouting a segment of the new build portion of the Southline Project. Southwest Group states that this proposal has engendered significant opposition to the Southline Project with this rerouting included, and it is not known how the agencies will proceed.[17]

19. Finally, Southwest Group states that while Applicants may not have captive customers, Western does. Southwest Group states that any costs that Western absorbs

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[15] Southwest Group Comments at 4.

[16] *Id.*

[17] *Id.* at 5.

will have to be recouped from its ratepayers, and therefore Applicants' proposal impacts captive customers.[18]

20. In their protest, the Cooperatives maintain that the Petition does not answer numerous factual questions that would substantiate the basis for the issuance of a declaratory order by the Commission. The Cooperatives argue that the Petition presents a new type of transmission project, in that the Southline Project will include both a new build portion and an upgrade of the existing Western 115 kV transmission lines. The Cooperatives state that while the Petition references Western's continued ownership of its portion of the Southline Project, the delineation of ownership rights and assigned capacity in the upgrade are not well defined. The Cooperatives state that they are concerned that many of the needed details regarding Western's participation in the Southline Project are missing from the Petition, and that the Petition fails to provide necessary assurances that existing Western transmission customers would not bear the financial risk for the additional investment in the upgrade facilities.[19]

21. The Cooperatives assert that the Petition raises important questions regarding the effect of issuing a declaratory order while Western is still in the decision-making phase regarding its participation. They state that Applicants have requested a far-reaching declaratory order instead of simply requesting a disclaimer of jurisdiction over Southline Transmission, and have included a request for authorization to sell transmission service at negotiated rates, and have also included a request for approval of a proposed capacity allocation process. The Cooperatives state that the precedent that Applicants have relied upon involves a narrowly tailored application for negotiated rate authority and approval of a capacity allocation process and relevant waivers and not a petition for a declaratory order.[20]

22. The Cooperatives assert that there is a potential for far-reaching effects if the Commission grants the Petition as submitted. They argue that if a Commission declaratory order is construed in a larger context to mandate a decision and action by Western, the Commission will have usurped the jurisdictional prerogative of Western and its statutory requirements. The Cooperatives assert that delineation of responsibilities between the parties and between the Commission and Western remains unsettled. They state that while Applicants admit that Western's portion of the Southline Project is not subject to Commission jurisdiction, other statements by Applicants suggest that the

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[18] *Id.*

[19] Cooperatives' Protest at 4-5.

[20] *Id.* at 6 (citing *Plains and Eastern Clean Line, LLC*, 148 FERC ¶ 61,122 (2014); *Grain Belt Express Clean Line LLC*, 147 FERC ¶ 61,098 (2014) (*Grain Belt*)).

Commission will exercise jurisdiction over a portion of the upgrade section. According to the Cooperatives, this presents a question of first impression regarding whether, or at what point, Western's jurisdiction over a transmission line it has built, owns, and maintains, cedes to the Commission because the transmission line has increased capacity that may afford capacity rights to a third party developer.[21]

23. The Cooperatives argue that while Applicants state that they will assume all market risks associated with the Southline Project, their statement fails to acknowledge that Western has current customers who would shoulder the expense and cost of the upgrade portion of the Southline Project if the developer is unable to secure a purchaser for capacity over that portion of the line. The Cooperatives maintain that the Petition is also unclear regarding whether, or to what extent, Western will provide debt financing for the Southline Project. They assert that if Applicants decline to rely on Western's Transmission Infrastructure Program (TIP) as a source of debt financing, then Applicants' representation of market risk is fully credible. However, the Cooperatives argue that if Applicants determine that the federal government should provide some or all of the debt funding, it is unclear whether Commission policy supports Applicants' request in the Petition.[22]

24. The Cooperatives maintain that numerous questions involved in interconnection, design, and cost responsibility have not been answered, in part because Western's participation is not defined. Therefore, the Cooperatives state that any order addressing the Petition should not prejudice the impact of any subsequent determinations on interconnection and cost responsibilities,.[23]

25. The Cooperatives argue that the Commission should deny the Petition without prejudice due to insufficient information. They argue that once Western determines whether or not it will participate in the upgrade portion of the Southline Project and the full details of that participation have been fully vetted, Applicants could re-file a request with the Commission for the necessary approvals and waivers that are appropriate for the upgrade portion of the Southline Project.[24]

26. In response, Applicants state that the Cooperatives are incorrect in asserting that they have submitted a broad based petition that seeks a far-reaching declaratory order.

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[21] *Id.* at 6-7.

[22] *Id.* at 8.

[23] *Id.* at 9.

[24] *Id.* at 9-10.

Applicants state that the petition for declaratory order is the appropriate vehicle, as the Commission has previously approved negotiated rate authority and capacity allocation mechanisms in declaratory orders,[25] as well as in FPA section 205 proceedings.

27. Applicants state that the Southline Project is conceptually consistent with other merchant projects that the Commission has approved. Applicants state that in *Lucky Corridor, LLC*,[26] the Commission granted negotiated rate authority and waivers of certain Commission regulations in connection with a project that would upgrade a 93-mile Tri-State Generation and Transmission Association, Inc. (Tri-State) transmission line from 115 kV to 230 kV. Applicants state that, like the upgrade portion of the Southline Project, the applicant in *Lucky Corridor* would have capacity rights on the upgraded portion of the line, but Tri-State would retain ownership of the right-of-way and transmission facilities. Applicants state that, as in *Lucky Corridor*, where the project costs would not be included in the rates under the Tri-State OATT, Southline Transmission costs would not be included in rates under the Western OATT.[27]

28. Applicants also state that the Cooperatives are incorrect in suggesting that granting the Petition could have jurisdictional consequences for Western. Applicants maintain that the Cooperatives have not shown how granting the Petition could be construed as mandating a decision by Western that would result in usurping Western's jurisdictional prerogative.[28]

29. Applicants state that the Petition does not suggest Commission jurisdiction over Western as a public utility. Rather, the Petition explains that the Commission would have full jurisdiction over SU FERC; Western and Southline Transmission would maintain separate ownership interests in the Southline Project, and Western would maintain ownership of its existing upgraded transmission facilities. Applicants note that the Petition explains that Western would operate and maintain the upgrade section, SU FERC would operate and maintain the new build section, and SU FERC and Western would each have their own OATT. Applicants state that to the extent that the Cooperatives argument is based on the fact that Southline Transmission would have capacity rights on

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[25] Applicants' Answer at 3 (citing *SunZia Transmission, LLC*, 135 FERC ¶ 61,169 (2011) (*SunZia*); *Zephyr Power Transmission, LLC*, 139 FERC ¶ 61,020 (2012)).

[26] 141 FERC ¶ 61,002 (2012) (*Lucky Corridor*).

[27] Applicants' Answer at 4.

[28] *Id*.

facilities that Western owns, the Commission has found that structure acceptable in *Lucky Corridor*.[29]

30. Applicants assert that the information the Cooperatives seek is not relevant to the Petition and evidences a misunderstanding of the Commission's policy regarding merchant transmission projects. Applicants state that the Commission has previously recognized that regulatory certainty is essential for the development of such projects and has authorized negotiated rates and approved capacity allocation mechanisms prior to final determinations regarding merchant transmission project routes, commercial agreements, technical specifications, and the completion of environmental studies and state siting authorizations.[30] Applicants argue that the absence of Commission action would create a situation where merchant projects could not finalize their commercial arrangements and obtain financing without regulatory certainty, but could not obtain regulatory certainty without finalizing their commercial arrangements. Applicants state that this would conflict with the Commission's policy of encouraging merchant transmission projects.[31]

31. Applicants argue that a final decision by Western on participation in the Southline Project is not necessary for the Commission to grant the Petition. Applicants state that the Commission can act based on the circumstances that the Petition contemplates, and if the final arrangements between Applicants and Western materially differ from those outlined in the Petition, Applicants could not rely upon the resulting declaratory order.[32] Applicants also argue that the Cooperatives' argument that the Petition fails to ensure that Western customers would not bear the financial risk for the additional investment in the upgrade facilities is irrelevant. Applicants state that Western's portion of the Southline Project is not a merchant line. According to Applicants, Western would utilize rates under its existing tariffs, not negotiated rates, and Western's rates are not at issue in this proceeding.[33]

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[29] *Id*. at 5.

[30] *Id*. at 6 (citing *Plains and Eastern*, 148 FERC ¶ 61,122 at P 4; *Grain Belt*, 147 FERC ¶ 61,098 at P 3; *Lucky Corridor*, 141 FERC ¶ 61,002 at PP 5, 12; *SunZia*, 135 FERC ¶ 61,169 at P 7).

[31] *Id*. at 7 (citing *Morongo Transmission LLC*, 148 FERC ¶ 61,139, at P 17 (2014) (recognizing that the proposed project's success was dependent upon receiving regulatory approvals)).

[32] *Id*. at 8.

[33] *Id*. at 8-9.

32. Applicants deny that Western customers could be exposed to cost shifting if Applicants are unable to secure a purchaser for transmission capacity over the upgrade portion of the Southline Project. Applicants state Western's recovery of project costs in its rates is a matter for a different forum. Additionally, Applicants argue that they assume all market risk associated with the Southline Project, and as a practical matter, if Applicants are unable to secure customers for their capacity, they would be unable to finance and construct the Southline Project, making any cost shifting impossible.[34]

33. In response, the Cooperatives disagree that Western's rates are not at issue here. They state that Western has explained that the new build portion of the Southline Project may become part of Western's Parker Davis transmission system. The Cooperatives state that operation and maintenance of the new build section by SU FERC has financial implications for customers that rely on Western's transmission assets, many of which must rely on the Parker-Davis transmission system. According to the Cooperatives, there is a captive customer base within the Parker-Davis transmission system. The Cooperatives state that this has a factual bearing on the Petition and should encourage denial of the Petition until the question of Western's participation has been determined.[35]

34. Applicants state in response that Western's potential acquisition of capacity rights on the new build segment is consistent with SU FERC's operation and maintenance of that segment. Applicants also maintain that Western's cost recovery methodology and its assessment of capacity rights that it may acquire on the new build segment are irrelevant to Applicants' requested relief. Applicants state that granting the Petition would not allow SU FERC to recover costs from Western customers.[36]

35. Finally, Applicants state that they do not object to the Cooperatives' request that the Commission state in its declaratory order that the order does not resolve any interconnection matters.[37]

A. Procedural Matters

36. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

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[34] *Id*. at 9.

[35] Cooperatives' Answer at 3-4.

[36] Applicants' Answer to Answer at 3-4.

[37] Applicants' Answer at 10.

37. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest and/or answer unless otherwise ordered by the decisional authority. We will accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

B. Negotiated Rate Authority

38. In addressing requests for negotiated rate authority from merchant transmission providers, the Commission is committed to fostering the development of such projects, but it requires that reasonable and meaningful protections be in place to preserve open access principles and to ensure that the resulting rates for transmission service are just and reasonable.[38] The Commission's analysis for evaluating negotiated rate applications focuses on four areas of concern: (1) the justness and reasonableness of the rates; (2) the potential for undue discrimination; (3) the potential for undue preference, including affiliate preference; and (4) regional reliability and operational efficiency requirements.[39]

1. Policy Statement

39. On January 17, 2013, the Commission issued the Policy Statement to clarify and refine its policies governing the allocation of capacity for new merchant transmission projects and new nonincumbent, cost-based, participant-funded transmission projects.[40] The Commission allows the developer of a new merchant transmission project to select a subset of customers, based on not unduly discriminatory or preferential criteria, and negotiate directly with those customers to reach agreement for procuring up to 100 percent of transmission capacity when the developer (1) broadly solicits interest in

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[38] *See, e.g.*, *Hudson Transmission*, 135 FERC ¶ 61,104, at Ordering Paragraph (A) (2011) (authorizing Hudson Transmission to charge negotiated rates for transmission service); *Mountain States Transmission Intertie, LLC*, 127 FERC ¶ 61,270, at PP 57, 59 (2009) (denying a request to charge negotiated rates on a merchant transmission project because, among other things, sufficient protections did not exist to ensure that rates for service would be just and reasonable); *TransEnergie U.S., Ltd.*, 91 FERC ¶ 61,230, at 61,838-39 (2000) (accepting a request to charge negotiated rates on a merchant transmission project, subject to conditions addressing, among other things, the merchant's open season proposal).

[39] *Chinook Power Transmission, LLC*, 126 FERC ¶ 61,134, at P 37, *order on reh'g*, 128 FERC 61,074 (2009) (*Chinook*).

[40] *Allocation of Capacity on New Merchant Transmission Projects and New Cost-Based, Participant-Funded Transmission Projects; Priority Rights to New Participant-Funded Transmission*, 142 FERC ¶ 61,038, at P 1 (2013) (Policy Statement).

the project from potential customers and (2) demonstrates to the Commission that the developer has satisfied the solicitation, selection, and negotiation process set forth in the Policy Statement.[41] To the extent the developer complies with these requirements, the Commission will find that the developer has satisfied the second (undue discrimination) and third (undue preference) factors of the four-factor analysis.[42]

40. Under the Policy Statement, once a developer has identified a subset of customers through the open solicitation process, the Commission will allow the developer to engage in bilateral negotiations with each potential customer. In these negotiations, the Commission will allow for distinctions among prospective customers based on transparent and not unduly discriminatory or preferential criteria, with the potential result that a single customer, including an affiliate, may be awarded up to 100 percent of the transmission capacity.[43]

2. Four-Factor Analysis

a. Factor One: Just and Reasonable Rates

41. To approve negotiated rates for a transmission project, the Commission must find that the rates are just and reasonable.[44] To do this, the Commission must determine that the merchant transmission owner has assumed the full market risk for the cost of constructing its proposed transmission project. Additionally, the Commission must determine whether the project is being built within the footprint of the merchant transmission owner's (or an affiliate's) traditionally regulated transmission system; if so, the Commission must determine that there are no captive customers who would be required to pay the costs of the project. The Commission also considers whether the merchant transmission owner or an affiliate already owns transmission facilities in the particular region where the project is to be located, what alternatives customers have, whether the merchant transmission owner is capable of erecting any barriers to entry among competitors, and whether the merchant transmission owner would have any incentive to withhold capacity.

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[41] *Id.* P 16.

[42] *Id.* P 15.

[43] *Id.* P 28.

[44] *See Champlain Hudson Power Express, Inc.*, 132 FERC ¶ 61,006, at P 17 (2010) (*Champlain Hudson*).

i. Applicants' Proposal

42. Applicants state that they assume all market risks associated with the Southline Project. They state that SU FERC is a new market entrant that has no existing facilities in the region and no affiliates that own transmission facilities in the region. Applicants state that Southline Transmission does not have an ownership interest in facilities other than the Southline Project, and they therefore do not have any captive customers, and neither SU FERC nor any affiliate owns or controls any barriers to market entry or has any incentive to withhold capacity from the Southline Project.[45]

43. Applicants state that because potential customers can pursue alternative transmission service from incumbent transmission owners at cost-of-service rates, customers will purchase transmission service from SU FERC only to the extent that it is cost-effective to do so. Applicants also state that the Commission has previously found that the negotiated rates that merchant transmission customers are willing to pay are effectively capped by the difference in the market price for power at either end of the line.

44. Finally with respect to just and reasonable rates, Applicants state that the Southline Project is not located in an area that is served by a regional transmission organization (RTO) or independent system operator (ISO), but SU FERC commits that it will file and obtain Commission approval of an OATT prior to commencing service. In addition, should the Commission approve an RTO or ISO for the region in which the Southline Project will operate, SU FERC commits to join such an organization if it is reasonable to do so.

ii. Commission Determination

45. Based upon the information provided in the Petition, we conclude that Applicants' request for authority for SU FERC to charge negotiated rates for service on the Southline Project meets the first of the *Chinook* factors, that is, the rates will be just and reasonable. Applicants are assuming full financial risk for the Southline Project, have no captive customers, and neither SU FERC nor any affiliate owns or operates transmission facilities in the region served by the Southline Project. Additionally, no entity is required to purchase transmission service from SU FERC, and customers have the alternative of purchasing transmission from incumbent transmission owners in the region. Further, SU FERC and its affiliates cannot erect any barriers to entry or exercise market power on the Southline Project because, as noted above, they do not own or control any transmission facilities in the region. In addition, SU FERC commits that it will file and obtain Commission approval of an OATT prior to commencing service, and commits to join and

[45] Petition at 20.

RTO or ISO should the Commission approve such an organization for the region in which the Southline Project will operate. Accordingly, based upon these representations, we conclude that the requested negotiated rate authority will result in just and reasonable rates for service on the Southline Project.

46. The interveners' comments raise a number of issues which appear to be related to the question of captive customers, specifically, Western's captive customers. However, as discussed below, the question of whether or not Western has captive customers is not germane to the Commission's analysis to determine whether or not Applicants should be granted the negotiated rate authority they request.

47. Under the Policy Statement, if a project is being constructed within the footprint of the merchant transmission owner's (or an affiliate's) traditionally regulated transmission system, the Commission must determine that there are no captive customers who would be required to pay the costs of the project. According to the Petition, the Southline Project is not being built within a traditionally regulated transmission system of Applicants or any affiliate of Applicants. The interveners are, of course, concerned about Western's captive customers, but Western, an agency of the federal government, is not an affiliate of Applicants.

48. The *pro forma* OATT provides that an "affiliate" of an entity is an entity that it controls or that controls it.[46] Affiliation for purposes of Commission regulation most commonly arises through the acquisition of certain classes of securities of an entity that represent a controlling interest in it.[47] Western is a power marketing administration within the Department of Energy and is thus an agency of the federal government. Private parties such as Applicants do not hold ownership interests in Western, and there is no basis to conclude that Applicants could otherwise control Western. For its part, Western has no ownership interests in either Southline Transmission or SU FERC and does not otherwise control Applicants. In addition, as Applicants explain, Western and Southline Transmission would maintain separate ownership interests in the Southline

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[46] The definitions section of the *pro forma* OATT defines the term "affiliate" as follows:

> 1.1 Affiliate
>
> With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

[47] *See* 18 C.F.R. § 35.43(a) (2015).

Project. The fact that Southline Transmission would have capacity rights on Western facilities, and that Western would acquire capacity rights on the transmission facilities that Applicants will own, does not establish an affiliate relation between them, and they remain fully independent of each other. In brief, no affiliate relations exist between Applicants and Western.

49. While Western may have captive customers, and SU FERC will operate and maintain the new build section of the Southline Project that will serve Western customers, as Applicants point out those customers will be served at cost-of-service rates under Western's OATT. SU FERC will have neither authority over Western nor an ability to control Western that would allow SU FERC to recover costs from Western customers. Moreover, Applicants have stated that they will assume all market risk associated with the Southline Project. Applicants have also stated that, as a practical matter, if they were unable to secure customers for their capacity they would be unable to finance and construct the Southline Project, which would make any cost shifting impossible.[48]

50. With regard to the other concerns that the interveners have raised, we clarify that nothing in this order should be construed to mandate any decision and action by Western; thus nothing in this order usurps Western's jurisdictional prerogative or its statutory duties. Contrary to the Cooperatives' concern, granting the requested petition for declaratory order will not transfer to the Commission Western's jurisdiction over a transmission line it owns, operates, and maintains. The fact that a third-party developer acquires capacity rights on Western facilities from Western will not affect Western's authority over those facilities any more than Western's acquisition of capacity rights on the new build section of the Southline Project will affect the Commission's jurisdiction over those facilities.

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[48] Given Western's independence, we do not agree that Applicants are able to determine that the federal government should provide some or all of the debt funding through TIP funding. *See* Cooperatives' Protest at 8. As Applicants note, Western's TIP implements section 402 of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, I 402, 123 Stat. 115, 141-143 (2009) (Recovery Act), for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within Western's service territory, to deliver or facilitate the delivery of power generated by renewable energy resources constructed, or reasonably expected to be constructed, after the date the Recovery Act was enacted. Petition at 2, n.1. Under the Recovery Act, Western is the borrower of TIP funds and is thus responsible for determining whether they will be used. *See* 42 U.S.C. § 16421a (b)(1) (2012).

51. Furthermore, because Western will maintain its independence and authority, we do not see any basis to conclude that Applicants are seeking a far-reaching declaratory order that could affect Western and its customers and that additional factual support is required before the Commission can act on the Petition. Applicants' Petition seeks negotiated rate authority and approval of a capacity allocation mechanism for SU FERC, and they have provided a sufficient basis to conclude that their proposal satisfies the requirements of the Policy Statement and Commission precedent as to whether their rates will be just and reasonable. As Applicants have pointed out, the Commission has on a number of occasions authorized negotiated rates and approved capacity allocation mechanisms for merchant transmission projects prior to finalization of project routes, finalization of commercial agreements, determination of technical specifications, and completion of environmental studies and state siting authorizations.[49] Given the importance of regulatory certainty regarding negotiated rate authority for securing project financing and completion of other commercial arrangements, it is appropriate for the Commission to act on the Petition at this time.

52. Finally, in response to the Cooperatives' request, we clarify that this order does not address or resolve any interconnection matters.

b. Factor Two: Undue Discrimination

53. The Policy Statement allows a developer to demonstrate that approval of its application will not result in any undue discrimination or preference by conducting an open solicitation that broadly solicits interest in the project from potential customers and, following the solicitation process, demonstrating to the Commission that it has satisfied the solicitation, selection, and negotiation process criteria set forth in the Policy Statement.[50]

54. In addition, applicants must issue broad notice of the project in a way that ensures that all potential and interested customers are informed of the proposed project, such as by placing notice in trade magazines or regional energy publications.[51] The notice should include developer points of contact, pertinent project dates, and sufficient technical specifications and contract information to inform interested customers of the nature of the project, including the following: (1) project size/capacity; (2) end points of the line; (3)

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[49] *Plains and Eastern*, 148 FERC ¶ 61,122 at P 4; *Grain Belt*, 147 FERC ¶ 61,098 at P 3; *Lucky Corridor*, 141 FERC ¶ 61,002 at PP 5, 12; *SunZia*, 135 FERC ¶ 61,169 at P 7.

[50] Policy Statement, 142 FERC ¶ 61,038 at P 16.

[51] *Id.* P 23.

projected construction and/or in-service dates; (4) type of line; (5) precedent agreement (if developed); and (6) other capacity allocation arrangements (including how the developer will address potential oversubscription of capacity).[52] The developer should also specify in the notice the criteria it plans to use to select transmission customers. The developer may also adopt a specific set of objective criteria that it will use to rank prospective customers, provided it can justify why such criteria are appropriate. Finally, the Commission expects the developer to update its notice if there are any material changes to the nature of the project or the status of the capacity allocation process, in particular to ensure that interested entities are informed of any remaining available capacity.[53]

55. The Commission stated in the Policy Statement that merchant developers must disclose the results of their capacity allocation process for approval under section 205 of the FPA.[54] Developers must demonstrate that the processes that led to identifying transmission customers and executing the relevant contractual arrangements are consistent with the Policy Statement and the Commission's open access principles. Specifically, the developer should describe the criteria that were used to select customers, any price terms, and any risk-sharing terms and conditions that served as the basis for identifying transmission customers selected versus those that were not, as well as provide certain information listed in the Policy Statement in order to provide transparency to the Commission and interested parties.[55] The Commission emphasized in the Policy Statement that the information in the post-selection demonstration is an essential part of a merchant developer's request for approval of a capacity allocation process, and that the developer will have the burden to demonstrate that its process was in fact not unduly discriminatory or preferential, and resulted in rates, terms, and conditions that are just and reasonable.[56] The Commission allows developers discretion in the timing of requests for approval of capacity allocation processes. The Policy Statement provides two examples. First, a developer can seek approval of its capacity allocation approach after having completed the process of selecting customers in accordance with Commission policies. Alternatively, a developer can first seek approval of its capacity allocation approach, and then can demonstrate in a compliance filing filed in response to the Commission's order

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[52] *Id.* P 20.

[53] *Id.* PP 24-27.

[54] 16 U.S.C. § 824d (2012).

[55] Policy Statement, 142 FERC ¶ 61,038 at P 30.

[56] *Id.* P 32.

approving that approach that the developer's selection of customers was consistent with the approved selection process.[57]

i. Applicants' Proposal

56. SU FERC requests approval to allocate up to 100 percent of its initial capacity rights on the Southline Project to anchor customers. Applicants state that they will use an open solicitation process in which they will issue a broad notice to ensure that all potential and interested customers are informed of the Southline Project. At a minimum, Applicants state, the notice will be posted on the Southline Project's website, widely distributed through industry and stakeholder outlets and published in regional news outlets and energy publications. Applicants state that the notice will include the types of information identified in the Policy Statement, the appropriate points of contact, pertinent Southline Project dates, sufficient technical specifications, and contract information to inform interested parties of the nature of the Southline Project and SU FERC's customer selection screening factors and ranking criteria.[58] Applicants state that the notice will also provide interested parties with the option to request a meeting with SU FERC representatives and other stakeholders to discuss bid considerations and will commit SU FERC to host a conference to address questions from interested parties. Applicants state that SU FERC will also provide a password-protected website to provide additional information requested by potential customers. Applicants state that any material changes to the nature of the Southline Project or the status of the capacity allocation process will be reflected in an updated notice and prominently displayed on the Southline Project's website in a timely manner to ensure that interested parties are informed of any remaining available capacity.[59]

57. Applicants state that they have developed objective criteria to select and rank potential customers seeking Southline Project capacity through negotiated agreements. Applicants state that SU FERC will utilize initial customer screening criteria that establish preferred minimum standards for potential customers that are identified through the open selection process. SU FERC intends to use the following screening criteria: (1) first mover status; (2) investment-grade credit rating or alternative evidence of creditworthiness; (3) firm transmission service reservation request for at least 10 years; and (4) firm transmission service reservation request for at least 50 MW of capacity.

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[57] *Id.* P 31.

[58] Petition at 23-24.

[59] *Id.* at 24-25.

Applicants state that these screening criteria are designed to ensure that the Southline Project is economically viable.[60]

58. According to Applicants, first mover status would give potential customers the incentive to submit timely proposals and thus to allow the Southline Project to move forward. Applicants state that creditworthiness is a typical customer screening criteria and is needed to secure financing for Southline Project construction; potential customers would be allowed to demonstrate creditworthiness with an investment-grade credit rating, or alternatively through other commercially reasonable means. Applicants state that requirements for minimum terms and minimum capacity reservations are necessary as a practical matter to reduce costs and increase efficiency and would also help to reduce the overall risk of the Southline Project and thus support construction financing. Applicants state that it may be necessary to refine these criteria based on market circumstances, and SU FERC would provide public notice of any changes and apply them equally to all potential customers.[61]

59. Applicants state that SU FERC proposes to rank potential customers based on the following criteria: (1) price terms contained in the potential customer's offer; (2) level of creditworthiness; (3) early commitment in the Southline Project's development cycle; (4) risk-sharing through phased deposits or financial commitments during the Southline Project's development cycle; (5) ability of the potential customer to assist with the Southline Project's development needs, including obtaining necessary siting approvals and governmental authorizations; (6) longer term of service; (7) larger capacity reservation; and (8) ability to access the Southline Project to deliver or receive power, (e.g., proximity of generation resource to the line, transmission service queue positions on adjacent systems). Applicants state that SU FERC may engage in several phases of negotiation with different subsets of customers to facilitate full subscription of the Southline Project's capacity. In that case, SU FERC would utilize customer ranking criteria to determine which subset of customers may participate in each phase of negotiations.[62]

60. Applicants state that these criteria are designed to minimize the Southline Project's commercial risk and thus to obtain reasonable construction financing terms. Applicants state that minimizing these costs through appropriately ranking initial customers would benefit not only initial customers, but also later customers taking service under SU FERC's OATT as well as secondary market customers. According to

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[60] *Id.* at 25-26.

[61] *Id.* at 26.

[62] *Id.* at 27-28.

Applicants, these criteria would also improve the Southline Project's long-term viability, insofar as they give customers an incentive to share in the Southline Project's risk and development costs.[63]

61. Applicants state that SU FERC would disclose the results of its customer selection and ranking process and bilateral negotiations to the Commission in one or more compliance filings under section 205 of the FPA. Applicants explain that if the Southline Project is oversubscribed, SU FERC's compliance filing would describe its decision to prorate or not to prorate capacity among eligible customers and provide notice of further processes to address requests for more capacity than the Southline Project is initially able to accommodate. Applicants state that SU FERC will consider requests to increase the capacity of the Southline Project, but it would be impracticable to increase the capacity at this point in the development cycle, as this would require restarting the interconnection process, performing additional engineering and routing studies, and likely reengineering portions of the Southline Project. Applicants state that this would significantly increase the anticipated cost of subscribing to capacity on the Southline Project, making it more difficult to secure customers and financial support for the Southline Project.[64]

62. Applicants state that as an additional protective measure, SU FERC commits to the following conditions customarily imposed on merchant transmission owners following commercial operation of the Southline Project: (1) SU FERC's books and records will comply with the Commission's Uniform System of Accounts and will be subject to examination as required by Part 41 of the Commission's regulations; (2) SU FERC will file reports in accordance with sections 141.14 and 141.15 of the Commission's regulations, to the extent applicable; and (3) SU FERC's books and records will be audited by independent auditors. Applicants state that these commitments ensure that the Commission may effectively exercise oversight over SU FERC.[65]

ii. <u>Commission Determination</u>

63. We find Applicants' description of how they plan to solicit interest broadly from potential customers to be satisfactory. In addition to committing to engage in an open solicitation process to ensure broad notice to potential customers, Applicants commit that SU FERC will file one or more detailed post-allocation reports with the Commission pursuant to FPA section 205 disclosing the results of the capacity allocation process and describing the process in sufficient detail to demonstrate that its capacity allocation was

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[63] *Id.* at 28.

[64] *Id.* at 28-29.

[65] *Id.* at 22.

consistent with its Commission-approved process and the Policy Statement. As described above, a developer has discretion as to the timing of its request for approval of the selection process. In this case, Applicants have proposed a detailed process that SU FERC intends to use to select customers and allocate capacity. We find the proposed criteria will allow SU FERC to distinguish among potential customers in a not unduly discriminatory or preferential manner, and we will allow SU FERC to select and rank its customers according to these criteria, subject to Applicant's compliance with the commitments made in the Petition. We note that SU FERC must make a subsequent compliance filing providing the details necessary to provide full transparency as to how SU FERC applied the screening and ranking factors, as well as the weight applied to each factor, to determine whether SU FERC has followed the process approved here. Thus, we direct SU FERC to make a compliance filing disclosing the results of the capacity allocation process within 30 days after the close of the open solicitation process. In addition, SU FERC must obtain Commission approval of an OATT and explain any deviations from the *pro forma* OATT prior to commencing service on the Southline Project.

64. We find SU FERC's commitment that once the Project has commenced operation, it will ensure it maintains books and records for the Southline Project that comply with the Uniform System of Accounts found in Part 101 of the Commission's regulations,[66] subject to examination as required in Part 41 of the Commission's regulations,[67] and that its books and records are audited by an independent auditor, to be consistent with Commission precedent.[68] These commitments will assist the Commission in carrying out its oversight role.

c. Factor Three: Undue Preference and Affiliate Concerns

65. In the context of merchant transmission, Commission concerns regarding the potential for affiliate abuse arise when the merchant transmission owner is affiliated with the anchor customer, participants in the open season or solicitation, and/or customers that subsequently take service on the merchant transmission line. The Commission expects an affirmative showing that the affiliate is not afforded an undue preference, and the developer bears a high burden to demonstrate that the assignment of capacity to its

[66] 18 C.F.R. pt. 101 (2015).

[67] 18 C.F.R. pt. 41 (2015).

[68] *Chinook*, 126 FERC ¶ 61,134 at P 62; *Champlain Hudson*, 132 FERC ¶ 61,006 at P 48; *Tres Amigas LLC*, 130 FERC ¶ 61,207, at P 90 (2010) (*Tres Amigas*).

affiliate and the corresponding treatment of nonaffiliated potential customers is just, reasonable, and not unduly discriminatory or preferential.[69]

i. Applicants' Proposal

66. With respect to undue preference and affiliate concerns, Applicants state that no affiliates plan to participate in the open solicitation process for transmission service on the Southline Project. Applicants argue that for this reason, there is no possibility of undue preference or affiliate concerns. Applicants also note that the Commission allows a merchant transmission developer to demonstrate no undue preference by conducting a solicitation, selection, and negotiation process that complies with the requirements of the Policy Statement. Applicants state that SU FERC's open solicitation and capacity allocation processes comply with the Policy Statement and Commission precedent and therefore SU FERC's proposal to allocate up to 100 percent of the Southline Project's transmission capacity through bilateral negotiations would not lead to undue preference.[70]

ii. Commission Determination

67. Applicants state that no affiliate of the Applicants plans to participate in the open solicitation process for transmission service on the Southline Project. Based on this representation, we find that the absence of affiliate participation satisfies the requirement that there be no undue preference or affiliate concerns. In addition, a merchant transmission developer may demonstrate that there is no undue preference by conducting a solicitation, selection, and negotiation process that complies with the requirements of the Policy Statement. We find that SU FERC's open solicitation and capacity allocation processes, as described in the Petition, comply with the Policy Statement and Commission precedent. If, in the future, an affiliate of Applicants should take service on the Southline Project, SU FERC must, in addition to complying with applicable reporting requirements and any applicable affiliate rules, as well as abiding by the Commission's Standards of Conduct, make a compliance filing demonstrating that the assignment of capacity to any affiliate and the corresponding treatment of nonaffiliated customers or potential customers is just, reasonable, and not unduly discriminatory or preferential.

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[69] Policy Statement, 142 FERC ¶ 61,038 at P 34.

[70] Petition at 22-23.

d. Factor Four: Regional Reliability and Operational Efficiency

68. Merchant transmission projects, like cost-based transmission projects, are subject to mandatory reliability requirements.[71] Merchant transmission developers are required to comport with all applicable NERC requirements and those of any regional reliability council in which they are located.

i. Applicants' Proposal

69. With respect to regional reliability and operational efficiency, Applicants state that they commit to comply with all applicable NERC and WECC reliability requirements, and to participate in regional transmission planning to develop coordinated and efficient operations. Applicants state that Southline Transmission initiated regional planning with WestConnect area utilities in 2009 and the WECC Project Coordination and Path Rating Process in 2010. Applicants state that prior to energization, SU FERC would assume transmission planning responsibility for the new build section of the Southline Project.[72]

ii. Commission Determination

70. We acknowledge Applicants' commitment to comply with all applicable reliability requirements and their commitment to participate in the regional transmission planning process, as well as their participation in that process to this point. Accordingly, we find that Applicants have met the regional reliability and operational efficiency requirement, subject to Applicants' continued participation in the necessary regional planning processes.

C. Disclaimers of Jurisdiction

1. Petition

71. Applicants request disclaimers of jurisdiction over Southline Transmission. First, Applicants argue that the Commission should find that, consistent with existing Commission precedent, Southline Transmission should not be considered to be a public utility under section 201(e) of the FPA. Applicants note that section 201(e) of the FPA

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[71] *See, e.g., Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

[72] Petition at 23.

defines a "public utility" as "any person who owns or operates facilities subject to the jurisdiction of the Commission."[73] Applicants state that Southline Transmission would function as a developer and passive investor, would have no operational control over the Southline Project, and would not otherwise engage in the transmission or sale of electric energy. Applicants state that Southline Transmission's REIT structure is simply an investment vehicle that would allow Southline Transmission to access efficient sources of capital while reserving full operational control of the Southline Project to SU FERC and Western.[74]

72. Applicants state that Southline Transmission would either hold legal title to certain Southline Project land rights and facilities or have a long-term lease for those land rights and facilities and would hold capacity rights commensurate with its contributions to the Southline Project. Applicants state that Southline Transmission would execute a long-term lease that would give SU FERC the exclusive right to operate, maintain, and control all of Southline Transmission's interest in the Southline Project land rights and facilities, and SU FERC would have sole operational control over the day-to-day management and all operating activities of the new build section; SU FERC would hold all Southline Transmission capacity rights in the Southline Project. Applicants state that the structure they describe would involve a passive financing entity, i.e., Southline Transmission, that leases its assets to a jurisdictional entity that would have exclusive operational control over them, i.e., SU FERC. Applicants argue that because Southline Transmission would function as a developer and passive investor, would have no operational control over the Southline Project, and would not otherwise engage in the transmission or sale of electric energy, the Commission should find that Southline Transmission is not a public utility under the FPA and disclaim jurisdiction over Southline Transmission under that statute.[75]

73. Further, Applicants state that these facts also justify a disclaimer of jurisdiction over Southline Transmission as an electric utility company and a public-utility company under PUHCA 2005. Applicants state that section 1262(5) of PUHCA 2005 defines an electric utility company as "any company that owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale."[76] Applicants state that the definition of an electric utility company turns on whether an entity owns or operates electric facilities, and the meaning of "own or operate" focuses on whether an entity controls electric facilities. Applicants state that the Commission has determined

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[73] 16 U.S.C. § 824(e) (2012).

[74] Petition at 15.

[75] *Id.* at 17.

[76] *Id.* at 17-18 (quoting 42 U.S.C. § 16451(5) (2012)).

that a passive owner/lessor of such assets will not be considered such an owner or operator. Applicants state that, under the Commission's rules, the term "public-utility company," which includes an "electric utility company," specifically excludes from the definition of public-utility company passive owners/lessors in lease financing transactions involving utility assets.[77] Thus, Applicants argue that Southline Transmission's status as a passive owner justifies a disclaimer of jurisdiction over Southline Transmission under PUHCA 2005.[78]

2. Commission Determination

74. We disclaim jurisdiction over Southline Transmission under section 201(e) of the FPA and under PUHCA 2005. Southline Transmission satisfies the requirements for such a disclaimer. As indicated, section 201(e) of the FPA defines a "public utility" as "any person who owns or operates facilities subject to the jurisdiction of the Commission." In cases involving passive investors, the Commission first determines whether the passive investor will operate the facilities. The Commission then determines whether the passive investor is otherwise in the business of producing or selling electric power.[79] In *Pacific Power & Light Co.*,[80] a case involving a passive lease financing transaction, the Commission stated that the threshold question was whether the interest of the lessor and other participants in the lease financing constitutes ownership as contemplated by section 201(e). As in *Pacific Power & Light Co.*, Southline Transmission will hold "mere equitable or legal title" to the jurisdictional facilities included in the Southline Project, and will neither operate nor control the operation of such facilities.[81] Moreover, Southline Transmission's principal business activity is other than that of a public utility, i.e., it is not otherwise engaged in the business of transmitting, selling, or producing electric energy.[82] As a consequence, Southline Transmission's ownership interest in the Southline Project is passive and Southline

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[77] *Id.* at 18 (citing 18 C.F.R. § 366.1 (2015), which provides that "the owner-lessors and owner participants in lease financing transactions involving utility assets shall not be treated as 'public-utility companies.'").

[78] *Id.*

[79] *Neptune Regional Transmission System, LLC*, 111 FERC ¶ 61,306, at P 24 (2005).

[80] 3 FERC ¶ 61,119 (1978) (*Pacific Power & Light Co.*).

[81] *Id*. at 61,337.

[82] Petition at 15.

Transmission will therefore not be deemed to be a public utility under section 201 of the FPA.[83]

75. Section 1262(5) of PUHCA 2005 defines an electric utility company as "any company that owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale,"[84] which is similar (albeit not identical) to the definition of a public utility found in section 201(e) of the FPA. In addition, the Commission's regulations under PUHCA 2005 provide that "the owner-lessors and owner participants in lease financing transactions involving utility assets shall not be treated as 'public-utility companies,'" a term that includes any "electric utility company,[85] which likewise is similar to the Commission's precedent as to passive ownership under the FPA. Applicants state that Southline Transmission's REIT structure is an investment vehicle that allows Southline Transmission to efficiently access capital needed to finance the Southline Project, while reserving full operational control of otherwise-jurisdictional services and facilities to SU FERC and Western. Applicants also state that, under the REIT structure, Southline Transmission will execute a long-term lease of all of its ownership interests and associated capacity rights in the Southline Project to SU FERC. Based on these representations, we conclude that Southline Transmission qualifies under the Commission's regulations as an owner-lessor in a lease financing transaction involving utility assets. Southline Transmission thus should not, solely by reason of its interest in the Southline Project, be considered an electric-utility company under section 1262(5) of PUHCA 2005.

D. Waiver Requests

1. Applicants' Proposal

76. Applicants request certain waivers that would become effective when SU FERC becomes a public utility under the FPA. Specifically, Applicants request that the Commission waive (1) the full reporting requirements of Subparts B and C of Part 35, except for sections 35.12(a), 35.13(b), 35.15 and 35.16; (2) Part 141, relating to forms

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[83] *See, e.g.*, *Edison Mission Huntington Beach, LLC*, 136 FERC ¶ 61,127, at PP 11-12 (2011); *MGE Energy, Inc.*, 109 FERC ¶ 61,175, at PP 14-15 (2004).

[84] 42 U.S.C. § 16451(5) (2012).

[85] 18 C.F.R. § 366.1 (2015). While neither PUHCA 2005 nor the Commission's regulations defines the term "utility assets," the definition of that term in section 2(a)(18) of the earlier Public Utility Holding Company Act of 1935 included the facilities of any electric utility company used for the transmission of electric energy. *See* 15 U.S.C. § 79b(a)(18) (2000).

and reports, with the exception of sections 141.14 and 141.15; and (3) the Form No. 1, Annual Report of Major Electric Utilities, Licenses and Others filing requirement. SU FERC states that it requests waiver of these requirements because it would not sell transmission service at cost-based rates and does not have captive customers. Applicants state that the Commission typically has granted similar waiver requests to merchant transmission projects seeking negotiated rate authority.[86]

2. Commission Determination

77. Because Applicants are proposing a merchant transmission project in which they would bear all the financial risks associated with the Southline Project, would not have any captive customers, and would be charging negotiated rates, the regulations requiring the filing of cost-based data are not applicable. Accordingly, consistent with our prior orders, we will grant waiver of the filing requirements of Subparts B and C of Part 35 of the Commission's regulations except for sections 35.12(a), 35.13(b), 35.15, and 35.16.[87]

78. We also grant Applicants' request for waiver of the Form No. 1 filing requirement and Part 141 relating to forms and reports, except sections 141.14 and 141.15. The Commission previously granted waiver of the Form No. 1 filing requirement to other merchant transmission owners.[88]

The Commission orders:

(A) SU FERC is hereby granted authority to sell transmission rights at negotiated rates, subject to conditions, as discussed in the body of this order.

(B) SU FERC is hereby directed to make a filing disclosing the results of the capacity allocation process within 30 days after the close of the open solicitation process, as discussed in the body of this order.

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[86] Petition at 29-30.

[87] *Hudson Transmission Partners, LLC*, 135 FERC ¶ 61,104, at P 42 (2011); *Tres Amigas*, 130 FERC ¶ 61,207 at P 103; *Wyoming Colorado Intertie, LLC*, 127 FERC ¶ 61,125, at P 62 (2009) (*Wyoming*); *Linden VFT, LLC*, 119 FERC ¶ 61,066, at P 42 (2007) (*Linden*).

[88] *Neptune Regional Transmission System, LLC*, 139 FERC ¶ 61,110, at P 12 (2012); *Wyoming*, 127 FERC ¶ 61,125 at P 65; *Linden*, 119 FERC ¶ 61,066 at P 44; *Montana Alberta Tie Ltd.*, 116 FERC ¶ 61,071, at P 66 (2006).

(C) SU FERC is hereby directed to obtain Commission approval of an OATT prior to commencing service on the Southline Project, as discussed in the body of this order.

(D) If an affiliate of Applicants should take service on the Southline Project, SU FERC must, in addition to complying with applicable reporting requirements and any applicable affiliate rules, as well as abiding by the Commission's Standards of Conduct, make a compliance filing demonstrating that the assignment of capacity to any affiliate and the corresponding treatment of nonaffiliated customers or potential customers is just, reasonable, and not unduly preferential or discriminatory.

(E) Applicants' request for disclaimer of jurisdiction over Southline Transmission is hereby granted, as discussed in the body of this order.

(F) Applicants' request for waiver of the provisions of Subparts B and C of Part 35 of the Commission's regulations, with the exception of sections 35.12(a), 35.13(b), 35.15, and 35.16, is hereby granted, as discussed in the body of this order.

(G) Applicants' request for waiver of Part 141 of the Commission's regulations, with the exception of sections 141.14 and 141.15, and Applicants' request for waiver of the FERC Form No. 1 filing requirement is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Exhibit 4

Southline Transmission Line Project
Final Environmental Impact Statement
(Volumes 1-4 & Appendices) ("Final EIS")

Provided Electronically on DVD

Exhibit 5

U.S. Department of the Interior, Bureau of Land Management Record of Decision: Southline Transmission Line Project and Attachments, including the Southline Transmission Line Project

NEPA Plan of Development

(Volumes 1-2 & Appendices) ("BLM ROD")

Provided Electronically on DVD

Exhibit 6

Western Area Power Administration Record of Decision:
Southline Transmission Line Project ("WAPA ROD")

Provided Electronically on DVD

Exhibit 7

NMSLO Press Release

Aubrey Dunn, State Land Commissioner
State of New Mexico

For Immediate Release
Contact:
Emily Strickler, Assistant Commissioner for Communications
(505) 827-3650 - office
(505) 470-8829 - mobile
estrickler@slo.state.nm.us

Commissioner Dunn to Grant Right-of-Way to Southline Transmission Project

Santa Fe, NM (August 30, 2016) – New Mexico State Land Commissioner Aubrey Dunn today announced his decision to grant a right-of-way for a 345-kilovolt (kV) double-circuit electric transmission line to the Southline Transmission Project, a proposed transmission line designed to collect and transmit electricity across southern New Mexico and southern Arizona. The project is sponsored by Southline Transmission, L.L.C., a subsidiary of Hunt Power, L.P.

"The Southline Transmission Project will improve New Mexico's electric grid and support the transmission of electricity to key western markets while also generating over $10 million in revenue to our State Land Trust over the next 35 years," said Commissioner Dunn. "In addition to the economic benefits, we appreciate Southline's efforts to utilize existing corridors and minimize the overall footprint of their transmission project on State Trust Lands."

The project proposes to enable bidirectional use of power both west and east along its route, which will relieve congestion, strengthen the existing electrical system, and improve transmission access for local renewable and other energy sources.

"The Southline Transmission Project has been designed to minimize land and resource impacts by developing a route along existing corridors, as well as by upgrading existing transmission lines where feasible — an innovative approach that respects the region's communities and natural and cultural resources," said Hunter Hunt, President of Hunt Power, the parent company of Southline Transmission, L.L.C. "We appreciate Commissioner Dunn's support in helping to move the Southline Transmission Project forward."

The State Land Office has already executed a right-of-entry with Southline, allowing them to complete all surveys along the proposed route – including cultural and cadastral. The right-of-way for the project is anticipated to be finalized by the end of 2016.

The State Land Office is responsible for administering 9 million acres of surface and 13 million acres of subsurface estate for the beneficiaries of the state land trust, which includes schools, universities, hospitals and other important public institutions.

About Southline Transmission, L.L.C.

Southline Transmission, L.L.C., a subsidiary of Hunt Power, L.P., is the sponsor of the Southline Transmission Project. Hunt Power develops and invests in entrepreneurial electric opportunities, and is part of a larger privately-owned group of companies managed by the Ray L. Hunt family that engages in oil and gas exploration, refining, power, real estate, ranching, and private equity investments. For more information, please visit www.southlinetransmissionproject.com.

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Exhibit 8

Southline Transmission Project
Routing Report

Provided Electronically on DVD

Exhibit 9

Map of Landownership

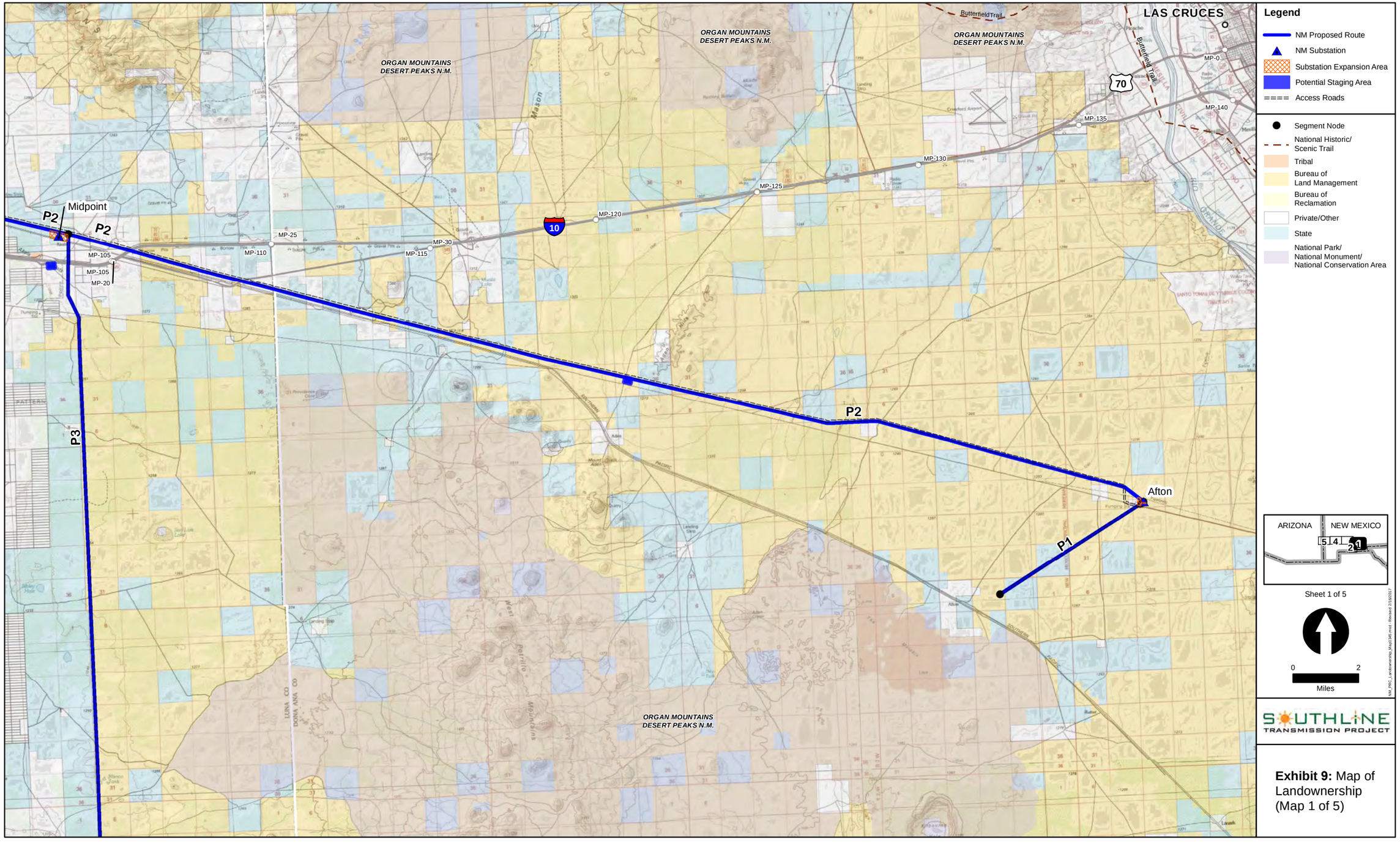

Exhibit 9: Map of Landownership (Map 1 of 5)

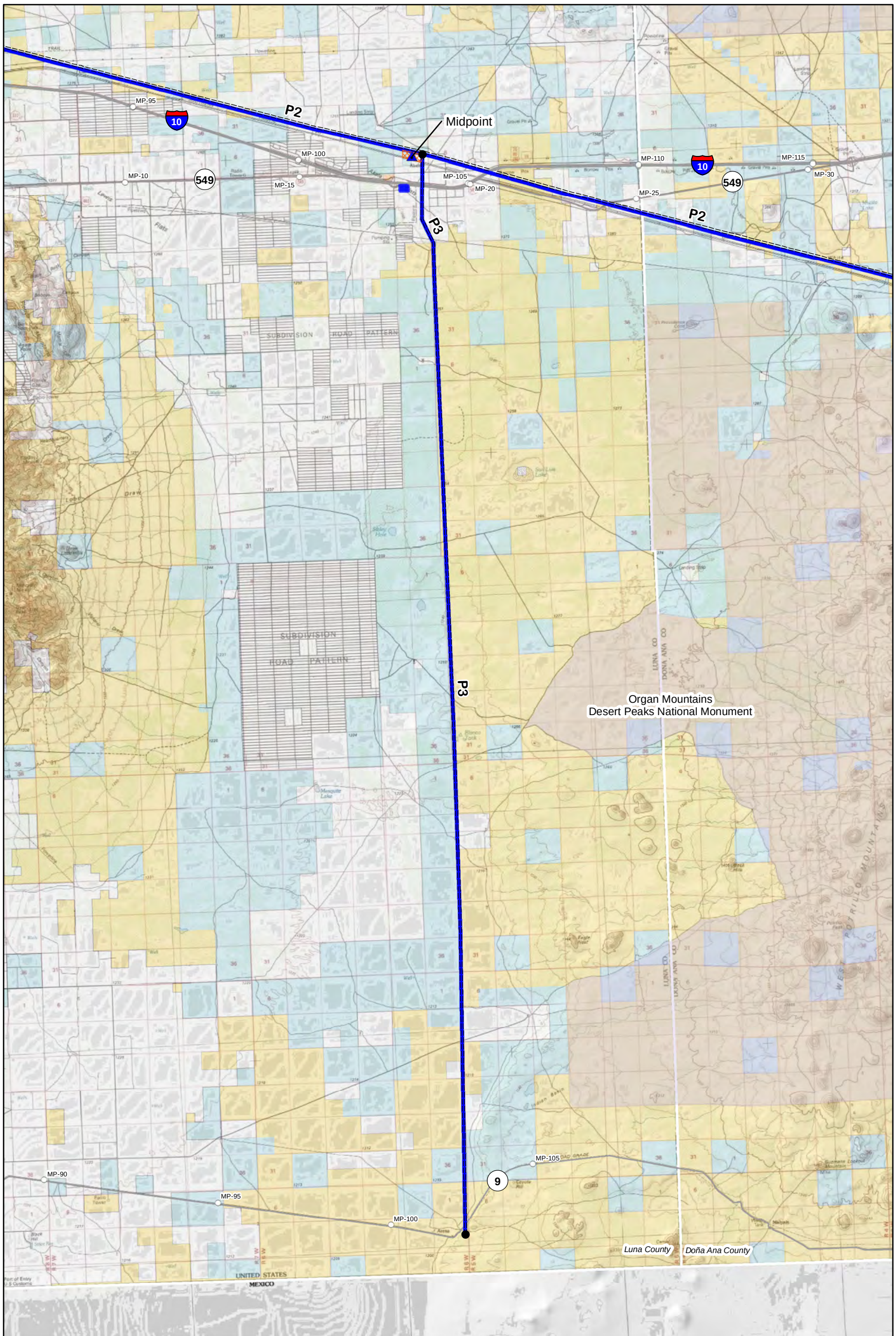

Exhibit 9: Map of Landownership (Map 2 of 5)

SOUTHLINE TRANSMISSION PROJECT

NM Proposed Route
Substation Expansion Area
Potential Staging Area
Access Roads
NM Substation
Segment Node
National Park/ National Monument/ National Conservation Area
Tribal
Bureau of Land Management
Private/Other
State

ARIZONA
NEW MEXICO
5
4.3
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Sheet 2 of 5

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2
Miles

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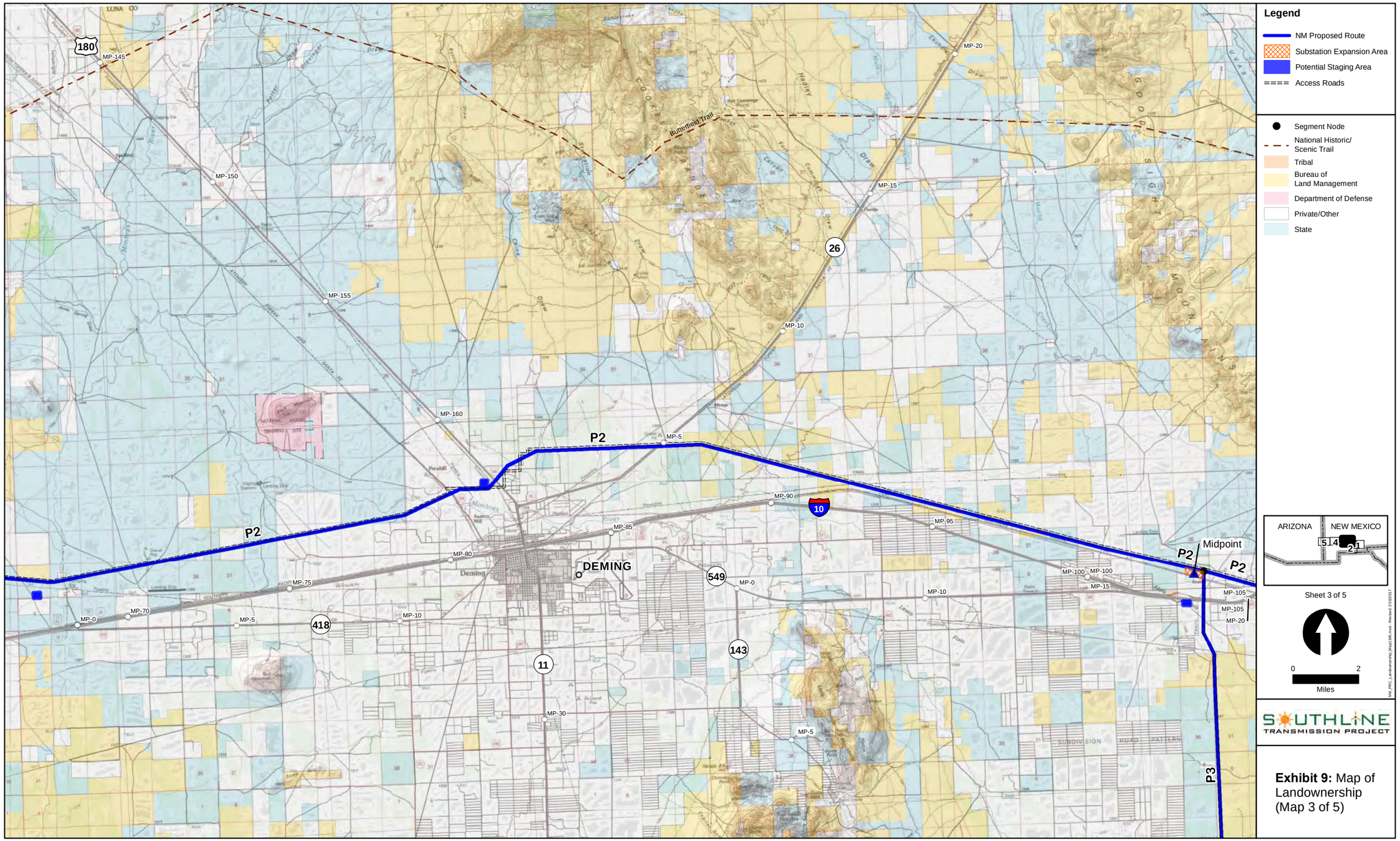


Exhibit 9: Map of Landownership (Map 3 of 5)

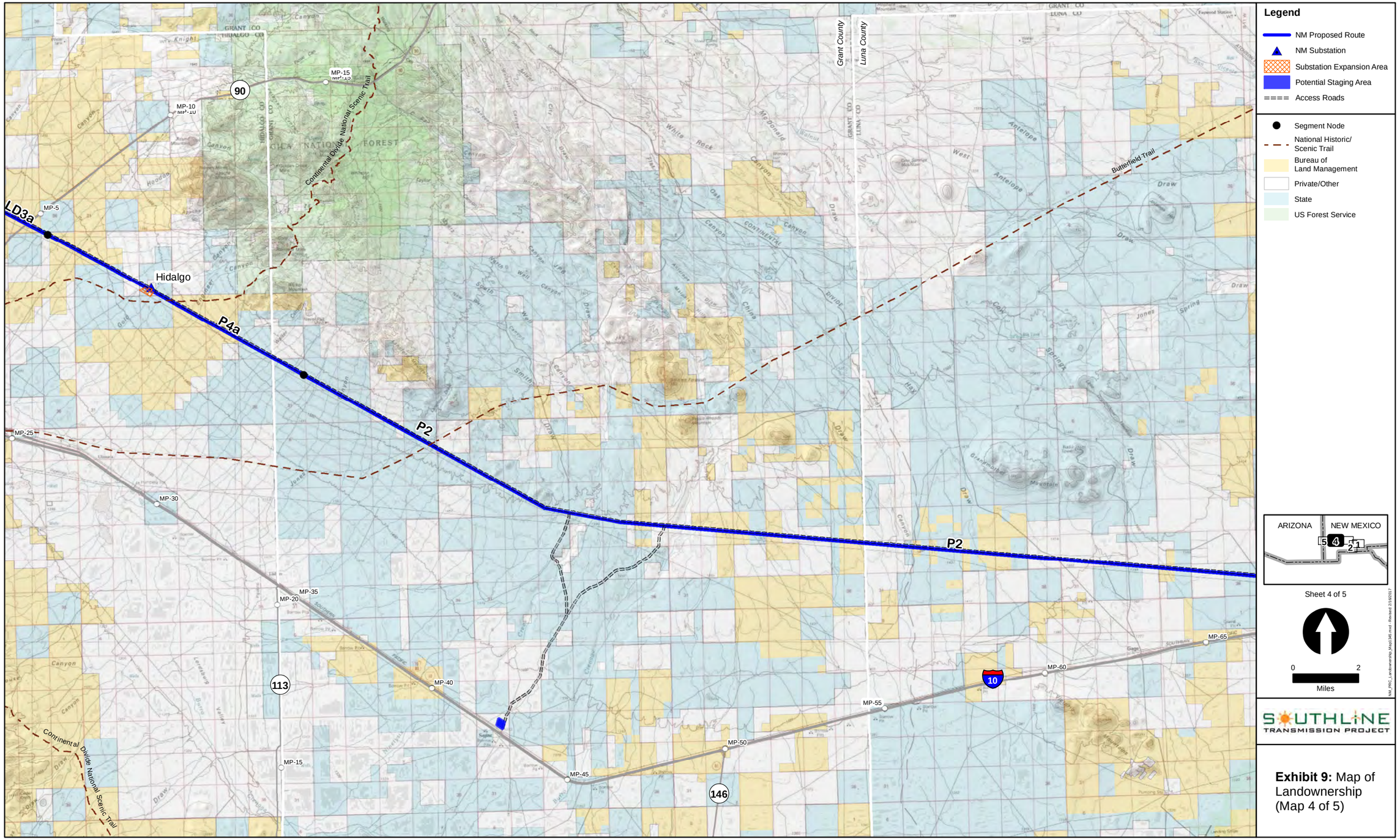


Exhibit 9: Map of Landownership (Map 4 of 5)

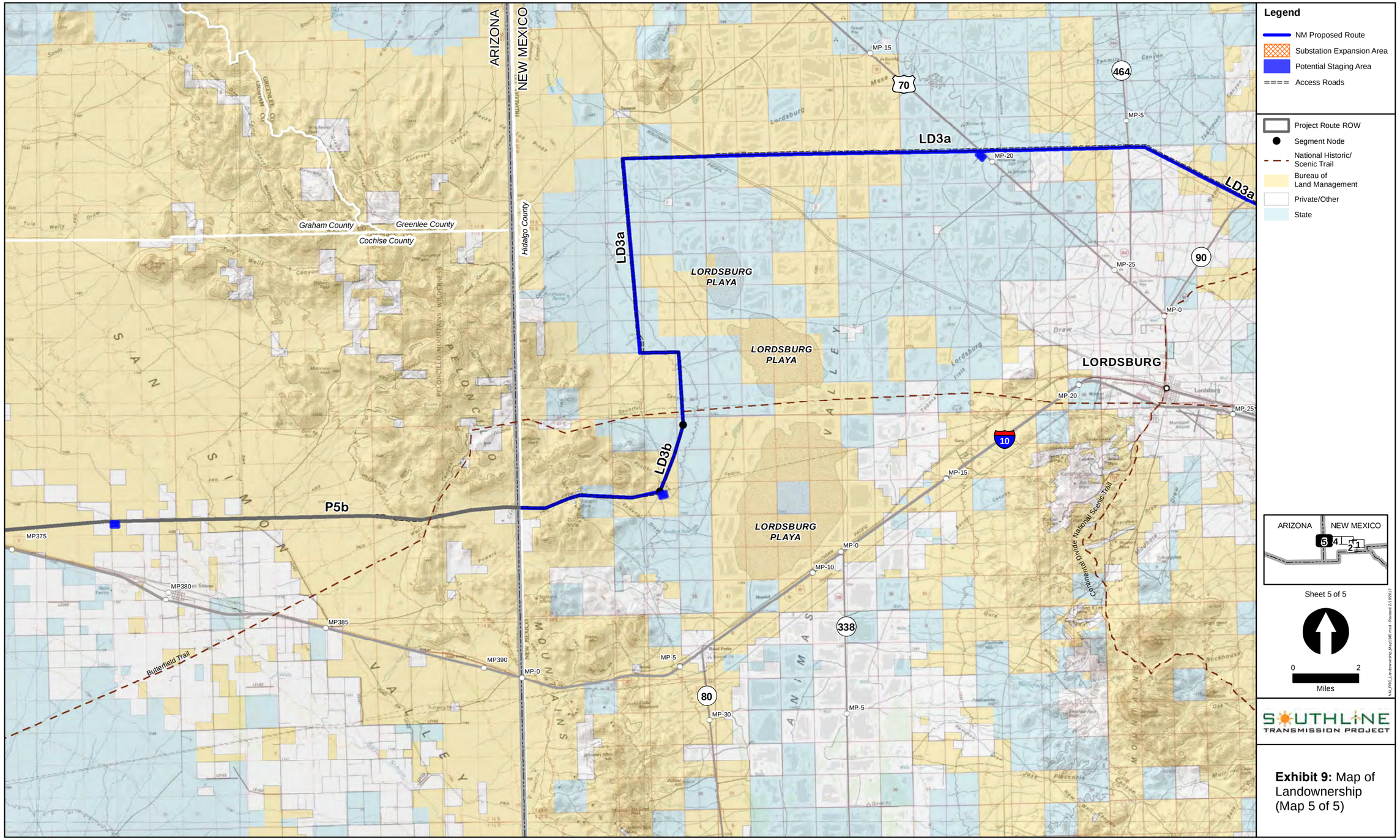


Exhibit 9: Map of Landownership (Map 5 of 5)

Exhibit 10

Private Landownership Table

Exhibit 10: Private Landownership Table

Land Owner Name	County	Distance of property crossed by Project (miles)	Distance of property crossed by Project (feet)
EL PASO NATURAL GAS COMPANY	Doña Ana	0.237	1252.04
NM HAY & LIVESTOCK COMPANY LLC	Doña Ana	0.252	1328.22
EL PASO NATURAL GAS COMPANY	Doña Ana	0.011	57.92
ALLEN BILL R & BRENDA M	Doña Ana	0.499	2636.50
WILLIAMS FAMILY RANCHES LLC	Doña Ana	0.795	4198.10
EL MANZANAL LLC	Doña Ana	0.261	1376.79
MEERSCHEIDT STUART P & MARILYNN M	Doña Ana	0.259	1366.22
ARRINGTON-WOLCOTT J & PATRICIA TR	Doña Ana	0.263	1387.21
WILLIAMS FAMILY RANCHES, LLC	Luna	0.503	2656.35
WILLIAMS FAMILY RANCHES, LLC	Luna	0.503	2657.17
SMYER FAMILY CORPORATION	Luna	0.452	2388.24
STEIN, RICHARD &	Luna	0.250	1322.10
STEIN, RICHARD &	Luna	0.250	1322.08
GILL, ROBERT L & JEAN P	Luna	0.026	135.04
STRADLING, SUNNY DAWN ETAL	Luna	0.037	193.13
ALLEN, EDWIN & JOYCE	Luna	0.429	2265.04
ALLEN, EDWIN W & JOYCE L	Luna	0.457	2414.57
SOLO VISTA ESTATES INC	Luna	0.156	825.49
ALLEN, EDWIN W & JOYCE L	Luna	0.616	3253.97
4 M P	Luna	0.259	1366.18
4 M P	Luna	0.156	824.94
	Luna	0.021	113.33
BOWLIN TRAVEL CENTERS INC	Luna	0.158	834.08
ALL-N LLC	Luna	0.517	2732.32
PRICE, SHARON L & WATTS, JOHN A	Luna	0.024	128.12
CASTLE, FORREST D TRUSTEE	Luna	0.126	664.79
JOHNSON, KENWARD L ETUX	Luna	0.126	664.74
TURNER, WALLACE J TRUSTEE	Luna	0.126	664.68
BRADLEY, JERRY & DAN & GREG &	Luna	0.252	1329.35
HEDGES, JOSEPH J & CAROLYN J	Luna	0.126	664.80
HALL, JAN B	Luna	0.228	1201.47
BENEDICT-WILLIAMS	Luna	0.504	2659.32
BENEDICT-WILLIAMS	Luna	1.006	5312.27
BOROWSKI, BECKY	Luna	0.388	2046.08
CITY OF DEMING	Luna	0.791	4178.21
CITY OF DEMING	Luna	0.530	2796.71
ALLEN, BILL R & BRENDA M	Luna	0.661	3490.41
DAVIS, RONNIE L&ANNE-MARIE TRUST &	Luna	0.254	1340.01
SMITH, ALAN HOWARD	Luna	0.511	2696.21
LE LEGACY PROPERTIES LLC DBA	Luna	0.512	2703.74
ESCONDIDA LAND AND CATTLE CO INC	Luna	0.996	5259.21
CRAIG, RICHARD L	Luna	0.097	509.68
SALCIDO, ERNESTO	Luna	0.064	339.65
LOBATO, CLEMENTE & FELISA	Luna	0.250	1321.52
RINCON, PATRICIA	Luna	0.250	1321.52

Exhibit 10: Private Landownership Table

Land Owner Name	County	Distance of property crossed by Project (miles)	Distance of property crossed by Project (feet)
STAWICKI, TIMOTHY & JILL & M LINDA	Luna	0.501	2647.53
PAPINEAU, JOHN J & CAROL M &	Luna	0.164	867.79
LOVELACE, DILLON E & MARTHA J	Luna	0.194	1024.78
WADRISKI, JAMES M	Luna	0.077	408.85
GOODRICH, TIM B & SANDI M	Luna	0.093	493.49
PLEYTE, SCOTT EDMUND	Luna	0.071	373.08
JOYCE, THOMAS P & HELEN &	Luna	0.503	2657.02
TREADWELL, KENNETH A &	Luna	0.503	2656.82
PALMER, B MITCHELL & HELEN G	Luna	0.261	1377.98
FOXWORTH GLBRTH LMBR	Luna	0.261	1379.40
BREKKE, PHILIP JOHN & ERIKA CLAIRE	Luna	0.113	598.15
SANCHEZ, ANTONIO AUGUSTIN &	Luna	0.140	736.86
PLEYTE, ROE TRUST	Luna	0.072	377.91
HURT CATTLE CO INC	Luna	0.250	1318.51
HURT CATTLE CO INC	Luna	1.035	5462.76
HURT CATTLE CO INC	Luna	0.261	1377.55
HURT CATTLE CO INC	Luna	0.084	442.53
PLEYTE PROPERTIES LLC	Luna	0.255	1347.95
BENEDICT-WILLIAMS	Luna	0.405	2138.33
KROL, MARIAH M	Luna	0.249	1312.59
YOUNG, SHIRLEY	Luna	1.002	5288.27
PLEYTE PROPERTIES LLC	Luna	0.098	519.58
HARDISON, SUE	Luna	0.327	1725.04
MCELROY, EMILY HOLTKAMP	Luna	0.589	3111.98
LE LEGACY PROPERTIES LLC DBA	Luna	1.011	5336.92
WOOD, JOHN C & LEAR, DIANE L	Luna	0.018	97.02
CURRAN, TAMARA LEE	Luna	0.070	371.00
MORROW, KIMBERLY	Luna	0.111	586.15
DIAZ, ISAAC AKA SONNY	Luna	0.110	582.04
HENDERSON, THOMAS W	Luna	0.110	582.03
VALDESPINO, RICHARD R	Luna	0.110	581.56
GALLARDO, RAYMOND & JEANNE B	Luna	0.058	304.35
SOLO VISTA ESTATES INC	Luna	0.037	197.58
SOLO VISTA ESTATES INC	Luna	0.207	1094.14
	Luna	0.370	1952.25
	Luna	0.008	42.74
BAKER, RUSSELL CLEO &	Luna	1.011	5335.73
ESCONDIDA LAND AND CATTLE CO INC	Luna	0.273	1440.60
BENEDICT-WILLIAMS	Luna	1.009	5328.23
BENEDICT-WILLIAMS	Luna	0.999	5274.42
NUNN, JUSTIN DEE	Luna	1.046	5524.11
CITY OF DEMING	Luna	0.499	2632.23
DAWSON, NADINE Y	Luna	0.280	1476.09
SMALLEY FAMILY HOLDINGS NO 1 LLC	Luna	0.488	2578.57
HURT CATTLE CO INC	Luna	0.500	2640.44

Exhibit 10: Private Landownership Table

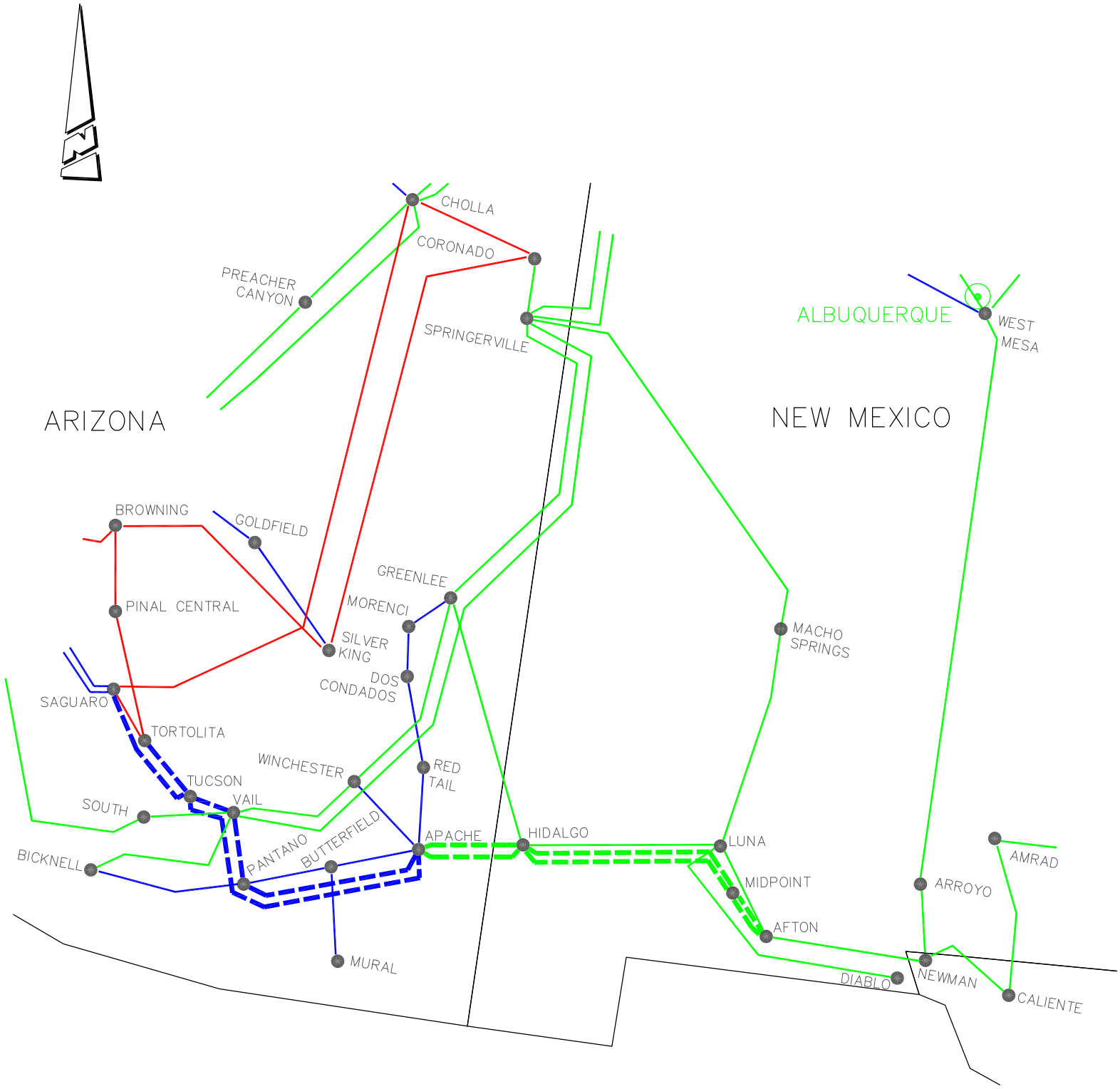
Land Owner Name	County	Distance of property crossed by Project (miles)	Distance of property crossed by Project (feet)
HURT CATTLE COMPANY INC	Luna	0.391	2066.01
BRETT, CATHY	Luna	0.507	2675.57
ESPINOZA, JUAN JR	Luna	0.514	2715.05
CRUSE, WENDELL	Luna	0.098	516.58
KROL, MARIAH M	Luna	1.006	5311.71
HURT CATTLE CO INC	Luna	0.104	550.46
NUNN, JUSTIN DEE	Luna	0.568	2997.16
	Luna	0.319	1684.69
	Luna	0.021	109.99
SANCHEZ-HERNANDEZ, REINA	Luna	0.100	529.46
SANCHEZ, NIDIA	Luna	0.039	205.75
CITY OF DEMING	Luna	0.534	2819.32
4 M P	Luna	0.000	0.02
BOWLIN TRAVEL CENTERS INC	Luna	0.000	0.02
NUNN, JUSTIN DEE	Luna	0.517	2730.56
NUNN, JUSTIN DEE	Luna	0.517	2730.56
CRAIG, RICHARD L	Luna	0.004	22.17
HURT CATTLE COMPANY INC	Luna	0.004	22.17
GOODRICH, TIM B & SANDI M	Luna	0.000	0.01
PLEYTE PROPERTIES LLC	Luna	0.000	0.01
KROL, MARIAH M	Luna	0.001	5.99
KROL, MARIAH M	Luna	0.001	5.99
CITY OF DEMING	Luna	0.001	5.71
CITY OF DEMING	Luna	0.001	5.71
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.250	1320.57
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.505	2668.54
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.502	2652.03
ESCONDIDA LAND & CATTLE CO INC A NEW MEXICO CORPORATION	Grant	0.501	2647.89
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.010	50.46
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.307	1621.50
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.650	3431.51
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.280	1479.78
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.243	1283.97
ESCONDIDA LAND & CATTLE CO INC A NEW MEXICO CORPORATION	Grant	0.404	2133.94
ESCONDIDA LAND & CATTLE CO INC A NEW MEXICO CORPORATION	Grant	1.007	5317.06
TROY OHIO CENTER LLC WHITE HORSE LLC	Grant	0.130	684.18
SHANNON, PECOS, DARR & SICILY	Hidalgo	0.039	204.58
PNM ELECTRIC	Hidalgo	0.289	1525.26
STEWART FAMILY LTD PARTNERSHIP	Hidalgo	0.571	3015.18
SHANNON, PECOS, DARR, SICILY	Hidalgo	0.564	2975.49
SHANNON, PECOS	Hidalgo	1.153	6089.34
SHANNON, PECOS, DARR & SICILY	Hidalgo	0.099	520.63

Exhibit 10: Private Landownership Table

Land Owner Name	County	Distance of property crossed by Project (miles)	Distance of property crossed by Project (feet)
DANE MINING & EXPLORATION	Hidalgo	0.339	1789.00
DANE MINING & EXPLORATION	Hidalgo	0.008	40.95
SOURCE: Dona Ana County Assessor's Office, Luna County GIS Coordinator, Hidalgo County Assessor , Grant County Mapping			

Exhibit 11

Project Schematic Diagram



LEGEND

EXISTING 500KV

EXISTING 345KV

SOUTHLINE 345KV

EXISTING 230KV

SOUTHLINE 230KV

Exhibit 11: Project Schematic Diagram

Exhibit 12

Proof of Notice

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

SOUTHLINE TRANSMISSION, L.L.C.'S
PROOF OF NOTICE

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, personally appeared Matthew Virant, known to me to be the person whose name is subscribed below who, upon oath deposed and stated as follows:

1. I am a Project Manager for Hunt Power, L.P. and oversee the development of electric infrastructure projects, including the Southline Transmission Project ("Project"). I serve as the primary Hunt Power contact on day-to-day Project activities and have been involved in all aspects of the Project's development. My business address is 1900 North Akard Street, Dallas, Texas, 75201.

2. Southline Transmission, L.L.C., ("Southline") either has or will provide the following notices in accordance with the New Mexico Public Utility Act ("PUA"), NMSA 1978, and Section 17.9.592 New Mexico Administrative Code ("Rule 592"):
   a. serve copy of this Application and supporting pre-filed testimony on the New Mexico Attorney General, the New Mexico Public Regulation Commission's Utility Division Staff, the New Mexico Environmental Department, the New Mexico State Engineer, and local authorities in each county and township in which the transmission line will be located per Rule 592.10(J); and
   b. make available a copy of this Application and supporting pre-filed direct testimony in public libraries located in the county seats of Doña Ana County (Las Cruces), Luna (Deming), Grant (Silver City), and Hidalgo (Lordsburg) per Rule 592.13, and in the Sunland Park public library as a courtesy. Additionally, Southline will post its Application on the Project's website (www.southlinetransmissionproject.com) per Rule 592.13.
3. Southline will mail notice of the time and place of hearing on this Application to all landowners and person's in actual occupancy of all lands crossed by the NM Proposed Route as defined in the Application at least 20 days before the time set for hearing per PUA § 62-9-3.2(D).

4. Southline's proposed form of Notice is attached to the Application as Exhibit 13.

FURTHER AFFIANT SAYETH NOT.

Matthew Virant
Hunt Power, L.P.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this the 2nd day of March, 2017.

Marilyn R. Akins
Notary Public, State of Texas

MARILYN R. AKINS
ID # 276147-0
Notary Public, State of Texas
My Commission Expires
03/09/2020

My Commission expires: 3/9/20

38666138.4

Exhibit 13

Draft Form of Notice

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.		

NOTICE

NOTICE is hereby given that:

1. On _____, 2017, Southline Transmission, L.L.C. ("Southline") filed an Application and supporting direct testimony with the New Mexico Public Regulation Commission ("Commission") requesting that the Commission enter a Final Order that grants, pursuant to New Mexico Public Utility Act ("PUA"), New Mexico Statutes Annotated ("NMSA") 1978, Sections 62-9-3 and 62-9-3.2, the following relief: (1) location approval for the New Mexico portion of the proposed Southline Transmission Project; (2) a right-of-way ("ROW") width determination for the proposed transmission line with a ROW greater than one hundred feet; and (3) any other Commission approvals and authorizations that may be legally required.

2. The New Mexico portion of the Project ("NM Proposed Route") consists of (1) approximately 147 miles of double-circuit 345-kV transmission line and related facilities that will start at the existing El Paso Electric Company ("EPE") Afton Substation south of Las Cruces and run west to the existing EPE Hidalgo Substation northeast of Lordsburg, then continue westerly to the New Mexico/Arizona border; (2) a 5-mile-long double-circuit 345-kV segment ("Segment P1") to loop the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation; and (3) a 31-mile-long double-circuit 345-kV segment ("Segment P3") running north-south between Interstate 10 and New Mexico State Route 9. The NM Proposed Route will have a nominal ROW width of 200 feet and will interconnect with the existing EPE Afton Substation, a new "Midpoint" substation near Deming, and the existing EPE Hidalgo Substation. Operations are anticipated to be phased into service beginning in 2019.

3. The Commission has assigned Case No. 17-_____-UT to this Application, and all correspondence, pleadings, comments, and other communications shall refer to that case number.

4. The procedural schedule established in this case is as follows:

(A) Any interested person may intervene in this case by filing a motion for leave to intervene pursuant to 17.1.2.26.1 and 17.1.2.26.2 NMAC on or before _____, 2017;

(B) The Utility Division Staff and any Intervenors shall file direct testimony on or before _____, 2017;

(C) Any rebuttal testimony shall be filed on or before _____, 2017, and;

(D) A public hearing will be held on _____, 2017, at ____ __.m. at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive evidence, arguments and any other appropriate matters pertaining to the case.

5. In accordance with PUA § 62-9-3(K), the Commission may approve Southline's request for location approval without formal hearing if no protest is filed within sixty (60) days after notice has been given that the Application has been filed.

6. The Application, together with supporting pre-filed direct testimony and any attachments and related papers, may be examined by any interested person at the Southline Transmission Project's website (www.southlinetransmissionproject.com), or at the Commission's website (http://www.nmprc.state.nm.us/), or the offices of Southline and the Commission at the following addresses:

Hunt Power, L.P.
1900 Akard Street
Dallas, Texas 75201
Attn: Matthew Virant

New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
Santa Fe, NM 87504

7. Pursuant to 17.9.592.13 NMAC, the Application, supporting pre-filed direct testimony and attachments may also be examined by any interested person at:

Thomas Branigan Memorial Library
200 E. Picacho Ave.
Las Cruces, NM 88001

Marshall Memorial Library
110 S. Diamond Ave.
Deming, NM 88030

Silver City Public Library
515 W. College Ave.
Silver City, NM 88061

Lordsburg-Hidalgo County Library
208 E 3rd St.
Lordsburg, NM 88045

8. For convenience, a copy of the Application, supporting pre-filed direct testimony and attachments may also be examined at the following library:

Sunland Park Library
1000 McNutt Rd.
Sunland Park, NM 88063

9. Any interested person may appear at the time and place of hearing and make a written or oral comment, pursuant to 17.1.2.26.6 NMAC without becoming an intervenor. Such comments will not be considered as evidence in this case.

10. The procedural dates and requirements provided herein are as provided in the Procedural Order issued in this case, and are subject to further order of the Commission or

Hearing Examiner. Any interested person should contact the Commission for confirmation of the hearing date, time and place since hearings are occasionally rescheduled.

11. Anyone filing pleadings, documents or testimony shall serve copies thereof on all parties of record and the Utility Division Staff and the Hearing Examiner by (1) first class mail or hand-delivery and (2) by e-mail as provided by the Procedural Order. Copies served on the Hearing Examiner shall include an electronic version of the filing in Word format. All filings shall be e-mailed on the date they are filed with the Commission. Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath.

12. The Commission's Rules of Procedure (1.2.2 NMAC) shall apply to this case except as modified by Order of the Commission or Hearing Examiner. A copy of the rules may be obtained from the Offices of the Commission or at www.nmprc.state.nm.us/nmcc/.

13. All documents mailed to the Commission and its personnel shall be mailed to: New Mexico Public Regulation Commission, P.E.R.A Building, P.O. Box 1269, Santa Fe, New Mexico 87504-1269. The following physical address of the Commission shall be used only for special or hand-deliveries: 1120 Paseo de Peralta, Santa Fe, New Mexico 87501.

14. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS CASE SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico, this _____ day of _____, 2017.

NEW MEXICO PUBLIC REGULATION COMMISSION

_____

Hearing Examiner

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

DIRECT TESTIMONY OF MATTHEW VIRANT

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Matthew Virant. My business address is 1900 North Akard Street, Dallas, Texas, 75201.

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

A. I am a Project Manager for Hunt Power, L.P. ("Hunt Power") and oversee the development of electric infrastructure projects. Hunt Power develops and invests in entrepreneurial electric opportunities.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the Applicant Southline Transmission, L.L.C. ("Southline"), a wholly-owned subsidiary of Hunt Power.

Q. PLEASE PROVIDE A SUMMARY OF YOUR EDUCATIONAL BACKGROUND.

A. I graduated from Texas A&M University with a Bachelor's Degree in Accounting and a Master's Degree in Finance in 2004.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL BACKGROUND.

A. I am currently a Project Manager with Hunt Power. Prior to joining Hunt Power, I was an analyst for Hunt Energy Horizons. Both of those entities are part of the Hunt Consolidated family of companies. Previous to the Hunt entities, I was with the accounting firm Ernst & Young for four years in various assurance and advisory and transition advisory services roles.

Q. PLEASE DESCRIBE YOUR ROLE IN THE SOUTHLINE TRANSMISSION PROJECT.

A. I am the Project Manager for Hunt Power overseeing the development of the Southline Transmission Project ("Project"). I serve as the primary Hunt Power contact on day-to-day Project activities and have been involved in all aspects of the Project's development.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY ADMINISTRATIVE OR JUDICIAL PROCEEDINGS?

A. Yes. I testified before the Arizona Power Plant and Transmission Line Siting Committee in Docket No. L-00000AAA-16-0370-00173, Case No. 173, concerning Southline's Application for Certificate of Environmental Compatibility.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony supports Southline's Application for location approval and right-of-way ("ROW") approval of greater than 100 feet for the Project in New Mexico. Specifically, I will (1) introduce the testimony provided by other Southline witnesses, (2) provide background information on the Project, (3) generally describe the Project's ownership structure and Southline's Application, including a

description of the Applicant, and (4) explain Southline's compliance with the New Mexico Public Regulation Commission's ("Commission") Rules.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Southline's Application for location approval for the Southline Transmission Project and ROW approval of greater than 100 feet are supported by the prefiled direct testimony of four Southline witnesses, including myself. I describe the Project overall and identify the portion of the Project located in New Mexico for which Southline is seeking approval. I also describe who the owner of the Project is and how that ownership relates to other entities that are involved in the Project. Finally, I demonstrate that Southline has complied with Commission Rule 592 through its Application and supporting testimony.

Q. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECTION?

A. Yes.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. In addition to my Direct Testimony, I am sponsoring:

- Application Exhibit 3 – FERC Declaratory Order
- Application Exhibit 12 – Proof of Notice
- Application Exhibit 13 – Draft Form of Notice

Q. PLEASE IDENTIFY THE OTHER SOUTHLINE WITNESSES WHO TESTIFY IN SUPPORT OF SOUTHLINE'S APPLICATION AND DESCRIBE THE SUBJECTS THEY WILL ADDRESS.

A. In addition to my testimony, the following witnesses are filing testimony in support of Southline's Application:

- **Doug Patterson**: Mr. Patterson will describe the Project is history, introduce the environmental review and public outreach conducted for the Project, discuss the need and benefits of the Project, outline the estimated costs, discuss the status of land acquisition, and describe the Project's compliance with applicable laws and regulations.

- **Andy Rawlins**: Mr. Rawlins will address the Project's technical components, including structure type, new substation facilities, upgrades necessary at existing substations, and the need for a 200 ROW.
- **DeAnne Rietz**: Ms. Rietz will describe SWCA Environmental Consulting's ("SWCA") role in the Project, including alternative route development and resource research and analysis to support the Environmental Impact Statement ("EIS") and will demonstrate that the Project will comply with applicable environmental requirements and not unduly impair important environmental values.

III. PROPOSED PROJECT OVERVIEW

Q. PLEASE PROVIDE AN OVERVIEW OF THE PROJECT.

A. Overall, the Project proposes an approximately 370-mile merchant electric transmission line and associated facilities in southern New Mexico and Arizona. It includes two sections: (1) a new approximately 249-mile double-circuit 345-kV transmission line and associated facilities beginning in Doña Ana County, New Mexico and running west into Arizona (the "New Build Section") and (2) the upgrade of approximately 121 miles of two existing 115-kV Western Area Power Administration ("WAPA") transmission lines to double-circuit 230-kV lines in Arizona and short segments to interconnect those upgraded lines to existing substations owned by other utilities (the "Upgrade Section"). An overview map of the entire Project is provided at Exhibit 1 to Southline's Application. More specifically, the eastern terminus of the Project is the existing El Paso Electric Company ("EPE") Afton Substation, which is southwest of Las Cruces, New Mexico and its western terminus is Arizona Public Service Company's ("APS") existing Saguaro Substation, northwest of Tucson, Arizona.

The New Mexico portion of the Project for which Southline seeks approval here (the "NM Proposed Route" and associated facilities) falls entirely within the New Build Section. The NM Proposed Route consists of (1) approximately 147 miles of double-circuit 345-kV transmission line that will start at the existing EPE Afton Substation south of Las Cruces and run west to the existing EPE Hidalgo

Substation northeast of Lordsburg, then continue westerly to the New Mexico/Arizona border; (2) a 5-mile-long double-circuit 345-kV segment ("Segment P1") to loop the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation; and (3) a 31-mile-long double-circuit 345-kV segment ("Segment P3") running north-south between Interstate 10 and New Mexico State Route 9. The Project was designed to minimize land and resource impacts by developing a route along existing corridors and by upgrading existing transmission lines where feasible—an approach that respects the region's communities and natural and cultural resources and will not unduly impair important environmental values. The NM Proposed Route will have a nominal ROW width of 200 feet and will interconnect with one new "Midpoint" substation near Deming and two existing substations that will be upgraded. A map showing the specific New Mexico facilities for which Southline seeks approval is provided at Exhibit 2 to Southline's Application.

IV. APPLICANT

Q. WHO IS THE APPLICANT IN THIS PROCEEDING?

A. The Applicant and the Project's sponsor is Southline, a wholly-owned indirect subsidiary of Hunt Power. Hunt Power develops and invests in entrepreneurial electric utility opportunities and is part of a larger privately-owned group of entities managed by the Ray L. Hunt family that engages in oil and gas exploration and production, refining, power, real estate, ranching, and private equity investments.

Q. PLEASE DESCRIBE THE OWNERSHIP STRUCTURE OF THE PROJECT.

A. As described in Southline's Application and the Federal Energy Regulatory Commission ("FERC") Declaratory Order attached as Exhibit 3 to the Application, which I sponsor, Southline is the Project developer and will own the New Mexico transmission assets and lease those assets to SU FERC, L.L.C. ("SU FERC"). SU FERC will in turn operate and maintain those transmission assets.

Additionally, the Project contemplates a public-private endeavor between Southline and WAPA, subject to negotiations and approval by WAPA, pursuant to

which (1) WAPA will construct and continue to own and operate upgrades to its existing Apache-Tucson and Tucson-Saguaro 115-kV transmission lines in Arizona that will form the majority of the Upgrade Section and (2) WAPA and Southline will work cooperatively with affected property owners to obtain land rights on the New Build Section. WAPA will not own or operate transmission facilities in New Mexico and is not an applicant in this proceeding.

Q. WHO IS WAPA?

A. WAPA is one of four power marketing administrations within the U.S. Department of Energy whose role is to market and transmit wholesale electricity from multi-use water projects. WAPA's service area covers a 15-state region in the central and western United States and includes more than 17,000 circuit miles of transmission facilities that carry electricity from hydropower generation facilities operated by the Bureau of Reclamation, the U.S. Corps of Engineers, and the International Boundary and Water Commission.

Q. WHO IS SU FERC?

A. SU FERC is an affiliate of Sharyland Utilities, L.P., a Texas based electric utility headquartered in Dallas, Texas. SU FERC has been granted negotiated rate authority by FERC to provide transmission service under a FERC-approved open access transmission tariff ("OATT") for the capacity rights on the Project obtained by Southline as described in the FERC Declaratory Order attached as Exhibit 3 to the Application. SU FERC is not an applicant in this proceeding.

Q. PLEASE ELABORATE ON SU FERC'S ROLE IN THE PROJECT.

A. SU FERC will enter into a long-term lease with Southline, pursuant to which SU FERC will have the exclusive right to use the Southline Project facilities and the associated capacity rights. In addition to that, SU FERC will have the sole responsibility for operating the New Build Section of the Project, and will comply with all of the regulatory, reliability, and other requirements related to that function.

Q. HAS FERC ADDRESSED THIS ARRANGEMENT?

A. Yes. On September 17, 2015, FERC issued a Declaratory Order (Exhibit 3 to the Application) that (1) determined that because Southline will be a developer and passive owner of transmission assets, it is not subject to FERC jurisdiction; (2) granted SU FERC, the FERC jurisdictional entity, negotiated rate authority; and (3) approved a capacity allocation methodology, which included an Open Solicitation.

Q. HAS AN OPEN SOLICITATION TAKEN PLACE?

A. Yes. SU FERC's Open Solicitation took place between March 2016 and June 2016. The Expressions of Interest that were received were screened by an independent solicitation manager and provided to SU FERC in July of 2016. Those Expressions of Interest exceeded the Project's capacity, confirming the need for the Project.

V. COMPLIANCE WITH RULE 592

Q. HAS SOUTHLINE COMPLIED WITH THE REQUIREMENTS OF RULE 592?

A. Yes. Rule 592.10 requires Southline submit written direct testimony and supporting exhibits with the information listed below. The following list identifies Rule 582.10 requirements and each Southline witness who is providing the described information along with relevant exhibits:

A. A description of the transmission line (*Virant, Patterson, Rawlins, Rietz, App. Exs. 1, 2, 4-6, 9-12*)

(1) the location of the transmission line (*Virant, Patterson, Rawlins, Rietz, App. Exs. 1, 2, 5, 9*)

(2) identification of the ownership of the land (such as private, BLM, U.S. forest service, state trust, etc.) the transmission line will cross and the number of feet the transmission line will cross over each owner's land (*Patterson, Rietz, App. Exs. 4, 5, 9, 10*)

(3) the total length of each transmission line in feet (*Patterson, Rietz*)

(4) a description of interconnection facilities (*Rawlins, App. Exs. 4, 5, 11*)

(5) a map showing the location of the transmission line (*Virant, Patterson, Rawlins, Rietz, App. Exs. 1, 2, 9*)

(6) a schematic diagram showing the transmission line and the interconnection of the transmission line to the transmission grid (*Patterson, Rawlins, App. Ex. 11*)

B. identification of all applicable land use statutes and administrative regulations and proof of compliance or statement of noncompliance with each (*Patterson, Rawlins, Rietz, App. Exs. 4, 5, 6*)

C. if required under NEPA, an environmental assessment prepared in connection with the transmission line (*Not Applicable*)

D. if required under NEPA, an environmental impact statement and record of decision or a finding of no significant impact, prepared in connection with the transmission line (*Patterson, Rietz, App. Ex. 4*)

E. if preparation of a federal environmental assessment or environmental impact statement is not required under NEPA in connection with the transmission lie, then a report, comparable to an environmental impact statement, in the format prescribed in 40 C.F.R. Section 1502.10 (*Not applicable)*

F. all written federal, state, and local environmental authorizations necessary to begin construction of the transmission line (*Patterson, Rietz, App. Exs. 4, 5, 6*)

G. all written federal, state, and local environmental authorizations necessary to begin operation of the transmission line; if any such authorization cannot be obtained until after construction of the transmission line, proof of application for such authorizations (*Patterson, Rietz, App. Ex. 4*)

H. testimony demonstrating that the transmission line will not unduly impair important environmental values; important environmental values include, but are not limited to preservation of air and water quality, land uses, soils, flora and fauna, and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources (*Rietz, App. Exs. 4, 5, 6*)

I. the expected date that the transmission line will be online (*Patterson, Rawlins*)

J. proof that the application has been served on all local authorities in each county and township where the transmission line will be located, the New

Mexico attorney general, the New Mexico environmental department, and the New Mexico state engineer (*Virant, App. Ex. 12*)

K. any other information, including photographs, which the applicant wishes to submit in support of the application. (*Virant, Patterson, Rawlins, Rietz*)

Q. HAS SOUTHLINE COMPLIED WITH THE NOTICE AND SERVICE REQUIREMENTS UNDER RULE 592.10(J) AND RULE 592.13?

A. Yes. As reflected in the certificate of service filed with its Application, Southline has served a copy of its Application and supporting direct testimony on the Doña Ana, Luna, Grant, and Hidalgo County Commissions, the New Mexico Attorney General, the New Mexico Environmental Department and the New Mexico State Engineer in accordance with Rule 592.10(J). In addition and in accordance with Rule 592.13, Southline will post a copy of its Application and the supporting direct testimony on the Project website (www.southlinetransmissionproject.com) and will place a copy of its Application and supporting direct testimony at the public libraries located in the county seats of Doña Ana County (Las Cruces), Luna (Deming), Grant (Silver City), and Hidalgo (Lordsburg) along with a courtesy copy in Sunland Park for review and examination by interested persons. Southline filed an affidavit affirming its compliance with the notice requirements under Rule 592.10(J) and Rule 592.13 as Exhibit 12 to the Application, which I sponsor.

Q. HOW WILL SOUTHLINE COMPLY WITH THE NOTICE REQUIREMENTS RELATED TO THE ROW DETERMINATION REQUESTED UNDER SECTION 62.9.3.2(D) OF THE PUBLIC UTILITY ACT ("PUA")?

A. In accordance with Section 62-9-3.2(D), Southline's Application and proposed notice provides the required information concerning the time and place of the hearing to all landowners and occupants of the property impacted by the requested ROW. Subsequent to the Hearing Examiner's approval of the final notice, Southline will file an affidavit affirming its compliance with the notice requirements under Section 62-9-3.2(D). Southline filed a Draft Form of Notice as Exhibit 13 to the Application, which I sponsor.

Q. WILL SOUTHLINE COMPLY WITH ANY ADDITIONAL NOTICE REQUIREMENTS THAT THE HEARING EXAMINER MAY PRESCRIBE?

A. Yes. Once a Procedural Order has been entered in this proceeding, Southline will provide any additional notice in compliance with the Procedural Order and will file an affidavit confirming its compliance.

VI. CONCLUSION

Q. WHAT CONCLUSIONS DID YOU REACH REGARDING SOUTHLINE'S APPLICATION?

A. The Application, supporting testimony, and exhibits demonstrate compliance with Commission Rule 592 and the Project should be approved.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	

APPLICANT.

AFFIDAVIT OF MATTHEW VIRANT

THE STATE OF TEXAS §

COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Matthew Virant, who being by me first duly sworn, on oath deposed and said the following:

1. My name is Matthew Virant. I am over 18 years of age and of sound mind. I am a Project Manager at Hunt Power, L.P. My business address is 1900 North Akard Street, Dallas, TX 75201.

2. I am the witness identified in the accompanying testimony and am familiar with its contents. Based on my personal knowledge, the facts stated in the direct testimony are true. In addition, in my judgment and based upon my professional experience, the opinion and conclusions stated in the testimony are true, valid, and accurate.

FURTHER AFFIANT SAYETH NOT

Matthew Virant

SUBSCRIBED AND SWORN to before me on this the 2nd day of March, 2017.

Marilyn R Akins
Notary Public in and for the State of Texas

My Commission expires: 3/9/20.

MARILYN R. AKINS
ID # 276147-0
Notary Public, State of Texas
My Commission Expires
03/09/2020

38642469.10

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

DIRECT TESTIMONY OF DOUG PATTERSON

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Doug Patterson. My business address is 55 Main Street, 3rd Floor, Tiburon, California 94920.

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

A. I am the founder and Managing Partner of Black Forest Partners, L.P., which is a private investment and development firm focused on electric infrastructure, including transmission, energy efficiency, and storage.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the Applicant, Southline Transmission, L.L.C. ("Southline").

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.

A. I graduated from Dartmouth College with a Bachelor of Arts degree.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL BACKGROUND.

A. I have 24 years of investment and development experience, including the power, energy, and utility sectors. I spent 12 years at Goldman Sachs & Company where I was a Managing Director in the equity investments area. I founded Black Forest Partners to invest in and develop longer term energy infrastructure. I am a member of the Western Electricity Coordinating Council ("WECC") transmission planning coordination committee, the WestConnect transmission planning management committee, the WestConnect Southwest Area Transmission ("SWAT") transmission planning committee, and an active participant in other regional transmission planning activities.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY ADMINISTRATIVE OR JUDICIAL PROCEEDINGS?

A. Yes. I testified before the Arizona Power Plant and Transmission Line Siting Committee in Docket No. L-00000AAA-16-0370-00173, Case No. 173, concerning Southline's Application for Certificate of Environmental Compatibility.

Q. PLEASE DESCRIBE YOUR ROLE IN THE SOUTHLINE TRANSMISSION PROJECT ("PROJECT").

A. Black Forest Partners originated the Southline Transmission Project and serves as the project manager.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony supports Southline's Application for location approval and right-of-way ("ROW") approval of greater than 100 feet for the Project in New Mexico. Specifically, I describe the Project's history, introduce the environmental review and public outreach, discuss the need and benefits of the Project, discuss the estimated costs, and describe the Project's compliance with applicable laws and regulations.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Project originated in 2009 as a transmission solution to minimize land use challenges and strengthen the existing electricity grid in New Mexico and Arizona while enabling the development of renewable energy projects. Southline actively and continuously worked with stakeholders to avoid sensitive areas in New Mexico. The Project has been through a comprehensive environmental impact analysis led by the Bureau of Land Management ("BLM") and Western Area Power Administration ("WAPA"), which culminated with those agencies selecting and approving a route. Southline has pursued approvals from various regulatory agencies, including BLM, WAPA, FERC, and Arizona Corporation Commission, and has sought ROW grants from the BLM, Arizona State Land Department, and the New Mexico State Land Office ("NMSLO"). The Project is designed to meet four primary needs: (1) reliability, (2) congestion mitigation, (3) ability to meet electrical demand growth, and (4) renewable generation development and public policy achievement. The Project is estimated to cost $800 million – approximately $360 million of that in New Mexico. Finally, Southline has complied and will comply with all applicable laws and regulations.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. In addition to my Direct Testimony, I am sponsoring:

- Exhibit DP-1 – BLM ROW Agreements (Without Attachments)
- Exhibit DP-2 – NMSLO Right of Entry (Without Attachment)
- Exhibit DP-3 – Final EIS Table 1.5
- Application Exhibit 5 – BLM ROD
- Application Exhibit 6 – WAPA ROD
- Application Exhibit 7 – NMSLO Press Release

III. ORIGIN AND HISTORY OF THE PROPOSED PROJECT

Q. WHAT WAS THE PROJECT'S ORIGIN?

A. The Southline Transmission Project originated in 2008 when Black Forest Partners recognized the need for transmission system improvements in southern New Mexico and southern Arizona that would provide additional transmission capacity and access to renewable resources. At that time, we began working with regional planning groups to analyze transmission needs.

Regional planning discussions and studies suggested that the upgrade of existing WAPA 115-kV transmission lines in Arizona combined with a new 345-kV line in New Mexico could create potential bidirectional use by enabling access and delivery of renewable resources in one direction and providing additional access to markets and existing sources in the other direction. This early regional planning defined the scope of the Project, including the New Build and Upgrade Sections discussed by Matthew Virant in his Direct Testimony, those sections' respective end points, and the Project's interconnections. The regional planning also informed Southline's preliminary line design and routing possibilities.

Q. PLEASE DESCRIBE THE SOUTHLINE ROUTING PHILOSOPHY.

A. The Project was designed to minimize land and resource impacts by developing a route along existing corridors and by upgrading existing transmission lines where feasible, an innovative approach that respects the region's communities and natural and cultural resources. Because of that design philosophy, more than 85 percent of the overall proposed route and 78 percent of the NM Proposed Route parallels or upgrades existing linear corridors.

Q. PLEASE BRIEFLY DESCRIBE THE PROJECT'S TIMELINE.

A. Early on, Southline conducted proof of concept technical studies and held public meetings to share information and receive input on preliminary routing options. In December of 2009, Southline filed a ROW application with BLM proposing to construct, operate, and maintain a high-voltage electric transmission line on land managed by BLM, which triggered BLM's National Environmental Protection Act

("NEPA") analysis. Southline then initiated the WECC Path Rating Process to determine the transfer capability of the Project and submitted a Statement of Interest to WAPA for consideration of the Project, which triggered WAPA's NEPA analysis. Consequently BLM and WAPA became NEPA co-lead agencies.

As DeAnne Rietz explains in more detail in her Direct Testimony, the NEPA Environmental Impact Statement ("EIS") process began in April 2012 when a Notice of Intent to prepare an EIS was published in the Federal Register. A 90-day public scoping period was conducted in the spring of 2012 (April 4 to July 5, 2012), which involved three public scoping meetings and one agency scoping meeting in New Mexico. Another three public meetings were held in New Mexico once the Draft EIS was available. Finally, in November 2015 the BLM and WAPA published the Final EIS and in 2016 each issued a Record of Decision ("ROD") approving the Project route.

Q. HAS THE PROJECT OBTAINED FEDERAL REGULATORY COMMISSION ("FERC") AUTHORIZATION?

A. Yes. In 2015, Southline and SU FERC, L.L.C. ("SU FERC")—the entity that will operate Southline's portion of the Project—filed with FERC a Petition for Declaratory Order. Thereafter, FERC issued the requested order granting SU FERC negotiated rate authority as a merchant project and approving a capacity allocation mechanism, which included an Open Solicitation. In 2016, SU FERC used an independent third-party to conduct the Open Solicitation. That third-party solicitation manager screened and ranked Expressions of Interest and SU FERC is currently engaged in bilateral negotiations for Southline's transmission capacity on the Project with entities that submitted Expressions of Interest.

Q. HAS SOUTHLINE APPLIED FOR STATE SITING APPROVALS?

A. Yes. Southline has requested location approvals for the Project's proposed route in both Arizona and New Mexico. On December 7, 2017, the Arizona Power Plant and Transmission Line Siting Committee approved the Project's proposed location in that state, and the Arizona Corporation Commission approved the Certificate of

Environmental Compatibility on February 7, 2017. Southline is seeking New Mexico location approval and a ROW width determination with this Application.

Q. WHEN DOES SOUTHLINE ANTICIPATE COMMENCING COMMERCIAL OPERATION?

A. Southline anticipates commencing commercial operation in 2019. The Project intends to complete necessary surveys, finalize the Plan of Development ("POD"), secure necessary land rights, finalize detailed engineering specifications, close the financial transaction, and secure a notice to proceed to initiate construction in 2017 and 2018. Construction will begin after that, and Southline anticipates operations to be phased into service beginning in 2019.

Q. CAN YOU ELABORATE ON OTHER NEW MEXICO-FOCUSED PLANNING FOR THE PROJECT?

A. The Project has been an active participant in regional transmission planning groups including the WestConnect SWAT and WestConnect New Mexico subregional planning groups. Subregional transmission planning activities within WestConnect's planning area are organized to promote effective, open, and transparent collaborative transmission planning within and among the subregions of the WestConnect Planning Area. The NMSLO also held a public meeting on January 13, 2016 in Deming to review the Project's Final EIS and to solicit comments from NMSLO stakeholders. Those comments resulted in minor route adjustments on NMSLO lands to minimize impacts to NMSLO stakeholders. Lastly, Southline has also been a regular participant in the public transmission planning meetings of El Paso Electric Company ("EPE") and Public Service Company of New Mexico ("PNM") and has provided regular updates on the Project to the local utilities' stakeholders.

IV. PROJECT NEEDS AND BENEFITS

Q. PLEASE SUMMARIZE THE NEEDS MET AND BENEFITS PROVIDED BY THE PROJECT.

A. The Project is designed to help solve regional transmission needs. Specifically, the Project addresses four primary transmission needs: (1) reliability, (2) congestion

mitigation, (3) ability to meet electrical demand growth, and (4) renewable generation development and public policy goal achievement. The Project addresses these needs while minimizing land and resource impacts by utilizing, where feasible, existing corridors and upgrading existing transmission lines. Seventy-eight percent of the NM Proposed Route parallels or upgrades existing linear corridors.

The need for the Project has been confirmed by the response to the Project's recent Open Solicitation. The Open Solicitation window to submit Expressions of Interest for transmission capacity on the Project closed on June 30, 2016, with received submittals totaling in excess of the Project's capacity.

Q. PLEASE EXPLAIN HOW THE PROJECT WILL ENHANCE RELIABILITY.

A. The Project will enhance reliability by adding additional transmission capacity and updating obsolete facilities. Currently, there is limited existing electrical transmission capacity in the southern New Mexico and Arizona region. The New Build Section will provide up to 1,037 MW of east-to-west capacity from the Afton Substation in New Mexico to the Apache Substation in Arizona and up to 971 MW of west-to east capacity from Apache to Afton. Current imports into southern New Mexico are limited by the rating of Path 47 to 1,048 MW. Southline's WECC Path Rating Studies found that with Southline in service and Path 47 simultaneously at its maximum 1,048 MW flows, Southline could achieve incremental simultaneous west-to-east flows of between 165 MW and 436 MW. This additional capacity above current peak import limits could provide flexibility for operations and maintenance, and increase the limited transmission connections between the southern New Mexico and Arizona area and the rest of the western United States' transmission grid. The additional transmission capacity added to the region by the Project will enable New Mexico to meet future load growth while meeting North American Electric Reliability Corporation ("NERC") and WECC criteria.

Additionally, the Upgrade Section—located entirely in Arizona—will provide 1,000 MW of east-to-west and 430 MW of west-to-east capacity to the regional grid, compared to the existing 120 MW of bidirectional capacity of the

current 115-kV lines. This additional capacity will provide redundancy helping the grid withstand events that might otherwise cause widespread transmission outages, thereby preventing an adequate supply of electric power in the region. The Project's Upgrade Section will replace decades-old facilities, which are subject to deterioration, with modern steel structures.

Q. PLEASE EXPLAIN HOW THE PROJECT WILL MITIGATE CONGESTION.

A. Transmission capacity in southern New Mexico is either currently fully contractually utilized and congested or substantially limited. That congestion exacerbates the difficulties local utilities encounter in providing reliable and economical electric service and limits the ability of new renewable generation to reach markets. The Project will connect the southern New Mexico and El Paso area in the east with the Tucson and Phoenix area in the west, relieving congestion. By adding a connection between the New Mexico and Arizona grids, and by upgrading the existing limited lines in Arizona, the project creates new and expanded deliverability paths between New Mexico and Arizona. By adding additional capacity in New Mexico, the Project will mitigate existing and anticipated future congestion. Reduced congestion also expands opportunities for New Mexico utilities to import cost-effective power from regional market hubs like Palo Verde, thereby helping to ensure economical electricity rates.

Q. PLEASE EXPLAIN HOW THE PROJECT INCREASES THE REGION'S ABILITY TO MEET ELECTRICAL DEMAND GROWTH.

A. The Project will also help with the region's ability to meet electricity demand and will offer greater opportunities for regional coordination. The Project has been designed to reliably meet existing demand and existing transfer needs, as well as position utilities to meet future growth. How regional utilities meet future load growth will depend on the availability and cost of various resources, including both transmission and generation. As new transmission resources become available, utilities will have access to a broader range of potential resources. Absent adequate transmission facilities, utilities are limited to generation solutions for their resource needs, and the potential types and locations for such generation may be limited.

Thus, the additional transmission capacity provided by the Project will unlock a range of resource solutions and potentially a greater universe of generation types and locations. For example, transmission that provides access to solar or wind generation zones will provide attractive options to a utility with growing resource needs and increasing renewable portfolio standards ("RPSs") and to businesses looking to locate in the state to utilize renewables. Similarly, the availability of transmission capacity will provide access to purchased power resources.

Q. PLEASE EXPLAIN HOW THE PROJECT ENCOURAGES RENEWABLE GENERATION DEVELOPMENT AND ASSISTS NEW MEXICO IN ACHIEVING PUBLIC POLICY GOALS.

A. There will be an increased need for transmission capacity to serve and integrate renewable resources as western states attempt to meet existing and potentially increased renewable energy requirements. Specifically, the Project will provide access to rich renewable energy development zones in New Mexico. The additional transmission capacity provided by the Project will facilitate the development of potential wind and solar generation in these zones. Not only will available capacity provide a path to market for new renewable generation, but the availability of that capacity could facilitate financing for these generation projects.

Q. PLEASE ELABORATE ON HOW THE PROJECT WILL FACILITATE THE INTEGRATION OF RENEWABLE GENERATION.

A. In order to efficiently satisfy renewable energy requirements and related public policies, such as New Mexico's 20 percent RPS and California's 50 percent RPS, and to take commercial advantage of the Federal Investment Tax Credit ("FITC") and Production Tax Credit ("PTC") extensions, utilities and generation developers must have access to high-quality, low-cost renewable resources and the transmission capacity required to integrate and deliver those resources, which are typically remote from load centers, to their customers. A lack of sufficient transmission capacity threatens the West's economical achievement of these public policy objectives. Transmission solutions that can reduce procurement and integration costs while mitigating environmental impacts, such as this Project, can help utilities achieve their public policy goals while minimizing both cost and risk.

Eastern New Mexico wind has some of the highest capacity factors in the United States, with recent power purchase agreements ("PPAs") referencing up to 48 percent capacity factors. Wind developers can access the eastern side of the Project by procuring transmission rights through local transmission providers or generation ties to the Project. There are also potential wind resources directly in the Southline corridor, which might not be as high a capacity factor as the eastern New Mexico resources, but which might have lower costs. Southern New Mexico also has some of the best solar resources in the country.

Reliably integrating renewables and their variable output into the electric system also continues to be a challenge for grid operators—a challenge that is expected to become even more significant going forward as more variable energy resources are brought on-line. The Southwest's existing and planned natural gas fired generation fleet is a huge potential resource to meet the needs of the region from California to West Texas. The Project allows these thermal resources to be better utilized by providing increased capacity and improving the capability of neighboring transmission systems. Because of this, the Project could help the existing Southwest gas fleet more reliably integrate, shape, and firm higher penetrations of renewable resources. Utilizing the Project and the existing system to access these renewable resources is more efficient, more cost effective, and less risky than other approaches.

Q. WHAT ARE THE ECONOMIC BENEFITS ASSOCIATED WITH THE PROJECT?

A. Because transmission capacity in southern New Mexico is limited or currently fully subscribed, the additional transmission capacity provided by the Project will allow local utilities access to additional, more economical electric service and reduce costs of electricity for their customers. The additional capacity and reduced congestion could also allow local utilities to import cost-effective power from regional market hubs like Palo Verde, where power prices are lower than the costs of building new generation.

Additional transmission capacity could also help support economic development in New Mexico by providing needed infrastructure. Additional

economic benefits would result from new renewable generation or other new industry attracted by the Project. Further, the Project would bring economic effects to each of the four New Mexico counties it crosses. Analysis done for the EIS estimated construction of the Project would create 158 annual local jobs (57 in Dona Ana County, 36 in Luna County, 12 in Grant County, and 53 in Hidalgo County).

V. PROJECT ROUTING AND LAND ACQUISITION

Q. HOW WERE THE PROJECT'S INITIAL ROUTES DEVELOPED?

A. As I mentioned earlier, early regional planning and studies defined the Project's scope, end points, and interconnections. Southline's discussions with several regional planning groups, including WestConnect SWAT, SWAT-AZ, SWAT-NM, and the WestConnect Planning Management Committee to analyze transmission needs in southern New Mexico suggested a connection to the existing 345-kV system in New Mexico combined with an upgrade of the existing WAPA 115-kV lines from the Apache Substation to the Saguaro Substation could help improve the regional system.

Additionally, and prior to the formal NEPA process, Southline conducted significant public and stakeholder outreach in the Project area that formed the basis of the alternative routes proposed by Southline in its initial application to the BLM and WAPA. Southline met with local jurisdictions, such as city administrators, county commissioners and supervisors, New Mexico state officials, and representatives from local community organizations in the area and hosted public meetings in Deming and Lordsburg. It also held a routing workshop in Deming on September 22, 2011. Through this outreach, Southline got a sense of the land use priorities and routing opportunities and constraints, and as a result the federal permitting process has been relatively uncontroversial.

Once the BLM and WAPA applications were filed, the formal NEPA scoping process began. Ms. Rietz details in her Direct Testimony the formal NEPA outreach and routing adjustments that were made during the EIS process.

Q. WHY DOES THE PROJECT START AT THE AFTON SUBSTATION?

A. Afton is a good place to start technically and was identified in the transmission planning process as a beneficial interconnection point to the existing 345-kV system in New Mexico, which provides opportunities for bi-directional use. Afton also avoids sensitive and mission critical military assets in New Mexico like White Sands Missile Range. Finally, that location was federally screened as good place for solar energy.

Q. WHY DOES THE APPLICATION ONLY INCLUDE ONE ROUTE?

A. As Ms. Rietz explains in her Direct Testimony, Southline proposed a range of routes to the BLM and WAPA that were designed to follow existing linear features thereby mitigating environmental impacts. As part of the NEPA EIS process, a range of alternatives, including no action, were considered. The Final EIS identified the "Agency Preferred Alternative Route" as the best route for the Project. Subsequently, the BLM and WAPA each issued a ROD selecting and approving the Agency Preferred Alternative Route. Notably, the Agency Preferred Alternative Route is identical to the environmentally preferred route in the Final EIS with the exception of short deviations in Arizona around the Willcox Playa, Tumamoc Hill, and two airport areas. Because the BLM and WAPA selected this route after extensive review and public input as the route that best balances the Project's need and the mitigation of environmental impacts, and BLM and WAPA land collectively constitute a majority of the Project ROW, it would not be feasible to pursue alternative routes now. As Mr. Virant explains in his Direct Testimony, we refer to the New Mexico portion of the Agency Preferred Alternative Route that Southline is seeking approval for through this Application as the NM Proposed Route.

Q. WHY WAS THE NM PROPOSED ROUTE CHOSEN?

A. The NM Proposed Route minimizes environmental impacts by working within or next to existing infrastructure corridors, such as existing transmission lines, highways and roads, natural gas pipelines, and railroads. More than 78 percent of the route parallels or upgrades existing infrastructure corridors. The NM Proposed

Route also minimizes impacts to visual resources, conforms to existing land use plans, and minimizes impact to sensitive resources near the Lordsburg Playa.

Q. PLEASE DESCRIBE THE LAND OWNERSHIP ALONG THE NM PROPOSED ROUTE.

A. The Project will be located on federal land managed by the BLM in New Mexico, state land managed by the NMSLO, and privately-owned land. The total length of the NM Proposed Route is approximately 183 miles (967,976 feet). The NM Proposed Route will cross approximately 79 miles (417,875 feet) of federal land, approximately 58 miles (304,322 feet) of state-trust-owned land, and approximately 47 miles (245,779 feet) of privately-owned land. As Andy Rawlins discusses in his Direct Testimony, additional land will be needed for substation construction and expansion. This land is also BLM, NMSLO, or private land. Combined transmission line ROW and substation construction/expansion land needed for the Project in New Mexico breaks down as follows:

Land Ownership	Acres	Percentage of Total
Bureau of Land Management	2,116	41%
New Mexico State Land Office	1,665	33%
Private	1,340	26%

Q. WHAT GOVERNMENTAL AGREEMENTS OR AUTHORIZATIONS ARE REQUIRED BEFORE SOUTHLINE CAN BEGIN CONSTRUCTION IN NEW MEXICO?

A. In addition to the location and ROW approvals by the New Mexico Public Regulation Commission ("Commission") requested in this filing, Southline has determined that the following governmental permits are a prerequisite to constructing the NM Proposed Route and associated facilities:

- BLM ROW Grant/Temporary Use Permit ("BLM ROW Agreements") for federal lands crossed by the Project, and
- NMSLO grant of ROW easement for New Mexico state lands crossed by the Project ("NMSLO Permit").

Q. WHAT IS THE STATUS OF THOSE AGREEMENTS?

A. On August 22, 2016, the BLM issued to Southline ROW Grant Nos. NMNM 124104 and NMNM 12410401, granting to Southline a 30-year, 200-foot ROW on all BLM-managed lands crossed by the Project that extends from the Afton Substation in New Mexico to the Saguaro Substation in Arizona. Redacted copies of the BLM ROW Agreements without attachments are provided at Exhibit DP-1. Southline will file a protective order and confidential, unredacted versions of the same following the filing of its Application.

Additionally, Southline submitted an application to the NMSLO on October 3, 2016 to obtain ROW and the NMSLO has agreed in principle to grant the necessary ROW across state lands. The NMSLO has granted a right of entry that authorizes Southline to conduct initial survey work, a copy of which, without attachment, is provided at Exhibit DP-2. Southline will file a protective order and confidential version of the same following the filing of its Application. A copy of the press release issued by the NMSLO that documents the parties' agreement in principle is attached at Exhibit 7 to the Application, which I sponsor. The parties are currently in the process of negotiating the ROW agreement, and Southline anticipates an executed agreement during the pendency of this proceeding.

Q. WHAT IS THE STATUS OF SOUTHLINE'S ACQUISITION OF THE PRIVATE EASEMENTS REQUIRED FOR THE PROJECT?

A. Southline is awaiting approvals from the Commission and the NMSLO before beginning to negotiate easements on private land.

VI. MISCELLANEOUS

Q HOW MUCH IS THE TOTAL PROJECT ESTIMATED TO COST?

A. The estimated cost of the entire Project is $800 million. Of that, approximately $360 million relate to the NM Proposed Route and associated facilities.

Q. WILL SOUTHLINE COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS?

A. Yes. The Project's compliance with all applicable laws and regulations is described in the Final EIS Table 1.5 and provided here as Exhibit DP-3. Compliance with the laws and regulations specific to this Application are discussed by Mr. Virant in his Direct Testimony. Compliance with New Mexico state and local land use plans are listed and described in Table 4.11-1 in the Final EIS and discussed by Ms. Rietz.

VII. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Since Project inception, the Project team has worked to maximize benefits while minimizing costs, both economic and environmental. The scope of the Project and early routing design relied heavily on regional transmission planning. Impacts were minimized through a focus on early stakeholder input and thoughtful avoidance of resource and routing conflicts. Costs were minimized by right-sizing the Project to meet foreseeable regional and market needs. The Project integrates seamlessly with the existing 230- and 345-kV systems in southern New Mexico and Arizona. The result is a flexible, robust, bi-directional transmission asset that improves the regional grid and is capable of evolving to meet the needs of current and future power markets across the Southwest.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

AFFIDAVIT OF DOUG PATTERSON

THE STATE OF CALIFORNIA §
§
COUNTY OF Marin §

BEFORE ME, the undersigned authority, on this day personally appeared Doug Patterson, who being by me first duly sworn, on oath deposed and said the following:

1. My name is Doug Patterson. I am over 18 years of age and of sound mind. I am the founder and Managing Partner of Black Forest Partners, L.P., and my business address is 55 Main Street, 3rd Floor, Tiburon, California 94920.

2. I am the witness identified in the accompanying testimony and am familiar with its contents. Based on my personal knowledge, the facts stated in the direct testimony

are true. In addition, in my judgment and based upon my professional experience, the opinion and conclusions stated in the testimony are true, valid, and accurate.

FURTHER AFFIANT SAYETH NOT

Doug Patterson

SUBSCRIBED AND SWORN to before me on this the 2nd day of March, 2017.

Notary Public in and for the State of California

TIMOTHY PATRICK SOLOMON
COMM. # 2012441
NOTARY PUBLIC - CALIFORNIA
MARIN COUNTY
COMM. EXPIRES MARCH 16, 2017

Exhibit DP-1

BLM ROW Agreements (Without Attachments)

SURNAME
Initials/Date 8/22/16
Initials/Date 8/22/16
Initials/Date 8/22/16
Initials/Date 8/22/16
Initials/Date

NMNM 124104
NMNM 12410401
2800 (L0310)

AUG 22 2016

CERTIFIED--RETURN RECEIPT REQUESTED
7006 0810 0003 8756 9758

DECISION

Mr. Enrique J. Marroquin	:	
Senior Vice President	:	Right-of-Way
Southline Transmission, LLC	:	NMNM 124104
1900 North Akard Street	:	NMNM 12410401
Dallas, TX 75201	:	

Right-of-Way Grants NMNM 124104 and NMNM 12410401 Corrected / Issued
Rental Determined
Monitoring Fee Determined

Enclosed is a copy of right-of-way (ROW) grants, Serial Numbers NMNM 124104 and NMNM 12410401, which have been approved by the Bureau of Land Management (BLM).

Also enclosed is Exhibit A for NMNM 124104 and Exhibit A for NMNM 12410401; please insert them as replacements for Exhibit A in the subject ROW packages. These versions of Exhibit A contain corrections issued by the BLM Arizona State Office during a Cadastral legal description review; the versions of Exhibit A offered on June 27, 2016, are no longer valid.

In accordance with the BLM's offer letter dated June 27, 2016, and reflective of the enclosed corrected legal descriptions, final rental determinations have been made. The advance rental for ROW NMNM 124104 is determined to be [redacted] prorated from September 2016 to December 2016. The advance rental for ROW NMNM 12410401 is determined to be [redacted] for the first 1-year period starting from the date of this decision. The BLM has received your rental for these rental periods.

The rent for NMNM 124104 was determined to be [redacted] for 1 year from May 2016 to December 2016. However, since the rental period changed, we have adjusted the rental to coincide with the authorization date. A balance of [redacted] will remain and will be applied towards your 2017 rent.

The monitoring fee for this ROW is determined to be a Category 6. Accordingly, pursuant to the written cost reimbursement agreement dated February 11, 2011; your monitoring fee has been received.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (request) pursuant to regulation 43 CFR 2801.10 for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

(1) The relative harm to the parties if the stay is granted or denied,

(2) The likelihood of the appellant's success on the merits,

(3) The likelihood of immediate and irreparable harm if the stay is not granted, and

(4) Whether the public interest favors granting the stay.

/s/ Bill Childress

Bill Childress
District Manager

3 Enclosures

Rewritten:L0310:AHom:cp:8/22/2016:x4375:Southline.NM124104.NM12410401.Grants.Final
L0310:AHom:cp:8/15/2016:x4375:Southline.NM124104.NM12410401.Grants.Final

FORM 2800-14
(August 1985)

New Mexico State Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT

SERIAL NUMBER NMNM 124104

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1. A right-of-way grant is hereby issued pursuant to Title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) and the Bureau of Land Management (BLM) right-of-way regulations (43 CFR Part 2800) and amendments thereto.

2. Nature of Interest:

   a. By this instrument, the holder:

      Southline Transmission, LLC
      1900 N. Akard St.
      Dallas, TX 75201-2300

      receives an authorization to construct, operate, maintain, and decommission a 345-kilovolt (kV) transmission line, including appurtenant facilities and access roads, as described in the legal land descriptions (Exhibit A), project map (Exhibit B), and the approved Plan of Development (POD Exhibit C), incorporated herein.

   b. The right-of-way granted herein authorizes:

      i. The construction, operation, maintenance and decommissioning of a double-circuit 345-kV transmission line. The right-of-way is 200 feet wide and 97.2 miles long, and encompasses approximately 2,356 acres (see Exhibits A and B).

      ii. The construction, operation, maintenance and expansion of a portion of the Afton substation. The right-of-way encompasses an area of approximately 7.8 acres (see Exhibits A and B).

      iii. The upgrade, use, and maintenance of existing access roads outside the right-of-way. The grant would be 16 feet wide on major access roads and 52.3 miles long, encompassing approximately 101.7 acres (see Exhibits A and B).

      iv. The upgrade, use, and maintenance of spur access roads outside the right-of-way. The grant would be for roads measuring 12 feet wide and 18.8 miles long encompassing approximately 27.4 acres (see Exhibits A and B).

   c. This grant shall be issued for a term of 30 years, with a right of renewal, and shall expire on December 31 of the 29^{h} full year from its effective date, unless, prior thereto, it is renewed, relinquished, abandoned, or terminated pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation. The right-of-way shall be subject to the regulations existing at the time of renewal and any

other terms and conditions that the Authorized Officer deems necessary to protect the public interest.

The holder will not initiate any construction or other surface disturbing activities on the right-of-way without prior written authorization of the authorized officer.

d. This instrument may be renewed. The holder is required to submit an application for renewal to the authorized officer at least 120 calendar days prior to the expiration date of this instrument. The authorized officer will review the application for renewal to ensure the holder is complying with the terms, conditions, and stipulations of this instrument and applicable laws and regulations. If renewed, the right-of-way shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public's interest.

e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the renewal, expiration, relinquishment, abandonment, or termination of this authorization

f. This instrument is issued subject to valid existing rights in accordance with 43 CFR 2805.14.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the BLM fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices. The rental provisions of this authorization may also be modified consistent with the provisions of any regulatory changes or pursuant to the provisions of any new or revised statutory authorities.

4. Terms and Conditions:

a. This instrument is issued subject to the holder's compliance with all applicable laws and regulations and, in particular, with the regulations contained in 43 CFR 2800, including the terms and conditions required by 43 CFR 2805.12. Failure of the holder to comply with applicable law or regulations or any terms, conditions, or stipulations (Exhibit D) of this instrument shall constitute grounds for suspension or termination of this instrument thereof. The authorized officer may change the terms and conditions of this instrument as a result of changes in legislation, regulations, or as otherwise necessary to protect public health or safety or the environment in accordance with 43 CFR 2805.15(e). The holder shall comply with the provisions noted in the Southline Transmission Line Project Record of Decision dated April 21, 2016.

b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4) (c) or as directed by the authorized officer.

c. The attached Exhibits outlined below are incorporated into and made a part of this instrument as fully and effectively as if they were set forth herein in their entirety.

Exhibit A – Right-of-Way Grant Legal Land Descriptions NMNM 124104/AZA 35681

Exhibit B – Right-of-Way Grant Maps (Map 1 of 9, Map 2 of 9, Map 3 of 9, Map 4 of 9, Map 5 of 9, Map 6 of 9, Map 7 of 9, Map 8 of 9, Map 9 of 9)

Exhibit C – POD, including Proponent Committed Environmental Measures. The Final POD shall be reviewed and approved in writing by the BLM Authorized Officer prior to a Notice-to-Proceed being issued. Additionally, all other terms, conditions, and stipulations of this instrument shall be reviewed and approved by the BLM Authorized Officer prior to the Notice-to-Proceed being issued.

Exhibit D – Right-of-Way Grant Standard Stipulations

Exhibit E – Biological and Conference Opinion and Conference Report on the Proposed Southline Transmission Project" dated December 30, 2014" and "Reinitiation of Consultation on the Proposed Southline Transmission Project to Reflect an Update to the Agency Preferred Alternative for the Final Environmental Impact Statement (Final EIS)" dated November 10, 2015.

Exhibit F – Southline Project Specific Section 106 National Historic Preservation Act Programmatic Agreement, executed March 17, 2016.

Exhibit G – Shapefiles

d. The holder shall perform all operations in a good and workmanlike manner, consistent with the approved Plan of Development, so as to ensure protection of the environment and the health and safety of the public. The authorized officer may order an immediate temporary suspension of operations, orally or in writing, in accordance with 43 CFR 2807.16 to protect public health or safety or the environment if the authorized officer determines that the holder has violated one or more of the terms, conditions, or stipulations of this instrument. An immediate temporary suspension order is effective until the holder receives a written Notice-to-Proceed from the authorized officer. Failure of the holder to comply with applicable law or any provision of this right-of-way grant shall constitute grounds for suspension or termination thereof.

e. This instrument shall, at a minimum, be reviewed by the authorized officer at the end of the 10th year and at regular intervals thereafter, not to exceed 10 years, provided, however, that this instrument may be reviewed at any time deemed necessary by the authorized officer in accordance with the regulations.

f. This instrument may be assigned consistent with the regulations, but all assignments are subject to approval by the authorized officer. In addition, the qualifications of all assignees must comply with the requirements of the regulations. A partial assignment of this instrument shall not be approved if such action would hinder the authorized officer's management of the authorization or the associated public land.

f. The holder shall indemnify the United States against any liability for damage to life or property arising from the use of public lands under this grant.

IN WITNESS WHEREOF, the undersigned agrees to the terms and conditions of this right-of-way grant or permit.

(Signature of Holder)	(Signature of Authorized Officer)
Senior Vice President	District Manager
(Title)	(Title)
8/4/2016	August 22, 2016
(Date)	(Effective Date of Grant)

Exhibits:

Exhibit A: Right-of-Way Grant Legal Land Description NMNM 124104/AZA-35681

Exhibit B: Right-of-Way Grant Maps (Map 1 of 9, Map 2 of 9, Map 3 of 9, Map 4 of 9, Map 5 of 9, Map 6 of 9, Map 7 of 9, Map 8 of 9, Map 9 of 9)

Exhibit C: Attached Plan of Development Outline and Preliminary Plan of Development

Exhibit D: Right-of-Way Grant Standard Stipulations

Exhibit E: Biological and Conference Opinion and Conference Report on the Proposed Southline Transmission Project" dated December 30, 2014" and "Reinitiation of Consultation on the Proposed Southline Transmission Project to Reflect an Update to the Agency Preferred Alternative for the Final Environmental Impact Statement (Final EIS)" dated November 10, 2015.

Exhibit F: Southline Project Specific Section 106 NHPA Programmatic Agreement

Exhibit G: ESIR ArcGIS Shapefile (s) Data CD-ROM

NMNM 124104
NMNM 12410401
2800 (L0310)

AUG 22 2016

CERTIFIED--RETURN RECEIPT REQUESTED
7006 0810 0003 8756 9758

DECISION

Mr. Enrique J. Marroquin	:	
Senior Vice President	:	Right-of-Way
Southline Transmission, LLC	:	NMNM 124104
1900 North Akard Street	:	NMNM 12410401
Dallas, TX 75201	:	

Right-of-Way Grants NMNM 124104 and NMNM 12410401 Corrected / Issued
Rental Determined
Monitoring Fee Determined

Enclosed is a copy of right-of-way (ROW) grants, Serial Numbers NMNM 124104 and NMNM 12410401, which have been approved by the Bureau of Land Management (BLM).

Also enclosed is Exhibit A for NMNM 124104 and Exhibit A for NMNM 12410401; please insert them as replacements for Exhibit A in the subject ROW packages. These versions of Exhibit A contain corrections issued by the BLM Arizona State Office during a Cadastral legal description review; the versions of Exhibit A offered on June 27, 2016, are no longer valid.

In accordance with the BLM's offer letter dated June 27, 2016, and reflective of the enclosed corrected legal descriptions, final rental determinations have been made. The advance rental for ROW NMNM 124104 is determined to be [redacted] prorated from September 2016 to December 2016. The advance rental for ROW NMNM 12410401 is determined to be [redacted] for the first 1-year period starting from the date of this decision. The BLM has received your rental for these rental periods.

The rent for NMNM 124104 was determined to be [redacted] for 1 year from May 2016 to December 2016. However, since the rental period changed, we have adjusted the rental to coincide with the authorization date. A balance of [redacted] will remain and will be applied towards your 2017 rent.

The monitoring fee for this ROW is determined to be a Category 6. Accordingly, pursuant to the written cost reimbursement agreement dated February 11, 2011; your monitoring fee has been received.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (request) pursuant to regulation 43 CFR 2801.10 for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

(1) The relative harm to the parties if the stay is granted or denied,

(2) The likelihood of the appellant's success on the merits,

(3) The likelihood of immediate and irreparable harm if the stay is not granted, and

(4) Whether the public interest favors granting the stay.

/s/ Bill Childress

Bill Childress
District Manager

3 Enclosures

Rewritten:L0310:AHom:cp:8/22/2016:x4375:Southline.NM124104.NM12410401.Grants.Final
L0310:AHom:cp:8/15/2016:x4375:Southline.NM124104.NM12410401.Grants.Final

FORM 2800-14
(August 1985)

New Mexico State Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT

SERIAL NUMBER NMNM 12410401

---

1. A short term right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) and the Bureau of Land Management (BLM) right-of-way regulations (43 CFR Part 2800) and amendments thereto.

2. Nature of Interest:

   a. By this instrument, the holder:

      Southline Transmission, LLC
      1900 N. Akard St.
      Dallas, TX 75201-2300

      receives a right to use workspace and roads associated with right-of-way NMNM 124104 which grants the right to construct, operate, maintain, and decommission a double-circuit 345-kV transmission line, including appurtenant facilities and access roads, as described in the legal land descriptions (Exhibit A), project map (Exhibit B), and approved Plan of Development (POD, Exhibit C), incorporated herein.

   b. The short term right-of-way granted herein authorizes:

      i. The use of workspace outside right-of-way NMNM 124104 during the construction of the transmission line. The short term right-of-way encompasses an estimated 98.5 acres to accommodate three staging areas and expanded tensioning and pulling sites necessary at each line angle and substation (See Exhibits A and B).

      ii. The upgrade, use, and maintenance of access roads outside the right-of-way. The short term right-of-way is 12 feet wide and approximately 3.77 miles long, encompassing approximately 5.47 acres (see Exhibits A and B).

   c. This instrument shall expire 3 years from its effective date, unless, prior thereto, it is renewed, relinquished, abandoned, or terminated pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.

   d. This instrument may be renewed. The holder is required to submit an application for renewal to the authorized officer at least 120 calendar days prior to the expiration date of this instrument. The authorized officer will review the application for renewal to ensure the holder is complying with the

Exhibit D – Right-of-Way Grant Standard Stipulations

Exhibit E - Exhibit E - "Biological and Conference Opinion and Conference Report on the Proposed Southline Transmission Project" dated December 30, 2014" and "Reinitiation of Consultation on the Proposed Southline Transmission Project to Reflect an Update to the Agency Preferred Alternative for the Final Environmental Impact Statement (Final EIS)" dated November 10, 2015.

Exhibit F – Southline Project Specific Section 106 National Historic Preservation Act Programmatic Agreement, executed March 17, 2016

Exhibit G – Shape Files

c. The holder shall perform all operations in a good and workmanlike manner, consistent with the approved Plan of Development, so as to ensure protection of the environment and the health and safety of the public. The authorized officer may order an immediate temporary suspension of operations, orally or in writing, in accordance with 43 CFR 2807.16 to protect public health or safety or the environment if the authorized officer determines that the holder has violated one or more of the terms, conditions, or stipulations (Exhibit D) of this instrument. An immediate temporary suspension order is effective until the holder receives a written Notice-to-Proceed from the authorized officer.

d. This instrument may be reviewed at any time deemed necessary by the authorized officer in accordance with the regulations.

e. This instrument may be assigned consistent with the regulations, but all assignments are subject to approval by the authorized officer. In addition, the qualifications of all assignees must comply with the requirements of the regulations. A partial assignment of this instrument shall not be approved if such action would hinder the authorized officer's management of the authorization or the associated public land.

f. The holder shall indemnify the United States against any liability for damage to life or property arising from the use of public land under this grant.

IN WITNESS WHEREOF, the undersigned agrees to the terms and conditions of this right-of-way grant or permit.

(Signature of Holder)	Bill Child (Signature of Authorized Officer)
Senior Vice President (Title)	District Manager (Title)
8/4/2016 (Date)	August 22, 2016 (Effective Date of Grant)

Exhibit DP-2

NMSLO Right of Entry (Without Attachment)

Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands
310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

January 13, 2017

Southline Transmission, L.L.C.
1900 N. Akard St.
Dallas, TX 75201

Attn: Matt Virant

Re: Right-of-Entry Permit No.: ROE-2870 Southline Transmission Project (Re-Issue)

Dear Mr. Virant:

Enclosed is the completed captioned Right-of-Entry permit. If any corrections are necessary, please let us know and we will retype or amend this lease as necessary.

If you have any questions, or if we may be of further assistance, please do not hesitate to contact Conrad Kegel at 505-827-5789.

Sincerely,

Aubrey Dunn
Commissioner of Public Lands

AD/CK

Enclosures

NEW MEXICO STATE LAND OFFICE
Commissioner of Public Lands
Aubrey Dunn
New Mexico State Land Office Building
P.O. Box 1148, Santa Fe, NM 87504-1148

RIGHT OF ENTRY PERMIT
CONTRACT NO. ROE-2870
(Re-Issue No. 1)

1. RIGHT OF ENTRY PERMIT

This permit is issued under the authority of NMSA 1978, Section 19-1-2. Therefore, and in consideration of and subject to the terms, covenants, conditions, agreements, obligations and reservations contained in the permit and all other existing rights, the Commissioner of Public Lands, New Mexico State Land Office, State Of New Mexico, hereinafter called "COMMISSIONER," grants to **Southline Transmission, L.L.C.,** State of Incorporation **Delaware**, whose address is **1900 N. Akard St., Dallas, Texas 75201**, **hereinafter** called "PERMITTEE," authorized use of a specific tract(s) of State Trust Land only for the term, and only for the permitted use, described in this permit.

2. TERM AND LAND DESCRIPTION

Right of entry is granted for a term of **180 days**, commencing on **December 8th, 2016** of this document by the Commissioner of Public Lands, to the following State Trust Lands.

See Attached Exhibit "A"

3. APPLICATION and PROCESSING FEE

- **$50.00 Application Fee**
- **$500.00 Permit Fee**
- **$550.00 Total**

4. PERMITTED USE, PERSONNEL, EQUIPMENT AND MATERIALS

Permitted use is for the purpose of: **To access State Trust Lands for the purpose of surveying (cadastral, geological, archeological, environmental, etc) for the proposed Southline Transmission Project.**

Personnel present on State Trust Land: **Survey contractors and company representatives**

Equipment & Materials present on State Trust Land: **Surveying equipment and related**

Prior to execution of project company must identify and contact the Grazing Lessee.

The granting of this permit does not allow access across private lands.

5. IMPROVEMENTS

No improvements shall be placed on the premises without the prior written consent of the Commissioner.

6. RESERVATIONS

Commissioner reserves the right to execute leases, rights of way, easements, permits, exchange agreements, sale agreements, permits and other lawful rights on or across the land covered by this permit, including but not limited to any such rights for mining purposes and for the extraction of oil, gas, salt, geothermal resources, and other mineral deposits there from and the right to go upon, explore for, mine, remove and sell same.

7. COMPLIANCE WITH LAWS

Permittee shall at its own expense comply fully with and be subject to all applicable regulations, rules, ordinances, and requirements of law or of the Commissioner, including but not limited to the regulations of the State Land Office; Chapter 19 NMSA governing State Trust Lands; federal and state environmental laws and regulations; and the New Mexico Cultural Properties Act, NMSA 1978 Sections 18-6-1 through 18-6-23. It is illegal for any person or his agent to appropriate, excavate, injure, or destroy any historic, or prehistoric ruin or monument, or any object of historical, archaeological, architectural, or scientific value situated on lands owned or controlled by the State Land Office without a valid permit issued by the Cultural Properties Review Committee and approved by the Commissioner of Public Lands.

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8. HOLD HARMLESS AND IMDEMNIFICATION

Permittee shall save, hold harmless, indemnify and defend Commissioner, the State Land Office, the State of New Mexico, and any of their officers, employees or agents, in their official and individual capacities, of and from any and all liability, claims, losses, damages, costs, and fees arising out of or alleged to arise out of, or directly or indirectly connected with, the operations of Permittee under this permit on or off State Trust Lands or arising out of the presence on State Trust Lands of any equipment, material, agent, invitee, contractor or subcontractor of Permittee. This Hold Harmless and Indemnification clause covers any claim, including any brought in any court or before any administrative agency, of any loss or alleged loss, and any damages or alleged damages asserted with respect to any violation or alleged violation of any state, federal or local law or regulation, including but not limited to any environmental law or regulation, any cultural properties law (including the New Mexico Cultural Properties Act, cited above) or regulation, and any alleged damage to the property, rights or interests of any State Land Office lessee, right-of-way holder, or other permittee.

9. AMENDMENT

This permit shall not be altered, changed, or amended except by an instrument in writing executed by Commissioner and Permittee.

10. WITHDRAWAL

Commissioner reserves the right to withdraw any or all of the land authorized for use under this permit. If applicable, Permittee shall vacate the acreage specified within 30 days after receipt of written notification of withdrawal from the Commissioner.

11. CANCELLATION

The violation by Permittee of any of the terms, conditions, or covenants of this permit or the nonpayment by Permittee of the fees due under this permit shall at the option of the Commissioner be considered a default and shall cause the cancellation of this permit 30 days after Permittee has been sent written notice of such.

12. PRESERVE AND PROTECT

The Permittee agrees to preserve and protect the natural environmental conditions of the land encompassed in this permit, and to take those reclamation or corrective actions that are accepted soil and water conservation practices and that are deemed necessary by the Commissioner to protect the land from pollution, erosion, or other environmental degradation. The Permittee further agrees not to injure the property of, or interfere with the operations or rights of, any State Land Office lessee, right-of-way holder, easement holder or other permittee who has rights to use the State Trust Land subject to this permit.

13. RECLAMATION, REMOVAL OF EQUIPMENT, MATERIALS, AND WASTE

The Permittee agrees to reclaim those areas that may be damaged by activities conducted thereon.

The Permittee agrees to remove from the State Trust Lands, no later than the end of the term of this permit, all equipment, and materials it has placed or brought upon the land and to clean up and remove from the land any trash, waste, effluent, or other products used or brought upon the land in connection with this permit.

14. SPECIAL INSTRUCTIONS AND/OR RESTRICTIONS

1. No off road traffic allowed.

2. No wood collection or tree cutting allowed.

3. Disturbing, dislodging, damaging, defacing, destroying or removing historical archaeological, paleontological or cultural sites or artifacts in a manner inconsistent with the provisions of the granted permit is prohibited.

4. Disturbing, dislodging, damaging, defacing, destroying any improvement, fixture, item, object or thing placed or located in, under or upon the land is prohibited.

5. This permit does not grant a right to enter State Trust Lands to which there is no public access.

6. Any uses or activities not within the scope of this permit are not allowed unless prior written approval from the Commissioner of Public Lands is granted.

2017 JAN 11 AM 11:11

WITNESS the hands and seals of PERMITTEE and COMMISSIONER on the day(s) and year entered below.

NC _____ Telephone:_____

PERMITTEE

ACKNOWLEDGMENT

STATE OF Texas)

COUNTY OF Dallas)

The foregoing instrument was acknowledged before me this 5th day of January, 20 17.

My Commission Expires: 10/22/2017 Tamara Baker

NOTARY PUBLIC

TAMARA BAKER
Notary Public, State of Texas
My Commission Expires
10/22/2017

_____ DATE: 1·17·17

COMMISSIONER OF PUBLIC LANDS
AUBREY DUNN

ROE- 2870

COMMISSIONER OF PUBLIC LANDS NEW MEXICO

2017 JAN 11 AM 11:11

Exhibit DP-3

Final EIS Table 1.5

Table 1-5. List of Required Federal and State Permits and Approvals*

Regulatory Authority/Agency	Permit/Approval	Project Trigger	Relevant Law/Regulation
Federal			
BLM	ROW grant, land use plan amendment	Request for ROW across BLM lands	43 U.S.C. 1761–1771
BLM	Permit for archaeological investigations	Federal undertaking with the potential to affect historic properties	Archaeological Resources Protection Act (ARPA), Antiquities Act of 1906, FLPMA
BLM	Permit for collection of paleontological resources	Potential for disturbance of paleontological resources and need for collection	Paleontological Resources Preservation Act, FLPMA
BLM *In consultation with Western, State Historic Preservation Offices (SHPOs), Advisory Council on Historic Preservation, tribes, other Federal, State, and local agencies and consulting parties*	Compliance with Section 106 of the NHPA	Potential to disturb historic properties	NHPA (54 U.S.C. 470); 36 CFR 800
Western	Determine whether Southline can upgrade Western's lines and use existing transmission easements as part of the proposed Project; determine feasibility and impacts of proposed Project; and determine the nature of Western's participation in the proposed Project	Proposal to upgrade a segment of Western's transmission system and have Western obtain updated and new transmission line easements, and to use Western funding	Hoover Power Plant Act 98-381, as amended Reclamation Law, including but not limited to the Reclamation Act of 1902, 43 U.S.C. 391, Hayden O'Mahoney Amendment, 43 U.S.C. 391a-1 and 392a; the Reclamation Project Act of 1939, Section (c) 43 U.S.C. 485h(c); Flood Control Act of 1944, Section 5, 16 U.S.C. 825s; Department of Energy Organization Act, 42 U.S.C. 7152a; Energy Policy Act of 1992, 16 U.S.C. 796, 824j, 824k, and 824l; Energy Policy Act of 2005 Contributed Funds Act, 43 U.S.C. 395; Antideficiency Act, 31 U.S.C. 1341; and associated regulations, orders and policies

Table 1-5. List of Required Federal and State Permits and Approvals* (Continued)

Regulatory Authority/Agency	Permit/Approval	Project Trigger	Relevant Law/Regulation
Federal, cont'd.			
Reclamation	Easement or ROW use authorization. Coordination with Central Arizona Water Conservation District for Project activities affecting CAP (Reclamation) lands and facilities.	Substation and/or ROW expansion	The Reclamation Act of June 17, 1902, 32 Stat. 388, 43 U.S.C. 371, et seq., specifically 32 Stat. 389, 43 U.S.C. 421 and the Flood Control Act of 1944, 58 Stat. 887, 890, 16 U.S.C. 825s, as amended and supplemented by subsequent acts or enactments; the Reclamation Project Act of 1939, 53 Stat. 1187, 43 U.S.C. 485; the Rivers and Harbors Act of August 30, 1935, 49 Stat. 1028, 1039, 33 U.S.C. 540; the Act of May 28, 1954, Ch. 12, 68 Stat. 143, and other acts specifically applicable to this project; the Act of August 1, 1888, 25 Stat. 357, 40 U.S.C. 257, repealed and reenacted as 40 U.S.C. 3113; the Act of February 26, 1931, 46 Stat. 1421, 40 U.S.C. 3114; the Department of Energy Organization Act of August 4, 1977, 91 Stat. 565, 42 U.S.C. 7101, specifically 91 Stat. 578, 42 U.S.C 7152; and the Omnibus Appropriations Bill of FY 2009, PL 111-8
BIA	ROW Easement	Upgrade of existing Western line across tribal land	25 CFR Part 169
Forest Service	SUP	Upgrade of existing Western line across Coronado National Forest	36 CFR 212.51(a)(8)
Forest Service – Coronado National Forest	SUP	Potential for disturbance of cultural resources on the Coronado National Forest	ARPA, FLPMA
USACE	Section 404 permit	Impacts to jurisdictional waters of the U.S.	Clean Water Act, 33 U.S.C. 1251, et seq.
U.S. Fish and Wildlife Service	Biological opinion, concurrence, or incidental take permit	Potential impact to threatened or endangered species	Endangered Species Act, 16 U.S.C. 1531–1544
U.S. Environmental Protection Agency	National Pollutant Discharge Elimination System (New Mexico)	Stormwater management from potential discharges greater than 5 acres	40 CFR 122.26
DOD	Easement or ROW use authorization	Construction, operation, and decommissioning of transmission line across DOD-administered land	10 U.S.C. 2668
Federal Aviation Administration (FAA)	A "No-hazard Declaration" required if structure is more than 200 feet high	Location of structure relative to airports and airspace if structure is more than 200 feet high	FAA Act of 1958, 14 CFR 77

Table 1-5. List of Required Federal and State Permits and Approvals* (Continued)

Regulatory Authority/Agency	Permit/Approval	Project Trigger	Relevant Law/Regulation
New Mexico			
New Mexico Public Regulation Commission	Application for approval of location of transmission line and certificate of public convenience and need	Construction of a transmission line greater than 230 kV	New Mexico Statutes Annotated (NMSA) 62-9-3; 17.9.592 New Mexico Administrative Code (NMAC), and NMSA 62-9-1; 17.1.2.9 NMAC
New Mexico Department of Transportation (DOT)	Access or public highway utility accommodation permit	Upgrading access roads, use of public highway to transport oversize loads, or installation of transmission lines within DOT ROW	18.31.6 NMAC, and 17.4.2 NMAC
New Mexico State Land Office	ROW or easement permit	Construction, operation of a transmission line on State lands	NMSA 19-7-57
New Mexico SHPO		Federal undertaking with the potential to affect historic properties	NHPA, Section 106 (36 CFR 800)
New Mexico State Historic Preservation Division	Permit for archaeological investigations	Potential for disturbance of cultural resources on State land	NMSA 18-6
New Mexico Department of Energy, Minerals, and Natural Resources Forestry Division	Collection permit	Displacement or removal of any State endangered plant species	NMSA 75-6-1; 19.21.2 NMAC
Arizona			
ACC	Certificate of Environmental Compatibility	Construction of a transmission line greater than 115 kV	Title 40 Arizona Revised Statutes (ARS) Chapter 2, Article 6.2 (40-360–40-360.13)
Arizona State Land Department	ROW/right-of-entry permit	Survey, construction, operation of a transmission line or substation on State lands	ARS 37-461
Arizona DOT	Crossing or encroachment permit, permit for use of highway ROW	Construction, operation, abandonment of transmission lines within State highway ROW or use of public highway to transport oversize loads	ARS 28-7053, Arizona Administrative Code R17-3-501–509
Arizona SHPO		Federal undertaking with the potential to affect historic properties	NHPA, Section 106 (36 CFR 800)
Arizona State Museum (ASM)	Arizona Antiquities Act (AAA) blanket permit or Project-specific permit	Potential for disturbance of cultural resources on State land	AAA ARS 41-841 through 41-847
ASM	Permission to disturb human remains	Potential for disturbance of human or funerary objects remains on State or private land	AAA ARS 41-844 and ARS 41-865

Table 1-5. List of Required Federal and State Permits and Approvals* (Continued)

Regulatory Authority/Agency	Permit/Approval	Project Trigger	Relevant Law/Regulation
Arizona, cont'd.			
ASM	AAA blanket permit	Potential for disturbance of paleontological resources on State land	AAA ARS 41-841
Arizona Department of Environmental Quality	Arizona Pollutant Discharge Elimination System	Stormwater management from potential discharges greater than 5 acres	ARS 49-255.01
Tohono O'odham Nation	Permit to conduct archaeological work	Potential for disturbance of cultural resources on Tohono O'odham Nation land	Title 8, Chapter 1, "Archaeological Resources Protection" (Ordinance No. 06-84) of the Tohono O'odham Nation Tribal Code
Arizona Department of Agriculture	Application for Arizona native plant and wood removal	Displacement or removal of any listed native plant species	Native Plant Law, ARS Title 3 (Chapter 7)
Local†			
Development Services, Public Works, DOT	ROW use permit, encroachment permit	Potential encroachment onto County/City ROW	Varies; County/local ordinance or municipal code
Planning and Zoning, Community Development	Special use, conditional use permits	Change zoning or land use to allow construction of the transmission line and associated facilities	Varies; County/local ordinance or municipal code
Floodplain Departments	Floodplain use permit	Construction of project facilities in flood-prone areas as defined by Federal Emergency Management Agency	Varies; County ordinance
Public Works Department	Grading/excavation/building permit	Construction	Varies; County/local ordinance or municipal code
Department of Environmental Quality, Air Quality Districts	Fugitive dust control permits	Construction	Varies; County ordinance

* Note that this list is not exhaustive.

† Local permits are only examples of permits that may be required by various local agencies (County/City).

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L. L. C. , FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L. L. C. ,	)	
APPLICANT.	)	

DIRECT TESTIMONY OF ANDY RAWLINS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Andy Rawlins. My business address is 10391 East Berry Drive, Greenwood Village, Colorado 80111.

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

A. I own my own private consulting firm, Rawlins Transmission Consulting, through which I primarily consult with Black & Veatch, a global engineering, procurement, and construction firm.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the Applicant, Southline Transmission, L.L.C. ("Southline").

Q. PLEASE PROVIDE A SUMMARY OF YOUR EDUCATIONAL BACKGROUND.

A. I graduated from Purdue University with a Bachelor's of Science Degree in Civil Engineering.

Q. DO YOU HOLD ANY PROFESSIONAL LICENSES?

A. Yes, I am a registered Professional Engineer with the State of Colorado, the State of California, and the State of Texas.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.

A. I have 38 years of experience in the electric utility business: five years at the Bureau of Reclamation, six years onsite at Western Area Power Administration's ("WAPA") headquarters with two consulting firms, 18 years with Black & Veatch, and 9 years as a private consultant working primarily with Black & Veatch.

Q. PLEASE DESCRIBE YOUR ROLE IN THE SOUTHLINE TRANSMISSION PROJECT ("PROJECT").

A. I have been involved with the Project since 2011. I serve as the engineer manager for transmission and provide technical support for routing and permitting.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY ADMINISTRATIVE OR JUDICIAL PROCEEDINGS?

A. Yes. I testified before the Arizona Power Plant and Transmission Line Siting Committee in Docket No. L-00000AAA-16-0370-00173, Case No. 173, concerning Southline's Application for Certificate of Environmental Compatibility. I have also testified before the Colorado Public Utilities Commission in the Docket No. 03A-192E.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony provides technical support for Southline's Application for a location approval and right-of-way ("ROW") width determination for the Southline Transmission Project.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. I describe the technical aspects of the transmission line and substation components included in the New Mexico portion of the Project. My testimony addresses the proposed structure configurations, typical structure heights, typical span lengths, and the need for a 200-foot ROW. My testimony regarding the proposed new substation and expansion of two existing substations includes descriptions of the configurations and required equipment as well as the anticipated level of ground disturbance.

Q. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECTION?

A. Yes.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. In addition to my Direct Testimony, I am sponsoring:

- Exhibit AR-1 – Lattice Tower Design Characteristics
- Exhibit AR-2 – Steel Monopole Design Characteristics
- Exhibit AR-3 – Afton Substation Area
- Exhibit AR-4 – Afton Substation General Arrangement
- Exhibit AR-5 – Afton Substation One-Line Diagram
- Exhibit AR-6 – Hidalgo Substation Area
- Exhibit AR-7 – Hidalgo Substation General Arrangement
- Exhibit AR-8 – Hidalgo Substation One-Line Diagram
- Exhibit AR-9 – Midpoint Substation Area
- Exhibit AR-10 – Midpoint Substation General Arrangement
- Exhibit AR-11 – Midpoint Substation One-Line Diagram
- Application Exhibit 11 – Project Schematic Diagram

III. TECHNICAL ASPECTS OF PROJECT

A. **Generally**

Q. PLEASE GENERALLY DESCRIBE THE PROJECT.

A. As described in the Direct Testimony of Matthew Virant, the NM Proposed Route consists of (1) approximately 147 miles of double-circuit 345-kV transmission line that will start at the existing El Paso Electric Company ("EPE") Afton Substation south of Las Cruces and run west to the existing EPE Hidalgo Substation northeast of Lordsburg, then continue westerly to the New Mexico/Arizona border; (2) a 5-mile-long double-circuit 345-kV segment ("Segment P1") to loop the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation; and (3) a 31-mile-long double-circuit 345-kV segment ("Segment P3") running north-south between Interstate 10 and New Mexico State Route 9. The NM Proposed Route will have a nominal ROW width of 200 feet and will interconnect with one new substation (Midpoint) near Deming and the two existing EPE substations—Afton and Hidalgo—that will be upgraded.

Q. DOES THE PROJECT INCLUDE AN ELECTRIC GENERATING PLANT?

A. No.

Q. HOW DOES THE PROJECT INTERCONNECT WITH THE EXISTING NEW MEXICO TRANSMISSION SYSTEM?

A. Exhibit 11 to the Application, which I sponsor, is a schematic diagram showing how the Project proposes to interconnect with the existing transmission grid in New Mexico.

Q. PLEASE SUMMARIZE THE TECHNICAL ASPECTS OF THE PROJECT COMPONENTS INCLUDED IN THE NM PROPOSED ROUTE.

A. The NM Proposed Route will include approximately 183 miles of double-circuit 345-kV transmission line. Lattice towers are expected to be the primary structure type supporting the 345-kV circuits. Steel monopole structures may be utilized in some circumstances. Approximately 4 miles of the NM Proposed Route parallel existing natural gas pipeline, and 125 miles parallel existing transmission lines.

The NM Proposed Route maximizes use of existing access roads. The EPE Afton Substation will be expanded to include a new Afton substation that will be owned and operated by Southline. Similarly EPE's Hidalgo Substation will be expanded to include a new Hidalgo substation that will be owned and operated by Southline. Finally, the new Midpoint Substation will be built adjacent to the proposed alignment and will also be owned and operated by Southline.

B. **Circuit Design and Structure Design**

Q. PLEASE BRIEFLY DESCRIBE THE DESIGN OF THE TRANSMISSION LINE FOR THE NM PROPOSED ROUTE.

A. It is expected that the 345-kV transmission line will primarily use self-supporting steel lattice structures installed on concrete foundations. Self-supporting steel monopole structures installed on concrete foundations may be used in some circumstances. Typical configuration drawings are shown in Exhibits AR-1 and AR-2 to my Direct Testimony. The conductors will be bundled 1272 KCMIL ACSR for the 345-kV transmission line. The new shield wires will be a combination of 7/16 inch extra high strength steel and optical ground wire. Two subconductors will be used per phase. The designed ground clearance will be 30 feet at 100 degrees Celsius.

Q. PLEASE DESCRIBE THE TECHNICAL ASPECTS OF THE LATTICE STRUCTURES THAT WILL BE USED.

A. The lattice structures will be self-supporting steel lattice towers ranging from 110 to 170 feet tall depending on terrain. These structures will typically be spaced approximately 700 to 1400 feet apart, resulting in approximately 4 to 7 structures per mile.

Q. PLEASE DESCRIBE THE TECHNICAL ASPECTS OF THE MONOPOLE STRUCTURES THAT MAY BE USED.

A. The self-supporting steel monopole towers that may be used in certain circumstances will be 90 to 150 feet tall depending on terrain. These structures will typically be spaced 700 to 1100 feet apart, resulting in approximately 5 to 7 structures per mile.

Q. UNDER WHAT CIRCUMSTANCES WOULD THE MONOPOLE STRUCTURES BE USED AS OPPOSED TO THE LATTICE STRUCTURES?

A. Monopole structures may be utilized where needed to address terrain constraints and where only a small number of structures are required. Monopoles could also be used if lead times associated with lattice tower deliveries create schedule concerns.

C. **Required ROW**

Q. WHAT ARE THE NEW MEXICO STATUTORY REQUIREMENTS REGARDING ROW WIDTHS IN RELATION TO THE PROPOSED 345-KV TRANSMISSION LINE?

A. Section 62-9-3.2(A) of the Public Utility Act ("PUA") requires Southline obtain a New Mexico Public Regulation Commission ("Commission") determination that any proposed ROW width greater than 100 feet is necessary before construction of any transmission line and associated facilities can commence. Southline is to file an application that sets forth the facts necessary to allow the Commission to make a determination that the requested ROW width is necessary (see PUA § 62-9-3.2(C)).

Q. HAS SOUTHLINE DETERMINED THE ROW WIDTH REQUIRED FOR THE PROPOSED 345-KV TRANSMISSION LINE?

A. Yes. The proposed 345-kV transmission line will require a 200-foot ROW width, 100 feet on either side of the centerline.

Q. PLEASE EXPLAIN WHY A 200-FOOT ROW WIDTH IS REQUIRED FOR THE NM PROPOSED ROUTE.

A. A 200-foot ROW is needed for the Project to comply with the requirements of Rules 234 A-2, B-1, and G of the National Electric Safety Code ("NESC"). Specifically, the NESC specifies minimum horizontal and vertical clearance requirements for overhead lines, which vary depending on the characteristics of the transmission line. Additionally, Southline's design criteria require that the conductors stay within the ROW under the maximum anticipated wind velocity. For the proposed Project, the ROW width must be sufficient for the transmission line, which incorporates a structure width of up to 56 feet for 345-kV design. The horizontal displacement of the 1272 KCMIL ACSR bundled conductors due to a

25.6-pound per square foot (100 mph) wind loading on a 1400-foot span, along with the applicable safety clearances, will be contained within the boundaries of a 200-foot ROW easement.

The proposed 200-foot ROW also allows for flexibility during design and construction by allowing spans to be offset from the center of the ROW as necessary without violating NESC requirements. Further, it is customary in the utility industry to have a ROW that is somewhat larger than the calculated minimum under the NESC to account for construction tolerances and to provide for the general safety of the public. Finally, a 200-foot ROW will be necessary to provide adequate access for maintenance of the transmission line.

D. **Substations**

Q. PLEASE DESCRIBE GENERALLY WHAT THE IMPROVEMENTS TO THE EXISTING NEW MEXICO SUBSTATIONS WILL ENTAIL?

A. The Afton and Hidalgo substations will require new yard expansions, line and/or bus compensation equipment, shunt reactors, switches and breakers, and construction laydown areas. Additionally, two phase-shifting transformers will be required at Afton.

Q. PLEASE EXPLAIN IN MORE DETAIL WHAT IS PROPOSED AT THE AFTON SUBSTATION.

A. The Afton Substation is an existing substation owned and operated by EPE and is located southwest of Las Cruces, New Mexico. An additional 10 acres of permanent disturbance will be required to construct a new yard to accommodate the new 345-kV lines. Existing access to the site will be used for construction, operation, and maintenance. The new yard will be built adjacent to the existing switchyard on the west side. Within the existing substation, the control building will be used and existing main buses expanded to accommodate two additional line positions and two additional transformer positions.

Equipment to be installed within the new yard will include circuit breakers and associated equipment, high-voltage switches, transmission line termination structures, bus supports, and two phase-shifting transformers. Two line positions and two transformer positions will be added to the existing switchyard. The Luna-

Diablo 345-kV transmission line will be looped into the new yard and terminated at the new line positions. The maximum takeoff transmission line structure height will be 80 feet. All additional equipment needed for technical reasons, such as series capacitor banks and shunt reactors, will be located within the footprint of the new yard.

There will be approximately 20 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed, and the other 10 acres of which will be the permanent disturbance for the substation expansion. The majority of this proposed substation expansion area has been previously disturbed. The existing substation is located on private land surrounded by BLM managed lands. Exhibit AR-3 to my Direct Testimony shows an aerial image of the substation site.

Q. PLEASE PROVIDE THE CURRENT AFTON GENERAL ARRANGEMENT.

A. The proposed general arrangement drawing for Afton is included as Exhibit AR-4 to my Direct Testimony.

Q. PLEASE PROVIDE THE CURRENT AFTON ONE-LINE DIAGRAM.

A. The proposed one-line diagram for Afton is included as Exhibit AR-5 to my Direct Testimony.

Q. PLEASE EXPLAIN WHAT IS PROPOSED AT THE HIDALGO SUBSTATION.

A. The Hidalgo Substation is an existing substation owned and operated by EPE and is located north of Lordsburg, New Mexico. An additional 25 acres of permanent disturbance will be required to construct a new yard to accommodate the new 345-kV transmission lines (four new line positions as well as a connection to the existing substation). Existing access to the site will be used for construction, operation, and maintenance. Equipment to be installed within the new yard will include circuit breakers and associated equipment, high-voltage switches, transmission line termination structures, and bus supports. The existing substation

buses will be expanded to accommodate an additional line position for connection to the new yard. A new control building will be required.

Transmission lines from the Midpoint (described below) or Afton substations and the Apache Substation in Arizona will be terminated at Hidalgo. The maximum takeoff transmission line structure height will be 80 feet. Additional equipment like series capacitor banks and shunt reactors will be located within the footprint of the new yard.

There will be approximately 35 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed, and the other 25 acres of which will be the permanent disturbance for the substation expansion. The existing substation is located on private land, but is surrounded by NMSLO lands. As a result, depending on the final footprint of the expansion and disturbance, portions of the substation expansion and construction yard could be located on NMSLO lands. Approximately 6 acres of this proposed substation expansion area have been previously disturbed; the remainder is undisturbed lands. Exhibit AR-6 shows an aerial image of the substation site.

Q. PLEASE PROVIDE THE CURRENT HIDALGO GENERAL ARRANGEMENT.

A. The proposed general arrangement drawing for Hidalgo is included as Exhibit AR-7 to my Direct Testimony.

Q. PLEASE PROVIDE THE CURRENT HIDALGO ONE-LINE DIAGRAM.

A. The proposed one-line diagram for Hidalgo is included as Exhibit AR-8 to my Direct Testimony.

Q. WHAT IS THE STATUS OF THE INTERCONNECTION AGREEMENTS WITH THE EPE?

A. Southline has submitted an Interconnection Application to EPE and is in the process of negotiating those agreements.

Q. PLEASE EXPLAIN WHAT IS PROPOSED AT THE MIDPOINT SUBSTATION.

A. The Midpoint Substation is a planned new substation that will be located near I-10 east of Deming, New Mexico. Its purpose is to provide an interconnection point for Segment P3, which is being permitted to provide access to a renewable-rich area. It is anticipated that construction of this substation will not be part of the initial construction phase, but will be delayed until needed to serve as yet undetermined generation facilities expected along Segment P3. The Midpoint Substation will be owned by Southline but operated by a third party to be determined at a later date. The new substation will include approximately 25 acres of permanent disturbance for the facility; five to six transmission lines will be terminated at the substation. Equipment installed will include 345-kV circuit breakers, disconnect switches, bus supports, transformers, and transmission line termination structures.

The maximum takeoff transmission line structure height will be 80 feet. A small control building will be constructed to accommodate necessary system communications and control equipment. Additional equipment like series capacitor banks and shunt reactors will be located within the footprint of the new yard.

There will be approximately 35 acres of disturbance, 10 acres of which will be used for the transmission line construction and as a substation laydown yard and be reclaimed, and the other 25 acres of permanent disturbance. The proposed Midpoint Substation is located on private and NMSLO lands that have not been previously disturbed. Exhibit AR-9 to my Direct Testimony shows an aerial image of the substation siting area.

Q. PLEASE PROVIDE THE CURRENT MIDPOINT GENERAL ARRANGEMENT.

A. The proposed general arrangement drawing for Midpoint is included as Exhibit AR-10 to my Direct Testimony.

Q. PLEASE PROVIDE THE CURRENT MIDPOINT ONE-LINE DIAGRAM.

A. The proposed one-line diagram for Midpoint is included as Exhibit AR-11 to my Direct Testimony.

E. **Construction Timetable**

Q. WHAT IS THE CONSTRUCTION TIMETABLE FOR THE PROJECT?

A. Preliminary transmission line design began in 2011 and is ongoing. Issuance of material contracts are expected to begin in the fall of 2017 with deliveries expected to begin in December of 2017. Construction is expected to start in January 2018 and should take approximately 24 months to complete the first phase, which includes the 152 miles of transmission line and expansion of two substations in New Mexico. The expected in-service date for the first phase is December 2019. The construction timetable for the Midpoint Substation and the associated 31-mile line segment ("Segment P3") is dependent upon the timetable of generation developers who would utilize these facilities. It is anticipated that this later phase would go into service in 2022.

IV. CONCLUSION

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

A. The 183 miles of double-circuit 345-kV transmission line designated as the NM Proposed Route will require a 200-foot wide ROW. To construct the new substation and expand the two existing substations along that route, a total of 60 acres of permanent disturbance and 30 acres of temporary disturbance will be required.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

AFFIDAVIT OF ANDY RAWLINS

THE STATE OF COLORADO §
§
COUNTY OF Denver §

BEFORE ME, the undersigned authority, on this day personally appeared Andy Rawlins, who being by me first duly sworn, on oath deposed and said the following:

1. My name is Andy Rawlins. I am over 18 years of age and of sound mind. I own my own private consulting firm, Rawlins Transmission Consulting, through which I primarily consult with Black & Veatch. My business address is 10391 East Berry Drive, Greenwood Village, Colorado 80111.

2. I am the witness identified in the accompanying testimony and am familiar with its contents. Based on my personal knowledge, the facts stated in the direct testimony

are true. In addition, in my judgment and based upon my professional experience, the opinion and conclusions stated in the testimony are true, valid, and accurate.

FURTHER AFFIANT SAYETH NOT

Andy Rawlins

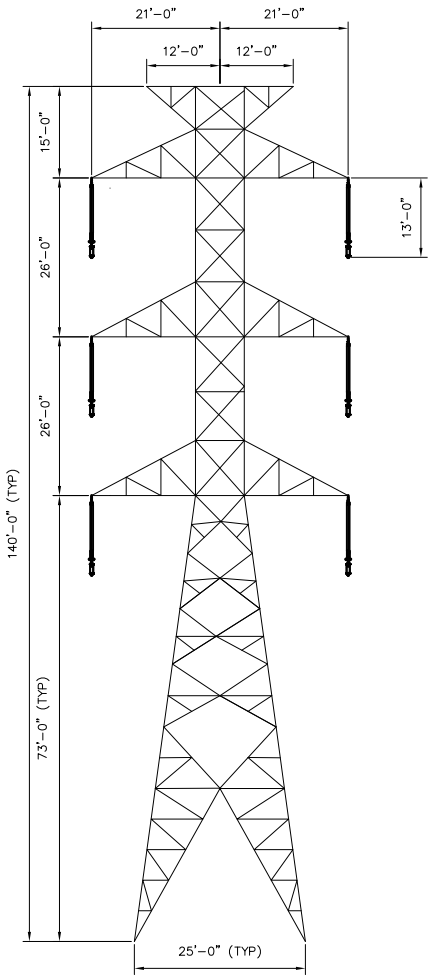
SUBSCRIBED AND SWORN to before me on this the 3 day of March, 2017.

Notary Public in and for the State of Colorado

SHARON K. MOUTON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20034010281
MY COMMISSION EXPIRES APRIL 04, 2019

Exhibit AR-1

Lattice Tower Design Characteristics



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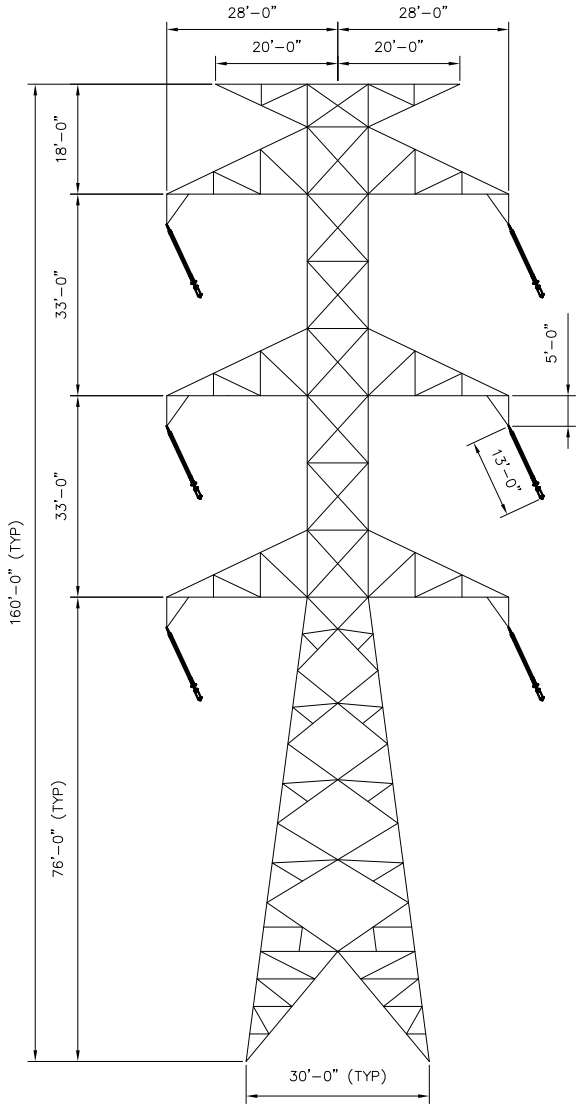
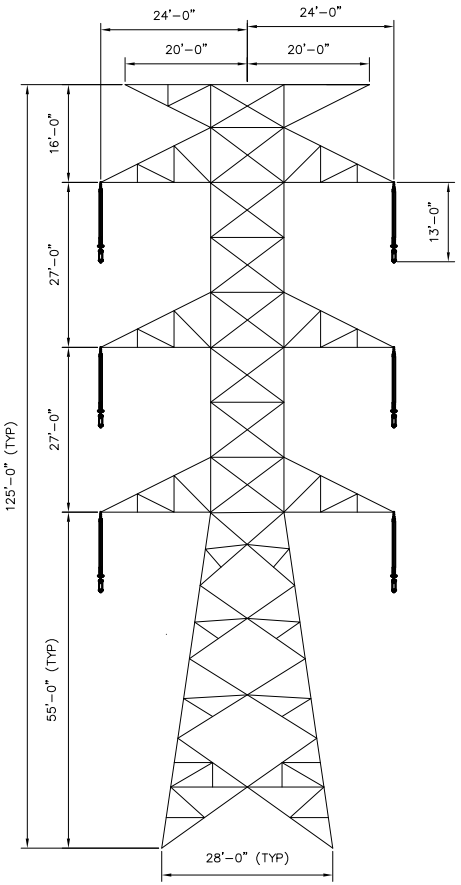


SUSPENSION ANGLE



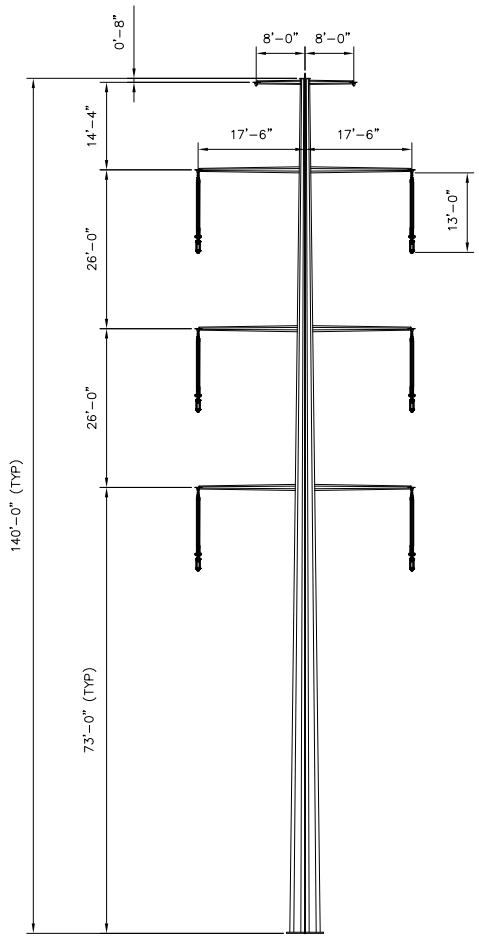
DEADEND

TYPICAL DESIGN CHARACTERISTICS OF THE PROPOSED NEW BUILD 345-KV TRANSMISSION LINE
DOUBLE CIRCUIT LATTICE TOWER OPTION

STRUCTURE TYPE: SELF-SUPPORTING STEEL LATTICE TOWERS
STRUCTURE HEIGHT: 110-170 FEET
SPAN LENGTH: 700-1400 FEET
NUMBER OF STRUCTURES PER MILE: 4-7
ROW WIDTH: 200 FEET
CONDUCTOR SIZE: 1272 KCMIL ACSR (TWO SUBCONDUCTORS PER PHASE)
DESIGN GROUND CLEARANCE: 30 FEET AT 100° C

Exhibit AR-2

Steel Monopole Design Characteristics



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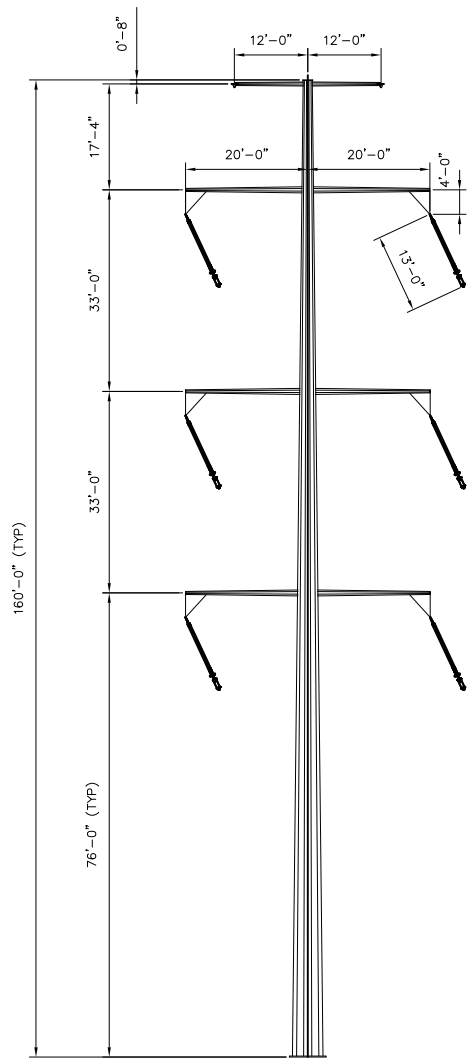

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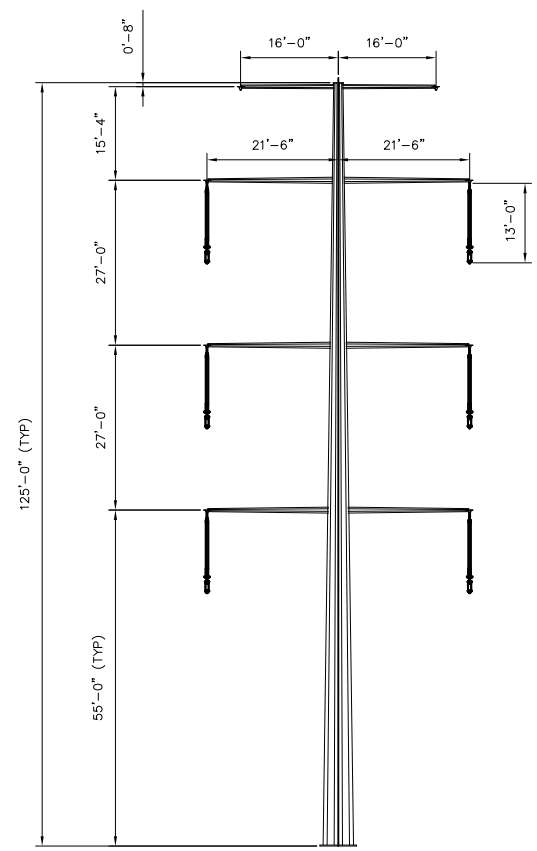


DEADEND

TYPICAL DESIGN CHARACTERISTICS OF THE PROPOSED NEW BUILD 345-KV TRANSMISSION LINE
DOUBLE CIRCUIT STEEL MONOPOLE OPTION

STRUCTURE TYPE: SELF-SUPPORTING STEEL MONOPOLE STRUCTURES
STRUCTURE HEIGHT: 90-150 FEET
SPAN LENGTH: 700-1100 FEET
NUMBER OF STRUCTURES PER MILE: 5-7
ROW WIDTH: 200 FEET
CONDUCTOR SIZE: 1272 KCMIL ACSR (TWO SUBCONDUCTORS PER PHASE)
DESIGN GROUND CLEARANCE: 30 FEET AT 100° C

Exhibit AR-3

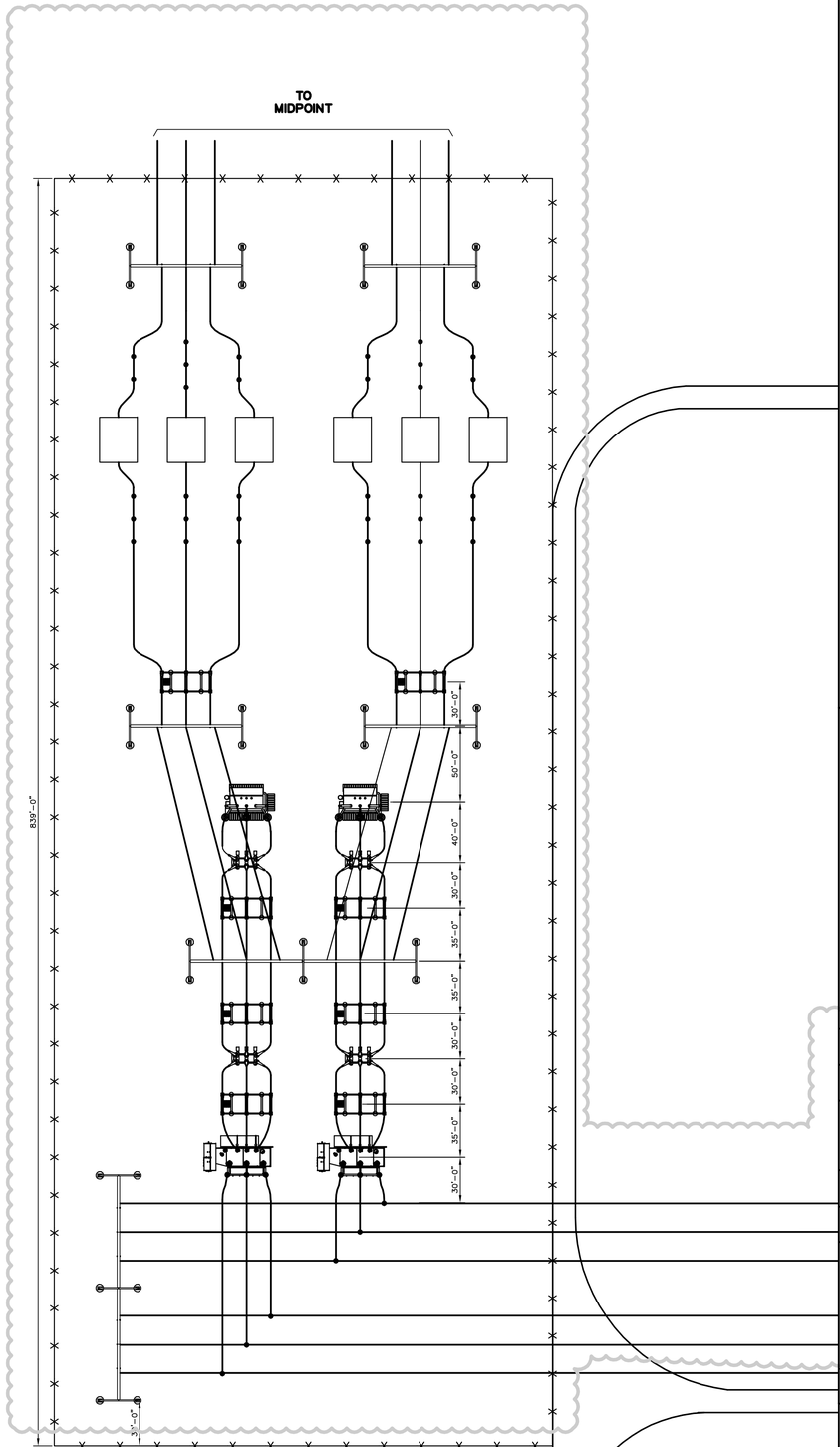
Afton Substation Area

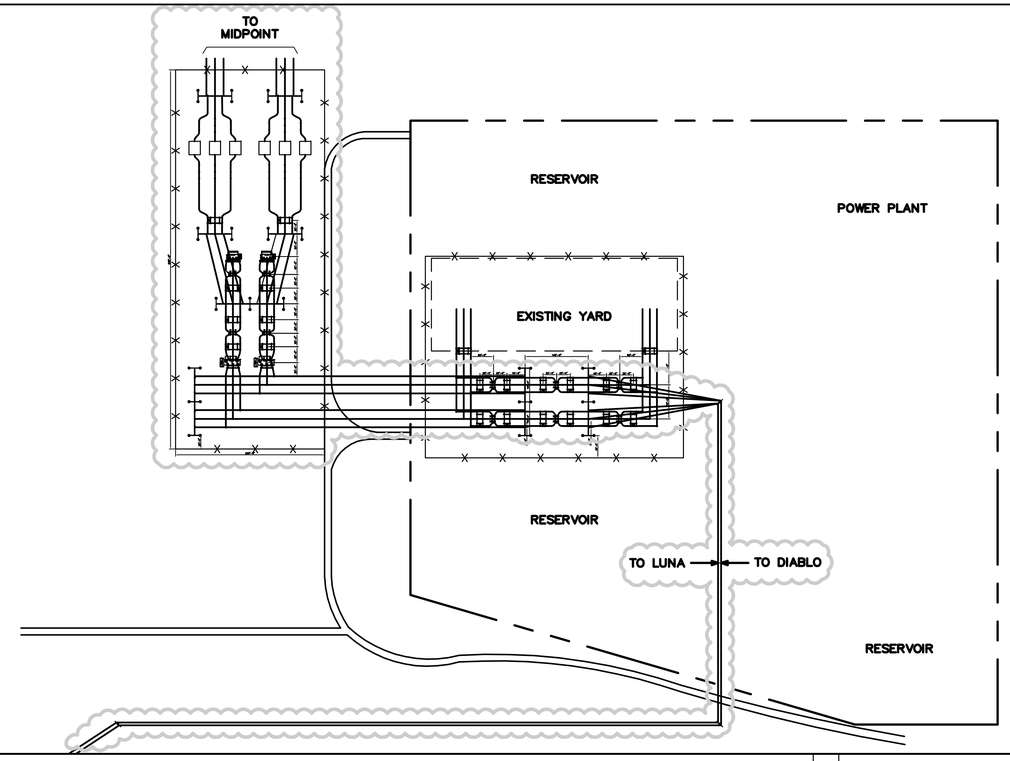

Afton Substation
Preliminary Line Routing
B009
Afton Rd
N
1000 ft
Google earth
© 2016 Google
© 2016 INEGI

Exhibit AR-4

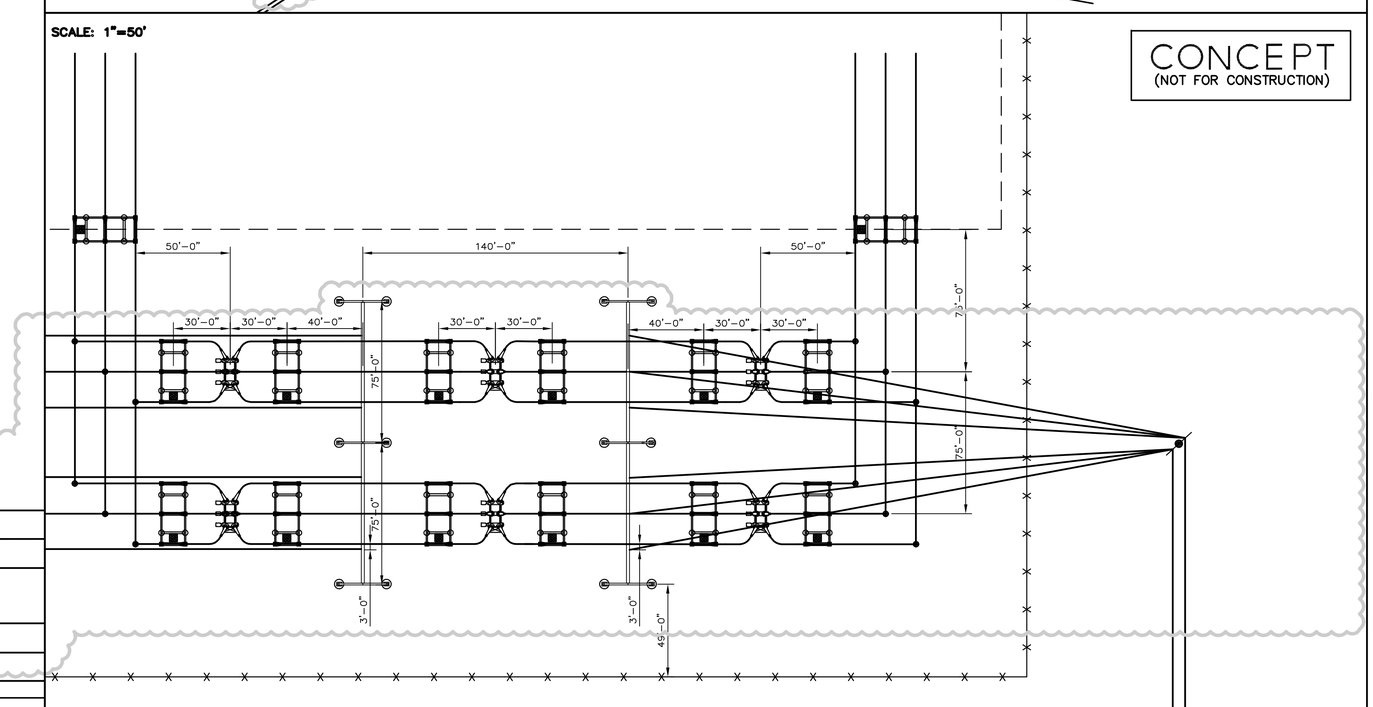
Afton Substation General Arrangement

SCALE: 1"=50'





SCALE: 1"=50'



CONCEPT
(NOT FOR CONSTRUCTION)

NO	DATE	REVISIONS AND RECORD OF ISSUE	DRN	DES	CHK	PDE	APP
B	2/21/13	REVISED PER SITE VISIT	KLP	CWM		PEH	
A	7/20/12	ISSUED WITH FACILITIES STUDY TASK 2	CWM	CWM		PEH	

SCALE: AS NOTED

CONCEPT
(NOT FOR CONSTRUCTION)

ENGINEER PEH | DRAWN CWM
CHECKED | DATE 7/20/12

BLACK & VEATCH CORP.
6300 S SYRACUSE WY
SUITE 300
CENTENNIAL CO, 80111

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SUBSTATION
AFTON SUBSTATION
GENERAL ARRANGEMENT

REV B

CODE CODE
AREA AREA

DRAWING NUMBER
AFTON GA

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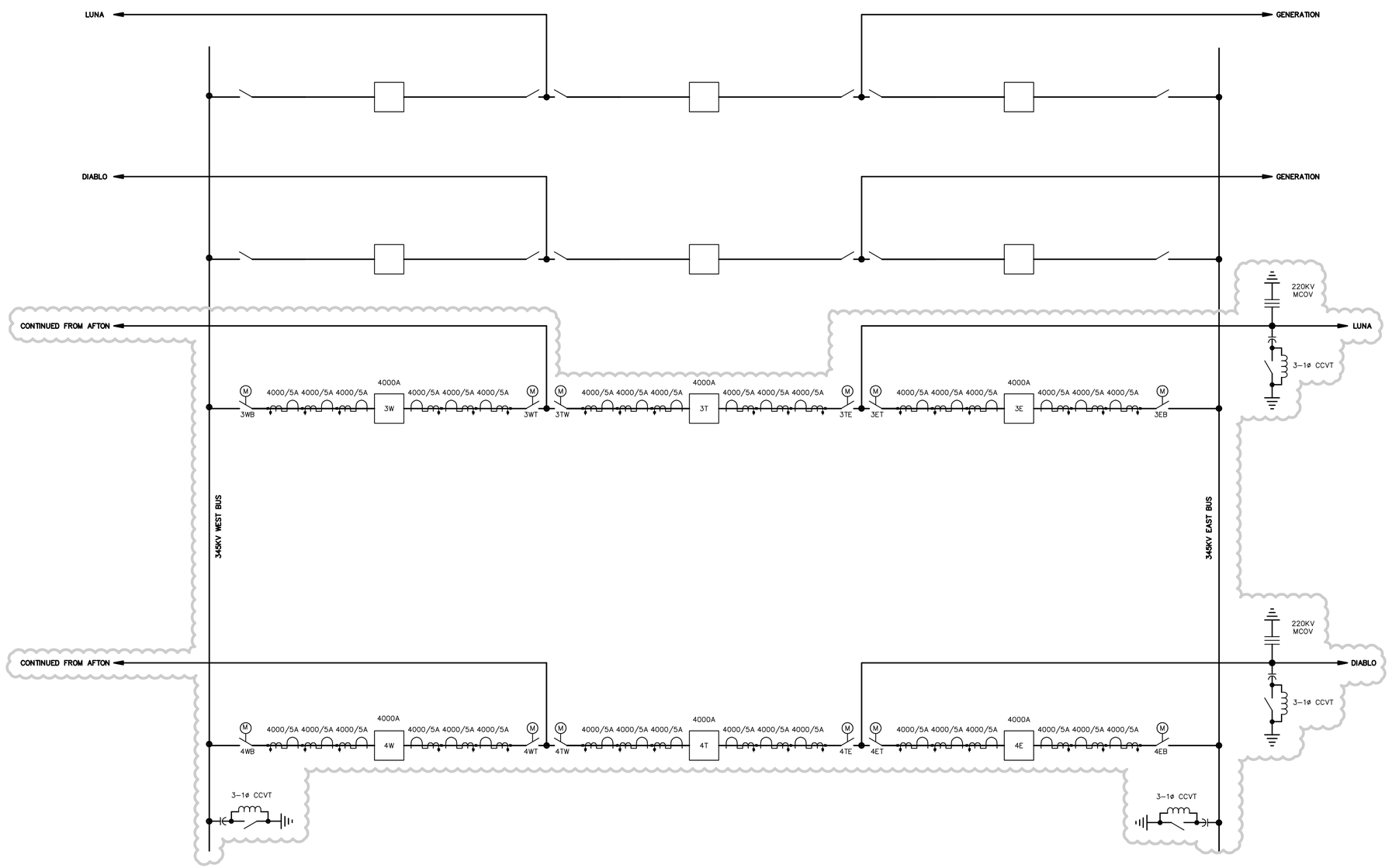
AUTOCAD 2008
MIN63370

Exhibit AR-5

Afton Substation One-Line Diagram



CONCEPT
(NOT FOR CONSTRUCTION)

*NOTE:
ALL RATINGS ARE TBD. RATINGS SHOWN ARE PLACEHOLDERS ONLY.

NO	DATE	REVISIONS AND RECORD OF ISSUE	DRN	DES	CHK	PDE	APP
A	7/20/12	ISSUED FOR FACILITIES STUDY TASK 2		CWM		PEH	

SCALE: NONE

CONCEPT
(NOT FOR CONSTRUCTION)

ENGINEER PEH | DRAWN CWM
CHECKED | DATE 7/20/12

BLACK & VEATCH CORP.
6300 S SYRACUSE WY
SUITE 300
CENTENNIAL CO, 80111

TEXAS REGISTERED ENGINEERING FIRM F-000258

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AFTON SUBSTATION
ONE LINE DIAGRAM
PART 1

REV A

CODE CODE
AREA AREA

DRAWING NUMBER
AFTON 1-LINE PT 1

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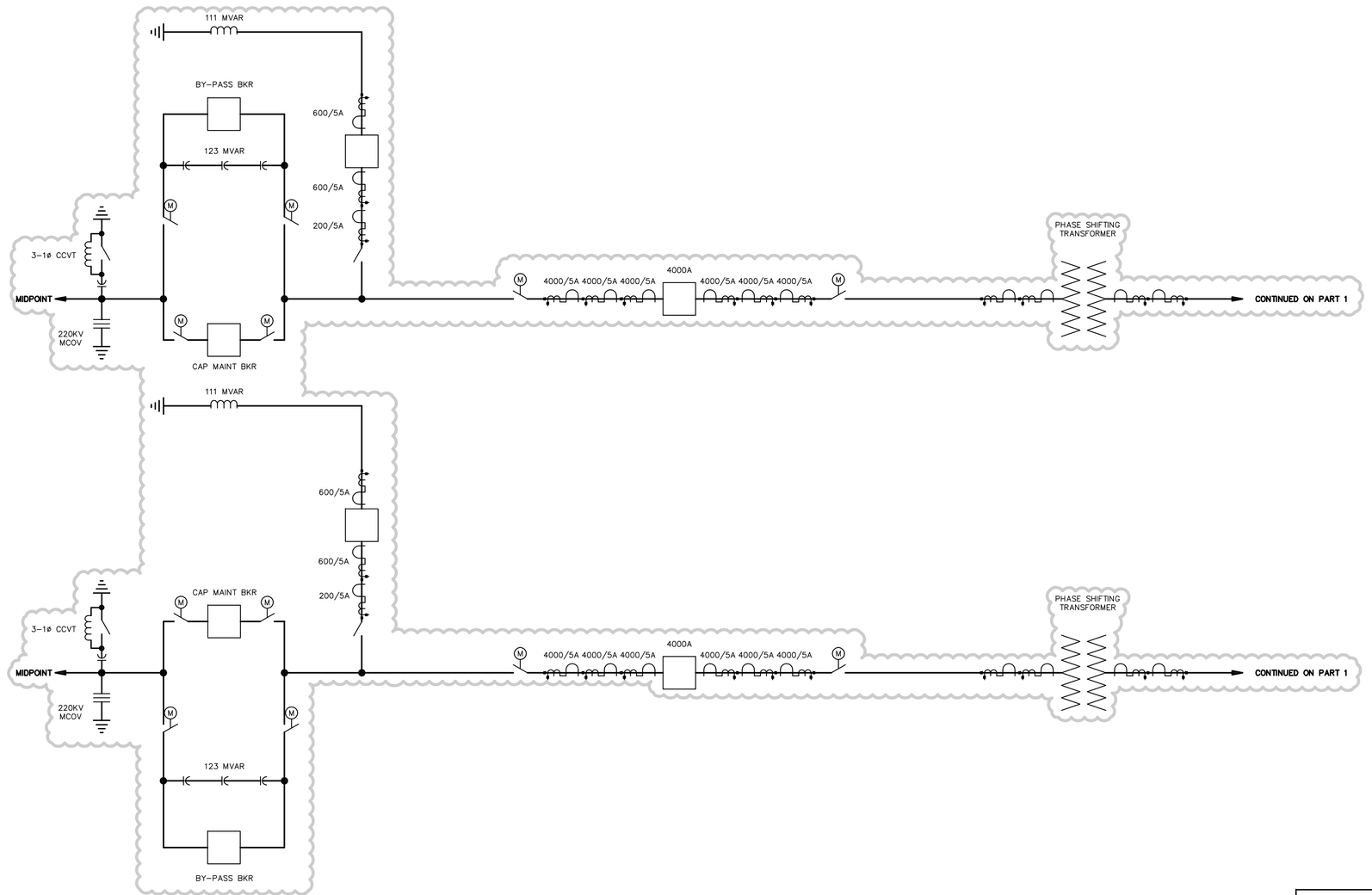

CONCEPT
(NOT FOR CONSTRUCTION)

***NOTE:**
ALL RATINGS ARE TBD. RATINGS SHOWN ARE PLACEHOLDERS ONLY.

NO	DATE	REVISIONS AND RECORD OF ISSUE	DRN	DES	CHK	PDE	APP
A	7/20/12	ISSUED FOR FACILITIES STUDY TASK 2		CWM		PEH	

SCALE: NONE

CONCEPT
(NOT FOR CONSTRUCTION)

ENGINEER PEH | DRAWN CWM
CHECKED | DATE 7/20/12

BLACK & VEATCH CORP.
6300 S SYRACUSE WY
SUITE 300
CENTENNIAL CO, 80111

TEXAS REGISTERED ENGINEERING FIRM F-000258

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AFTON SUBSTATION
ONE LINE DIAGRAM
PART 2

REV A

CODE CODE

DRAWING NUMBER
AFTON 1-LINE PT 2

AREA AREA

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Exhibit AR-6

Hidalgo Substation Area

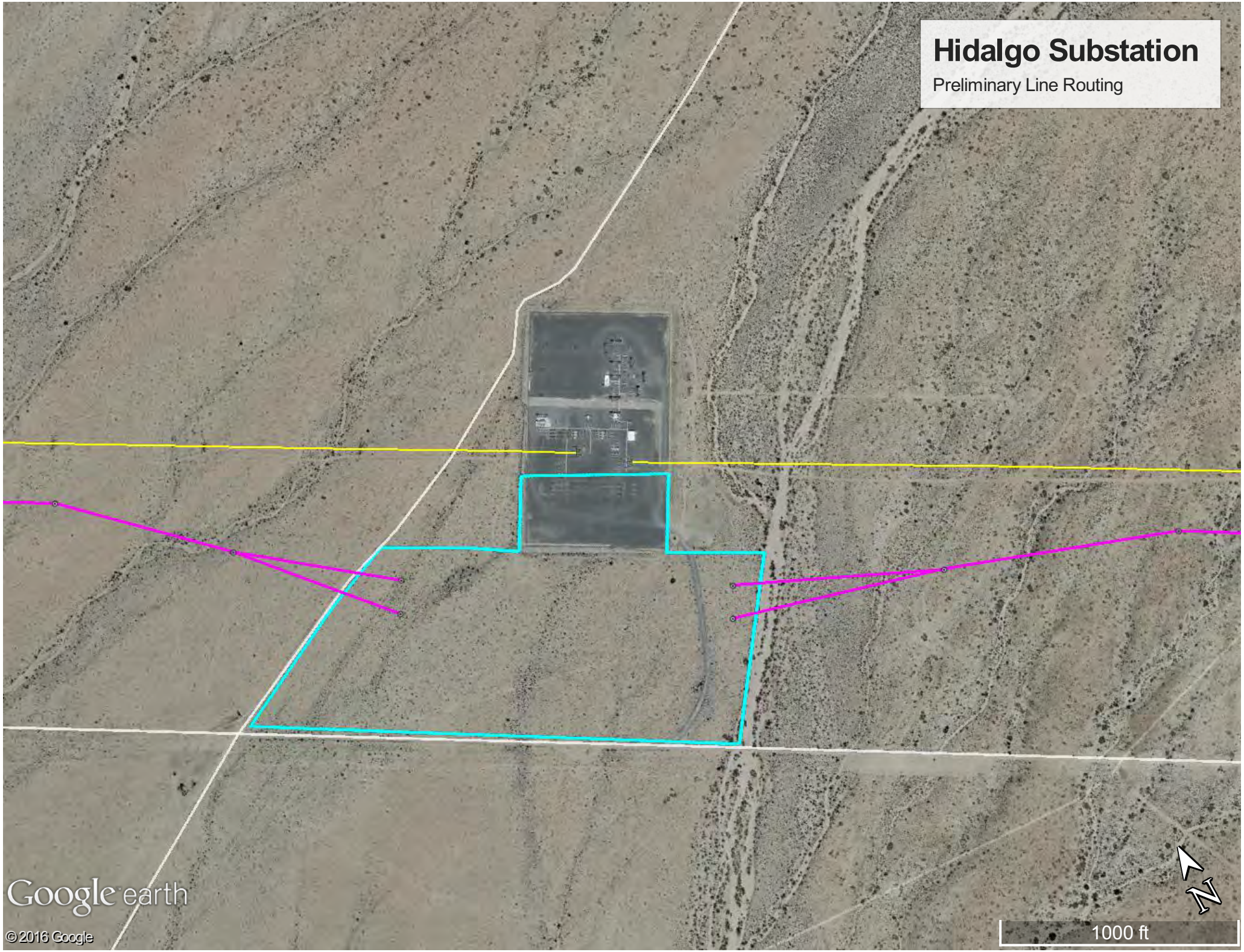
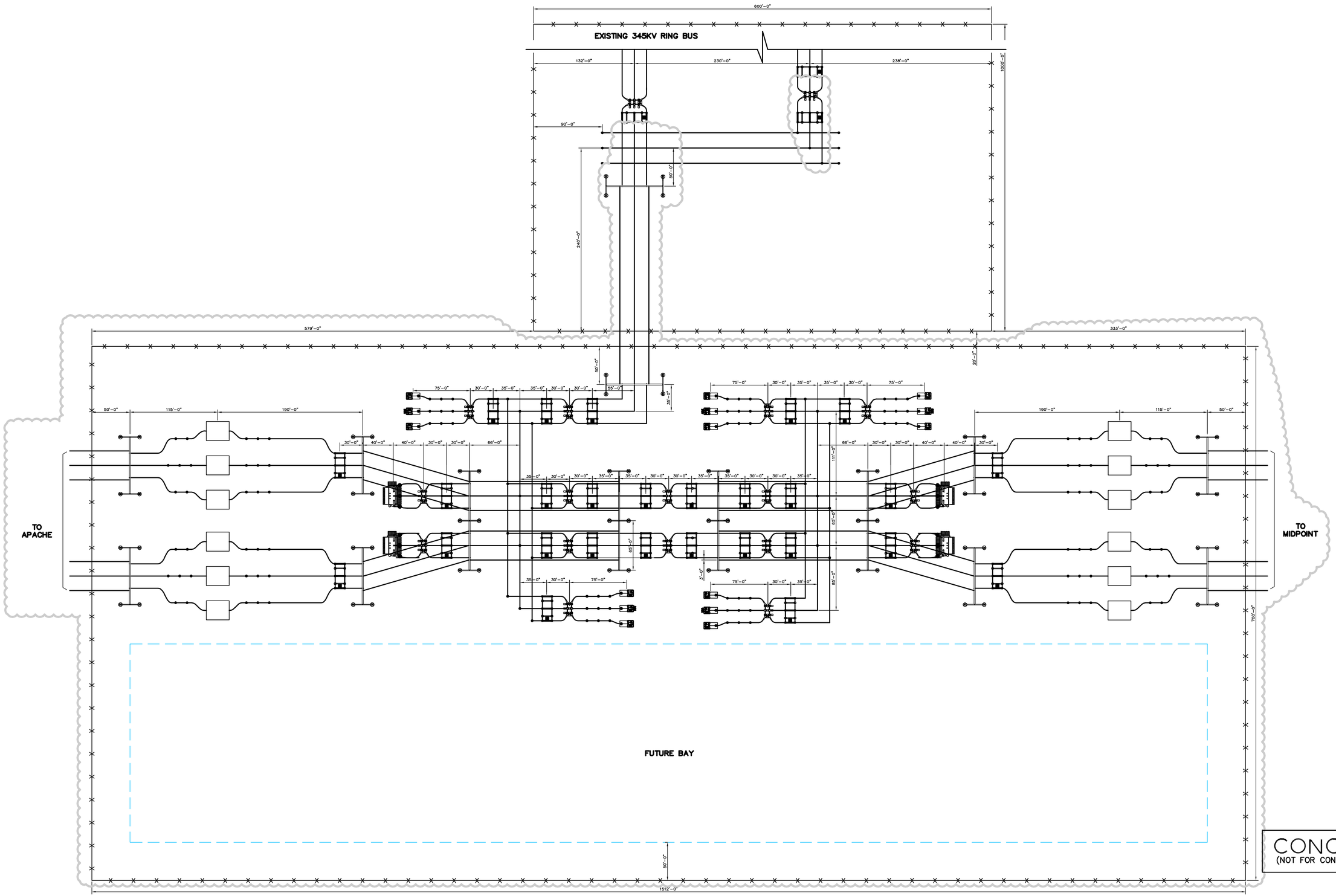

Hidalgo Substation
Preliminary Line Routing
Google earth
© 2016 Google
N
1000 ft

Exhibit AR-7

Hidalgo Substation General Arrangement



CONCEPT
(NOT FOR CONSTRUCTION)

NO	DATE	REVISIONS AND RECORD OF ISSUE	DRN	DES	CHK	PDE	APP
B	2/21/13	REVISED PER SITE VISIT	KLP	CWM		PEH	
A	7/20/12	ISSUED WITH FACILITIES STUDY TASK 2	CWM	CWM		PEH	

SCALE: 1"=60'

CONCEPT
(NOT FOR CONSTRUCTION)

ENGINEER PEH	DRAWN CWM
CHECKED	DATE 7/20/12

BLACK & VEATCH CORP.
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SUITE 300
CENTENNIAL CO, 80111

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SUBSTATION
HIDALGO SUBSTATION
GENERAL ARRANGEMENT

REV B

CODE CODE

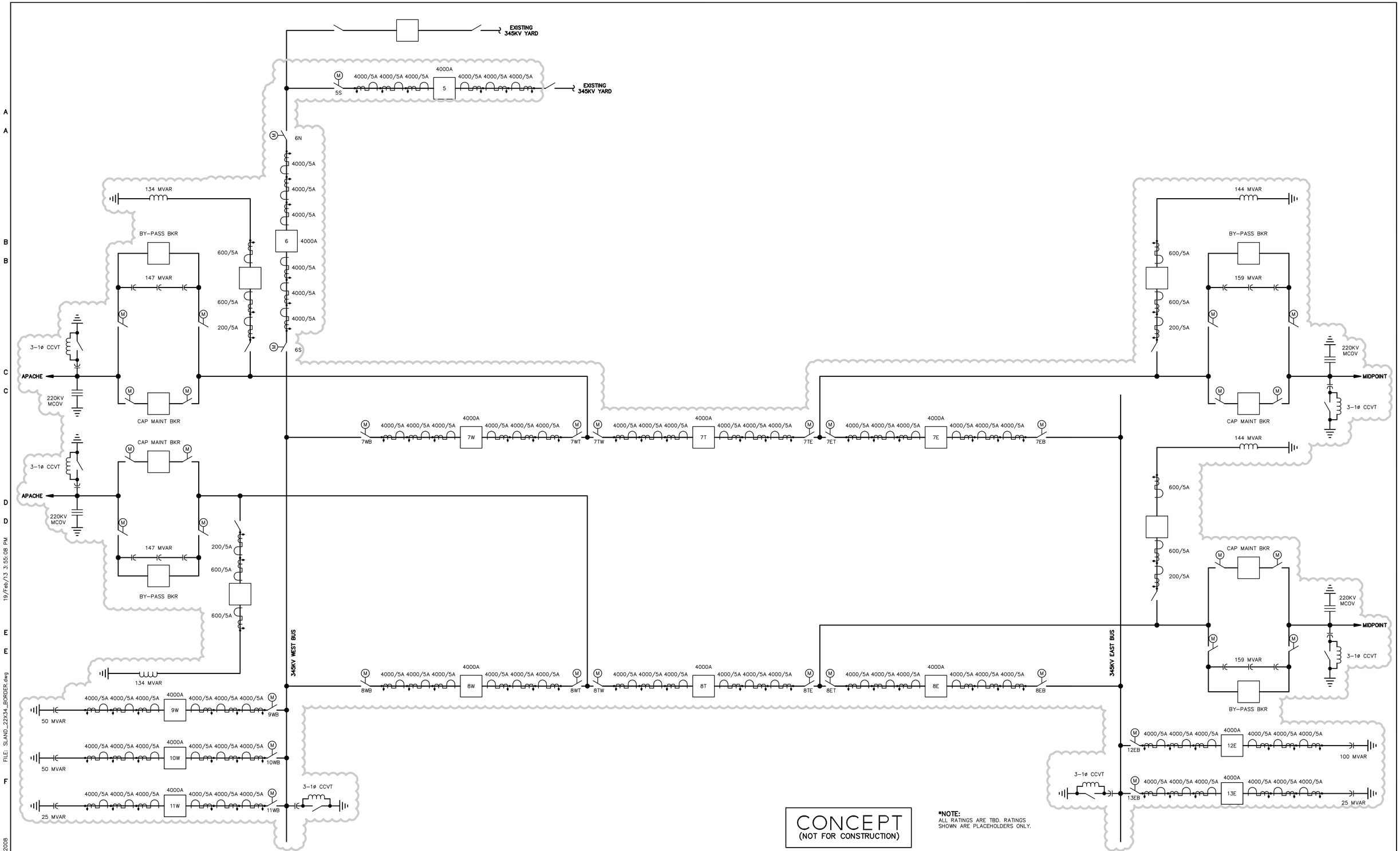
AREA AREA

DRAWING NUMBER
HIDALGO GA

19/Feb/13 3:39:10 PM
FILE: SLAND_22X34_BORDER.dwg
AUTOCAD 2008
MN63370

Exhibit AR-8

Hidalgo Substation One-Line Diagram



NO	DATE	REVISIONS AND RECORD OF REVISION	DRN	DES	CHK	PDE	APP
A	7/20/12	ISSUED FOR FACILITIES STUDY TASK 2		CWM		PEH	

SCALE: NONE

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HIDALGO SUBSTATION
ONE LINE DIAGRAM

REV A

CODE CODE

AREA AREA

DRAWING NUMBER
HIDALGO 1-LINE

MINI63370 AUTOCAD 2008 FILE: SLAND_22X34_BORDER.dwg 19/Feb/13 3:55:08 PM

Exhibit AR-9

Midpoint Substation Area

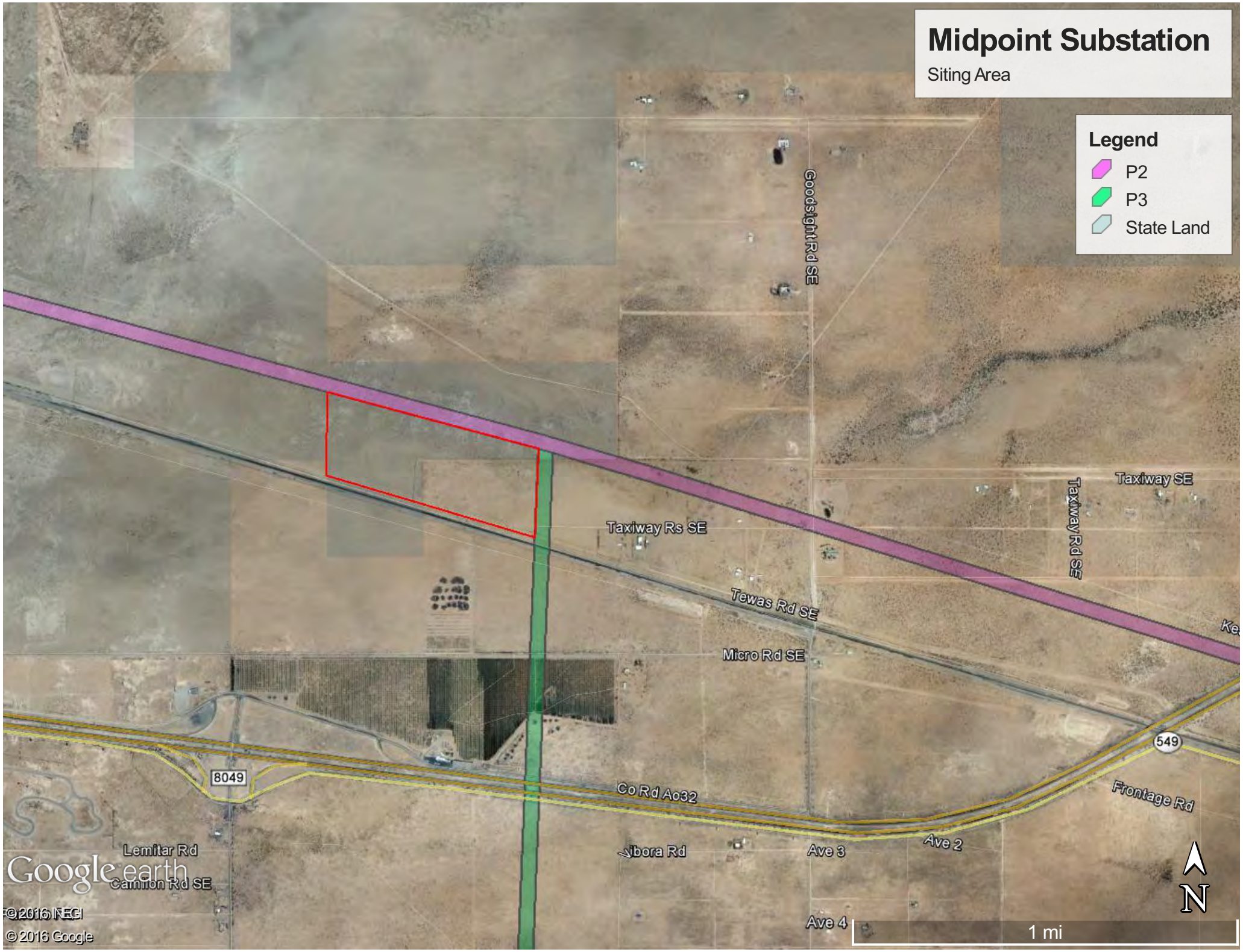
Midpoint Substation
Siting Area
Legend
P2
P3
State Land
Goodsight Rd SE
Taxiway SE
Taxiway Rd SE
Taxiway Rs SE
Tewas Rd SE
Micro Rd SE
549
8049
Co Rd Ao32
Frontage Rd
Ave 2
Ave 3
Ave 4
Lemitar Rd
Camion Rd SE
1 mi
N
Google earth
© 2016 INEGI
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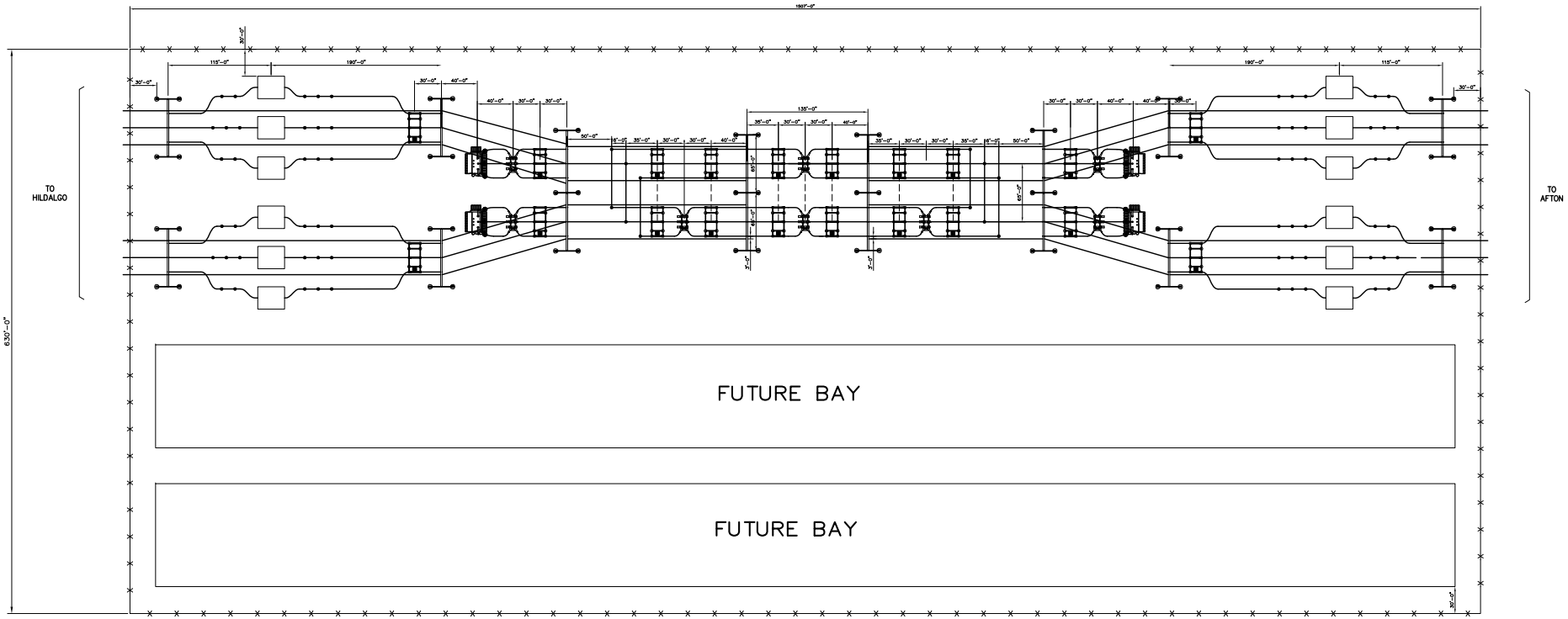
Exhibit AR-10

Midpoint Substation General Arrangement



CONCEPT
(NOT FOR CONSTRUCTION)

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A	7/20/12	ISSUED WITH FACILITIES STUDY TASK 2	CWM	CWM		PEH	

SCALE: 1"=60'

CONCEPT
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SUBSTATION
MIDPOINT SUBSTATION
GENERAL ARRANGEMENT

REV A

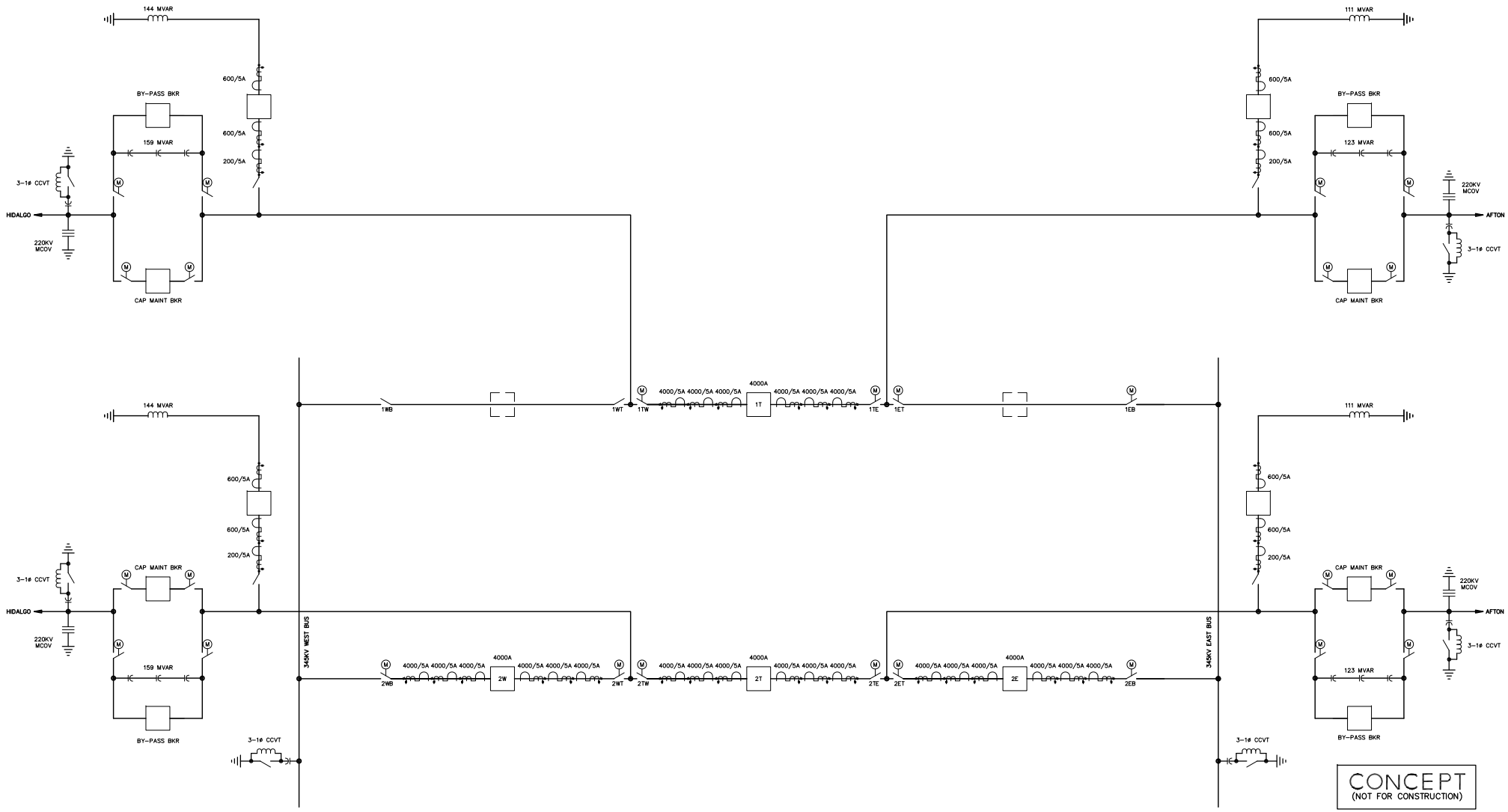
CODE CODE
AREA AREA

DRAWING NUMBER
MIDPOINT GA

FILE: SLAND_22X34_BORDER.dwg 20/Jul/12 3:09:44 PM
HO038948 AUTOCAD 2008

Exhibit AR-11

Midpoint Substation One-Line Diagram



CONCEPT
(NOT FOR CONSTRUCTION)

*NOTE:
ALL RATINGS ARE TBD. RATINGS SHOWN ARE PLACEHOLDERS ONLY.

NO	DATE	REVISIONS AND RECORD OF ISSUE	DRN	DES	CHK	PDE	APP
A	7/20/12	ISSUED FOR FACILITIES STUDY TASK 2	CWM		PEH		

SCALE: NONE

CONCEPT
(NOT FOR CONSTRUCTION)

ENGINEER PEH | DRAWN CWM
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MIDPOINT SUBSTATION
ONE LINE DIAGRAM

REV A

CODE CODE
AREA AREA

DRAWING NUMBER
MIDPOINT 1-LINE

FILE: SLAND_22X34_BORDER.dwg 22/Jun/12 11:32:26 AM
AUTOCAD 2008
PA9658945

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	
APPLICANT.	)	

DIRECT TESTIMONY OF DEANNE RIETZ

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is DeAnne Rietz. My business address is 3033 North Central Avenue, Suite 145, Phoenix, Arizona 85012.

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

A. I am employed by SWCA Environmental Consultants ("SWCA") as a Hydrologist and Project Manager.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the Applicant, Southline Transmission, L.L.C. ("Southline").

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.

A. I graduated from the University of Arizona, Tucson, with a Bachelor of Science degree in Natural Resources. I also received a Master's Degree in Watershed Management from the University of Arizona, Tucson.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL BACKGROUND.

A. I have more than 18 years of experience as an environmental planner. I have conducted extensive research for compliance with the National Environmental Policy Act ("NEPA"), Sections 402 and 404 of the Clean Water Act, and the Arizona Ground Water Code. I have prepared numerous Environmental Assessments ("EAs"), Environmental Impact Statements ("EISs"), and Stormwater Pollution Prevention Plans ("SWPPPs") throughout Arizona, New Mexico, California, Nevada, and Texas. I have conducted sensitivity analysis on riparian restoration projects and am experienced in performing Phase I and II Environmental Site Assessments ("ESAs") in accordance with the American Society for Testing and Materials Standards for ESAs.

Q. PLEASE DESCRIBE YOUR ROLE IN THE SOUTHLINE TRANSMISSION PROJECT ("PROJECT").

A. I am the Assistant Project Manager for SWCA on the Project. My role includes overseeing Project data acquisition and database management, assimilating of information for Project team members, coordinating of contributing resource specialists, and review of Project documents and environmental support for permitting. As part of the SWCA team that conducted the NEPA analysis for the Project, I was responsible for the information and analysis contained in the Project's Final EIS published by the Bureau of Land Management ("BLM") and Western Area Power Administration ("WAPA").

Q. HAVE YOU PREVIOUSLY TESTIFIED IN ADMINISTRATIVE OR JUDICIAL PROCEEDINGS?

A. Yes. I testified before the Arizona Power Plant and Transmission Line Siting Committee in Docket No. L-00000AAA-16-0370-00173, Case No. 173, concerning Southline's Application for Certificate of Environmental Compatibility.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the environmental analysis performed for the Project and demonstrate that the proposed Project will comply with applicable air and water pollution control standards and its location will not unduly impair important environmental values. Specifically, I (1) provide a brief description of the Project, (2) discuss the Final EIS, including the public involvement process, (3) discuss the route selection process, and (4) address each of the 17.9.592 NMAC ("Rule 592") environmental factors to be considered by the New Mexico Public Regulation Commission ("Commission") in determining that the proposed location will not unduly impair important environmental values.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony concludes that the Project will comply with all existing applicable air and water pollution control standards, will not unduly impair important environmental values, and will comply fully with all existing land use statutory and administrative requirements. Further, the Project will maintain the preservation of important environmental values including air, water, soils, biological (flora and fauna), mineral and geologic, socioeconomic, cultural (historic and religious), visual, and geographic (special designations, recreation, and wilderness) resources.

Q. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECTION?

A. Yes.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. In addition to my Direct Testimony, I am sponsoring:

- Exhibit DR-1 – Final EIS Table of Contents
- Application Exhibit 1 – Overview Map of Project
- Application Exhibit 2 – Map of New Mexico Facilities
- Application Exhibit 4 – Final EIS

- Application Exhibit 8 – Southline Transmission Project Routing Report
- Application Exhibit 9 – Map of Landownership
- Application Exhibit 10 – Private Landownership Table

III. PROPOSED PROJECT OVERVIEW

Q. PLEASE BRIEFLY DESCRIBE THE OVERALL PROJECT.

A. As Matthew Virant describes in his Direct Testimony, the overall Project proposes an approximately 370-mile merchant electric transmission line and associated facilities in southern New Mexico and Arizona. It includes two sections: (1) a new approximately 249-mile double-circuit 345-kV transmission line and associated facilities beginning in Doña Ana County, New Mexico and running west into Arizona (the "New Build Section") and (2) the upgrade of approximately 121 miles of two existing 115-kV Western Area Power Administration ("WAPA") transmission lines to double-circuit 230-kV lines in Arizona and short segments to interconnect those upgraded lines to existing substations owned by other utilities (the "Upgrade Section"). An overview map of the entire Project, which I sponsor, is provided at Exhibit 1 to Southline's Application.

Q. PLEASE DESCRIBE THE NEW MEXICO PORTION OF THE SOUTHLINE PROJECT.

A. As described by Mr. Virant, the NM Proposed Route consists of (1) approximately 147 miles of double-circuit 345-kV transmission line that will start at the existing El Paso Electric Company ("EPE") Afton Substation south of Las Cruces and run west to the existing EPE Hidalgo Substation northeast of Lordsburg, then continue westerly to the New Mexico/Arizona border; (2) a 5-mile-long double-circuit 345-kV segment ("Segment P1") to loop the existing EPE Luna-Diablo 345-kV transmission line into the Afton Substation; and (3) a 31-mile-long double-circuit 345-kV segment ("Segment P3") running north-south between Interstate 10 and New Mexico State Route 9. The Project was designed to minimize land and resource impacts by developing a route along existing corridors and by upgrading existing transmission lines where feasible—an approach that respects the region's communities and natural and cultural resources

and will not unduly impair important environmental values. The proposed route will have a nominal ROW width of 200 feet, and will interconnect with one new "Midpoint" substation near Deming and two existing substations that will be upgraded. Details on those substations are provided at Application Section III.A.4 and in Andy Rawlins's Direct Testimony.

The Project will cross federal, state, and private lands. Approximately 43 percent of the NM Proposed Route ROW (417,875 feet) will be located on federal lands managed by BLM. Approximately 31 percent of the NM Proposed Route ROW (304,322 feet) will be on state lands managed by the New Mexico State Lands Office ("NMSLO"). The remaining approximately 26 percent of the NM Proposed Route ROW (245,779 feet) will be located on private lands. Southline has provided maps showing the NM Proposed Route at Exhibits 2 and 9 of the Application, which I sponsor. Additionally, Exhibit 10, which I also sponsor, is a table showing the ownership of private lands the Project proposes to cross in New Mexico.

Q. DOES THE PROJECT COMPLY WITH THE REGULATORY REQUIREMENTS FOR LOCATION APPROVAL?

A. Yes. As I demonstrate below, the Project satisfies the regulatory requirements for location approval. Location approval is required for transmission lines and associated facilities that will operate at voltages of 230-kV or greater. Public Utility Act ("PUA") § 62-9-3. The Commission shall approve an application for location approval if it finds that the proposed location "will not unduly impair important environmental values." PUA §62-9-3(F). The various factors that may be considered by the Commission in making that finding are identified in Section 62-9-3(M). Further, Rule 592.10 requires that an application address the following important environmental values: preservation of air and water quality; land uses; soils; flora and fauna; and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources.

IV. THE PROJECT'S EIS PROCESS

A. Generally

Q. PLEASE DISCUSS THE PURPOSE AND SCOPE OF THE FINAL EIS.

A. The Project's EIS was prepared to analyze and disclose the potential impacts of decisions concerning (a) BLM granting to the Project a ROW to construct and operate a double-circuit 345-kV transmission line from the Afton Substation in New Mexico to the Apache Substation in Arizona, and (2) WAPA upgrading its existing Saguaro-Tucson and Tucson-Apache 115-kV transmission lines and utilizing its existing transmission easements as part of the proposed Project.

The Final EIS is a four volume study consisting of sections addressing (1) purpose and need, (2) proposed Project alternatives, (3) a description of the existing environment that would be affected by the Project alternatives, (4) an analysis of the environmental consequences of the Project alternatives, and (5) a description of the consultation and coordination efforts conducted through the Project's development. I have provided a copy of the Final EIS Table of Contents as Exhibit DR-1 to my Direct Testimony for convenience.

Q. DOES THE FINAL EIS ADDRESS EACH OF THE FACTORS IDENTIFIED IN RULE 592.10?

A. Yes. Rule 592.10 requires that an application address the following important environmental values: impacts to air and water quality; land uses; soils; flora and fauna; and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources. As I explain below, the Final EIS addresses each of those factors and demonstrates that the proposed location will not unduly impair these or other important environmental values.

Q. PLEASE GENERALLY DESCRIBE THE EIS PROCESS.

A. This Project's EIS was prepared by BLM and WAPA in compliance with NEPA CEQ regulations (40 CFR Parts 1500-1508), Department of Energy regulations (10 CFR 1021), the Federal Land Policy and Management Act ("FLPMA") (43 U.S.C. §1761-1771) and applicable U.S. Department of the Interior and BLM policies and manuals.

Although Southline applied for a ROW across BLM-administered public lands, the EIS analyzed potential impacts on *all* lands potentially affected by the proposed Project, including federal, state and private lands.

BLM and WAPA, the EIS co-lead agencies, selected SWCA to conduct the EIS analysis. There were also 17 cooperating agencies, including the following New Mexico-based agencies, that participated in the EIS process as cooperating agencies:

- New Mexico Department of Game and Fish
- New Mexico State Lands Office
- U.S. Army Corps of Engineers (Albuquerque District)

The EIS process was initiated in April 2012 when a Notice of Intent to prepare an EIS was published in the *Federal Register*. A 90-day public scoping period was conducted in spring 2012 (April 4 to July 5, 2012), which involved three public meetings and one agency scoping meeting in New Mexico. The open house format and presentation at the public meetings were designed to allow attendees to view informational displays, hear a presentation of the Project and summary of the NEPA process, allow members of the public to ask agency staff about the proposed action and the EIS process, provide input on potential issues to be addressed in the EIS, and submit written or verbal comments onsite. The public was also provided information on how to submit comments afterward. An interactive geographic information system mapping station was available for meeting attendees to view the Project area and provide comments about specific locations within the study area.

A Draft EIS was published in April 2014. This initiated a 90-day public comment period, during which the public had the opportunity to provide input on the proposed Project and the analysis presented in the Draft EIS. Three open house public meetings and one agency meeting were held in New Mexico during the public comment period. All comments received during the public comment period were responded to in the Final EIS, which was published in November 2015.

Q. PLEASE DESCRIBE THE DATA GATHERING AND ANALYSIS THAT TOOK PLACE DURING THE EIS PROCESS.

There were two primary phases in the EIS process. First, baseline resource studies were completed by CH2M Hill in April 2013 for 19 resources: air, cultural, farmlands,

geology, hazmat, health and safety, land use, noise, paleontology, recreation, socioeconomics, soils, special designations, transportation, vegetation, visual, water, wildlife, military.

Second, in-depth studies were completed by SWCA from 2013 to 2015. These studies included noise modeling, consultation with U.S. Fish and Wildlife Service ("USFWS"), visual simulations and viewsheds, consultation with tribes, and stakeholder workshops. These studies ultimately culminated in a Final EIS published for the project in November 2015.

Q. PLEASE DESCRIBE IN MORE DETAIL SWCA'S ROLE IN THE PROJECT'S EIS.

A. SWCA was a third-party contractor retained by BLM and WAPA, as joint lead agencies, for the Project's EIS. SWCA facilitated alternative route development, conducted resource research and analysis to support the EIS, and drafted the Draft EIS and Final EIS. BLM and WAPA provided direction and oversaw the EIS study process, and had final approval for all studies, documents, and methodologies prepared for the Project. Essentially, SWCA acted as an extension of BLM and WAPA in conducting their analysis.

Q. DID THE EIS PROCESS CONSIDER ROUTE ALTERNATIVES?

A. Yes, during the EIS process various alternatives, including a "no action" alternative, were considered in addition to the Proponent Preferred Alternative. Agency alternatives were also developed around concerns noted during public and agency scoping. The Final EIS identified an Environmentally Preferred Alternative route. That route was adopted in the BLM and WAPA RODs as the Agency Preferred Alternative route except for several Arizona segments that were not selected because of potential impacts to military operations, planned development, or cultural resources.

Q. PLEASE DEFINE THE "ENVIRONMENTALLY PREFERRED ALTERNATIVE."

A. The Environmentally Preferred Alternative is the alternative that will promote the national environmental policy as expressed in NEPA Section 101(B). This means that

the Environmentally Preferred Alternative is the "alternative that causes the least damage to the biological and physical environment; it also means the alternative which best protects, preserves, and enhances historic, cultural, and natural resources."[1] To determine the Environmentally Preferred Alternative, BLM and WAPA considered the results of the environmental analyses presented in Final EIS Chapter 4. Each alternative was evaluated in terms of a range of potential adverse environmental impacts by route.

Q. PLEASE GENERALLY DESCRIBE HOW ALTERNATIVE ROUTES WERE DEVELOPED.

A. The routes were developed through an iterative process, which is detailed in Final EIS Chapter 2. First, the pre-NEPA route selection process began in 2009 with workshops and stakeholder outreach. Southline identified the geographic study area within which feasible routes could be considered between the identified connection points at the Afton, Apache, and Saguaro substations. Southline then performed siting studies in consultation with stakeholders, such as state and federal agencies, county commissioners, tribal officials, local utilities, and private landowners, to identify routing opportunities and constraints, and determine the most feasible routes within the study area. The pre-NEPA outreach and routing development is memorialized in an April 2012 Routing Report. The Routing Report, which I sponsor, is attached as Exhibit 8 to the Application. The process culminated in "Proponent Preferred" and "Proponent Alternative" routes submitted to the BLM and WAPA for consideration.

Second, during the development of the Draft EIS the Proponent Preferred and Alternative routes were analyzed. During this period, additional alternative routes were developed by the BLM and WAPA to address specific resource concerns heard during the scoping period. They were developed with input from cooperating agencies and an interdisciplinary team and avoided or minimized negative impacts to sensitive areas, including largely untouched open space, important wildlife habitat, and the Lordsburg Playa. These are referred to as "Local Alternatives" in the EIS.

[1] CEQ 1981:question 6a.

Finally, additional route options were developed in response to comments on the Draft EIS. These additional routing options were referred to as "Route Variations" in the EIS. BLM and WAPA developed these minor route variations based on public and agency comments on the Draft EIS. All reasonable alternatives were given further consideration by the BLM and WAPA, including alternatives to the transmission line option, including new generation facilities, reliance on the existing transmission system, and alternative transmission technologies.

Some of the alternatives developed during the NEPA process were eliminated from detailed study because they were ineffective, technologically or economically infeasible, inconsistent with the basic policy objectives for management of the area, remote or speculative, or substantially similar in design or effects to another alternative being analyzed. Two alternatives and twelve local alternatives in New Mexico were studied in detail in the EIS and ultimately BLM and WAPA selected the Agency Preferred Alternative presented in the Final EIS as the route that best addressed their statutory requirements. The New Mexico portion of the Agency Preferred Alternative is identical to the Environmentally Preferred Alternative.

V. THE PROJECT WILL NOT UNDULY IMPAIR IMPORTANT ENVIRONMENTAL VALUES.

Q. DID THE EIS CONSIDER IMPORTANT ENVIRONMENTAL VALUES?

A. Yes, in its consideration of the proposed Project the EIS evaluated the Section 62-9-3(M) factors and the Rule 592.10(H) important environmental values. Specifically, the EIS analyzed impacts to air and water quality; land uses; soils; flora and fauna; and water, mineral, socioeconomic, cultural, historic, religious, visual, geologic and geographic resources. For each of these values the EIS considered the current environment and the Project's potential environmental impacts to these values.

Q. DOES THE EIS ANALYSIS DEMONSTRATE THAT THE PROJECT WILL NOT UNDULY IMPAIR IMPORTANT ENVIRONMENTAL VALUES?

A. Yes. The proposed Project will not unduly impair important environmental values. Based on the EIS analysis of twenty discrete resources, some mitigation and environmental protection measures will be required. These mitigation measures

include design features as well as agency mitigation developed over the course of the NEPA process. Together these form the Proponent Committed Environmental Measures ("PCEMs"). All PCEMs presented and analyzed in the Final EIS were adopted by the BLM's ROD as terms, conditions, and stipulations of the ROD to reduce environmental impacts. With the implementation of the PCEMs, the Project will not unduly impair important environmental values.

A. Air and Water Quality

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON PRESERVATION OF AIR AND WATER QUALITY.

A. With the application of PCEMs as required by the BLM ROD, impacts to air and water quality will be avoided or minimized. In the Final EIS, analysis of air quality considered conformity with applicable federal, state, and local air quality laws, regulations, and standards within a 31-mile radius of the Project area. Construction of the Project would result in emissions of air pollutants from equipment exhaust, vehicle exhaust from travel to and from construction areas, and fugitive dust from soil disturbance. Construction emissions would, however, be transient, short-term, and spread over large distances and multiple airsheds. Emissions for operation and maintenance activities (*e.g.*, vehicle exhaust from travel for routine inspection and/or repairs) would be similar in nature to those of construction emissions but would be much lower. With the application of PCEMs, emissions during Project construction would be below the *de minimis* thresholds for all regulated pollutants. Additionally, pollutant emissions are predicted to be below the applicable National and New Mexico Ambient Air Quality Standards.

Regarding water quality, potential impacts to water resources were analyzed in the Final EIS. Impacts to water quality include the potential for discharge of pollutants, including sediment, to groundwater or surface water and the potential disturbance of Waters of the United States ("WUS"), including wetlands. Proper implementation of PCEMs and controls would prevent discharge of pollutants. Avoidance measures during final siting will prevent most disturbances of Waters of the United States

("WUS") or wetlands. In New Mexico, impacts would be low because any WUS or wetland areas along the ROW could be fully avoided.

B. Land Uses

Q. PLEASE DESCRIBE YOUR LAND USE ANALYSIS.

A. SWCA's land use analysis as presented in the Final EIS entailed an inventory and research to identify the existing land uses that would be affected by the Project, and land use plans of agencies within an analysis area. The geographic scope for the land use analysis area included a 2-mile corridor around the NM Proposed Route (1-mile on either side of the proposed centerline), as well as a 2-mile buffer around substations, access roads, and staging areas that are proposed outside of the 2-mile corridor. The laws, regulations, and land management plans impacted by the analysis area were then referenced to determine conflicting or consistency determinations. Further, current county planning documents were reviewed to determine if land use zoning or regulation had changed since the analysis conducted in the 2015 Final EIS. Our updated review consisted of online research at Doña Ana, Luna, Hidalgo, and Grant county websites and personal contact with County planning departments. All approved subdivision plats occurring within 2 miles of the proposed Southline ROW, dated between January 1 2013 and January 1 2017, were reviewed for potential future residential and/or commercial development.

Q. PLEASE SUMMARIZE THE POTENTIAL LAND USE IMPACT OF THE PROJECT.

A. With the application of required PCEMs, land use impacts will be minimized or avoided. Direct impact to land use will be minimal where transmission lines will be constructed parallel to established or designated corridors and substation expansion will be located adjacent to existing substations.

The Project will be constructed across lands owned and managed by federal, state, private individuals or entities, under a variety of resource management plans, comprehensive plans, or other land use plans. Non-private land crossed by the Project is owned by the BLM and NMSLO. Potential impacts to land use will occur in some form along any portion of the Project that crosses undeveloped lands, irrigated

agricultural lands, or areas used for industrial or military testing and training. Construction of the Project would have direct effects on farmlands and rangelands by removing land acreage from productivity; however, farmlands and rangelands would not be significantly reduced because farming and ranching operations are still allowable uses within the ROW. Similarly, the Project crosses the Butterfield Trail and the Continental Divide National Scenic Trail; the construction of the Project could have potential impacts on this or other recreational opportunities such as hunting. Because recreation and hunting are allowable uses in the ROW, these impacts would be temporary. The Project will not impact designated wilderness areas. PCEMs, as adopted in the terms, conditions, and stipulations of the ROW grant, will be effective in avoiding or minimizing direct impacts with land uses in most conditions.

The NM Proposed Route will be constructed in new ROWs; however, the routes will not require any rezoning or land reclassification or federal land management plan amendments. Doña Ana County updated their zoning regulations in 2016, which now require a Special Use Permit for industrial uses on lands zoned as Rural (T2). Approximately 2 miles of the Project occur within lands now zoned as T2. There will be no direct displacement of existing land use authorizations or ROWs, residential, business, or industrial structures as a result of the NM Proposed Route of the Project. Any potential impacts on future or planned land use are generally associated with Project construction rather than operation because once the ROW grant has been made and construction is completed, no further changes to future or planned land use patterns are expected.

Q. IS THE PROJECT CONSISTENT WITH EXISTING LAND USE PLANS AND REGULATIONS?

A. Yes, the Project is consistent with federal, state, city, and county plans. Table 4.11-1 in the Final EIS lists the plans that were reviewed for consistency determination. Based on our updated review, the Project remains consistent with current land use planning regulations in Doña Ana, Luna, Grant, and Hidalgo counties.

Q. ARE THERE ANY POTENTIAL IMPACTS ON HOMES OR PLANNED DEVELOPMENTS?

A. The Project would not directly impact homes or planned developments. The EIS analyzed the entire route and the impact analysis of the placement of the line through any residential area was incorporated into the Final EIS. Based on the analysis in the Final EIS and our recently updated review, there are no new planned residential developments within 2 miles of the Project ROW in Doña Ana, Hidalgo, or Grant counties. In Luna County, there is one approved commercial subdivision within 2 miles of the ROW, but the Project ROW does not intersect this commercial development.

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON SOILS.

A. Potential impacts to the soil resources will be minimized or avoided with the application of PCEMs. Potential impacts include disturbance to fragile biological crusts, accelerated rates of erosion by water or wind, as well as loss of soil productivity due to the removal of soils during construction of the Project. Limited clearing of vegetation and topsoil would result in newly exposed, disturbed soils that could be subject to accelerated erosion by wind and water. The potential for accelerated rates of erosion would be higher in areas with highly erodible soils, such as Lordsburg Playa. Indirect impact associated with soil removal may include sediment redistribution of the soil resources as a result of wind and water erosion, invasive plant colonization, soil erosion, and reduction of soil water retention due to compaction.

However, no significant impacts to soil resources are expected with the implementation of PCEMs to control erosion, including stormwater run-on and runoff prevention, silt fences and/or retention basins, topsoil management and conservation practices, and revegetation activities.

C. Flora and Fauna

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON FLORA AND FAUNA.

A. The application of PCEMs would reduce, avoid, or otherwise provide compensation for impacts to sensitive vegetation. Further, the vegetation communities impacted by the

Project, are generally common and geographically widespread, therefore, impacts to flora are unlikely to be significant. The Project would involve the removal of vegetation during construction activities, resulting in the direct loss of plant communities. The primary direct and indirect impacts to flora during construction and operation of the Project would be associated with removal and/or crushing of vegetation communities, decreased plant productivity from fugitive dust, and potential wind and water erosion. This could result in further loss of soil and vegetation, as well as increased sediment input to water resources. There would also be indirect effects resulting from the fragmentation of connected vegetation types. Edge areas have different microclimatic conditions and structure, which could lead to different species composition than in the interior area. The introduction and colonization of disturbed areas by invasive exotic plant species also would lead to changes in vegetation communities, including the possible shift to more wildfire-prone vegetation, which favors invasive exotic species over native species.

Similarly, the application of PCEMs such as limiting the area of disturbance, restoring disturbed areas, and avoiding aquatic and riparian areas would reduce/avoid potential impacts to wildlife. The potential impacts to fauna include flora related impacts such as the loss, degradation, and/or fragmentation of breeding, rearing, foraging, and dispersal habitats. Further potential impacts to fauna include collisions with and crushing by construction or maintenance vehicles, loss of burrowing animals in borrows in areas where grading would occur, increased noise/vibration levels, increased potential for migratory birds to strike transmission lines, and increased access for off-highway-vehicle users.

Q. PLEASE DESCRIBE THE BIOLOGICAL RESOURCE STUDY CONDUCTED FOR THE PROJECT.

A. The Project's biological resources study took the application of all PCEMs into consideration for the analysis of potential impacts to vegetation and wildlife and concluded that impacts are not expected to be significant. Further, the USFWS concluded that the Project is not likely to jeopardize the continued existence of species listed under the Endangered Species Act ("ESA"). As analyzed in the Final EIS, the biological analysis area included the Project footprint for the NM Proposed Route,

associated substations, access roads, and staging areas. Potential impacts to areas of biological resources were considered by evaluating the presence or absence of suitable habitat within the study area, the potential for direct mortality, and habitat fragmentation. The area that will be impacted by the NM Proposed Route is a small portion of the vegetation communities and habitat present in the Project vicinity.

The location of the Project was selected to avoid new ground disturbance where possible. Given that areas to be disturbed would be a small portion of the vegetation communities and wildlife habitat in the Project vicinity, and the implementation of PCEMs already committed to as a condition of the BLM ROD, impacts to vegetation and wildlife are not expected to be significant. Potential impacts to species listed in the ESA were addressed during Section 7 consultation with the USFWS.

The areas of biological resources potentially impacted by the Project include vegetation communities, special status species, and noxious weeds and other exotic invasive plant species. A total of 52 special status species were reviewed for the proposed Project. Of those species, 40 have the potential to occur in the analysis area. This includes 3 ESA-listed species, 24 BLM-sensitive species (includes 8 plant species), 8 New Mexico Wildlife Conservation Act species, and 5 New Mexico Species of Greatest Conservation Need. The USFWS concluded that the proposed Project was not likely to jeopardize the continued existence of listed species likely to be present in the study area, and PCEMs and mitigation measures will minimize or avoid potential impacts to species listed under the ESA.

Q. PLEASE PROVIDE AN OVERVIEW OF THE POTENTIAL IMPACT OF THE PROJECT ON BIOLOGICAL RESOURCES.

A. Potential impacts on biological resources include various factors such as fugitive dust, vegetation removal, and loss of habitat, among others. These impacts will be reduced or minimized through the application of PCEMs. The overall impact on vegetation from fugitive dust will be localized along the ROW and will be insignificant once transmission line construction activities are completed. Any additional impacts will only occur during occasional maintenance activities and will be insignificant after construction activities are complete. Operation and maintenance impacts will be

temporary and will occur sporadically over the life of the Project. It is estimated that maintenance activities will occur once or twice a year under normal circumstances.

Much of the NM Proposed Route and associated substations are co-located with existing roads, railroads, pipelines, and existing transmission lines. In areas where the proposed transmission line will be co-located with existing infrastructure, the impacts on vegetation will be less than in areas where there is no collocation of facilities. Impacts to native plant associations throughout these co-located portions of the proposed route will therefore be minimal relative to the existing undeveloped portions of the NM Proposed Route.

As previously discussed, the potential to impact wildlife includes several factors such as the loss of habitat or forage, increase in invasive weeds, noise/vibration, and collisions to wildlife by vehicles or striking of transmission lines by birds. Electrocution due to the Project's transmission line is not expected to be an issue for birds as the proposed transmission lines will have conductor spacing that is much larger than the largest wingspan of bird species that could occur in the area. With the application of PCEMs, there would be no impact on birds from electrocution. Additionally, the presence of transmission poles may have a positive impact because they will provide perches as well as nesting habitat for some species.

Design features and mitigation (included in the PCEMs) for vegetation and wildlife will apply and reduce the amount of vegetation and habitat that will be lost, degraded, or fragmented during construction activities. Some of the habitat will be restored or reconstructed elsewhere after the completion of construction activities. Impacts from ground disturbance will be minor and long term. A Project speed limit for construction areas and spur roads will be implemented to reduce the potential for construction activities leading to wildlife collisions with construction equipment. The application of PCEMs will minimize the introduction and spread of invasive and noxious weeds within the ROW or to adjacent areas from construction equipment.

Q. PLEASE SUMMARIZE THE MITIGATION TO BIOLOGICAL RESOURCES.

A. In order to mitigate the impact of the Project on biological resources, Southline has committed to, and the BLM ROD requires, numerous PCEMs that will mitigate

potential impacts to biological resources. PCEMs that directly address potential impacts to biological resources include; minimize or avoid vegetation removal whenever possible, restore and revegetate all disturbed lands, avoid disturbance to special status species, implement a Noxious Weed Management Plan, conduct preconstruction inventories and surveys, provide biological monitors and field personnel training, implement a Plant and Wildlife Species Conversation Measure Plan and an Aviation Protection Plan, and restrict or avoid construction in sensitive wildlife areas as necessary.

D. Water Resources

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON WATER RESOURCES.

A. With the implementation of PCEMs, the Project's impacts on water resources would be minimal. Impacts to water quality include the potential for discharge of pollutants, including sediment, to groundwater or surface water and the potential disturbance of WUS, including wetlands. Other potential impacts to water resources include the placement of larger structures within a waterways floodplain. Proper implementation of PCEMs and controls will prevent discharge of pollutants and the discharge of sediments due to erosion. Avoidance measures during final siting will prevent disturbances to floodplains and most disturbances of WUS or wetlands.

E. Mineral Resources

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON MINERAL RESOURCES.

A. Because the Project maximizes the use of existing linear features by paralleling existing infrastructure, the potential impacts to mineral resources would be minor. Potential impacts during construction include known mineral resources or mining claims lost or made inaccessible, or by affecting valid existing mineral or petroleum rights by preclusion of access. No known mines, active or inactive, would be crossed by the Project. Further, access to minerals can be accomplished between spans, such that impacts to access to mining operations or mineral resources would be avoided.

F. Visual Resources

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON VISUAL RESOURCES.

A. PCEMs will be applied to reduce visual impacts, preserve sensitive views, and minimize visual contrast. Impacts to visual resources associated with the operation of the Project will result from the change in regular geometric forms, horizontal and vertical lines associated with the substations, transmission line structures, and access roads contrasting with the irregular, organic forms and colors of the existing landform and vegetation.

The visual resources evaluation is based upon both spatial (landscape) and temporal (time) limits. In the Final EIS, the analysis area for visual resources is generally 5 miles on either side of the ROW centerline (10 miles total) for the NM Proposed Route. Field reconnaissance was conducted to characterize the existing landscape, and an analysis was conducted of changes that could occur as a result of the Project. In New Mexico, there were 33 key observation points ("KOPs") established along the Project route and route alternatives; these observation points were used as representative viewpoints from which to assess impacts to viewer sensitivity and whether the changes to the visual landscape will meet BLM management objectives for visual resources. Consideration was given to the existing character of the landscape, which is mostly flat desert valleys and playa surrounded by mountains or low, rolling landscape with sparse vegetation and scattered population centers. Potential changes to the existing landscape were assessed in terms of visual contrast, based on 10 environmental factors for identifying and characterizing impacts related to viewer sensitivity and Project visibility.

Any disturbance resulting from construction will be temporary and largely short in duration, and visible effects from active construction would diminish subsequent to clean up and restoration of the temporary staging areas and access roads. Although the transmission line structures will cause long-term change to scenery, construction of the structures and facilities will be short-term and temporary.

G. Cultural, Historic, and Religious Resources

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON CULTURAL, HISTORIC, AND RELIGIOUS RESOURCES.

A. Appropriate PCEMs have been formulated to minimize and mitigate impacts to cultural, historic, and religious resources. Avoidance of direct impacts is the preferred choice for impact reduction; however, if resources cannot be avoided other types of mitigation would be developed and implemented in consultation with the New Mexico State Historic Preservation Office, the appropriate tribes, and other interested parties.

For the Final EIS analysis of impacts to cultural resources the analysis area consisted of the 200-foot-wide permitted ROW plus 100 feet on either side of the corridor (400 feet wide total). Within the New Mexico analysis area, the Project has the potential to impact 29 previously recorded sites and the potential to impact up to 276 previously recorded and Project resources. No historic properties listed in the National Register of Historic Properties will be impacted; however, the Project does cross the Butterfield Trail route. No resources of traditional cultural or religious significance to Native American groups are anticipated to be impacted by the Project.

Because the NM Proposed Route has not been completely surveyed for cultural, historic, and religious resources, the route, substations, access roads, and associated staging areas will be inventoried in accordance with Section 106 of the National Historic Preservation Act ("NHPA"). Resources would then be evaluated for their NHPA eligibility, as well as potential adverse impacts from the Project. As part of the Section 106 compliance process, the BLM has prepared a Programmatic Agreement ("PA") for the Project (see Application Exhibit 4, Final EIS Appendix L), which stipulates that the area of potential effect for direct effects will be inventoried at the Class III level. Southline will seek to avoid historic properties through final design and micro-siting, and will complete a Class III archaeological survey of the proposed route and assess the effect to historic properties in consultation with the New Mexico State Historic Preservation Office, the appropriate tribes, and other interested parties. Measures to avoid, minimize, and/or mitigate any adverse effects on historic properties will be developed by BLM in consultation with the Section 106 consulting parties. Avoidance will be accomplished by locating transmission structures, access roads, etc.,

outside the boundaries of known historic properties. When avoidance is not feasible, adverse impacts will be mitigated through the implementation of an Historic Property Treatment Plan ("HPTP").

Q. PLEASE DESCRIBE THE HISTORIC AND ARCHAEOLOGICAL SITE ANALYSIS.

A. The cultural study area includes the centerline of the NM Proposed Route and a 1-mile buffer, as well as three substations locations and a 1-mile buffer around each substation location. As described above, the analysis area for impacts to cultural resources consisted of the 200-foot-wide permitted ROW corridor plus 100 feet on either side of the corridor (400-foot-wide total). The analysis included an archaeological records search and a review of previous surveys and studies, and predictive and cultural sensitivity modeling based on the results of the records search. Approximately 8 percent of the analysis area in New Mexico that will potentially be affected by the Project has been previously surveyed. Impacts to cultural resources were analyzed by considering the numbers of known resources (resources eligible for the NRHP and resources with unknown eligibility) and potential resources from historic maps in the analysis area, as well as predicted number of resources within the analysis area and the archaeological sensitivity of the analysis area.

H. Geological and Geographic

Q. PLEASE DESCRIBE THE PROJECT'S POTENTIAL IMPACT ON GEOLOGICAL AND GEOGRAPHIC RESOURCES.

A. No areas of geological importance were identified within the analysis area and no potential impacts to or from geological hazards are anticipated. The analysis area for geological resources as analyzed in the Final EIS included the Project ROW plus the footprints of substations, access roads, and staging areas. Potential impacts to geological resources could occur during construction if areas of geological importance were lost or made inaccessible for future use, or if there were an indirect impact where that caused a creation or exacerbation of geological hazards.

Geographic resources along the Project route include special designations, recreation, and wilderness. As discussed above under land uses, the Project crosses the

Butterfield Trail and the Continental Divide National Scenic Trail and construction of the Project could disrupt this or other recreational opportunities such as hunting. Because recreation and hunting are allowable uses in the ROW, these impacts would be temporary. The Project will not impact designated wilderness areas. PCEMs, as adopted in terms, conditions, and stipulations of the ROW grant, will be effective in avoiding or minimizing direct impacts with land uses in most conditions.

VI. THE PROJECT WILL COMPLY WITH APPLICABLE AIR AND WATER POLLUTION CONTROL STANDARDS

Q. WILL THE PROJECT COMPLY WITH AIR AND WATER POLLUTION CONTROL STANDARDS?

A. The Project will comply with all applicable air quality regulations associated with sources of emissions (*i.e.*, Clean Air Act, Nation Ambient Air Quality Standards, New Mexico Air Quality Control Act) and will obtain all required air quality permits from the appropriate regulatory authorities. The application of Project PCEMs would minimize the ability for wind to pick up additional fugitive dust from Project disturbance areas and will include fugitive dust controls, mobile and stationary source controls, and administrative controls to minimize construction-based emissions.

As for water resources, the most common contaminant from construction activity is the movement of sediment by stormwater into nearby surface waters, due to ground disturbance. The Project will comply with Sections 401, 402, and 404 of the Clean Water Act and all applicable permits will be obtained. A stormwater pollution prevention plan will be prepared for construction activities. Further, the PCEMs are intended to stabilize disturbed ground, control erosion from disturbed areas, and prevent sediment from entering surface waters.

VII. CONCLUSION

Q. DID YOU REACH A CONCLUSION ABOUT WHETHER THE PROJECT MEETS THE NEW MEXICO STATUTORY REQUIREMENTS?

A. Yes, SWCA has concluded that the Project will comply with all existing applicable air and water pollution control standards, will not unduly impair important environmental

values, and will comply fully with all existing land use statutory and administrative requirements.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION, L.L.C., FOR APPROVALS AND AUTHORIZATIONS FOR (1) THE LOCATION OF A 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, (2) DETERMINATION THAT THE RIGHT-OF-WAY WIDTH OF GREATER THAN ONE HUNDRED FEET (100') IS NECESSARY FOR THE 345-kV TRANSMISSION LINE AND ASSOCIATED FACILITIES, AND (3) ANY OTHER APPROVALS AND AUTHORIZATIONS THAT MAY BE REQUIRED IN CONNECTION WITH THE LINE	)	Case No. _____
SOUTHLINE TRANSMISSION, L.L.C.,	)	

APPLICANT.

AFFIDAVIT OF DEANNE RIETZ

THE STATE OF ARIZONA §
§
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared DeAnne Rietz, who being by me first duly sworn, on oath deposed and said the following:

1. My name is DeAnne Rietz. I am over 18 years of age and of sound mind. I am employed by SWCA Environmental Consultants ("SWCA") as a Hydrologist and Project

Manager. My business address is 3033 North Central Avenue, Suite 145, Phoenix, Arizona 85012.

2. I am the witness identified in the accompanying testimony and am familiar with its contents. Based on my personal knowledge, the facts stated in the direct testimony are true. In addition, in my judgment and based upon my professional experience, the opinion and conclusions stated in the testimony are true, valid, and accurate.

FURTHER AFFIANT SAYETH NOT

DeAnne Rietz

SUBSCRIBED AND SWORN to before me on this the 1st day of March, 2017.

KIM WELLS
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Commission Expires
February 10, 2019

Notary Public in and for the State of Arizona

Exhibit DR-1

Final EIS Table of Contents

CONTENTS

VOLUME SUMMARY

Volume 1 – Executive Summary, Chapters 1and 2
Volume 2 – Chapter 3
Volume 3 – Chapter 4
Volume 4 – Chapters 5, 6, 7, 8 and Appendices (on CD)

VOLUME 1 CONTENTS

Volume 1 Figures

Volume 1 Tables

VOLUME 2 CONTENTS

Volume 2 Figures

Volume 2 Tables

VOLUME 3 CONTENTS

Volume 3 Figures

Volume 3 Tables

VOLUME 4 CONTENTS

Volume 4 Tables