



U.S.

Regulators Weigh Proposal to Close Part of New Mexico Plant

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SANTA FE, N.M. — New Mexico regulators began taking testimony Monday on a plan that calls for shutting down part of an aging coal-fired power plant that provides electricity to more than 2 million people in the Southwest.

The plan would curb haze-causing pollution at the San Juan Generating Station, but some environmentalists argue it doesn't do enough to wean the state's largest utility off fossil fuels.

The hearing before the Public Regulation Commission began Monday with dozens of people braving frigid temperatures to protest. They talked about asthma, cancer and other health concerns throughout the region, which also is home to other coal-fired plants.

Inside the packed hearing room, the head of the nation's largest American Indian reservation told regulators the plan was the best option for meeting environmental mandates while avoiding what he called an unnecessary economic sacrifice, including job losses.

Navajo Nation President Ben Shelly ticked off statistics that included the tribe's high unemployment rate and the percentage of Navajo families who are without electricity and running water. He also cited the number of tribal members who work at the San Juan plant and the coal mine that feeds it.

"I have seen the result of economic loss on the Navajo Nation, and I do not wish for Navajo communities or the region to become a further impoverished area because of the environmental rules," Shelly said. "That leads to ripple effects."

He noted the 2005 closure of the Mojave Generating Station in Nevada. The power plant was the sole buyer of coal from a Navajo mine, which ultimately closed and took 160 jobs with it.

Other Navajos who traveled from northwestern New Mexico and parts of Arizona told regulators they were tired of the environmental effects of the plants and the mines.

"They're only talking about jobs and money," Louise Benally of Black Lake, Arizona, said of Navajo leaders. "Yes, that's needed, but the environment is at stake. We need to think about it again. ... We need to come to a resolution that's going to help make things better."

Dozens of other people testified that PNM, the utility that operates the plant, missed an opportunity to incorporate more renewable energy into its portfolio to replace the power that would be lost at San Juan.

PNM calls for a mix of coal from one of the plant's other units, electricity generated by the Palo Verde nuclear plant in Arizona, a new natural gas-fired plant and more solar generating stations.

The utility's regulatory filings estimate the cost over 20 years at more than \$6.8 billion. PNM and others say the plan represents the most cost-effective alternative for ratepayers.

The U.S. Environmental Protection Agency, the state attorney general's office, the New Mexico Renewable Industries Association and others have signed off on the proposal. But it still requires approval from the Public Regulation Commission.

"This has been a long and arduous process that resulted in significant compromises with many of the parties involved," said Carla Sonntag, head of the New Mexico Utility Shareholders Alliance. "The end result is an agreement that's in the public's best interest."

The environmental group New Energy Economy has accused PNM of withholding from regulators information about the plan's price tag. The group contends the utility failed to weigh the costs of environmental regulations and the disposal of coal ash waste generated by the power plant.

Navajo opponents also questioned adding nuclear generated power to

the mix. They pointed to the environmental and health consequences of decades of uranium mining on the Navajo Nation.

PRC officials acknowledged the emotion surrounding the case at the start of Monday's public comment period. The hearing, which could last up to three weeks, also will include technical testimony from PNM, municipalities and business groups.

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