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April 26, 2021

Ms. Melanie Sandoval
Records Bureau Chief
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New Mexico Public Regulation Commission
P.O. Box 1269
Santa Fe, NM 87504

Subject: *PNM's Application for Authorizations to Issue Up To \$350 Million of Senior Unsecured Notes*

Dear Ms. Sandoval:

Please find attached Public Service Company of New Mexico's Application for Authorizations Pertaining to the Issuance of up to \$350 Million in Senior Unsecured Notes, which includes the supporting testimony of Sabrina Greinel.

This application, along with the supporting testimony, was filed electronically. A check in the amount of \$25 was separately mailed to the New Mexico Public Regulation Commission. If you have any questions regarding this filing, please contact me at brian.buffington@pnm.com.

Respectfully,

/s/ Brian Buffington
Brian G. Buffington
PNM Senior Project Manager, Regulatory

Cc: Certificate of Service

GCG#528017

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR AUTHORIZATION TO ISSUE)
UP TO \$350 MILLION OF SENIOR)
UNSECURED NOTES)**

Case No. 21-____-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant)
_____)**

APPLICATION

Public Service Company of New Mexico (“PNM”) hereby applies to the New Mexico Public Regulation Commission (“Commission”) for authorization to issue senior unsecured notes (“SUNs”) in an amount up to \$350 million (the “Proposed SUNs”) to repay the \$160 million of 5.35% 2011 Series SUNs (“5.35% SUNs”) maturing on October 1, 2021 (with an option to repay at par as early as July 1, 2021) and to fund and support PNM’s utility construction program to provide service to PNM’s customers, including funding for PNM’s purchase of the Western Spirit transmission line and repayment of existing short-term debt. PNM requests the Commission issue all approvals and authorizations as may be required for PNM to effectuate the execution, delivery, and performance of the proposed issuance of long-term debt.

PNM respectfully requests that the Commission designate a hearing examiner and set this matter at the head of its docket so that the approvals and authorization may be made within thirty (30) days of filing this Application as provided in NMSA 1978, Section 62-6-9 (1941). PNM also respectfully requests that, pursuant to 17.1.2.8(C)(3) NMAC and in

order to conserve limited Commission and Utility Division Staff resources, an evidentiary hearing be waived, and this Application instead be set for final consideration and approval at a Commission Open Meeting.

In support of this Application, PNM states the following:

1. PNM is a New Mexico corporation doing business within the State of New Mexico as a public utility, as defined in NMSA 1978, Section 62-3-3(G) (2009), and is subject to the Commission's jurisdiction and authority pursuant to the Public Utility Act, NMSA 1978, Sections 62-1-1 to -6-28 and 62-8-1 to -13-15 ("PUA").

2. PNM provides electric utility service. As a public utility, PNM is required, pursuant to NMSA 1978, Section 62-8-2 (1941), to "furnish adequate, efficient, and reasonable service."

3. PNM's principal office is located at 414 Silver Avenue SW, Albuquerque, New Mexico 87102.

4. Pursuant to NMSA 1978, Section 62-6-6(B), PNM is required to obtain authority from the Commission to issue, assume or guarantee securities payable at periods of more than eighteen (18) months after the date thereof, for the following purposes only:

- (a) making loans or grants from the proceeds of federal loans for economic development projects benefiting its service area;
- (b) the acquisition of property;
- (c) the construction, completion, extension, or improvements of its facilities;
- (d) the improvement or maintenance of its service;
- (e) the discharge or the lawful refunding of its obligations; or
- (f) the reimbursement of money actually expended for purposes set forth [in NMSA 1978, Section 62-6-6(B)] from income or from any

other money in the treasury [of PNM] not secured by or obtained from the issue, assumption or guarantee of securities, within five years next prior to the filing of [this Application].

5. Pursuant to NMSA 1978, Section 62-6-7 (1941), the Commission must approve the transactions described in this Application unless the Commission finds “that such transactions are inconsistent with the public interest; or that the purpose or purposes thereof are not permitted by [the PUA]; or that the aggregate amount of the securities outstanding and proposed to be outstanding will exceed the fair value of the properties and business of the public utility.”

THE PROPOSED SENIOR UNSECURED NOTES

6. PNM proposes to issue up to \$350 million of Proposed SUNs to repay the \$160 million of 5.35% SUNs maturing on October 1, 2021 and to fund and support PNM’s utility construction program to provide service to PNM’s customers, including funding for PNM’s purchase of the Western Spirit transmission line and repayment of existing short-term debt.

7. PNM proposes to issue the Proposed SUNs in one of more issuances of one or more series, with terms of up to thirty years, at interest rates fixed through the respective maturities of such series. PNM is seeking approval to issue the Proposed SUNs in one or more private placement transactions or through registered public offerings. The interest rate for notes issued in the private placement market may be set in advance of the issuance to mitigate the risk that interest rates could rise faster or more than anticipated.

8. The final composition of the placement agents for private placement market transactions or underwriters for public market offerings will be drawn from banks participating in PNM’s revolving credit facility and will depend on the Company’s

assessment of each placement agent's or underwriter's ability to successfully complete the transaction at the best price and other factors.

9. PNM will monitor market conditions to determine the best time to price and issue the Proposed SUNs, and PNM will notify the Commission of the final rates for each series of the Proposed SUNs within ninety days of their issuance.

10. PNM expects issuance costs, whether the Proposed SUNs are issued in the public or private market, to be approximately 1% of the principal amount to be issued, or approximately \$3.5 million.

11. The proposed transaction is in the public interest. PNM has the opportunity to refinance the \$160 million debt at a lower interest cost than borne by the maturing 5.35% SUNs. In addition, the issuance of up to an additional \$190 million of Proposed SUNs to support PNM's construction program is also in the public interest. PNM will issue long-term fixed-rate debt that better matches the useful lives of the assets being financed and maintain liquidity on the revolving credit facilities for working capital needs, consistent with the purpose of the revolving credit facilities.

12. The proposed transactions are reasonably necessary for the continued provision of adequate, efficient, and reasonable utility service. PNM's obligation to provide electric services as a public utility requires that it enter into such transactions.

13. The aggregate amount of all securities that will be outstanding upon the consummation of the proposed transactions will not exceed the fair value of the properties and business of PNM.

14. PNM proposes to notify the Commission within ninety days after the issuance of each series of the Proposed SUNs has been completed. Such notice will include

the amount, maturity and interest rate for each series of Proposed SUNs as well as the relevant final form of transaction documents governing each such issuance.

15. PNM's Application is supported by the direct testimony and exhibits of Sabrina Greinel, Assistant Treasurer for PNMR Services Company ("PNMR Services"). PNMR Services provides corporate services through shared services agreements to PNM. Ms. Greinel's testimony and exhibits further explain and support PNM's requests in this Application.

16. PNM requests that all pleadings, correspondence, and other documents that are served on PNM be mailed to its attorneys and representative at the following addresses:

Ryan Jerman, Corporate Counsel
Stacey J. Goodwin, Associate General Counsel
PNMR Services Company
Corporate Headquarters – Law Department
Albuquerque, NM 87158-0805
Phone: 505-241-4864
505-241-4927
Ryan.Jerman@pnmresources.com
Stacey.Goodwin@pnmresources.com

Brian Buffington, Senior Project Manager – Regulatory
Public Service Company of New Mexico
Corporate Headquarters – Regulatory Department
Albuquerque, NM 87158-1105
Phone: 505-241-4733
Brian.Buffington@pnm.com

17. Pursuant to 17.1.2.8(D)(3) NMAC, PNM's proposed form of Notice is attached to this Application as Exhibit A.

CONCLUSION

WHEREFORE, PNM prays that the Commission issue an order approving this Application and granting the following relief:

A. Set this matter at the head of its docket so that the transactions may be approved within the 30-day statutory timeframe;

B. Authorize PNM to issue up to \$350 million of Proposed SUNs to repay the \$160 million of 5.35% SUNs maturing on October 1, 2021, and to fund and support PNM's utility construction program to provide service to PNM's customers, including funding for PNM's purchase of the Western Spirit transmission line and repayment of short-term debt; and

C. Issue such further orders and approvals as may be necessary or appropriate in connection with proposed financing transaction described in this Application and the testimony and exhibits filed herewith.

Respectfully submitted this 26th day of April by:

PUBLIC SERVICE COMPANY OF NEW MEXICO

/s/ Ryan Jerman

Ryan Jerman, Corporate Counsel

Stacey J. Goodwin, Associate General Counsel

PNMR Services Company

Corporate Headquarters – Law Department

Albuquerque, NM 87158-0805

Phone: 505-241-4864

505-241-4927

Ryan.Jerman@pnmresources.com

Stacey.Goodwin@pnmresources.com

GCG #528021

EXHIBIT A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR AUTHORIZATION TO ISSUE)
UP TO \$350 MILLION OF SENIOR)
UNSECURED NOTES) Case No. 21-____-UT
)
)
**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant)
_____)****

NOTICE OF PROCEEDING

NOTICE is hereby given of the filing of an Application by Public Service Company of New Mexico (“PNM”) with the New Mexico Public Regulation Commission (“Commission”) on April 26, 2021, requesting authorization to issue senior unsecured notes (“SUNs”) in an amount up to \$350 million to repay the \$160 million of 5.35% 2011 Series SUNs maturing on October 1, 2021 and to fund and support PNM’s utility construction program to provide service to PNM’s customers, including funding for PNM’s purchase of the Western Spirit transmission line and repayment of existing short-term debt. PNM requests the Commission issue all approvals and authorizations as may be required for PNM to effectuate the execution, delivery and performance of the proposed issuance of long-term debt. PNM further requests that the Commission set this matter at the head of its docket so that the approvals and authorizations may be made within thirty (30) days of filing its Application as provided in NMSA 1978, Section 62-6-9 (1941).

1. The Commission is required by law to act promptly on PNM’s Application.

EXHIBIT A

2. A Zoom evidentiary hearing is scheduled for _____ 2021. The hearing may be vacated, pursuant to 17.1.2.8(C)(3) NMAC. Interested persons desiring to comment on the application at an Open Meeting or to intervene in the proceedings should contact the Commission for confirmation of the date, time and place for the hearing or, if the hearing is vacated, for consideration during an Open Meeting, since hearings and Open Meetings are on occasion rescheduled or vacated.

3. Interested persons desiring to intervene in the proceeding must file a Motion to Intervene under Subsections A and B of 1.2.2.23 NMAC before _____, 2021.

4. Interested persons may appear and give a written or oral comment, pursuant to the Commission's Rule for Utility Applications, 17.1.2 NMAC, and related Commission orders, without becoming an intervener. The comments will not be considered as evidence in this case.

5. Interested persons may inspect PNM's Application filed in this case, together with any exhibits and related papers, at PNM's office, 414 Silver Avenue SW, Albuquerque, New Mexico 87102, telephone (505) 241-2700, as electronically posted on the Commission's E-Docket website, and as posted at <http://www.pnm.com/regulatorv>. This case has been docketed as Case No. 21-_____ -UT and any inquiries should refer to that number.

6. The Commission's Rule for Utility Applications, 17.1.2 NMAC, applies to this case, except as modified by Order of the Commission or the Hearing Examiner. A copy of such Rule may be obtained from the Commission.

7. Interested persons may obtain further information by contacting either PNM or the Commission at the offices or telephone numbers noted herein.

EXHIBIT A

8. On or before, _____ 2021, the Commission's Utility Division Staff shall file direct testimony regarding this case. Any rebuttal testimony shall be filed by _____, 2021. Staff shall indicate in its direct testimony whether it supports the waiver of an evidentiary hearing.

9. Anyone filing pleadings, documents or testimony in this case will serve copies on all parties of record and the Commission's Utility Division Staff.

10. Interested persons should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled or canceled if deemed not required at the discretion of the Hearing Examiner or Commission.

11. Interested persons with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this _____ day of _____ 2021.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner

GCG#528023