

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY)
OF NEW MEXICO’S FIRST ANNUAL GRID)
MODERNIZATION RECONCILIATION FILING)
PURSUANT TO THE COMMISSION’S FINAL ORDER) **Docket No. 26-00000 __**
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)

APPLICATION

Public Service Company of New Mexico (“PNM”) hereby submits this first annual grid modernization reconciliation filing, requesting the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) to approve PNM’s grid modernization year one (2025)¹ cost of service and proposed Original Rider No. 60 Grid Modernization (“Rider 60”) to go into effect on April 15, 2026.² PNM’s year one costs and Rider 60 comply with NMSA 1978, Section 62-8-13 (the “Grid Modernization Statute”) and the Commission’s final orders in Docket No. 22-00058-UT and Docket No. 25-00049-UT. PNM is not requesting approval of any new investments in this Application and will separately request approval of its updated estimates for year three, and that such updated costs be presumed reasonable when it files its Second Annual Grid Modernization Review.³

Specifically, PNM requests the Commission take the following actions:

¹ For the purposes of PNM’s grid modernization plan filings, “year one” is from issuance of the Final Order in Docket No. 22-00058-UT (Oct. 17, 2024) through December 31, 2025. “Year two” will be calendar year 2026, and so on.

² Pursuant to the Final Order in Docket No. 25-00049-UT, PNM is submitting this reconciliation filing 15 days prior to filing Advice Notice No. 653, seeking approval of Rider 60, in order to provide the Commission, Staff, and any intervenors with 45 days to review PNM’s reconciliation filing prior to Rider 60 going into effect, assuming the Commission does not suspend the advice notice.

³ While PNM had self-imposed a deadline of March 1 to file its Grid Modernization Review each year, PNM’s Second Annual Grid Modernization Review will not meet that deadline in order to fully comply with the final order in Docket No. 25-00049-UT, which was not issued until February 26, 2026.

1) If there are no protests or opposition to Rider 60 within 30 days of PNM filing Advice Notice No. 653, that the Commission not suspend Advice Notice No. 653 and Rider 60 be allowed to go into effect by operation of law;

2) If there is opposition, that the Commission issue an expedited procedural schedule for any further proceedings, resulting in an order approving Rider 60 as soon as practicable; and

3) Any such other approvals, authorizations and actions required under the Grid Modernization Statute, the Public Utility Act, and Commission rules and orders.

I. BACKGROUND

In 2020, the Legislature adopted the Grid Modernization Statute to encourage grid modernization projects that benefit utility customers and the State of New Mexico. On October 3, 2022, PNM filed an application pursuant to the Grid Modernization Statute for approval of a six-year plan to implement grid modernization components, including advanced metering infrastructure (“AMI”), to modernize its electric distribution grid in Docket No. 22-00058-UT.⁴ On October 17, 2024, the Commission issued its Final Order approving PNM’s application as modified by Recommended Decision and Final Order.⁵ The Final Order in Docket No. 22-00058-UT also provided for an annual review filing, requiring PNM to present updated estimates for year two costs in its first annual review filing during year one; and at that time the Commission shall grant further approvals and attach further presumptions of reasonableness as necessary. This process shall repeat for the remaining years of PNM’s six-year Grid Modernization Implementation Plan (“Plan”).⁶

In compliance with the Final Order in Docket No. 22-00058-UT, PNM filed its first annual

⁴ Docket No. 22-00058-UT, Application With Supporting Testimonies (Oct. 3, 2022).

⁵ Docket No. 22-00058-UT, Final Order (Oct. 17, 2024).

⁶ *Id.* at p. 32.

review filing in Docket No. 25-00049-UT on June 20, 2025 (“First Annual Grid Modernization Review”).⁷ That filing proposed that future grid modernization filings be split into two filings: i) a reconciliation filing where the prior year’s costs are presented, along with a proposed rider to recover those costs, and ii) a compliance filing where PNM will provide an update on present year implementation progress and outline planned activities for the following years, in alignment with regulatory expectations and delivery of customer benefits.⁸ In this Application, PNM amends the naming of the “compliance” filing to revert back to the original “review” nomenclature in an attempt to avoid confusion.

II. SUMMARY OF PNM’S FIRST ANNUAL RECONCILIATION FILING

As explained in PNM’s First Annual Grid Modernization Review, in year one (2025), PNM made progress across all major components of its Grid Modernization Plan which resulted in increased capital clearings due primarily to accelerated AMI system procurement and integration work. Year one activities include execution of contracts with AMI vendors and system integrators; installation planning and initial deployment of AMI access points; launch of development activities for the Customer Energy Management Platform (“CEMP”) and Mobile App; progress on Wide Area Network (“WAN”) upgrades and cybersecurity planning; execution of TIBCO platform contracts and early data architecture work; and program oversight enhancements and centralized change management. PNM also conducted internal process reengineering to support AMI, the CEMP, and system integration.

PNM’s second annual reconciliation filing will be made on or before March 1, 2027, and will provide updated actual costs applicable to the rider to recover year two (2026) actual costs, estimates for which were deemed reasonable in Docket No. 25-00049-UT.⁹ This process will be repeated for

⁷ Docket No. 25-00049-UT, Application With Supporting Testimonies (June 20, 2025).

⁸ Docket No. 25-00049-UT, Direct Testimony of Thomas S. Baker, p. 16 (June 20, 2025).

⁹ Docket No. 25-00049-UT, Final Order at Decretal Paragraph (D) (“PNM is GRANTED a rebuttable presumption of reasonableness for its approved year two Grid Mod Plan costs consistent with the findings and conclusions of this Final

years three through six for the respective annual grid modernization reconciliation filings.

III. PNM WITNESSES SUPPORTING THIS FILING

PNM is filing the direct testimony and exhibits of the following three witnesses:

1. Jonathan C. Hawkins, Associate Director of Grid Modernization for PNM. Mr. Hawkins' testimony describes, in detail, the year one grid modernization costs placed in service.
2. Reina N. Gutierrez, Senior Manager of Cost of Service for PNMR Services Company. Ms. Gutierrez's testimony 1) provides PNM's final year one Grid Modernization revenue requirement; and 2) summarizes any variances from what was presented in Docket No. 22-00058-UT and Docket No. 25-00049-UT.
3. Heidi M. Pitts, Ph.D, Principal Pricing Analyst for PNM. Dr. Pitts' testimony will 1) discuss the steps needed to calculate the class-specific Rider 60 charges for year one using the year one revenue requirement provided by PNM witness Gutierrez; 2) calculate bill impacts for all rate schedules; and 3) include the Original Rider 60 Grid Modernization redline tariff with a description of the changes from what was filed in Docket No. 22-00058-UT.

IV. SUPPORT FOR PNM'S APPLICATION

In support of its Application, and in compliance with 17.1.2.10(B)(2)(b) and (C)(2)(a)-(e) NMAC, PNM states that:

- i. the revenue requirements recovered through Original Rider No. 60 will be \$7,673,961, as compared with \$10,217,645 that was approved for recovery in Docket No. 25-00049-UT, a decrease of \$2,543,684 or 25%. See PNM Table RNG-3 in the Direct Testimony of PNM witness Gutierrez;
- ii. the customer classifications to which Rider 60 will apply and the proposed charges for

those classifications in PNM Exhibit HMP-3 to the Direct Testimony of PNM witness Pitts;

iii. PNM's proposed Notice to Customers is attached as Exhibit A. Concurrent with filing, PNM served a copy of this Application, a proposed Notice to Customers, and supporting testimony on the Commission's Utility Division Staff, the New Mexico Department of Justice, and all parties to Docket Nos. 22-00058-UT, 24-00089-UT and 25-00049-UT; and

iv. PNM will publish notice of this Application and provide notice to customers as directed by the Commission.

V. REQUESTED VARIANCES

PNM is requesting that the Commission grant a variance from the data filing requirements of Rule 530 to the extent that it is required. Rule 530 requires the filing of extensive data schedules that are unnecessary for review and approval in this case.

VI. COMPLIANCE WITH COMMISSION ORDERS

The Final Order in Docket No. 22-00058-UT required that the "grid modernization rider shall be based on the investments that go into service during the prior calendar year."¹⁰ In compliance with that order, this first annual reconciliation filing describes those investments, provides a revenue requirement based on actual year one costs, and provides the class-specific Rider 60 charges for year one using the year one revenue requirement.

In compliance with the Final Order in Docket No. 25-00049-UT, PNM will file Advice Notice No. 653, which will include PNM's Original Rider No. 60 Grid Modernization, 15 days after the filing of this Application.¹¹ PNM is including a proposed or "illustrative" Rider 60 in this Application in order that the Commission and all parties have 45 days in total to review Rider 60.

¹⁰ Docket No. 22-00058-UT, Final Order at Decretal Paragraph E. (Oct, 17, 2024).

¹¹ Docket No. 25-00049-UT, Final Order at Decretal Paragraph (F) ("PNM shall file its annual GMR reconciliation no later than 15 calendar days prior to filing any advice notice to update the GMR tariff.")

To that end, PNM is also including its workpapers in executable format in this filing.

Also in compliance with the final order in Docket No. 25-00049-UT, PNM is accounting for year one Software-as-a-Service (“SaaS”) costs in Operations & Maintenance within the Rider 60 revenue requirement, rather than as capital.¹²

VII. NOTICE AND PROCEDURAL REQUIREMENTS

The New Mexico Public Regulation Commission (“Commission”) is authorized by law to provide protection from public disclosure of confidential or proprietary information and trade secrets. NMSA 1978, §§ 14-2-1(F), (L) (2023), 62-6-17(C) (1993). Pursuant to 1.2.2.8(A) and NMAC, a Commission-designated Hearing Examiner is authorized to enter appropriate protective orders to prevent public disclosure of confidential information. PNM will be filing a Motion for Entry of a Protective Order should it be required.

PNM’s attorneys and corporate representatives who should receive all notices, pleadings, discovery requests, and responses and other documents related to this case are:

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All pleadings, correspondence and other documents should also be delivered electronically to the following email addresses:

pnmregulatory@pnm.com
Kyle.Sanders@txnmenergy.com

¹² Docket No. 25-00049-UT, Final Order at Decretal Paragraph (C) (“PNM’s request to reclassify SaaS costs from O&M to capital is DENIED without prejudice.”)

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VIII. CONCLUSION

WHEREFORE, PNM respectfully requests that the Commission take the following actions:

- 1) If there are no protests or opposition to Rider 60 within 30 days of PNM filing Advice Notice No. 653, that the Commission not suspend Advice Notice No. 653 and Rider 60 be allowed to go into effect by operation of law;
- 2) If there is opposition, that the Commission issue an expedited procedural schedule for any further proceedings, resulting in an order approving Rider 60 as soon as practicable; and
- 3) Any such other approvals, authorizations and actions required under the Grid Modernization Statute, the Public Utility Act, and Commission rules and orders.

Respectfully submitted this 2nd day of March, 2026,

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: /s/ John Verheul

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