



PNM Distribution System Plan

Stakeholder Questions and Comments

August 1, 2026-August 31, 2026

PNM would like to thank all stakeholders who submitted questions and comments.

Q: Just now I opened the link you sent, and at first thought it was the same draft as had been distributed on July 31. However, when I compared the 2 documents, it appears the earlier one, was just the first 95 pages, and the version sent today has 436 pages. I tried to compare them, and came up with this understanding: The first 95 pages may be essentially the same--I did not do a page by page comparison, and the 8/14/2026 distributed version includes hundreds of Appendix pages. Please confirm or point me to where I should look for differences. The new draft is all I found attached, so where is the Table of Questions with the PNM responses?

A: Your understanding is correct. The July 31 version included the draft DSP narrative, while the August 14 version includes the same draft along with additional appendices and supporting materials, which account for the increase in page count.

The stakeholder questions and PNM responses are posted separately from the draft DSP and are available on the DSP stakeholder website.

Q: First and most critically, describe and explain how AMI collected customer data is protected during transmission, storage, and analysis. Given we live in an era where utilities have experienced database hacks and AI has taken user data for its internal training or other purposes without

authorization, particularly note how meter location and customer identity and activity are protected.

A: Please see cyber security controls we filed as part of testimony in the AMI case in 2022 on pages 21-27: <https://www.txnmenenergy.com/~media/Files/P/PNM-Resources/rates-and-filings/PNM%20Grid%20Mod/8%20Direct%20Testimony%20of%20Jonathan%20C%20Hawkins.pdf>

(Alternate response can be simply providing the text - PNM maintains a comprehensive cybersecurity program to address the risks associated with malicious software attacks. The cybersecurity program is designed to protect PNM computers, servers, business applications and data, and high value networks from unauthorized access and control from both external and internal threats. The cybersecurity threat landscape constantly evolves and expands, and it is critical to continuously improve PNM's defense posture through investments in technology, improvements in cybersecurity processes, and collaboration with law enforcement, regulatory and industry resources. PNM's guiding security philosophy is to simplify, secure, and standardize where possible to provide a reliable, resilient, and redundant environment to mitigate risk across the enterprise and define PNM's security strategy. PNM uses a risk-based process aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF") Core Functions to manage security threats. The CSF defines the five core functions as follows:

- Identify – Identify threats and inform the enterprise as a key part of the end-to-end intelligence program.
- Protect – Stop would-be intruders from infiltrating and entering protected systems.
- Detect – Effectively detect and deter cyber threats via monitoring tools and other analytics.
- Respond – Assess, contain, and mitigate damages from compromising events by utilizing tools, a trained workforce, and other resources.
- Recover – Return systems to normal and understand how to protect and assess vulnerabilities in the system. All-hazards based recovery capabilities apply to all threats.

By applying this organizing foundation, PNM positions itself to protect its networks and assets based upon the risk to the business and customers. PNM has defined and implemented the CSF using industry standards and best practices. These objectives support PNM's goal to provide reliable electric service to customers. Computer security will remain a major concern for PNM for both the short and long term, as malicious software and intrusions continue to become more sophisticated. The actors are changing and increasingly have the skills to employ stealth techniques over time that attempt to evade and disable current detection mechanisms. As such, PNM continuously assesses its cybersecurity program to help evaluate, prioritize, and improve security capabilities to protect against cybersecurity threats.

PNM has comprehensive policies and processes that will be followed during procurement, design, and operation of any cyber asset associated with grid modernization. Applicable processes include

the following:

- Identifying, prioritizing, and assessing supplier's and other third-party providers' systems, components, and services using a supply chain security risk assessment process; Other third parties include the parties that work with PNM's existing suppliers.
- Protecting network integrity (e.g., network segregation, network segmentation);
- Authenticating users, devices, and other assets commensurate with the risk of the transaction (e.g., individuals' security and privacy risks and other organizational risks) or applying mitigating controls;
- Protecting data-at-rest commensurate with its classification;
- Protecting data-in-transit commensurate with its classification;
- Verifying software, drivers, firmware, and information integrity with integrity checking mechanisms;
- Implementing configuration change control processes;
- Protecting, monitoring, and restricting access to communications and control networks;
- Ensuring no device will be connected to the network without authority to operate and an appropriate set of protective software;
- Establishing and monitoring a baseline of network and system operations and configuration
- Assessing suppliers and third-party partners to evaluate the security of their programs prior to contractual obligation. A baseline of normal user activity is established and monitored. Personnel and account activity are monitored to detect potential security of their programs prior to contractual obligation.

These processes will help PNM implement a risk-based approach to protecting its grid modernization-related cyber assets.

To protect customer confidentiality, PNM is adopting the U.S. Department of Energy's DataGuard Energy Data Privacy Program ("DataGuard") code of conduct to implement customer-facing technologies. The key tenets of the DataGuard code include:

- Consumer Notice and Awareness: Customers should be given prior notice about privacy-related policies and practices.
- Customer Choice and Consent: Customers should have a degree of control over access to their own customer data.
- Customer Data Access and Participation: Customers should have access to their own customer data and should have the ability to participate in its maintenance.
- Integrity and Security: Customer data should be as accurate as reasonably possible and secured against unauthorized access.
- Self-Enforcement Management and Redress: Enforcement mechanisms should be in place to ensure compliance with the foregoing principles.

Since its launch in 2012, DataGuard has become an established industry best practice. PNM will use the DataGuard voluntary code of conduct within the policies, processes, and procedures that will need to be developed to govern and operate the new data systems associated with the AMI

system. In addition, PNM's customer-facing systems will conform to the U.S. National Institute of Standards and Technology's "Guide to Protecting the Confidentiality of Personally Identifiable Information" (Publication NIST SP 800-122).)

Q: Explain expected benefits to PNM from the GMP and AMI, e.g., cost savings via electronic meter reading, Demand Response impact on short and long term system management, etc.

A: A cost/benefit analysis was performed when PNM filed the application for Grid Modernization in 2022. Please see the testimony of James Shields, Exhibit JWS-2 (CBA) for additional information. The information studied for AMI begins on page A-11.

<https://www.txnenergy.com/~media/Files/P/PNM-Resources/rates-and-filings/PNM%20Grid%20Mod/CBA/James%20W%20Shields.pdf>

Q: Explain expected benefits to customers from GMP and AMI. E.g., Would rates be lowered a) to reflect the savings from electronic meter reading, or b) lower fuel costs as solar/wind replace fossil fuels? How might power be made more affordable through these two programs?

A: A cost/benefit analysis was performed when PNM filed the application for Grid Modernization in 2022. Please see the testimony of James Shields, Exhibit JWS-2 (CBA) for additional information. Savings from electronic meter reading were included in the analysis as were costs associated with capacity and carbon offset estimated benefits but not directly fuel cost savings.

<https://www.txnenergy.com/~media/Files/P/PNM-Resources/rates-and-filings/PNM%20Grid%20Mod/CBA/James%20W%20Shields.pdf>

Q: Reconcile the contradicting information between the GMP FAQ sheet that states [p7] in answer to the Top Question: "No. PNM will not control your daily energy use in your home or business," with the 2026 IRP draft, e.g., Section 8.1 Demand Response [p171 ff] and similar, that clearly describe circumstances that the two-way AMI meters could connect to Direct Load Control [DCL] devices engaged with Peak Saver and Power Saver program extensions, as well as on customer-owned battery storage, hot water heaters, thermostats, EV charging times, etc.

A: The GMP FAQ sheet is incorrect for possible future capabilities for customer programs and is being corrected. PNM could have some capability for customer device control facilitated by the AMI system provided a customer opts into a program that allowed that control and customer devices are technically enabled to receive those commands. PNM's existing Peak Shaver or Power Saver programs are programs that may be good candidates to utilizing the AMI system as opposed to the direct communication technology being utilized today, as an example. While the AMI platform supports such capabilities, PNM still has both technology and customer program components to develop to enable such programs.

Q: Provide citations or links to studies that show how AMI adoption has changed customer usage behavior related to TOD and TOU. What metrics were used? Were changes achieved that sufficiently lowered demand on the generating system?

A: PNM included the annual TOD reports in Docket 26-0000069 Second Annual Grid Modernization filing. The 2025 Impact Analysis report is included as Exhibit HMP-4 to the Direct Testimony of Heidi M. Pitts. The 2025 TOD Pilot Program Evaluation report is included as Exhibit HMP-1 (Supplemental) to the Supplemental Testimony of Heidi M. Pitts. Finally, PNM's presentation on the results from its baseline survey on customer awareness of energy usage reports is provided as Exhibit HMP-2 for the Direct Testimony of Heidi M. Pitts. The TOD pilot is still in the pilot stage with approximately 2,200 residential customers. The 2025 Impact Analysis report showed a statistically significant reduction in summer on-peak period energy usage. PNM will continue to evaluate the pilot and propose modifications in the next general rate case as progress is made towards default TOD rates for residential customers.

Q: Explain the replacement schedules and timelines PNM uses to replace and upgrade older equipment?

A: These projects don't go unresolved usually. The outages in La Cienaga started with a snow storm and tree issues that were mitigated. The recent outages were do to cable faults which are being mitigated now. PNM evaluates outages consistently and tracks repeat outages and makes sure we can come up with projects to increase either reliability or resilience in these areas to make sure they done become a continuous problem.

Q: Does PNM have TOD rates in effect that apply to all customers? If yes, how much savings do customers receive when using power in lower cost TOD rate periods.

A: All customer classes except the lighting (Rate 6 Private Lighting and Rate 20 Streetlighting) and Rate 36B Special Services Contract have a TOD pilot rate option on their rate schedules. The ability to save money on energy bills depends on customers' energy usage and the ability to shift or reduce usage during on-peak hours. For instance, in the summer, the on-peak to off-peak energy ratio is 4:1 and in the non-summer the on-peak to off-peak energy rate is 2.5:1 for the residential TOD pilot. For the commercial classes, summer energy rate ratios-- on-peak to super off-peak is 4:1 and off-peak to super off-peak is 2.5:1. Non-summer energy rate ratios-- on-peak to super off-peak is 2.5:1 and off-peak to super off-peak is 1.5:1.

Q: What metrics are used to track TOU?

A: PNM assumes that this question is about Time-of-Day (TOD) rates not the Time-of-Use (TOU) rates. PNM has two annual analysis reports that measure customer satisfaction and load impact

for the residential TOD pilot. PNM has also developed a survey to track how customers are using the TOD emails and energy insights dashboard.

Q: What incentives are offered to encourage customers to change their TOU behavior?

A: PNM assumes that this question is about Time-of-Day (TOD) rates not the Time-of-Use (TOU) rates. Higher energy rates during on-peak periods provide a pricing incentive to shift usage to lower cost off-peak or super off-peak periods.

Q: What other accommodations might be built into the PNM system for customers who cannot take advantage of TOD rates?

A: PNM plans to propose modifying the residential TOD pilot to include the super-off-peak period (8:00am to 5:00pm Monday-Friday year round) in its next rate case. This will provide more opportunities for customers to save on their energy bills. However, as stated in PNM's original Grid Modernization application, the intent of the TOD rate structure is to lower the costs that the utility must incur to serve customers.

Q: Must customers be enrolled in special programs to benefit when they use power during lower TOD rate periods?

A: Customers can take service on the TOD pilot without needing to be enrolled in any program. A customer with an electric vehicle can take service on the residential TOD pilot or the residential Whole House Electric Vehicle (WHEV) pilot rate but cannot participate in both pilots because they are on separate rate schedules.