



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 don't 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.

Q: What is the average age of the PNM transformers and other distribution grid infrastructure?

A: The average age of Distribution Substation Transformers is about 39 years with an expected service life of about 50 years. About 35% of Distribution Substation assets are past their expected service life. Distribution infrastructure assets have a service life of about 40-75 years depending on the asset. About 15% of Distribution infrastructure assets are past their expected service life.

Q: Key aspects of the plan's forward-looking sections were not made available to stakeholders prior to or during the defined comment period. Specifically:

- **Projected capital and operating costs.** Section 6.2 states in its entirety that PNM will update the section prior to the September 21, 2026, meeting. Exhibit A 3(f)(ii) requires projected costs for at least five years.

A: This will be provided in the final report.

- **Five-year load forecast.** Section 5.2 describes what a load forecast should aspire to be. It does not include forecast. Exhibit A 4(f)(ii) requires a forecast.
A: PNM's five-year system load forecast has been added to the report.
- **Scenarios and sensitivities.** Sections 5.3 through 5.6 are written prospectively throughout. No scenario or sensitivity has been run for stakeholders to respond to. Exhibit A 4(f)(iii)–(v) requires scenario with defined peak impact analyses and other attributes.
A: Presently, PNM does not do multiple forecast scenarios or specific sensitivities in the Distribution Planning Process. As described in Sections 5.3 and 5.4, this is what PNM is potentially evaluating for the future.
- **Prioritized list of investments.** Section 8.1 consists of the placeholder text “**Future**.” Exhibit A 7(a) requires this list.
A: This will be provided in the final report.
- **DER, battery storage, and microgrid appendices.** Appendices 10.1 through 10.3 reproduce the Exhibit A requirement text and state “To be added prior to final report.” These items are required in Exhibit A 3(b), 3(g)(i), 3(g)(ii), 3(g)(v), 3(g)(vi).
A: This will be provided in the final report.

Q: In addition to the missing items above, ECAM requests feeder-level analysis of low-income customers, underserved communities, and service quality (Exhibit A 2(g)(i)–(ii)).

Exhibit A 2(g) requires, on a feeder-by-feeder basis, discussion of low-income customers and underserved communities and evaluation of differences in service quality. The draft responds by stating that PNM applies uniform planning criteria regardless of income, community status, or geography, and that there are accordingly no service differences in any community. This does not answer the Order’s requirement. Uniform planning criteria are an input to the planning process. Differences in service quality are an output of the system as built and operated.

ECAM notes that it would be useful for the filed DSP to include:

- Feeder-level reliability performance, including SAIDI, SAIFI, and predominant outage cause, with identification of feeders meeting PNM’s worst-performing screen and those meeting it in consecutive years.
- An overlay of low-income and energy-burdened customer concentration against that feeder-level reliability performance and against available hosting capacity headroom.
- Where localized service quality deficiencies are identified, the measures PNM proposes to correct them and the schedule for doing so.

ECAM notes that this overlay is useful to the State’s program offerings and offers to work with PNM on the data conventions used to define energy burden. This data is important as low-income communities

are less able to respond and recover from outage events. These communities also face disproportionate exposure to service outages.

A: Feeder-level reliability performance for feeders that exceed the threshold will be added to the final report.

PNM's income-qualified energy efficiency efforts include income-qualified specific programs – the Income-Qualified Easy Savings Kit, Income-Qualified Home Energy Checkup, and Energy Smart programs. They also includes largely market rate programs that also serve a portion of the income qualified market segment such as the Home Works, Residential Products, New Home Construction, and Multifamily programs. While PNM has these types of programs, the distribution planning processes focuses on technical aspects and not socioeconomic status. The planning process equally applies the same capacity and reliability criteria to all customers across divisions and clusters. PNM consistently applies its planning standards across its system, regardless of income ensuring no service differences in any community including underserved communities. The process does not lower service-quality expectations for low-income customers or underserved communities, and it does not use customer demographics as a basis to delay or avoid a capacity review. PNM has no evidence that low-income communities in our service territory face disproportionate exposure to service outages.

Q: Data and plan to access TOU rate benefits of AMI (Exhibit A 3(g)(vii), 4(e)).

Exhibit A 4(e) requires a description of how the utility will maximize the customer benefits of previous grid modernizing investments, including automated metering technology. Exhibit A 3(g)(vii) requires a status update for existing grid-mod related rate design pilots. PNM's direct testimony in Docket No. 22-00058-UT identified time-of-use rate implementation as one of the main AMI benefits.

ECAM believes the filed DSP would benefit from including a dated roadmap from meter deployment to TOU rate availability, identifying when time-varying rates would be proposed, the design under consideration including whether it would be opt-in or opt-out, the treatment of low-income customers, and any shadow-billing or transition period. ECAM further requests that the plan discuss on-going grid-modernization-leveraged rate design pilots (with program data collected so far) or state that none exist and explain why.

A: PNM provides annual updates to the TOD pilot in the annual Grid Modernization filings. In the Second Annual Grid Mod filing (Docket 26-0000069), PNM provided a Roadmap to Default TOD rates in the Direct Testimony of Heidi M. Pitts and the residential TOD pilot load impact analysis report as PNM Exhibit HMP-4 to the same testimony. PNM also provided the second annual evaluation report, the TOD Pilot Program Evaluation Year 2 in her Supplemental Testimony. The Roadmap to Default TOD provides the steps over two general rate cases to arrive that the point where PNM proposes default TOD for all residential customers. Rate Schedule 1A Residential will be the opt-out rate schedule for residential customers. PNM witness Pitts's testimony also

discusses the logical next steps after TOD rates and provides an table comparing PNM's peer utilities residential rate options (PNM Exhibit HMP-5). With regards to low-income customers, in the next general rate case PNM plans to file a low-income discounted customer charge proposal that will be available to low-income customers regardless of which residential rate schedule they take service on.

Q: Better visibility into the 10-year load forecasting methodology

ECAM believes the plan would benefit from better visibility into the 10-year forecasting methodology explained in section 4.3.4.1. Specifically, we'd like to know how many transformer loading forecasts are manually adjusted each year during the engineering screen and what percent of total transformer loading forecasts each year are manually adjusted.

ECAM is also curious how PNM accounts for data quirks that may skew load growth rates. For instance, section 4.3.4.1 describes the peak loading forecast as essentially using a 5-year moving average to forecast the next year's peak loading before engineering adjustments. If, for the sake of argument, every house connected to a specific transformer purchased an EV during the prior year, this would skew the annual year-over-year demand growth rate applied by the forecast. Yet, this year would clearly be an outlier. How does PNM account for skewed growth rates in the manual adjustment process? Are there quantitative examples illustrating how engineers calculate the adjustments used to modify forecasts?

A: PNM reviews the SCADA data for each substation annually. PNM eliminates false peaks due to load transfers and bad data by eliminating the bad data from the load transfer timeframe, choosing the next available peak. Where loads have increased or decreased more than 10% from the prior year, PNM reviews to see if the cause can be identified. Then for growth projections, the five-year historical peaks are used to calculate an annualized average growth rate. This should minimize any single year spike or decrease. Regarding the EV charging example given; EV charging typically occurs off peak. It should not affect the peak load forecast since PNM's system typically peaks during the late afternoon. However, peaks are reviewed annually so should the EV load cause a consistent change to the transformer peak, it would be seen in the following year review. If it was an outlier peak reading, the following year peak would decrease. Since the 10-year forecast is a long-term planning tool, a one-year outlier in data will not greatly affect the outcome of a single annual 10-year review.

Q: Contingency for virtual power plant project (Exhibit A 2(g)(iii)).

Section 6.6 states that PNM has applied for approximately \$35.6 million under the DOE GRIP program for a virtual power plant project. It also states that PNM cannot represent the project's final funding level, scope, or schedule.

Within the plan's five-year window, it appears VPP deployment at PNM depends on a grant that may not close and on the DERMs release scheduled for 2028. Yet close to 692.6 megawatts of DER are interconnected to PNM's system today, including roughly 38.7 megawatts of customer battery

storage across 1,041 installations, none of which is currently available to the system as a dispatchable resource.

ECAM requests that the filed DSP state what PNM will do to advance DER utilization if the award is not executed or is executed at materially reduced scope.

A: PNM's plan to advance DER utilization does not solely depend on the DOE GRIP award closing. As described in Section 5.7.1.6, ADMS Release 2 (DERMS), targeted for go-live in 2028, will be deployed under PNM's contract with Schneider Electric and will proceed on this schedule regardless of the outcome of the VPP grant. At DERMS go-live, PNM intends to have integrated a number of the larger DER assets that already have SCADA hardware in place, with a proven path forward to continue integrating the remaining assets in this category over time.

The VPP grant project is intended to address residential and commercial DER that currently lack the on-site communications hardware needed to integrate with DERMS. If the DOE award is not executed, or is executed at materially reduced scope, PNM will continue to assess its ability to develop cost-effective VPP projects that can benefit customers, subject to any necessary Commission approvals and cost recovery.

In addition, there is a possibility that up to \$25 million will be made available for utility infrastructure targeting a pilot project for virtual power plant ("VPP") and utility-controlled demand management, subject to Commission approval of the program and of the proposed indirect acquisition of PNM by Blackstone Infrastructure. These funds are separate from the DOE award and could be used to either supplement DER aggregation efforts if the DOE grant is executed, or to help support a similar effort if the DOE grant is not executed or is materially reduced in scope.

Q: Integrated System Planning Exhibit A8(a) encourages utilities to strengthen integration between distribution system planning and integrated resource planning by aligning data, assumptions, and forecasts across both processes. Sections 1.11 and 5.3 of the Draft Plan describe movement toward a common corporate bottom-up forecast and reference the methodology used in the Avoided Cost Study in Docket No. UT 26-0000072.

ECAM supports this direction and requests a crosswalk identifying which specific assumptions (load growth, DER adoption, electric vehicle penetration, electrification, and economic development) are shared with the 2026 Integrated Resource Plan and the Avoided Cost Study, and where and why they diverge.

A: While certain assumptions in the Avoided Cost Study and the 2026 Integrated Resource Plan are currently based on different planning perspectives and timelines, PNM is advancing efforts to align these analyses through an integrated system planning approach, as discussed in Section 5.3.