

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

IN THE MATTER OF THE JOINT APPLICATION OF )  
PUBLIC SERVICE COMPANY OF NEW MEXICO, )  
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR )  
APPROVAL OF AN ACQUISITION AND MERGER OF ) Case No. 25-00\_\_\_-UT  
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.; )  
APPROVAL OF A GENERAL DIVERSIFICATION PLAN; )  
AND ALL OTHER AUTHORIZATIONS AND )  
APPROVALS REQUIRED TO CONSUMMATE AND )  
IMPLEMENT THIS TRANSACTION )  
)  
PUBLIC SERVICE COMPANY OF NEW MEXICO, )  
TXNM ENERGY, INC. AND TROY PARENTCO LLC, )  
)  
JOINT APPLICANTS. )

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**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**HENRY E. MONROY**

**August 25, 2025**

**NMPRC CASE NO. 25-00 \_\_\_\_\_-UT  
INDEX TO THE DIRECT TESTIMONY OF  
HENRY E. MONROY**

**TABLE OF CONTENTS**

I.	INTRODUCTION AND PURPOSE OF TESTIMONY .....	1
II.	REGULATORY APPROVAL STANDARDS FOR ACQUISITIONS .....	3
III.	OVERVIEW AND IMPLEMENTATION OF REGULATORY COMMITMENTS .....	6
A.	TANGIBLE AND QUANTIFIABLE BENEFITS.....	7
B.	GOVERNANCE PROTECTIONS.....	20
C.	FINANCIAL AND REGULATORY PROTECTIONS.....	25
D.	CONTINUED LOCAL CONTROL OF PNM.....	34
IV.	SATISFACTION OF GENERAL STANDARDS FOR APPROVAL .....	36
V.	STANDARDS FOR GENERAL DIVERSIFICATION PLANS.....	40
VI.	REQUEST FOR VARIANCE ON CLASS II REPORTING SCOPE .....	46
VII.	PNM’S PROPOSED COMPLIANCE REPORTS .....	48
VIII.	SUMMARY OF ALL REQUESTED APPROVALS .....	52
IX.	CONCLUSION.....	53

JA Exhibit HEM-1	Résumé of Henry E. Monroy
JA Exhibit HEM-2	Merger Criteria Mapped to Regulatory Commitments and Testimony
JA Exhibit HEM-3	Proposed Acquisition Benefit Credit Rider
SELF AFFIRMATION	

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**I. INTRODUCTION AND PURPOSE OF TESTIMONY**

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**Q. Please state your name, position and business address.**

**A.** My name is Henry E. Monroy. I am the Senior Vice President and Chief Financial Officer for Public Service Company of New Mexico (“PNM” or the “Company”) and TXNM Energy, Inc. (“TXNM”). Prior to May 19, 2025, I held the role of Vice President, PNM Regulatory. My business address is Public Service Company of New Mexico, 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

**Q. Please describe your responsibilities as Senior Vice President, Chief Financial Officer.**

**A.** I am responsible for executive oversight of the financial health of TXNM and its subsidiaries. In this role, I also oversee the PNM Regulatory and Pricing organization. In my previous role as Vice President, PNM Regulatory, I was responsible for all regulatory matters, pricing determinations for utility rates and services, and stakeholder engagement for PNM. My educational and professional qualifications are listed in JA Exhibit HEM-1.

**Q. What topics are you addressing in your direct testimony?**

**A.** My testimony addresses the following topics:

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

- 1           • A review of the statutory and regulatory requirements for approval of the  
2           proposed acquisition by Troy ParentCo, LLC (“Troy”) of TXNM (the  
3           “Acquisition”), as set forth in the Joint Application.<sup>1</sup>
- 4           • An overview of the requested Class II Transaction approvals. I explain how  
5           each of the affiliate transaction obligations has been met.
- 6           • PNM’s proposed implementation of various regulatory commitments made  
7           by Troy and TXNM, the parent holding company for PNM, and backed by  
8           Blackstone Infrastructure, in furtherance of the Acquisition (“Regulatory  
9           Commitments”).
- 10          • The accounting and regulatory treatment of the financial aspects of the  
11          Acquisition.
- 12          • PNM’s proposed 2026 General Diversification Plan (“2026 GDP”) and  
13          limited reporting variance regarding unrelated or remote affiliates.
- 14          • A summary compilation of all requested approvals and proposed  
15          compliance filings and reports.

16          In addition to the Exhibits attached to my Direct Testimony, I co-sponsor Application  
17          Exhibit A (Corporate structure charts), Application Exhibit B (Regulatory Commitments)  
18          and Application Exhibit F (2026 GDP).

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<sup>1</sup> The Acquisition will be accomplished through a merger involving TXNM, Troy, and Troy’s subsidiary Troy Merger Sub Inc. (“Troy Merger Sub”). Troy Merger Sub will be merged into TXNM, and the separate corporate existence of Troy Merger Sub will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy. Troy is indirectly owned and controlled by Blackstone Infrastructure. Witness Sherman describes this Blackstone organizational structure in more detail in his testimony. “Blackstone Infrastructure,” a term I use throughout my testimony, is an umbrella term that refers to Blackstone Infrastructure Management and the funds and accounts directly or indirectly controlled by them.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**II. REGULATORY APPROVAL STANDARDS FOR ACQUISITIONS**

**Q. What are the statutory standards the Commission applies in evaluating mergers and acquisitions?**

**A.** The approval criteria the Commission applies are based on standards contained in Section 62-6-13 of the New Mexico Public Utility Act (“PUA”). Section 62-6-13 of the PUA provides that the Commission shall approve mergers and acquisitions unless the Commission determines the proposed transaction is either unlawful or inconsistent with the public interest.

Additionally, Rule 17.6.450.10 NMAC requires that the Commission consider the effect the proposed Class II transaction may have on the financial performance of the public utility and whether there will be any adverse and material effect on utility service and rates, in accordance with the Commission’s authority under Section 62-6-19(B) and (C) of the PUA. Pursuant to Section 62-3-3(L) of the PUA, a Class II Transaction includes a transaction that results in the formation of a public utility holding company or a merger with a public utility holding company. Acquisitions are often structured in this fashion, and this Acquisition will be accomplished through a purchase of all stock and a merger at the TXNM holding company level.

**Q. Are there specific criteria that the Commission developed in determining if the statutory standards are met?**

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1    **A.**    Yes. The Commission has developed specific criteria to determine if an acquisition  
2           or merger is in the public interest and has enumerated the necessary protections and  
3           affirmations necessary to meet the standards in Rule 17.6.450.10(C) NMAC.  
4           Witness Tarry makes the related necessary affirmations under Rule 450 on behalf  
5           of the Company in his Direct Testimony, and Witness Klimczak makes these  
6           affirmations on behalf of Troy and Blackstone Infrastructure. PNM Table HEM-1  
7           provides a list of the six-pronged test that the Commission has developed in other  
8           merger and acquisition proceedings in making the public interest determination  
9           required by Section 62-6-13,<sup>2</sup> and outlines the two additional findings that relate to  
10          the requirements for a general diversification plan under Rule 17.6.450 NMAC. In  
11          discussing the grounds for approval of the Joint Application, I generally address  
12          these criteria, collectively.

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**PNM Table HEM-1  
NMPRC MERGER APPROVAL CRITERIA**

<b>Section 62-6-13 Approval Criteria</b>
1. Whether the transaction provides benefits to customers
2. Whether the Commission’s jurisdiction will be preserved
3. Whether the quality of service will be diminished
4. Whether the transaction will result in improper subsidizations
5. Whether the new owner’s qualifications and financial health can be verified

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<sup>2</sup> See, e.g., Amended Certificate of Stipulation, Case No. 19-00234-UT at pp. 10-12 (Feb. 12, 2020).

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

6. Whether the protections against harm to customers are adequate
<b>Class II Transaction Rule 17.6.450 Review</b>
Reasonableness of Investment Level
No adverse and material effect on utility service and rates

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**Q. Do the Joint Application and supporting materials demonstrate that the acquisition and merger approval requirements are satisfied?**

**A.** Yes. The Joint Application and supporting materials, testimonies and exhibits contain the required affirmations and evidence that the Acquisition will protect the financial health of the utility and that it will not have any adverse and material effect on utility service and rates. Additionally, the direct testimonies supporting the Joint Application, including my Direct Testimony, discuss the benefits inherent in partnering with Blackstone Infrastructure, and how these benefits correlate to these merger approval criteria. In total, the Joint Applicants have made significant commitments relating to, among other things, rates, infrastructure investment, corporate governance, and financial separation (i.e., ring-fencing). By design, these commitments are intended to ensure that these requirements for approval are satisfied. In the next sections of my testimony, I explain how the Regulatory Commitments tie to the approval standards in Section 62-6-13 and Rule 450.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**III. OVERVIEW AND IMPLEMENTATION OF REGULATORY  
COMMITMENTS**

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**Q. Please summarize the Regulatory Commitments and how they have been organized.**

**A.** The Regulatory Commitments can be characterized as providing either a benefit or a protection, and many of the commitments can be viewed as both. As I noted above, these Regulatory Commitments are intended to further ensure that the requirements of Section 62-6-13 of the PUA are satisfied, extending beyond the benefits to customers inherent in the Acquisition and Troy ownership. The Regulatory Commitments are grouped in the following categories:

- Tangible and Quantifiable Benefits;
- Governance;
- Financial, Regulatory Jurisdiction Protections; and
- Local Control and Management

The Regulatory Commitments are set forth in full detail in Application Exhibit B to the Joint Application. In addition, JA Exhibit HEM-2 to my Direct Testimony provides a table tying the six merger and acquisition approval criteria that I listed above with the applicable Regulatory Commitments and testimonial witness evidence that addresses each requirement.



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

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**A. TANGIBLE AND QUANTIFIABLE BENEFITS**

**Q. Please describe the tangible and quantifiable benefits commitments.**

**A.** Regulatory Commitment Nos. 1-5 include a \$105 million customer rate credit over 48 months; a \$25 million investment contribution that will be made at no cost to customers to fund innovative and emergent technology projects to further the clean energy transition; a \$1 million annual contribution for 10 years (totaling \$10 million) to PNM’s Good Neighbor Fund; \$35 million in funds to be directed to economic development in PNM’s service areas through educational and business initiatives; and a commitment to continued charitable contributions by PNM.

**Q. When will customers receive the benefit of the \$105 million rate credit?**

**A.** As a direct result of the Acquisition, customers will receive a \$105 million rate credit beginning shortly after the Acquisition is approved and completed.<sup>3</sup> PNM proposes to implement the proposed rate credit through the filing of a compliance Advice Notice after Commission approval and the closing of the Acquisition. PNM proposes that the rate credit go into effect 30 days after filing the compliance Advice Notice, which allows time for a review by Commission Staff. Thus, customers will see an immediate and concrete benefit from the Acquisition on their bills without waiting until a future rate case is filed.

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<sup>3</sup> Regulatory Commitment No. 1

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. How does PNM propose to allocate the rate credit among customers and apply**  
2 **the credit to customer bills?**

3 **A.** The proposed rate credit will be credited through a monthly rate rider over a 48-  
4 month period, shown as a separate line item on customer bills. PNM proposes to  
5 allocate the \$105 million rate credit as follows: 80 percent of the rate credit  
6 allocated to the residential class, and the remaining 20 percent of the rate credit  
7 allocated among the remaining retail customer classes using the unbanded cost  
8 allocation of non-fuel revenue reflected in PNM’s most recent rate case, Case No.  
9 24-00089-UT. The credit will be provided to customers on a per bill/month basis  
10 within each customer class for all non-lighting classes. For lighting classes, the  
11 credit will be provided on a per light/month basis. Please see PNM Table HEM-2  
12 below for the proposed allocation by customer class and the expected monthly per  
13 customer bill impact. PNM increased the allocation of the residential class rate  
14 credit to 80 percent, which is higher than the 56 percent unbanded cost allocation  
15 to the residential class, as a means to ensure more benefits are directed to  
16 acknowledge many stakeholders’ concern for costs for these customers.

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**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

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**PNM Table HEM-2**

Line No.	Classes	Allocation to Customer Classes	Allocated Annual Credit	# of Customer Bills/Lights	Credit \$/Bill or Light/Month	Total Credit - \$/Bill 48 months
1	Residential Schedule 1	80.000%	\$ (21,000,000)	5,986,642	\$ (3.51)	\$ (168)
2	Small Power Schedule 2	5.198%	\$ (1,364,533)	660,551	\$ (2.07)	\$ (99)
3	General Power Schedule 3B	6.100%	\$ (1,601,286)	35,647	\$ (44.92)	\$ (2,156)
4	General Power LLF Schedule 3C	1.181%	\$ (310,047)	12,595	\$ (24.62)	\$ (1,182)
5	General Power Gov Schedule 3D	0.427%	\$ (112,141)	2,284	\$ (49.11)	\$ (2,357)
6	General Power LLF Gov Schedule 3E	0.059%	\$ (15,386)	725	\$ (21.22)	\$ (1,019)
7	GP Charging Stations Schedule 3F	0.011%	\$ (2,940)	84	\$ (34.95)	\$ (1,678)
8	Large Power Schedule 4	2.988%	\$ (784,298)	2,004	\$ (391.38)	\$ (18,786)
9	Large Service >=8MW Schedule 5	0.050%	\$ (13,096)	12	\$ (1,091.36)	\$ (52,385)
10	Irrigation Schedule 10	0.108%	\$ (28,447)	3,748	\$ (7.59)	\$ (364)
11	Water & Sewage Schedule 11	0.517%	\$ (135,740)	1,800	\$ (75.41)	\$ (3,620)
12	Universities Schedule 15	0.116%	\$ (30,319)	12	\$ (2,526.59)	\$ (121,276)
13	Large Manufacturing Schedule 30	1.726%	\$ (453,026)	12	\$ (37,752.19)	\$ (1,812,105)
14	Station Power Schedule 33B	0.004%	\$ (1,080)	12	\$ (89.96)	\$ (4,318)
15	Large Service >=3MW Schedule 35B	0.356%	\$ (93,424)	42	\$ (2,224.37)	\$ (106,770)
16	Special Service- Renewable Schedule 36B	0.792%	\$ (207,887)	12	\$ (17,323.90)	\$ (831,547)
17	Private Lighting Schedule 6	0.093%	\$ (24,416)	165,919	\$ (0.15)	\$ (7)
18	Streetlighting Schedule 20	0.274%	\$ (71,935)	588,579	\$ (0.12)	\$ (6)
19	<b>Total</b>	<b>100.000%</b>	<b>\$ (26,250,000)</b>	<b>7,460,680</b>		

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The rate credit represents a 3.5 percent bill reduction for an average residential customer. At the end of the 48-month credit period, PNM will perform a true-up calculation for the final month's credit to customers and will make a compliance filing with the Commission that demonstrates customers received the full amount of the rate credit. A proposed credit rate rider is attached to my testimony as JA Exhibit HEM-3. If this credit methodology is approved, PNM will file its compliance Advice Notice within 30 days after the Acquisition is closed, assuming final approval of the Joint Application by the Commission.

**Q. What determinants did PNM use to derive the amount per bill for each rate schedule?**

**A.** PNM used customer class counts based on information included in the Test Period in Case No. 24-00089-UT. The Test Period in that case was July 2025 through June 2026. Thus, the proposed determinants of the rate credit align with the current

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 customer counts, which should minimize any swings over the period and reduce the  
2 amount remaining to be trued up at the end of the period.

3

4 **Q. Will the proposed rate credit impact existing rates or tariffs?**

5 **A.** No. The rate credit will be separate from current rates and will appear as a new line  
6 item on customers' bills. The existing rates that PNM charges customers for utility  
7 service are set through a general rate case proceeding or proceedings relating to  
8 various rate riders, and none of those rates will change when implementing the  
9 proposed customer rate credit.

10

11 **Q. What other contributions will go directly to residential customers?**

12 **A.** The commitment to contribute \$10 million over a ten-year period to the Good  
13 Neighbor Fund will be used to assist low-income customers who are behind on their  
14 bills.<sup>4</sup>

15

16 **Q. Please describe the commitment to provide \$10 million over the next ten years  
17 to the Good Neighbor Fund.**

18 **A.** Troy, through TXNM, will contribute \$1 million annually, over a ten-year period,  
19 to PNM's Good Neighbor Fund, with the initial funding beginning after approval  
20 of Acquisition, and then subsequently each year thereafter. The Good Neighbor  
21 Fund is supported by donations from customers, employees, and the Company. The

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<sup>4</sup> Regulatory Commitment No. 3.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 annual contribution for the ten-year period, in addition to the historical level of  
2 annual funding of \$300,000 to \$400,000, will provide more than three times the  
3 annual funding available to assist customers through the Good Neighbor Fund. The  
4 additional funds will provide enhanced benefits to more residential customers. At  
5 the historical funding level, the Good Neighbor Fund can provide bill assistance of  
6 up to \$100 per household for approximately 3,500 customers annually. With the  
7 additional funding, the Good Neighbor Fund will be able to provide up to \$200 per  
8 household for nearly 6,000 low-income customers. PNM conducts assistance fairs  
9 and other outreach through our website, customer communications and social  
10 media to inform income-qualifying customers of the availability of the Good  
11 Neighbor Fund. Providing payment assistance is one piece of a complex puzzle for  
12 addressing the broader issues surrounding energy costs for customers.

13  
14 **Q. What other contributions directly benefit customers?**

15 **A.** Troy's commitment to fund \$25 million in investments focused on innovative  
16 technologies will directly benefit customers by helping to offset the costs of cutting-  
17 edge resources or solutions that might otherwise be included in rate-based  
18 investments that will be used to serve customers.<sup>5</sup> This commitment provides a  
19 longer-term benefit to customers even if these investments are not directly reflected  
20 on a customer bill.

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<sup>5</sup> Regulatory Commitment No. 2.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Please describe Troy’s commitment to contribute \$25 million in utility**  
2 **investments and how these investments will benefit customers.**

3 **A.** Through Regulatory Commitment No. 2, Blackstone Infrastructure has  
4 demonstrated its support of PNM’s energy transition through the commitment that  
5 Troy, through TXNM, will contribute \$25 million within a ten-year period to offset  
6 the costs of pilot project(s) for innovative and emergent resource technologies. As  
7 an example, these funds could be applied to facilitate a long-duration energy storage  
8 project, geothermal resources, or virtual power plant infrastructure for utility-  
9 controlled demand management, if anticipated Department of Energy funding is  
10 cancelled. The Joint Applicants also state in this regulatory commitment that if  
11 pilot project(s) are not selected or approved, monies will be used to offset customer  
12 costs being recovered through PNM’s Grid Modernization Rider.

13  
14 PNM and Blackstone Infrastructure recognize that new technological solutions are  
15 needed to address the challenges associated with the energy transition, particularly  
16 in the later stages of meeting the state’s zero carbon resource goals. This funding  
17 commitment is intended to facilitate the pursuit of innovative and emergent  
18 technology projects that can help effectuate this transition. Novel or emergent  
19 technologies are generally not bid or selected in the typical Request For Proposal  
20 (“RFP”) process, which favors proven technologies that are least cost or have less  
21 perceived risk. However, PNM recognizes that achieving the best outcome for  
22 customers in the final stages of the energy transition will require exploring these  
23 types of solutions. This \$25 million commitment recognizes these complexities but

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 seeks to identify technology opportunities that can benefit customers over the  
2 longer term. The direct benefit to customers is that any investment in these  
3 innovative or emergent technologies that goes into rate base will be reduced by the  
4 \$25 million contribution amount.

5  
6 **Q. Does the Acquisition, and specifically Blackstone Infrastructure, provide for**  
7 **operational support opportunities that can provide benefits to our customers?**

8 **A.** Yes. Blackstone Infrastructure offers operational support to its portfolio companies  
9 that I believe will assist with controlling costs at the utility level, which in turn  
10 translates to savings to customers. Witness Sherman discusses in more detail these  
11 opportunities, which come at no charge to PNM, and include:

- 12 • Advice and educational opportunities from subject matter experts on  
13 “best of breed” solutions in corporate functions ranging from  
14 cybersecurity to software system implementation to procurement  
15 bidding process enhancements.
- 16 • Procurement opportunities that leverage the combined scale of  
17 Blackstone Infrastructure’s portfolio companies for products and  
18 services; and

19 For example, utilizing Blackstone Infrastructure’s access to preferred vendors at  
20 more favorable pricing can provide cost savings for products that are commonly  
21 needed by businesses, and can result in other savings associated with long-lead  
22 equipment and materials. These opportunities are not mandatory and can be  
23 deployed only if they make sense financially or from an outcomes/experience

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1           standpoint. These cross-functional services from Blackstone Infrastructure act as  
2           an extension of PNM’s existing business and procurement activities and would  
3           allow PNM to follow a benchmarking approach to compare Blackstone  
4           Infrastructure opportunities against what might be available through the market and  
5           competitive bidding opportunities. Given that significant savings can often result  
6           from size and scale, PNM’s and PNMR Shared Services’ ability to utilize  
7           Blackstone Infrastructure’s buying power to help control costs provides real value  
8           and is a direct benefit to customers.

9  
10       **Q. Do these direct customer benefits help address concerns around customer**  
11       **utility bills?**

12       **A.** To some extent. A majority of the rate credit will be directed to the residential  
13       customer class, and the Good Neighbor Fund contribution provides a decade of  
14       increased direct assistance to customers that struggle the most with their bills. PNM  
15       also believes that the Acquisition can provide benefits over time that can help  
16       address the costs of utility bills. The resulting improved access to capital will  
17       support a financially healthy utility as the amount of PNM’s capital program  
18       increases as discussed by Witness Tarry. Frankly, every opportunity access to the  
19       broader Blackstone Infrastructure platform provides for cost control and cost  
20       management in today’s inflationary environment helps. Additionally, PNM will  
21       continue exploring opportunities to provide customers with more tools and  
22       information to control their electric bills, including developing new rate design



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 models and tariffs that empower customers to play a greater role in how they use  
2 energy.

3

4 **Q. Do you believe that broader concerns regarding cost pressure on rates can be**  
5 **resolved in this case?**

6 **A.** Unfortunately, no. While the Regulatory Commitments provide quantifiable  
7 benefits to customers, including low-income customers, as well as support  
8 opportunities for utility savings over the long run, this Acquisition cannot resolve  
9 all cost pressures facing our customers. Blackstone Infrastructure and the Company  
10 share the view that costs and its impact on customers should be addressed through  
11 a longer-term discussion with stakeholders and must be considered across multiple  
12 dimensions beyond the utility sector. Regardless of PNM's ownership, the cost of  
13 providing electricity will continue to place pressure on rates, but it is meaningful  
14 that Blackstone Infrastructure recognizes the fundamental importance of this  
15 challenge to our customers, our stakeholders, our regulators, and PNM.

16

17 **Q. Are there other factors that can help address cost pressures over time?**

18 **A.** Yes. From a broader perspective, expanding economic opportunities in New  
19 Mexico is a key component to helping address these concerns. PNM customers can  
20 benefit as New Mexico's economy grows, because PNM's fixed costs can be spread

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 across a larger customer base when setting rates. Of course, economic growth can  
2 also raise overall wages for individuals.<sup>6</sup>

3

4 **Q. What role does PNM play in supporting economic growth in New Mexico?**

5 PNM’s efforts to support economic growth in New Mexico are several-fold and  
6 have included working closely with state and local agencies and community leaders  
7 to attract new businesses to the state. Concrete utility initiatives for economic  
8 development include expanding the Company’s transmission system, which in  
9 addition to improved reliability and resiliency, directly enables load growth from  
10 existing and new customers. Expanding the transmission system can also unlock  
11 additional value for the continued development of renewable resources located in  
12 the state that could help serve growing customer loads within the state and the  
13 region. PNM’s customers have already directly benefited from PNM’s participation  
14 in the regional Energy Imbalance Market, and coordination and participation in

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<sup>6</sup> See New Mexico Department of Workforce Solutions, *New Mexico 2024 State of the Workforce*, at 40, available at [https://www.dws.state.nm.us/Portals/0/DM/LMI/State\\_of\\_the\\_Workforce\\_2024.pdf](https://www.dws.state.nm.us/Portals/0/DM/LMI/State_of_the_Workforce_2024.pdf) (Sept. 2024), which states:

Data on earnings, income, and wages are used to measure the economic well-being of an area’s residents. Greater earnings and higher incomes and wages directly correspond to greater purchasing power, economic security, and economic mobility for an area’s population, and hence correspond to a more robust economy. As such, earnings, income, and wage data are used by a variety of groups, including policymakers, seeking to measure economic opportunity and identify and influence factors that impact the lives of residents.

On the flip side, when earnings, incomes, and wages are low, it often means that a high percentage of the population struggles with poverty. Poverty is an incredibly complex issue, influencing and influenced by an interconnecting web of social and historical issues impacting the lives of many New Mexicans both directly and indirectly. Stimulating economic growth and supporting paths out of poverty, partially through improved earnings, incomes, and wages, are necessary steps for reducing the state’s poverty level and ultimately improving the economy and economic well-being of New Mexicans.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 additional transmission and wholesale market opportunities will continue to make  
2 more efficient use of the regional electric grid and available resources.

3

4 **Q. Is Troy making a commitment to support economic development in New**  
5 **Mexico?**

6 **A.** Yes. Joint Applicants believe that a strong workforce is key to spurring economic  
7 development and wage growth for New Mexicans. Accordingly, Regulatory  
8 Commitment No. 4 will result in Troy, through TXNM, contributing \$35 million  
9 over ten years toward educational and business initiatives that are focused on  
10 driving economic development.

11

12 Joint Applicants propose to use the \$35 million contribution to support New  
13 Mexico's educational pipeline by targeting job training, apprenticeships or  
14 scholarships in utility-related areas of industry. These can include contributions to  
15 Navajo Nation and Pueblo scholarship funds and workforce training that PNM has  
16 supported in the past; partnerships with the state's universities and other  
17 institutional workforce training programs, such as those offered by Central New  
18 Mexico Community College, San Juan College and Navajo Technical University  
19 programs; apprentice programs for trade organizations such as IBEW Local 611,  
20 many of whose members are represented PNM employees; and the expansion of  
21 the existing PNM Power Pros program in local high schools. PNM and Blackstone  
22 Infrastructure hold the view that a strong educational pipeline from secondary  
23 education through college level degrees and certifications or apprenticeship

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 programs is vital to sustaining and expanding a New Mexico work force that is  
2 attractive to businesses seeking new opportunities and locations.

3  
4 Joint Applicants also believe it is important to support economic development at  
5 multiple levels to attract and grow local businesses of every size and type because  
6 a diverse economy helps our communities thrive. Accordingly, PNM will also use  
7 this funding to enable a variety of economic development initiatives within New  
8 Mexico. By way of example, there may be opportunities to bring together our  
9 national labs, universities, and economic development professionals to explore and  
10 develop initiatives with the goal of improving energy technology or facilitating new  
11 businesses and jobs that will grow our economy. Other examples for economic  
12 development partnerships include working with organizations that can direct  
13 locally based economic development, such as metropolitan/regional economic  
14 development associations, the state chamber of commerce, business incubators,  
15 main street programs, and tribal economic development organizations.

16  
17 **Q. Is PNM also committing to maintain its historical level of charitable giving as part**  
18 **of this Acquisition?**

19 **A.** Yes. PNM commits to maintaining its historical practice of giving to non-profit  
20 organizations that support the communities we serve.<sup>7</sup> While PNM's charitable giving  
21 varies from year to year, over the 2022-2024 time period, it has averaged approximately

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<sup>7</sup> Regulatory Commitment No. 5.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1           \$2.7 million on an annualized basis. PNM will maintain that same level of charitable  
2           giving for three years following the closing of the Acquisition.

3  
4     **Q.    When taken together, do these tangible and quantifiable benefits help demonstrate**  
5     **near-term and long-term benefits of the Acquisition?**

6     **A.**    Yes. The \$105 million rate credit is a significant and directly quantifiable benefit to  
7           customers. The \$25 million commitment to the development and construction of  
8           innovative and emergent utility infrastructure to further the clean energy transition  
9           also provides a significant and direct quantifiable benefit to customers. Customers will  
10          benefit from not only the contribution to lower rate base, but also the furthering of New  
11          Mexico’s clean energy future. The \$35 million commitment towards economic  
12          development will provide the funding to deliver direct benefits related to job training,  
13          education or other economic growth initiatives to New Mexicans. The commitments on  
14          Good Neighbor Fund and charitable giving to support our local communities strengthens  
15          the benefits and protections that these funds and activities already make available to  
16          customers. Collectively, these commitments provide tangible benefits that demonstrate  
17          the Acquisition is in the public interest, and ensure that customers, along with the  
18          communities served by PNM and the state as a whole, will benefit from the Acquisition.  
19          Further, because the customer credits, the contributions toward innovative technologies,  
20          economic development, Good Neighbor Fund, and charitable organization contributions  
21          will not be recovered from customers, these commitments will not have any negative  
22          impact on customer rates.

23

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**B. GOVERNANCE PROTECTIONS**

1  
2

3 **Q. What is the purpose of the governance Regulatory Commitments?**

4 **A.** The Regulatory Commitments associated with governance are intended to formalize the  
5 governance and oversight of PNM and ensure that PNM remains a locally governed and  
6 managed utility. Regulatory Commitment Nos. 6-11 relate to the post-Acquisition PNM  
7 Board of Directors (“PNM Board”) and include provisions addressing the composition  
8 and compensation of the PNM Board and their authority and duties. Under the proposed  
9 governance structure, PNM will remain focused on its financial health and regulated  
10 utility business in order to meet customer needs.

11

12 **Q. How will the PNM Board be structured post-transaction as compared to today?**

13 **A.** Currently, the PNM Board is comprised entirely of members of senior management of  
14 PNM. Post-transaction, the PNM Board will be structured more in line with the current  
15 TXNM Board, which includes independent board members, providing oversight,  
16 guidance and direction to current senior leadership in setting policy and direction for the  
17 utility. Post-transaction, PNM will have a seven-member PNM Board including (A) three  
18 independent directors (i) who meet New York Stock Exchange (“NYSE”) independence  
19 standards and (ii) at least two of which will be residents of New Mexico; (B) one director  
20 with utility executive experience; and (C) the President and CEO of PNM.<sup>8</sup> PNM will

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<sup>8</sup> Regulatory Commitment No. 6.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 identify the full PNM Board makeup through a compliance filing within 90 days  
2 after closing the Acquisition.<sup>9</sup>

3

4 **Q. What roles and responsibilities are included in the Regulatory Commitments for the**  
5 **proposed PNM Board of Directors?**

6 **A.** Consistent with Regulatory Commitment Nos. 8 and 9, the PNM Board will have an  
7 affirmative duty to act, subject to applicable New Mexico law,<sup>10</sup> in the best interest of  
8 PNM. The PNM Board will have decision-making authority over PNM dividend policy,  
9 debt issuance, issuance of dividends or other distributions (other than tax distributions),  
10 capital expenditures, shared services fees, operation and maintenance expenditures, and  
11 appointment or removal of officers. These decisions made by the PNM Board cannot  
12 be overruled by Troy, or any affiliate that controls Troy.

13

14 **Q. Does the proposed PNM Board governance align with implementation of the**  
15 **financial protections included in the Regulatory Commitments by assigning specific**  
16 **rights to the independent directors on the PNM Board?**

17 **A.** Yes. The PNM Board structure and governance provisions reinforce the foundational  
18 protections agreed to for the financial health of the Company. Specific rights are  
19 proposed to be given to the independent directors of the PNM Board to provide  
20 these protections. These rights include: a vote of the majority of the independent

---

<sup>9</sup> Regulatory Commitment No. 7.

<sup>10</sup> Under Section 53-11-35(D), when acting in the best interests, or not contrary to the interest, of a corporation, a director may consider among other things the interests of employees, customers, and local communities.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 directors of the PNM Board (in other words, two out of the three independent directors)  
2 can prevent PNM from making any dividends other than tax distributions, if determined  
3 in good faith such action is required to meet PNM's debt-to-equity commitment.<sup>11</sup> Any  
4 amendments or changes to the dividend policy must be approved by a majority vote of  
5 the PNM Board, including the affirmative vote of a majority of the independent directors.  
6 Further, a vote of majority of the independent directors of the PNM Board may  
7 prevent PNM from making any dividends at any time during the first five years if  
8 the PNM Board reduces the capital expenditures below the current five-year plan  
9 based on limited equity financing availability.<sup>12</sup>

10

11 **Q. Why is this authority of the Board's independent directors significant?**

12 **A.** This concretely re-enforces Troy's commitment, as the shareholder of TXNM, to  
13 fund PNM's anticipated \$3.4 billion capital budget through 2029. Customers  
14 benefit from ensuring PNM remains financially healthy by having meaningful  
15 controls over the ability to dividend utility earnings to the parent holding company,  
16 in addition to being protected from potential material adverse financial  
17 consequences of a holding company structure.

18

19 **Q. Can you explain your reference above to an agreed debt-to-equity**  
20 **commitment?**

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<sup>11</sup> The debt-to-equity commitment is reflected in Regulatory Commitment No. 27.

<sup>12</sup> Regulatory Commitment No. 10.



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **A.** Yes. As discussed below in the Financial and Regulatory Commitments section,  
2 Regulatory Commitment No. 27, PNM agrees to maintain its regulatory capital structure  
3 in alignment with the approved capital structure set in its general rate cases. PNM would  
4 measure its capital structure on a rolling 13-month average. Currently, PNM’s approved  
5 regulatory capital structure is 51% equity, 49% debt. Again, the power granted the  
6 independent directors is a concrete means of ensuring PNM remains financially healthy.

7

8 **Q. Are there commitments that align the compensation for the independent directors**  
9 **of the PNM Board to the interests of PNM and its customers?**

10 **A.** Yes. The compensation for being a PNM director will not be tied to, reflect, or be related  
11 to the financial, operating, or other performance of any entity or interest other than  
12 PNM. The PNM Board must have the power to set the compensation and benefits  
13 for being a PNM director, in the form and manner it directs, subject to the approval  
14 of Troy.<sup>13</sup> Aligning director compensation for being a board member of PNM with  
15 interests of PNM ensure their focus remains centered on PNM and not potential  
16 Troy or Blackstone Infrastructure initiatives or goals.

17

18 **Q. Explain how the proposed PNM Board provides proper governance to ensure PNM**  
19 **continues to meet and serve the needs of its customers?**

20 **A.** The purpose of a Board of Directors for a corporation such as PNM is to provide oversight  
21 of the decisions and activities of corporate management. A well-functioning board shapes

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<sup>13</sup> Regulatory Commitment No. 11.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 the organization’s strategy, oversees financial health and ensures legal compliance. While  
2 the board does not manage daily operations, it holds the executives accountable, ensures  
3 strategic alignment, and serves as a bridge between management and investor-  
4 stakeholders. Board oversight helps ensure the organization is on the right path to  
5 achieving its objectives in a financially responsible manner.

6  
7 The post-transaction PNM Board will continue to approve capital expenditures and  
8 operations and maintenance budgets for PNM. Also, the three independent board  
9 members and the director with utility executive experience provide an external view and  
10 input regarding strategic direction. The PNM Board structure will allow for guidance and  
11 oversight into management’s strategic and financial decisions. Additionally, having  
12 meaningful representation on the PNM Board from Blackstone Infrastructure is important  
13 from both a financial and strategic perspective, as Blackstone Infrastructure is steeped in  
14 human capital that has experience with supporting strategically complex challenges to  
15 drive positive outcomes. Blackstone Infrastructure also has an interest in “building”  
16 solutions to benefit the communities and customers it serves. Thus, representation on the  
17 PNM Board from Blackstone Infrastructure provides the means to not only facilitate the  
18 needed ongoing equity infusions that will be required from Blackstone Infrastructure to  
19 continue to fund the needs of PNM to serve our customers, but also to drive “solution  
20 oriented” outcomes for the complex investment decisions that must be made in the future.

21  
22 Ultimately, local management remains responsible for the operations and strategic  
23 initiatives of the Company and answers to the Commission for the reasonableness of

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 PNM's utility rates and services. However, these commitments and protections provide  
2 assurances to our customers and regulators that the Company remains free from undue  
3 influence after the Acquisition.

4

**C. FINANCIAL AND REGULATORY PROTECTIONS**

5  
6

7 **Q. What is the purpose of the financial and regulatory protections included in the**  
8 **Regulatory Commitments?**

9 **A.** The financial and regulatory protections included in the Regulatory Commitments  
10 generally match protections that have been in place for many years relative to PNM's  
11 financial relationship with its parent company, TXNM, and are reinforced by the  
12 Regulatory Commitments' corporate governance provisions. These serve to financially  
13 insulate PNM as the regulated utility from TXNM and its other affiliates. Regulatory  
14 Commitment Nos. 12-30 are designed to ensure the new ownership structure between  
15 TXNM and Troy and its affiliates does not jeopardize the status of PNM as a separate  
16 corporate entity or its financial health.

17

18 **Q. Please summarize the goal of the financial and regulatory protections within the**  
19 **Regulatory Commitments.**

20 **A.** The financial and regulatory protections are intended to affirmatively state and reaffirm  
21 the Commission's jurisdiction over PNM, and explicitly state the protections in place to  
22 ensure our customers are insulated from the financial performance of Blackstone  
23 Infrastructure or its subsidiaries and affiliates (including TXNM). These provisions,

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 along with the proposed governance commitments, provide an effective ring fencing  
2 around PNM to ensure PNM customers are protected as the result of the Acquisition.  
3 Many of these commitments are already in place and the Regulatory Commitments  
4 provide similar and additional protections from the current holding company structure of  
5 TXNM, including upstream to Troy, and its affiliates and other subsidiaries post-  
6 Acquisition.

7

8 **Q. Please discuss the additional financial protections in the Regulatory Commitments**  
9 **addressing dividends that you indicate are supported by the governance protections**  
10 **around dividends.**

11 **A.** PNM will not pay dividends, except for tax distributions, if its credit rating is below  
12 investment grade unless otherwise permitted by the Commission; and PNM will notify  
13 the Commission promptly of any changes to its credit ratings.<sup>14</sup> PNM will limit its  
14 payment of dividends, except for tax distributions, to an amount not to exceed its net  
15 income as determined in accordance with generally accepted accounting practices  
16 (“GAAP”), unless otherwise approved by the Commission.<sup>15</sup> PNM will continue to  
17 calculate rolling annual net income and dividend limits consistent with its past compliance  
18 reports in Case Nos. 3137 and 04-00315-UT.

19

20 **Q. What financial protections exist around PNM’s current five-year capital**  
21 **expenditure plan?**

---

<sup>14</sup> Regulatory Commitment No. 12.

<sup>15</sup> Regulatory Commitment No. 13.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1   **A.**    PNM will continue to make minimum capital expenditures in an amount equal to  
2            PNM’s current 2025 – 2029 capital budget of \$3.4 billion, subject to the following  
3            adjustments: PNM may reduce capital spending due to conditions not under PNM’s  
4            control, including, without limitation, siting delays, cancellation of projects by third  
5            parties, weaker than expected economic conditions, or if PNM determines that a  
6            particular expenditure would not be prudent.<sup>16</sup> This commitment demonstrates  
7            Blackstone Infrastructure’s alignment with and support for PNM’s longer-term  
8            financial needs and plans.

9

10   **Q.**    **Do the financial protections provide a commitment that PNM will remain an**  
11            **appropriate capital structure for PNM to support the investments needed for our**  
12            **customers?**

13   **A.**    Yes. As discussed above, Regulatory Commitment No. 27 requires PNM to maintain a  
14            minimum equity ratio as set by the Commission in each general rate case filing. PNM  
15            historically has maintained its capital structure to align with its authorized regulatory  
16            capital structure, but this commitment provides for continued support for and recognition  
17            of this practice post-Acquisition.

18

19   **Q.**    **What financial protections are included in the Regulatory Commitments addressing**  
20            **PNM’s credit ratings?**

---

<sup>16</sup> Regulatory Commitment No. 14.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1    **A.**     PNM will maintain standalone credit ratings from at least two (2) organizations registered  
2           with the U.S. Securities and Exchange Commission.<sup>17</sup> Ensuring standalone credit ratings  
3           is important to demonstrate to regulators and stakeholders that the financial health of PNM  
4           remains strong and able to meet the needs of our customers. Strong credit ratings provide  
5           for borrowing at more favorable terms.

6

7    **Q.**     **What other financial protections or ring-fencing measures are included in the**  
8           **Regulatory Commitments?**

9    **A.**     PNM will maintain an identity, name, and logo that is separate and distinct from the  
10          identity, name and logos of Blackstone Inc. (“Blackstone”) and its affiliates provided that  
11          the Blackstone name and logo can be added to the PNM name and logo for branding  
12          purposes.<sup>18</sup>

13

14          PNM assets, stock or revenues may not be pledged for the benefit of any entity other than  
15          PNM.<sup>19</sup> Aside from PNM’s arrangements with TXNM, PNM will not engage in  
16          intercompany debt or lending with Troy, or any affiliate that controls Troy, unless  
17          authorized by the Commission.<sup>20</sup> Notwithstanding the foregoing, PNM is not  
18          foreclosed from borrowing from Troy or its affiliates on an arm’s-length basis if  
19          approved by a majority of the independent directors of the PNM Board, and  
20          provided further that nothing herein obligates Troy or any of its affiliates to lend

---

<sup>17</sup> Regulatory Commitment No. 25.

<sup>18</sup> Regulatory Commitment No. 18.

<sup>19</sup> Regulatory Commitment No. 19.

<sup>20</sup> Further, in accordance with the PUA, PNM confirms that it does not represent to the public or creditors that it is liable for a parent’s or affiliate’s debt.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 money to PNM at any time.<sup>21</sup> PNM will not share credit facilities with Troy, or  
2 their affiliates, except for joint revolvers where liability is several, not joint, and  
3 there are no cross-default provisions applicable to any utility borrower.<sup>22</sup> PNM will  
4 not commingle funds, assets or cash flows with affiliates without prior Commission  
5 authorization.<sup>23</sup> PNM will not include in any of its debt or credit agreements cross-default  
6 provisions related to affiliates. Under no circumstances will debt of PNM become  
7 due and payable or rendered in default because of any cross-default, financial  
8 covenants, rating agency triggers or similar provisions of any debt or other  
9 agreements of TXNM, Troy, or any of their affiliates or subsidiaries.<sup>24</sup> PNM will  
10 not take on any new debt in conjunction with this Acquisition.<sup>25</sup>

11

12 These provisions ensure PNM is further insulated from the financial performance of Troy,  
13 Blackstone Infrastructure or any of its affiliates or subsidiaries, including TXNM.

14

15 **Q. Do the Regulatory Commitments include provisions acknowledging the jurisdiction**  
16 **of the Commission over PNM?**

17 **A.** Yes. The commitments acknowledge and reaffirm that Commission jurisdiction over  
18 PNM remains and will not be adversely affected by the Acquisition; and PNM will  
19 continue to abide and be bound by existing applicable Commission rules, regulations, and

---

<sup>21</sup> Regulatory Commitment No. 20.

<sup>22</sup> Regulatory Commitment No. 21.

<sup>23</sup> Regulatory Commitment No. 22.

<sup>24</sup> Regulatory Commitment No. 23. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries. *Id.*

<sup>25</sup> Regulatory Commitment No. 26.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 orders.<sup>26</sup> In addition, Applicants and Blackstone Infrastructure expressly  
2 acknowledges the Commission’s jurisdiction and authority to initiate a future  
3 proceeding to modify any or all of the Regulatory Commitments adopted as part of  
4 the final order in this proceeding.<sup>27</sup> PNM, TXNM, and Troy will abide by Commission  
5 affiliate standards as they apply to PNM and maintain an arm’s-length relationship with  
6 TXNM and Troy and its affiliates, consistent with any variance accepted by the  
7 Commission.<sup>28</sup>

8

9 **Q. Are there other financial protections included in the Regulatory Commitments that**  
10 **further support that PNM will continue to meet the needs and expectations of our**  
11 **customers?**

12 **A.** Yes. Regulatory Commitment No. 17 includes a declaration that the sole authorized  
13 purpose of PNM will be the provision of electric utility service. Also, PNM will maintain  
14 accurate, appropriate and detailed books, financial records and accounts, including  
15 checking and other bank accounts, and custodial and other securities separate and distinct  
16 from those of other entities.<sup>29</sup>

17

18 **Q. Are there also specific regulatory accounting treatment commitments to ensure**  
19 **customers do not bear costs associated with the Acquisition?**

---

<sup>26</sup> Regulatory Commitment No. 15.

<sup>27</sup> Regulatory Commitment No. 16.

<sup>28</sup> Regulatory Commitment No. 28.

<sup>29</sup> Regulatory Commitment No. 24.



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1    **A.**    Yes. PNM will not seek recovery in rates of any transaction acquisition premium.  
2           Any goodwill associated with the Acquisition will not be included in rates, rate  
3           base, cost of capital, or operating expenses in future PNM ratemaking proceedings.  
4           Write-downs or write-offs of goodwill associated with the Acquisition will not be  
5           included in the calculation of net income of PNM for dividend or other distribution  
6           payment purposes.<sup>30</sup> Also, PNM will not seek recovery of transaction or transition  
7           costs related to the Acquisition from customers in PNM’s rates; transition costs  
8           shall not include employee time and labor.<sup>31</sup>

9  
10          The costs associated with negotiating and implementing the Acquisition are all booked to  
11          general accounting streams that will be excluded from any of the FERC Uniform System  
12          of Accounts that are used to set rates for customers. Second, the value associated with the  
13          Acquisition included as an acquisition premium or goodwill will similarly be booked to a  
14          general account that is excluded from the regulatory cost of service studies that are used  
15          to set PNM customer rates. This accounting treatment is consistent with PNM’s current  
16          accounting practices for excluding non-utility costs from customer rates.

17  
18          **Q.    Will PNM file an accounting report in its next general rate case to verify that the**  
19          **transaction and transition costs associated with the Acquisition and any acquisition**  
20          **premium or goodwill is excluded from the costs that will be included in rates?**

---

<sup>30</sup> Regulatory Commitment No. 30.

<sup>31</sup> Regulatory Commitment No. 29.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1    **A.**    Yes. PNM will file testimony and support with its next general rate case that demonstrates  
2           these costs have been excluded from any proposed rate recovery.

3  
4           For convenience, Section VII of my testimony lists all of PNM’s proposed compliance  
5           filings and reports if the Acquisition is approved. It also includes PNM’s proposal for  
6           consolidating reporting, including the consolidation of various reports that PNM currently  
7           files in legacy cases such as Case Nos. 3137 and 04-00315-UT.

8

9    **Q.**    **Are there any tax consequences of the proposed Acquisition?**

10   **A.**    There are no tax implications for PNM for regulatory purposes. Similar to its  
11           current tax reporting on a consolidated basis with TXNM, PNM will join in the  
12           consolidated tax filing of Troy IntermediateCo LLC. Regardless, PNM will  
13           continue to calculate income taxes on a stand-alone basis for regulatory ratemaking  
14           purposes. The Acquisition will have no impact on the Commission’s authority to  
15           determine PNM’s income tax expense for setting rates.

16

17   **Q.**    **Will TXNM continue to provide financing and other services to PNM, and its other  
18           utility subsidiary, Texas New Mexico Power (“TNMP”)?**

19   **A.**    Yes. TXNM currently provides financing and liquidity to both PNM and TNMP and will  
20           continue to manage these functions. In addition, PNMR Shared Services, a direct  
21           subsidiary of TXNM, will continue to provide services to both PNM and TNMP as  
22           described and discussed in the PNMR’s Shared Services Cost Allocation Manual

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 (“CAM”). TXNM will continue to refinance or issue new debt to help meet the financial  
2 needs of both PNM and TNMP, balanced with equity contributions as needed from  
3 Blackstone Infrastructure, through Troy. TXNM will not commingle funds, assets or cash  
4 flows with affiliates. TXNM will not include in any of its debt or credit arrangements  
5 cross-default provisions tied to upstream affiliates, under no circumstances will debt of  
6 TXNM become due and payable or rendered in default because of any cross-default,  
7 financial covenants, rating agency triggers or similar provisions of any debt or other  
8 agreements of Troy or any of their affiliates or subsidiaries. TXNM will maintain separate  
9 financial records and accounts distinct from those of other entities and will not take on  
10 any debt in conjunction with this Acquisition.

11

12 **Q. Do these commitments meet the specific approval threshold that the Commission**  
13 **has set for finding a Class II transaction is in the public interest?**

14 **A.** Yes. Together with the affirmations contained in the Direct Testimony of witnesses Tarry  
15 and Klimczak, these support the specific criteria required under the Commission’s Rule  
16 450 for approval of the Acquisition.

17

18

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**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**D. CONTINUED LOCAL CONTROL OF PNM**

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22

**Q. Can you summarize the Regulatory Commitments addressing continued local control and management of PNM?**

**A.** Regulatory Commitment Nos. 31-35 ensure that PNM will remain locally controlled by the local PNM management team. Specifically, PNM’s President and senior management will continue to have day-to-day control over operations.<sup>32</sup> PNM witness Tarry explains in more detail the benefits of retaining local control in his testimony.

Regulatory Commitment No. 34 specifically provides, that for at least three years post-closing, PNM will not implement any involuntary workforce reductions (other than for cause or performance) or reductions in wages or benefits. Regulatory Commitment No. 35 expressly provides that PNM will continue to honor labor contracts with the International Brotherhood of Electrical Workers Local 611. I note that Regulatory Commitment No. 34 extends job protections for an additional 12 months beyond the 24-month period contemplated in the Merger Agreement at page 17, which is provided in Application Exhibit E to the Application. This demonstrates Troy’s commitment to supporting our workforce.

PNM will continue to be run by its local management team. Retaining the knowledge and experience of the management team ensures continuity in the daily operations of the utility. Similarly, PNM and PNMR Shared Services have a knowledgeable and

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<sup>32</sup> Regulatory Commitment No. 32.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 experienced employee base that is strongly focused on serving the interests of PNM’s  
2 customers. PNM’s management also maintains respectful and solid relations with its local  
3 unions that represent a significant number of our employees. We are especially proud of  
4 the active involvement of the Company and employees within our local communities and  
5 remain committed to supporting the volunteer services our employees engage in on a  
6 regular basis.

7

8 **Q. What other provisions reflect a commitment to local management and control?**

9 **A.** To ensure stability and continuity, Troy will maintain a controlling interest in PNM for a  
10 period of at least ten (10) years.<sup>33</sup> TXNM and PNM headquarters will also remain in New  
11 Mexico as long as they are owned by Troy.<sup>34</sup> Any potential ownership change after this  
12 period would of course be subject to the same regulatory review and approval as this  
13 Acquisition.

14

15 **Q. Do these ongoing local control and management commitments provide customer  
16 benefits and customer protections?**

17 **A.** These local control and management commitments result in intangible but  
18 significant benefits to customers because PNM is a well-run utility that has  
19 provided ongoing quality service to customers over the decades.

20

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<sup>33</sup> Regulatory Commitment No. 33.

<sup>34</sup> Regulatory Commitment No. 31

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1           These commitments ensure that PNM’s business will continue to be run as it is  
2           today, with local management and our employees involved in the communities we  
3           serve and able to work directly with local and state policymakers and stakeholders  
4           to ensure we continue to provide clean, safe, and reliable energy to our customers.  
5           Regardless of ownership, PNM is a regulated utility that is and will remain  
6           answerable to the Commission for the reasonableness and adequacy of its rates and  
7           services. These commitments, coupled with the governance and financial  
8           protections discussed later in my testimony, provide the framework for reliability  
9           and service levels our customers receive today to continue into the future and not  
10          be harmed or degraded as the result of the Acquisition.

11  
12          **IV.     SATISFACTION OF GENERAL STANDARDS FOR APPROVAL**  
13

14          **Q.     Does the Acquisition preserve the Commission’s jurisdiction?**

15          **A.**     Yes. There is no change in the immediate holding company structure under which  
16          PNM has operated as a regulated utility for more than 20 years. As required by  
17          law, the Commission will continue to directly supervise and regulate PNM.  
18          Further, as I noted previously, Troy and Blackstone Infrastructure expressly  
19          acknowledge the Commission’s jurisdiction and authority to initiate a future  
20          proceeding to modify any or all of the regulatory commitments adopted as part of  
21          the final order in this proceeding.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Will the Acquisition diminish the quality of service to customers?**

2 **A.** No, as a result of the Acquisition, there will be no adverse impacts on the quality  
3 of service PNM provides. PNM will continue to be fully regulated by the  
4 Commission and will continue to provide the same levels of quality service to  
5 customers that it has historically provided, subject to the same service quality rules  
6 that apply to PNM today. More specifically, PNM currently complies, and will  
7 continue to comply, with the Commission's various rules regarding provision of  
8 service (Rules 17.5.410 and 17.9.560 NMAC) and reliability metrics (Rule  
9 17.9.589 NMAC). PNM must make ongoing compliance filings relating to  
10 reliability metrics and outages, which allow the Commission to monitor any  
11 changes in the quality of service. This Acquisition does not change any of these  
12 reporting or monitoring requirements.

13  
14 The Acquisition also provides assurance that PNM's quality of service will not be  
15 diminished, through a variety of operational provisions. For example, Regulatory  
16 Commitments 31, 32, 34 and 35 provide for the retention of PNM's management  
17 and employees and local control over daily operations. Troy will fulfill its role of  
18 PNM's shareholder-investor and will not act as a utility operator; this deference to  
19 the expertise of the utility means there will be no change to PNM's focus on  
20 maintaining a safe and reliable grid. Further, Blackstone Infrastructure's support  
21 for PNM energy transition and grid modernization efforts, and its ability to help  
22 PNM access vendors and supply chain needs on a more expeditious and affordable

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 basis, will also help ensure that customers' quality of service and rates will not be  
2 adversely and materially impacted.

3  
4 Provisions in the governance and financial protections sections of the Regulatory  
5 Commitments ensure PNM will have the financial resources necessary to meet  
6 appropriate service metrics. Blackstone Infrastructure has demonstrated its intent  
7 to support PNM in meeting PNM's five-year \$3.4 billion capital budget by giving  
8 the PNM Board the authority to set and approve both capital expenditures and  
9 operations and maintenance budgets. Retaining ongoing oversight over spending  
10 at the PNM Board level helps ensure that reliability and service quality remain at  
11 the forefront of PNM's goals and performance. These commitments support  
12 PNM's continued provision of quality service to our customers.

13  
14 **Q. Will the Acquisition result in any improper cross-subsidizations of non-utility**  
15 **activities?**

16 **A.** No. The Acquisition will not result in any improper cross-subsidizations.  
17 Regulatory Commitment No. 19 makes clear that PNM cannot pledge its utility  
18 assets or otherwise provide financial guarantees for affiliates. PNM will continue  
19 to conduct routine affiliate transactions in accordance with its Commission-  
20 approved CAM and will comply with all Rule 450 reporting requirements  
21 applicable to any other affiliate transactions for the provision of non-utility goods  
22 or services. Additionally, and as required by law, the Commission will have access  
23 to the books and records of PNM's parent holding company, TXNM, Troy, and



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 Blackstone Infrastructure as necessary to ensure no cross-subsidization of affiliates  
2 by PNM has or is occurring. Additionally, any utility services that PNM provides  
3 to affiliates will be in accordance with Commission-approved tariffs as well as  
4 applicable FERC tariffs and standards of conduct.

5

6 **Q. Have Blackstone Infrastructure’s qualifications and financial health been**  
7 **demonstrated?**

8 **A.** Yes. As discussed by Witness Sherman, Blackstone Infrastructure currently has  
9 more than \$64 billion in assets under management, focused on investments across  
10 infrastructure sectors including energy, transportation, digital, water and waste.  
11 Blackstone Infrastructure is an open-ended fund, which aligns its investments in  
12 long-lived assets such as the capital investments made by PNM. Blackstone  
13 Infrastructure’s scale ensures it is capable of investing over the long-term in its  
14 portfolio companies. Blackstone Infrastructure’s financial strength can be seen in  
15 the fact that it has already invested \$400 million in TXNM with the announcement  
16 of the proposed Acquisition, and if approved, the Acquisition will not require or be  
17 funded through any incremental debt at the utility or holding company levels.

18

19 **Q. Does the Acquisition include adequate protections for customers?**

20 **A.** Yes, as I described above, but I would again emphasize that the Regulatory  
21 Commitments provide not just protections for customers, but affirmative benefits  
22 that were discussed earlier in my testimony.

23

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

**V. STANDARDS FOR GENERAL DIVERSIFICATION PLANS**

**Q. Beyond the statutory criteria for approving acquisitions and mergers set forth at Section 62-6-13 of the PUA, does the Commission also have rules setting forth additional requirements for a General Diversification Plan associated with a Class II transaction?**

**A.** Yes. In addition to the statutory criteria for acquisitions and mergers set forth in Section 62-6-13 of the PUA, which I discussed previously in Section II of my testimony, Rule 17.6.450 NMAC requires that for Class II transactions the Commission approve a General Diversification Plan (“GDP”) for the utility, which explains the proposed corporate structure and resulting affiliates and affiliate transactions.

**Q. Is PNM requesting approval of a new GDP under Rule 17.6.450 NMAC?**

**A.** Yes. PNM requests approval of its proposed 2026 GDP, attached to the Application as Application Exhibit F. PNM’s 2026 GDP contains information on post-Acquisition corporate structure and direct affiliates and also includes the confirmations required by Rule 17.6.450 NMAC. PNM proposes that the 2026 GDP, together with the Regulatory Commitments as approved by the Commission in this case, would supersede and replace PNM’s previous GDP and conditions approved as part of the formation of a public utility holding company structure for PNM in Case No. 3137.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Does the corporate structure in the 2026 GDP differ significantly from the public**  
2 **utility holding company structure presented in PNM’s existing GDP?**

3 **A.** From PNM’s perspective, the Acquisition does not result in a significant structural  
4 change. The 2026 GDP includes an organization chart showing how TXNM will fit  
5 within the Blackstone Infrastructure structure post-Acquisition. As noted above, PNM  
6 has been owned by TXNM (formerly PNM Resources, Inc.) in a public utility holding  
7 company structure for more than 20 years. Over the past 20 years, that holding company  
8 structure has not impeded the Commission’s supervision and regulation of PNM as a  
9 public utility, and I have no basis to believe the post-transaction corporate structure  
10 outlined in the 2026 GDP will adversely affect the Commission’s continued regulatory  
11 oversight. Witness Professor Talley provides further testimony on this topic.

12  
13 **Q. What are the Commission’s criteria for approval of a GDP?**

14 **A.** The Commission will approve a GDP if it finds that the GDP contains the  
15 information required by Rule 17.6.450.10(B) NMAC, and if approval is in the  
16 public interest. Rule 17.6.450.10(C) NMAC provides that the public interest  
17 criterion is met where the Commission finds that the level of investment appears  
18 reasonable, and the utility’s ability to provide reasonable and proper utility service  
19 at fair, just and reasonable rates will not be adversely and materially affected as a  
20 result of the Class II transaction. The Rule (17.6.450.10(C) NMAC) also requires  
21 eight specific representations from the utility.

22

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Have the requirements and representations of Rule 17.6.450.10(C) been**  
2 **fulfilled?**

3 **A.** Yes. The evidence presented by the Applicants meets all requirements of the Rule.  
4 As Senior Vice President and Chief Financial Officer for PNM, it is my opinion  
5 that the level of investment being made in PNM and TXNM is reasonable; reflects  
6 not only the book value for PNM but also the potential future value of the Company;  
7 and supports PNM's ability to provide reasonable and proper utility service at fair,  
8 just and reasonable rates. The investments included in the Regulatory  
9 Commitments in PNM that directly benefit customers and service area communities  
10 are also reasonable.

11  
12 Each of the necessary eight representations are expressly confirmed in the direct  
13 testimonies of Joseph D. Tarry and Sean Klimczak. Additionally, the 2026 GDP  
14 contains the representations required by Rule 17.6.450.10(B)(1)-(12) and  
15 17.6.450.10(C)(1)-(8) NMAC, except for information pertaining to certain  
16 indirectly affiliated entities for which PNM has requested a limited variance.

17  
18 Finally, and as reflected in my testimony above, I also confirm that customers will  
19 not be responsible for any costs associated with the Acquisition because those costs  
20 will be excluded from PNM's rates.

21

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Does PNM also confirm that it will comply with the Class I transaction**  
2 **notification and reporting requirements contained in Rule 17.6.450(11)**  
3 **NMAC?**

4 **A.** Yes. PNM will continue to comply with all Class I transaction requirements under  
5 the Rule.

6

7 **Q. Does PNM anticipate it will engage in any ongoing Class I transactions with**  
8 **Blackstone Infrastructure or its affiliates?**

9 **A.** Other than ongoing services transactions that are discussed in this filing, PNM does  
10 not anticipate it will engage in any ongoing Class I transactions with Blackstone  
11 Infrastructure or its affiliates. Although Blackstone Infrastructure makes available  
12 to its portfolio companies an important opportunity for benefits to customers  
13 through their operational support, there are no charges associated with those  
14 opportunities discussed. Should specific Class I transactions arise in the future that  
15 haven't been identified in this case, PNM will report on those activities pursuant to  
16 Rule 450.

17

18 **Q. Will PNM continue to engage in certain ongoing Class I transactions that have**  
19 **been previously approved by the Commission?**

20 **A.** Yes. PNM currently has ongoing Class I transactions with its existing shared  
21 services affiliate for the provision of goods and services that are common among  
22 PNM, TXNM, and TNMP (PNM's affiliated Texas utility). Some examples of

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1           these goods and services are accounting and payroll functions, shared office  
2           facilities, internal audit services, and vehicle fleet and supply chain activities.

3  
4           PNM accounts for these goods and services and includes allocated costs in PNM's  
5           rates in accordance with a Commission-approved CAM, which was originally  
6           approved in Case No. 03-00017-UT, and pursuant to Commission directives, PNM  
7           files an annual update to the CAM's allocation provisions each December for the  
8           upcoming calendar year's transactions. PNM's current CAM was subject to  
9           Commission review in PNM's last general rate case, Case No. 24-00089-UT. PNM  
10          will submit its updated allocations for the CAM in this docket on an annual basis  
11          and in accordance with our rate case orders.

12  
13       **Q.    Are there any anticipated changes to the ongoing Class I transactions that**  
14       **occur between PNM and its shared services affiliate?**

15       **A.**    No. These routine Class I transactions are expected to continue without material  
16       changes or additions after the Acquisition is completed. In general, if PNM  
17       determines there is a need for any changes or additions to the transactions covered  
18       by the CAM or if PNM proposes to engage in new types of shared service  
19       transactions, PNM will include any such proposals as part of a general rate case  
20       proceeding.

21  
22       If in the future PNM intends to enter into any new ongoing Class I transactions for  
23       goods and services similar to those outlined in the CAM with affiliates other than

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 PNM’s shared services affiliate, PNM will file the necessary reports under Rule  
2 450 and will include a request for ongoing rate treatment in a future rate case. This  
3 will ensure that any such additional routine transactions can be documented and  
4 tracked through the CAM or a similar mechanism.

5

6 **Q. Are there any other affiliate transactions that may occur in PNM’s ordinary**  
7 **course of business that do not qualify as a Class I transaction?**

8 **A.** Yes. FERC-regulated transactions between PNM and affiliates pursuant to FERC-  
9 authorized tariffs are not Class I transactions. Similarly, any regulated retail utility  
10 service that PNM would provide to a retail customer that is an affiliate is not a Class  
11 I transaction. With regard to any future transactions of this nature, PNM will adhere  
12 to its approved tariffs and service rules in all such instances.

13

14 **Q. How will PNM address any future Class I transactions that might arise with**  
15 **Blackstone affiliates?**

16 **A.** For any future affiliate transaction PNM will adhere to all FERC-mandated  
17 standards of conduct as a Transmission Provider and the Commission’s affiliate  
18 reporting requirements, in addition to complying with any applicable FERC and  
19 Commission tariffs and rules or approvals. One such potential circumstance that  
20 may occur relates to Invenergy Inc. (“Invenergy”), a Blackstone Infrastructure  
21 affiliate, which I understand is pursuing opportunities for transmission and  
22 renewable resource projects in New Mexico that may lead to business interactions  
23 with PNM. Any such third party business transactions, regardless of an affiliate

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 relationship, can provide business opportunities that benefit customers or trigger  
2 regulatory obligations for PNM as a FERC-regulated Transmission Provider and a  
3 Commission-regulated retail service provider and PNM will respond to these  
4 transactions in the ordinary course of business.

5  
6 **VI. REQUEST FOR VARIANCE ON CLASS II REPORTING SCOPE**

7 **Q. Is PNM requesting a variance from any of the requirements of Rule 17.6.450**  
8 **NMAC?**

9 **A.** Yes. PNM requests a limited variance from Rule 450 to limit the degree of  
10 reporting on certain entities that could be legally interpreted to be affiliates of PNM  
11 but have no direct or substantive relationship to PNM or its direct parent company,  
12 TXNM. Specifically Rule 17.6.450.10(B)(1) NMAC requires that the GDP include  
13 “to the extent known the name, home office address, and chief executive officer of  
14 each affiliate, corporate subsidiary, holding company, or person which is the  
15 subject of the Class II transaction.” Similarly, Rule 17.6.450.13(A)(2)(a) and (b)  
16 NMAC require that PNM file notification with the Commission “of all new or  
17 expanded lines of business or ventures entered into by [PNM] or any affiliate . . .”,  
18 and annual reports detailing all affiliates and their relationship to one another.

19  
20 PNM proposes to provide the enumerated information for the following entities: (i)  
21 any PNM subsidiaries; (ii) PNM’s existing affiliates TXNM, TNP Enterprises, and  
22 TNMP; (iii) Troy and the Troy Intermediate Companies identified in the 2026  
23 GDP; and (iv) the portfolio companies of Blackstone Infrastructure. PNM believes



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 the objectives of Rule 17.6.450.13(A)(2)(a) and (b) NMAC will be met by  
2 providing the Commission with information about those entities with whom PNM  
3 has an affiliate relationship through its immediate holding company TXNM and  
4 those affiliates that directly control TXNM.

5

6 A reporting variance is appropriate because it is my understanding that Blackstone  
7 Infrastructure and its parent, Blackstone Inc., have hundreds of direct and indirect  
8 intermediate companies and subsidiaries across the various portfolio companies  
9 and funds held within Blackstone Infrastructure or by Blackstone Inc. Many of  
10 these entities are single-purpose entities without employees, and the management  
11 and operation of other portfolio companies and funds are entirely remote from  
12 PNM. Further, the ring-fencing and other Regulatory Commitments effectively  
13 isolate PNM from the financial operations of any of these numerous Blackstone  
14 Infrastructure or Blackstone Inc. affiliates.

15

16 There would be little value to the Commission in obtaining voluminous information  
17 on entities that have no contact with PNM or TXNM, and that are unrelated to  
18 PNM's operations or those of PNM's immediate parent company. It would be  
19 burdensome for PNM to compile detailed information not in its possession on these  
20 unrelated entities as well as burdensome or unnecessary for the Commission's  
21 Utility Division Staff to attempt to track entities that do not impact the regulation  
22 of PNM.

23

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 PNM therefore respectfully requests a limited variance from the notification and  
2 reporting requirements under Rules 17.6.450.10(B)(1) and 17.6.450.13(A)(2)(a)  
3 and (b) for affiliates and subsidiaries of Blackstone Infrastructure other than as  
4 listed above and in PNM's 2026 GDP.

5  
6 **Q. Did the Commission grant a similar variance from these requirements to EPE  
7 when approving its 2019 merger?**

8 **A.** Yes. In the EPE merger, Case No. 19-00234-UT, the Commission's most recently  
9 approved public utility acquisition case, the Commission granted a similar variance  
10 request made by EPE in relation to the companies owned by EPE's ultimate holding  
11 company, IIF US 2.

**VII. PNM'S PROPOSED COMPLIANCE REPORTS**

12  
13  
14 **Q. Please summarize the corporate, operational and financial compliance  
15 reporting that PNM undertakes pursuant to Commission rules and previous  
16 holding company orders of the Commission.**

17 **A.** PNM files extensive compliance reports pursuant to the following rules and orders  
18 of the Commission:

- 19 • **Rule 17.1.2.8 NMAC** (Annual Informational Financing Filing), which covers  
20 anticipated annual capital requirements and amounts that will be provided  
21 internally externally; known and projected securities transactions for the next  
22 twelve-month period; capital structure in dollar and percentage amounts after  
23 issuances; stock information if an investor-owned utility with outstanding  
24 common stock; and status of securities described in preceding report.
- 25 • **Rule 17.3.360 NMAC** (Procedures for the Audit and Examination of Utility  
26 Books and Records of Accounts), which requires access to all relevant books and  
27 records and sets out procedures for routine and special audits by the Commission.

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

- 1           • **Rule 17.3.510 NMAC** (Uniform Systems of Accounts and Annual Reports),  
2           which requires PNM to use the FERC uniform system of accounts and to file its  
3           annual FERC Form 1 report with the Commission; requires annual operational  
4           and financial data reporting in lieu of a rate case proceeding; and requires  
5           compliance information relating to Commission final orders issued in the  
6           preceding five-year period.
- 7           • **Rule 17.5.440 NMAC** (Extensions, Improvements, Additions and Cooperative  
8           Agreements between or among Utilities), which requires project specific and  
9           annual reporting on anticipated utility investments.
- 10          • **Rule 17.6.450 NMAC** (Affiliate Transactions), which requires transaction  
11          specific reports on goods and services transactions with affiliates; and annual  
12          reporting on corporate structure, governances of affiliates and any financial  
13          impacts to the utility from affiliate activities.
- 14          • **Rule 17.9.560 NMAC** (Service Standards), which requires electric utilities to  
15          meet service standards and outage reporting requirements.
- 16          • **Rule 17.9.561 NMAC** (Carbon Dioxide Emissions), which requires annual  
17          reporting on carbon dioxide emissions from PNM's generation units and long-  
18          term contracted for resources used to serve retail customers.
- 19          • **Rule 17.9.589 NMAC** (Reliability Metrics), which requires annual reporting on  
20          identified reliability metrics, including analysis of trends, comparative data and  
21          recommendations for future distribution investments and linkage between metrics  
22          and distribution planning.
- 23          • **Case Nos. 3137, 03-00017-UT and 04-00315-UT:** Annual informational filing  
24          on system planning, loads and resources; notice of dividend payments; statement  
25          of retail growth; annual Cost Allocation updates; quarterly filings employee  
26          transfers among affiliates.

27  
28       I also note that the Commission imposes extensive customer service requirements in Rule  
29       17.5.410 NMAC, and its rules for rate proceedings require PNM to provide a number of  
30       years of historical and future forecasted financial data and operating information.  
31       Collectively, these existing rules provide a comprehensive overview of PNM's financial  
32       and business activities on an annual basis.

33  
34   **Q.     What specifically does PNM include in its Annual Report filed under Rule 17.3.510**  
35   **NMAC?**

36   **A.     PNM includes the following information in its Annual Reports:**

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

- 1           • Load Growth Forecast (17.3.510.12.A NMAC) (also filed in Case No. 3137);
- 2           • Annual Informational Financing Filing (17.1.2.8.A NMAC);
- 3           • Short-term Securities transactions (also filed pursuant to 17.1.2.8.E NMAC);
- 4           • Class II Transactions Report (17.6.450.13.A NMAC);
- 5           • Class I Transactions Report (17.6.450.13.B NMAC);
- 6           • Accumulated Decommissioning Expense for year ending December 31, 2024
- 7           (NMPRC Case No. 2567);
- 8           • SAIDI, SAIFI and other annual reliability information (NMPRC Case No. 04-
- 9           00315-UT);
- 10          • Annual Electric Services Final Order Report for five-year period;
- 11          • SEC Form 10-K (17.3.510.12.A NMAC); and
- 12          • FERC Form 1 and New Mexico Jurisdictional Customer Information Form
- 13          (17.3.510.12.A NMAC).

14          PNM also files quarterly dividend payment calculations and reports in Case No. 3137 and  
15          provides copies of its quarterly SEC 10Qs as compliance filings under Rule 510. To  
16          ensure that the Commission continues to receive financial information on a quarterly  
17          basis, PNM proposes to submit its quarterly FERC financial reports in lieu of its SEC  
18          quarterly financial reports. PNM will also continue to file quarterly dividend reports in  
19          this docket.

20

21          **Q.    Given that TXNM will no longer be publicly traded and PNM will not be filing**  
22          **copies of its SEC 10Qs with the Commission, are the above compliance filings**

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1           **sufficient to provide the Commission with financial and operational information**  
2           **relating to PNM’s utility business?**

3    **A.**    Yes, the above-listed compliance reports provide extensive information on PNM’s  
4           financial data and operational actions pursuant to the Commission’s existing rules. These  
5           rules also govern the accounting practices of PNM, which require PNM to keep its books  
6           and records in accordance with GAAP and the FERC Uniform System of Accounts.

7  
8           Importantly, the FERC annual and quarterly reporting requirements for privately held  
9           electric utilities are extensive and are intended to provide similar economic and operating  
10          information to the information included in SEC reports. As the FERC noted in  
11          establishing its reporting requirements, many of its regulated utilities are not publicly  
12          traded or otherwise are not required to make SEC filings; as a result, the FERC’s reporting  
13          standards are intended to help its staff better understand emerging trends and economic  
14          impacts of significant transactions, events and regulatory initiatives on regulated  
15          operations, at the unconsolidated utility level.<sup>35</sup> FERC annual and quarterly filings  
16          provide detailed financial and operating statements, as well as identifying economic  
17          effects of significant transactions and events that supplements the material events  
18          information included in annual FERC Form 1 reports. PNM will therefore file with the  
19          Commission copies of PNM’s FERC Form 3Q reports as well as its FERC Form 1 report.

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<sup>35</sup> See Docket No. RM03-8-000, at 7-8. Order No. 646 and Final Rule 106 FERC ¶ 61,113 (February 11, 2004).

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 **Q. Does PNM have any proposals for streamlining its current affiliate-related**  
2 **reporting requirements?**

3 **A.** Yes. PNM proposes that any further compliance filings required by Commission  
4 decisions that are currently submitted in Case Nos. 3137, 03-00017-UT, and 04-  
5 00315-UT be discontinued in those dockets, and that PNM's ongoing compliance  
6 filings for dividend payments, CAM updates and employee transfers among  
7 affiliates be made in this docket. The informational filings in Case No. 3137 on  
8 system planning, loads and resources and retail growth should be discontinued  
9 because they are generally duplicative of information required in utilities' annual  
10 reports and IRP filings, and no longer appear to be necessary. PNM also proposes  
11 to make an annual compliance report in this docket that documents the status and  
12 completion of the financial benefits commitments, for the period of time during  
13 which those commitments remain outstanding. PNM proposes to continue to file  
14 its annual Class I and II reports as part of PNM's Annual Report filed pursuant to  
15 Rule 17.3.510 NMAC.

16  
17 Consolidating PNM's compliance filing obligations in this manner will streamline  
18 the reporting process for PNM and will make it easier for the Commission's Staff  
19 to track and verify that PNM is complying with the orders of the Commission.

20

21 **VIII. SUMMARY OF ALL REQUESTED APPROVALS**

22 **Q. Please list each of the specific approvals that PNM is requesting from the**  
23 **Commission as part of its Application for approval of the Acquisition.**

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1    **A.**    PNM, together with its other Joint Applicants, requests that the Commission issue  
2           a Final Order in this case that incorporates the requested approvals set forth in the  
3           application.

4           For ease of reference, we respectfully request the following approvals:

- 5           •    Authorization of the Acquisition and the merger of Troy Merger Sub with and  
6                into TXNM, whereby TXNM will be the surviving corporation and will be a  
7                direct wholly-owned subsidiary of Troy. PNM will remain a direct wholly-  
8                owned subsidiary of TXNM and therefore become an indirect subsidiary of  
9                Troy and Blackstone Infrastructure;
- 10          •    Approval of PNM’s 2026 GDP and the Regulatory Commitments, which will  
11                supersede and replace PNM’s previously-approved GDP and conditions;
- 12          •    Approval of the requested limited variance to Rule 450;
- 13          •    Approval of PNM’s proposed compliance obligations; and
- 14          •    Adoption of any other approvals, authorizations, consents, and relief the  
15                Commission deems necessary and appropriate to allow the Joint Applicants to  
16                consummate and implement the Acquisition, the Regulatory Commitments, and  
17                PNM’s 2026 GDP.

18

19

20

**IX.    CONCLUSION**

21    **Q.**    **Do you have any concluding statements?**

22    **A.**    Yes. From a regulatory perspective, the testimonies and exhibits filed in support  
23           of the Acquisition satisfy the general standards for approval that have been applied

**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 by the Commission in other merger and acquisition cases. The Applicants have  
2 submitted substantial evidence that the Acquisition is in the public interest because  
3 both the Acquisition and the Regulatory Commitments will bring direct benefits to  
4 customers and the communities served by PNM. The Acquisition will improve  
5 PNM's financial health overall, which in turn supports PNM's efforts to modernize  
6 its system and provide ongoing utility service that meets the growing needs of  
7 customers.

8  
9 The proposed Class II Transaction and PNM's 2026 GDP satisfy the general  
10 standards for approval applied by the Commission in other merger and acquisition  
11 cases. From a public policy perspective, the testimonies of the Applicants'  
12 witnesses demonstrate that the Acquisition is in the public interest because it will  
13 bring benefits to PNM, its customers, employees and the state by providing direct  
14 rate and financial benefits to customers and maintaining and enhancing PNM's  
15 financial health. Blackstone Infrastructure's financial backing supports PNM's grid  
16 modernization plans and the state's energy transition policies in fulfillment of  
17 legislative mandates. Finally, the Acquisition is in the public interest because it  
18 enables economic development and job opportunities within New Mexico.

19  
20 The requested Rule 450 variance and PNM's proposals that the 2026 GDP and  
21 Regulatory Commitments supersede and replace past holding company conditions,  
22 as well as the consolidated reporting requirements are practical and reasonable and



**DIRECT TESTIMONY OF  
HENRY E. MONROY  
CASE NO. 25-\_\_\_\_-UT**

1 will result in more effective compliance and oversight of the Acquisition and  
2 related Regulatory Commitments.

3

4 The Applicants have met the statutory and regulatory requirements for the  
5 Acquisition with substantial evidence to support approval. The Commission  
6 therefore should issue a final order that encompasses the approvals, variance  
7 request and proposed reporting and compliance filing requests described herein,  
8 approving the Joint Application, the Acquisition, and the Regulatory Commitments  
9 as requested.

10

11 **Q. Does this conclude your direct testimony?**

12 **A.** Yes.

13

14

*GCG#534044*

Resume of Henry E. Monroy

# JA Exhibit HEM-1

Is contained in the following 4 pages.

**HENRY E. MONROY**  
**EDUCATIONAL AND PROFESSIONAL SUMMARY**

**Name:** Henry E. Monroy

**Address:** TXNM Energy, Inc.  
MS 1105  
414 Silver SW  
Albuquerque, NM 87102

**Position:** Senior Vice President and Chief Financial Officer

**Education:** Bachelor of Accountancy, New Mexico State University, 2001  
Certified Public Accountant in the State of New Mexico, December 2012

**Employment:** Employed by TXNM Energy, Inc. since 2003.  
Positions held within the Company include:

Vice President, Regulatory  
Vice President, Corporate Controller  
Controller, Utility Operations  
Director, Cost of Service and Audit Services  
Director, Cost of Service and Corporate Budget  
Director, Utility Accounting  
Manager, Cost of Service  
Senior Manager, Derivative Accounting  
Manager, Energy Analysis and Accounting  
Project Manager  
Senior Accountant

**Testimony Filed:**

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 352, NMPRC Case No. 08-00273-UT, filed September 22, 2008.
- In the Matter of Texas-New Mexico Power Company's Request for Approval of an Advance Metering System (AMS) Deployment and AMS Surcharge, PUCT Docket No. 38036, filed May, 2010.
- In the Matter of the Application of Public Service Company of New Mexico for the Abandonment and Decertification of the Generating Station in Las Vegas, New Mexico, NMPRC Case No. 10-00264-UT, filed August 30, 2010.

- Initial Filing of PNM to Revise Sheets in its OATT, Coordination Tariff, and GFAs Reflecting Implementation of Transmission Formula Rate, FERC Docket Nos. ER13-685-000, ER13-687-000 and ER13-690-000, filed December 2012.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2014 and Proposed 2014 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 13-00183-UT, filed June 1, 2013.
- In the Matter of the Application of Public Service Company of New Mexico for Continued Use of Fuel and Purchased Power Cost Adjustment Clause, NMPRC Case No. 13-00187-UT, filed May 28, 2013.
- In the Matter of Application of PNM for Approval to Abandon San Juan Generating Station Units 2 and 3, Issuance of CCNs for Replacement Power Resources, Issuance of Accounting Order and Determination of Ratemaking Principles and Treatment, NMPRC Case No. 13-00390-UT, filed December 20, 2013.
- In the Matter of the Application of PNM for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2014.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for the La Luz Energy Center, NMPRC Case No. 13-00175-UT, filed March 21, 2014.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2015 and Proposed 2015 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 14-00158-UT, filed June 2, 2014.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 507, NMPRC Case No. 14-00332-UT, filed December 11, 2014.
- In the Matter of the Application of PNM for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 27, 2015.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2016 and Proposed 2016 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 15-00166-UT, filed June 1, 2015.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for the San Juan Gas Plant, NMPRC Case No. 15-00205-UT, filed June 30, 2015.

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 513, NMPRC Case No. 15-00261-UT, filed August 27, 2015.
- In the Matter of the Application of Public Service Company of New Mexico for Prior Approval of the Advanced Metering Infrastructure Project, Determination of Ratemaking Principles and Treatment, and Issuance of Related Accounting Orders, Case No. 15-00312-UT, filed February 26, 2016.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for an 80MW Gas-Fired Generating Plant Located at the San Juan Generating Station, NMPRC Case No. 16-00105-UT, filed April 26, 2016.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 533, NMPRC Case No. 16-00276-UT, filed December 7, 2016.
- In the Matter of Public Service Company of New Mexico's Application for Approval of its Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 17-00129-UT, filed June 1, 2017.
- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 47422, filed July 19, 2017.
- In the Matter of Public Service Company of New Mexico's Application for Approval Pursuant to 17.9.551 NMAC of Three Purchase Power Agreements in Accordance with Special Service Contract with Facebook Inc, NMPRC Case No. 18-00009-UT, filed January 17, 2018.
- In the Matter of Public Service Company of New Mexico's Application for a Continued use of its Fuel and Purchase Power Cost Adjustment Clause, Case No. 18-00096-UT, filed April 23, 2018.
- In the Matter of the Application of Texas-New Mexico Power Company to Change Rates, PUCT Docket No. 48401, filed May 30, 2018
- In the Matter of Public Service Company of New Mexico's Petition for Approval to Acquire the Western Spirit 345 kV Transmission Project, Case No. 19-00129-UT, filed May 10, 2019.
- Affidavit in Support of Public Service Company of New Mexico's Section 205 filing for the Western Spirit Project. FERC Docket No. ER19-1824. Filed May 10, 2019.

- In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed January 10, 2019.
- In the Matter of Public Service Company of New Mexico Consolidated Application for Approvals for the Abandonment, Financing and Resource Replacement for San Juan Generating Station Pursuant to the Energy Transition Act, NMPRC Docket No. 19-00195-UT filed July 1, 2019
- Joint Report and Application of Texas-New Mexico Power Company, NM Green holdings, Inc. and Avangrid, Inc. for Regulatory Approvals Under PURA 14.101, 39.262, and 39.915. PUCT Docket No. 51547, filed November 23, 2020.
- The Commission's Show Cause Order In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed April 30, 2022.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, NMPRC Docket No. 22-00270-UT, filed December 5, 2022.
- In The Matter Of Public Service Company Of New Mexico's Application For Approval Of Purchased Power Agreements, Energy Storage Agreements, and Certificates of Public Convenience and Necessity for System Resources in 2026, NMPRC Docket No. 23-00353-UT, filed October 25, 2023.
- In The Matter Of The Application Of Public Service Company of New Mexico For Revision Of Its Retail Electric Rates Pursuant To Advice Notice No. 625, NMPRC Docket No. 24-00089-UT, filed June 14, 2024.
- In the Matter of Public Service Company of New Mexico's Application for Approval of Purchased Power Agreements, Energy Storage Agreements, and Certificate of Public Convenience and Necessity for System Resources in 2028, NMPRC Docket No. 24-00271-UT, filed on November 22, 2024.

*GCG#533196*

Merger Criteria Mapped to Regulatory Commitments and Testimony

# JA Exhibit HEM-2

Is contained in the following 2 pages.

Table of Merger Criteria Mapped to Regulatory Commitments and TEstimony

Regulatory Commitment	Section 62-6-13						Class II Transaction Rule 17.6.450 Review	
	1. Whether transaction provides benefits to customers	2. Whether the Commission's jurisdiction will be preserved	3. Whether the quality of service be diminished	4. Whether the transaction will result in improper subsidizations	5. Whether the new owner's qualifications and financial health can be verified	6. Whether the protections against harm to customers are adequate	Reasonableness of Investment Level	No adverse and material effect on utility service and rates
1. Rate Credit	X					X		
2. Innovative or Emerging Technology Investment	X					X		
3. Good Neighbor Fund	X					X		
4. Economic Development	X					X		
5. Charitable Giving	X					X		
6. Board Composition	X		X			X	X	X
7. Board Compliance Filing						X	X	X
8. Best Interest of Utility	X		X			X	X	X
9. Board Authority			X	X		X	X	X
10. Independent Directors Authority				X		X	X	X
11. Directors Compensation				X		X	X	X
12. Dividend Policy on Credit Rating			X	X		X	X	X
13. Dividend Policy on Net Income			X	X		X	X	X
14. Minimum Capital Spending Commitment	X		X			X	X	X
15. Commission Jurisdiction		X	X	X		X	X	X
16. Amendments to Regulatory Commitments		X	X			X	X	X
17. Sole Authorized Purpose		X	X			X	X	X
18. Separate Name and Logo						X	X	X
19. No Pledging of Assets				X		X	X	X
20. No Additional Intercompany Lending				X		X	X	X
21. No Shared Credit Facilities				X		X	X	X
22. No Commingling of Funds				X		X	X	X
23. No Cross-Defaults				X		X	X	X
24. Separate Books and Records				X		X	X	X
25. Standalone Credit Ratings				X		X	X	X
26. No Transaction Related Debt				X		X	X	X
27. Debt to Equity Commitment	X					X	X	X
28. Affiliate Transactions		X		X	X	X	X	X
29. No Recovery of Transaction or Transition Costs				X		X	X	X
30. No Goodwill Recovery				X		X	X	X
31. Headquarters						X	X	X
32. PNM Management Control		X	X			X	X	X
33. Continued Ownership			X		X	X	X	X
34. Workforce Protections			X			X	X	X
35. Labor Contract Commitment			X			X	X	X



Table of Merger Criteria Mapped to Regulatory Commitments and TEstimony

Regulatory Commitment	Section 62-6-13						Class II Transaction Rule 17.6.450 Review	
	1. Whether transaction provides benefits to customers	2. Whether the Commission's jurisdiction will be preserved	3. Whether the quality of service be diminished	4. Whether the transaction will result in improper subsidizations	5. Whether the new owner's qualifications and financial health can be verified	6. Whether the protections against harm to customers are adequate	Reasonableness of Investment Level	No adverse and material effect on utility service and rates
<b>Inherent Benefits of Acquisition</b>								
Funding of Acquisition - Blackstone Witness Boyd Testimony - Section III					X			
Blackstone Operational Capabilities - Witness Sherman Testimony - Section IV	X			X				
Blackstone Investment Philosphy - Witness Serman Testimony - Section III			X		X		X	X
Blackstone Private Ownership and Access to Capital - Witness Professor Talley	X		X		X		X	

**Note:** Regulatory Commitments are presented here in summary form. Some of these commitments include limited exceptions (e.g., except as approved by the NMPRC, except as required for tax purposes, etc.). This summary is not meant to contradict the full Regulatory Commitments in any way; the full Regulatory Commitments, provided as Application Exhibit B, speak for themselves, and control.

Proposed Acquisition Benefit Credit Rider

# JA Exhibit HEM-3

Is contained in the following 2 pages.

**PUBLIC SERVICE COMPANY OF NEW MEXICO**

**ORIGINAL RIDER NO. 60\_\_\_\_\_**

**ACQUISITION BENEFIT CREDIT**

Page 1 of 2

APPLICABILITY: The Acquisition Benefit Credit rider will apply to all retail customers taking service under the following rate schedules within PNM’s service territory: 1A, 1B, 2A, 2B, 3B, 3C, 3D, 3E, 3F, 4B, 5B, 10A, 10B, 11B, 15B, 30B, 33B, 35B, 36B-SSR, 6 and 20.

DESCRIPTION: This rider will provide each customer with a monthly Acquisition Benefit Credit Factor (\$/bill/light) that represents a rate benefit from the transaction between PNM and Blackstone Infrastructure (Case No. 25-00\_\_\_\_-UT approving the proposed transactions and merger credit). The total amount of the credit shall be: (i) equal to \$105 million, (ii) credited to bills over a period of 48 months, and (iii) subject to a final month’s true-up adjustment.

MERGER CREDIT FACTOR:

<b>Rate Schedule</b>	<b>\$ Credit/Month</b>	<b>Unit</b>
1A – Residential Service, and 1B – Residential Service TOU	\$(3.51)	Per bill
2A – Small Power Service, and 2B – Small Power Service TOU	\$(2.07)	Per bill
3B – General Power Service TOU	\$(44.92)	Per bill
3C – General Power Service (LLF) TOU	\$(24.62)	Per bill
3D – Pilot Municipalities and Counties General Power TOU	\$(49.11)	Per bill
3E – Pilot Municipalities and Counties General Power (LLF) TOU	\$(21.22)	Per bill
3F – Non-Residential Charging Station Pilot	\$(34.95)	Per bill
4B – Large Power Service TOU	\$(391.38)	Per bill
5B – Large Service >=8MW	\$(1,091.36)	Per bill
10A – Irrigation Service, and 10B – Irrigation Service TOU	\$(7.59)	Per bill
11B – Water & Sewage Pumping TOU	\$(75.41)	Per bill
15B – Public Universities >= 8MW	\$(2,526.59)	Per bill
30B – Manufacturing >= 30MW	\$(37,752.19)	Per bill

Advice Notice No.

\_\_\_\_\_  
 Kyle T. Sanders  
 Vice President, PNM Regulatory

GCG#527321

**PUBLIC SERVICE COMPANY OF NEW MEXICO**

**ORIGINAL RIDER NO. 60 \_\_\_\_\_**

**ACQUISITION BENEFIT CREDIT**

Page 2 of 2

33B – Large Service for Station Power TOU	\$(89.96)	Per bill
35B – Large Power Service >=3MW	\$(2,224.37)	Per bill
36B – SSR – Renewable Energy Resources	\$(17,323.90)	Per bill
6 – Private Lighting	\$(0.15)	Per light
20 – Streetlighting	\$(0.12)	Per light

ACQUISITION BENEFIT CREDIT FACTOR CALCULATION: The acquisition benefit credit balance of \$105 million is to be allocated as follows: 80% (or \$84 million) to the Residential Class (Rate Schedules 1A and 1B) and 20% (or \$21 million) among all other retail customer classes based on the non-fuel revenue requirement at full cost-of-service, as approved in PNM’s 2024 Rate Case filing for Phase II (24-00089-UT). Monthly credits are calculated based upon the projected annual billing determinants from PNM’s 2024 Rate Case filing (24-00089-UT). The Acquisition Benefit Credit Factor will remain constant for the duration of the rider until the end of the 48th month of the credit, when it will be set to zero. PNM will then calculate and request approval of a final reconciliation of the Acquisition Benefit Credit Factors by rate schedule to reduce the merger credit balance to zero at the end of the 50<sup>th</sup> month, at which point the Acquisition Benefit Credit Factor will be set to zero and crediting will cease.

RULES AND REGULATIONS: All specifics of service and monthly charges for electric service under the customer’s regular rate schedule apply. Where they are not inconsistent with this rider, the Company’s Rules and Regulations are a part of this rider as if fully written herein

Advice Notice No.

\_\_\_\_\_  
Kyle T. Sanders  
Vice President, PNM Regulatory

GCG#527321

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE JOINT APPLICATION OF )**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO, )**  
**TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR )**  
**APPROVAL OF AN ACQUISITION AND MERGER OF )** Case No. 25-00 \_\_\_-UT  
**TROY MERGER SUB INC. WITH TXNM ENERGY, INC.; )**  
**APPROVAL OF A GENERAL DIVERSIFICATION PLAN; )**  
**AND ALL OTHER AUTHORIZATIONS AND )**  
**APPROVALS REQUIRED TO CONSUMMATE AND )**  
**IMPLEMENT THIS TRANSACTION )**  
**)**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO, )**  
**TXNM ENERGY, INC. AND TROY PARENTCO LLC, )**  
**)**  
**JOINT APPLICANTS. )**

---

**SELF AFFIRMATION**

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **HENRY E. MONROY, Senior Vice President and Chief Financial Officer, Public Service Company of New Mexico**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Direct Testimony and Exhibits of Henry E. Monroy and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 25<sup>th</sup> day of August, 2025.

/s/ Henry E. Monroy  
**HENRY E. MONROY**