

# NEW MEXICO PUBLIC REGULATION COMMISSION

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## **FOR IMMEDIATE RELEASE**

### NEW MEXICO PUBLIC REGULATION COMMISSION ORDERS PUBLIC SERVICE COMPANY OF NEW MEXICO TO PROVIDE A RATE REDUCTION WHEN ITS SAN JUAN GENERATING STATION CLOSES

(SANTA FE, NM—June 29, 2022)—Today, the New Mexico Public Regulation Commission (PRC) unanimously decided that Public Service Company of New Mexico (PNM) must provide a rate reduction to customers when its San Juan Generating Station goes completely offline at the end of September 2022. Under the Energy Transition Act (ETA) and a previous Financing Order, PNM is authorized to issue low-cost bonds to recover its undepreciated investments in Units 1 and 4 of the generating station. The PRC’s decision also states that PNM is unlawfully delaying the issuance of these bonds to avoid reducing its rates until after the Commission rules on a rate case that PNM intends to file in December 2022.

“The ETA is a piece of legislation that quite clearly provides significant benefit to one particular entity, as well as providing relief to that entity’s customers,” said PRC Chairman Joseph Maestas. “For that entity, PNM, to violate a law meant to benefit it so much, just so that it can deprive ratepayers of their savings from the closure of Units 1 and 4 of the San Juan Generating Station leaves me deeply dismayed.”

Today’s ruling will result in a PNM rate reduction of 10 percent, an annual savings to customers of about \$94 million, when the San Juan Generating Station closes later this year. Further, this order would prevent PNM from collecting on its San Juan operating costs, since the plant would no longer serve customers and PNM would no longer incur costs to operate the plant.

Today’s ruling by the Commission also orders PNM to:

- Provide the rate credits described in the Financing Order to its customers, reflecting the removal of all costs of San Juan Units 1 and 4 when those units stop serving PNM customers;

- Report to the Commission on the status and progress in obtaining any Securities and Exchange Commission (SEC) and rating agency approvals necessary to issue the bonds authorized by the Financing Order; and
- To explain at their next rate case the prudence of delaying its bond issuance beyond the San Juan abandonment dates, and what actions, such as hedging interest rates, PNM will take to protect its customers from interest rate increases incurred as a result of PNM's intended bond issuance delay.

“The bottom line is that PNM has made an attempt to cheat on its obligations under the ETA,” said Commissioner Stephen Fischmann. “We won’t tolerate bilking customers out of money illegally.” The ruling for docket no. **19-00018-UT** can be found on the PRC Case Lookup eDocket by visiting <https://www.nm-prc.org/case-lookup-e-docket/>.

*The New Mexico Public Regulation Commission regulates the utilities, telecommunications, and motor carrier industries to ensure fair and reasonable rates, and to assure reasonable and adequate services to the public as provided by law.*

*The NMPRC also promotes public safety through the offices of Pipeline Safety Bureau and the Transportation Division.*

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