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**NMPRC authorizes PNM to revise its retail rates**

*Decision shields customers from paying higher costs associated with certain investments while allowing the utility to provide safe, efficient, and reliable service*

SANTA FE – Today, the New Mexico Public Regulation Commission (NMPRC) authorized Public Service Company of New Mexico (PNM) to set new rates following PNM's application to revise its retail rates (Docket No. 22-00270-UT), largely adopting the recommended decision issued by the NMPRC's Hearing Examiners, including key findings about the prudence of PNM's renewed participation in the Four Corners Power Plant and issues remaining concerning the Palo Verde Nuclear Generating Station.

These findings will prevent customers from bearing the cost of tens of millions of dollars related to investments in Four Corners and Palo Verde. The Commission also directed PNM to return \$38.4 million in ratepayer funds collected in 2023 for Palo Verde Unit 1 leasehold payments that expired at the end of 2022.

In addition to resolving those and other deferred issues, the Commission's decision establishes PNM's revenue requirement (the amount of money the company is authorized to collect from its customers) and instructs how PNM will collect that between different rate classes. Overall, the Commission's decision establishes rates below what PNM had requested but sufficient to allow a reasonable return on investment and to ensure safe, efficient, and reliable service.

Originally submitted in December 2022, PNM's application asked for rate increases on residential and business customers to collect on a purported \$63.8 million in projected revenue deficiency. Following careful consideration of evidence supplied to the Commission and its Hearing Examiners during a nearly month-long hearing in September, the Hearing Examiners last month issued a recommended decision that provided recommendations to the Commission on the myriad issues raised in PNM's application. With that recommended decision, the Commission had the option to accept it in whole, modify parts of it, or reject it completely, while

independently weighing the facts. After the recommended decision was issued, the parties filed responses and objections to the proposals contained in that document.

Among the issues addressed by the Commission today include:

- The prudence of PNM's decision to continue its participation in the Four Corners Power Plant (FCPP)
- An appropriate remedy for any imprudence in PNM's continued participation in FCPP;
- Recovery of funds over collected from ratepayers in 2023 for the Palo Verde Unit 1 leasehold payments (which ended as of the end of 2022);
- Rate treatment of undepreciated assets related to the expired Unit 1 and 2 leases of Palo Verde Nuclear Generating Station given the Commission's prior decision on prudence of these lease extensions;
- Whether a pilot project for residential time-of-day rates should be approved;
- Whether the depreciation rates for PNM's natural gas-fired plants should be accelerated, and if so, by how much;
- Rate treatment of regulatory assets and liabilities related to the San Juan Generating Station;
- Assets and costs for which PNM shall be allowed a return on investment;
- PNM's rate of return on its investments, as well as its debt-to-equity ratio; and
- Rate structure for PNM ratepayers.

PNM will file updated appendices that reflect rates consistent with the Commission's final order. Parties have until February 2, 2024, to file a motion for rehearing. New rates could go into effect as early as the next billing cycle.

Within 30 days of the filing of the Commission's final order, NMPRC advocacy staff will file a recommendation regarding the additional reporting requirements to be imposed on PNM for its wildfire mitigation, vegetation management, and infrastructure maintenance expense spending.

A copy of the Final Order is available upon request.

*The New Mexico Public Regulation Commission (NMPRC) 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 Transportation Division. To learn more about the work of the NMPRC, please visit [www.prc.nm.gov](http://www.prc.nm.gov).*

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