

Response from Shane Woolbright

TO: New Mexico PRC Nominating Committee

RE: NMPRC 2026 Candidate Questionnaire

Question 1 on regulatory topics.

In utility rate setting I did rate studies from many cities in which the setting of rates included electric, natural gas, water, sewer, garbage, administration, and taxation of those utilities for payments in lieu of taxes to general and sinking funds. As a member of a utility board I had input into the setting of rates for wholesale and retail electric customers of a 2,000 MW power provider.

In the promulgation of regulations I drafted a model set of terms and conditions of electric service used by many small utilities. I drafted model cable pole attachment agreements that were adopted by other state utility associations. The mutual aid agreements that all public power systems in Oklahoma and in cities in three neighboring states were drafted by our association. Our association also drafted and had adopted distribution line design standards which were used in the training of distribution personnel.

I do not have background in broadband regulation; however, I did work in the drafting of cable television franchises, drafted the documents for such franchise votes, and served as staff for cities in the review cable television rate requests. Further, I was the catalyst for the City of Sallisaw to install fiber optic cable to the home in direct competition with incumbent providers. That was a great success and very high speeds are now provided to consumers there at \$50.00 per month. In the cities of Pryor and Ponca City I had a hand in the delivery of city-wide wi-fi services making it possible for residents to have internet and email at no cost.

Question 2 on what is the public interest in utility regulations

James C. Bonbright wrote the classic textbook “Principles of Public Utility Rates” which was the text used in my college classes on Public Utility Economics. I defer to his directions on consumer protection, service reliability, safety, and maintaining financial security for the provider.

Question 2 continued

This last gets too little discussion. A utility commission has responsibility for maintaining the financial stability of the utility serving and area, but further has the responsibility to maintain a constant review of that utility's financial security and seek responses if the utility's operational stability falls below a desired status.

While economic efficiency is to desired, in today's world, the utility regulator has to have environmental aspects of operations in view and be able to determine if environmental externalities are a significant possibility of an operation.

In recent decades, the role of the commissions have evolved to include energy efficiency programs, low-income programs, and economic development.

To my mind the public interest in having a commission actively understanding the plans for providing a basic public service and having an understanding of all alternatives to the plans of the utility provided and to be place for intervenors and other public agencies to provide comments and information on the plans of regulated utilities.

Question 3 regarding the amount of transparency that is provided

As a city manager I brought 17 different tax or utility questions to a vote of the residents of a city. Many of these could have been done without election, but I was firm in my belief that when an action of consequence was to be decided, it was best to have an open election and have all information on the table. This avoided questions later and also served to provide a basis for lower cost debt issuances.

Only the most sensitive areas of a case ought to be decided by PRC members alone in executive session. As a utility board member I chafed at the fact that our coal purchase contracts, rail rate contracts, purchased power agreements all had some confidentiality measures meaning the public did not know what we were doing in those areas.

Question 3 continued

To that end, I would hope that the PRC in the future would work to educate the populace on operations, safety, reliability and costs of various utilities with hopes of showcasing positive operations.

Question 4 relating to interaction of the PRC with Native American governments

Native American tribes manage their own decisions in their reservations. I know of three tribes with utility authorities in New Mexico with rights to own and operate electric services. Indeed, I had a hand in setting up the Chickasaw Nation Utility Authority along with Peoples Electric Cooperative many years ago to allow that tribal entity to serve a new industrial load. In New Mexico tribes do not control IOU power lines that cross that borders to serve non-tribal meters, but do have controls on services to tribal members. My understanding is the case law provides that the PRC does not have regulatory approvals on tribal operations. Further, the PRC would provide perhaps a role in situations where the tribe and an IOU had disagreements that would affect regulated customers. For example, when a right of way had a set time limit and had expired, but the power line on the right of way had great importance to serve a non-tribal area, the PRC might well referee the negotiations. And, of course, when interconnections of new tribal generation or transmission were to occur, there ought to be review by the PRC on such actions and whether customers were affected.

Question 5. What is my definition of “just and reasonable” rates

I attended a number of week long training programs on retail electric rate design in my time focused on cost of service allocations. While the rates that came from such programs were just and reasonable, there were times when a utility needed to take steps to help consumers. For example, when a grain elevator in wheat country spiked demand for a utility while only operating a few weeks of the year, the allocated cost was huge. An operations change was needed to make the rare affordable. Similarly, when economic conditions caused a steel fabricator to cut back to one or two shifts, the demand for power did not change, and the average rate went up over 50% making a competing forge a lower cost option.

Question 5 continued

Assisting the steel maker in moving shifts as well as showing how to move the peak heating load from the coincident peak meant the largest local employer remained in business. It's because of these situations that major utilities, such as Oklahoma Gas and Electric, have some 200 pages of rate designs.

In theory all rates are just. Commissions take the best information on investments and allocate the costs across adopted customer classes. But mistakes are made. A trendy action was the implementation of remote metering costing from \$800-\$1,000 per meter for full implementation and administration allocations. Added costs were not found to be justified.

I can't expound on the effects of special interests on rate making in New Mexico. I am familiar with New Mexico Gas and PNM. Having been the administrator for the Oklahoma Gas Association, I reviewed gas rates for many operations, and I have found New Mexico Gas quite competitive and better in cost than most I reviewed in the Midwest. PNM has a history of poor judgments, but they have collectively not resulted in an overly expensive operations.

So for the majority of New Mexico, just and reasonable exists. Can that be maintained in the face of ownership turnover? Can that be maintained by a stock price that is 300% more than 2012 while net plant investment has not moved significantly.

I return to the teachings of Bonbright. A commission must be involved in the spending decisions that are needed for a vibrant grid. By definition, the outcomes will be just.

Question 6 on a 20% increase in rates being justified by projections

Let's be clear. A utility can by law, if I'm not mistaken, be allowed to bring a future test year to the commission for review and possible implementation. I would insist on an historic test year being required in such hearings. We would need certainty, and only the historic test year would help in that regard.

Question 6 continued

However, the question assumes a 20% hike is justifiable. Such a hike could cause problems for any number of customer classes. When I measured cost of service for different classes in the past, I found that large commercial customers in summer season rates were most often overly charged relative to other customers. Normally, people think of low incomes as more harshly affected. To an extent, that depends on a commission. Utilities, beginning in the middle 1980's found it expedient to increase customer charges as much as possible to reduce dependence upon sales for income. Large customer charges also helped balance the seasonal differences in income and made for better quarterly statements.

I do not like large customer charges. While base fees have a place, volumetric sales ought to be the driver of income.

Secondly, while a hike may be just, it doesn't have to come all at once. Spreading the hike over a period of years would assist that lower income tier. And, to my mind, the very small user of energy is least likely to have caused the investments needed for such a hike.

A state such as New Mexico ought to consider how LIHEAP funding from the state might be a reasonable and justifiable option in the cases of rate shock.

Although, in the area of rate shock, I would note that a 20% hike in rates happened every two years or so from the middle 1970's to the middle 1980's when the industry was transitioning from \$100.00 per kw gas construction costs to \$500 per kw coal fired construction costs to \$900 per kw for scrubbed coal plant construction costs, and interest rates that were 4.5% for early 1970's gas plants had climbed to 15% rate of return requests in 1985.

The fact that natural gas prices are the same today as in 1982 is a big reason that utility bills have not climbed more than they have. And, renewable energy investment that has reduced demand for natural gas has much to do with that.

Question 7 What is the role of intervenors

Question 7 continued

My primary function early in my utility career was to serve as an intervenor. Prior to Open Access Transmission Tariffs rural cooperatives, cities, and federal agencies often had wholesale power contracts with private utilities who would file for rate adjustments at the Federal Energy Regulatory Commission. My job was to coordinate 26 cooperatives, 60 cities, and a couple of state agencies and the Federal Power Marketing Administration for the area in joint filings to oppose the hike. This involved agreements of the parties, hiring of consultants, and dealing with FERC staff. In those days FERC usually set aside any request for five months to allow the parties to negotiate as FERC preferred negotiated settlements to hearings. For us as intervenors, avoiding hearings made some sense as consulting and legal fees could become onerous quickly, and the rate would likely be put in effect subject to refund which no party wanted.

The parties I would represent at that time served some 800,000 people.

That said intervenors bring great value to a case as most utility commissions are underfunded and understaffed, and the utility commission staff I have witnessed in some states has been co-opted by interaction with the utility company.

As a commissioner, I would want the utility to be protected from overly zealous regulation, but I would also want intervenors to have the time needed to address a case. While the utility can come in ready with all of its answers, an intervenor may need time to find the expert witnesses it needs for technical issues.

As commissioners, it's unlikely we have the background to fully understand all aspect and affects of a utility change unless we have alternate points of view. We have staff and hearing examiners, but we need the alternative point of view.

In my past I spent time with the Rocky Mountain Institute where I came to understand the values to society of environmental action, energy management, and how a utility can benefit from less usage. RMI and similar intervenors can educate as to alternatives that may work for society.

Question 8 How to balance legislative direction, regulatory capture, stakeholders, ensure decisions are grounded in evidence

As I read it, the New Mexico constitution established this commission, and the legislature sets direction. I would say I follow legislative direction. My judgment may be independent, but it does not shirk the directives. However, judgment comes into play when let us say the legislature wants clean energy. It's our independent judgment that implements it.

The issue of regulatory capture has a long history. The Interstate Commerce Commission was the first to have capture become its operating methodology. Not long afterward in 1898 the utility titan Samuel Insull called for electric utility regulation to eliminate the problems of competing franchisees, establishment of firm territories and supply a regular supply rate adjustments and approvals of stock manipulations.

This process which we undertake herein is the result of an effort to avoid regulatory capture. Our elected commission was cast as being too much under the influence of utilities. An appointed board was to move away from capture.

Whether the result was what the proponents desired is up for debate. For myself, I sat across from private utility company operatives for 30 years in areas such as Regional Transmission Organization development, transmission interconnection, rate case management, territorial legislation, deregulation, and renewable energy mandates. Further, fifty different publicly owned utilities left IOU power supply contracts to take wholesale contracts I proposed. I would say I would avoid regulatory capture by having a history of outcomes that favored my side of the table over IOU influence.

As far as managing stakeholders, public power systems tended to be smaller than private utilities with no ability to lobby or donate funds to politicians. This made development of stakeholders a necessity to win legislative efforts. I'm used to working with the kinds of stakeholders who come before the commission.

Question 9 What can the commission do to promote broadband

Our state has a universal rural communications service fund with which I have no background. As I noted, I have background in promoting internet service but that had to do with financially positive investments. I would want, however, to see how wires delivery to remote areas was a vast improvement over current satellite services. Back when internet was a dial up service, the cost was \$30.00 per month. Satellite services today are far better and far less costly. So I would need the education provided by staff and providers.

Question 10 How should the commission address resource adequacy

For a period of years I watched dozens of stakeholders attend meetings at the PNM headquarters where they discussed Integrated Resource Planning. There should be continuous planning processes, and the commission ought be a part so that every resource that is to be funded will be identified long before it might be in rate base. On reliability, I have long been a proponent of the functions of regional transmission organizations and particularly of the Southwest Power Pool where regional planning insures that the lowest cost resources are the first dispatched, where transmission grid construction is done when there is a regional need to be met and can be funded by all utilities across the region. The SPP is also a vocal proponent of the expansion of renewable energy. While the utility commissions in the 14 states where the SPP operates are primarily Republican, that has not kept the utilities in the SPP from rapidly deploying new renewable resources which have kept prices down in the region and contributed to greater grid reliability in the face of old warnings that the sun would not shine nor the wind blow when power is needed. The additions have strengthened the grid immeasurably. Resources such as home and business solar provide peak time generation and reduce investment needs for distribution and transmission. Customer solar additions also offset the effects of population growth to an extent and delay deployment of added generation.

Question 11 How would I address the issues of data centers

The first data center in Oklahoma was built by Google, but at the time Google did not want its name known. The company spoke to the governor and the chair of senate energy about how it might negotiate a data center located in a state owned industrial park and receiving state agency generated water and power without having to put up with the annoyances of open meetings and open records. I was asked to do the negotiations and represented the fictional LLC that Google had created in negotiating the location of the plant and its services. As it happened, excess transmission capacity that Google's plant ultimately used helped keep transmission rates from increasing while Google's investments in wind power resulted in no effective rate change for existing customers.

Today, Google is building a large center in Mississippi County, Arkansas. It has begun building 2,800 MW of solar generation (seven times the PNM load as I write this) on the some of the highest cost farmland in America. I would hazard a guess that if Google can use \$8,000.00 per acre farmland for solar, a data center in New Mexico could afford some plot of desert lands here.

Also in Arkansas in Clarksville, a city which once bought power from the joint action agency my association created, a data center will take all power from a private utility which serves the State of Kansas. That power sale will be outside the parameters of its regulated operations.

There are no good reasons the rate base customers of a utility should be paying for a large new load when the owners are capable of financing their own supplies. However, there can be times when integration of data center loads can help fortify a grid, and therefore a contribution in aid of construction can be justified.

Question 12 Relating to issues surrounding natural gas utilities in the future
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In 2010 the Obama Administration in its efforts to move America out of a deep depression caused to a great degree by regulatory capture provided billions of dollars for demonstrated programs that would improve energy use. The joint action agency in Oklahoma received a grant for a program that would provide ground source heat pumps for a residence for around \$5,000.00 compared to a

Question 12 continued

typical cost of \$12,000.00. Bank financing was also available so that the total monthly utility bill for the home would likely decline while the equipment was being amortized.

Most of the money went unused. Consumers did not want electric heat. It took too long for the heat to be provided. Consumers like the hot push from central fans over large flames. Only a handful of systems were implemented.

I spent 30 years working to increase electric heating with little success. Demand side efforts were met with ignorance. In the case of equipment installed to help reduce electric demand, vandalism was often found.

In New Mexico natural gas is heavily favored over electricity due to the much lower cost of gas. I couldn't sell electric heat when it was cheaper.

A gas company looking at investing in new lines sees those new lines with life spans of 50-100 years. The investments seem more likely to fully depreciated before they become stranded with the same economic outcome.

But to the point. The utility business has some risk. If gas sales do become a declining business, it will happen over a period of many years and society will have time to adjust.

Question 13 How should the PRC handle distributed resources and performance based regulation and non wires alternatives

Over 30 years ago I worked with the aforementioned Rocky Mountain Institute which pioneered the idea of "negawatts." Negawatts referred to their position that saving or eliminating a kwh was more valuable than generating one. The first utility I remember to institute a performance based rate making approach was Puget Sound Power and Light which was granted added revenue for power reduced. In that region, nearly all homes used energy hungry resistance electric heating with power bills reaching 3,000 kwh monthly in winter. So there were many options for finding efficiency.

Question 13 Continued

Since then 17 states have implemented some form of performance based regulation. Should our legislature go down this road, we would follow the lead. I don't see that occurring nor needed. We have three IOUs providing most power in New Mexico. Two are primarily serving Texas metro areas with smaller areas in New Mexico. PNM is a small IOU with 250,000 of its 550,000 meters using less than 500 kwh per month. These statistics note that the staffing and operations to find and identify consumer uses then address them might not be cost efficient.

However, there are non-wires alternatives that regulatory and governmental entities should adopt or endorse. For example, Homewise is a large builder in New Mexico and a horrid entity when it comes to energy. Homewise homes use electric resistance space heating and water heating thus using 400% more energy than a home with gas space heating and water heating. New home codes should discourage such designs. Electric makes sense with ground source heat pumps or certain other designs, but this makes no sense.

Further, some communities in California require all new homes to have solar panels or to participate in a community solar project. Adding solar at construction is cost effective and adds less than 4% to the cost of the home while cutting operating outlays by a greater amount. Further, this helps the utility grid by eliminating summer peak demands and distribution and transmission systems. I figure if Santa Fe voters will add \$40,000.00 in fees to sell a house with nothing going to the seller, the buyer of that house would not mind \$15,000.00 for solar investments. The PRC ought to be active in providing information in regard to non-wires alternatives. Finally, the legislature has about \$800 million in new money coming and ought to reinstate the tax credits for energy efficient investments and make them larger than in the past, and the PRC ought to push for such actions. And if this state really backs the move to clean air, then we ought to have state investments in electric vehicle charging stations and EV tax credits.

Finally, seeking out methods to assist consumers is an activity many utilities neglect. An example is that metal fabricator where in a town of 8,000 we were able to move 6,000 kw off peak. Utilities ought to focus on finding ways to assist larger customers in energy management, and the PRC ought to encourage new tariffs to address specific situations

Question 14 Regarding education and background

a. I hold a bachelor of science in public administration from the College of Business Administration at the University of Arkansas and a Master's Degree in Public Administration from the College of Arts and Sciences at that university. A prime paper I authored in graduate school had to do with the first Environmental Impact Statement filed by an electric utility for construction of a low sulfur coal plant using Powder River Basin Coal. EPA had only recently been created, and the Flint Creek coal plant built by Southwestern Electric Power Company was the first of this new breed of coal plants to be constructed. My knowledge of that process helped one city selling cooling water to that plant achieve an additional \$125,000 per year in payments. I later worked at that plant.

I believe I meet the requirements for work experience for this position by virtue of a number of work positions. As executive for the trade association Municipal Electric Systems of Oklahoma (MESO) I was designated by state statute to have a position on the Board of Directors of the Grand River Dam Authority. This agency provided water storage for 600,000 people, operation of three lakes and control of the river systems connecting the rivers in the northwest quarter of Oklahoma. The agency had over 2,000 MW of generation which now includes gas, wind, solar, pumped storage, and hydropower at the dams at the three lakes it operates. GRDA must balance interests from the premier bass fishing lake in America and the half million visitors that fishing brings to the area. I also much balance the desires of fishermen who want lake bass with fishermen who want continuous releases of water for striped bass in the rivers. The lakes have thousands of homeowners and by statute the board operates as an environmental enforcement agency for effluent. We also had to deal with lakes levels and water levels in rivers in accordance with directives of the Corps of Engineers. And we operates wildlife preserves and bat cave preserves.

At MESO I was the point person to create the Oklahoma Municipal Power Authority – OMPA. When I began at MESO most cities bought wholesale power. MESO encouraged its member to create a power supply agency which they would control. We accomplished this with state legislation allowing cities to jointly finance power plants. OMPA went into business with 37 year power contracts that provided the collateral for long term financing and now serves 44 cities in

four states.

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As the trade association executive I directed the positions of 60 different municipal power systems and represented them before the legislature, congress, and regulatory bodies.

Beyond this I recruited electric distribution systems to purchase from the two state agencies I worked for. The largest such recruitment was the City of Springfield, Missouri, for GRDA. Springfield is a much bigger utility than PNM.

As a trade group, we created programs for distribution systems including demand control. Our group created the first Spanish language journey lineman training program approved by the IBEW this followed our providing a recognized training regimen for line workers and later for line supervisors.

Later MESO took on the administration of the Oklahoma Gas Association. This group had 40 small distribution operators and a dozen gas transmission agencies. We were primarily involved in gas safety operations and provided input to the federal oversight agencies. When gas systems were required to have drug and alcohol testing we created a mobile testing service to save rural operations from losing a man for the better part of a day for required testing by having a mobile unit go to him. We worked closely with the state regulatory agency in annual safety and equipment demonstrations. For small operators, I provided services in identifying effective wholes natural gas purchase processes.

As a city manager I had oversight of two natural gas distribution systems and two electric distribution operations. Both of those electric distribution operators had major upgrades in distribution lines in my tenure as well as new power purchase agreements.

While in city management I drafted the documents used to have elections for capital improvements including all election documents and later the documents needed for issuance of general obligation bonds.

b. Again, I do have a post-graduate degree in public administration, and I do have 30 years of experience working as a board member for a major utility as well as operating two utility associations. I make note that Oklahoma has a hall of fame for government officials and that I was inducted in such hall in 2013 in recognition

of my achievements for local electric operations.

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c. I do not have any financial interest in any utility operating in New MexI
have never had a relationship with any commission regulated entity.

d. I have never been employed by an entity in New Mexico.

e. I will give my entire time to the PRC and will have effective office hours in
order to provide a positive view of the PRC to the public. Having operated as a
public figure for many years, I am well versed in the optics of a public position.

Question 15

Political affiliation

I am registered as an independent in Santa Fe County.

I affirm that the above information is true and correct , and I have met the statutory
and constitutional requirements as described in questions 14 and 15 above.

So affirmed and signed

Shane Woolbright

