

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
AVANGRID, INC., AVANGRID NETWORKS, INC., NM)
GREEN HOLDINGS, INC., PUBLIC SERVICE COMPANY)
OF NEW MEXICO AND PNM RESOURCES, INC. FOR)
APPROVAL OF THE MERGER OF NM GREEN)
HOLDINGS, INC. WITH PNM RESOURCES, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND APPROVALS)
REQUIRED TO CONSUMMATE AND IMPLEMENT THIS)
TRANSACTION) Case No. 20-00222-UT
)
AVANGRID, INC., AVANGRID NETWORKS, INC.,)
NM GREEN HOLDINGS, INC., PUBLIC)
SERVICE COMPANY OF NEW MEXICO AND PNM)
RESOURCES, INC.,)
)
JOINT APPLICANTS.)
_____)

JULY 29, 2021 REBUTTAL TESTIMONY

OF

JOSEPH D. TARRY

July 29, 2021

**NMPRC CASE NO. 20-00222-UT
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JULY 29, 2021 REBUTTAL TESTIMONY OF
JOSEPH D. TARRY**

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SELF-VERIFICATION

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OF JOSEPH D. TARRY
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1

I. INTRODUCTION

2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 **A.** My name is Joseph D. Tarry. I generally go by Don Tarry. I am the Senior Vice
4 President and Chief Financial Officer for PNM Resources, Inc. (“PNMR”), the
5 public utility holding company for Public Service Company of New Mexico
6 (“PNM”).

7

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
9 **MATTER?**

10 **A.** Yes. I submitted Direct Testimony in support of the Joint Application in this case
11 on November 23, 202, in support of the Proposed Merger, Supplemental Testimony
12 on February 26, 2021, Rebuttal Testimony on April 21, 2021, and Direct Testimony
13 in Support Of Second Amended Stipulation on June 18, 2021.

14

15

II. PURPOSE

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 **A.** The purpose of my testimony is to (1) discuss certain enhancements to the Second
18 Amended Stipulation the Joint Applicants have agreed to accept based on
19 recommendations made by New Mexico Affordable Reliable Energy Association
20 (“NM AREA”) Witness Gorman and Bernalillo County Witness Reno, (2) address
21 the recent audit report on Central Maine Power and proceedings in Spain involving
22 Iberdrola, S.A. (“Iberdrola”) executives, and (3) address recommendations on the

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1 structure and composition of the PNM Board of Directors to address concerns
2 raised by Staff and other parties.

3

4 **III. OVERALL BENEFITS OF THE PROPOSED MERGER**

5 **Q. CAN YOU COMMENT ON THE RATE BENEFITS NOW BEING**
6 **PROPOSED BY THE JOINT APPLICANTS (REGULATORY**
7 **COMMITMENT #1)?**

8 **A.** The Joint Applicants are now committed to provide a total of \$88 million in rate
9 benefits, which include \$65 million in rate credits to PNM’s customers over a three
10 year period (an increase of \$15 million from the Second Amended Stipulation), \$6
11 million for forgiveness of residential customer arrearages, \$2 million in funds for
12 assisting in providing electricity to new customers in remote parts of PNM service
13 territory, and \$15 million for low-income energy efficiency. As discussed further
14 by Joint Applicant Witness Darnell, PNM has agreed to not file for a change to its
15 base rates or file for any new tariffs before June 1, 2022. These rate benefits
16 demonstrate a clear and quantifiable net benefit to our customers and communities
17 in New Mexico as a result of the Proposed Merger.

18

19 **Q. CAN YOU COMMENT ON THE ECONOMIC DEVELOPMENT**
20 **BENEFITS NOW BEING PROPOSED BY THE JOINT APPLICANTS?**

21 **A.** The Joint Applicants are committed to create or bring an additional 150 full-time
22 jobs to New Mexico over three years, with a target of up to 20 of these jobs to be

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1 electric service business unit craftsmen at PNM, with a prioritization to hire
2 personnel that have been or will be displaced as a result of San Juan Generating
3 Station. As discussed by Joint Applicant Witness Fridley, any new positions within
4 PNM will only occur if necessary to meet our utility obligation and to continue to
5 provide safe and reliable service to customers. There is also a specific commitment
6 from the Joint Applicants that 100 of the 150 full-time jobs will be located within
7 the Albuquerque – Bernalillo County metropolitan area.

8

9 In addition, the Joint Applicants have committed to make contributions to economic
10 development projects or programs in New Mexico totaling \$15 million (an increase
11 of \$7.5 million over the Second Amended Stipulation). The Joint Applicants will
12 fund the \$15 million over a five-year period and it will be administered
13 independently of Joint Applicants and be dispersed through a grant proposal
14 solicitation process directed to non-profit entities focusing on economic
15 development in areas where PNM maintains utility facilities. These enhanced
16 economic development commitments bring additional value from the merger and
17 will ensure that New Mexico, including PNM’s customers, will see even more
18 direct benefits to the economy as a result of the Proposed Merger.

19

20 These and other conditions being placed on the Proposed Merger preserve PNM’s
21 character as a New Mexico-based utility with continued strong ties and
22 responsiveness to the communities and the people it serves.

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1 **Q. ARE THERE OTHER BENEFITS OF THE PROPOSED MERGER**
2 **BEYOND THE RATE BENEFITS AND ECONOMIC DEVELOPMENT**
3 **BENEFITS DESCRIBED ABOVE?**

4 **A.** Yes, the benefits of the Proposed Merger go beyond the significant and measurable
5 rate and economic development benefits and the additional 54 regulatory
6 commitments included in the Second Amended Stipulation. PNM’s customers,
7 employees and the communities we serve will enjoy long-term benefits from the
8 added support of a well-qualified, financially strong parent company with greater
9 access to capital markets as discussed by Joint Applicant Witness Lapson. They
10 will also benefit from a partner who has demonstrated a strong record of renewable
11 and sustainable energy development. These attributes are critical in the modern
12 utility business to support long-term growth and changing customer loads and
13 services. The importance of ongoing financial backing from strong parent should
14 not be underestimated as a critical benefit to customers.

15

16 **IV. MANAGEMENT AUDIT OF CENTRAL MAINE POWER AND**
17 **PROCEEDINGS IN SPAIN INVOLVING IBERDROLA SENIOR**
18 **MANAGEMENT**

19 **Q. HAVE YOU REVIEWED THE REPORT OF THE MANAGEMENT AUDIT**
20 **OF CENTRAL MAINE POWER PREPARED BY LIBERTY CONSULTING**
21 **GROUP AND FILED BY THE JOINT APPLICANTS?**

22 **A.** Yes, I have.

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1 **Q. DOES THAT REPORT CAUSE ANY CONCERN REGARDING HOW**
2 **OWNERSHIP BY AVANGRID MAY IMPACT PNM POST-MERGER?**

3 **A.** No and let me explain why. There are a number of protections in place for PNM
4 and its customers in the Second Amended Stipulation to ensure that our customers
5 continue to receive safe, reliable electric service, after the merger is complete and
6 into the distant future. In fact, the Second Amended Stipulation helps facilitate
7 measures to enhance system reliability.

8

9 **Q. DO YOU THINK THE REGULATORY COMMITMENTS AGREED TO BY**
10 **THE JOINT APPLICANTS PROVIDE ASSURANCE TO THE**
11 **COMMISSION THAT PNM WILL BE PROTECTED FROM THE ISSUES**
12 **IDENTIFIED IN THE REPORT?**

13 **A.** Yes. Most fundamentally, the Commission has and will continue to have broad
14 regulatory authority over PNM. As outlined in **Regulatory Commitment #15**, and
15 as more clearly defined by proposed additional language by NM AREA Witness
16 Gorman and Bernalillo County Witness Reno¹ and agreed to by the Joint
17 Applicants, both Avangrid and Iberdrola agree to be subject to the jurisdiction of
18 the Commission. My experience over the years has shown that the Commission
19 actively scrutinizes the rates and services provided by the regulated investor-owned
20 electric utilities as part of its oversight role. To that end, the Joint Applicants

¹ NM AREA Witness Gorman testimony filed July 16, 2021, page 16; Bernalillo County Witness Reno testimony filed July 16, 2021, pages 6-7.

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1 expressly acknowledge that after closing of the Proposed Transaction, the
2 Commission may initiate a management audit of PNM by a consulting firm chosen
3 by and under the direction of the Commission, to review the impacts of the merger’s
4 Class II transactions upon PNM’s local management of the utility, including the
5 conduct of PNM’s day-to-day operations and establishment of company priorities
6 in response to local conditions and is consistent with the Commission’s regulations
7 governing the approved General Diversification Plan. The Joint Applicants agree
8 with this additional language to **Regulatory Commitment #17** as proposed by NM
9 AREA Witness Gorman². The Commission also has the authority to reasonably
10 access the books and records of PNM and its affiliated interests participating in a
11 Class I or Class II transactions on pertinent Commission matters. The Joint
12 Applicants agree with the additional language to **Regulatory Commitment #38**
13 proposed by NM AREA³ that addresses the Commission’s authority and ability to
14 conduct audits of the books and records of PNM and its affiliated interests;
15 including recovery of such audit costs as a regulatory asset; provided that the costs
16 of any audit that finds imprudent practices shall not be recovered from customers.
17
18 These regulatory commitments included in the Second Amended Stipulation and
19 the additional considerations agreed to in rebuttal testimony by the Joint Applicants

² NM AREA Witness Gorman testimony filed July 16, 2021, page 20-21.

³ NM AREA Witness Gorman testimony filed July 16, 2021, page 38.

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1 provide the Commission with comfort that there are appropriate safeguards in place
2 to prevent similar issues here in New Mexico.

3

4 **Q. PLEASE SUMMARIZE THE REGULATORY COMMITMENTS THAT**
5 **WILL HELP ASSURE SAFE AND RELIABLE SERVICE FOR PNM'S**
6 **CUSTOMERS.**

7 **A.** First, PNM's Board of Directors will consist of all New Mexico residents, who
8 because they live here, will be more keenly aware of the unique needs of customers
9 in the state and have greater insight into any customer service or operational issues
10 that may arise.

11

12 Second, PNM's CEO and senior management will all be based in the state and
13 continue to have day-to-day control over all aspects of PNM operations. Joint
14 Applicants agree with the language proposed for **Regulatory Commitment #17** by
15 NM AREA⁴ that clearly outlines the authority of PNM's management.

16

17 Third, there will be no involuntary terminations except for cause or performance
18 and no reductions of wages or benefits for a minimum of three years (**Regulatory**
19 **Commitment #21**). This commitment provides the Commission with assurances
20 that the same well-qualified PNM employees will continue to be responsible for
21 daily operations and there will be no headcount reductions or cost-cutting measures

⁴ NM AREA Witness Gorman testimony filed July 16, 2021, p. 20.

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1 that would impact the number of personnel at PNM or prevent PNM from
2 continuing to provide reliable electric service to our customers. The Joint
3 Applicants agree with the recommendation of NM AREA Witness Gorman⁵ to
4 modify **Regulatory Commitment #36** to provide the Commission in the next three
5 rate case filings made subsequent to the Proposed Merger, with a report on the
6 number of full-time employees and contract workers it believes are needed to meet
7 safety and reliability standards and any material changes from those levels that may
8 be required during the time the proposed rates are in effect.

9
10 Fourth, the Joint Applicants also commit that for as long as Avangrid/Iberdrola or
11 any affiliated interest or holding company owns PNM, they will not move the PNM
12 job functions for regulatory matters, engineering, system planning, transmission
13 and distribution system maintenance, call center and customer facing jobs, and
14 system dispatch and control functions out of New Mexico. Existing job counts and
15 job descriptions will be provided to the NMPRC at the end of the three years
16 following the merger and in the three subsequent rate cases that follow the approval
17 of the Proposed Transaction. The Joint Applicants agree with the proposed
18 language addition to **Regulatory Commitment #21** by NM AREA Witness
19 Gorman⁶ that discusses these additional assurances.

⁵ NM AREA Witness Gorman testimony filed July 16, 2021, p. 35.

⁶ NM AREA Witness Gorman testimony filed July 16, 2021, page 24

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1 Fifth, the Joint Applicants have committed to a number of reliability and customer
2 service provisions as discussed in more detail by Joint Applicant Witness Fridley
3 **(Regulatory Commitment #36)**. Mr. Fridley discusses how those stipulated
4 provisions help ensure that PNM will continue to invest in reliability initiatives and
5 ensuring our service reliability meets customers' needs.

6
7 Sixth, the Joint Applicants have committed to numerous other governance ring-
8 fencing provisions that adequately insulate PNM from economic or market
9 conditions that may impact Avangrid affiliates **(Regulatory Commitments #17,**
10 **#23, #24, #25, #26, #27, #28, #29, #30, #31, #32, #33)**.

11

12 **Q. DO YOU BELIEVE THE COMMITMENTS MADE BY THE JOINT**
13 **APPLICANTS INSULATE PNM FROM SIMILAR ISSUES IDENTIFIED**
14 **IN MAINE?**

15 **A.** Yes, I do. In addition, PNM's existing use of shared services with its parent
16 company PNMR and affiliates has been non-controversial over the years and has
17 been subject to Commission oversight through compliance reports and filings and
18 periodic rate reviews. The Commission's and PNM's experiences with holding
19 company structure means that our local management understands how to operate
20 successfully as a regulated utility and meet our utility obligations within the
21 corporate structure that will result from the Proposed Transaction.

22

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1 **Q. DO THE JOINT APPLICANTS AGREE WITH THE ADDITIONAL**
2 **LANGUAGE PROPOSED BY NM AREA WITNESS GORMAN⁷ TO**
3 **CLARIFY REGULATORY COMMITMENT #32 AROUND SHARED**
4 **SERVICES PROVIDED BY AFFILIATES TO PNM, INCLUDING**
5 **AVANGRID AND IBERDROLA?**

6 **A.** Yes. The additional clarifications to **Regulatory Commitment #32** providing that
7 PNM shall file for the PRC’s approval thirty days prior to allocation of new shared
8 services costs to PNM and consult with NMPRC Staff and other interested
9 stakeholders in preparing the Cost Allocation Manual (“CAM”) prior to filing.
10 Additionally, PNM agrees to file in its general rate cases its current, and any
11 proposed changes to the CAM and the costs of those services shall remain subject
12 to the Commission’s review. These additional protections ensure the Commission
13 adequate review and oversight over these areas.

14
15 **Q. ARE YOU AWARE OF THE INQUIRY IN SPAIN THAT INVOLVES**
16 **IBERDROLA’S CHAIRMAN, BUSINESS CEO AND TWO FORMER**
17 **IBERDROLA EXECUTIVES?**

18 **A.** Yes. While I do not have any personal knowledge of the inquiry, I have reviewed
19 the Joint Applicants Notice’ Regarding Proceedings in Other Jurisdictions filed on
20 June 24, 2021 and the Supplemental Testimony filed by Joint Applicant Witness
21 Azagra on July 27, 2021.

⁷ NM AREA Witness Gorman testimony filed July 16, 2021, pages 30-31

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Q. WHAT IS YOUR REACTION TO THE INQUIRY IN SPAIN?

A. While I do not opine on news stories or other allegations in this preliminary proceeding, I do know through my personal interactions with representatives from Avangrid and Iberdrola, that I have not seen cause for ethical concerns as a result of becoming an affiliate of either of these organizations. I find comfort in the fact that in furtherance of the Iberdrola Board’s fiduciary duties and corporate governance responsibilities an independent forensic audit was conducted by an international accounting firm, Price Waterhouse Coopers, which reported no irregularities, as well as an independent legal review. The legal review found that Iberdrola is at the forefront of the best international practices in terms of ethics, transparency and corporate governance, and that it maintains and adheres to strong corporate governance and compliance standards. The legal review also concludes there were no corporate governance or compliance violations by Board members and executives, reviews the lack of credible evidence for criminal charges, and notes that Iberdrola cooperated promptly with Spanish investigators to provide requested information.

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**V. RECOMMENDATION ON PNM BOARD OF DIRECTORS
STRUCTURE AND COMPOSITION**

Q. DO YOU AGREE WITH THE RECOMMENDATIONS OF BERNALILLO COUNTY WITNESS RENO AND NM AREA WITNESS GORMAN AROUND STRUCTURE AND RESPONSIBILITIES OF THE PNM BOARD?

A. Generally, yes, with one exception as noted below. The Joint Applicants are agreeable to the provisions and modifications proposed in the testimony of NM AREA Witness Gorman⁸ and Bernalillo County Witness Reno⁹, including establishing a super-majority vote for dividend policy matters, filing of a Delegation of Authority, and additional language around excessive dividends. These recommended provisions are in line with the governance protections necessary to balance the independent and disinterested directors' responsibilities with those of other board members. However, Joint Applicants disagree with one recommendation from Bernalillo County Witness Reno¹⁰ asking that the Chair of the PNM Board of Directors be independent and disinterested.

Q. WHY DO YOU DISAGREE WITH THE RECOMMENDATION OF HAVING THE CHAIR OF THE PNM BOARD OF DIRECTORS BE INDEPENDENT AND DISINTERESTED?

⁸ NM AREA Witness Gorman testimony filed July 16, 2021, pages 17-24

⁹ Bernalillo County Witness Reno testimony filed July 16, 2021, page 9.

¹⁰ Bernalillo County Witness Reno testimony filed July 16, 2021, page 9.

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1 **A.** Having a senior executive of PNM serve as Chair enhances the Board’s ability to
2 provide strategic direction, given his or her knowledge of the utility industry and
3 the significant risks, challenges and opportunities that are specific to PNM. This
4 has served PNM well since it formed a holding company structure in 2001. The
5 County’s recommendation would preclude PNM’s senior leadership from fulfilling
6 this pivotal role. Also, although the Chair of the Board helps set the agenda and
7 schedule meetings and votes, the position does not hold any special voting rights
8 nor hold any unique ability to block or oppose decisions proposed by other board
9 directors, including the independent and disinterested members. For these reasons,
10 it is unnecessary, inefficient and unreasonably restrictive to require the Chair of the
11 PNM Board to be an independent or disinterested director. Furthermore, it will be
12 important that the scheduling of meetings and votes be consistent with PNM’s
13 initiatives and plans, and will ensure that important deadlines are not missed. The
14 independent/disinterested directors will, of course, be able to evaluate any and all
15 proposals and vote on such proposals based upon their independent views.

16

17 **Q. DO THE JOINT APPLICANTS HAVE A PROPOSED STRUCTURE TO**
18 **ADDRESS THE RECOMMENDATION OF BERNALILLO COUNTY**
19 **WITNESS RENO THAT THE CHAIR OF THE PNM BOARD BE AN**
20 **INDEPENDENT AND DISINTERESTED MEMBERS?**

21 **A.** Joint Applicants will establish a Lead Independent Director position, designated
22 and elected solely by the independent board members. The position of Lead

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1 Independent Director will be designed to promote strong, independent oversight of
2 the Company’s management and affairs. The Lead Independent Director will:

- 3 ▪ jointly establish meeting schedules with the Chair to ensure sufficient time for
4 discussion of all agenda items;
- 5 ▪ chair all meetings of the independent directors, including the independent
6 directors’ compensation committee, and preside at all meetings of the Board in
7 the absence of the Chair;
- 8 ▪ in consultation with the Board, retain independent advisors and consultants on
9 behalf of the Board;
- 10 ▪ facilitate the annual self-evaluation of the Board and Board committees;
- 11 ▪ serve as a liaison for communications between (1) management and the
12 independent directors, and (2) the Board and other interested parties; and
- 13 ▪ perform such other duties as the Board may from time to time delegate.

14

15 **Q. STAFF WITNESS REYNOLDS STATES IN HIS TESTIMONY IN**
16 **OPPOSITION TO THE SECOND AMENDED STIPULATION: “WHILE**
17 **INDEPENDENT AUTHORITY OVER DIVIDENDS IS HELPFUL, THE**
18 **JAS POSITION ABOUT BOARD INDEPENDENCE REMAINS**
19 **SUBSTANTIVELY UNCHANGED SINCE ITS APPLICATION¹¹.” DO YOU**
20 **AGREE WITH THIS ASSESSMENT?**

¹¹ Staff Witness Reynolds testimony filed July 16, 2021, page 8.

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1 **A.** No. In leaving its original recommendations unchanged, Staff appears to simply
2 ignore or discount significant added protections that render Staff’s independent
3 Board recommendation unnecessary. The Joint Applicants have listened to the
4 concerns raised by other parties, including Staff, and believe the new additional
5 regulatory commitments provide the Commission with assurance that the risks
6 raised by Staff are fully and adequately addressed. Some key ringfencing measures
7 include: 1) a supermajority vote by the independent and disinterested board
8 members for dividend policy matters and the issuance of dividend payments, 2) a
9 commitment to have 100% of the Board be residents of New Mexico, 3) the PNM
10 Board Compensation Committee, consisting solely of independent directors, will
11 establish compensation and benefits for all directors and officers of PNM. In
12 addition, there are a number credit rating safeguards that preclude the payment of
13 excessive dividend payments when PNM’s credit metrics may warrant caution.
14 While Avangrid requires control over its subsidiaries, as discussed by Joint
15 Applicant Witness Azagra, Avangrid agrees to ensure that the focus for the PNM
16 Board remains on New Mexico and PNM’s customers. These commitments ensure
17 that local management will make decisions that affect service, reliability and policy
18 decisions based on the interests of PNM’s customers. The daily operational control
19 that continues to reside with local management includes capital and operations and
20 maintenance budgets, timing and make up of general rate cases, and positions on
21 regulatory policy. These assurances address the concerns raised by Staff Witness
22 Reynolds. Additional items agreed to regarding PNM reliability and operations

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1 metrics that will be reported, measured, and incentivized as discussed in more detail
2 by Joint Applicant Witness Fridley, provide further assurance that PNM will remain
3 committed to and focused on the priorities of our customers. All of these
4 provisions address the issues and concerns raised by Staff.

5

6 **Q. CAN YOU SUMMARIZE PROPOSED MODIFICATIONS TO RING-**
7 **FENCING PROVISIONS IN THE SECOND AMENDED STIPULATION**
8 **PROPOSED BY NM AREA WITNESS GORMAN AROUND**
9 **RESTRICTIONS ON DIVIDENDS¹² AND MINIMUM COMMON EQUITY**
10 **RATIO¹³?**

11 **A.** NM AREA Witness Gorman's recommended changes to **Regulatory**
12 **Commitment #28** define PNM's restrictions more clearly on paying dividends or
13 distributions related to PNM's debt rating and detail PNM's responsibility for
14 notifying the Commission of a downgrade in PNM's debt rating to below BBB (or
15 its equivalent). The requirement for PNM to notify the Commission includes a
16 requirement to provide an action plan to improve PNM's debt rating. NM AREA
17 Witness Gorman recommends that **Regulatory Commitment #30** be revised to
18 include a requirement that in every general rate case following the approval of the
19 Proposed Transaction, PNM must include in its rate schedules information on its

¹² NM AREA Witness Gorman testimony filed July 16, 2021, pages 26-27.

¹³ NM AREA Witness Gorman testimony filed July 16, 2021, pages 29-30.

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1 short-term borrowings, notes payable and other agreements which are regarded as
2 debt instruments by the rating agencies.

3 **Q. DO THE JOINT APPLICANTS AGREE WITH NM AREA WITNESS**
4 **GORMAN'S PROPOSED AMENDMENTS TO REGULATORY**
5 **COMMITMENT #28 AND #30?**

6 **A.** Yes. I support NM AREA Witness Gorman's objectives of appropriate ring-fencing
7 of PNM and protection of PNM's equity to ensure a balanced capital structure that
8 is aligned with PNM's targeted credit metrics and supportive of providing the
9 Commission with comprehensive information about all of PNM's borrowings. The
10 Joint Applicants agree with the revised language as proposed by NM AREA
11 Witness Gorman as these further enhance the ring-fencing provisions already
12 provided for in the Second Amended Stipulation.

13

VI. CONCLUSION

14 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

15 **A.** Joint Applicants have demonstrated that the Proposed Merger is in the best interest
16 of our customers and the state of New Mexico. The Regulatory Commitments
17 included in the Second Amended Stipulation, and as enhanced by the
18 recommendations from parties that have been accepted in the Rebuttal Testimony
19 by the Joint Applicants, provide the Commission and our customers adequate
20 safeguards to ensure that PNM remains focused on providing safe, reliable power
21 to our customers. The merger will directly benefit customers through significant

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1 rate credits and other utility program benefits and will more broadly serve the public
2 interest through economic development commitments to New Mexico. Customers
3 further benefit because PNM will gain access to capital from Avangrid to continue
4 to invest and fund the infrastructure needed to meet the needs of our customers.
5 The Commission should approve the Proposed Merger with the enhanced
6 regulatory commitments as it is in the best interest to our customers and citizens of
7 New Mexico and brings PNM a financially stronger new partner with Avangrid, to
8 meet our customers' long-term needs and to pursue a clean energy future in New
9 Mexico.

10

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes, it does.

GCG#528630

13

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_____)

SELF AFFIRMATION

JOSEPH D. TARRY, Sr. Vice President and Chief Financial Officer, PNMR Services Company, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **July 29, 2021 Rebuttal Testimony of Joseph D. Tarry** and it is true and correct based on my personal knowledge and belief.

DATED this 29th day of July, 2021.

/s/ Joseph D. Tarry
JOSEPH D. TARRY