

NM regulators to review PNM-Avangrid merger proceedings

BY KEVIN ROBINSON-AVILA / JOURNAL STAFF WRITER
Monday, May 10th, 2021 at 9:49am

ALBUQUERQUE, N.M. — The next steps in regulatory proceedings on the proposed merger between PNM Resources and energy giant Avangrid will be reviewed Tuesday at the state Public Regulation Commission.

PRC hearing examiner Ashley Schannauer will hold a “status conference” among 22 parties intervening in the case.

If approved by the PRC, Avangrid would acquire PNMR and its two utility subsidiaries — Public Service Company of New Mexico and Texas New Mexico Power — in all-cash transaction valued at \$4.3 billion.

Following the status conference, Schannauer must decide whether forthcoming public hearings should focus on a settlement agreement that Avangrid and PNMR reached with 11 of the organizations involved in the proceedings, or discard the settlement and instead review the companies’ original proposal to merge.

The settlement includes an array of new public benefits and promises by Avangrid to sweeten the deal, including about \$270 million in spending on rate relief for utility customers, economic development programs, and creation of at least 150 new local jobs. If Schannauer accepts the settlement as the basis for moving forward, hearings would then only focus on the merits of that agreement for PRC approval of the merger.

But only half of the intervening parties have signed on, making it a “contested settlement” with significant opposition from some organizations that want a full public hearing on whether the merger itself is in the public’s best interest. That includes the PRC’s utility division staff, which said in a filing on Friday that the settlement only reflects “a fairly narrow band of interests.”

Opposing parties want more public benefits, such as additional rate relief for utility customers, plus a rate freeze that could extend up to three years. Some also want Avangrid to commit to working toward an early shutdown of the coal-fired Four Corners Generating Station, rather than just supporting PNM’s proposal to unilaterally withdraw from the plant in 2024, which could allow other facility co-owners to continue operating the plant through 2031.

The Four Corners issue is under review in a separate PRC hearing. But Avangrid has conditioned its acquisition of PNM on the utility's departure from the plant to avoid having any coal operations on its books when it takes over.

The merger has already received approval from nearly all federal entities. Only Nuclear Regulatory Commission backing is still pending.

PNMR shareholders have also endorsed the deal. And on Thursday, the Public Utility Commission of Texas gave its approval for Avangrid to acquire TNMP, which serves customers in West Texas.