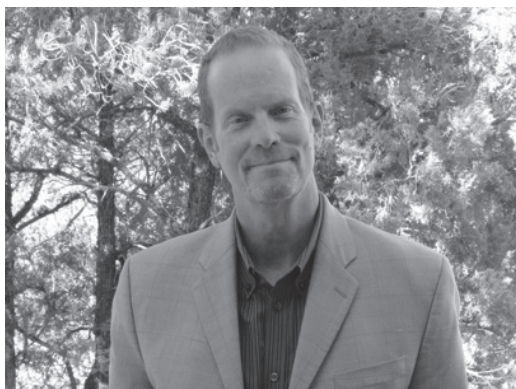




Shareholders News

A CHANCE FOR A BETTER PRC



Dr. Douglas Howe

In November, we will all have the chance to vote for or against a state constitutional amendment that would change the New Mexico Public Regulation Commission back to a 3-person appointed commission from its current status as 5-person commission elected by districts. In this piece, I would like to make the case in support of the amendment to turn the PRC back to a 3-person appointed commission.

“Unfortunately, elections for PRC commissioners have also become a target for special interest money...”

First, though, note that I have stated “turn the PRC back to a 3-person appointed commission”. Indeed, the New Mexico Public Utility Commission was a 3-person appointed commission until January 1, 1999 when a state constitutional

amendment combined the 3-appointed person Public Utility Commission with the 5-person elected Corporation Commission to form the 5-person elected PRC. The commonly accepted narrative has it that this was done because the Corporation Commission had become so rife with scandal and corruption that a frustrated governor and legislature reckoned that the only way to correct a broken Corporation Commission would be to dissolve it and to combine the remains with the well-functioning Public Utility Commission, call it the Public Regulatory Commission and have it be led by 5 elected commissioners.

That effort has proven the aphorism that the road to hell is paved with good intentions. Twenty years later, it’s deja vu all over again, except that this time we do not have a well-functioning public utility commission on which we can rely for good regulation of utilities.

The former Public Utility Commission was characterized by the professionalism and competence of its members, one of whom was subsequently appointed by Presidents Bush and Obama to the Federal Energy Regulatory Commission. In contrast, one can point to

Continued on page 8

INSIDE

A Better PRC	1
Arizona Public Service	2
NM Gas Co	3
PRC Candidates	
Janice Arnold-Jones	4
Cynthia Hall	5
Christopher Luchini	6
Joseph Maestas	7
Carla J. Sonntag	5
Pat Vincent-Collawan, PNM	6
Dr. Douglas Howe	8

TO OUR LOYAL AND VALUED MEMBERS:

The New Mexico Utility Shareholders Alliance (NMUSA) has been representing you for over 24 years. We have worked with the state legislature, Public Regulation Commission and utilities on issues that impact you, our members, and the utility companies operating in New Mexico. We have weathered many mild and not so mild issues ranging from deregulation of the utilities, renewable energy portfolios, demand side management, energy efficiency, the closing of San Juan coal fired plant, and multiple other issues.

NMUSA regrets to report that we will be ending our organization effective December 31, 2020. It has been a difficult decision, but we have become one of the statistics – the unintended consequence - of the pandemic shutdown of 2020.

We thank you for your support and wish you all the best. *Sonia Phillips, President*



APS Helps Power Arizona Economy with Project Red Bull

For the past 27 years, Arizona Public Service has worked with state, regional and community partners to attract, expand and develop business and industry in Arizona.

These recruitment efforts target base industries such as manufacturing, corporate headquarters, healthcare, data centers and other companies that offer competitive wages and benefits. Attracting companies in these sectors boosts the Arizona economy through job creation and capital investment, while also assisting electrical load growth for APS.

In 2019, APS partnered with the Arizona Commerce Authority, the Greater Phoenix Economic Council and other metropolitan and rural economic development organizations to attract 35 new and expanding companies to APS's service territory. Among the leading businesses attracted was Red Bull, an international energy drink company with 12,736 employees in 171 countries.

With the highest market share of any energy drink in the world (selling 7.5 billion cans in 2019 alone), Red Bull chose to build a new 800,000-square-foot building in metro Phoenix to manufacture their products. The planned facility, however, required a 3.5-mile super feeder electrical extension to be built on a very aggressive timeline. The new feeder would support an ultimate load of more than 13 megawatts – enough energy to power the equivalent of about 3,250 homes.

APS was up to the challenge.

Following 16 months and thousands of multi-departmental teamwork hours, APS energized the Red Bull facility in April 2020.

"It's very satisfying to see a project of this size successfully energized on time," said Mark Gawlitta, APS customer project consultant. "Our employees' teamwork was extraordinary, especially wrapping up the project amid COVID-19 remote work practices and social distancing for those in the field."

Red Bull is the first of several large economic development projects being built on Woolf Logistics Center property, located in Glendale, Ariz. White Claw (through Mark Anthony Brewing), is the next extra-large project on the list, with a very aggressive schedule APS is determined to meet.



Additionally, Ball Corp Cannery, a can manufacturer, has plans to build a new facility right next to Red Bull. A fourth project, Lager Haus, is planned to store and distribute the beverages, complete with rail transportation leading into these parcels.

"The announcement of these four companies expanding into Arizona is a major win for the West Valley area in metro Phoenix," said Kelly Patton, APS senior community development consultant. "The combined impact includes a total investment of \$634 million, the creation of 530 new jobs and about 43 megawatts of new electrical load growth added to the APS system.

"This level of investment, in addition to the construction of 2.1 million square feet of facilities, positions Glendale as the next hot spot for manufacturing in the Phoenix region."

APS serves about 2.7 million people in Arizona, and is the Southwest's foremost producer of clean, safe and reliable electricity. APS owns and operates the Palo Verde Generating Station, the country's top power producer and largest producer of carbon-free energy. With headquarters in Phoenix, APS is the principal subsidiary of Pinnacle West Capital Corp. (NYSE: PNW).



BOARD OF DIRECTORS

Officers:

Sonia Phillips, President
John Fernald, Vice President
Ed Borchardt, Secretary
Dan Lyon, J.D., Treasurer

Directors:

Dr. Lenton Malry
Lee Griscott

Executive Director:

Carla J. Sonntag



New Mexico Gas Company working on Santa Fe Mainline Looping Project

New Mexico Gas Company's next major infrastructure project is underway. In May, crews began construction on the Santa Fe Mainline Looping Project, where a new 20-inch pipeline is being installed along the path of the existing 12-inch Santa Fe Mainline.

The current pipeline supplies natural gas to north-central New Mexico, including Santa Fe, Los Alamos, Espanola, Taos, Questa, Red River, Native American pueblos and other communities. The new 20-inch pipeline will boost capacity and provide for future growth in those areas. No service interruptions are expected during construction. It is anticipated the project will wrap up in late fall or early winter later this year.



"The Santa Fe Looping Project will upgrade New Mexico Gas Company's transmission system and provide us with greater flexibility in managing the system," NMGC President Ryan Shell said. "In addition to increasing the amount of natural gas that is available to customers in north-central New Mexico, the project also will accommodate future growth and improve service reliability."

After the new 20-inch pipeline goes into service, NMGC will begin to evaluate the possible repurposing of the 1940s-era Department of Energy Pipeline, which runs from Cuba to Los Alamos through the Jemez Mountains and the Valles Caldera. The D.O.E. Pipeline remains reliable, but it is aging. Once the new pipeline is commissioned, NMGC will have the option of supplying Los Alamos using the Santa Fe Mainline, and eventually the DOE Pipeline may be reduced or retired.

In pipeline parlance, a "loop" is an additional pipeline that is installed near an existing pipeline. To build a loop improves reliability by providing redundancy, and it boosts capacity through the ability to supply additional natural gas to customers.

The project will follow a 35-mile route along the I-25 corridor from Bernalillo to Santa Fe. There are no traffic impacts on I-25, but construction activity is visible to motorists traveling between Albuquerque and Santa Fe. On nearby roads, there are construction signs and the possibility of increased truck traffic in limited areas as pipeline sections are delivered, stored, and transported to work zones.

The contractor is Crossfire LLC, based out of Durango, Colorado, and the majority of their employees on this project are New Mexico residents. With about 150 contract crew members, NMGC has implemented special precautions on all project jobsites to limit the potential spread of COVID-19.

All crew members are being screened daily using temperature scans and regularly monitored for potential Coronavirus symptoms. The crews must also wear face coverings and they are expected to observe strict coronavirus social distancing and protection protocols. Crews are working during daylight hours, approximately 12-hour days, from 7 a.m. to 7 p.m. from Monday through Saturday of every week.

NMGC began detailed project planning in June 2018 and a few months later started contacting prospective right-of-way holders, including tribal, public and private property owners. Land use and environmental planning began in the fall of 2018. NMGC has worked with Santa Ana Pueblo, San Felipe Pueblo and Santo Domingo Pueblo in addition to providing updates and working with Santa Fe County's Planning Commission and the Sandoval County Commission.

"It takes a lot of effort by a coordinated team to plan and execute a major capital project like the Santa Fe Mainline Looping Project," Shell said. "We are proud of the work that has gone into this and we are confident the project will have a positive impact for our customers."

New Mexico Gas Company is the largest natural gas utility in the state, serving 520,000 customers and operating in 23 of New Mexico's 33 counties. After a series of ownership changes since 2009, NMGC is now an affiliate of Emera, Inc. In July 2016, the Canada-based energy and services firm completed a \$10.6 billion acquisition of New Mexico Gas Company. The deal made Emera into one of North America's 20 largest utility companies.

1. Please describe how you would define your role as a PRC Commissioner as it relates to consumers, shareholders, and utility companies.
2. What would be your top priorities as a PRC Commissioner?
3. What is your personal policy regarding attendance of regularly scheduled PRC Open Meetings?

Janice E. Arnold-Jones, PRC District 1 Republican



Education, training and experience, related to being a PRC Commissioner:

BA from UNM. Employment history: banking & electrical construction, parts, and supplies. Owned two businesses. Sandia National Laboratories Contract management and facility security. NM state rep for 8

years. My background in “technology and technology applications” is especially important to challenges facing the PRC.

1. A commissioner should be fair, transparent, independent, knowledgeable on the issues, and prepared. Consumers deserve a prompt response. Open communication with shareholders and utility companies is vital to moving New Mexico forward.
2.
 - a. Show up to all open meetings fully prepared with a commitment to civility and professionalism;
 - b. Review the NM Administrative Code so that the PRC and regulated industries are not impeded by outdated rules and roles of technology and financing;
 - c. Develop dedicated technical expertise within the PRC; and d. Publicly debate orders in workshops to illuminate best actions prior to open meeting decisions.
3. I will attend, in person, all open meetings. On the rare occasion, that necessary travel conflicts with a

scheduled meeting, my priority will be to attend the entire meeting via phone, zoom or other method, and having provided ample notice of the need to be physically absent.

4. 7-10%. Considering the impact of Covid-19, earnings and ROE may dip in the near term.
5.
 - a. **Staff:** It is vital that PRC staff and commissioners write job descriptions correctly. Descriptions must screen “in” applicants for sufficient education, identify the breadth of work experience, as well as general curiosity, enthusiasm, interest in solving puzzles, and a desire to serve New Mexico.
 - b. **Attorneys:** undergraduate and graduate education and licenses; breadth of work experience, track record in legal fields, usually not litigation but in quality and preciseness of briefs. Possessing the gift of explaining complex issues simply, would be a plus.
 - c. **Office assistants:** Professional education in law, engineering, or finance would be helpful. Fast, detailed reader. Strong concise writing skills. Willingness to support the commissioner in all relationships and to honestly discuss and evaluate issues a commissioner must decide.
6. The PRC has a black eye due to the behavior of a handful of commissioners who, in my opinion, used and abused the ratepayers and taxpayers of New Mexico. Some say the structure of the PRC is so flawed as to make the PRC ineffective. Regardless, the constitutional role of balancing the needs of regulated industries with those who receive their services is important. My service on the PRC will raise the ethical and professional standards of the PRC. I will show up to work. I will be prepared, fair and transparent. I will do everything possible, to make the structure of the PRC effective for regulated industries and New Mexicans.

4. *What do you think is a fair Return on Equity (ROE) that a regulated utility should be allowed to earn?*
5. *Regarding PRC employees, what qualifications do you think are important for: a) Staff; b) Attorneys; c) Office assistants?*
6. *Anything else you would like to share regarding your desire to represent the people of your district as a New Mexico PRC Commissioner?*

Cynthia B. Hall, PRC District 1, Democrat



Education, training and experience, related to being a PRC Commissioner:

B.A. Biology, M.S. Physiology, J.D. Former Staff Attorney, Public Service Commission and Former Associate General Counsel, PRC. Former Staff Lawyer, Energy & Minerals Department. Former Associate

General Counsel, Hearing Examiner and Fraud Prosecutor, Office of Superintendent of Insurance. Former environmental planning, real estate and land use counsel for Western Division, Naval Facilities Engineering Command, U.S. Navy. Former environmental compliance counsel at Sandia National Laboratories. Former research scientist in academic, non-profit, and industry settings.

1. The role is to balance the interests of the consumers against the utility's interest, which should be the same as the shareholder's interest.

2. I would work to put in place much-needed rules necessary for providing guidance to electric utilities and co-ops for compliance with looming mandates under the Energy Transition Act, including but not limited to, rules on the increased renewable portfolio standard, a competitive procurement process, and compliance with new interconnection standards.

3. My policy is to attend every meeting prepared to discuss all the cases and to attend in person, unless I am on travel, in which case I call in to the meeting.

4. That number can't be realistically identified outside the context of a rate case. It would depend on the facts of the case.

5. **a. Staff:** Appropriate education and experience to perform required duties; a genuine interest in the work subject matter, good grasp of ethical requirements of public service, and the ability to get along with others, including members of the public and regulated entities. Hopefully, qualifications can be determined by a combination of reviewing resumes, careful interviewing, and calling references.

b. Attorneys: Same as in **a.** above.

c. Office assistants: Same as in **a.** above.

6. While I'm elected by the people of my district, my duty to serve extends to the people of the entire state

My dear friends, board members and business associates:

It has been a blessing to work with you and for you over the past 16+ years! I will miss the opportunity to represent your interests and to hug you at the annual meeting. It's hard to say goodbye, but you will always have a place in my heart and prayers.

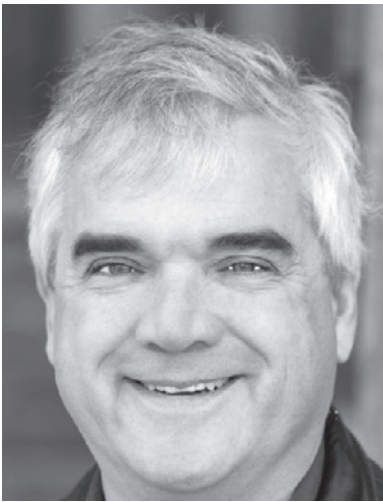
My hope for each of you is good health, great happiness and much success in your journeys.

May God bless you always,

Carla J. Sonntag, Executive Director

1. Please describe how you would define your role as a PRC Commissioner as it relates to consumers, shareholders, and utility companies.
2. What would be your top priorities as a PRC Commissioner?
3. What is your personal policy regarding attendance of regularly scheduled PRC Open Meetings?

Christopher (Chris) B. Luchini, PRC District 3, Libertarian



Education, training and experience, related to being a PRC Commissioner:

PhD High Energy Physics. I've been a small business owner since 2001, and have co-managed a startup Geothermal Energy company since 2010.

1. There is no way that the rate payers will not see increased rates due to the ETA; Private investors cannot be commanded by the PRC to invest, they must see a rational rate of risk adjusted return. The scale of the investment needed to fully implement the ETA on time is huge, and rate payers will pay more. The challenge is to minimize those rate increases, and then as the markets mature, reduce utility rates.

2. Insure that the PRC and it's regulated utilities plan and manage the effort to grow the current 3% non-carbon electricity to 50% in ~9 years in

a rational risk aware way. Over planning, over regulation, and regulatory uncertainty that pushes the installation of non-carbon energy generation and transmission "down the road" will increase the cost of implementation of the ETA. An imperfect plan now is better than a great plan in 5 years.

3. I intend to attend all PRC open meetings.

4. In a stable market, 10-11%. The Energy Transition Act will turn New Mexico's utility market into something that is anything but stable. The more that the PRC is a predictable rational regulator, the less the ROE will increase, thus keeping rates low.

5. **a. Staff:** Experience, a broad education applicable to the tasks at hand. Good communications skills and ability to work collaboratively and respectfully with PRC and other members of the work force.

b. Attorneys: same as above.

c. Office assistants: Good communications skills, and an ability to work collaboratively and respectfully with PRC and other members of the work force.

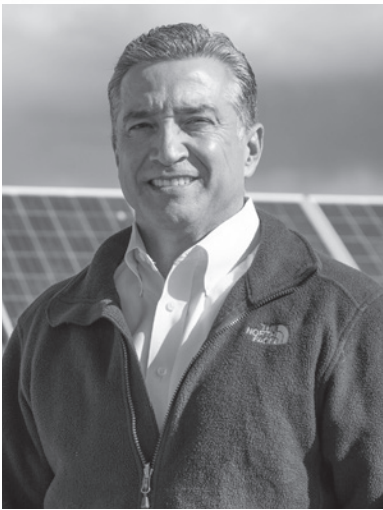
6. The PRC should remain an elected office, however I would like it to transition to a non-partisan race.

"The New Mexico Utility Shareholders Alliance has been a fervent champion of utility shareholder issues both locally and nationally throughout the past 23 years. The Alliance served its members through a depth of knowledge and shareholder representation on a variety of utility matters when this viewpoint was otherwise absent from the discussion. Thank you, especially to Carla, for your dedication to the organization. PNM Resources thanks you, your past and present directors and officers, and the New Mexico Utility Shareholders Alliance membership for your leadership, your advocacy, and your commitment to our industry. Your endearing work has left a lasting imprint on New Mexico's energy landscape."

*~ Pat Vincent-Collawn, PNM Resources'
Chairman, President and CEO*

4. *What do you think is a fair Return on Equity (ROE) that a regulated utility should be allowed to earn?*
5. *Regarding PRC employees, what qualifications do you think are important for: a) Staff; b) Attorneys; c) Office assistants?*
6. *Anything else you would like to share regarding your desire to represent the people of your district as a New Mexico PRC Commissioner?*

Joseph M. Maestas, PRC District 3, Democrat



Education, training and experience, related to being a PRC Commissioner:

Bachelors and master's degrees in civil engineering from the UNM and ASU, respectively. Licensed engineer for 33 years in NM, AZ, and TX. Federal civil servant in transportation, water resources, and general engineering. Manager for almost 20 years. Over

3+ years in the private sector. Served as an Espanola and Santa Fe City Councilor; and a former Mayor of Espanola.

1. As a PRC Commissioner, my primary obligation and responsibility are to follow appropriate State laws and administrative codes to ensure that all parties are treated fairly. The PRC must establish rates to allow the utility company to recover costs and fairly charge different customer classes so that all customers pay their fair share of reasonable and prudent costs. I will be an advocate for the consumer until the Attorney General's and Governor's Offices step up and truly activate their consumer protection roles.
2.
 - a. Unify the executive, legislative, Attorney General and PRC Commissioners to build consensus;
 - b. Add technical expertise in engineering, economic analysis, and regulatory policy;
 - c. Transform grid to a versatile hybrid, smart grid;
 - d. Evaluate NM being a part of a competitive market, conducive to customer choices, lower utility rates through competition, and improved interconnection and expansion of renewable energy.
3. My personal policy and commitment is to attend every meeting, either in person or remotely. PRC-related

travel should not be an excuse for failing to attend an open meeting unless the commissioner is actually in travel mode.

4. A fair ROE should reflect consistency with enterprise risks, help maintain the financial stability of the utility, and be adequate to allow the utility to attract capital at reasonable rates and terms. The 2018 national ROE average of all cases was 9.6% for electric and 9.59% for natural gas. However, one size doesn't fit all.

5. **a. Staff:** Competent and professional staff must be hired solely on the basis of their fitness to carry out their duties as outlined in their job descriptions. Each staff person must understand and follow the PRC Code of Conduct and all active Commission policies that represent protocols for administering and operating the PRC. The hiring of staff is solely the responsibility of the Chief of Staff and Commissioners must refrain from all involvement in the hiring of staff.

b. Attorneys: The Commission should hire competent attorneys capable of handling legal matters of the commission. They should be experienced in practicing before the Supreme Court and should be experienced in representing PRC staff in administrative matters including litigated cases and rule makings.

c. Assistants: Assistants should have the capability to easily navigate throughout the PRC and provide crucial assistance to commissioners. I endeavor to subscribe to hiring people who are more experienced and smarter than me.

6. I'm committed to working with PNM on the expansion of the Western Energy Imbalance Market. Regional planning and financing have much to offer and other RTO units, such as the Southwest Power Pool, have had great success with their market functions and with regional financing of transmission.

Being a publicly-funded candidate has completely removed any influence of special interests from my campaign. My problem-solving skills as an engineer and my diverse public service record will help me to be a thoughtful, evidence-based decision maker who is not going to make political decisions, but well thought-out, pragmatic decisions that are in the best interests of all New Mexicans.



P.O. Box 95735
Albuquerque, NM 87199

PreSorted STD
US Postage
PAID
Permit 1893
Albuq. NM

Continued from page 1

number of headlines that illustrate the PRC's troubled history over the last 20 years: Shirley Baca, Carole Sloan, Jerome Block Jr., the Energy Transition Act to name a few. Often, especially lately, decisions by commissioners have broken across lines defined by personality clashes rather than a sober and informed consideration of the merits of the issue.

There is also a bigger and, apparently, unfixable problem with the elections in U.S., namely, that it is virtually impossible to keep big money out of election campaigns. Unfortunately, elections for PRC commissioners have also become a target for special interest money and we are kidding ourselves if we think that state and federal laws will always let us know exactly who is contributing to whom. Do we really think Arizona is a good model, where utility commissioners have been elected with substantial, undisclosed financial donations from utilities?

This is not to say that an appointed commission is immune to political influence. Of course, a commissioner looking for re-appointment might be swayed by a governor's influence. However, the New Mexico constitutional amendment largely mitigates that possibility by confining the governor to appoint from a short list of nominees determined by a non-partisan nominating committee, an approach that was adapted from the way in which district judges are appointed. Under the constitutional amendment, a governor's appointment would have to be confirmed by the state Senate and

the commission could not have more than 2 of the 3 members from the governor's own party, limiting the governor's ability to "pack the court".

No commission structure is going to be perfect, so the question for you is really this: given the history of the former Public Utility Commission and the history of the last 20 years of the PRC, which structure, elected or appointed, is most likely to deliver better results for New Mexico? Personally, the answer seems clear.

Dr. Douglas Howe is a Director with the Western Grid Group and has over 35 years of experience in the global utilities industries. He serves as a member of the Board of Directors of the New Mexico Renewable Energy Transmission Authority, a state entity charged with building electric transmission to facilitate renewable energy access to the grid.

In 2011, the New Mexico governor appointed Dr. Howe as Commissioner of the New Mexico Public Regulation Commission. At the time he served as commissioner, the New Mexico PRC regulated electricity, gas, water, telephone, transportation and insurance rates within the state.

Dr. Howe received his Ph.D. and M.S. degrees from the University of Pennsylvania, where he was a Franklin Scholar and a B.S. degree summa cum laude from Kansas State University. He is a graduate of the Duke University Fuqua School of Business Advanced Management Program.