

194 FERC ¶ 61,134
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

Troy ParentCo LLC
TXNM Energy, Inc.
Public Service Company of New Mexico
New Mexico PPA Corporation

Docket No. EC25-140-000

ORDER AUTHORIZING DISPOSITION OF JURISDICTIONAL FACILITIES

(Issued February 20, 2026)

1. On August 25, 2025, pursuant to sections 203(a)(1) and (a)(2) of the Federal Power Act (FPA)¹ and Part 33 of the Commission's regulations,² Troy ParentCo LLC (Troy ParentCo) and TXNM Energy, Inc. (TXNM), on behalf of its public utility subsidiaries, Public Service Company of New Mexico (PNM) and New Mexico PPA Corporation (New Mexico PPA), (collectively, Applicants) submitted an application (Application) seeking authorization for a transaction through which TXNM will become an indirect, wholly owned subsidiary of Troy ParentCo (Proposed Transaction).
2. We have reviewed the Proposed Transaction under the Commission's Merger Policy Statement.³ As discussed below, we authorize the Proposed Transaction as consistent with the public interest.

¹ 16 U.S.C. § 824b(a)(1) & (a)(2).

² 18 C.F.R. pt. 33 (2025).

³ *Inquiry Concerning the Comm'n's Merger Pol'y Under the Fed. Power Act: Pol'y Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 (1996) (cross-referenced at 77 FERC ¶ 61,263) (Merger Policy Statement), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997); *see also FPA Section 203 Supplemental Pol'y Statement*, 120 FERC ¶ 61,060 (2007) (Supplemental Policy Statement), *order on clarification & reconsideration*, 122 FERC ¶ 61,157 (2008); *Transactions Subject to FPA Section 203*, Order No. 669, 113 FERC ¶ 61,315 (2005), *order on reh'g*, Order No. 669-A, 115 FERC ¶ 61,097, *order on reh'g*, Order No. 669-B, 116 FERC ¶ 61,076 (2006); *Revised Filing Requirements Under Part 33 of the Comm'n's Reguls.*,

I. Background

A. Description of Applicants and Affiliates

1. TXNM and Affiliates

3. Applicants state that TXNM is a holding company of energy-related companies. Applicants state that neither TXNM nor its affiliates own or control intrastate natural gas transportation, storage, or distribution facilities.⁴

a. PNM

4. Applicants state that PNM is a direct, wholly owned, public utility operating company subsidiary of TXNM. Applicants state that PNM is engaged in the generation, transmission, and sale of electricity at wholesale in the western United States. Applicants explain that within New Mexico, PNM is engaged in the generation, transmission, distribution, and sale of electricity at retail. Applicants state that PNM's retail electric operations are subject to regulation by the New Mexico Public Regulation Commission (New Mexico Commission).⁵

5. Applicants state that PNM owns approximately 3,600 megawatts (MW) of generating capacity. Applicants state that PNM purchases coal under a long-term coal supply agreement but does not own any coal mines, mineral rights, or facilities to transport coal supplies. Applicants state that PNM also supplies power to its retail customers through various long-term power purchase agreements.⁶

6. Applicants state that PNM owns or leases approximately 3,200 miles of electric transmission lines located in New Mexico and Arizona, over which it provides open-access transmission service pursuant to an Open Access Transmission Tariff (OATT) on file with the Commission. Applicants explain that these transmission lines are interconnected with lines owned by utilities that serve customers in Arizona, Colorado, New Mexico, Utah, and Texas. Applicants state that PNM operates a balancing authority area in New Mexico and Arizona that is directly interconnected to the first-tier balancing authority areas operated by El Paso Electric Company, Southwest Power Pool, Inc.,

Order No. 642, FERC Stats. & Regs. ¶ 31,111 (2000) (cross-referenced at 93 FERC ¶ 61,164), *order on reh'g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001).

⁴ Application at 2.

⁵ *Id.* at 2-3.

⁶ *Id.* at 3.

Western Area Power Administration-Colorado Missouri, Public Service Company of Colorado, Arizona Public Service Company, and Tucson Electric Power Company. Applicants state that PNM's market-based rate authority does not extend to sales in the PNM or El Paso Electric Company balancing area authority areas.⁷

b. New Mexico PPA

7. Applicants state that New Mexico PPA is a wholly owned subsidiary of TXNM and is a power marketer. Applicants further state that New Mexico PPA does not own any physical generation assets, and that New Mexico PPA has been granted market-based rate authority identical in scope to PNM.⁸

c. Texas-New Mexico Power Company

8. Applicants state that Texas-New Mexico Power Company is an indirect wholly owned subsidiary of TXNM and an electricity transmission and distribution service provider. Applicants represent that Texas-New Mexico Power Company provides electricity to homes and businesses throughout Texas, but that it does not provide service in New Mexico.⁹ Applicants state that Texas-New Mexico Power Company's operations are located within the Electric Reliability Council of Texas, Inc. market and are exclusively regulated by the Public Utility Commission of Texas (Texas Commission). Applicants state that Texas-New Mexico Power Company does not own or control any generating or transmission facilities subject to the Commission's jurisdiction.¹⁰

2. Troy ParentCo and Affiliates

9. Applicants state that Troy ParentCo is a wholly indirectly owned subsidiary of investment funds and vehicles directly or indirectly controlled by BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and/or BXISA L.L.C. (collectively, Blackstone Infrastructure). Applicants state that the entities comprising Blackstone Infrastructure are, in turn, indirectly and wholly controlled by Blackstone Inc. (Blackstone).¹¹

⁷ *Id.* at 3-4.

⁸ *Id.* at 4.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

10. Applicants state that Blackstone is a publicly traded investment firm, and that an individual, Mr. Stephen A. Schwarzman, controls Blackstone Partners L.L.C., and that no other entity other than Blackstone Partners L.L.C. is able to exercise 10% or more of the voting power of this combined class of stockholders. Applicants explain Mr. Schwarzman is also responsible for selecting Blackstone's directors.¹²

11. Applicants state that Blackstone is affiliated with two investor-owned utilities, FirstEnergy Corp. and Northern Indiana Public Service Company LLC (NIPSCO). Applicants state that NIPSCO owns or controls approximately 3,273 MW of generation capacity within the Midcontinent Independent System Operator, Inc. market.¹³ Additionally, Applicants state that, through Blackstone, Troy ParentCo is affiliated with generation located within the PJM Interconnection, L.L.C. and California Independent System Operator Corporation (CAISO) markets, and the Idaho Power Company, Salt River Project Agricultural Improvement and Power District, Public Service Company of Colorado, Avista Corporation, Southern Company Services, Inc., and Western Area Power Administration Colorado-Missouri balancing area authority areas.¹⁴ Applicants state that none of these geographic markets are relevant for the Proposed Transaction.

12. Additionally, Applicants state that through Blackstone, Troy ParentCo is affiliated with Viridon California LLC, Viridon Mid-Atlantic LLC, Viridon Midcontinent LLC, Viridon New England LLC, Viridon New York Inc., and Viridon Southwest LLC, which are involved in developing, owning, and operating electric transmission assets.¹⁵ Applicants state that Troy ParentCo is also affiliated with entities that currently are engaged in the development of electric transmission facilities in the United States, which are not yet operational, across the Canada-United States border. Applicants state that these transmission facilities will terminate in New York City and Vermont.¹⁶ Additionally, Applicants state that Blackstone affiliates hold certain passive interests in Invenergy Renewables Holdings LLC (Invenergy) and its subsidiaries.

¹² *Id.* at 6.

¹³ *Id.* at 7-8.

¹⁴ *Id.* at 8-12.

¹⁵ *Id.* at 13.

¹⁶ *Id.* at 14.

B. Description of the Proposed Transaction

13. Applicants state that, pursuant to the Proposed Transaction, Troy Merger Sub Inc., a direct and wholly owned subsidiary of Troy ParentCo, will merge with and into TXNM, with TXNM being the surviving entity of the merger. Applicants state that, as a result of consummating the Merger Agreement, TXNM will become a direct and wholly owned subsidiary of Troy ParentCo, with PNM and New Mexico PPA also becoming indirect and wholly owned subsidiaries of Troy ParentCo.¹⁷

II. Notice of Filing and Responsive Pleadings

14. Notice of the Application was published in the *Federal Register*, 90 Fed. Reg. 42239 (Aug. 29, 2025), with interventions and protests due on or before October 24, 2025.

15. Timely motions to intervene were filed by Public Citizen, Inc. (Public Citizen), Tri-State Generation and Transmission Association, Inc., and Private Equity Stakeholder Project. The Center for Biological Diversity (the Center) filed a timely motion to intervene and protest (Protest).

16. On November 10, 2025, Applicants filed an answer to the Protest (Applicants First Answer). On November 20, 2025, the Center filed an answer to the Applicants First Answer (Center Answer). On November 25, 2025, Public Citizen filed an answer to the Applicants First Answer (Public Citizen Answer). On December 5, 2025, Applicants filed an answer to the Center Answer and the Public Citizen Answer (Applicants Second Answer).

17. On December 23, 2025, Commission staff requested additional information regarding Applicants' representations on cross-subsidization. On January 13, 2026, Applicants filed a response to the Deficiency Letter (Deficiency Letter Response).

18. Notice of the Deficiency Letter Response was published in the *Federal Register*, 91 Fed. Reg. 2343 (Jan. 20, 2026), with interventions and protests due on or before January 23, 2026. On January 23, 2026, the Center filed a protest to the Deficiency Letter Response (Deficiency Letter Protest).

¹⁷ Application at 15.

III. Discussion

A. Procedural Matters

19. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

20. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2025), prohibits an answer to a protest and/or answer unless otherwise ordered by the decisional authority. We accept the answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

1. FPA Section 203 Standard of Review

21. FPA section 203(a)(4) requires the Commission to approve proposed dispositions, consolidations, acquisitions, or changes in control if the Commission determines that the proposed transaction will be consistent with the public interest.¹⁸ The Commission's analysis of whether a proposed transaction is consistent with the public interest generally involves consideration of three factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.¹⁹ FPA section 203(a)(4) also requires the Commission to find that the proposed transaction "will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company, unless the Commission determines that the cross-subsidization, pledge, or encumbrance will be consistent with the public interest."²⁰ The Commission's regulations establish verification and informational requirements for entities that seek a determination that a proposed transaction will not result in inappropriate cross-subsidization or pledge or encumbrance of utility assets.²¹

¹⁸ 16 U.S.C. § 824b(a)(4). Approval of the Proposed Transaction is also required by other regulatory agencies pursuant to their respective statutory authorities before the Proposed Transaction may be consummated. *See* Application at Ex. L. Our findings under FPA section 203 do not affect those agencies' evaluation of the Proposed Transaction pursuant to their respective statutory authorities.

¹⁹ Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,111.

²⁰ 16 U.S.C. § 824b(a)(4).

²¹ 18 C.F.R. § 33.2(j).

2. Analysis of the Proposed Transaction

a. Effect on Horizontal Competition

i. Applicants' Analysis

22. Applicants claim that Commission regulations provide that no horizontal screen analysis is required if the applicant “[a]ffirmatively demonstrates that the merging entities do not currently conduct business in the same geographic markets or that the extent of the business transactions in the same geographic markets is *de minimis*.”²²

23. Applicants provide evidence which they claim demonstrates that the amount of generation overlap resulting from the Proposed Transaction is *de minimis* because Applicants do not control uncommitted generation capacity in the relevant geographic market, which they assert is the PNM balancing authority area. Applicants note that outside of some short-term sales into the Western Area Power Administration - Lower Colorado balancing authority area and to trading hubs at the Four Corners or Palo Verde generating stations, “[a]ll of [TXNM’s] affiliated generating capacity is located in the PNM balancing authority area or delivered into the PNM balancing authority area from jointly-owned plants (Palo Verde and Four Corners) located in the [Arizona Public Service Company balancing authority area].”²³ Applicants state that Troy ParentCo and its affiliates do not own any generation in the PNM balancing authority area, and that Troy ParentCo’s affiliated generation in neighboring, first-tier balancing authority areas is fully committed to non-affiliates under long-term contracts. Accordingly, Applicants state that the Proposed Transaction does not raise horizontal market power concerns and no horizontal competitive screen analysis is required.

ii. Commission Determination

24. In analyzing whether a proposed transaction will adversely affect horizontal competition, the Commission examines the effects on concentration in the generation markets and whether the proposed transaction otherwise creates the incentive and ability to engage in behavior harmful to competition, such as withholding of generation.²⁴

25. Based on Applicants’ representations, we find that the Proposed Transaction will not have an adverse effect on horizontal competition. Under section 33.3(a)(2) of the Commission’s regulations, applicants seeking authorization under FPA section 203 are

²² Application at 18-19 (quoting 18 C.F.R. § 33.3(a)(2)(i)).

²³ Application, Ex. J (Solomon Aff.) at 4.

²⁴ *Nev. Power Co.*, 149 FERC ¶ 61,079, at P 28 (2014).

not required to submit a horizontal competitive analysis screen where the combining “entities do not currently conduct business in the same geographic markets or ... the extent of the business transactions in the same geographic markets is de minimis” and “no intervenor has alleged that one of the merging entities is a perceived potential competitor in the same geographic market as the other.”²⁵ Applicants have demonstrated there is no overlap of generation in the relevant geographic market, the PNM balancing authority area, because Troy ParentCo and its affiliates do not own any generation capacity in the PNM balancing authority area.²⁶ Additionally, Troy ParentCo’s affiliated generation capacity in neighboring, first-tier balancing authority areas is fully committed to non-affiliates under long-term contracts.²⁷ Accordingly, we conclude that the Proposed Transaction will not have an adverse effect on horizontal competition.²⁸

b. Effect on Vertical Competition

i. Applicants’ Analysis

26. Applicants represent that the Proposed Transaction raises no vertical market power concerns. Applicants state that neither TXNM, nor its affiliates, owns or controls transmission assets other than transmission assets in New Mexico that are subject to the PNM OATT, and those limited and discrete facilities necessary to interconnect their generation facilities to the transmission grid.²⁹

27. Applicants also claim that Troy ParentCo’s affiliations with transmission facilities do not raise any vertical market issues because the applicable facilities are subject to an

²⁵ 18 C.F.R. § 33.3(a)(2).

²⁶ Application, Ex. J (Solomon Aff.) at 4.

²⁷ See *Gauley River Power Partners, LLC*, 170 FERC ¶ 61,065, at P 17 (2020) (“we find that the [p]roposed [t]ransaction will not have an adverse effect on horizontal competition because all of the output of the [project] is fully committed to an unaffiliated entity under a long-term PPA.”). See also *The AES Corp.*, 137 FERC ¶ 61,122, at P 24 (2011) (noting that long-term contractual commitments are relevant in “calculating [a] supplier’s presence in the market” pursuant to 18 C.F.R. § 33.3(c)(4)(i)(A)).

²⁸ See, e.g., *Chalk Point Power, LLC*, 189 FERC ¶ 61,042, at P 29 (2024) (finding no adverse effect on horizontal competition due to *de minimis* overlap of generation in the same geographic market).

²⁹ Application at 20.

OATT, and the transmission facilities are located in markets outside of the relevant geographic market for the Commission's review of the Proposed Transaction.

28. Applicants claim further that the Proposed Transaction presents no issues with respect to inputs to power production. Applicants explain that Troy ParentCo is affiliated with gas gathering systems in North Dakota, Colorado, and Texas, as well as interstate natural gas pipelines that provide service pursuant to tariffs filed with the Commission, and intrastate pipelines located within Texas. Applicants state that Troy ParentCo is not affiliated with any coal mining or transportation operations. According to Applicants, none of TXNM, PNM, New Mexico PPA, or their affiliates, own or control intrastate natural gas transportation, storage, or distribution facilities.³⁰

29. Applicants state Troy ParentCo's affiliated interstate pipeline operates in states proximate to New Mexico, but not into New Mexico, where nearly all of PNM's generation and retail customers reside. Applicants state that TXNM, PNM, and New Mexico PPA do not have any long-term contracts for delivery of energy or capacity outside of the PNM BAA.³¹

ii. Protest and Answers

30. The Center argues that the Proposed Transaction presents a potential threat to vertical market concentration, particularly with regard to downstream customers. The Center argues that the Application fails to discuss the potential vertical competition concerns arising out of downstream customers, such as Blackstone-owned data centers, that PNM could serve, or other large customers within PNM's territory, such as Hilton Hotels.³² The Center also argues that Blackstone's ownership of Invenergy and Tallgrass Energy could also lead to vertical competition issues. The Center notes Invenergy's transmission project in northern and central New Mexico, and Tallgrass Energy's hydrogen power plant and natural gas pipeline in New Mexico that could become potential suppliers of energy to PNM.³³

31. Applicants respond that the Center conflates a market-structure inquiry into a corporate-structure critique. Applicants argue that the Center overlooks three considerations: (1) Applicants' upstream suppliers do not operate in the same geographic market; (2) Blackstone's passive interests in Invenergy the Center objects to do not give rise to vertical market concerns under Commission policy; and (3) data centers are retail

³⁰ *Id.* at 21.

³¹ *Id.* at 22.

³² Protest at 16.

³³ *Id.* at 15-17.

customers, not wholesale market participants, and fall outside of the Commission's jurisdiction.³⁴ Applicants note that the Tallgrass Energy projects the Center refers to are under development do not provide any inputs into the PNM balancing area authority.

32. Applicants argue further that the Commission already rejected the Center's argument regarding the treatment of data center load in the Commission's vertical market power analysis in a prior FPA section 203 proceeding. Applicants cite *Potomac Energy Center*,³⁵ stating that in that order the Commission held that applicants did not need to address ownership of data centers when they have represented that a proposed transaction will have "no effect on any joint ventures, strategic alliances, offtake agreements, or other continuing business arrangements that will be affected by the proposed transaction." Applicants note that there are overlapping protections in place such as the Commission's OATT requirement, standards of conduct, and state affiliate restrictions that all protect against the kind of preferential conduct alleged by the Center.³⁶

33. In response to Applicants' argument that data centers are outside the Commission's jurisdiction, the Center argues that the Commission now has two pending proceedings concerning its jurisdiction over data centers.³⁷ Additionally, the Center points to the Commission's Supplemental Policy Statement, which says that the Commission will "prevent[] a transfer of benefits from a public utility's captive customers to shareholders of the public utility's holding company" from an acquisition such as the one here.³⁸

34. Applicants respond that the Commission's pending proceedings do not impinge on state authority over retail electricity sales. Applicants also argue that data centers are simply load and do not supply any inputs. Applicants state that the factors that the Commission considers in reviewing whether to authorize an application under FPA section 203 do not include an applicant's affiliation with load.³⁹

³⁴ Applicants First Answer at 15.

³⁵ *Id.* at 15-16 (citing *Potomac Energy Ctr.*, 192 FERC ¶ 61,091, at P 102 (2025)).

³⁶ *Id.* at 17-18.

³⁷ Center Answer at 5 (citing *PJM Interconnection, L.L.C.*, Docket No. EL25-49-000; *Interconnection of Large Loads to the Interstate Transmission System*, Docket No. RM26-4-000).

³⁸ *Id.* (quoting Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 13).

³⁹ Applicants Second Answer at 6 (citing *Merger Policy Statement*, FERC Stats. & Regs. ¶ 31,044 at 30,111).

iii. Commission Determination

35. In analyzing whether a proposed transaction presents vertical market power concerns, the Commission considers the vertical combination of upstream inputs, such as natural gas transmission or natural gas supply or fuel, with downstream generating capacity and transmission. As the Commission has previously found, transactions that combine electric generation assets with inputs to generating power can harm competition if the transaction increases an entity's ability or incentive to exercise vertical market power in wholesale electricity markets. For example, by denying rival entities access to inputs or by raising their input costs, an entity created by a transaction could impede entry of new competitors or inhibit existing competitors' ability to undercut an attempted price increase in the downstream wholesale electricity market.⁴⁰

36. Based on Applicants' representations, we find that the Proposed Transaction will not have an adverse effect on vertical competition. Applicants have demonstrated that the entities involved in the Proposed Transaction do not provide inputs to electricity products or to electricity products in the same market.⁴¹ The Center argues that Applicants have some projects that interact with the New Mexico market, but as Applicants state, the Tallgrass Energy projects do not provide any inputs into the PNM balancing area authority and Blackstone's interest in Invenergy is passive and thus does not implicate the Commission's vertical power analysis.⁴² Accordingly, we find that the Proposed Transaction will not result in any new combination or affiliation of vertical assets that would have an adverse effect on vertical competition.⁴³

37. With respect to the Center's arguments regarding the ownership by Blackstone of data centers or other large load, we find that these arguments are outside the scope of the Commission's vertical competition analysis. As stated above, in evaluating vertical market power concerns the Commission considers the combination of upstream inputs with downstream capacity and transmission. Ownership by applicants of load sources,

⁴⁰ *Upstate N.Y. Power Prods.*, 154 FERC ¶ 61,015, at P 15 (2016); *Exelon Corp.*, 138 FERC ¶ 61,167, at P 112 (2012).

⁴¹ *See Bridgeport Energy LLC*, 189 FERC ¶ 61,129, at P 45 (2024).

⁴² *See La Paloma Holding Co., LLC*, 112 FERC ¶ 61,052, at PP 11-12 (2005) (finding that passive interests do not adversely affect vertical competition).

⁴³ *See Panda Stonewall LLC*, 177 FERC ¶ 61,048, at P 27 (2021) (finding that the proposed transaction did not result in any new combination of inputs to electricity products and electricity products in the same geographic market and therefore that it created no new incentives for applicant or its affiliates to withhold inputs to generation to rivals nor does it create new opportunities to do so).

whether large or otherwise, does not constitute an input under this analysis. As the Commission has found in other proceedings, applicants are not required under FPA section 203 to provide analyses by load type or retail market segment.⁴⁴ We address the Center's additional arguments regarding data centers and cross-subsidization below.

c. Effect on Rates

i. Applicants' Analysis

38. Applicants assert that the Proposed Transaction will have no adverse effect on rates charged to either wholesale power sales or transmission service customers. Applicants state that neither TXNM and its affiliates nor Troy ParentCo has wholesale requirements customers with contracts that would permit the pass-through of any transaction costs. Applicants maintain that, upon consummation of the Proposed Transaction, TXNM, PNM, and New Mexico PPA will not have service contracts with, or be allocated any overhead costs from, Troy ParentCo or any of its upstream owners.⁴⁵

39. Applicants state that “[o]ther than short-term costs resulting from the [Proposed Transaction] (which will be subject to Applicants’ hold harmless commitment...), there will not be any change to Applicants’ cost of providing jurisdictional services as a result of the [Proposed Transaction].”⁴⁶ Applicants state that the Proposed Transaction will provide significant benefits to TXNM, New Mexico PPA, and PNM customers by providing TXNM with access to additional financing flexibility to further support its commitment to provide affordable, reliable, and increasingly clean energy to its customers. Applicants state that transitioning to private ownership as a result of the Proposed Transaction is expected to reduce TXNM’s, New Mexico PPA’s, and PNM’s exposure to volatile financial markets.⁴⁷

40. Applicants commit that for a period of five years following the consummation of the Proposed Transaction, they will not seek recovery of any transaction-related costs incurred to consummate the Proposed Transaction from any transmission customer or any customer purchasing wholesale power at cost-based rates, except to the extent that they

⁴⁴ *Constellation Energy Corp.*, 192 FERC ¶ 61,074, at P 193 (2025). *See also Potomac Energy Ctr., LLC*, 192 FERC ¶ 61,091 at P 102 (rejecting argument that application is deficient because it does not address Blackstone’s ownership of data centers).

⁴⁵ Application at 23.

⁴⁶ *Id.*

⁴⁷ *Id.* at 24.

can demonstrate in a separate FPA section 205 proceeding that such costs are offset by transaction-related savings. Additionally, Applicants commit that they will not seek recovery of any acquisition premium absent a showing of “specific, measurable, and substantial benefits to ratepayers” made in a subsequent FPA section 205 proceeding.⁴⁸

41. Applicants explain that they are similarly committing to the New Mexico Commission and the Texas Commission that they will not seek to recover from any retail customers any acquisition premium or costs incurred to consummate the Proposed Transaction. Applicants commit to track transaction-related costs using existing accounting and recordkeeping systems and state that they will apply appropriate allocation methodologies for costs that are attributable to the Proposed Transaction.⁴⁹

ii. Protest and Answers

42. The Center argues that Blackstone’s ownership of QTS Realty (QTS), a data center company, poses a particular risk of adverse rate impacts for TXNM’s retail customers that requires additional information from Applicants about Blackstone’s holdings. Additionally, the Center argues that the Proposed Transaction involves Blackstone paying a more than \$2 billion premium to TXNM shareholders that Blackstone will recoup from ratepayers in some way. The Center argues that the Commission should require Blackstone to supplement the Application to provide detailed information about both the premium paid to shareholders, including TXNM executives, and the analysis that convinced Blackstone management that rates will grow significantly enough to net a profit even after paying such a significant premium.⁵⁰

43. Applicants argue that the Center is attempting to litigate state retail rate issues that are outside of the Commission’s jurisdiction. Applicants argue that the Commission’s jurisdiction is limited to wholesale power and transmission rates, and under that framework, the Application has already demonstrated—through committing to a binding hold-harmless commitment and cost-allocation safeguards—that the Proposed Transaction will not, and legally cannot, result in any adverse effect on Commission-jurisdictional customers.⁵¹

⁴⁸ *Id.* at 24-25.

⁴⁹ *Id.* at 25.

⁵⁰ Protest at 18-19.

⁵¹ Applicants First Answer at 19.

iii. Commission Determination

44. Based on Applicants' representations, we find that the Proposed Transaction will not have an adverse effect on rates. As Applicants note, neither TXNM and its affiliates nor Troy ParentCo has wholesale requirements customers with contracts that would permit the pass-through of any transaction-related costs. Additionally, there will not be any change to Applicants' cost of providing jurisdictional services other than short-term transaction costs, which will be subject to Applicants' hold harmless commitment.⁵² With respect to the arguments in the Protest, we note that the Commission has consistently held that the examination of an FPA section 203 transaction's rate impact does not concern the proposed transaction's retail rate impacts, unless a state specifically asks the Commission to consider such rate impacts.⁵³ No state commission has requested an examination here of retail rate impacts. Further, we find that the Center's concerns regarding the recovery of an acquisition premium from ratepayers are speculative. We note that the Commission has historically not permitted rate recovery of acquisition premiums, and that recovery of any amounts related to an acquisition premium requires Commission authorization under section 205 of the FPA on a showing of the prudence of the acquisition and measurable, demonstrable benefits to ratepayers.⁵⁴

45. We accept Applicants' commitment to hold customers harmless from costs related to the Proposed Transaction. We interpret Applicants' hold harmless commitment to apply to all transaction-related costs, including costs related to consummating the Proposed Transaction, incurred prior to the consummation of the Proposed Transaction, or in the five years after the Proposed Transaction's consummation in accordance with the Commission's policy on hold harmless commitments.⁵⁵

d. Effect on Regulation

i. Applicants' Analysis

46. Applicants assert that the Proposed Transaction will not diminish the Commission's regulatory authority or create a regulatory gap or shift regulatory authority between the Commission and any state commission. Applicants represent that the Proposed Transaction will not affect the manner or extent to which the Commission, any

⁵² See *ALLETE, Inc.*, 189 FERC ¶ 61,215, at P 42 (2024).

⁵³ See *Upstate N.Y. Power Prods., Inc.*, 154 FERC ¶ 61,015 at P 21.

⁵⁴ Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,126. See *Ameren Corp.*, 140 FERC ¶ 61,034, at P 30 (2012).

⁵⁵ *Pol'y Statement on Hold Harmless Commitments*, 155 FERC ¶ 61,189 (2016).

state, or any other federal agency may regulate Applicants' jurisdictional assets. Applicants add the Proposed Transaction will not in any way modify the applicable states' jurisdiction and authority over the jurisdictional assets of TXNM, PNM, or New Mexico PPA.⁵⁶

47. Applicants state that they are concurrently filing applications for approval of the Proposed Transaction with the New Mexico Commission and the Texas Commission. Applicants state that these filings will provide an opportunity for the applicable state commission to reevaluate any potential effects on state regulation and state jurisdictional rates and services related to the Proposed Transaction.⁵⁷

ii. Protest and Answers

48. The Center argues that the Proposed Transaction will stymie future regulation by reducing information available to regulators and the public, by increasing the complexity and frequency of basic regulatory oversight and, consequently, by reducing regulators' capacity to make proactive changes that address current issues with our utility system. The Center notes that TXNM currently files regular reports with the Securities and Exchange Commission (SEC) that provide important information about finances and management that would no longer be required if TXNM is taken private due to the Proposed Transaction. The Center argues that given the wide range of potential affiliate transactions involving the Blackstone affiliates, the loss of compulsory, proactive reporting cannot be compensated for on a case-by-case basis.⁵⁸

49. Applicants respond that while it is true that TXNM will no longer be required to comply with SEC reporting post-consummation, the premise that a lack of SEC reporting results in any loss of regulatory transparency is patently false.⁵⁹ Applicants point to PNM's continued requirement to file FERC Form No. 1 and No. 3-Q,⁶⁰ along with the Commission's ability under section FPA 301(c)⁶¹ to examine the books and records of any person who controls, directly or indirectly, a jurisdictional public utility related to

⁵⁶ Application at 26.

⁵⁷ *Id.*

⁵⁸ Protest at 19-20.

⁵⁹ Applicants First Answer at 20.

⁶⁰ 18 C.F.R. §§ 141.1, 141.400 (2025).

⁶¹ 16 U.S.C. § 825(c).

transactions with or the business of such public utility and the record-keeping and books and records requirements of the Public Utility Holding Company Act of 2005 (PUHCA 2005).⁶²

iii. Commission Determination

50. The Commission's review of a transaction's effect on regulation focuses on ensuring that it does not result in a regulatory gap.⁶³ As to whether a proposed transaction will have an effect on state regulation, the Commission explained in the Merger Policy Statement that it ordinarily will not set the issue of the effect of a proposed transaction on state regulatory authority for a trial-type hearing where a state has authority to act on the proposed transaction. However, if the state lacks this authority and raises concerns about the effect on regulation, the Commission may set the issue for hearing and it will address such circumstances on a case-by-case basis.⁶⁴

51. Based on Applicants' representations, we find no evidence that either state or federal regulation will be impaired by the Proposed Transaction. There is no evidence that the Proposed Transaction will create a regulatory gap. The Commission will continue to have the same jurisdiction over Applicants' facilities after the Proposed Transaction. Similarly, as Applicants note, the state commissions of both New Mexico and Texas have the ability to evaluate any potential effects of the Proposed Transaction on state regulation in pending proceedings.⁶⁵ Further, we note that no state commission has requested that the Commission address the issue of the effect on state regulation.

52. With respect to the Center's arguments, we find that the Commission has sufficient methods to monitor Applicants' jurisdictional activities absent the SEC filings, including but not limited to FERC Form No. 1 and No. 3-Q filing requirements, the

⁶² 42 U.S.C. §§ 16451–63.

⁶³ Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,124.

⁶⁴ *Id.*

⁶⁵ See *Joint Application of Public Service Company of New Mexico, TXNM Energy, Inc. and Troy ParentCo LLC for Approval of an Acquisition and Merger of Troy Merger Sub Inc. with TXNM Energy, Inc.; Approval of a General Diversification Plan; and All Other Authorizations and Approvals Required to Consummate and Implement This Transaction*, New Mexico Public Regulation Commission, Case No. 25-00060-UT (filed Aug. 25, 2025); *Joint Report and Application of Texas-New Mexico Power Company and Troy ParentCo LLC for Regulatory Approvals Under PURA §§ 14.101, 39.262, and 39.915*, Public Utility Commission of Texas, Docket No. 58536 (filed Aug. 25, 2025).

Commission's ability to examine books and records under FPA section 301(c), and the record-keeping and books and records requirements of PUHCA 2005.⁶⁶ Additionally, PNM and its market-regulated power sales affiliates will be subject to the Commission's affiliate restrictions at 18 C.F.R. § 35.39 and the affiliate transaction rules at 18 C.F.R. § 35.44.

e. Cross-Subsidization

i. Applicants' Analysis

53. Applicants assert that the Proposed Transaction does not pose a risk of cross-subsidization and does not pledge or otherwise encumber utility assets. Applicants state that the Commission has recognized certain classes of transactions that are unlikely to present cross-subsidization concerns and, accordingly, has adopted "safe harbors" for satisfying the FPA section 203 cross-subsidization demonstration.⁶⁷ According to Applicants, the Proposed Transaction is within the scope of the "safe harbor" for an acquisition subject to review and approval by a state commission⁶⁸ – specifically, review and approval by the New Mexico Commission and the Texas Commission.⁶⁹ Applicants note that both state commissions have the authority to protect captive customers against inappropriate cross-subsidization and to review retail rates.

54. Applicants also include an Exhibit M, which they represent explains that the Proposed Transaction will not result in the cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.⁷⁰

ii. Protest and Answers

55. The Center argues that the Proposed Transaction raises substantial concerns about the potential cross-subsidization of two of Blackstone Infrastructure's major investment areas: (1) data centers and digital infrastructure; and (2) energy production. The Center

⁶⁶ 42 U.S.C. §§ 16451-63.

⁶⁷ Application at 27 (citing Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 16).

⁶⁸ *Id.* (citing Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 18).

⁶⁹ *Id.* (citing N.M. Stat. Ann. §§ 62-6-12, 62-6-13; Public Utility Regulatory Act, TX Util. Code Ann. § 39.915).

⁷⁰ *Id.*, Ex. M.

argues that the Proposed Transaction represents an opportunity for Blackstone to vertically integrate its data centers, load-serving utilities, and energy development companies in one chain, thereby raising significant potential for cross-subsidization.⁷¹

56. The Center argues that Blackstone Infrastructure has heavily invested in the artificial intelligence boom, and its investments in data centers rely on dissolving the bottleneck of energy supply for data centers. The Center argues that the Proposed Transaction thus “raises serious concerns about cross-subsidization by presenting an opportune pathway for Blackstone to incorporate two public utilities into its value chain and thereby control their decision-making to the benefit of Blackstone’s data center and energy development interests.”⁷²

57. The Center claims that Applicants have failed to provide the Commission with information about Blackstone’s non-utility affiliates, including its data centers and fossil energy production customers. The Center points to Blackstone’s ownership of the world’s largest data center provider, QTS, which Blackstone purchased in 2021. The Center states that Applicants provide no information about Blackstone’s control of data centers in or around New Mexico and Texas. The Center argues that the Proposed Transaction is part of a larger trend of purchasing utilities to serve data centers, citing Blackstone’s purchase of Potomac Energy Center, LLC near “the data center hotspot of Loudon County, Virginia” as another example.⁷³

58. The Center also alleges that Applicants fail to disclose Blackstone and Blackstone Infrastructure’s ownership of fossil fuel and other major energy assets that could supply power to the utilities at issue. The Center notes that Applicants fail to highlight the fossil fuel generation of Invenergy, for instance.⁷⁴

59. The Center argues that Applicants do not qualify for a safe harbor exemption on cross-subsidization. The Center states that Applicants’ Exhibit M states that they qualify for a safe harbor for transactions where no public utility with captive customers is involved, but that this safe harbor does not apply to the Proposed Transaction, where public utilities with captive customers are involved. The Center also argues that the safe harbor for transactions subject to state commission review should also not apply because Blackstone has myriad investments across many states. The Center argues that the Commission must review issues such as how the newly acquired utilities may serve

⁷¹ Protest at 5-6.

⁷² *Id.* at 9.

⁷³ *Id.* at 12.

⁷⁴ *Id.* at 13.

electricity to new data centers outside of Texas and New Mexico or may purchase interstate energy from Blackstone's affiliates outside those two states.⁷⁵

60. Applicants argue that the Center confuses cross-subsidization with affiliate standards of conduct and that its arguments are speculative. Applicants state that the Commission's FPA section 203 analysis is prospective and evaluates whether a transaction will—on its own—result in inappropriate cross-subsidization. Applicants argue that the Commission has other tools, such as its rate authority under section 205 and 206 of the FPA, to prevent and remedy inappropriate cross-subsidization on an ongoing basis.⁷⁶

61. Applicants also argue that there is no legal or factual basis for the Center's argument that the safe harbor for transactions reviewed by state commissions does not address interstate activities. Applicants argue that the New Mexico Commission's comprehensive regulation already protects PNM's utility captive customers located in New Mexico from any risk of perceived harm from retail transactions between PNM and its customers—including its data center customers. Applicants state that the New Mexico Commission oversees retail service terms, rates, and conditions, and exercises continuing authority to prevent discriminatory treatment or improper cost recovery in connection with such service. Applicants argue that PNM will remain a regulated subsidiary of TXNM, under a separate company structure than that of Blackstone Infrastructure's affiliates, with regulatory monitoring of any possible cross-subsidization between PNM and other lines of business.⁷⁷

62. In response, the Center argues that Applicants' arguments do not have any evidentiary support. The Center asserts that the Commission's inquiry is not limited to cross-subsidization flowing directly from the acquisition, but also includes protecting against future risks of cross-subsidization. The Center points to Commission regulations requiring applicants to show that the transaction will not result in cross-subsidization either "at the time of the transaction or in the future. . . ."⁷⁸ The Center argues that Applicants have failed to show that the Proposed Transaction will not result in any future cross-subsidization.

63. The Center notes that Applicants' Exhibit M lists a safe harbor for transactions that do not involve captive customers, which clearly does not apply here. The Center

⁷⁵ *Id.* at 14.

⁷⁶ Applicants First Answer at 11.

⁷⁷ *Id.* at 13.

⁷⁸ Center Answer at 3 (citing 18 C.F.R. § 33.2(j)).

states that Applicants failed to include the safe harbor for transactions subject to review by a state commission in their Exhibit M. The Center also argues that the New Mexico Commission will not have jurisdiction over all of Blackstone's activities beyond state lines and is not equipped to address the risks that PNM load may serve Blackstone-owned data centers outside the state.⁷⁹

64. Applicants reply to clarify that they are not attempting to invoke the safe harbor for transactions that do not involve captive customers and commit to filing a corrected Exhibit M following approval of the Proposed Transaction. Applicants also argue that the Proposed Transaction does fall within the safe harbor for transactions subject to review and approval by a state commission. Applicants point to their filing in August 2025 of an application with the New Mexico Commission, which Applicants note that the Center intervened in as a participant in that proceeding. Applicants argue that the New Mexico Commission does, in fact, prevent the hypothetical presented in the Protest, as PNM is not permitted to sell power to retail customers outside of its New Mexico service territory.⁸⁰ Applicants also argue that the Center's sweeping interpretation of cross-subsidization analysis under FPA section 203 would seemingly bar all affiliate transactions and render the Commission's regulations meaningless.⁸¹

iii. Deficiency Letter and Responses

65. In the Deficiency Letter, Commission staff requested additional information from Applicants regarding any ring-fencing provisions that the New Mexico Commission and the Texas Commission have in place to protect customers, including restrictions on intra-company transfers, dividend payments, and provisions of services. Commission staff also requested that Applicants explain what, if any, ring-fencing provisions Applicants committed to in the New Mexico Commission and the Texas Commission proceedings addressing the Proposed Transaction, and the authority of the state commissions to implement such provisions.

66. In the Deficiency Letter Response, Applicants state that, in 2001, PNM was authorized by the New Mexico Commission to form a holding company structure, subject to numerous ring-fencing provisions. Applicants state that, in 2005, the New Mexico Commission imposed those ring-fencing requirements on Texas-New Mexico Power Company at the time of its acquisition of PNM. Accordingly, Applicants indicate that PNM is currently subject to a significant number of ring-fencing requirements in New Mexico based on New Mexico Laws, New Mexico Commission rules, and the 2005

⁷⁹ *Id.* at 4-5.

⁸⁰ Applicants Second Answer at 3.

⁸¹ *Id.* at 5.

New Mexico Commission order. Applicants list a variety of ring-fencing requirements, including restrictions on the payment of dividends, requirement of pre-approval for long-term purchases of capacity or energy from non-utility affiliates and for long-term power purchase agreements, and jurisdictional requirements.⁸²

67. Similarly, Applicants note that TXNM is also subject to regulatory requirements imposed by Texas as a result of TXNM's purchase of Texas-New Mexico Power Company in 2005. Applicants describe those ring-fencing requirements, including restrictions on loaning money or pledging assets to affiliates, competitive bidding requirements, and information and enforcement requirements.⁸³

68. Applicants state that on August 25, 2025, Applicants filed an application with the New Mexico Commission seeking approval of the Proposed Transaction.⁸⁴ Applicants state that they committed to a set of regulatory commitments that, if the application is approved, will be made binding on Applicants. Applicants list the commitments made, which include, among other things, descriptions of the voting procedures for the PNM board of directors, restrictions on debt and credit encumbrances of affiliates, agreement to abide by affiliate standards, and a commitment to not seek recovery of transaction or transition costs.⁸⁵ Applicants indicate that these commitments generally match protections that have been in place for many years relative to PNM's financial relationship with its parent company, TXNM,⁸⁶ and are intended to supersede and replace PNM's existing holding company conditions from the 2005 New Mexico Commission Order.⁸⁷

69. Applicants state that on August 25, 2025, as supplemented on December 11, 2025, they also filed an application for approval of the Proposed Transaction with the Texas Commission.⁸⁸ Applicants state that they committed to a set of regulatory commitments

⁸² Deficiency Letter Response at 4-5.

⁸³ *Id.* at 5-7.

⁸⁴ *Id.* at 7-8. Applicants state that the NMPRC has authority over the Proposed Transaction under NMSA 1978 §§ 62-6-12 and 62-6-13.

⁸⁵ *Id.* at 8-10.

⁸⁶ Deficiency Letter Response, Ex. C, Monroy Test. at 25.

⁸⁷ Deficiency Letter Response at 10.

⁸⁸ *Id.* at 11. Applicants state that the Texas Commission has authority over the Proposed Transaction under PURA § 39.915.

that, if the application is approved, will be made binding on Applicants. Applicants list the commitments made, which include, among other things, descriptions of the voting procedures for the Texas-New Mexico Power Company board of directors, restrictions on debt and credit encumbrances of affiliates, agreement to abide by affiliate standards, and prior approval requirements related to the building of assets outside the Electric Reliability Council of Texas, Inc.⁸⁹

70. In response, the Center argues that Applicants have failed to demonstrate that the Application qualifies for a safe harbor exemption and does not provide evidence of adequate ring-fencing provisions at the New Mexico state level. The Center urges the Commission to reject the Application, or at the minimum to require Applicants to disclose additional information necessary to evaluate the risks to the public interest, including: (1) Blackstone's major digital and energy infrastructure affiliates in the artificial intelligence value chain; (2) Blackstone's existing and planned control of data centers in New Mexico, Texas, and the surrounding regions; (3) a detailed explanation of how none of these non-utility affiliates pose any risk of cross-subsidization or negative effects on competition, rates, and regulation harming the public interest; and (4) detailed information about the premium paid to shareholders.⁹⁰

71. The Center argues that there are three separate sectors in which Blackstone's significant investments and owned affiliates raise substantial cross-subsidization concerns: (1) Blackstone's large load electricity customers like data centers and hotels for which Blackstone may manage these utilities to benefit at the expense of ratepayers; (2) Blackstone's energy assets, with which the utilities under Blackstone's control may enter into favorable contracts at ratepayer expense; and (3) Blackstone's utility supply companies. The Center notes that in the last few months, Blackstone has acquired several large utility supply companies, including McClean Power System, a leading provider of utility supply products, and Power Grid Components, also a leading manufacturer of products for utilities.⁹¹

72. The Center argues that the New Mexico Commission's jurisdiction over the transaction is insufficient to qualify for the safe harbor exemption. The Center points to the Commission's decision in *Monongahela Power Company*, where the Commission rejected a similar argument from applicants.⁹² The Center also argues that Blackstone has failed to show that New Mexico has adequate ring-fencing provisions to protect

⁸⁹ *Id.* at 11-16.

⁹⁰ Deficiency Letter Protest at 3-4.

⁹¹ *Id.* at 6-7.

⁹² *Id.* at 7 (citing *Monongahela Power Co.*, 162 FERC ¶ 61,015 (2018)).

customers from inappropriate cross-subsidization. The Center notes that New Mexico law provides that all Blackstone must do to engage in affiliate transactions is to provide a simple “notification” to the Commission naming the terms of the agreement, the goods or services being bought or sold, and the purpose, and then simply identify whether the utility tried to obtain the goods or service for a lower price.⁹³ The Center states that no further information is required, no approvals are necessary, and no further affirmative actions are required before Blackstone is permitted to engage in an unlimited number of affiliate transactions under New Mexico regulations. The Center states that even though there is a carve-out for long term agreements of five years’ duration or more, many of the affiliate transaction risks do not concern such agreements. The Center notes that other states such as Texas and California have more robust restrictions on affiliate transactions than New Mexico, including greater disclosure requirements and fair bidding requirements. The Center also states that New Mexico’s rules do not apply where the utility is providing “normal water, electric, gas or sewer service by a utility to an affiliate under tariffs filed with the [New Mexico] Commission.”⁹⁴ The Center argues that this incentivizes Blackstone to develop a favorable large-load tariff for customers like its data center affiliates, for as long as sales to those affiliates occur under that tariff, no affiliate disclosures will even be required.

73. The Center argues that Applicants fail to provide evidence that they are proposing adequate protective measures at the state level beyond agreeing to abide by New Mexico standards. The Center argues that the extensive vertical market power issues at stake here should prevent Applicants’ reliance on the safe harbor provision.⁹⁵ The Center points to Blackstone’s status as an enormous conglomerate with so many affiliates across state lines as preventing New Mexico regulations from sufficiently containing cross-subsidization risks.⁹⁶ The Center also renews its arguments about competition, rates, and regulation from the Protest, along with raising again its arguments from the Protest (discussed below) about the dangers of private equity ownership in public utilities.⁹⁷

iv. Commission Determination

74. Based on Applicants’ representations, we find that the Proposed Transaction will not result in the cross-subsidization of a non-utility associate company by a utility

⁹³ *Id.* at 8 (citing New Mexico Admin. Code § 17.6.450.11).

⁹⁴ *Id.* at 10 (citing New Mexico Admin. Code § 17.6.450.11.C).

⁹⁵ *Id.* at 12-14.

⁹⁶ *Id.* at 14.

⁹⁷ *Id.* at 15-20.

company, or in a pledge or encumbrance of utility assets for the benefit of an associate company. In the Supplemental Policy Statement, the Commission recognized three safe harbor categories of transactions unlikely to raise cross-subsidization concerns.⁹⁸ One of the classes of transactions granted safe harbor status is those that are subject to review by a state commission. In these cases, the Commission will defer to state commissions where the state adopts or has in place ring-fencing measures to protect customers against inappropriate cross-subsidization or the encumbrance of utility assets for the benefit of the “unregulated” affiliates.⁹⁹

75. We find that Applicants qualify for the safe harbor for transactions subject to review by a state commission. In *Monongahela Power Company*, the Commission rejected the application of the same safe harbor to a proposed transaction, finding that applicants had failed to provide any evidence of state ring-fencing provisions or of any specific commitments made in a state proceeding.¹⁰⁰ By contrast, Applicants here present evidence of the existing ring-fencing provisions in place in New Mexico and Texas, as well as the ring-fencing commitments made by Applicants in state proceedings currently subject to state commission review.¹⁰¹

76. We are not convinced by the Center’s arguments that the safe harbor should not apply here. The Commission indicated in the Supplemental Policy Statement that “to the extent a state commission imposes specific ring-fencing measures, the Commission will defer to those measures absent evidence that additional measures are needed to protect wholesale customers.”¹⁰² Applicants present evidence of ring-fencing provisions currently in place in New Mexico and Texas and additional ring-fencing commitments made in state proceedings. Although the Center argues that certain aspects of New Mexico’s ring-fencing provisions are insufficient when compared to neighboring states, we are not convinced that additional restrictions are necessary to protect wholesale customers beyond those Applicants have committed to based upon our review of the record. The Center does not explain why any potential contracts between the public utilities involved in the Proposed Transaction and any potential data centers affiliated with Applicants would not be subject to the state ring-fencing provisions identified in the record. While the Center argues that some power sales could be made outside state

⁹⁸ Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 16.

⁹⁹ See *Bangor Hydro Elec. Co.*, 144 FERC ¶ 61,030, at P 27 (2013) (citing Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 18).

¹⁰⁰ *Monongahela Power Co.*, 162 FERC ¶ 61,015 at P 30.

¹⁰¹ See *supra* note 64.

¹⁰² Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 24.

borders, as Applicants note, the ring-fencing commitments made by Applicants in state proceedings, including state rules against selling to retail customers outside the utility's service territory, protect against the exercise of cross-border cross-subsidization.¹⁰³ Additionally, we note that PNM and its market-regulated power sales affiliates will continue to be subject to the Commission's affiliate restrictions at 18 C.F.R. § 35.39 and the affiliate transaction rules at 18 C.F.R. § 35.44.

77. In making this determination, we rely on Applicants' representations regarding ring-fencing commitments made to state regulators regarding cross-subsidization. We note, however, that the Proposed Transaction is still under review at those state commissions. Accordingly, consistent with the Supplemental Policy Statement, we will require Applicants to submit an informational filing in this docket within 10 days of each state commission's action on the Proposed Transaction explaining that the Proposed Transaction complies with specific state regulatory protections against inappropriate cross-subsidization by captive customers,¹⁰⁴ and that includes a copy of any state orders.¹⁰⁵ We also note Applicants' commitment to file a corrected Exhibit M following authorization of the Proposed Transaction.¹⁰⁶

f. Other Arguments Raised by Protestors

i. Protests and Answers

78. The Center raises additional concerns regarding the Proposed Transaction. First, given the Proposed Transaction's potential connection to servicing data infrastructure, the Center argues that the Proposed Transaction may affect electric reliability and result in other impacts detrimental to the public interest as a result of the build-out of artificial intelligence data centers.¹⁰⁷

79. Second, the Center argues that allowing a private equity firm to control a public utility is contrary to the public interest. The Center asserts that private equity firms have strong incentives to engage in anti-competitive conduct. In addition, the Center argues that the drive from private equity to cut costs provides an incentive to reduce qualified staff, defer necessary maintenance and capital improvements, and otherwise reduce

¹⁰³ Applicants Second Answer at 3.

¹⁰⁴ *ALLETE, Inc.*, 189 FERC ¶ 61,215 at P 54.

¹⁰⁵ Supplemental Policy Statement, 120 FERC ¶ 61,060 at P 26.

¹⁰⁶ Applicants Second Answer at 2.

¹⁰⁷ Protest at 22.

investment in the acquired company.¹⁰⁸ The Center notes the concerns raised by a Minnesota Administrative Law Judge related to BlackRock, Inc.'s proposed takeover of ALLETE, Inc. regarding the management of a utility by a private equity firm to the detriment of the public interest and the lack of transparency and oversight of private equity.¹⁰⁹ The Center argues that these concerns are exacerbated in this case because the application pending before the New Mexico Commission makes clear that Blackstone will control PNM's decision-making post-merger.¹¹⁰

80. Applicants argue in response that the FPA does not restrict private capital ownership of public utilities and that the Center's arguments ignore Commission precedent. Applicants note that Blackstone Infrastructure has an investment philosophy specifically designed to allow for TXNM and other portfolio companies to achieve steady growth and value creation over a long-term investment horizon that benefits customers without undue emphasis for short- or medium-term returns. Applicants state that they have made binding commitments in state proceedings such that PNM and New Mexico PPA will not incur any additional debt as a result of the Proposed Acquisition, will maintain a minimum equity ratio, will implement no involuntary workforce reductions for at least three-years post-closing, and will retain existing management control over day-to-day operations.¹¹¹

81. Applicants also argue that the Commission's public interest standard under FPA section 203 does not discriminate based on the public or private nature of the proposed owner. Applicants point to several proceedings where the Commission has authorized the acquisition of public utilities by private capital where the FPA section 203 public-interest factors are satisfied.¹¹² Applicants state that in the Minnesota proceeding regarding the acquisition of ALLETE, Inc. referred to by the Center, the Minnesota

¹⁰⁸ *Id.* at 23.

¹⁰⁹ *Id.* at 24 (citing *In the Matter of the Petition of Minn. Power for Acquisition of ALLETE by Canada Pension Plan Investment Bd.*, Docket No. E-015/PA-24-198 (Minn. Pub. Util Comm'n July 15, 2025), Findings of Fact, Conclusions of Law, and Recommendations).

¹¹⁰ *Id.* at 27 (citing *In the Matter of Joint Application of PSC NM*, No. 25-00060-UT (N.M. Pub. Reg. Comm'n. Aug. 25, 2025), Ex. B at 1).

¹¹¹ Applicants First Answer at 4-5.

¹¹² *Id.* at 6-7 (citing *ALLETE, Inc.*, 189 FERC ¶ 61,215; *El Paso Elec. Co.*, 170 FERC ¶ 61,280 (2020); *Cleco Power LLC*, 152 FERC ¶ 62,038 (2015); *Puget Energy, Inc.*, 123 FERC ¶ 61,050 (2008)).

Public Utilities Commission unanimously rejected the Administrative Law Judge's recommendation and voted to approve the transaction.¹¹³

82. Public Citizen argues that the Application fails to provide details about the limited partner interests in the Proposed Transaction, disclosure of which is important to identify potential risks to the public interest, including affiliations with foreign governments. Public Citizen notes the recent commitment of up to \$20 billion to Blackstone Infrastructure Partners in 2018 by the Saudi Arabia Public Investment Fund, and the controlling interests in Blackstone Energy Partners III by the Hong Kong Special Administrative Region. Public Citizen argues that the Applicants should be required to disclose additional details about any associate companies, holding companies, etc. of Blackstone and Blackstone Infrastructure that may have an impact on the public interest. In addition, Public Citizen argues that the Applicants should submit a description of all relevant joint ventures, strategic alliances and tolling arrangements or other business arrangements.¹¹⁴

83. The Center claims that the Commission should not rely on its prior approvals of private equity utility acquisitions. The Center argues that while these private equity acquisitions seem to work well for the acquiring firms, too often the public interest suffers.¹¹⁵

84. Applicants state that they agree with the Center that the Commission must evaluate the facts presented in this case on their own merit, but note that the Commission's prior orders are valid precedent and establish that private ownership is not a bar to authorization under FPA section 203.¹¹⁶ Applicants argue that the Commission should reject the Public Citizen Answer as a late-filed protest. Applicants assert that they provide a detailed description of relevant upstream ownership interests, consistent with Commission precedent and note that Public Citizen has previously attempted to inject the issue of foreign ownership into FPA section 203 proceedings and has been rebuffed by the Commission.¹¹⁷

¹¹³ *Id.* at 8.

¹¹⁴ Public Citizen Answer at 2.

¹¹⁵ Center Answer at 6.

¹¹⁶ Applicants Second Answer at 6-7.

¹¹⁷ *Id.* at 8 (citing *Duke Energy Ind., LLC*, 176 FERC ¶ 61,123, at P 58 (2021)).

ii. Commission Determination

85. We decline to condition approval of or reject the Proposed Transaction based on the private ownership of the buyer. While the Center and Public Citizen raise concerns with the private equity industry, such concerns are not a basis for rejection under FPA section 203. No statute or Commission regulation distinguishes between private and public ownership for purposes of FPA section 203 review. As Applicants note, the Commission has approved similar transactions by private equity purchasers without additional condition.¹¹⁸

86. We also decline Public Citizen's request for additional description from Applicants as to ownership and other business arrangements. We find that Applicants have presented the required information as to their ownership structure and affiliate relationships.¹¹⁹

3. Other Considerations

87. Information and/or systems connected to the Bulk Power System involved in this transaction may be subject to reliability and cybersecurity standards approved by the Commission pursuant to FPA section 215.¹²⁰ Compliance with these standards is mandatory and enforceable regardless of the physical location of the affiliates or investors, information database, and operating systems. If affiliates, personnel, or investors are not authorized for access to such information and/or systems connected to the Bulk Power System, a public utility is obligated to take the appropriate measures to deny access to this information and/or the equipment/software connected to the Bulk Power System. The mechanisms that deny access to information, procedures, software, equipment, etc., must comply with all applicable reliability and cybersecurity standards. The Commission, NERC, or the relevant regional entity may audit compliance with reliability and cybersecurity standards.

88. FPA section 301(c) gives the Commission authority to examine the books and records of any person who controls, directly or indirectly, a jurisdictional public utility

¹¹⁸ Applicants First Answer at 6-7 (citing *ALLETE, Inc.*, 189 FERC ¶ 61,215; *El Paso Elec. Co.*, 170 FERC ¶ 61,280; *Cleco Power LLC*, 152 FERC ¶ 62,038; *Puget Energy, Inc.*, 123 FERC ¶ 61,050).

¹¹⁹ See *EnerSmart Chula Vista BESS LLC*, 187 FERC ¶ 61,132, at P 30 (2024) (rejecting Public Citizen protest that applicants were deficient in their disclosures of passive investors). See 18 C.F.R. § 33.2 (describing information to be included in FPA section 203 application); Application at 28-33.

¹²⁰ 16 U.S.C. § 824o.

insofar as the books and records relate to transactions with or the business of such public utility.¹²¹ The approval of the Proposed Transaction is based on such examination ability. In addition, applicants subject to PUHCA 2005¹²² are subject to the record-keeping and books and records requirements of PUHCA 2005.

89. Section 35.42 of the Commission's regulations requires that sellers with market-based rate authority timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.¹²³ To the extent that a transaction authorized under FPA section 203 results in a change in status, sellers that have market-based rates are advised that they must comply with the requirements of section 35.42.

The Commission orders:

(A) The Proposed Transaction is hereby authorized, as discussed in the body of this order.

(B) Applicants are directed to submit an informational filing within 10 days of each state commission's approval of potential ring-fencing provisions, as discussed in the body of this order.

(C) Applicants must inform the Commission of any material change in circumstances that departs from the facts or representations that the Commission relied upon in authorizing the Proposed Transaction within 30 days from the date of the material change in circumstances.

(D) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission.

(E) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

(F) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate.

¹²¹ *Id.* § 825(c).

¹²² 42 U.S.C. §§ 16451-63.

¹²³ 18 C.F.R. § 35.42 (2025).

(G) Applicants shall make any appropriate filings under section 205 of the FPA, as necessary, to implement the Proposed Transaction.

(H) Applicants shall notify the Commission within 10 days of the date on which the Proposed Transaction is consummated.

(I) If Applicants seek to recover transaction-related costs through their transmission or wholesale requirements rates, they must make a new FPA section 205 filing and submit concurrently an informational filing in the instant FPA section 203 docket. In the FPA section 205 filing, Applicants must: (1) specifically identify the transaction-related costs they are seeking to recover; and (2) demonstrate that those costs are exceeded by the savings produced by the Proposed Transaction.

(J) If the transaction affects the books and records of a jurisdictional entity required to follow the Commission's Uniform System of Accounts, then the Applicants shall submit their final accounting entries within six months of the date that the transaction is consummated, and the accounting submissions shall provide all the accounting entries and amounts related to the transaction along with narrative explanations describing the basis for the entries.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.