

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

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

**JULY 29, 2021 REBUTTAL TESTIMONY**

**OF**

**ROBERT D. KUMP**

**July 29, 2021**

**NMPRC CASE NO. 20-00222-UT  
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ROBERT D. KUMP**

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1

**I. INTRODUCTION**

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

3 **A.** My name is Robert “Bob” Kump. I am the Deputy Chief Executive Officer and  
4 President of Avangrid, Inc. (“Avangrid”). My business address is 180 Marsh Hill  
5 Road, Orange, CT 06477.

6

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

9 **A.** Yes. I submitted Direct Testimony in this case on November 23, 2020,  
10 Supplemental Testimony on February 26, 2021, Rebuttal Testimony on April 21,  
11 2021, Supplemental Testimony on May 24, 2021, Direct Testimony in Support of  
12 the Second Amended Stipulation (the “Stipulation”) on June 18, 2021, Direct  
13 Testimony Pursuant to June 14, 2021 Order Addressing NEE Motion for Rule to  
14 Show Cause Why Joint Applicants Should Not be Held in Contempt and for  
15 Sanctions on June 28, 2021, and Supplemental Testimony on July 27, 2021.

16

17

**II. PURPOSE**

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

19 **A.** The purpose of my testimony is to address certain statements made by New Energy  
20 Economy (“NEE”) witness Sandberg, New Mexico Public Regulation Commission  
21 (“NMPRC” or the “Commission”) Utility Division Staff (“Staff”) witness

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1 Reynolds, Bernalillo County Witness Reno, and New Mexico Affordable Reliable  
2 Energy Alliance (“NM AREA”) witness Gorman.

3

4 **Q. FOR THE PURPOSES OF YOUR TESTIMONY, WHO ARE THE JOINT**  
5 **APPLICANTS?**

6 **A.** For the purposes of my testimony, the Joint Applicants are Avangrid, Inc, Avangrid  
7 Networks, Inc. (I will refer to these collectively as “Avangrid”), NM Green  
8 Holdings, Inc., Iberdrola, S.A. (“Iberdrola”), PNM Resources, Inc. (“PNMR”), and  
9 Public Service Company of New Mexico (“PNM”).

10

11 **III. PROPOSALS TO WHICH JOINT APPLICANTS AGREE**

12 **Q. ARE JOINT APPLICANTS ABLE TO AGREE WITH OR NOT OBJECT**  
13 **TO CERTAIN PROPOSALS MADE BY THE PARTIES IN THEIR**  
14 **TESTIMONY IN OPPOSITION TO THE STIPULATION?**

15 **A.** Yes, there are multiple proposals with which the Joint Applicants are able to  
16 either agree or to which the Joint Applicants do not object.

17

18 **Q. NM AREA WITNESS GORMAN PROPOSED ADDING LANGUAGE TO**  
19 **REGULATORY COMMITMENT NO. 21 THAT WOULD REQUIRE PNM**  
20 **TO KEEP JOBS IN NEW MEXICO THAT HANDLE REGULATORY**  
21 **MATTERS, ENGINEERING, SYSTEM PLANNING, TRANSMISSION**  
22 **AND DISTRIBUTION SYSTEM MAINTENANCE, CALL CENTER AND**

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1           **CUSTOMER FACING, AND SYSTEM DISPATCH AND CONTROL. HOW**  
2           **DO JOINT APPLICANTS RESPOND?**

3    **A.**    Joint Applicants do not object to witness Gorman’s proposed language to  
4           Regulatory Commitment No. 21, which would read:

5                   The Joint Applicants also commit that the following jobs, that are  
6                   currently located in New Mexico, will not be moved out of the State  
7                   and will continue to be performed by PNM utility employees to the  
8                   extent they currently are, for as long as Avangrid/Iberdrola or any  
9                   affiliated interest or holding company owns PNM: regulatory  
10                  matters, engineering, system planning, transmission and distribution  
11                  system maintenance, call center and customer facing, and system  
12                  dispatch and control. Job numbers with job descriptions will be  
13                  provided to the NMPRC at the end of the three years following the  
14                  merger and in the three subsequent rate cases that follow the  
15                  approval of the Proposed Transaction.

16

17   **Q.**    **NM AREA WITNESS GORMAN PROPOSED ADDING LANGUAGE TO**  
18           **REGULATORY COMMITMENT NO. 28 THAT WOULD REQUIRE PNM**  
19           **TO FILE AN ACTION PLAN WITH THE COMMISSION IF ITS DEBT**  
20           **RATING FALLS BELOW BBB OR ITS EQUIVALENT WITH ANY OF**  
21           **THE CREDIT RATING AGENCIES. THE ACTION PLAN SHALL**  
22           **CONTAIN PNM’S BALANCE SHEET, INCLUDING SHORT-TERM DEBT**  
23           **MEASURED USING A TRAILING 13-MONTH AVERAGE. HOW DO THE**  
24           **JOINT APPLICANTS RESPOND?**

25   **A.**    Joint Applicants would agree to file such an action plan if PNM’s credit rating falls  
26           below BBB or its equivalent with any of Moody’s, Standard & Poor, and Fitch or  
27           successor firms. The Joint Applicants are agreeable to the following language:

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1 Joint Applicants commit that PNM will not pay dividends or  
2 distributions, except for contractual tax payments, at any time that  
3 PNM's debt rating is below BBB or its equivalent with any of the  
4 credit-rating agencies, unless approved by the Commission in a  
5 proceeding opened for that purpose. PNM shall notify the  
6 Commission within five days if PNM's credit rating falls to an  
7 investment grade credit rating below BBB (or its equivalent) with  
8 any of the credit-rating agencies. PNM's notice shall include an  
9 action plan to improve an investment grade credit rating below BBB  
10 (or its equivalent). PNM's total balance sheet debt, including short-  
11 term debt, measured using a trailing 13-month average, will be  
12 included in this action plan for informational purposes. For  
13 purposes of this paragraph, references to credit rate agencies include  
14 Moody's, Standard & Poor, and Fitch or successor firms.  
15  
16

17 **Q. NM AREA WITNESS GORMAN PROPOSED AMENDING**

18 **REGULATORY COMMITMENT NO. 30 TO STATE:**

19 **MINIMUM COMMON EQUITY RATIO. PNM SHALL**  
20 **MAINTAIN A MINIMUM COMMON EQUITY RATIO**  
21 **(MEASURED USING A TRAILING 13-MONTH AVERAGE) IN**  
22 **COMPLIANCE WITH THE EQUITY RATIO ESTABLISHED**  
23 **FROM TIME TO TIME BY THE COMMISSION FOR**  
24 **RATEMAKING PURPOSES. IN EVERY GENERAL RATE**  
25 **CASE FOLLOWING THE APPROVAL OF THE PROPOSED**  
26 **TRANSACTION, PNM WILL INCLUDE IN ITS RATE**  
27 **SCHEDULES FOR THE BASE AND TEST YEAR PERIODS ALL**  
28 **SHORT-TERM BORROWINGS, NOTES PAYABLE AND**  
29 **OTHER AGREEMENTS WHICH ARE REGARDED AS DEBT**  
30 **INSTRUMENTS BY ANY OF THE CREDIT RATING**  
31 **AGENCIES IDENTIFIED IN PARAGRAPH 28, ABOVE. PNM**  
32 **WILL MAKE NO PAYMENT OF DIVIDENDS, EXCEPT FOR**  
33 **CONTRACTUAL TAX PAYMENTS, WHERE SUCH**  
34 **DIVIDENDS WOULD CAUSE PNM TO BE BELOW THE**  
35 **COMMISSION APPROVED EQUITY RATIO (MEASURED**  
36 **USING A TRAILING 13-MONTH AVERAGE).**

37 **HOW DO JOINT APPLICANTS RESPOND?**  
38

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1    **A.**    Joint Applicants are agreeable to witness Gorman’s proposed language for  
2           Regulatory Commitment No. 30.

3

4    **Q.**    **NM AREA WITNESS GORMAN PROPOSED SEVERAL REVISIONS TO**  
5           **REGULATORY COMMITMENT NO. 32. HOW DO JOINT APPLICANTS**  
6           **RESPOND?**

7    **A.**    Joint Applicants are agreeable to witness Gorman’s revisions to Regulatory  
8           Commitment No. 32. Specifically, Regulatory Commitment No. 32 would state:

9                    **Shared Services.** In Class I transactions involving shared services  
10                   provided by any Avangrid/Iberdrola affiliated interest to PNM or  
11                   through PNMR to PNM, PNM shall file for the PRC’s approval of  
12                   such shared services and the Cost Allocation Manual for each such  
13                   affiliated interest thirty days prior to allocation of any new shared  
14                   services costs to PNM. PNM will consult with NMPRC Staff and  
15                   any other interested stakeholders in preparing this Cost Allocation  
16                   Manual prior to filing. PNM’s request for approval of shared  
17                   services from Avangrid/Iberdrola affiliated interests shall include  
18                   the requested accounting requirements for such shared services,  
19                   consistent with the Federal Energy Regulatory Commission’s  
20                   (“FERC”) uniform system of accounts, including applicable  
21                   restrictions on the exchange of competitively sensitive, proprietary  
22                   data. Additionally, in any general rate case, PNM shall file its  
23                   current CAM and any proposed revisions, and recovery of the costs  
24                   of shared service will be subject to the Commission’s review for  
25                   prudence and reasonableness.

26  
27

28   **Q.**    **HOW DO JOINT APPLICANTS RESPOND TO NM AREA WITNESS**  
29           **GORMAN’S PROPOSAL THAT REGULATORY COMMITMENT NO. 34**  
30           **SHOULD BE AMENDED TO PROVIDE THAT THE INDEPENDENT**  
31           **EVALUATOR WILL BE RETAINED ON BEHALF OF, AND**

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1           **ANSWERABLE TO, THE COMMISSION RATHER THAN PNM AND**  
2           **THAT THE PARAGRAPH WILL BE SUPERSEDED UPON THE**  
3           **COMMISSION’S ADOPTION OF COMPETITIVE PROCUREMENT**  
4           **RULES?**

5    **A.**    Joint Applicants are agreeable to a requirement that the Independent Evaluator will  
6           be retained on behalf of, and answerable to, the Commission rather than PNM.  
7           Joint Applicants also agreeable to have that Regulatory Commitment No. 34 be  
8           superseded upon the Commission’s adoption of competitive procurement rules,  
9           along the lines of the following:

10                   **Independent Evaluator.** Whenever PNM proposes a procurement  
11                   of energy resources, power supply, energy storage, and related  
12                   generation facilities intended to become a part of utility plant in  
13                   service (Energy or Storage RFP), including whenever an affiliated  
14                   interest expresses interest in participating in an RFP for a Class I  
15                   transaction or any extension of an existing affiliated interest power  
16                   purchase agreement through a repowering or otherwise, an  
17                   Independent Evaluator (“IE”) will be retained for the benefit of the  
18                   Commission in order to ensure a fair RFP process and that there is  
19                   no favoritism in the evaluation of proposals and selection of the  
20                   winning bidder(s). Within thirty days from closing of the Proposed  
21                   Transaction, PNM shall provide the Commission with a list of  
22                   qualified entities from which an IE may be selected; provided that if  
23                   the Commission has not selected an IE within 60 days of submittal  
24                   of the list of qualified entities, PNM shall select an IE from the list  
25                   in order to ensure an IE is available to timely review any proposed  
26                   procurements. The IE shall be retained on behalf of the Commission  
27                   and the IE shall report to the Commission, and paid for by PNM.  
28                   PNM shall provide the IE with the RFP and all necessary  
29                   information during the RFP process, or upon selection of the IE if  
30                   an RFP process is in progress, in order for the IE to file a report to  
31                   the Commission within fifteen days of any required application filed  
32                   by PNM for approval of such procurement. The IE Report shall  
33                   outline the substance of the RFP process and provide an independent  
34                   assessment of the development and implementation of the RFP  
35                   process, including whether the bid proposals were evaluated on a



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1 fair, consistent, and comparable basis. The IE shall not have any  
2 affiliation with the owner's engineer or other consultant used by  
3 PNM in the development and implementation of the RFP process.  
4 PNM shall include in its Annual Report its list of qualified IE  
5 candidates from which the Commission will select the IE for the  
6 following year. Joint Applicants agree that shareholders will pay the  
7 cost for the services provided by the IE when an affiliated interest  
8 participates in an RFP. To the extent that PNM retains an IE where  
9 there is not an affiliated interest participating in the RFP, the parties  
10 to the Stipulation agree that all of the reasonable costs of the IE are  
11 properly recoverable through PNM rates. All parties will retain  
12 rights to oppose any new projects proposed and to oppose any  
13 affiliated interest contracts proposed. Upon the effective date of a  
14 utility competitive procurement rule promulgated by the  
15 Commission, this Paragraph shall be superseded by such rule and  
16 shall no longer be in force or effect.  
17

18 **Q. NM AREA WITNESS GORMAN PROPOSED AMENDING**  
19 **REGULATORY COMMITMENT NO. 36 TO STATE THAT PNM WILL (I)**  
20 **CONTINUE TO INVEST IN ITS SYSTEM TO ENSURE THAT**  
21 **STANDARDS OF UTILITY SERVICE PROVIDED TO CUSTOMERS ARE**  
22 **CONSISTENT WITH INDUSTRY METRICS FOR SAFETY AND**  
23 **RELIABILITY AND (II) MAINTAIN MINIMUM CAPITAL**  
24 **INVESTMENTS IN TRANSMISSION AND DISTRIBUTION**  
25 **INFRASTRUCTURE EQUAL TO THE INVESTMENTS INCLUDED IN**  
26 **PNM'S 2021-2025 BUDGET SUBJECT TO NECESSARY ADJUSTMENTS**  
27 **AND COMMISSION APPROVAL FOR RECOVERY OF THOSE**  
28 **INVESTMENTS. HOW DO JOINT APPLICANTS RESPOND?**

29 **A.** Joint Applicant will ensure that PNM will continue to invest in its transmission and  
30 distribution system to ensure standards of utility service are consistent with industry

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1 metrics for reliability and safety. Joint Applicants are therefore fine committing that  
2 PNM will maintain minimum capital investments in transmission and distribution  
3 infrastructure equal to the investments included in PNM's 2021-2025 budget  
4 subject to necessary adjustments and Commission approval for recovery of those  
5 investments. Specifically, Joint Applicants are agreeable to the following language  
6 in Regulatory Commitment No. 36:

7 Utility Investments: PNM will continue to invest in its transmission  
8 and distribution system to ensure standards of utility service to  
9 customers are consistent with industry established metrics for  
10 reliability and safety. PNM will maintain minimum capital  
11 investments in transmission and distribution infrastructure equal to  
12 the remaining four years of PNM's current five-year budget for  
13 2021-2025, subject to adjustments necessary for new service related  
14 to economic development projects, transmission and distribution  
15 interconnection projects and any general economic conditions that  
16 affect new service needs; and provided that recovery of such  
17 investments shall be subject to Commission approval in ratemaking  
18 proceedings.  
19  
20

21 **Q. HOW DO JOINT APPLICANTS RESPOND TO WITNESS GORMAN'S**  
22 **PROPOSAL TO AMEND REGULATORY COMMITMENT NO. 36 TO**  
23 **REQUIRE THAT JOINT APPLICANTS CONDUCT A POWER QUALITY**  
24 **AND SERVICE QUALITY STUDY FOR CUSTOMERS 10 MW AND**  
25 **LARGER WITHIN THREE MONTHS AFTER THE FINAL ORDER IN**  
26 **THIS CASE (OR AS AGREED TO WITH CUSTOMERS), SHARE THE**  
27 **RESULTS OF THAT STUDY WITH THE CUSTOMERS, AND WORK**  
28 **WITH CUSTOMERS TO RESOLVE ANY POWER AND SERVICE**  
29 **QUALITY ISSUES?**

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1    **A.**    Joint Applicant are generally agreeable to this proposal from witness Gorman.  
2            However, it is unlikely that the Joint Applicants could complete such a study in  
3            only three months following closing. Joint Applicants propose that this deadline  
4            for completion of such a study be twelve months. However, Joint Applicants will  
5            work to reach agreement with the subject customers on a shorter deadline if  
6            reasonably feasible. Specifically, Joint Applicants would be able to agree with the  
7            following language in Regulatory Commitment No. 36, subject to the clarification  
8            that Mr. Ron Darnell discusses in his testimony about the timeframe for this study  
9            which is reflected in the below:

10                    Power Quality: Joint Applicants agree to do a power quality and  
11                    service quality study for customers 10 MW and larger within twelve  
12                    months from the final order in this case, or as agreed to with  
13                    customers, and share the results of that study with the customers.  
14                    After the results of the power and service quality study are analyzed,  
15                    Joint Applicants agree to work with customers to resolve the power  
16                    and service quality issues.  
17

18

19    **Q.    HOW DO JOINT APPLICANTS RESPOND TO NM AREA WITNESS**  
20            **GORMAN’S OTHER PROPOSALS TO AMEND REGULATORY**  
21            **COMMITMENT NO. 36?**

22    **A.**    NM AREA witness Gorman has made two other proposed changes to Regulatory  
23            Commitment No. 36. First, NM AREA proposed to ensure that post-acquisition  
24            PNM employs a sufficient number of full-time employees and contract workers to  
25            promptly address service issues. Second, NM AREA proposed including a  
26            commitment from Joint Applicants to ensure that there will be no material

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1           diminution in current levels of quality of customer service or system reliability for  
2           as long as Avangrid, or an affiliated interest, owns PNMR and PNM. Joint  
3           Applicants are agreeable, as discussed by JA Witness Fridley, to the proposal for  
4           the following language in Regulatory Commitment No. 36:

5                     In each of the next three rate cases subsequent to the approval of the  
6                     Proposed Transaction, PNM will report on the number of full time  
7                     employees and contract workers it believes are needed to fulfill this  
8                     commitment and any material changes (plus or minus 10%) to that  
9                     number that are reasonably anticipated during the time that the  
10                    proposed rates will be in effect. PNM shall designate one or more  
11                    customer service representative(s) to provide customer support for  
12                    large customers whose monthly demand is greater than 3 MW and  
13                    shall identify for large customers their assigned customer  
14                    representative. The designated customer service representative(s)  
15                    shall assist the large customers assigned to them in addressing service  
16                    reliability issues, service quality studies, and other technical matters  
17                    relating to those customers' accounts.

18                    Workforce Commitments: The Joint Applicants commit that they will  
19                    ensure that there will be no material diminution in current levels of  
20                    quality of customer service or system reliability for as long as  
21                    Avangrid, or an affiliated interest, owns PNMR and PNM.

22  
23   **Q.    NM    AREA    WITNESS    GORMAN    PROPOSED    ADDING    THE**  
24   **FOLLOWING LANGUAGE TO REGULATORY COMMITMENT NO. 38:**

25                    **IN THE EVENT, THE COMMISSION DETERMINES IT IS**  
26                    **NECESSARY TO CONDUCT AN AUDIT OF BOOKS,**  
27                    **RECORDS, ACCOUNTS, OR DOCUMENTS OF PNM, ITS**  
28                    **CORPORATE SUBSIDIARIES AND ITS HOLDING**  
29                    **COMPANIES, INCLUDING PNMR, AVANGRID**  
30                    **NETWORKS, AND IBERDROLA, THE COSTS OF THE**  
31                    **AUDIT SHALL BE TREATED AS A REGULATORY ASSET,**  
32                    **WITH SUCH CARRYING COSTS AS MAY BE SET BY THE**  
33                    **COMMISSION IN ITS ORDER AUTHORIZING THE AUDIT**  
34                    **AND SHALL BE RECOVERABLE IN PNM'S RATES;**  
35                    **PROVIDED THAT THE COSTS OF ANY AUDIT THAT**

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1           **FINDS IMPRUDENT PRACTICES SHALL NOT BE**  
2           **RECOVERED FROM CUSTOMERS.**

3  
4           **HOW DO JOINT APPLICANTS RESPOND TO THIS PROPOSAL?**

5   **A.**     Joint Applicants are agreeable to this language in Regulatory Commitment No. 38.

6  
7   **Q.**     **COUNTY WITNESS RENO RECOMMENDS THAT REGULATORY**  
8           **COMMITMENT NO. 34 BE MODIFIED TO “REQUIRE THE**  
9           **INDEPENDENT EVALUATOR TO BE SELECTED BY THE**  
10          **COMMISSION OR BY AN INDEPENDENT ORGANIZATION UNDER**  
11          **THE SUPERVISION OF THE COMMISSION” INSTEAD OF BY PNM.**

12          **HOW DO JOINT APPLICANTS RESPOND TO THIS REVISION?**

13   **A.**     Joint Applicants believe that the general concern in this recommendation is  
14           substantively addressed by NM AREA Witness Gorman’s revision above,  
15           providing that the independent evaluator will be retained on behalf of, and  
16           answerable to, the Commission rather than PNM. Mr. Ron Darnell discusses this  
17           more specifically in his testimony.

18  
19   **Q.**     **HOW DO JOINT APPLICANTS RESPOND TO NM AREA WITNESS**  
20          **GORMAN’S PROPOSAL TO AMEND REGULATORY COMMITMENT**  
21          **NO. 42 TO REMOVE “THE LAST SENTENCE OF THIS PARAGRAPH”**  
22          **AND ADD “A SENTENCE STATING THAT ALL PARTIES RESERVE**  
23          **THEIR RIGHTS TO SUPPORT OR OPPOSE PNM JOINING AN RTO IN**  
24          **THE FUTURE BE ADDED TO THIS PARAGRAPH. IN ADDITION, THE**

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1           **COMMISSION STAFF, ALL INTERESTED STAKEHOLDERS, AND THE**  
2           **NMAG MUST BE INCLUDED IN ANY RTO STAKEHOLDER**  
3           **INITIATIVE”?**

4    **A.**     Joint Applicants intend that all interested stakeholders, including the Commission  
5           Staff and the NMAG, will be invited to participate in any RTO process, but do not  
6           believe this can be a mandate on others to participate. Joint Applicants believe that  
7           the last sentence is factually accurate, and do not see a need to delete the sentence.  
8           Finally, Joint Applicants agree that any party may support or oppose PNM joining  
9           an RTO, and that simply participating in the process does not foreclose any party’s  
10          position on the issue in the future.

11

12   **Q.**     **NM AREA WITNESS GORMAN PROPOSED ADDING A CONTROLLING**  
13           **LAW PARAGRAPH TO THE SECOND AMENDED STIPULATION TO**  
14           **MAKE EXPLICIT THAT THE CONTROLLING LAW IS NEW MEXICO.**  
15           **HOW DO THE JOINT APPLICANTS RESPOND?**

16   **A.**     Joint Applicants believe that the only law that is applicable to governing a  
17           stipulation in the NMPRC is New Mexico law, and therefore do not object to the  
18           following provision:

19                   **Controlling Law.** All provisions of this document are subject to,  
20                   and are governed by New Mexico law and shall be addressed in New  
21                   Mexico venues.  
22

23   **Q.**     **COUNTY WITNESS RENO RECOMMENDS THAT REGULATORY**  
24           **COMMITMENT NO. 42 BE MODIFIED TO PROVIDE THAT THE**

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1           **COMMISSION, OR A NEUTRAL ORGANIZATION UNDER ITS**  
2           **SUPERVISION, LEAD THE DEVELOPMENT OF THE REGIONAL**  
3           **TRANSMISSION ORGANIZATION. DO JOINT APPLICANTS AGREE?**

4    **A.**    I understand that PNM will be addressing this issue in its testimony, but I would  
5           like to make two points. First, we of course want the Commission and its Utility  
6           Division Staff to participate in discussions and activities relating to the  
7           development of an RTO.

8  
9           It is my understanding that the development of an RTO is a highly complex and  
10          detailed effort requiring substantial input not only from one utility but all  
11          stakeholders. I just caution that the development of an RTO has never been led by  
12          one state regulator as opposed to all relevant stakeholders. As a practical matter,  
13          RTOs are typically only successful if they are developed collectively by all relevant  
14          stakeholders, including regulators, traditional utilities, generation developers, and  
15          many other interests. Based upon my experience, if we just have one state regulator  
16          run the development of the RTO without these processes, it may not be developed  
17          with the breadth and scope that may be required to make it successful.

18  
19    **Q.**    **STAFF WITNESS REYNOLDS, IN RELATION TO AVANGRID**  
20           **RENEWABLES' EL CABO WIND FARM, SUGGESTS THAT THE JOINT**  
21           **APPLICANTS NOT OPPOSE AN INQUIRY INITIATED BY STAFF TO**  
22           **EXAMINE WHETHER AVANGRID RENEWABLES SHOULD HAVE IN**

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1           **HINDSIGHT SOUGHT THESE APPROVALS FOR EL CABO, AND THAT**  
2           **JOINT APPLICANTS SHOULD COMMIT TO COLLABORATE IN GOOD**  
3           **FAITH WITH THIS INQUIRY BY PROVIDING AVAILABLE**  
4           **INFORMATION TO SUPPORT A REASONABLE FINDING WITH**  
5           **RECOMMENDATIONS TO DEVELOP, CLARIFY, OR STRENGTHEN**  
6           **COMMISSION RULES RELATED TO LOCATION CONTROL AND**  
7           **RIGHT-OF-WAY DETERMINATION. WHAT IS YOUR RESPONSE?**

8    **A.**    While I understand that El Cabo remains in full compliance with the Commission’s  
9           regulatory requirements, Avangrid and its affiliates will not oppose the initiation of  
10           a Commission-inquiry into El Cabo, and will actively participate in any such  
11           inquiry, and will provide information related to El Cabo’s operating capacity and  
12           rights-of-way if such information is requested by the Commission. Avangrid will  
13           also happily work with Staff on any proposed prospective regulatory changes  
14           related to location control and right-of-way determination.

15

16           **IV. PROPOSALS/CLAIMS WITH WHICH JOINT APPLICANTS DISAGREE**

17    **Q.    DO JOINT APPLICANTS DISAGREE WITH CERTAIN CLAIMS OR**  
18           **PROPOSALS MADE BY THE PARTIES IN THEIR TESTIMONY IN**  
19           **OPPOSITION TO THE STIPULATION?**

20    **A.**    Yes.

21



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1   **Q.    STAFF WITNESS REYNOLDS VOICES CONCERN THAT AVANGRID’S**  
2       **MERGER WITH PNMR WOULD HAVE A DETRIMENTAL IMPACT TO**  
3       **NEW MEXICO’S RENEWABLE ENERGY DEVELOPMENT. DO YOU**  
4       **AGREE WITH THIS STATEMENT?**

5   **A.**   No. Renewable energy development projects for utility-scale power needs  
6       generally cost hundreds of millions of dollars, and there are a limited number of  
7       developers with the financial capacity and experience to execute these projects  
8       efficiently and competitively. That is not to suggest that Avangrid Renewables is  
9       the only entity capable of such development, but there are only a small handful of  
10      leaders in this field, which include the developers that actively compete in  
11      renewable power generation development in New Mexico. Seeking to prevent  
12      Avangrid Renewables, a leading renewable energy developer, from competing in  
13      New Mexico against these entities simply removes one of the successful,  
14      experienced and low-cost bidders from being able to compete with these companies  
15      in New Mexico and help drive prices down for customers. Avangrid knows that  
16      when it bids on a PPA, it needs to provide its best price possible because it is  
17      competing against a small group of other large, experienced, well-funded  
18      competitors. The winners of all this competition are New Mexico energy  
19      consumers. Excluding one or more leading developers from this vigorous  
20      competition will only increase the marginal cost of renewable energy in the State.

21

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1   **Q.   STAFF WITNESS REYNOLDS RECOMMENDS THAT THE**  
2       **COMMISSION REQUIRE AVANGRID TO DIVEST ITSELF OF THE LA**  
3       **JOYA WIND FARM PROJECT. WHAT IS AVANGRID’S POSITION ON**  
4       **THIS?**

5   **A.**   Avangrid disagrees with Mr. Reynolds on this issue. First, let me describe the La  
6       Joya Wind Farm project and how it relates to PNM. Several years ago, an Avangrid  
7       affiliate responded to a request for proposals (“RFP”) issued by a subsidiary of  
8       Facebook, Inc. to provide renewable power to a data center being constructed in  
9       New Mexico. The Avangrid affiliate proposed to construct the La Joya Wind Farm  
10      and supply Facebook with clean wind power. The Avangrid affiliate’s proposal  
11      was the winner of the RFP, and the Avangrid affiliate and Facebook approached  
12      PNM regarding entering into a long-term purchase power agreement (“PPA”). I  
13      understand that PNM made a regulatory filing with the NMPRC for approval of  
14      this PPA, that the Commission docketed a case to hear PNM’s application, that  
15      parties intervened in that case and provided testimony in relation to the proposed  
16      PPA, and that after a public hearing the Commission approved the PPA to purchase  
17      power from La Joya. All of these events occurred significantly before Avangrid  
18      ever discussed merging with PNMR, and La Joya provides some of the most cost-  
19      effective power on PNM’s entire system.

20  
21      From a current operations stand point, Avangrid does not see the need to divest the  
22      La Joya Wind Farm after the Commission has already approved all of the terms,

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1 including the price, for the PPA. The Stipulation provides that if there is ever an  
2 extension of any current PPA that is with an affiliate, such an agreement would  
3 require an Independent Evaluator to evaluate the proposed agreement, and to report  
4 to the Commission regarding the evaluator’s findings.

5  
6 With these conditions, and considering that the PPA involving La Joya Wind Farm  
7 has already been approved by the Commission, I do not agree with Mr. Reynolds’  
8 self-dealing concerns, as self-dealing could not have existed when the contract was  
9 awarded. Furthermore, Mr. Reynolds asked for provisions that ensure a full and  
10 robust competitive procurement process for future competitive power procurement,  
11 including robust Independent Evaluator requirements, and we met each and every  
12 one of those requests. Accordingly, it remains consistent with Mr. Reynolds’  
13 testimony that we may be faced with a circumstance where there could be an  
14 affiliate PPA that may result. With respect to the La Joya Project, that PPA existed  
15 prior to any potential affiliation and no one has articulated any concern about the  
16 competitive process in that RFP. While I am not a FERC lawyer, I understand that  
17 FERC has recently reviewed the La Joya PPA in light of the Proposed Transaction  
18 and determined it was competitive and has approved it. *La Joya Wind, LLC*, 175  
19 FERC ¶ 61,242 (June 23, 2021). In that Order, FERC found “the Phase 1 and 2  
20 PPAs were negotiated at arm’s-length several years ago by unaffiliated parties. The  
21 Commission has approved similar affiliate sales associated with long-term power  
22 purchase agreements that had been negotiated between parties several years before

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1           they became affiliates. In such power purchase agreements, the Commission has  
2           found that arm’s-length pricing terms constitute evidence of the price purchasers  
3           were willing to pay for identical services in the same market from an unaffiliated  
4           seller.” Accordingly, we therefore see no reason why we should be required to  
5           divest our interest in La Joya.

6

7           Mr. Reynolds stated that divestitures are not unusual in mergers, but he has not  
8           identified any divestiture requirement where there was no competitive market issue  
9           that would require such divestiture. Where, as here, a competitive procurement has  
10          existed, and where, as here, FERC has approved the affiliate transaction as  
11          sufficiently competitive, there should be no reason why we should have to sell our  
12          La Joya project. Of course, if the Commission ever believes there is a self-dealing  
13          issue, the Commission has the power and authority to take any action with respect  
14          to PNM it deems appropriate.

15

16   **Q.    ABCWUA WITNESS GARRETT RECOMMENDS AN ADDITIONAL**  
17   **REQUIREMENT THAT AFFILIATES SHOULD SELL POWER TO PNM**  
18   **AT THE “LOWER OF COST OR MARKET. DOES THAT MAKE SENSE?**

19   **A.**    No. The “lower of cost or market” used to be the standard formulation for affiliate  
20          contracts in the absence of competitive procurement. While I am not a FERC  
21          lawyer, I understand that FERC used to use that formulation for the provision of  
22          “non-power goods and services” from an affiliate to a regulated utility many years

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1           ago, but does not use that formulation now, particularly for competitively procured  
2           power sales. In the context of competitive procurement, the competitive process  
3           itself sets the price and there is no reason to impose a “lower of cost or market”  
4           formulation in that instance.

5  
6           While Mr. Garrett has not cited his source, a basic internet search reflects that this  
7           is referencing a NARUC guideline from decades ago (it is dated 1998) before  
8           competitive procurements for power purchases among affiliates represented a best  
9           practice in the industry.

10  
11          A real-life example shows why this approach makes no sense in the context of a  
12          competitive power procurement process. If there is a truly competitive  
13          procurement process, and an Avangrid bidder prevails, then that price will in fact  
14          be in the best interests of customers. Alternatively, if the Avangrid affiliate is  
15          required to bid no more than its costs, then it will have no incentive to participate  
16          and then will need to step out of the procurement process, which would mean that  
17          if the Avangrid affiliate would otherwise have been the least cost (i.e., marginal)  
18          supplier, then customers would be hurt by the elimination of that low-cost bid. All  
19          things being equal, the winning bidder would likely be the next lowest bidder,  
20          which would mean an increase in the marginal price for that generation, again,  
21          harming customers by resulting in an increase in the price for the PPA.

22

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1 **Q. COUNTY WITNESS RENO RECOMMENDS THAT REGULATORY**  
2 **COMMITMENT NO. 35 BE MODIFIED TO “REQUIRE THE**  
3 **COMMISSION TO ESTABLISH CLEAR AND ENFORCEABLE**  
4 **STANDARDS FOR COMPETITIVE RFPS AND ENSURE THAT THERE**  
5 **IS NO PREFERENCE GIVEN TO PNM, AVANGRID, OR IBERDROLA**  
6 **AFFILIATES OR SUBSIDIARIES.” HOW DO YOU RESPOND?**

7 **A.** Joint Applicants cannot agree to an open-ended and undefined set of criteria for  
8 affiliate transactions. As addressed by Joint Applicant Witness Darnell, Regulatory  
9 Commitment No. 35 already includes robust requirements relating to affiliate  
10 transactions. Mr. Ron Darnell responds to this proposal more specifically.

11

12 **Q. COUNTY WITNESS RENO ALSO RECOMMENDS THAT**  
13 **REGULATORY COMMITMENT NO. 35 BE MODIFIED TO “ENSURE**  
14 **PROCEDURES ARE IN PLACE TO PROHIBIT PNM AFFILIATES FROM**  
15 **HAVING AN UNFAIR ADVANTAGE FOR PNM RFPS BY REQUIRING**  
16 **THE INDEPENDENT EVALUATOR TO REVIEW BOTH THE PROCESS**  
17 **AND THE APPLICATIONS FOR RFPS.” HOW DO YOU RESPOND?**

18 **A.** Again, this recommendation is too amorphous and indefinite so Joint Applicants  
19 cannot agree to this proposed revision to Regulatory Commitment No. 35. Mr. Ron  
20 Darnell responds to this proposal more specifically.

21

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1    **Q.    COUNTY WITNESS RENO TESTIFIES THAT OTHER JURISDICTIONS**  
2           **WITHIN WHICH AVANGRID'S UTILITIES OPERATE EMPLOY ROE**  
3           **[RETURN ON EQUITY] REDUCTIONS AS A PENALTY FOR**  
4           **RELIABILITY AND CUSTOMER SERVICE VIOLATIONS. IS THIS**  
5           **STATEMENT CORRECT?**

6    **A.**    Only partially. The regulatory bodies in New York, Maine, and Connecticut  
7           employ performance-based rate making mechanisms in relation to setting rates.  
8           Performance-based rate making means there are potential positive and negative  
9           adjustments for utilities based on each utility's performance. It is important to note  
10          that it is not only a negative adjustment that can be made; positive adjustments can  
11          also be made which can increase earnings based upon performance.

12  
13          Additionally, New York and Connecticut have specific statutes and regulations that  
14          require certain storm response performance metrics to be met by utilities, and if  
15          they are not met, utilities may be subject to penalties provided for by statute and  
16          regulation. Avangrid's utilities have generally fared well under these systems  
17          recently. While New York State Electric and Gas and Rochester Gas & Electric  
18          were fined approximately \$10 million for storm response performance, the New  
19          York regulator just recently fined Consolidated Edison Company of New York \$75  
20          million for its storm response performance in the same storm. Additionally,  
21          Connecticut just reduced the amount of the fine it ordered for United Illuminating,

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1 from \$2.1 million to \$1.2 million. And to contrast with our peer utility in  
2 Connecticut, the fine Eversource faced was \$21 million.

3  
4 New Mexico, as far as I am informed, does not have similar rate making programs,  
5 nor similar storm response statutes. As such, I disagree that it would be appropriate  
6 for the Commission to adopt new reliability standards with ROE-based penalties  
7 for PNM in this case. However, to the extent the Commission is interested in  
8 exploring such performance-based mechanisms for New Mexico utilities as a  
9 whole, Avangrid would be happy to participate in such a process and share its  
10 experiences in other applicable jurisdictions.

11  
12 **Q. NEE WITNESS SANDBERG STATES THAT AVANGRID AFFILIATES**  
13 **FAIL TO ABIDE BY COMMISSION REQUIREMENTS, AND “SKIRT”**  
14 **NEW MEXICO LAW IN ORDER “TO EVADE REGULATORY**  
15 **OVERSIGHT.” WHAT IS YOUR RESPONSE?**

16 **A.** Avangrid disagrees with Mr. Sandberg. First, Mr Sandberg inaccurately states that  
17 Avangrid’s affiliate “has not bothered to follow Commission directives, by not  
18 making the compliance filings concern construction permits notices about either  
19 the La Joya Wind Farm or the Gen-Tie Facilities. . . .” While I admit there was a  
20 miscommunication between Avangrid’s affiliate and the contractor regarding who  
21 would file the construction permits with the Commission, as soon as Staff brought  
22 that issue to our attention we ensured the compliance filing was promptly



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1           accomplished. I addressed this issue in my Rebuttal Testimony which was filed on  
2           April 21, 2021, over three months ago. Mr. Sandberg’s attempt to make it seem  
3           like this is still an outstanding issue is incorrect and misleading.

4  
5           Second, Avangrid did not “skirt” any laws or requirements in relation to the El  
6           Cabo Wind Farm. The El Cabo Wind Farm has a nameplate capacity of 298 MW,  
7           which I understand is the below the 300 MW statutory minimum for obtaining  
8           location approval from the Commission. Moreover, Avangrid did not need a right-  
9           of-way greater than 100 feet in width for this project, which again I understand is  
10          the statutory minimum for triggering Commission review and approval. I fail to  
11          see how Avangrid Renewables’ compliance with the laws of the State of New  
12          Mexico is a somehow a negative aspect of the proposed merger between Avangrid  
13          and PNMR.

14  
15       **Q.   NEE WITNESS SANDBERG CLAIMS THAT AVANGRID IS A POOR**  
16       **OPERATOR OF UTILITIES BECAUSE AVANGRID’S UTILITIES HAVE**  
17       **SOME OF THE HIGHEST FORCED OUTAGE RATES IN THE**  
18       **COUNTRY. HOW DO YOU RESPOND?**

19       **A.**   Avangrid disagrees with Mr. Sandberg. As Joint Applicants’ witness Forrest Small  
20       discusses in greater detail, Avangrid’s reliability metrics are similar to other utilities  
21       in the Northeastern United States. The simple fact is that most of Avangrid’s  
22       electric utility service territory in the Northeast is located in heavily forested areas

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1           that experience frequent and strong storms and for all of Avangrid’s utilities, the  
2           number one cause of outages is tree contact. In fact, Maine is the most heavily  
3           forested state in the United States. As Mr. Small has previously noted, highly  
4           forested areas generally have more power outages than less forested areas. This is  
5           compounded in an area such as Maine, where there is the combination of heavily  
6           forested areas combined with customers who are spread across a large service area.

7

8           **Q. NEE WITNESS SANDBERG CLAIMS THAT PAST SERVICE ISSUES IN**  
9           **MAINE MEAN THAT AVANGRID WILL BE A POOR OWNER FOR PNM.**  
10           **HOW DO YOU RESPOND?**

11          **A.** We believe each utility Avangrid owns is a unique company, with a unique  
12          customer base, in a unique jurisdiction. In each jurisdiction, customers and  
13          regulators have their own priorities for service. For example, upstate New York  
14          and Connecticut each has different goals for their utilities than Maine does.

15

16          As a result, Avangrid’s management philosophy is to allow local management  
17          teams to run day-to-day operations at each of our utilities, as they are the people  
18          that are in touch with customers and regulators and have the best understanding of  
19          what each utility and community needs. As part of having local management run  
20          day-to-day operations, we expect local management to propose budgets, capital  
21          spending and operations and maintenance (“O&M”) spending for each utility  
22          annually, including staffing levels.

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1 We fully acknowledge that there were problems in how Central Maine Power  
2 Company (“CMP”) rolled out a new billing system and that CMP was not  
3 adequately staffed to handle call volumes. We immediately worked with the local  
4 CMP management team in Maine to institute solutions. As a result, service levels  
5 and customer satisfaction levels have improved over the last three years at CMP  
6 and we have met all service quality indicators set by the Maine Public Utilities  
7 Commission. We are proud of the improvement at CMP and will continue to work  
8 to provide safe and reliable service at affordable rates to our Maine customers.

9

10 The situation in Maine, however, was unique among the Avangrid family of utility  
11 companies. Avangrid’s seven other utilities (some of which are significantly larger  
12 than CMP) have not had similar experiences to the issues we had at CMP.  
13 Avangrid’s other utilities in New York, Connecticut and Massachusetts have  
14 operated, and continue to operate, at a high level, providing safe and reliable utility  
15 service to millions of customers in the Northeast. As I have indicated in previous  
16 testimony, the storm preparedness and storm responsiveness of our utilities, in the  
17 face of unprecedented storm damage, demonstrated that they performed very well  
18 compared to our peer utilities in each state.

19

20 **Q. DID ANYONE AT AVANGRID ORDER ANYONE AT CMP TO**  
21 **DECREASE O&M SPENDING OR DECREASE THE NUMBER OF**  
22 **CUSTOMER SERVICE REPRESENTATIVES AT CMP?**

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1    **A.**    No. Local management made certain decisions to optimize costs to provide safe  
2           and reliable services for the benefit of ratepayers, but as soon as concerns began to  
3           surface, Avangrid worked closely with CMP to come up with solutions to ensure  
4           that service would not be impaired. Reliable and safe service is most important to  
5           Avangrid and we always want to ensure reliability and safety is never  
6           compromised.

7

8    **Q.    DOES AVANGRID SET EARNINGS TARGETS FOR EACH UTILITY?**

9    **A.**    Avangrid Networks generally look to their utilities to earn the returns authorized  
10           by their regulatory commissions. However, our business at each utility involves  
11           the provision of safe and reliable service and that cannot be compromised at any  
12           cost. Our customers and regulators expect that we will strive for maximum  
13           efficiency. However, saving customers money in future rate cases is never intended  
14           to compromise safety and reliability.

15

16   **Q.    HAVE LOCAL MANAGEMENT TEAMS AT AVANGRID'S UTILITIES**  
17           **HAD TO REGULARLY CUT COSTS TO REACH AUTHORIZED**  
18           **RETURNS?**

19   **A.**    No. As explained above, utilities are expected to be able to achieve returns  
20           authorized by their regulators. Avangrid Networks encourages its utilities to use  
21           best practices and be as efficient as possible, as such efficiency will ultimately  
22           benefit customers in future rate cases by decreasing costs and decreasing rates. But

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1 Avangrid Networks and the local utilities understand that quality of service should  
2 never be compromised.

3

4 **Q. DID AVANGRID'S ACQUISITION OF UNITED ILLUMINATING**  
5 **CONTRIBUTE TO ANY OF THE PROBLEMS EXPERIENCED AT CMP?**

6 **A.** No. The acquisition of UIL Corp. in 2015 led to the creation of Avangrid, which  
7 is a listed company on the New York Stock Exchange. Iberdrola's and Avangrid's  
8 presence in the U.S. has grown, which has benefited all of its US operating utilities  
9 by having a larger pool of utilities with which it can share information regarding  
10 best practices on a regular basis. The storm preparedness and responsiveness at the  
11 Avangrid Networks utilities is a good example of how sharing best practices helps  
12 all of the Avangrid utilities, and resulted in substantially better storm preparedness  
13 and storm responsiveness than its peers in each state. Equipment purchases is  
14 another good example. The prices for equipment purchases from Avangrid (which  
15 is part of the Iberdrola Group) are substantially lower than what each utility would  
16 otherwise have to pay due to the scale of the purchases that are made each year  
17 from leading vendors in utility equipment. The beneficiaries of these purchases are  
18 utility customers, who see those savings reflected in lower capital investment costs  
19 for utility equipment.

20

21 **Q. CAN YOU ASSURE THE COMMISSION THAT FURTHER AVANGRID**  
22 **GROWTH WILL NOT NEGATIVELY IMPACT PNM?**

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1    **A.**    Yes. I can assure the Commission that safe and reliable service will not be  
2            compromised. Avangrid may continue to grow in the US, but that growth will  
3            continue to increase the utilization and implementation of best practices and will  
4            result in improved operational efficiency. Growth in this industry should be  
5            encouraged as it reflects the consolidation of information and expertise so that safe  
6            and reliable service can be optimized for the benefit of higher quality service at  
7            lower rates. Keeping utilities small and disparate will not accomplish this result.  
8            The fact that we manage our utilities to rely upon local management to make day-  
9            to-day operational decisions for each utility helps to mitigate any concern here.

10

11   **Q.**    **DOES AVANGRID OR AVANGRID NETWORKS HAVE A PROBLEM**  
12            **RETAINING EXECUTIVES?**

13   **A.**    No. For example, I have spent my entire career (over 30 years) at Avangrid and its  
14            predecessors, as has Scott Mahoney, our General Counsel, and many other leaders  
15            in our company. The turnover we have seen has largely been due to retirements.  
16            We have been successful at developing succession plans associated with expected  
17            retirements.

18

19            Over the years, Avangrid has consistently been attracting the best and the brightest.  
20            We now have Dennis Arriola as our CEO, since 2020. Dennis was appointed to  
21            the position of CEO of Avangrid in July 2020. With more than 25 years in the  
22            energy sector, Dennis joined Avangrid from Sempra Energy, another large public

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1 utility holding company, where he was Executive Vice President and Group  
2 President and Chief Sustainability Officer. Throughout his career, Dennis has held  
3 a variety of leadership positions in gas and electric utilities as well as renewables,  
4 including Chairman and CEO of Southern California Gas Co., and Chief Financial  
5 Officer of SunPower Corp., San Diego Gas & Electric and Southern California Gas  
6 Co. Dennis holds a bachelor's degree in economics from Stanford University and a  
7 master's degree in business administration from Harvard University.

8

9 Recently, we also attracted Catherine Stempien to be the President and CEO of  
10 Avangrid Networks. Catherine previously served as President of Duke Energy  
11 Florida. She also held a variety of executive roles at Duke including Senior Vice  
12 President of Corporate Development and various leadership positions in the  
13 company's legal department. Catherine holds a Juris Doctor degree from Boston  
14 University School of Law and a Bachelor of Arts degree in Government from  
15 Dartmouth College. She also completed the Advanced Management Program at  
16 Harvard Business School.

17

18 The Avangrid Networks utilities have also been adding operational leadership  
19 following natural retirements. One example is the new CMP Vice President of  
20 Electric Operations Adam Desrosiers. After his predecessor retired after a long and  
21 distinguished career with the Company, Adam, who is a born and raised Mainer  
22 and has been working for CMP for over 13 years, advancing through the ranks from

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1 Construction Manager within the CMP Electric Capital Delivery Project group to  
2 managing engineering and construction of the NECEC project. Adam brings a  
3 wealth of knowledge and experience with him to this new role, including strong  
4 leadership skills, a deep understanding of Maine’s complex challenges related to  
5 electric operations, and experience in storm restoration efforts. Adam will bring  
6 strong new operations talent to the Maine leadership team, and he will be entirely  
7 focused on CMP and the needs of our system and customers. His leadership is  
8 important to both the future of electric operations in Maine and furthering CMP’s  
9 continued improvement of service quality.

10

11 **Q. ARE THERE ANY UPDATES YOU WOULD LIKE TO PROVIDE TO THE**  
12 **COMMISSION AT THIS TIME?**

13 **A.** Yes. In the interest of full disclosure, Avangrid’s credit rating with Moody’s was  
14 recently lowered to Baa2. As Joint Applicant Witness Lapson states in her  
15 testimony, she does not expect any change by S&P regarding Avangrid’s rating,  
16 which is and remains one notch higher than PNMR. Additionally, the elimination  
17 of PNMR debt, which Avangrid has committed to do in the Stipulation, will provide  
18 a significant benefit to PNMR’s credit metrics, which Ms. Lapson expects will lead  
19 to an increase in PNM’s and PNMR’s credit ratings each by one notch.  
20 Accordingly, the expected rating benefit of the Proposed Transaction remains  
21 positive and strong.

22



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

1 **Q. WHAT IS AVANGRID'S ABILITY TO CLOSE IF THE PROPOSED**  
2 **MERGER WITH PNMR IS APPROVED?**

3 **A.** Avangrid has already secured all of the funding that is necessary to close if the  
4 Commission approves the merger. Additionally, the downgrade will not impact  
5 Avangrid's commitment to remove the approximately \$1 billion of debt that is  
6 currently sitting at PNMR.

7

8

**V. CONCLUSION**

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

10 **A.** Yes, it does.

11

*GCG#528645*

12

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

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

**SELF AFFIRMATION**

**ROBERT D. KUMP, Deputy Chief Executive Officer and President of Avangrid, Inc.,**  
upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read  
the foregoing **July 29, 2021 Rebuttal Testimony of Robert D. Kump** and it is true and correct  
based on my personal knowledge and belief.

DATED this 29th day of July, 2021.

/s/ Robert D. Kump  
**ROBERT D. KUMP**