

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR DECERTIFICATION AND )  
ABANDONMENT OF 114MW OF LEASED )  
PALO VERDE NUCLEAR GENERATING )  
STATION CAPACITY AND SALE AND )  
TRANSFER OF RELATED ASSETS )  
AND FOR APPROVAL TO PROCURE )  
NEW RESOURCES UNDER 17.9.551 NMAC )  
)  
PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )  
)  
Applicant. )**

Case No. 21-\_\_\_\_-UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S  
APPLICATION FOR THE DECERTIFICATION AND ABANDONMENT OF 114 MW  
OF LEASED PALO VERDE NUCLEAR GENERATING STATION CAPACITY  
AND SALE AND TRANSFER OF RELATED ASSETS, AND FOR  
APPROVAL TO PROCURE NEW RESOURCES UNDER 17.9.551 NMAC**

Public Service Company of New Mexico (“PNM” or the “Company”) hereby files its *Application for the Decertification and Abandonment of 114 MW of Leased Palo Verde Generation Station Capacity and Sale and Transfer of Related Assets, and for Approval to Procure New Resources Under 17.9.551 NMAC* (the “Application”). PNM currently controls 114 MW of leased capacity in Palo Verde Nuclear Generating Station (“PVNGS”) Unit 1 and Unit 2 under five separate leases<sup>1</sup> (“Leased Interests”) that were approved and certificated by the predecessor agency to the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) in the 1980s. Four of the five underlying leases for 104 MW of Leased Interests terminate on January 15, 2023, while the remaining lease for 10 MW of Leased Interests terminates on January 15, 2024.

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<sup>1</sup> PNM’s Leased Interest in Unit 1 of PVNGS is held by three lessors: Daimler Capital Services LLC, which holds a 49 MW interest; Access Energy Investors II, which holds an 18 MW interest, and JP Morgan Chase, which holds a 37 MW interest through two leases. PNM’s Leased Interest in Unit 2 of 10 MW is held by JP Morgan Chase.

Associated with the Leased Interests are certain PNM-owned assets and nuclear fuel that are necessary for the ongoing operation and maintenance of the Leased Interests. PNM has determined that there will be net benefits to its customers to return the Leased Interests to the lessors in conformity with the leases and sell and transfer the related PNM-owned assets; and to replace these Leased Interests with new resources. PNM is therefore seeking Commission approval of the following additional new resources to replace the Leased Interests: a 150 MW solar Purchased Power Agreement (“PPA”) combined with a 40 MW of Battery Energy Storage Agreement (“ESA”), and a stand-alone 100 MW ESA. To ensure system reliability and load needs are met in 2023, when the majority of the leases expire, PNM also needs additional resources on its system. PNM is therefore also seeking Commission approval of the following new resources to ensure system reliability: a 300 MW solar PPA combined with a 150 MW ESA.

PNM seeks the Commission’s approval to decertify and abandon its certificated Leased Interests, which will be returned to the lessors at the end of the terms of the current applicable leases (“Leases”). Because the Leased Interests are included in the Certificate of Public Convenience and Necessity (“CCN”) issued by the Commission for all of PNM’s PVNGS capacity, PNM requests decertification through an abandonment process in accordance with NMSA 1978, Section 62-9-5 of the Public Utility Act. PNM further requests authorization to create regulatory assets for the remaining undepreciated investments associated with the Leased Interests with consideration of cost recovery of these undepreciated investments in a future rate case.

Pursuant to NMSA 1978, Sections 62-6-12 and 62-6-13, PNM also seeks approval to sell and transfer the PNM-owned assets and fuel supply associated with the Leased Interests (collectively, the “PVNGS Assets”) to the Salt River Project Agricultural Improvement and Power

District (“SRP”), which will be acquiring the Leased Interests from the lessors upon the termination of the existing leases. The sale necessarily encompasses the abandonment of these PVNGS Assets associated with the Leased Interests.

PNM proposes to replace the 114 MW of capacity from the Leased Interests and to procure sufficient resources to meet system reliability needs through long-term PPAs and ESAs with three developers. PNM proposes ratemaking treatment for these agreements in accordance with applicable Commission rules.

### **I. SUMMARY AND TIMING OF REQUESTED APPROVALS**

PNM’s Application seeks approval for two separate series of actions:

(1) decertification of PNM’s Leased Interests and PVNGS Assets as a result of the termination of the Leases and transfer of the related assets to SRP, and any necessary approvals of these transactions pursuant to NMSA 1978, Sections 62-6-12, 62-6-13 and 62-9-5. PNM also requests approval to create regulatory assets associated with these transactions, including for the remaining undepreciated investments in the Leased Interests and leasehold improvements. PNM proposes to defer consideration of inclusion of the regulatory assets in rates for future recovery until requested by PNM in a future general rate case; and

(2) approval of long-term agreements for replacement and reliability resources pursuant to Rule 17.9.551 NMAC, Prior Approval of Purchased Power Agreements (“Rule 551”), and approval of requested ratemaking treatment in accordance with Rule 551. PNM seeks Commission approval of the following long-term PPAs and ESAs:

- a 150 MW PPA for solar energy from the Jicarilla Solar Energy Facility;
- an ESA for 40 MW of four-hour energy storage capacity from the Jicarilla Energy Storage Facility (paired with the Jicarilla Solar Energy Facility);

- a 300 MW PPA for solar energy from the Atrisco Solar Facility;
- an ESA for 150 MW of four-hour energy storage capacity from the Atrisco Energy Storage Facility (paired with the Atrisco Solar Facility); and
- an ESA for 100 MW of two-hour energy storage capacity from the Sandia Peak Grid.

The PPAs and ESAs involve time-sensitive commercial transactions with third parties and are subject to prompt review by the Commission pursuant to Rule 551. PNM requests approval of these agreements in accordance with the six-month time frame established by the Commission in its Rule 551.<sup>2</sup> Accordingly, PNM requests that the Commission issue a Final Order by October 4, 2021.

As grounds for this Application, PNM states:

## II. SUPPORT FOR APPLICATION

1. PVNGS is comprised of three units with a total 3,937 MW of capacity that came online between 1986 and 1988. The three units have operating licenses from the Nuclear Regulatory Commission that extend to 2046 and 2047. PNM is a participant in the Arizona Nuclear Power Project as a tenant in common in PVNGS Units 1, 2 and 3, with an undivided 10.2% interest in each unit, together with all common facilities for PVNGS.

2. PNM has held a continuous CCN for its interests in PVNGS Unit 1 and Unit 2 since 1977.<sup>3</sup> PNM was granted a CCN for its interests in PVNGS Unit 3 in 2015.<sup>4</sup>

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<sup>2</sup> 17.9.551.10(B) NMAC.

<sup>3</sup> Case No. 1216, *In the Matter of Participation by Public Service Company of New Mexico as Tenant in Common in an Electric Generating Station*, Findings of Fact and Order (Feb. 8, 1977) at 24.

<sup>4</sup> Case No. 13-00390-UT, *In the Matter of the Application of Public Service Company of New Mexico for Approval to Abandon San Juan Generating Station Units 2 and 3, Issuance of Certificates of Public Convenience and Necessity for Replacement Power Resources, Issuance of Accounting Orders and Determination of Related Rate-Making Principles and Treatment*, Final Order (Dec. 18, 2015) at 2.

3. In 1985 and 1986, PNM entered into a series of leveraged lease financings for its ownership interests in Units 1 and 2. In Case Nos. 1995 and 2019, the Commission approved these sale-leaseback financing transactions for PNM's interests, based on the customer savings and beneficial rate treatment resulting from the sale of these interests and the long-term leases back to PNM.

4. The Commission authorized PNM to "undertake and consummate the Lease Transactions substantially in accordance with the structure and business terms reflected in the Application, testimony and exhibits of the Company, and to take all such actions as may be necessary or appropriate in connection therewith."<sup>5</sup> The Leaseback Orders further granted PNM "authority to renew the Leases or any of the Leases and to repurchase all or any portion of the Facilities as may be permitted or required by the terms of the Leases."<sup>6</sup>

5. The Leaseback Orders specifically provided that the CCN for PVNGS issued in Case No. 1216 was modified to encompass the approval of the Lease transactions approved in Case No. 2019 (Phase I) and Case No. 1995.<sup>7</sup>

6. With regard to the termination, purchase or extension of the Unit 1 and Unit 2 leases, each lease contained similar terms. Specifically, the leases provide that three years prior

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<sup>5</sup> Case No. 2019 (Phase I), *In the Matter of the Application of Public Service Company of New Mexico for (I) Authorizations Relating to the Proposed Sale and Leaseback of an Undivided Ownership Interest in Unit 2 and Certain Common Facilities at Palo Verde Nuclear Generating Station, and (II) Authorizations Relating to the Sale and Leaseback of an Undivided Ownership Interest in Unit 1 and Certain Common Facilities at Palo Verde Nuclear Generating Station, to an Affiliated Interest, for Approval of a General Diversification Plan and for Related Approvals*, Order Approving Stipulation and Phase I of Application ("Case No. 2019 Leaseback Order") (July 8, 1986) at 7 (approving the sale-leaseback for PVNGS Unit 2); *see also* Case No. 1995, *In the Matter of the Petition of Pub. Serv. Co. of New Mexico for Approval for Authorizations Relating to the Proposed Sale and Leaseback of an Undivided Ownership Interest in Unit 1 and Certain Common Facilities at Palo Verde Nuclear Generating Station*, ("Case No. 1995 Order") Order (Nov. 27, 1985) at 20 (approving the sale-leaseback for PVNGS Unit 1). The Case No. 2019 Leaseback Order and the Case No. 1995 Leaseback Order are sometimes collectively referred to as the "Leaseback Orders."

<sup>6</sup> Case No. 2019 Leaseback Order at 8; *see also* Case No. 1995 Leaseback Order at 21.

<sup>7</sup> Case No. 2019 Leaseback Order at 9; *see also* Case No. 1995 Leaseback Order at 23.

to expiration of the lease periods, PNM was required to give the lessors irrevocable notice of its intent to either: return the Leased Interests to the lessors upon the lease termination date; or repurchase the Leased Interests at a fair market price and engage in a subsequent process to negotiate that price through an arms-length transaction, provided that if such negotiations were unsuccessful, the price was to be established through an appraisal process.

7. Over time, PNM has repurchased various amounts of its leased interests prior to the notice and termination provisions of the original leases.<sup>8</sup> Pursuant to the notice and termination provisions of the original leases, PNM exercised its rights to extend the terms on five of the then-outstanding Leases, which are the subject of this proceeding.

8. The prudence and rate treatment of the extension of the terms for the Leases were addressed in Case No. 15-00261-UT. In that case, the Commission determined that PNM did not engage in a prudent evaluation of alternative resources when it decided to repurchase and extend the various leases. The Commission also concluded that the previous approvals of the sale-leaseback transactions contemplated that PNM could repurchase the leases at a to-be-determined fair market price, subject to the Commission's review for reasonableness, or extend them at a pre-approved half price discount from the original lease payment.<sup>9</sup>

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<sup>8</sup> See Case 2444, *In the Matter of the Application of Public Service Company of New Mexico for Certain Approvals Relating to its Purchase of Burnham Leasing Corporation's Beneficial Interests in Certain Palo Verde Nuclear Generating Station Unit 1 and 2 Owner Trusts Including Approval of a General Diversification Plan*, Final Order Approving Recommended Decision (Aug. 24, 1992) (authorizing the purchase of 29 MW in each of Units 1 and 2 from Burnham/Drexel), and Case No. 08-00305-UT, *In the Matter of the Resource Stipulation Concerning Public Service Company of New Mexico's Proposed Approval of the Valencia PPA, Acquisition of a Beneficial Interest in PVNGS Unit 2 Ownership Trust and CCN for Luna Energy Facility and Lordsburg Generating Station, Final Order Approving Certification of Stipulation* (May 26, 2009) (approving stipulation that agreed to allow PNM to acquire a 29.8 MW ownership interest in Unit 2).

<sup>9</sup> See Case No. 15-00261-UT, *In the Matter of the Application of Public Service Company of New Mexico for Revisions of its Retail Electric Rates Pursuant to Advice Notice No. 513*, Final Order Partially Adopting Corrected Recommended Decision, ¶ 107, 110-111, 116 (Sept. 28, 2016).

9. The Commission confirmed in Case No. 15-00261-UT that PNM was authorized to take certain actions relating to the Leased Interests pursuant to the Leases without prior approval of the Commission, and that the Commission retained ratemaking authority over these actions, which actions are subject to a prudence review in a future rate case.<sup>10</sup>

10. PNM's Application and requests for the decertification and abandonment of the Leased Interests and sale and transfer of related PVNGS Assets are filed pursuant to and in accordance with the provisions of the Public Utility Act, NMSA 1978, Sections 62-6-12, 62-6-13, and 62-9-5; and requests for authorization to create regulatory assets to recover remaining costs and undepreciated investments are filed in accordance with the Commission's authority to prescribe uniform utility accounting in accordance with Section 62-6-16.

11. PNM's Application and requests for the approval of long-term PPAs and ESAs are filed in accordance with the requirements of the Commission's Rule 551 and the time periods for action by the Commission set forth therein.

12. The testimonies and exhibits filed with this Application provide substantial factual support for PNM's requests for: 1) approval of the decertification and abandonment of the Leased Interests and, if necessary, the PVNGS Assets, effective with the termination of the Leases; 2) the sale and transfer of the related PVNGS Assets; 3) the establishment of regulatory assets, with consideration of recovery of these regulatory assets from customers to be deferred to a future rate case; 4) approval of long-term agreements for replacement and reliability resources, to be available for retail customers in 2023; and 5) ratemaking treatment for those long-term agreements pursuant to Rule 551 whereby energy costs will be recovered through PNM's fuel and purchased power

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<sup>10</sup> *Id.* ¶ 102 at 32, 33.

cost adjustment clause and all demand-related and capacity costs will be recovered through base rates.

13. PNM's most recent economic analyses, as detailed in the supporting testimony and exhibits, demonstrate that at the time PNM was required to provide irrevocable notice of PNM's intent to purchase or return the Leased Interests, PNM's economic and resource availability analyses established that there would be available adequate replacement resources that cost less than and would be available to replace the Leased Interests.

14. PNM conducted a competitive all-resource Request for Proposals that resulted in a range of bid proposals to replace the Leased Interests. PNM's economic modeling and resource adequacy and reliability modeling demonstrate that the selected resources will replace the Leased Interests and meet system reliability and customer load needs in 2023 at a lower cost than if the Leased Interests were retained as part of PNM's generation portfolio. As a result, customers will benefit from the return and replacement of the Leased Interests with lower cost resources in sufficient amounts to meet 2023 requirements, when combined with PNM's total generation portfolio.

15. PNM's analysis supports the selection of the PPA and ESA resources that in combination with each other and when combined with PNM's generation portfolio will result in adequate and reliable service to customers in 2023 at a fair and reasonable cost.

16. PNM is a New Mexico corporation that currently owns, operates and controls public utility plant, property and facilities, including generation, transmission and distribution facilities that provide retail and wholesale electric service in New Mexico. PNM is a duly incorporated public utility subject to the jurisdiction of the Commission pursuant to the Public Utility Act, NMSA 1978, Sections 62-1-1 to 62-6-28 and Sections 62-8-1 to 62-13-15. PNM is



authorized to provide utility service within multiple municipalities and communities in various service areas throughout the state. As a public utility, PNM is required to provide adequate, efficient and reasonable electric service pursuant to NMSA 1978, Section 62-8-2.

17. Section 62-6-12 of the Public Utility Act states that prior approval of the Commission is required for the sale or transfer of public utility plant or property constituting an operating unit or system or any substantial part thereof that is not in the ordinary course of business. Section 62-6-13 provides that the Commission shall promptly investigate such a request and shall give its consent and approval in writing unless it finds the proposed transaction is unlawful or is inconsistent with the public interest.

18. PNM's supporting testimony and exhibits provide substantial factual evidence that the proposed transfer of the PVNGS Assets associated with the Leased Interests are lawful and consistent with the Commission-approved Leases; and are necessary and appropriate to effect the termination of the Leases under their terms as originally approved by the Commission. Further, the benefits of the proposed transfer of the PVNGS Assets will accrue to customers. PNM does not request any ratemaking treatment related to future decommissioning costs for the Leased Interests and provides support for the conclusion that any requests that PNM may make in the future for recovery of additional decommissioning costs associated with the Leased Interests are to be justified and addressed in a future rate general rate case.

19. PNM's supporting testimony and exhibits also provide substantial factual evidence to support recovery of undepreciated investments associated with the Leased Interests. Under the terms of the Leases and the Arizona Nuclear Power Project Participation Agreement (under which PVNGS is governed), PNM was required to make necessary capital investments. Since these investments will not be fully recovered through rates at the time of abandonment, PNM should be

allowed create a regulatory asset for the future recovery of its undepreciated investments, subject to future ratemaking approvals by the Commission.

20. Section 62-9-5 of the Public Utility Act states that the Commission shall approve the abandonment of a utility facility if the present and future public convenience and necessity do not otherwise require the continuation of the use of the facility. The Commission has held that there must be a showing of a net benefit in order to approve a utility plant's abandonment.

21. Historically, the Commission has used four factors from what is referred to as the *Commuters' Committee*<sup>11</sup> case as a guide to determining if an abandonment results in a net benefit. These historical factors examined: 1) the extent of the carrier's loss on the particular branch or portion of the service, and the relation of that loss to the carrier's operation as a whole; 2) the use of the service by the public and prospects for future use; 3) a balancing of the carrier's loss with the inconvenience and hardship to the public upon discontinuance of service; and 4) the availability and adequacy of substitute service.

22. PNM's testimonies and exhibits provide substantial factual evidence that the decertification and abandonment of the Leased Interests together with the sale of the PVNGS Assets is in the public interest under the Public Utility Act, as well as the *Commuters' Committee* case. The terms of the underlying Leases include irrevocable notice provisions that have allowed PNM to reassess the benefits of retaining or returning the Leased Interests prior to the end of the PVNGS operating licenses in 2046 and 2047. Among other things, PNM demonstrates that:

- A. With the abandonment of the Leased Interests, customers will have a net benefit because the cost of replacing the Leased Interests with new resources will be less than

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<sup>11</sup> *Commuters' Committee v. Pennsylvania Public Utility Commission*, 170 Pa. Superior Ct. 596, 604-605, 88 A.2d 420, 424 (1952).

the cost of continuing to use the Leased Interests' capacity to serve customers. PNM also demonstrates the reasonableness of authorizing the creation of regulatory assets for the remaining undepreciated capital investments associated with the Leased Interests. Recovery of such regulatory assets will be subject to the Commission's review and approval upon a request by PNM in a future general rate case; and

- B. Customers will be reasonably served from the addition of more flexible replacement resources, given the amount of baseload capacity from the remaining PNM-owned interests in PVNGS.

23. Pursuant to Commission Rule 551, PNM seeks approval of certain long-term agreements for replacement resources, and approval of the related ratemaking treatment for these agreements.

24. Time is of the essence in reviewing and approving commercial contracts with independent power producers and for those producers to meet Commercial Operation Dates in advance of the 2023 Summer Peak. PNM therefore requests that the Commission issue a final decision approving these agreements within six months, or by October 4, 2021, pursuant to Rule 551.

25. PNM's competitive all-resources Request for Proposals selected replacement resources based on the evaluation of the competitive bids received. The type and amount of the proposed new resources were determined through analysis and modeling of PNM's system to ensure PNM's overall generation portfolio has sufficient, adequate, and reliable resources to meet customers loads and system reliability requirements. The selected resources are:

- a 150 MW PPA for solar energy from the Jicarilla Solar Energy Facility;

- an ESA for 40 MW of four-hour energy storage capacity from the Jicarilla Energy Storage Facility (paired with the Jicarilla Solar Energy Facility);
- a 300 MW PPA for solar energy from the Atrisco Solar Facility;
- an ESA for 150 MW of four-hour energy storage capacity from the Atrisco Energy Storage Facility (paired with the Atrisco Solar Facility); and
- an ESA for 100 MW of two-hour energy storage capacity from the Sandia Peak Grid.

### III. NOTICE AND PROCEDURAL REQUIREMENTS

26. PNM’s proposed form of Notice is attached to the Application as Attachment 1. PNM will publish the approved Notice as may be issued by the Commission in the manner so directed.

27. PNM has served a copy of this Application and supporting pre-filed direct testimony on the New Mexico Attorney General, the Commission’s Utility Division Staff, and parties to Case No. 16-00276-UT (PNM’s most recent general rate case).

28. The following designated legal counsel for PNM should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

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29. The following witnesses provide testimony and exhibits in support of the Application. The testimony and exhibits are incorporated by reference herein.

- A. Mark Fenton, PNM Executive Director of Regulatory Policy and Case Management
- B. Thomas G. Fallgren, PNM Vice President of Generation
- C. Elisabeth A. Eden, PNMR Vice President and Treasurer
- D. Joseph A. Miller, Jr., Senior Executive Consultant for Pegasus-Global Holdings, Inc.
- E. Nicholas L. Phillips, PNM Director of Integrated Resource Planning
- F. Roger W. Nagel, Principal for Aion Energy, LLC
- G. Nick Wintermantel, Principal at Astrapé Consulting, LLC
- H. Nick Schlag, Director of Resource Planning at Energy and Environmental Economics
- I. Thomas Duane, Manager, Transmission Planning for PNM
- J. Kyle Sanders, Director, Cost of Service and Corporate Budget for PNM Resources
- K. Michael J. Settlage, Pricing Principal for PNM

**WHEREFORE**, PNM respectfully requests that the Commission issue notice of this proceeding, conduct all necessary hearings in accordance with the statutory directive for a prompt investigation and with the Commission's deadlines for review of long-term agreements in its Rule 551. PNM further requests: 1) that the Commission issue a Final Order that decertifies the Leased Interests and approves their abandonment in accordance with the terms of the underlying Leases;

2) approves the sale and transfer of the related PVNGS Assets to SRP as lawful and in the public interest as part of the Leased Interests' decertification and abandonment; 3) authorizes PNM to create the requested regulatory assets, subject to further ratemaking review and approvals of the Commission in a future general rate proceeding; 4) approves the proposed long-term agreements for adequate and sufficient replacement resources within six months; and 5) approves PNM's proposed ratemaking treatment for those agreements. PNM requests that the Commission approve the Application after review in a single proceeding and, among other things, determine that:

A) PNM should be authorized to engage in ongoing activities related to the return of the Leased Interests and the sale and transfer of the related PVNGS Assets rather than re-purchase the Leased Interests;

B) The public convenience and necessity do not require PNM to re-purchase the Leased Interests upon the termination of the underlying Leases, and it is in the public interest for PNM to return the Leased Interests pursuant to the terms of the underlying Leases because it will be more economic for customers if PNM returns the Leased Interests. It is also in the public interest for PNM to sell and transfer related PNM-owned PVNGS Assets, and PNM should be authorized to take all necessary steps to abandon and return its Leased Interests and sell and transfer the related Assets.

C) It is in the public interest to grant PNM's request to establish regulatory assets relating to undepreciated investments in the Leased Interests and related costs, as offset by the proceeds of the sale of the PVNGS Assets, to be amortized over a reasonable period of time established in PNM's next general rate case, subject to Commission review and approval.

D) PNM has not requested rate treatment for future decommissioning costs associated with the Leased Interests in this case. It is further in the public interest to defer consideration of

any future proposals by PNM to recover additional decommissioning expenses related to the Leased Interests to a future general rate case in which PNM may request such recovery. Such deferral is consistent with the determinations of the New Mexico Supreme Court and the Commission in Case No. 15-00261-UT.

E) PNM's request for regulatory approval of the following executed long-term PPAs and ESAs is in the public interest and should be granted, in accordance with Rule 551. PNM's requested rate recovery of the costs of these long-term contracts should be approved:

1. a 150 MW PPA for solar energy from the Jicarilla Solar Energy Facility;
2. an ESA for 40 MW of four-hour energy storage capacity from the Jicarilla Energy Storage Facility (paired with the Jicarilla Solar Energy Facility);
3. a 300 MW PPA for solar energy from the Atrisco Solar Facility;
4. an ESA for 150 MW of four-hour energy storage capacity from the Atrisco Energy Storage Facility (paired with the Atrisco Solar Facility); and
5. an ESA for 100 MW of two-hour energy storage capacity from the Sandia Peak Grid.

F) PNM's requests for approval of the long-term agreements and for related ratemaking treatment meet the requirements set forth in Rule 551, and granting those requests is in the public interest and should be approved.

G) It is in the public interest to grant PNM's request to establish a regulatory asset for the costs of obtaining a Commission abandonment order, to be amortized over a reasonable period of time established in PNM's next general rate case.

H) PNM should be granted any other such authorizations necessary to implement the proposed actions in accordance with the requirements of the Public Utility Act and applicable Commission rules.

Respectfully submitted this 2nd day of April, 2021.

**PUBLIC SERVICE COMPANY OF NEW MEXICO**

/s/ Leslie M. Padilla

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