

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00____-UT
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)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

DIRECT TESTIMONY AND EXHIBIT

OF

JOSEPH D. TARRY

August 25, 2025

NMPRC CASE NO. 25-_____-UT
INDEX TO THE DIRECT TESTIMONY OF
JOSEPH D. TARRY

TABLE OF CONTENTS

I.	INTRODUCTION AND PURPOSE OF TESTIMONY	1
II.	PNM’s ENERGY TRANSITION AND OTHER CHALLENGES.....	7
III.	THE ADVANTAGES OF PARTNERING WITH BLACKSTONE INFRASTRUCTURE	12
IV.	THE APPLICANTS’ REGULATORY COMMITMENTS WILL BENEFIT AND PROTECT CUSTOMERS AND COMMUNITIES	16
V.	REQUIRED AFFIRMATIONS FOR POST-CLOSING STRUCTURE	21
VI.	CONCLUSION.....	23

JA Exhibit JDT-1	Educational Background and Relevant Employment Experience for Joseph D. Tarry
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SELF AFFIRMATION

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and describe your role at PNM.

A. My name is Joseph D. Tarry. I generally go by Don Tarry. I am the President and Chief Executive Officer for Public Service Company of New Mexico (“PNM” or the “Company”). PNM is a vertically integrated utility headquartered in Albuquerque, New Mexico and regulated as a public utility by the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) under the Public Utility Act (“PUA”). PNM provides electric utility service to nearly 550,000 New Mexico residential and business customers throughout the state. I am also the President and Chief Executive Officer of TXNM Energy, Inc. (“TXNM”), the parent utility holding company for PNM. My business address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

I have executive oversight for TXNM and PNM, as well as for Texas-New Mexico Power Company (“TNMP”), a Texas utility subsidiary of TXNM. I joined PNM in 1996. My resume, together with a list of regulatory cases in which I have testified, is attached as JA Exhibit JDT-1.

Q. Please describe the purpose of this Application.

A. The Applicants are asking the Commission to approve the acquisition of TXNM by Troy ParentCo LLC (“Troy”) as set forth in the Joint Application (“Acquisition”).¹ Through the

¹ The Acquisition will be accomplished through a merger involving TXNM, Troy, and Troy’s subsidiary Troy Merger Sub Inc. (“Troy Merger Sub”). Troy Merger Sub will be merged into TXNM, and the separate corporate existence of Troy Merger Sub will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy. Troy is indirectly owned and controlled by Blackstone Infrastructure. Witness Sherman describes this Blackstone organizational

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 Acquisition, TXNM and PNM would become wholly-owned by Troy. Upon completion
2 of the proposed Acquisition, TXNM will be the surviving corporation and a direct, wholly-
3 owned subsidiary of Troy, which is owned and controlled by Blackstone Infrastructure.
4 The formal corporate legal entities are described in more detail in the Application, but the
5 Commission can understand this transaction as involving PNM being acquired indirectly
6 by Blackstone Infrastructure. The Applicants request approval of the Acquisition; approval
7 of PNM's 2026 General Diversification Plan ("2026 GDP"), which replaces any previous
8 diversification plans; and other approvals as set forth in the Application.

9
10 The Application and the Applicants' direct testimonies and exhibits support the approvals
11 requested from the Commission. As part of my Direct Testimony, I co-sponsor Application
12 Exhibits D and E (TXNM Proxy Statement and Merger Agreement).

13
14 **Q. What is the rationale for the Acquisition?**

15 **A.** The electric utility industry is changing, and PNM needs to change with it. Already a
16 capital-intensive industry, the need for electric utilities to raise capital will only increase in
17 the future. This is certainly true for PNM. PNM is undertaking a clean energy transition in
18 compliance with the Energy Transition Act, modernizing and hardening the grid, and
19 supporting economic development. We are also engaged in regional market efforts,
20 including the build-out of transmission to deliver clean energy for our customers, the state's
21 and region's growing needs. The Acquisition will position PNM to meet these challenges.

structure in more detail in his testimony. "Blackstone Infrastructure," a term I use throughout my testimony, is an umbrella term that refers to Blackstone Infrastructure Management and the funds and accounts directly or indirectly controlled by them.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 As I discuss later in my testimony, partnering with Blackstone Infrastructure will provide
2 PNM greater flexibility, and ongoing long-term support to meet PNM's increased need for
3 capital. Blackstone Infrastructure represents a source of patient capital better matched to
4 PNM's long-term investment horizon than public market funding that is subject to
5 economic shifts and market swings. While PNM and Blackstone Infrastructure certainly
6 expect to earn a reasonable return on investments, Blackstone Infrastructure does not place
7 the same emphasis on short-term performance and annual returns that PNM faces with
8 public shareholders.

9
10 **Q. Can you briefly summarize the benefits from the proposed Acquisition?**

11 **A.** First, Blackstone Infrastructure is a financially strong partner focused on long-term
12 ownership. It brings significant resources to fund investments that will allow PNM to
13 execute its vision of a clean energy future for our customers. Blackstone Infrastructure's
14 knowledge gained from other companies in its portfolio will provide PNM with a base of
15 expertise to tap into that can share best practices in cybersecurity, efficiently procure goods
16 and services, and ensure access to debt markets; all of these benefit our customers.

17
18 Second, the Joint Applicants are providing both short-term and long-term benefits to our
19 customers as set forth in Application Exhibit B to the Joint Application ("Regulatory
20 Commitments"), including \$105 million in customer rate credits, \$25 million for
21 innovative or emergent resource technology, \$35 million to support and fund economic
22 development, and funding PNM's 5-year capital investment plan. The Joint Applicants are
23 committed to continuing PNM's community involvement and charitable giving and include

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 an incremental increase of \$1 million per year for 10 years of contributions to PNM's Good
2 Neighbor Fund to help low-income customers.

3
4 Third, the Acquisition provides for the continued local operation of PNM with its
5 headquarters in New Mexico and its current management team and employee base intact.
6 These employees have the knowledge and relationships in our local communities that are
7 vital to ensuring we remain focused on meeting the needs of customers and stakeholders.

8
9 Finally, the Regulatory Commitments provide for governance and financial ring-fencing
10 protections designed to insulate PNM from TXNM, Troy and their affiliates. These allow
11 for the Commission to maintain its regulatory oversight of PNM with ongoing transparency
12 from the utility. I discuss these specific benefits and protections in more detail in Sections
13 III and IV of my testimony.

14
15 **Q. Will anything change in terms of PNM's regulatory relationship with the**
16 **Commission?**

17 Nothing will change in terms of PNM's relationship with the Commission. The
18 Commission will continue to have the same regulatory supervision over PNM that it has
19 today. Troy is buying PNM as a regulated utility within a holding company structure. The
20 Commission has regulated PNM in a holding company structure with PNM as a direct
21 subsidiary of TXNM for over 20 years, and while TXNM will become a direct subsidiary
22 of Troy, the Commission's regulatory oversight of PNM will not be impacted.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 **Q. Has the TXNM Board of Directors approved the Acquisition?**

2 **A.** Yes, the TXNM Board of Directors has unanimously approved the Acquisition. It has also
3 recommended that TXNM shareholders vote in favor of the Acquisition. A copy of the
4 Proxy Statement provided to TXNM shareholders regarding the Acquisition is provided as
5 Application Exhibit D to the Application.

6
7 **Q. What approvals are necessary to complete the Acquisition?**

8 **A.** In addition to the Commission, approvals are also needed from the:

- 9 • TXNM Energy Shareholders;
- 10 • Public Utility Commission of Texas;
- 11 • Federal Energy Regulatory Commission;
- 12 • Federal Communications Commission;
- 13 • United States Nuclear Regulatory Commission; and,
- 14 • A waiting period under the Hart-Scott-Rodino Act.

15
16 **Q. Please introduce the other witnesses filing testimony in support of the Application.**

17 **A.** The following witnesses also provide direct testimony in support of the Application:

- 18 • Mr. Sean Klimczak, Troy/Blackstone Infrastructure. Mr. Klimczak testifies regarding
19 the proposed Acquisition, the investment philosophy of Blackstone Infrastructure, why
20 Troy is seeking to acquire PNM, and required commitments under 17.6.450 NMAC on
21 behalf of Troy and Blackstone Infrastructure.
- 22 • Mr. Henry Monroy, PNM. Mr. Monroy, PNM's Chief Financial Officer, testifies
23 regarding the Regulatory Commitments made by Joint Applicants to ensure PNM

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 customers are not harmed by the Acquisition, and will affirmatively benefit from the
2 Acquisition.

- 3 • Mr. Sebastien Sherman, Troy/Blackstone Infrastructure. Mr. Sherman testifies
4 regarding how Blackstone Infrastructure works with the management of companies in
5 which it invests, details of Blackstone Infrastructure's other investments and how
6 Blackstone Infrastructure ownership can benefit PNM and our customers.
- 7 • Ms. Heidi Boyd, Troy/Blackstone Infrastructure. Ms. Boyd testifies regarding the
8 Regulatory Commitments made by Joint Applicants.
- 9 • Professor Eric Talley, Applicants. Professor Talley testifies regarding the private equity
10 form of ownership, and in particular, private infrastructure fund ownership, and
11 compares private ownership with public ownership in the regulated utility context.
- 12 • Ms. Ellen Lapson, Applicants. Ms. Lapson testifies regarding credit rating agency and
13 ring-fencing consideration to insulate the regulated utility PNM from the financial
14 performance or influence of Blackstone Infrastructure and its affiliates.

15
16 **Q. What topics do you cover in the remainder of your direct testimony?**

17 **A.** My testimony covers the following topics:

- 18 • In Section II, I discuss the future challenges PNM faces, both in terms of its ongoing
19 energy transition and other realities as we look to the future, which were all
20 considerations in seeking a strong financial partner.
- 21 • In Section III, I discuss how Blackstone Infrastructure can address these challenges
22 in partnership with PNM by providing long-term financial support.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

- 1 • In Section IV, I focus on some specific benefits for PNM’s customers and
- 2 communities as a result of this Acquisition;
- 3 • In Section V, I provide a description of the post-merger corporate structure and
- 4 affirm that this Acquisition complies with the statutory and regulatory requirements
- 5 for Commission approval.
- 6 • In Section VI, I summarize my testimony.

II. PNM’s ENERGY TRANSITION AND OTHER CHALLENGES

9 **Q. Where does PNM stand in its clean energy transition?**

10 **A.** PNM is well along the path of a significant energy transition under New Mexico’s Energy
11 Transition Act (“ETA”). The ETA provides a path for PNM to supply New Mexico
12 customers’ electricity needs from 80 percent renewable energy resources by 2040, and the
13 remaining 20 percent from carbon emissions-free resources by no later than 2045. PNM
14 currently has a diverse mix of generation (nuclear, natural gas, solar, wind, geothermal and
15 coal) and energy storage resources to meet customer needs, and approximately 73 percent
16 of those needs will be supplied from carbon-free resources by the end of 2025, with that
17 percentage projected to increase to 78% by 2028, based on PNM’s recently approved
18 resource plans.

19 **Q. What challenges does PNM face going-forward?**

20 **A.** We face several significant challenges, most of them capital intensive. First, meeting the
21 goals of the ETA has required PNM to add significant new resources to its system. Driving
22 toward 100% carbon free energy will require innovative technologies and system solutions
23 that are likely to be more costly as we approach that 100% standard; put simply, the final

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 phase of this energy transition will be the most difficult and expensive part of this journey.
2 As we add new resources, this also requires increasing investment in our transmission
3 system to deliver electricity from these new sources to customers. Capital will also be
4 required to harden PNM's infrastructure against increasing exposure to natural disasters,
5 and to complete grid modernization initiatives already underway, including advanced
6 metering infrastructure and distribution-related technological advancements. Finally,
7 additional capital will be needed to respond to projected economic development and load
8 growth that is being driven by overall increased demand and beneficial electrification of
9 homes and businesses.

10
11 PNM Table JDT-1 below illustrates these increased future capital requirements over the
12 next five years when compared to PNM's capital investment over the last ten years. On
13 average, the five-year capital budget of approximately \$3.4 billion for PNM reflects an
14 annual spend of approximately \$680 million, which is higher than the previous ten-year
15 average of approximately \$450 million/year. PNM Table JDT-1 also shows that PNM is
16 already on the upward slope of this increased capital spending, with the purchase of the
17 Western Spirit transmission line in 2021 and higher sustained capital spending beginning
18 in 2023.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

PNM Table JDT-1

in Millions	Historical									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Transmission	90	63	109	108	108	196	456	121	199	210
Distribution	62	64	65	72	70	111	125	224	297	247
Generation	277	288	136	167	156	90	82	96	78	137
Total	429	415	310	347	334	397	663	441	574	594

in Millions	Projected				
	2025	2026	2027	2028	2029
Transmission	120	172	172	267	333
Distribution	322	430	325	282	263
Generation	205	112	219	127	67
Total	647	714	716	676	663

Q. Can you also address these increasing capital requirements from the perspective of raising equity?

A. As PNM's capital spending requirements increase, raising equity sufficient to fund these capital requirements is an increasingly challenging concern. As a publicly-traded company, TXNM's investors, particularly larger institutional investors, pay attention to TXNM's equity requirements. TXNM has raised \$589 million through equity offerings over the past 10 years, which is an average of about \$59 million per year. To fund TXNM's next five years of total capital expenditures, including PNM's projected capital budget of \$3.4 billion shown above, TXNM projects it will need to raise \$1.3 billion in new equity, an average of \$260 million per year. For context, \$1.3 billion was roughly 30% of total TXNM's total market capitalization.² Raising this amount of additional equity as a publicly-traded mid-cap company would be challenging. As described by Joint Applicant

² Based on unaffected market capitalization of \$4.4 billion as of March 10, 2025.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 Witness Lapson, mid-cap companies generally lack the name recognition or market
2 dominance of large-cap companies. If the Acquisition is approved, however, the
3 Regulatory Commitments include a commitment to fully fund the equity portion of PNM's
4 5-year projected capital budget through equity contributions and/or the retention of
5 dividends, subject to prudent budget revisions. Raising this equity in partnership with
6 Blackstone Infrastructure presents several advantages that benefit our customers, which I
7 discuss in full in Section III of my testimony.

8
9 **Q. Are these capital requirement considerations unique to PNM?**

10 **A.** No, though as a smaller utility these issues are more acute for PNM than for larger utilities.
11 Across the nation, there is a much greater foreseeable demand for energy for all electric
12 utilities, given increasing computing needs, electric devices in the home and workplace,
13 beneficial electrification, and electric vehicles. This reality not only increases competition
14 for investment dollars, labor, and long-lived equipment but also requires increased regional
15 coordination and infrastructure within the electric utility industry.

16
17 **Q. Can you elaborate on how these issues more acutely impact a utility of PNM's size?**

18 **A.** The Company at present does not have the size or market presence to take full advantage
19 of opportunities that are developing regionally and nationally for new loads and for
20 transmission development that can support customer growth and participation in regional
21 markets, which will provide benefits to existing customers. As I state above, the increased
22 equity financing requirements are more challenging for smaller utilities. Although TXNM
23 could arguably continue to raise necessary capital for PNM's utility operations without

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 partnering with an entity like Blackstone Infrastructure, doing so would not be practical or
2 an ideal business model for the long-term and would not maximize benefits for customers.

3
4 **Q. Is it viable for PNM to remain a stand-alone company?**

5 **A.** Yes, it is viable for us to remain with our current publicly-traded corporate structure, and
6 we would continue to invest in PNM's utility system. However, as a standalone public
7 market-funded entity, PNM would not have the same degree of financial strength and
8 backing that it would if the Acquisition is completed. As a practical matter, this would
9 mean that needed capital investments might have to be deferred.

10
11 Over time it is also likely that PNM as it currently exists would become less competitive
12 in the financial and supply chain markets based on its relatively small size compared with
13 other utilities across the nation. As other utilities and the industry become more
14 consolidated, it would be increasingly difficult for a standalone PNM to timely meet
15 customer needs and legislative mandates over the long term. In fact, the likelihood is that
16 PNM's cost to serve customers would be higher.

17
18 The same is true for financing. Larger companies in the utility sector have better access to
19 capital at more attractive rates, terms and conditions. It is likely that on a standalone basis,
20 it would be more costly for PNM to meet its future financing needs, which will lead to
21 higher rates for customers. While PNM maintains an investment grade credit rating and
22 has access to financing at reasonable prices in the market today, there is more and more

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 competition for the billions of dollars necessary for the predicted utility growth across the
2 western region and the country as a whole.

**III. THE ADVANTAGES OF PARTNERING WITH BLACKSTONE
INFRASTRUCTURE**

7 **Q. What are the advantages of partnering with financially sound private infrastructure**
8 **investment funds like Blackstone Infrastructure, rather than remaining in the**
9 **current corporate structure with TXNM as a publicly traded company?**

10 **A.** As I noted, the future capital funding required by PNM is at levels that might prove difficult
11 to obtain in the public markets. As witness Professor Talley notes in testimony, TXNM's
12 projected capital expenditure ratios over the next five years, whether viewing capital
13 expenditures as a percentage of revenue or as a percentage of earnings, are substantially
14 above industry average. For a utility of our size, there are inherent limitations and issues
15 associated with equity issuances necessary to support that magnitude of capital investment,
16 particularly in a public market, as discussed in more detail by Professor Talley. A private
17 ownership structure with a partner like Blackstone Infrastructure that has access to capital
18 will remove the barriers associated with PNM's small size and market limitations to allow
19 for more ready access to capital to support projected growth on our system and the
20 investments needed to serve our customers.

22 **Q. Has a large part of this equity need for TXNM already been facilitated through the**
23 **Merger Agreement?**

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 **A.** Yes. In association with announcing the Acquisition, TXNM also announced its plans to
2 issue \$800 million in new equity prior to the closing of the Acquisition, and that Blackstone
3 Infrastructure would acquire \$400 million of TXNM stock through a private placement as
4 the first phase of this new equity issuance, which was completed in June 2025. TXNM
5 issued an additional \$200 million of equity in a second private placement with another
6 investor in June 2025, providing \$600 million of the total \$800 million planned equity
7 issuance. TXNM plans to issue the remaining \$200 million in equity before closing of the
8 Acquisition. The Merger Agreement provides for the ability to issue an additional \$125
9 million of equity bringing the total equity up to \$925 million. Issuing such a large amount
10 of TXNM's 5-year equity need in such a short time period is possible because of the
11 announcement of the Acquisition. On a stand-alone basis, the dilutive impacts of such a
12 large issuance would likely keep many investors on the sidelines. With the Acquisition
13 expected to close in 2026, however, investors anticipate that they will get a near-term return
14 on their investment when their shares are converted to cash at closing. TXNM's credit
15 metrics and credit profile have improved because of pulling these equity needs forward.
16 This provides more certainty around TXNM's future credit ratings and gives investors
17 confidence that the Acquisition and resulting partnership with Blackstone Infrastructure is
18 supportive of strong credit. This investor confidence will benefit PNM when raising debt
19 in the capital markets, resulting in lower financing costs for the benefit of PNM customers.
20 Blackstone Infrastructure's willingness and ability to immediately support TXNM's
21 projected capital needs is an example of how private ownership can take a long-term view
22 of capital infusion without undue concern over immediate returns on its capital investment.

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 **Q. How will Blackstone Infrastructure help meet the financial needs of PNM in the**
2 **future?**

3 **A.** Blackstone Infrastructure can provide the equity needed to provide capital funding without
4 the public market constraints relating to the utility's stock price and overall market
5 capitalization. PNM will have a single investor that is already supportive of the investment
6 decisions proposed by management. Through Troy, Blackstone Infrastructure has
7 backstopped its commitment to fund PNM's projected \$3.4 billion capital budget by giving
8 the PNM board of directors ("PNM Board") the ability to prevent PNM from issuing
9 dividends if its capital budget is not adequately funded. This financial support and
10 assurance of a healthy financial footing for PNM demonstrates Blackstone Infrastructure's
11 willingness and ability to provide the capital funding necessary.

12
13 Blackstone Infrastructure's financial backing and support and long-term view on capital
14 will also position PNM to better respond to the need for transmission and load growth
15 opportunities. As demonstrated in PNM's recent 20-year transmission study, the build out
16 and expansion of transmission lines in New Mexico will play a critical factor in providing
17 for grid stability and resiliency, connecting new generation sources to our load centers,
18 unlocking the renewable potential in the state for the benefit of New Mexico and the
19 western United States, and create capacity for new load growth, which is key to addressing
20 cost pressure on rates. Supporting economic development investments under the recently
21 passed Senate Bill 170 will require additional capital investments that are better matched
22 with Blackstone Infrastructure's investment philosophy than with the expectations of
23 public-trading investors. Public investors may not have the willingness to absorb the

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 regulatory lag that comes from the potential deferral of recovery of the SB 170 investments
2 to a regulatory asset until new customer load or system benefits materialize. As witness
3 Sherman discusses in his testimony, Blackstone Infrastructure's philosophy of patient
4 capital to invest for the long-term will provide PNM with the financial support to make
5 these types of investments now that will benefit our customers in the long-term.

6
7 **Q. Beyond the benefits of the financial support, how else does Blackstone Infrastructure**
8 **provide benefits?**

9 **A.** As witness Sherman explains in more detail, Blackstone Infrastructure is a large-scale
10 investor with over \$64 billion of assets under management that deploys permanent capital
11 to enable decades-long partnership and investment. Within the power & utility sector,
12 Blackstone Infrastructure holds investments in FirstEnergy, Northern Indiana Public
13 Service Company (NIPSCO), and Invenergy, the largest private renewables developer in
14 the United States. This combination of investment strength and experience in the utility
15 industry will benefit our customers. In addition to having the ability to fund capital
16 intensive companies such as an electric utility, Blackstone Infrastructure is both familiar
17 with the types of investments that PNM must make and also understands that any
18 investment must be concretely tied to customer needs.

19
20 As discussed in more detail by witness Sherman, Blackstone Infrastructure, as part of the
21 larger Blackstone enterprise, is also able to make key operational resources available to
22 PNM. This includes access to a network of former executives, including utility executives,
23 who can provide additional knowledge and insights in areas critical to our operations. As

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 part of Blackstone Infrastructure, PNM can also take advantage of Blackstone's other
2 operational support provided to portfolio companies including, cybersecurity, software
3 system implementation, and procurement and purchasing power. These additional tools
4 and resources will aid with PNM's ability to control costs, which will benefit PNM's
5 customers. One real-time example of how Blackstone Infrastructure can help customers is
6 through their introduction of a business opportunity between PNM and Google X. PNM
7 is exploring partnering with Google X on Grid Aware to potentially enhance PNM's
8 efficient management of the grid and provide valuable insights into grid reliability as PNM
9 continues its energy transition. Blackstone's connection to innovative companies such as
10 Google X will continue to create valuable benefits for PNM customers.

**IV. THE APPLICANTS' REGULATORY COMMITMENTS WILL BENEFIT
AND PROTECT CUSTOMERS AND COMMUNITIES**

12
13 **Q. What benefits do the Applicants' Regulatory Commitments bring to customers and**
14 **communities?**

15 **A.** In addition to the benefits inherent in Blackstone Infrastructure ownership that I have
16 already described, the Applicants' specific Regulatory Commitments are designed to
17 benefit customers, address corporate governance, ensure ongoing local control and
18 management of PNM, provide certainty to our employees, and insulate PNM financially
19 from TXNM, Troy and their other affiliates and subsidiaries. Mr. Monroy discusses each
20 of these commitments in detail in his testimony, and they are also set forth in their entirety
21 in Application Exhibit B. I do not repeat Mr. Monroy's discussion here, but I do want to
22 emphasize certain benefits of these Regulatory Commitments relative to economic

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 development, corporate governance, and ongoing community involvement and support.

2 An overarching point I want to focus on initially is that each of these benefits is closely
3 tied to Blackstone Infrastructure's belief in and support for local management.

4
5 **Q. Why is local management so important to PNM and our customers?**

6 **A.** A well-run utility must respond to the needs of its customer. Understanding customer
7 needs depends on us having a shared experience with our customers as members of our
8 communities. Also, realistic opportunities for expanding our customer base and loads are
9 more readily identified when management understands the local and state economy and
10 has personal and professional relationships with community and governmental leaders.
11 Finally, PNM values input from stakeholders and our strategies should not be made in a
12 vacuum but should be informed with the perspectives and inputs of our stakeholders. I
13 have seen firsthand that Blackstone Infrastructure supports these approaches to our
14 customers and communities. In the lead-up to the filing of this case, the Blackstone
15 Infrastructure team spent meaningful time on the ground listening to perspectives from a
16 broad set of stakeholders in an effort to better understand the needs and priorities of the
17 local community.

18
19 **Q. Are there potential economic development benefits from the Acquisition?**

20 **A.** Yes. One of the specific commitments will provide investment, at no cost to customers, in
21 innovative and emergent technology projects to further the clean energy transition in New
22 Mexico. There are also commitments to contribute economic development funds for job
23 training, apprenticeships, or scholarships in utility related areas of industry, and funding

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 through targeted financial support to enable large economic development initiatives for
2 New Mexico. Finally, investing in our electric grid, which we can do sooner and better
3 backed by Blackstone Infrastructure capital, helps us continue to meet reliability standards
4 necessary to foster broader economic development.

5
6 I believe that economic development is essential to developing beneficial load growth that
7 will “grow the base” and ultimately drive more affordable rates for all customers.
8 Economic development benefits existing customers because attracting new load and more
9 customers spreads the significant fixed costs of the utility over a larger volume and greater
10 number of customers. I believe the communities we serve, and the state as a whole, will
11 benefit from the Acquisition because Blackstone Infrastructure’s indirect ownership of
12 New Mexico’s largest electric utility will generate economic interest in the state and spur
13 new investments in other business sectors in New Mexico.

14
15 **Q. Do the Regulatory Commitments on corporate governance and “ring-fencing”**
16 **support the ongoing ability to manage PNM at the local utility company level?**

17 **A.** Yes. These are familiar commitments that the Commission has previously approved to
18 insulate the regulated utility financially from its unregulated affiliates. PNM has operated
19 as a wholly-owned subsidiary of a public utility holding company, TXNM, for more than
20 20 years. Generally speaking, these financial and ring-fencing protection commitments are
21 already embedded in the existing corporate and regulatory framework under which PNM
22 has operated as a TXNM subsidiary. As Mr. Monroy discusses in his testimony, however,

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 the governance provisions in the Regulatory Commitments are additional protections that
2 reinforce the financial and ring-fencing protections under which PNM currently operates.
3

4 **Q. How do the corporate governance Regulatory Commitments regarding PNM's Board**
5 **composition support PNM's management at the local utility company level?**

6 **A.** Currently, the PNM Board is made up entirely of internal senior leadership. The proposed
7 new structure will expand PNM Board membership beyond management in a balanced
8 manner. As stated in the Regulatory Commitments and addressed by witness Boyd, the
9 PNM Board will be comprised of seven directors. They will include the PNM's President
10 and CEO, which will facilitate conveying management decisions to the PNM Board as part
11 of a necessary element of corporate oversight. The Board will also include two Blackstone
12 representatives with experience serving on other utility boards who will contribute
13 meaningful insight into management actions and decisions and help PNM coordinate with
14 Blackstone Infrastructure to ensure PNM's needs are addressed. There will also be one
15 board member who is an executive or former executive with utility experience, lending
16 additional utility-specific expertise to the PNM Board's key governance oversight. Finally,
17 there will be three independent directors, which ensures a balanced perspective on
18 management activities. Two of the independent directors will be residents of New Mexico.
19 Based on my experience with both the PNM and TXNM Boards of Directors, this balanced
20 mix of directors will continue to ensure that the utility's corporate practices and financial
21 health, based on local management decisions and input, are always "top of mind."
22

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 **Q. What other protections are included in the Regulatory Commitments in terms of the**
2 **independent PNM Board members?**

3 **A.** The Regulatory Commitments ensure that the independent PNM Board members have
4 considerable oversight in several critical areas. Specifically, a vote of the majority of the
5 independent directors of the PNM Board (i.e., 2 of 3) can prevent PNM from making any
6 dividends, other than tax or other distributions required to meet agreed debt-to-equity
7 commitments. Any amendments or changes to the dividend policy must be approved by a
8 majority vote of the PNM Board, including the affirmative vote of a majority of the independent
9 directors. A majority of the independent directors may also prevent PNM from making
10 dividends at any time during the first five years if the Board reduces the capital
11 expenditures below the current five-year plan trajectory based on limited equity financing
12 availability. In addition, the compensation for the independent directors will not be tied to
13 the financial, operating, or other performance of any entity or interest other than PNM. As
14 a practical matter, these provisions in the Regulatory Commitments mean the independent
15 directors will exercise significant control over PNM investment decisions.

16
17 **Q. Will PNM's community support initiatives be maintained if the Acquisition is**
18 **approved?**

19 **A.** Yes, PNM will continue to contribute to its communities through its corporate giving. The
20 combined level of community support provided by PNM in the form of annual corporate
21 giving has averaged approximately \$2.7 million over the past 3 years. These contributions
22 are funded entirely by TXNM shareholders. Community involvement is a core value for

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 the Company that helps foster a positive workplace that focuses on employees as
2 customers, as neighbors and as fellow community members.

3
4 **Q. Will the Regulatory Commitment to fund the Good Neighbor Fund for the next 10**
5 **years assist those customers with the largest need?**

6 **A.** Yes. PNM's primary low-income assistance program, the Good Neighbor Fund, is a
7 donation-driven program that aids low-income residential customers who may experience
8 a financial hardship and fall behind on their electric bills. The incremental funding
9 commitment of \$10 million over 10 years ensures the Good Neighbor Fund program
10 remains well funded to provide resources for our low-income qualified customers. In
11 addition to the Good Neighbor Fund, PNM also offers income-qualifying energy efficiency
12 programs as part of its overall energy efficiency portfolio that are approved by the
13 Commission pursuant to the Efficient Use of Energy Act. The Acquisition will have no
14 impact on these or any other existing customer programs or tariffed services.

15
16 **V. REQUIRED AFFIRMATIONS FOR POST-CLOSING STRUCTURE**

17 **Q. As the Company's President and CEO, do you affirm that PNM will adhere to the**
18 **affiliate transaction rules of the Commission?**

19 **A.** Yes, I affirm that PNM will adhere to the affiliate transaction rules of the Commission.
20 PNM will also remain a wholly-owned subsidiary of its current parent, TXNM, and TXNM
21 will become an indirect subsidiary of Blackstone Infrastructure. The General
22 Diversification Plan required for this Class II transaction, attached as Application Exhibit

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 F, includes a post-merger corporate organization chart demonstrating PNM's place in the
2 Blackstone Infrastructure corporate structure for purposes of these affiliate transactions
3 requirements. Witness Sherman provides additional detail on the corporate structure of
4 Blackstone Infrastructure and its affiliated companies.

5
6 I also affirm that PNM will adhere to each of the following obligations under Rule
7 17.6.450.10(C) NMAC:

8 (1) the books and records of the utility will be kept separate from those of
9 nonregulated business and in accordance with the Uniform System of Accounts;

10 (2) the Commission and its staff will have access to the books, records, accounts,
11 or documents of the affiliate, corporate subsidiary, or holding company pursuant to
12 NMSA 1978, Sections 62-6-17 and 62-6-19;

13 (3) the supervision and regulation of the public utility pursuant to the Public Utility
14 Act will not be obstructed, hindered, diminished, impaired, or unduly complicated;

15 (4) the utility will not pay excessive dividends to its holding company, and the
16 holding company will not take any action which will have an adverse and material
17 effect on the utility's ability to provide reasonable and proper service at fair, just,
18 and reasonable rates;

19 (5) the public utility will not without prior approval of the Commission:

20
21 (a) loan its funds or securities or transfer similar assets to any affiliated
22 interest, or

23 (b) purchase debt instruments of any affiliated interests or guarantee or assume
24 liabilities of such affiliated interests;
25

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 (6) all applicable statutes, rules, or regulations, federal or state, have been or will
2 be complied with;

3 (7) when required by the Commission the utility will have an allocation study
4 (which will not be charged to ratepayers) performed by a consulting firm chosen
5 by and under the direction of the Commission; and

6 (8) when required by the Commission the utility will have a management audit
7 (which will not be charged to ratepayers) performed by a consulting firm chosen
8 by and under the direction of the Commission to determine whether there are any
9 adverse effects of Class II transactions upon the utility.
10

VI. CONCLUSION

11
12 **Q. What is your recommendation to the Commission?**

13 **A.** I recommend, and I request, that the Commission approve the Acquisition as consistent
14 with the public interest. The Application and supporting testimonies lay out the necessary
15 information and evidence for the Commission to approve the Acquisition and grant the
16 related requests, setting out the benefits that will follow from Blackstone Infrastructure's
17 ownership of PNM. The Joint Applicants' Regulatory Commitments further support
18 Commission approval of the Acquisition. Those Regulatory Commitments not only protect
19 customers from any potential harm from the Acquisition, but also provide affirmative
20 benefits to customers, our employees, and the communities we serve.
21
22

**DIRECT TESTIMONY
OF JOSEPH D. TARRY
NMPRC CASE NO. 25-_____-UT**

1 **Q.** **Does this conclude your testimony?**

2 **A.** Yes.

3

GCG#534042

Educational Background and Relevant Employment Experience for
Joseph D. Tarry

JA Exhibit JDT-1

Is contained in the following 2 pages.

JOSEPH D. TARRY
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Joseph Don Tarry

Address: TXNM Energy, Inc.
MS 1295
414 Silver SW
Albuquerque, NM 87102

Position: President and Chief Executive Officer

Education: Bachelor of Accountancy, New Mexico State University, 1995
Certified Public Accountant in the State of New Mexico, February 1997
Certified Management Accountant, December 1998
Certified in Financial Management, August 1999

Employment: Employed by TXNM Energy since 1996.
Positions held within the Company include:

President and Chief Operating Officer
Senior Vice President and Chief Financial Officer
Vice President, Controller and Treasurer
Vice President, Finance and Controller
Vice President, Corporate Controller and Chief Information Officer
Vice President Customer Service and Chief Information Officer
Executive Director Financial Planning and Business Analysis
Controller, Utility Operations
Controller, Corporate
Controller, Assistant
Director, Wholesale Accounting and Cost of Service
Integrated Audit Manager
Senior Auditor

Testimony Filed:

- In the Matter of the Application of Public Service Company of New Mexico for Approval to Acquire an Ownership Interest in a Portion of Palo Verde Unit 2 Generating Asset and for Certain Rate Treatment, NMPRC Case No. 08-00018-UT, filed January 22, 2008
- In the Matter of the Resource Stipulation Concerning Public Service Company of New Mexico's Proposed Approval of the Valencia PPA, Acquisition of Beneficial Interest in PVNGS Unit 2 Ownership Trust and CCN for Luna Energy Facility and Lordsburg Generating Station, NMPRC Case No. 08-00305-UT, filed September 12, 2008.

- 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 Other Authorizations and Approvals Required to Consummate and Implement this Transaction, NMPRC Case No. 20-00222-UT, filed on November 23, 2020.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00 ____-UT
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)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **JOSEPH D. TARRY, President and Chief Executive Officer, Public Service Company of New Mexico,** upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Direct Testimony and Exhibit of Joseph D. Tarry and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 25th day of August, 2025.

/s/ Joseph D. Tarry
JOSEPH D. TARRY