

Utility Shut Off Moratorium Extension

Facts to Know about the PRC Rulemaking

On October 21st the Public Regulation Commission will decide whether to extend the utility shutoff moratorium which was adopted on March 18th but expired on September 18, 2020. The moratorium prohibits the discontinuation of residential customer utility service while the Governor's Executive Orders related to the COVID-19 pandemic are in effect. The rules also:

- 1) waive late fees on residential accounts
- 2) allow utilities to close in-person bill payment outlets
- 3) automatically extend expiring medical certificates while COVID-19 related emergency executive orders are in place and 90 days beyond.

New Mexican's Need Relief Now More than Ever

- **Before the pandemic hit many New Mexicans were already struggling. New Mexico ranked 49th out of 50 states for poverty. 19.7% of New Mexicans (400,000 out of 2.044 million New Mexicans)¹ were already living below the poverty line, and many more New Mexicans were just making ends meet. The average annual income in New Mexico is only \$25,257.²**
- Many households were already struggling to pay their utility bills and faced energy insecurity as utility shutoffs were standard practice. **In 2017 PNM sent customers 388,851 disconnect notices, and in 2018 PNM sent customers 365,027 disconnect notices.³** Many PNM customers also receive federal energy assistance through the Low Income Home Energy Assistance Program (LIHEAP). In 2017, 19,992 PNM customers received LIHEAP and that number increased to 20,795 in 2018.⁴ In 2019, that number jumped to 25,586 PNM customers who received LIHEAP.⁵ That was prior to COVID.
- The pandemic has deepened the economic crisis our communities face. **At the end of June more than 1 in 4 New Mexicans was unemployed. New Mexico's seasonally adjusted unemployment rate was 11.3 percent in August 2020, up from 4.8 percent in the previous year.** Compare this to the national unemployment rate of 8.4% in August. This reflects the loss of 70,500 jobs from both the private and the public sector.⁶ That is 70,500 New Mexicans who are now wondering how they will survive from month to month, how they will feed their children, how they will keep paying rent or a mortgage.

¹ <https://www.census.gov/quickfacts/NM>.

² 2018 Talk Poverty Report (New Mexico), available at <https://talkpoverty.org/state-year-report/new-mexico-2018-report/>.

³ Case Nos. 19-00018-UT/19-00195-UT, *PNM's 7th Supplemental Objections and Responses to NEE's 1st Set of Interrogatories* (Oct. 9, 2019), PNM response to NEE Interrogatory 1-34.

⁴ *Id*, PNM response to NEE Interrogatory 1-97.

⁵ According to discovery PNM produced in Case No. 20-00121-UT.

⁶ NM Workforce Connection Economic Update, September 18, 2020.

<https://www.jobs.state.nm.us/gsipub/index.asp?enc=JdKtFhuODzQ+aO5C6MuCGQ==>

- Hunger is a growing crisis in New Mexico. With the long-lasting effects of COVID-19, projections showed one of every five people and one of every three children in our state in 2020 will be food insecure. This projection is being proved accurate on the ground. **The Food Depot and its partners observed a 30 percent increase in demand for hunger relief services this summer.**⁷
- **Minority and immigrant communities are suffering the most.** A survey conducted by Somos Un Pueblo Unido in June 2020 with 480 Latino parents⁸ with at least one minor child painfully illustrates how the lack of federal relief for immigrant families is causing extreme economic distress. The sobering data points include:
 - 20% of Latino families in New Mexico have had someone in their household lose their job since COVID-19.
 - 48% had work hours cut, or their pay cut, but have kept their job.
 - 30% of Latino adults did not receive CARES Act stimulus payments.
 - 40% of Latino families did not receive any additional CARES Act payments for their children.
 - 36% of respondents who were laid off or who experienced a reduction of hours were ineligible for unemployment benefits.
 - Half of our families have less than \$1,000 in savings for financial emergencies.
 - Nearly a quarter have less than \$100 in savings.
 - One third have had trouble paying for their rent or mortgage.
- **Twenty other states and DC have existing utility shut-off moratoriums in place. If any state needs this protection for ratepayers, it is New Mexico.**

PNM & Other Utilities throughout the State are Opposing the Extension of the Utility Shutoff Moratorium and trying to Obstruct Relief for Ratepayers Even As Profits for Executives and Shareholders Grow

- **All the electric and gas monopoly utilities in the state are opposing the moratorium extension.**
- **PNM says that they have lost \$11M that they should be able to recover from ratepayers but their filing leaves out, conveniently, how much they have made from the residential class during this same period due to stay at home COVID orders.** While commercial electricity use has declined due to the shutdown, current load trends show a 5% *increase* expected from residential users.⁹
- This summer New Energy Economy and ratepayer advocates, and regulators demanded accurate and comprehensive accounting from the utilities. They only wanted to "book" their losses but as a result of our advocacy were required to account for their NET losses by counting their commercial sale *decline* and uncollectable bills against their *gains* in residential class sales, federal government grants, decreases in other costs of service, and other benefits during the same time period.

⁷ <https://www.thefooddepot.org/wp-content/uploads/2020/07/Newsletter-Summer-2020-web.pdf>

⁸ <https://www.somosunpueblounido.org/june-30%2c-2020.html>

⁹ PNM Investor Meetings, September 2020, <https://www.pnmresources.com/~media/Files/P/PNM-Resources/events-and-presentations/2020/September%20Investor%20Meetings.pdf>, p. 16.

- Ironically, PNM states: reduced load impacts of COVID-19 from commercial customers in 2020 have been offset by higher temperatures requiring the need for more air conditioning¹⁰ (as a result of climate disruption). Overall PNM's electric load has *increased and PNM enjoys a corresponding profit increase* during COVID-19, which has proved to be an economic hardship for the 99%. PNM tells its investors that there will be no significant harm to the company from COVID-19 and may even be a benefit during the "Stay-at-Home" order yet opposes the moratorium on utility shut-offs, claiming, with absolutely no evidence, "many customers are declining to participate in payment plans or to make partial or full payments on bills even when they are able to pay some or all of the balance due."¹¹ Yet PNM admits elsewhere¹² that "PNM does not retain/maintain customer income information" so how would they actually know if their customers *are able to pay*.
- PNM shareholders are profiting at the expense of ratepayers. In September 2020, PNM made a presentation to its investors that noted PNM's investors' Earning Per Share (EPS) was higher than previously projected, "\$3.3Billion investment plan supports 5% - 6% earnings growth target through 2023", "dividend growth to mirror earnings growth", "immediate equity needs met through January 2020 forward offering" and "adequate liquidity remains available to finance business needs". Rate base growth results in earnings growth which allows for dividend growth and liquidity. PNM has \$1Billion in available liquidity and \$361 million securitization bonds.¹³
- As New Mexicans have been struggling to make ends meet even before the pandemic , **PNM executives and shareholders reported net earnings in 2018 of \$85.6 million, and in 2017 it made \$79.9 million.**¹⁴ PNM's executives have been richly compensated:

SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus (\$)	(e) Stock Awards (\$)	(f) Option Awards (\$)	(g) Non-Equity Incentive Plan Compensation (\$)	(h) Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$)	(i) All Other Compensation (\$)	(j) Total (\$)
		(1)		(2)		(3)	(4)	(5)	
Patricia K. Collawn, Chairman, President and CEO	2019	890,631	—	2,094,217	—	1,169,550	—	876,795	5,031,193
	2018	854,108	—	1,765,078	—	1,332,408	—	802,942	4,754,536
	2017	817,539	—	1,724,548	—	1,144,000	—	739,835	4,425,922
Charles N. Eldred, EVP and CFO (6)	2019	506,893	—	637,302	—	432,988	—	955,034	2,532,217
	2018	489,660	—	502,680	—	520,820	—	700,670	2,213,830
	2017	468,695	—	484,957	—	417,362	—	579,349	1,950,363
Patrick V. Apodaca, SVP, General Counsel and Secretary	2019	358,075	—	279,142	—	223,724	—	114,941	975,882
	2018	351,054	—	260,053	—	271,746	—	105,238	988,091
	2017	343,725	—	275,787	—	241,354	—	97,006	957,872
Ronald N. Darnell, SVP, Public Policy	2019	291,248	—	217,495	—	182,441	—	161,372	852,556
	2018	282,013	—	198,329	—	219,450	—	150,315	850,107
	2017	269,403	—	203,010	—	183,889	—	149,891	806,193
Chris M. Olson, SVP, Utility Operations	2019	310,962	—	237,277	—	195,773	—	95,916	839,928
	2018	290,577	—	166,865	—	220,500	—	78,438	756,380

¹⁰ *Id.*, pp. 29-30.

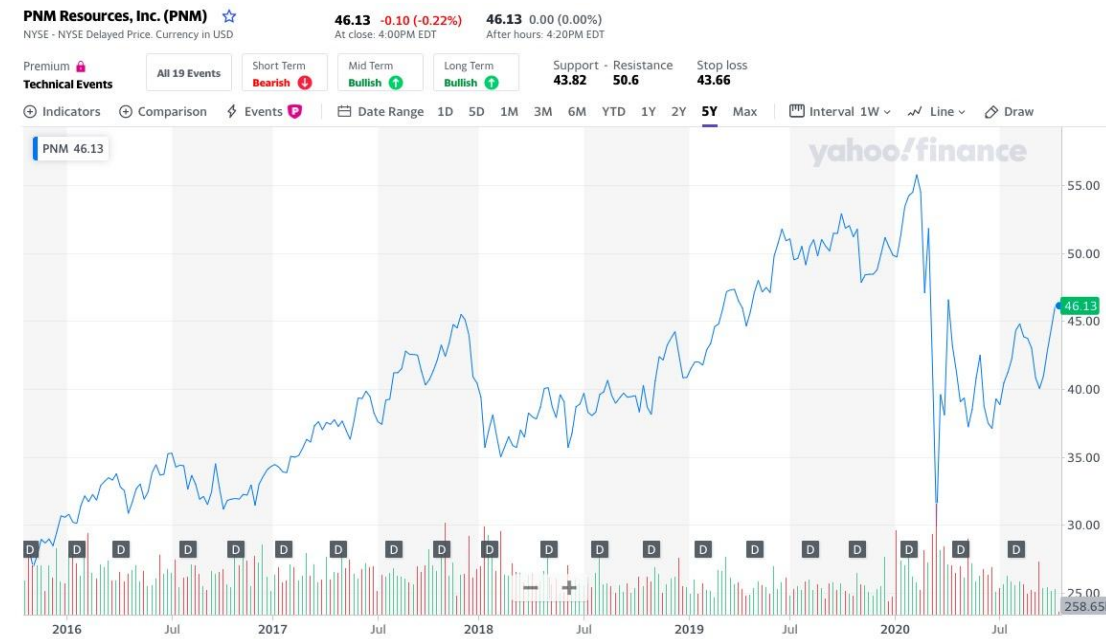
¹¹ PNM's Comments on the Notice of Proposed Rulemaking, 10/16/2020, p.6.

¹² 20-00121-UT, PNM Exhibit NMAG 1-37, 7/6/2020.

¹³ PNM Investor Meetings, September 2020, <https://www.pnmresources.com/~media/Files/P/PNM-Resources/events-and-presentations/2020/September%20Investor%20Meetings.pdf>, pp. 7-11.

¹⁴ PR Newswire, "PNM Resources Reports Fourth Quarter and Year-End Results," available at <https://www.prnewswire.com/news-releases/pnm-resources-reports-fourth-quarter-and-year-end-results-300802852.html>.

In the 2019 fiscal year, PNM's CEO Patricia K. Collawn was compensated \$5,031,093 and its CFO Charles N. Eldred was compensated \$2,532,217.¹⁵ Like its senior management who benefit from share ownership, PNM's shareholders have profited enormously over the last five years as PNM's stock value and dividends have shot up.



- New Mexico regulatory law calls for the balancing of interests of shareholders and ratepayers and the sharing of risks and liabilities. Shareholders and the monopoly corporations that are continuing to profit need to be paying their fair share.

¹⁵ <https://www.pnmresources.com/~media/Files/P/PNM-Resources/annual-meeting/2020/2020-proxy.pdf>, p. 52.