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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 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 ("JOINT APPLICATION")	**Docket No. 25-00060-UT**

FINAL ORDER
ON SHOW CAUSE PROCEEDING

July 2, 2026

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(1) THIS MATTER comes before the New Mexico Public Regulation Commission ("Commission"), upon the issuance of a Recommended Decision on June 8, 2026. The Commission has reviewed the Recommended Decision, the evidentiary record, the exceptions filed by the parties, and applicable law, and hereby enters this Final Order approving and accepting the Recommended Decision with modifications.

I. BACKGROUND[1]

(2) On August 25, 2025, PNM and TXNM Energy, Inc. jointly filed the Application for approval to be acquired by Troy ParentCo LLC ("Application").

(3) On February 6, 2026, Prosperity Works filed a Motion and Brief for Order Directing Joint Applicants to Show Cause and For Other Relief ("the Motion"). The Motion requested that the Commission require PNM, TXNM Energy, Inc., and Troy ParentCo LLC ("Joint Applicants") to show cause why Troy TopCo LP's purchase of 8,000,000 shares of TXNM Energy, Inc. stock for $400 million was not void and of no effect under NMSA 1978, Section 62-6-12, and to address the implications of that stock purchase on the pending acquisition application.

(4) On March 11, 2026, the Hearing Examiners issued an Order Granting Motion for Order Directing Joint Applicants to Show Cause. That order granted Prosperity Works' motion and stated that a separate order directing Joint Applicants to show cause would issue pursuant to 1.2.2.22 NMAC.

(5) Also on March 11, 2026, the Hearing Examiners issued an Order Directing Joint Applicants to Show Cause. This order initiated an investigation, directed Joint Applicants to address whether Section 62-6-12 applied to the stock acquisition and required prior Commission authorization, set

[1] This section summarizes relevant background. The full electronic record of this proceeding is available at https://e360.prc.nm.gov/portal/public/.

briefing deadlines, and stated that a public hearing would be held to receive evidence and hear argument as appropriate.

(6) On April 6, 2026, Joint Applicants filed their Response to the Hearing Examiners' Order Directing Joint Applicants to Show Cause and For Other Relief. Joint Applicants renewed their position that the financing transaction was separate from the acquisition, did not transfer control, and did not require prior approval under Section 62-6-12.

(7) On April 20, 2026, Intervenors the Center for Biological Diversity ("CBD") and New Energy Economy ("NEE") filed their joint Response Brief to Joint Applicants' Show Cause Response Filing and Testimonies. They urged the Commission to declare that Joint Applicants violated Section 62-6-12(A)(3)(c), to declare the stock sale transaction void and of no effect, to require ratepayer hold-harmless protections, and to impose other meaningful remedies, including dismissal of the acquisition application.

(8) On April 20, 2026, Prosperity Works submitted its Response to Joint Applicants' Response to Show Cause Order. The response requested that the Commission determine the TopCo stock purchase to be void and of no effect, require Joint Applicants to identify actions to nullify the stock purchase, protect customers from related impacts, deny the merger application, and open an investigation into the Zimmer stock purchase.

(9) On April 20, 2026, Commission Utility Staff ("Staff") filed their Reply Brief to Joint Applicants' Response Brief to the Commission's Order to Show Cause. Staff urged the Commission to find that the Private Investment in Public Equity ("PIPE") transaction was undertaken for the purposes of the pending acquisition, required prior express authorization under Section 62-6-12(A)(3)(c), and was void and of no effect to the extent it contravened Section 62-6-12.

(10) A one-day public evidentiary Show Cause Hearing was held on April 30, 2026, addressing whether the stock transaction violated Section 62-6-12 and the consequences of any such violation.

(11) On June 8, 2026, the Hearing Examiners issued the Recommended Decision for Show Cause Proceeding ("Recommended Decision" or "RD"). The RD concludes that the Financing Transaction violated Section 62-6-12(A)(3)(c), recommends that the transaction be treated as void and of no effect, recommends compliance and ratepayer-hold-harmless requirements, recommends statutory penalties, and addresses the effect of the violation on the pending acquisition proceeding.

(12) On June 18, 2026, the Center for Biological Diversity ("CBD") filed exceptions requesting that the Commission adopt the RD but deny the pending acquisition application as unlawful.

(13) Also on June 18, 2026, NEE and New Mexico Consumer Protection Alliance ("NMCPA") filed exceptions requesting that the Commission deny the pending acquisition application with prejudice and initiate a separate investigation into the Zimmer stock acquisition.

(14) On June 18, 2026, Joint Applicants filed three exceptions challenging: (1) the RD's suggestion that they consider withdrawal and refiling of the acquisition application; (2) the RD's characterization of their conduct and recommended penalties; and (3) the remedy requiring the Financing Transaction to be treated as void and of no effect, including the scope of the compliance review.

II. DISCUSSION

(15) Under the Public Utility Act ("PUA"), NMSA 1978, Sections 62-1-1 through 62-6-27 and 62-8-1 through 62-13-16, the Commission has "general and exclusive power and jurisdiction to

regulate and supervise every public utility in respect to its rates and service regulation and in respect to its securities."[2]

(16) As part of this exclusive power and general jurisdiction, the Commission is statutorily authorized to examine "[a]cquisitions, consolidations, etc." and provide its express consent prior to consummation of those transactions.[3]

(17) This section, Section 62-6-12(A)(3)(c), provides, in relevant part, that with the prior express authorization of the Commission, but not otherwise

> the stock of a public utility or public utility holding company may be acquired by any person associated, affiliated, or acting in concert with any person subject to regulation or classified as a public utility or public utility holding company in any jurisdiction for the purposes of any acquisition subject to the provisions of this section.[4]

(18) The statute further provides that transactions undertaken in contravention of Section 62-6-12(A) are "void and of no effect."[5]

(19) Resolution of this matter requires the Commission to determine the meaning and scope of Section 62-6-12(A)(3)(c) and, applying that interpretation, to assess whether the Financing Transaction violated the statute. The parties provided extensive analysis of these issues through pleadings, testimony, hearing, and briefing. This Final Order summarizes the analyses that substantially inform the Commission's determinations. The absence of discussion of any particular

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[2] NMSA 1978, § 62-6-4(A) (1941).

[3] NMSA 1978, § 62-6-12 (1941).

[4] NMSA 1978, § 62-6-12(A)(3)(c) (1941 as amended through 1989).

[5] NMSA 1978, § 62-6-12(B) (1941).

argument does not indicate that the Commission failed to consider it; all other information remains in the record.

(20) When interpreting statutes, the Commission must begin with the language chosen by the Legislature.[6] When considering a question of statutory construction, the Legislature directs all interpretation questions to begin with the maxim, "[t]he text of a statute or rule is the primary, essential source of its meaning."[7] This is commonly known as "the plain meaning rule," and under it, a statute is "to be given effect as written without room for construction unless the language is doubtful, ambiguous, or an adherence to the literal use of the words would lead to injustice, absurdity, or contradiction, in which case the statute is to be construed according to its obvious spirit or reason."[8]

(21) When statutory language is clear and unambiguous, there is no need to resort to other indicia of legislative intent.[9] The Commission will not read language into a statute that the Legislature did not include, particularly where the statute is complete and makes sense as written.[10] The Commission also generally presumes that the Legislature chose its words deliberately and intended the meaning conveyed by the language it enacted. Accordingly, the Commission will not infer limitations or qualifications that the Legislature did not express, particularly where the Legislature knows how to impose such limitations when it intends to do so.[11]

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[6] *Coal. for Clean Affordable Energy v. New Mexico Pub. Regulation Comm'n*, 2024-NMSC-016, ¶ 24.

[7] NMSA 1978 § 12-2A-19 (1997).

[8] *CCAE*, 2024-NMSC-016 at ¶ 24.

[9] *New Mexico Beverage Co. v. Blything*, 1985-NMSC-039, ¶ 3 ("If a statute is unambiguous, this Court will not engage in further interpretation.").

[10] *State ex rel. Sandel v. New Mexico Pub. Util. Comm'n*, 1999-NMSC-019, ¶ 17.

[11] *Id.*

A. Interpretation of Section 62-6-12(A)(3)(c)

(22) Joint Applicants argued in pleadings, testimony, and at hearing that Section 62-6-12(A)(3)(c) applies only to stock transactions resulting in a transfer of operational control over a regulated utility.[12] Joint Applicants further assert that the Commission should interpret Section 62-6-12(A)(3)(c) as applying only to acquisitions of a controlling interest in a public utility or public utility holding company and that the appropriate benchmark for control is ten percent ownership of voting securities.[13]

(23) Joint Applicants maintain that interpreting Section 62-6-12(A)(3)(c) to require Commission approval for the acquisition of stock that does not result in a controlling interest would produce absurd results.[14] They contend that foregoing their proposed interpretation would result in ambiguity between the acquisition of a single share from the acquisition of any other non-controlling amount of stock, thereby subjecting countless ordinary stock transactions to Commission review.[15] They warn that such an interpretation would chill investment in New Mexico utilities, create uncertainty in capital markets, and imposing substantial regulatory and compliance costs on investors and the Commission.[16]

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[12] *See, e.g.*, Joint Applicants' Response to Prosperity Works' Motion and Brief for Order Directing Joint Applicants to Show Cause and for Other Relief at 17-25.

[13] *Id.*

[14] *Id.*

[15] *Id.* at 14-15.

[16] *Id.* at 14-15.

(24) Every party who provided analysis or argument on this point refuted Joint Applicants' interpretation of Section 62-6-12(A)(3)(c).[17] First, Opposing Parties argue that the statutory text is clear and unambiguous. Section 62-6-12(A)(3)(c) requires prior Commission approval whenever stock of a public utility or public utility holding company is acquired by a person "associated, affiliated or acting in concert with" a regulated utility or utility holding company "for the purposes of" an acquisition governed by the statute.[18] The provision does not contain any reference to "control," "change of control," a percentage ownership threshold, or any minimum quantity of stock.[19] Rather, the Statute provides a threshold that is focused on "the nature of the buyer and seller, and their relationship to utilities and utility holding companies."[20]

(25) Second, Opposing Parties point out that the Legislature knew how to create a control standard and chose not to do so. They contend that this is demonstrated through the fact that while this language is absent in Section 62-6-12(A)(3)(c), Section 62-6-12(B) expressly references transactions "resulting in control or exercise of control." Because the Legislature included control language in subsection (B) but omitted it from subsection (A)(3)(c), Opposing Parties argue that the omission was intentional and must be given effect.[21] Opposing Parties also point to alleged support in the legislative history of the statute, which they contend demonstrates the Legislature consciously rejected a control-based threshold for Commission review. The original version of SB

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[17] For ease of reference, Prosperity Works, New Mexico Department of Justice, Commission Staff, New Energy Economy/Center for Biological Diversity – the parties who provided testimony and briefing responsive to Joint Applicants' – will be referred to as "Opposing Parties."

[18] NMSA 1978, § 62-6-12(A)(3)(c).

[19] *See id.*

[20] *See* Prosperity Works' Response to Joint Applicants' Response to Show Cause Order ("PW Response") (April 20, 2026) at 14-15.

[21] *See, e.g.,* PW Response at 14.

157 contained a requirement that prior approval be triggered by acquisition of ten percent of voting securities, but that language was subsequently removed through amendment and replaced with the current statutory language, which contains no ownership or control threshold.[22] Opposing Parties contend that this amendment history shows the Legislature affirmatively chose not to limit Section 62-6-12(A)(3)(c) to acquisitions resulting in control and that the Commission should not judicially insert a threshold the Legislature deliberately deleted.[23]

(26) Joint Applicants, in their closing argument, conceded as much when a Hearing Examiner asked whether the statutory phrase "for the purpose of any acquisition" can apply in a scenario where the stock amount is not controlling, but the purchase is undertaken to facilitate an acquisition. Joint Applicants' counsel answered, "Yes," and agreed she "could imagine" a scenario where the parties could exchange or purchase shares that might not result in control, but that it is part of a larger transaction to facilitate that acquisition.[24] In a related colloquy during their closing argument with a Hearing Examiner, Ms. Rotman offered an explicit example of how an acquisition could be "effectuated by multiple investors" purchasing "several small pieces" such that "none of them alone" has control, yet "an acquisition is actually occurring," which she described as the kind of scenario where prior approval could be required "even if each one is only getting 5 percent."[25]

(27) The Commission agrees with the interpretation of Section 62-6-12(A)(3)(c) advanced by the Opposing Parties. The Legislature did not limit Section 62-6-12(A)(3)(c) to acquisitions involving a controlling interest, majority ownership, or a change in control. Instead, it broadly

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[22] *Id.* at 14-15.

[23] *Id.*

[24] Tr. at 279.

[25] Tr. at 275-276.

referred to the acquisition of "stock" undertaken "for the purposes of" an acquisition, merger, or consolidation. The Legislature knows how to impose a control requirement when it intends to do so, yet Section 62-6-12(A)(3)(c) contains no such limitation. Had the Legislature intended to restrict the statute's application to acquisitions of a controlling interest, it could have expressly provided as much. The Commission therefore declines to read such a limitation into the statute.

(28) The Commission further concludes that Joint Applicants' proposed interpretation improperly isolates the term "stock" from the remainder of the statutory provision. Section 62-6-12(A)(3)(c) does not regulate all stock purchases generally. Rather, it regulates stock acquisitions undertaken "for the purposes of" a utility acquisition, merger, or consolidation. Thus, the statute itself contains an important limiting principle tied to the purpose and context of the transaction.

(29) The Commission does not agree that this interpretation will produce the absurd results imagined by the Joint Applicants.[26] Section 62-6-12(A)(3)(c) does not apply to every acquisition of utility stock. Rather, it applies only to exchanges undertaken "for the purposes of" an acquisition, merger, or consolidation, as the subjects of this section. This limiting language substantially narrows the scope of transactions subject to Commission review and avoids the expansive application suggested by the Joint Applicants.

(30) The Commission further concludes that the Legislature's use of the phrase "for the purposes of" reflects a broad, functional inquiry rather than a narrow formalistic inquiry. The statute directs the Commission to examine whether the stock acquisition was undertaken for the purposes of a larger acquisition transaction subject to Commission oversight.[27] The focus of the statute is therefore not limited solely to whether the challenged transaction independently

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[26] *See* JA Response at 14-15.

[27] Section 62-6-12(A)(3)(c).

transferred operational control; instead, the Commission must evaluate the role the transaction played within the broader acquisition structure.

(31) This interpretation is consistent with the purposes underlying the PUA and the Commission's obligation to exercise oversight over transactions affecting regulated public utilities operating in New Mexico.[28]

(32) Therefore, the Commission concludes that based on the plain language of Section 62-6-12(A)(3)(c), prior Commission approval is required when:

(1) stock of a public utility or public utility holding company is acquired;

(2) the acquiring person is associated, affiliated, or acting in concert with a person that is subject to regulation or classified as a public utility or public utility holding company in any jurisdiction; and

(3) the acquisition is undertaken for the purposes of an acquisition, merger, or consolidation subject to Section 62-6-12.

The statute imposes no additional requirement that the acquisition involve a controlling interest, majority ownership, or a change in control.

(33) Accordingly, the Commission determines whether the Financing Transaction satisfies each of these statutory elements.

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[28] *See* NMSA 1978, § 62-3-1(B) ("It is the declared policy of the state that the public interest, the interest of consumers and the interest of investors require the regulation and supervision of public utilities to the end that reasonable and proper services shall be available at fair, just and reasonable rates and to the end that capital and investment may be encouraged and attracted so as to provide for the construction, development and extension, without unnecessary duplication and economic waste, of proper plants and facilities and demand-side resources for the rendition of service to the general public and to industry"); *see also* NMSA 1978, § 62-6-4(A) ("The commission shall have general and exclusive power and jurisdiction to regulate and supervise every public utility in respect to its rates and service regulations and in respect to its securities, all in accordance with the provisions and subject to the reservations of the Public Utility Act, and to do all things necessary and convenient in the exercise of its power and jurisdiction.")

B. Application of Section 62-6-12(A)(3)(c) to the Financing Transaction

i. There is no dispute whether the stock of a public utility or public utility holding company was acquired in this Financing Transaction.

(34) The first element of Section 62-6-12(A)(3)(c) requires an acquisition of stock of a public utility or public utility holding company. The evidentiary record establishes in multiple instances, and no party disputes, that Troy TopCo invested approximately $400 million in TXNM, itself a public utility holding company, through a PIPE transaction in exchange for acquiring eight million shares of TXNM common stock.[29] Accordingly, the Commission concludes that the first statutory element is satisfied.

ii. The stock was acquired by a person associated, affiliated, or acting in concert with a person subject to regulation or classified as a public utility or public utility holding company.

(35) The second element requires that the stock be acquired by a person associated, affiliated, or acting in concert with a person subject to regulation or classified as a public utility or public utility holding company in any jurisdiction.

(36) The evidentiary record establishes and is undisputed that Troy TopCo, a Delaware limited partnership,[30] is a person according to the PUA. The definitions for that act state that "person" means an individual, firm, partnership, company … corporation or lessee, trustee or receiver appointed by any court.[31] The record also demonstrates that TopCo acquired the TXNM shares as

[29] Tarry Dir. at 2-3.

[30] Prosperity Works Exhibit 1, Show Cause Testimony of Ronald J. Binz ("Binz Dir."), Exhibit RJB-3 (Joint Application, Exhibit E ("The Merger Agreement")) at A-1.

[31] NMSA 1978, § 62-3-3(E).

part of a coordinated acquisition effort involving TXNM, Troy ParentCo, and affiliated Blackstone Infrastructure entities.[32]

(37) TXNM is an investor-owned public utility holding company which owns two regulated utility subsidiaries and thus is classified as a public utility holding company.[33]

(38) These entities engaged in lengthy, detailed, and resource-intensive negotiations and filing compliance to bring about the PIPE. The PIPE was the result of lengthy and careful negotiation, subject to the terms of an intricate agreement, namely, the Stock Purchase Agreement, required Securities and Exchange Commission ("SEC") filings and related registration-rights provisions, and, as will be detailed further, was entirely coincident and related to a merger agreement involving both Troy TopCo and TXNM.[34] Accordingly, the Commission concludes these entities were "acting in concert" to bring about the PIPE, and therefore the second statutory element is satisfied.

iii. <u>The Financing Transaction was undertaken "for the purposes of" an acquisition, merger, or consolidation subject to the provisions of Section 62-6-12.</u>

(39) The remaining question is whether the Financing Transaction was undertaken "for the purposes of" an acquisition, merger, or consolidation subject to Section 62-6-12.

(40) The Commission concludes that it was. The evidentiary record demonstrates that the Financing Transaction did not arise from an ordinary market purchase of utility stock. Rather, it arose directly from the acquisition process, the structure and architecture of the proposed acquisition and post-acquisition entities, and the Merger Agreement's stated dependence on the acquisition.

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[32] Binz Dir., Exhibit RJB-3 (Joint Application, Exhibit D ("Proxy Statement")) at 47.

[33] Binz Dir., Exhibit RJB-3 (Joint Application) at 4.

[34] *Id.* at 44.

(41) Foundationally, TXNM made the stock purchase financing part of the bidder package. The Proxy Statement, filed by TXNM, and included as part of the Joint Applicants' application, states that:

> Following receipt of the initial bids, management and Wells Fargo continued to evaluate options for interim financing and narrowed the focus to propose interim financing through a block sale of $400 million of common stock, or the PIPE. Each potential acquiror was informed that the merger and PIPE were to be consummated by the same potential acquiror and that both transactions were to be signed and announced simultaneously. Additionally, each potential acquiror was informed that the PIPE was expected to close soon after signing the merger agreement and that it would not be contingent on the closing of the merger.[35]

Relatedly, the evidence that the stock purchase was designed to address risks created or intensified by the pending merger process (e.g., blackout periods and timing constraints) supports the finding that the stock purchase was undertaken to enable the merger to proceed with its intended timetable and terms. The Joint Applicants express this at the very beginning of their application. In stating that no incremental debt will be issued because of the merger, the application provides a footnote explaining that:

> Separate and apart from the Acquisition, Blackstone Infrastructure has already invested $400 million through the purchase of eight million (8,000,000) shares of common stock from TXNM on May 18, 2025, by way of a private placement agreement, to support the execution of TXNM's business plan during the interim period before the consummation of the Acquisition.[36]

That is to say that, beyond the Merger Agreement itself, the stock transaction financing has the purpose of supporting TXNM's business operations in the interim, before the acquisition takes effect.

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[35] Proxy Statement at 44.

[36] *Id.*, Binz Dir., Exhibit RJB-3 (Joint Application ("Joint Application")) at 10, n. 2.

(42) Joint Applicant witness and TXNM CEO, Joseph Tarry, though, contends that the interim financing resulting from the stock acquisition was not for the merger, but rather allowed the company to acquire capital in advance of a merger announcement, after which point raising capital would become more complicated and difficult due to mandatory blackout periods.[37] Joint Applicant Witness and Senior Managing Director of Blackstone, Inc., Sebastien Sherman,[38] echoes this contention of separation, stating that while the stock acquisition and the merger were negotiated at the same time, "the PIPE would be funded almost immediately to assist TXNM in meeting its short-term capital needs."[39] But, the transaction's interim financing created a direct and causal relationship to the post-merger closing. As the footnote cited above indicates, it was to be used "before the consummation of the Acquisition."[40]

(43) Moreover, Blackstone Inc. was working to raise additional capital for TXNM seemingly in anticipation of its acquisition of the company. The record indicates that Blackstone Infrastructure, Inc., in addition to the having fully funded a $400 million equity issuance by TXNM, also "supported TXNM's issuance of an additional $200 million of common equity to investors unaffiliated with Blackstone Infrastructure on June 27, 2025, and has entered into agreements with TXNM that support TXNM's issuance of an incremental $325 million of common equity by December 31, 2026."[41] In this regard, the record indicates that Blackstone is facilitating

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[37] Tarry Dir. at 6.

[38] Mr. Sherman is also the Senior Managing Director of BIP Holdings Manager LLC and the CEO of Troy Merger Sub, Inc.

[39] Joint Applicants' Exhibit 2, Direct Testimony of Sebastien Sherman ("Sherman Dir."), at 9.

[40] Binz Dir., Joint Application, at 10, n. 2.

[41] Binz Dir., Joint Application, Direct Testimony and Exhibit of Heidi Boyd, at 5.

additional equity investment, a total here of $925 million, from even more outside investors in the company as Troy Merger Sub seeks to merge with TXNM, with Troy TopCo as an upstream holding company.

(44) Beyond the bidding stage and interim financing considerations, the record indicates that Troy TopCo has a dual role with respect to the stock acquisition and the upstream ownership of Troy ParentCo, and ultimately TXNM. According to the relevant Schedule 13D,[42] Troy TopCo will contribute the eight million in shares to Troy ParentCo.[43] So, while the principal business of Troy TopCo is stated to be "investing in the securities of the Issuer [i.e., TXNM],"[44] it also sits as an upstream owner in the post-acquisition holding-company chain.

(45) The Schedule 13D filing also describes certain terms and conditions of the Stock Purchase Agreement that impact Troy TopCo's ownership of the TXNM shares acquired in the PIPE. Recalling the importance of the interim financing to the merger, described above, that filing details that the Stock Purchase Agreement requires a lock-up period, pursuant to which Troy TopCo "may not transfer the Shares prior to the earlier of (A) the consummation of the transactions contemplated by the Merger Agreement or (B) the termination of the Merger Agreement."[45] The Stock Purchase Agreement imposes additional restrictions on the shares. It states that:

> Troy TopCo also agreed to vote all Shares owned by it in favor of the Merger and for all other matters, (A) as recommended by the board of directors of the [sic.] TXNM if the board of directors has made a recommendation, so long as the Shares may be lawfully voted as so provided and (B) pro rata in proportion to the votes cast by the holders of Common Stock other than the Shares if the board of directors

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[42] Schedule 13D is a required SEC filing when an investor acquires beneficial ownership of more than five percent of a public company's voting stock.

[43] Binz Dir., Exhibit RJB-4, Schedule 13D ("Schedule 13D"), Item 4, at 18.

[44] Proxy Statement at 43; Schedule 13D, Item 2(c), at 17.

[45] Schedule 13D, Item 4, at 19.

has not made a recommendation or if the Shares may not be lawfully voted as provided in clause (A).[46]

The record here demonstrates the critical importance of the shares acquired by Troy TopCo to the merger. Troy TopCo may not transfer any shares until after the merger or after the merger terminates, and that it will vote all of its shares in favor of the merger.

(46) Finally, the record demonstrates an explicit relationship between the merger agreement and the stock purchase agreement. Even where the Joint Applicants describe the transactions as "separate," a contractual right to terminate the merger if the stock purchase agreement is terminated (and associated termination-fee consequences) is direct evidence that the merger's enforceability and remedies depended—at least in defined circumstances—on the stock transaction closing as expected. These relationships appear in the language of the Merger Agreement and the Proxy Statement. The Merger Agreement provides that "this Agreement may be terminated ... by the Company [TXNM] if the Stock Purchase Agreement is terminated by the Company pursuant to Article IX of the Stock Purchase Agreement."[47] The Merger Agreement also states that "[i]f this Agreement is terminated ... by the Company pursuant to ... Section 8.1(g) (Stock Purchase Agreement Termination), then Parent shall pay to the Company $350,000,000 (the "Parent Termination Fee")."[48]

(47) Taken together, the bidding process, interim-financing purposes, share-transfer restrictions, voting obligations, required contribution of shares to ParentCo, and merger-agreement termination rights demonstrate that the Financing Transaction was undertaken for the purposes of

[46] *Id*.

[47] Proxy Statement at 66-67.

[48] *Id*. at 68.

the proposed acquisition of TXNM and, indirectly, PNM. When viewing the terms and conditions of the bidding process, the need for the capital acquired to cover an interim period (until closing), the efforts that Blackstone affiliates engaged in to increase equity investment in TXNM while anticipating a merger, the manner and constraints by which Troy TopCo must contribute and manage its shares, and the causal relationship between the consummation of the Stock Purchase Agreement and the Merger Agreement, it is manifestly clear that the stock acquisition financing was effected in order to acquire TXNM.

(48) The Commission therefore finds that the Financing Transaction was not merely temporally adjacent to the proposed acquisition, but that it was inextricably linked. The Joint Applicants argue that the Stock Purchase Agreement, and the Financing Transaction, are separate and distinct from the merger and related agreement. From a merely formal and reductive position, that is correct. But just because two transactions are separate in nature does not mean that they do not share a common purpose, or more precisely, that one is not for the purpose of the other. One distinct action can be for the purpose of another. Separateness is not dispositive here. Rather, the Financing Transaction arose directly from and was structured in conjunction with the acquisition process itself. The Financing Transaction was therefore undertaken "for the purposes of" the proposed acquisition within the meaning of Section 62-6-12(A)(3)(c).

iv. <u>Joint Applicants failed to obtain prior Commission authorization for the Financing Transaction.</u>

(49) It is undisputed that the Joint Applicants did not seek to obtain prior authorization from the Commission with respect to the Financing Transaction. In fact, Joint Applicant witnesses Tarry and Sherman, in retrospect, acknowledged that seeking prior Commission authorization for the PIPE transaction would have been preferable. Mr. Tarry testified that "looking at it today, it would

have been beneficial,"[49] while Mr. Sherman testified that seeking prior approval "would have been a better course of action."[50]

(50) The Commission does not construe Mr. Tarry's and Mr. Sherman's statements as admissions of liability. The statements nevertheless do demonstrate that sophisticated regulated entities, while recognizing that the stock acquisition implicated legitimate questions concerning Commission approval authority under Section 62-6-12, nevertheless failed to pursue the matter further.

(51) Because the Financing Transaction satisfies each element of Section 62-6-12(A)(3)(c) and was consummated without prior Commission authorization, the Commission concludes that Joint Applicants' failure to seek prior Commission authorization for the Financing Transaction violated Section 62-6-12.

C. Remedies and Penalties

i. Proposed Remedies

(52) The parties proposed several potential remedies should the Commission conclude that the Financing Transaction violated Section 62-6-12(A)(3)(c). Broadly speaking, those proposals fall into four categories.

(53) First, Joint Applicants propose that the Commission either approve the Financing Transaction after the fact or approve a substitute transaction, namely an option agreement, intended to replicate the economic effect of the Financing Transaction.[51] The Commission declines to adopt

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[49] Tr. at 75.

[50] *Id.* at 121.

[51] Joint Applicants' Post-Hearing Brief in Show Cause Proceedings (May 20, 2026) at 4-8.

either of these proposed remedies. Neither after-the-fact approval or "nunc pro tunc" relief is an appropriate remedy because both would effectively read the statute's requirement of "prior" Commission authorization out of existence. Nunc pro tunc relief is intended to correct clerical or procedural errors, not to retroactively validate a transaction that was knowingly completed without the approval required by statute.[52] Similarly, replacing the stock purchase agreement with an option agreement serves as nothing more than a "workaround" and ignores that statute's requirement the Financing Transaction be rendered "void and of no effect" as a matter of law.[53]

(54) Second, several parties argue that the Commission should apply the statutory consequence set forth in Section 62-6-12(B), find the Financing Transaction void and of no effect, and require the parties to unwind or otherwise reverse the transaction.[54]

(55) Third, some parties argued that because the Financing Transaction was closely connected to the proposed acquisition, a finding that the Financing Transaction is void requires the denial or dismissal of the pending merger application.[55] After careful consideration, the Commission determines that this is not an appropriate or allowable remedy, for reasons explained in more detail below.

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[52] *Secou v. Leroux & Ortiz*, 1866-NMSC-005, ¶ 4 ("The phrase *nunc pro tunc* signifies now for then, or, in other words, a thing is done now, which shall have the same legal force and effect as if done at the time when it ought to have been done.")

[53] *See* Section 62-6-12(B).

[54] *See*, *e.g.*, Utility Division Staff's Post Hearing Brief for the Show Cause Proceeding pg. 15; New Energy Economy and NM Consumer Protection Alliance's Post Hearing Brief in Chief at 25; Center for Biological Diversity Post Hearing Brief in Show Cause Hearing at16; Coalition for Clean Affordable Energy's Post-Hearing Brief in Show Cause Proceeding at. 8; Prosperity Works' Post-Hearing Brief at 32.

[55] NEE and NM Consumer Protection Alliance's Post Hearing Brief in Chief pg. 25; Prosperity Works' Post-Hearing Brief at 32.

(56) Fourth, Commission Staff proposed that the Commission not only apply the statutory consequence prescribed by Section 62-6-12(B), but require Joint Applicants to demonstrate how they have effectuated that consequence, ensure that customers are held harmless from all resulting costs, and consider the violation as part of the Commission's review of the proposed acquisition.[56] The Commission concludes that Staff's proposed approach most faithfully implements the statutory directive while preserving the Commission's ability to perform its separate statutory obligation to evaluate the proposed acquisition.

ii. Statutorily Required Remedy

(57) Section 62-6-12(B) prescribes the consequence for a transaction undertaken without the required prior Commission authorization: the transaction is "void and of no effect." The Commission is not free to disregard that consequence or substitute a different remedy.

(58) At the same time, the Commission's review of the proposed acquisition is governed by a separate statutory framework that requires the Commission to determine whether the proposed acquisition is lawful and consistent with the public interest.[57] Consistent with longstanding Commission precedent, that determination requires consideration of the six factors applicable to utility acquisitions, including customer benefits, preservation of Commission jurisdiction, service quality, protection against improper subsidization, the qualifications and financial health of the proposed owners, and protections against harm to customers.[58]

(59) A violation of Section 62-6-12 implicates the very statutory framework governing utility acquisitions and may weigh strongly against a finding that the proposed acquisition is lawful or

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[56] Staff's Post-Hearing Brief at 15.

[57] *See* NMSA 1978, § 62-6-13 (1941 as amended through 1953).

[58] *See* Case No. 24-00266-UT, Recommended Decision at ¶¶ 14-21.

consistent with the public interest. However, the Commission cannot meaningfully apply the six-factor test until the acquisition record is fully developed and the parties have had an opportunity to address the effect of the violation within that broader public-interest framework. Accordingly, it would be premature to deny the acquisition application solely on the basis of the determination made in this Show Cause Proceeding.

(60) Notwithstanding the above, Joint Applicants' violation of Section 62-6-12 is a significant consideration in the Commission's evaluation of the proposed acquisition under the six-factor public-interest analysis. Accordingly, the violation may be weighed alongside all other relevant evidence in determining whether the proposed acquisition is lawful, consistent with the public interest, and deserving of Commission approval.

(61) Having determined that the Financing Transaction contravened Section 62-6-12(A)(3)(c), the Commission requires Joint Applicants to file, within forty-five (45) days of this Final Order, a compliance filing in this docket demonstrating how they have effectuated the statutory consequence prescribed by Section 62-6-12(B). The compliance filing shall identify all actions taken to unwind, reverse, replace, terminate, or otherwise effectuate the void status of the Financing Transaction and shall include sufficient supporting documentation to permit Commission review.

(62) The compliance filing shall further identify any costs, expenses, liabilities, accounting impacts, financing impacts, tax consequences, dividend effects, transaction costs, or other consequences resulting from Joint Applicants' violation of Section 62-6-12(A)(3)(c) and shall demonstrate how New Mexico ratepayers will be held harmless from all such consequences.

(63) Commission Staff and other parties may review the compliance filing and may respond within thirty (30) days of its filing as to whether it sufficiently protects ratepayers from any harm caused by effectuating the void status of the Financing Transaction.

iii. Penalties

(64) Section 62-12-4 of the Public Utility Act allows the Commission to impose a penalty on any person that violates the Act. That authority is not limited to a public utility or to an entity otherwise subject to the Commission's continuing regulation of rates and service. The relevant jurisdictional question is whether the person committed a violation of the Public Utility Act.

(65) The Public Utility Act defines "person" to include, among other forms of organization, a partnership, company, and corporation.[59] Troy TopCo LP and Troy ParentCo LLC are therefore persons within the meaning of the Act. Moreover, Section 62-6-12(A)(3)(c) itself imposes the prior-authorization requirement upon "any person" that acquires the stock of a public utility or public utility holding company while associated, affiliated, or acting in concert with a regulated person for purposes of a covered acquisition. [60]

(66) The Commission is not asserting that Troy TopCo or Troy ParentCo is a public utility subject to general, continuing regulation of its rates or services. Rather, the Commission is enforcing a specific provision of the Public Utility Act against persons whose own conduct brought them within that provision. Because Section 62-6-12(A)(3)(c) applied to their participation in the Financing Transaction, and Section 62-12-4 applies to any person that violates the Act, the Commission has authority to impose a penalty for each entity's own violation.

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[59] NMSA 1978 § 62-3-3(E) (1998).

[60] NMSA 1978, § 62-12-4 (1942).

(67) The penalties are also not duplicative. TXNM issued and sold the shares without obtaining the required authorization.[61] Troy TopCo acquired the shares without obtaining that authorization. Troy ParentCo authorized, directed, and participated in the acquisition structure of which the Financing Transaction was an integral component.[62] Each entity performed distinct conduct necessary to consummate the unauthorized transaction, and each is responsible for its own violation.[63]

(68) The Commission is therefore not imposing three penalties for the same conduct by a single company. It is imposing one penalty on each of three separate companies that knowingly took part in completing the unauthorized transaction.[64],[65]

(69) The Financing Transaction was not an isolated investment decision. Rather, it was structured, negotiated, and consummated as part of the broader acquisition strategy through which Troy ParentCo sought to acquire TXNM.[66]

(70) The Commission further concludes that the violation was not the result of inadvertence, mistake, or an inability to seek Commission guidance. The record demonstrates that the Joint Applicants consciously determined that prior authorization was not required and proceeded with the Financing Transaction on that basis.[67] During the Show Cause Hearing, witnesses for the Joint

[61] Joint Application at A-1; Tarry Dir. at 5.

[62] Tarry Dir. at 7.

[63] Sherman Dir. at 22; Tarry Dir. at 14-19.

[64] Sherman Dir. at 6-7; Prosperity Works Motion for Order to Show Cause (February 6, 2026) at 5-6.

[65] Joint Application at 78.

[66] Tarry Dir. at 7-8; Sherman Dir. at 5.

[67] Sherman Dir. at 113.

Applicants acknowledged that seeking Commission approval would have been the better course of action.[68]

(71) The Commission recognizes that the Financing Transaction was publicly disclosed and that the parties did not attempt to conceal the transaction from regulators or the public.[69] Nevertheless, the prior authorization requirement exists to ensure that the Commission, not regulated entities or acquisition participants, determines in the first instance whether a proposed transaction falls within the scope of Section 62-6-12. The Commission cannot permit regulated entities to substitute their own legal conclusions for the Commission's statutory authority.[70]

(72) The Commission therefore bases the penalties not on a finding of bad faith or deliberate disregard, but on the objective nature and magnitude of each violation, each entity's role in consummating the transaction, the sophistication of the entities involved, the importance of preserving the prior-approval process established by the Legislature, and the need to promote compliance in future transactions. Those considerations support the imposition of penalties against each entity.[71]

(73) Pursuant to NMSA 1978, Section 62-12-4, the Commission assesses a penalty of One Hundred Thousand Dollars ($100,000) against TXNM Energy, Inc. for entering into and consummating the Financing Transaction without prior express authorization of the Commission.

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[68] Tr. at 77.

[69] Tarry Dir. at 7-8.

[70] *See* Joint Applicants Exhibit 3, Testimony and Exhibits of Sudeen Kelly at 14.

[71] See NMSA 1978, § 62-3-3(E); *see* Paragraph 54, *supra*.

(74) Pursuant to NMSA 1978, Section 62-12-4, the Commission assesses a penalty of One Hundred Thousand Dollars ($100,000) against Troy TopCo LP for acquiring TXNM stock through the Financing Transaction without prior express authorization of the Commission.

(75) Pursuant to NMSA 1978, Section 62-12-4, the Commission assesses a penalty of One Hundred Thousand Dollars ($100,000) against Troy ParentCo LLC for authorizing, directing, and participating in the consummation of the Financing Transaction without prior express authorization of the Commission.

iv. Effect on Acquisition Proceedings

(76) The Commission is unpersuaded by Joint Applicants' contention that effectuating the void status of the Stock Purchase Agreement would have little or no effect on the proposed acquisition. While the precise consequences may not yet be fully known, and many resulting commercial, financing, governance, and transactional implications are matters uniquely within the knowledge of Joint Applicants and their affiliates, the Commission determines that those consequences are likely significant to the overall application.

(77) The Commission recognizes that the transaction at issue has created legal and procedural questions that may materially affect the pending Application and that the interests of administrative efficiency, procedural integrity, and fundamental fairness may require withdrawal, amendment, supplementation, or refiling of the Application so that it accurately reflects the current posture of the transaction and any steps taken to address the unauthorized stock acquisition. The Commission does not, however, order withdrawal or refiling in this Final Order.

(78) It is Joint Applicants' responsibility, as applicants, to determine in the first instance whether the pending Application and record remain complete, accurate, and sufficient in light of this Final Order and any corrective actions undertaken. If Joint Applicants elect to proceed on the

pending Application, they bear the burden of supplementing or amending the filing as necessary to provide a complete and current record for the Commission's consideration.

III. EXCEPTIONS TO THE RECOMMENDED DECISION

(79) The Commission has reviewed the exceptions filed by CBD, NEE and NMCPA, and Joint Applicants. The Commission has also considered the responses filed to the exceptions. Those responses further develop the parties' competing positions concerning the scope of the Show Cause Proceeding, the appropriate treatment of the pending acquisition application, the basis for statutory penalties, and the remedies available under Section 62-6-12(B). Although the responses do not demonstrate legal or factual error requiring a different disposition of the exceptions, the Commission addresses the principal arguments below to clarify the basis for its decision. Except as expressly stated below, the exceptions do not identify legal or factual error requiring modification of the RD.

A. Exceptions Seeking Immediate Denial of the Acquisition Application

(80) CBD and NEE/NMCPA argue that the Commission's finding that the Financing Transaction was unlawful and inextricably linked to the proposed acquisition necessarily establishes that the pending acquisition application is itself unlawful under Section 62-6-13. The Commission agrees that the Financing Transaction's relationship to the proposed acquisition is highly relevant to the Commission's eventual consideration of the acquisition. The finding that the transactions were inextricably linked, however, was made within the analysis of whether the stock acquisition was undertaken "for the purposes of" an acquisition within the meaning of Section 62-6-12(A)(3)(c). That finding does not, without further proceedings, resolve every factual and legal issue necessary to determine wither the acquisition proposal ultimately presented to the Commission is unlawful or inconsistent with the public interested under Section 62-6-13.

(81) The Show Cause Order placed before the Commission the legality of the Financing Transaction and the consequences of consummating that transaction without prior authorization. It did not place the ultimate merits of the acquisition application before the Commission for final adjudication. In particular, the parties have not yet had a complete opportunity in the acquisition phase of this proceeding to address the corrective actions required by this Final Order, whether those actions alter the proposed acquisition or its supporting documents, and what effect those changes may have on the statutory standards governing approval.

(82) The Commission therefore declines to deny the acquisition application in this Show Cause Proceeding. This determination, however, does not minimize the significance of the violation, nor does it prejudge how the violation, the required corrective actions, or any resulting changes to the transaction will affect the Commission's ultimate decision. Those matters remain for consideration on a complete and current acquisition record. CBD's Exceptions and NEE and NMCPA's Exception No. 1 are therefore denied.

B. Exception Concerning the Zimmer Stock Acquisition

(83) NEE and NMCPA identify evidence suggesting that the Zimmer stock acquisition may have formed part of the broader financing arrangements developed in connection with the proposed acquisition. That evidence may warrant further regulatory attention. It does not, however, provide an adequate procedural basis for adjudicating the legality of the Zimmer transaction in this Final Order.

(84) The Show Cause Order specifically identified the Troy TopCo Financing Transaction and required the Joint Applicants to address that transaction. [72] The Zimmer purchasers and any other

[72] Order to Show Cause (March 11, 2026) at 1-2.

entities whose rights or obligations would be affected by a determination concerning the Zimmer transaction were not separately directed to show cause, and the hearing was not structured to develop a complete evidentiary record concerning that transaction. Initiating or resolving a separate alleged violation after the evidentiary hearing and briefing have concluded would deprive the affected entities of appropriate notice and an opportunity to present evidence and legal argument directed to that issue.

(85) For these reasons, the Commission declines to initiate or adjudicate a Zimmer investigation through this Final Order. NEE and NMCPA's Exception No. 2 is therefore denied without prejudice to the Commission's authority to initiate a separate, appropriately noticed investigation.

C. Joint Applicants' Exception I: Withdrawal and Refiling

(86) Joint Applicants object to the RD's suggestion that they consider withdrawing and refiling the acquisition application, emphasizing the substantial discovery, testimony, and motion practice already completed. The Commission recognizes the considerable resources already invested in the existing record and does not conclude that the entire record must be abandoned or recreated.

(87) At the same time, the consequences of this Final Order cannot be treated as though they were already fully reflected in the pending Application. The actions necessary to effectuate the void status of the Financing Transaction may affect the acquisition's financing structure, transaction documents, accounting treatment, shareholder disclosures, claimed benefits, or potential consequences for ratepayers. The compliance filing and the parties' responses may therefore produce material information that did not exist when the Application and supporting testimony were filed.

(88) This Final Order does not require Joint Applicants to withdraw or refile the Application. It remains their responsibility, as the parties seeking Commission approval, to determine whether the

pending Application and evidentiary record remain complete, accurate, and sufficient after the required corrective actions. If they elect to proceed in the current docket, they must amend or supplement the Application and supporting evidence as necessary. Nothing in this determination requires the unnecessary duplication of discovery or prevents the Commission from relying on portions of the existing record that remain accurate and relevant. Joint Applicants' Exception I is denied in light of this clarification.

D. Joint Applicants' Exception II: Characterization of Conduct and Penalties

(89) Joint Applicants argue that they acted in good faith, reasonably interpreted Section 62-6-12,publicly disclosed the Financing Transaction, and therefore should not be penalized. The Commission recognizes that the Financing Transaction was publicly disclosed and does not find that Joint Applicants concealed the transaction, acted with a subjective intent to violate the law, or deliberately disregarded a known statutory obligation. Those findings, however, do not resolve whether penalties are appropriate under Section 62-12-4, which does not make willfulness or bad faith an element of the Commission's penalty authority.

(90) The more pertinent consideration is the degree of regulatory diligence reasonably expected under the circumstances. Joint Applicants are sophisticated entities represented by experienced legal and financial advisors. The transaction involved approximately $400 million, the stock of a public utility holding company, and a financing arrangement developed in direct connection with a proposed utility acquisition. The record also establishes that the applicability of Commission approval requirements was considered before the transaction was consummated.

(91) Where a statute requires prior express authorization and provides that a transaction completed without that authorization is void and of no effect, uncertainty concerning the statute's application weighs in favor of seeking Commission guidance before closing, not in favor of

proceeding without it. If Joint Applicants genuinely questioned whether the Financing Transaction required prior approval, they knew or should have known they could have requested authorization, sought a declaratory determination, or otherwise presented the question to the Commission before consummation. Their failure to do so is relevant to the exercise of the Commission's penalty discretion even though the Commission does not find subjective bad faith.

(92) Public disclosure of the Financing Transaction did not provide the Commission with the advance notice, evidentiary review, or express authorization required by Section 62-6-12. Nor does the existence of extensive briefing, disagreement by Joint Applicants, or expert testimony supporting their interpretation establish that the statute failed to provide adequate notice. The litigation demonstrates that Joint Applicants contested the statute's application; it does not convert the prior-authorization requirement into a post-transaction approval process.

The Commission has nevertheless considered Joint Applicants' asserted good-faith interpretation, public disclosure, and claimed financial and customer benefits as mitigating circumstances. Those considerations are outweighed by the size and regulatory significance of the transaction, the sophistication of the participating entities, the availability of a means to seek Commission guidance before closing, the importance of preserving the Legislature's prior-approval requirement, and the need to promote future compliance. Joint Applicants' Exception II is denied.

E. Joint Applicants' Exception III: Remedies

(93) Joint Applicants urge the Commission to adopt a pragmatic remedy that preserves the $400 million investment and rely on the *OS Farms and Raton Natural Gas* proceedings. Neither proceeding establishes that the Commission may retroactively authorize or preserve the effect of a transaction after determining, in a fully adjudicated proceeding, that the transaction violated Section 62-6-12. Section 62-6-12(B) states that a transaction that violates Section 62-6-12(A) shall

be "void and of no effect."[73] This language is mandatory and unequivocal, and therefore the Commission cannot authorize retroactive approval of the Financing Transaction or a substitute arrangement designed to preserve its economic effect. Nothing in this Final Order prevents Joint Applicants from proposing a future transaction that complies with the Public Utility Act and is presented for prospective Commission consideration.

(94) The Commission agrees with Joint Applicants, however, that the compliance-review provision should be clarified. Staff and the parties may review and respond to the compliance filing, but only Commission Staff may conduct or oversee an audit, investigation, or verification unless the Commission expressly authorizes otherwise. Any such review must be reasonably related to compliance with this Final Order. Joint Applicants' Exception III is granted solely to clarify the scope and administration of the compliance review and is otherwise denied.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

(95) The Commission finds and concludes:

(96) TXNM's Board of Directors began discussing the need for interim financing in connection with a potential sale transaction as early as December 2024. The Board considered both potential acquirors and financing arrangements necessary to support TXNM during the pendency of a merger transaction.

(97) On January 6, 2025, TXNM's Board discussed a potential transaction structure that included interim financing from a prospective purchaser in order to alleviate TXNM's need to obtain financing while a merger remained pending.

[73] Section 62-6-12(B).

(98) TXNM and its financial advisor, Wells Fargo, considered the ability of prospective acquirors to provide interim financing as part of the evaluation of competing acquisition proposals.

(99) Following receipt of initial bids, TXNM and Wells Fargo narrowed the interim financing structure to a proposed $400 million PIPE transaction.

(100) Prospective acquirors were informed that the merger transaction and PIPE transaction would be consummated by the same acquiror and would be signed and announced simultaneously.

(101) On February 24, 2025, TXNM's Board discussed the importance of interim financing through a PIPE transaction to the overall transaction and elected to continue negotiations with Blackstone Infrastructure.

(102) Blackstone's subsequent bids included both merger consideration and PIPE consideration, and the PIPE transaction was negotiated contemporaneously with the merger transaction.

(103) On April 16, 2025, TXNM directed Wells Fargo to seek increases in both the merger price and PIPE purchase price from Blackstone Infrastructure.

(104) Negotiations between TXNM and Blackstone Infrastructure continued through April 2025 regarding both the merger agreement and financing provisions associated with the PIPE transaction.

(105) The Proxy Statement provided to shareholders states that the PIPE transaction was intended to provide financing necessary to support TXNM's business plan, operations, and growth during the interim period before consummation of the merger.

(106) Troy TopCo ultimately acquired approximately eight million shares of TXNM common stock through the PIPE transaction in exchange for approximately $400 million.

(107) The PIPE transaction closed prior to Commission approval of the acquisition application pending in this docket.

(108) TXNM Energy knowingly entered into and consummated the Financing Transaction without obtaining prior Commission authorization under Section 62-6-12(A)(3)(c).

(109) Troy TopCo acquired approximately eight million shares of TXNM common stock through the Financing Transaction without prior Commission authorization.

(110) Troy ParentCo participated in, directed, authorized, and benefited from the Financing Transaction undertaken in connection with the proposed acquisition of TXNM.

(111) Joint Applicants elected not to seek Commission authorization prior to consummating the Financing Transaction despite the availability of Commission procedures for obtaining clarification regarding approval requirements.

(112) The Commission has jurisdiction over the parties and subject matter of this proceeding pursuant to the Public Utility Act.

(113) Section 62-6-12(A)(3)(c) requires prior Commission authorization before stock of a public utility or public utility holding company may be acquired by a person associated, affiliated, or acting in concert with a public utility or public utility holding company when the acquisition is undertaken for the purposes of an acquisition subject to Section 62-6-12.

(114) Section 62-6-12(A)(3)(c) does not require a showing that the stock acquisition independently transfers operational control of the utility.

(115) The PIPE transaction constituted an acquisition of stock of a public utility holding company within the meaning of Section 62-6-12(A)(3)(c).

(116) Troy TopCo LP and its affiliated entities were acting in concert with the entities pursuing the proposed acquisition of TXNM.

(117) The PIPE transaction was undertaken for the purposes of the proposed acquisition of TXNM.

(118) Prior Commission authorization was required before consummation of the PIPE transaction.

(119) TXNM Energy, Inc. is a public utility holding company subject to the Commission's jurisdiction under the Public Utility Act.

(120) Troy TopCo LP and Troy ParentCo LLC are persons subject to the requirements of Section 62-6-12(A)(3)(c) with respect to the Financing Transaction.

(121) By consummating the Financing Transaction without obtaining prior Commission authorization, TXNM Energy violated Section 62-6-12(A)(3)(c).

(122) By acquiring TXNM stock through the Financing Transaction without obtaining prior Commission authorization, Troy TopCo LP violated Section 62-6-12(A)(3)(c).

(123) By authorizing, directing, and participating in the Financing Transaction without obtaining prior Commission authorization, Troy ParentCo LLC violated Section 62-6-12(A)(3)(c).

(124) Pursuant to Section 62-12-4, the Commission may assess penalties for violations of the Public Utility Act.

(125) Troy TopCo LP and Troy ParentCo LLC are "persons" as defined by Section 62-3-3(E).

(126) Section 62-12-4 is not limited to public utilities or entities subject to ongoing rate-and-service regulation.

(127) Section 62-6-12(A)(3)(c) directly imposed a prior-authorization requirement on Troy TopCo and Troy ParentCo based on their own conduct in the Financing Transaction.

(128) The Commission's penalties do not depend upon a finding of concealment, subjective bad faith, or deliberate disregard.

(129) Each penalized entity engaged in distinct conduct constituting its own violation.

(130) Considering the nature of the violation, the importance of preserving the Commission's prior-approval authority, the sophistication of the entities involved, and the need to promote future compliance with the Public Utility Act, assessment of penalties is reasonable and appropriate.

(131) The Show Cause Order did not place the ultimate merits of the pending acquisition application before the Commission for final adjudication.

(132) Joint Applicants' violation of Section 62-6-12(A)(3)(c) is relevant to the Commission's eventual determination whether the proposed acquisition is lawful and consistent with the public interest, but it does not require denial of the acquisition application in this Show Cause Proceeding.

(133) Section 62-12-4 authorizes the Commission to impose penalties without a separate finding of subjective intent to violate the law.

(134) The mandatory consequence prescribed by Section 62-6-12(B) may not be replaced by retroactive approval or ratification of the Financing Transaction.

(135) The prior *OS Farms* and *Raton Natural Gas* proceedings did not retroactively validate a transaction after a final adjudication that it violated Section 62-6-12.

(136) The legality of the Zimmer transaction is not adjudicated, and the denial of the requested investigation is without prejudice.

(137) The Financing Transaction's relationship to the acquisition is relevant to the ultimate Section 62-6-13 determination but does not require immediate denial within the limited scope of the Show Cause Proceeding.

(138) The Commission presently lacks a sufficient evidentiary basis to determine that the pending Application is clearly incomplete or incorrect or that withdrawal and refiling is presently required. Following review of the compliance report and audit and the responses of Staff and the intervenors, the Commission may determine that the Application must be amended or

supplemented, that further proceedings should be suspended pending correction of identified deficiencies, or that the Application should be dismissed without prejudice and a new application required before the proposed acquisition receives further consideration.

IT IS THEREFORE ORDERED:

(A) CBD's Exceptions are denied. NEE and NMCPA's Exception No. 1 is denied. NEE and NMCPA's Exception No. 2 is denied without prejudice to the Commission's authority to initiate a separate investigation in an appropriately noticed proceeding. Joint Applicants' Exception I is denied in light of the clarification that this Final Order does not require withdrawal or refiling; Joint Applicants' Exception II is denied; and Joint Applicants' Exception III is granted in part solely to clarify the scope of the compliance review and is otherwise denied.

(B) Pursuant to NMSA 1978, Section 62-6-12(B), the Financing Transaction is void and of no effect.

(C) Within forty-five (45) days of the effective date of this Final Order, Joint Applicants shall file a compliance report demonstrating how they have effectuated the statutory consequence prescribed by Section 62-6-12(B).

(D) The compliance report shall include, *at a minimum*:

a. A narrative description of all actions taken to unwind, rescind, replace, terminate, reverse, or otherwise effectuate the void status of the Financing Transaction;

b. Copies of all material transaction documents, board resolutions, notices, amendments, rescission documents, exchange documents, repayment instruments, financing documents, and other implementing instruments relevant to effectuating the statutory consequence;

c. An accounting of all dividends, carrying costs, financing costs, fees, tax consequences, transaction costs, accounting impacts, and other financial consequences associated with the Financing Transaction and any actions taken in response to this Order;

d. Identification of the entity responsible for bearing each category of cost or liability;

e. A certification that no costs arising from the Financing Transaction, this proceeding, any unwinding or restructuring efforts, or any replacement financing will be charged to New Mexico ratepayers absent express Commission authorization in a future proceeding; and

f. Identification of any regulatory liability, accounting treatment, or other mechanism necessary to ensure that New Mexico ratepayers are held harmless from all costs and consequences associated with the Financing Transaction and any actions taken to effectuate this Order.

(E) Joint Applicants shall not recover from ratepayers any costs, expenses, penalties, restructuring costs, financing costs, tax impacts, accounting impacts, transaction costs, or other adverse financial consequences arising from the Financing Transaction or from actions taken to effectuate this Order unless expressly authorized by the Commission in a future proceeding.

(F) Commission Utility Staff and all parties may review the compliance filing and may respond within thirty (30) days of its filing as to whether the filing adequately protects ratepayers from the consequences of effectuating the void status of the Financing Transaction. Commission Utility Staff may conduct or oversee such audit, investigation, or verification as is reasonably necessary to evaluate compliance with this Final Order. Any such audit, investigation, or verification shall be limited to matters reasonably related to compliance with this Final Order and shall be performed at shareholder expense. Other parties may participate only as expressly authorized by the Commission.

(G) After the filing of the compliance report and completion of the audit required by this Final Order, Staff and the intervenors shall be afforded an opportunity to respond concerning, among other matters, whether the pending Application remains complete and accurate and provides a sufficient record for continued evaluation of the proposed acquisition. After considering those submissions, the Commission will determine whether continued proceedings on the existing

Application are appropriate or whether amendment, supplementation, suspension, dismissal without prejudice, or the filing of a new application is necessary.

(H) Pursuant to NMSA 1978, Section 62-12-4, TXNM Energy, Inc. shall pay a penalty of One Hundred Thousand Dollars ($100,000) within thirty (30) days of the Final Order for entering into and consummating the Financing Transaction without prior express authorization of the Commission.

(I) Pursuant to NMSA 1978, Section 62-12-4, Troy TopCo LP shall pay a penalty of One Hundred Thousand Dollars ($100,000) within thirty (30) days of the Final Order for acquiring TXNM stock through the Financing Transaction without prior express authorization of the Commission.

(J) Pursuant to NMSA 1978, Section 62-12-4, Troy ParentCo LLC shall pay a penalty of One Hundred Thousand Dollars ($100,000) within thirty (30) days of the Final Order for authorizing, directing, and participating in the consummation of the Financing Transaction without prior express authorization of the Commission.

(K) The Commission finds that Joint Applicants' violation of NMSA 1978, Section 62-6-12(A)(3)(c) is affirmatively relevant to the Commission's consideration of the application and may be considered, together with all other relevant evidence, in determining whether the proposed acquisition is lawful and consistent with the public interest.

(L) Nothing in this Order shall be construed as approval, ratification, or validation of the PIPE transaction.

(M) Any matter not specifically ruled on in this case or in this Order is disposed of consistent with this Order and Commission rules.

(N) Any finding or conclusion not specifically stated here but that is necessary to make this writing coherent and complete is adopted by the Commission as if it were stated.

(O) The Commission has taken administrative notice of all Commission orders, rules, and decisions in all Commission proceedings cited in this final order.

(P) Any matter not specifically ruled on during the hearing or in this writing is resolved consistent with this Final Order.

(Q) Motions for rehearing shall be timely if filed by **August 3, 2026**. Responses to motions for rehearing shall be timely if filed by **August 7, 2026**. Replies to responses shall not be filed.

(R) If no motions for rehearing are filed, or if all motions for rehearing are denied by operation of law, this Docket shall close.

(S) This Order is effective when signed.

(T) In computing time in accordance with statute, regulation, or Commission order, the computation shall begin on the date that this Order is filed.

SIGNED under the Seal of the Commission at Santa Fe, New Mexico, this 2nd day of July, 2026.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Gabriel Aguilera, electronically signed
GABRIEL AGUILERA, COMMISSIONER

VOTED NO
GREG NIBERT, COMMISSIONER

/s/ Patrick J. O'Connell, electronically signed
PATRICK J. O'CONNELL, COMMISSIONER