

## **PNM has strong earnings, faces heat from groups**

SUSAN MONTOYA BRYAN - Associated Press - Associated Press

PNM Resources Inc., the parent company of New Mexico's largest electric provider, on Wednesday announced it has started to turn things around, reporting earnings of more than \$176 million for 2011 and improvements in ongoing earnings per share of nearly 25 percent.

PNM Resources' earnings report comes as environmental groups accuse it of pursuing rate hikes, higher profits and executive pay at a time when ratepayers are struggling.

Both of the company's utilities — Public Service Company of New Mexico and Texas New Mexico Power — showed increases in ongoing earnings.

The company pointed to higher retail rates for the improvements. In the case of PNM, New Mexico regulators approved an increase of about 9 percent in base rates that went into effect in August. That, along with lower power plant outage costs, mild weather and load growth, helped the utility's financial outlook.

"Our strong ongoing earnings per share growth of more than 24 percent year-over-year reflects the significant strides we made to better position the company financially," said Pat Vincent-Collawn, PNM Resources president and chief executive.

Vincent-Collawn said the focus will continue on providing a more stable and predictable earnings trajectory.

She also said PNM Resources will continue to address the regulatory environment on several fronts to ensure the two utilities are financially healthy.

Five nonprofit groups, including the Sierra Club and the San Juan Citizens Alliance, issued a report Tuesday that looked at PNM's rate revenues, profits and executive compensations from 2008 to 2012. The groups contend that PNM paid executives increased compensation and sought rate hikes while ratepayers were struggling.

"With three rate hikes in four years going mostly to corporate profits while New Mexicans are struggling, PNM is behaving like a big Wall Street bank," Mariel Nanasi, executive director of the environmental group New Energy Economy, said in a statement.

The report contends that rate increases in 2008, 2009 and 2011 have amounted to an additional \$250 million in revenue for PNM. Less than 6 percent of the money was spent on energy efficiency programs or clean energy projects, according to the analysis.

The groups have been battling PNM for years over the rate increases, renewable

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energy investments and pollution controls at the San Juan Generating Station, an 1,800-megawatt coal-fired power plant in northwestern New Mexico that provides electricity to more than 2 million customers in the Southwest.

On Wednesday, activists gathered outside PNM's headquarters in Albuquerque. They used chalk to write their anti-coal messages on the sidewalks and passed out fliers calling for more clean energy.

PNM spokesman Frederick Bermudez argued that the nonprofits' report oversimplifies the utility's financial picture.

Bermudez said PNM has spent millions of dollars each year to provide customers with reliable, affordable and environmentally responsible energy.

Last year, it invested almost \$100 million to bring online 22 megawatts of solar power spread among five facilities around the state. In 2009, it completed a \$320 million upgrade at the San Juan plant as part of a settlement with environmentalists over pollution controls.

PNM also said investments of more than \$226 million in its system in 2010 left the utility with a negative cash flow of \$35 million, and that the rate increases were sought to bring financial stability to the business.

PNM officials said only a small fraction of the money the company collects as a result of the rate increases represents profits.

While average residential rates increase about 40 percent over the last five years, PNM said the increases in revenue allows it to continue to invest in its systems, which provide electricity to about 500,000 customers in New Mexico.

PNM also argued that it meets New Mexico's current renewable energy portfolio standard, which requires 10 percent of electricity to come from solar, wind or other renewable sources.

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