

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR REVISION OF ITS RETAIL )  
ELECTRIC RATES PURSUANT TO ADVICE )  
NOTICE NO. 595 )**

**Case No. 22-00270-UT**

**PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )**

**Applicant )**

**\_\_\_\_\_ )**

**DIRECT TESTIMONY**

**OF**

**LEONARD D. SANCHEZ**

**December 5, 2022**

**NMPRC CASE NO. 22-00270-UT  
INDEX TO THE DIRECT TESTIMONY OF  
LEONARD D. SANCHEZ**

**WITNESS FOR  
PUBLIC SERVICE COMPANY OF NEW MEXICO**

I.	INTRODUCTION AND PURPOSE .....	1
II.	DESCRIPTION OF LITIGATION EXPENSES .....	3
III.	PRUDENCE OF LITIGATION EXPENSES.....	10
IV.	SHOW CAUSE LEGAL EXPENSE .....	16
V.	CONCLUSION.....	19

PNM Exhibit LDS-1	Leonard D. Sanchez Educational Background and Experience
PNM Exhibit LDS-2	Tort Litigation Expenses
PNM Exhibit LDS-3	Human Resources Litigation Expenses
PNM Exhibit LDS-4	NMPRC Litigation Expenses
PNM Exhibit LDS-5	Commercial Litigation Expenses

AFFIRMATION

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1

**I. INTRODUCTION AND PURPOSE**

2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 **A.** My name is Leonard D. Sanchez. I am the Associate General Counsel for Public  
4 Service Company of New Mexico (“PNM” or “Company”) and its affiliates. My  
5 address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

6

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 **A.** I demonstrate that the litigation expenses PNM seeks to recover in this case through  
9 the cost of service expenses are prudent pursuant to NMSA 1978, Section 62-13-3  
10 of the New Mexico Public Utility Act (the “Act”). Specifically, I address the  
11 prudence of various categories of litigation expenses PNM incurred and booked as  
12 expenses in the cost of service Base Period (July 1, 2021 through June 30, 2022).  
13 The Base Period litigation expenses are comprised of the amount identified in PNM  
14 Table LDS-1 below.

15

16

**PNM Table LDS-1  
Base Period Litigation Expenses**

<b>Litigation Category</b>	<b>Litigation Expense (\$)</b>
Tort Litigation	194,891
Human Resources Litigation	281,550
NMPRC Litigation	485,359
Commercial Litigation	148,836
<b>Total</b>	<b>1,110,636</b>

17

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 As described by PNM witness Sanders, the Base Period litigation expenses have  
2 been escalated to arrive at the amount of litigation expenses included in the Test  
3 Period.

4

5 **Q. HAVE YOU PREPARED ANY EXHIBITS?**

6 **A.** Yes. The exhibits I prepared, or that have been prepared under my supervision,  
7 are:

8 PNM Exhibit LDS-1 Leonard D. Sanchez Educational Background and  
9 Experience

10 PNM Exhibit LDS-2 Tort Litigation Expenses

11 PNM Exhibit LDS-3 Human Resources Litigation Expenses

12 PNM Exhibit LDS-4 NMPRC Litigation Expenses

13 PNM Exhibit LDS-5 Commercial Litigation Expenses

14

15 **Q. PLEASE DESCRIBE THE DUTIES AND RESPONSIBILITIES OF YOUR**  
16 **CURRENT POSITION.**

17 **A.** I advise PNM and its affiliates on Securities and Exchange Commission compliance  
18 and reporting and corporate governance issues. I also work on financing and other  
19 commercial transactions. My administrative responsibilities include supervision of  
20 staff, review of the Law Department budget, including outside counsel expenses,  
21 and review and monitoring of retainers with outside counsel. PNM Exhibit LDS-1  
22 is a summary of my educational background and experience, and includes a list of

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 cases before the New Mexico Public Regulation Commission (“NMPRC”) in which  
2 I have submitted testimony.

3

4 **II. DESCRIPTION OF LITIGATION EXPENSES**

5

6 **Q. WHAT TYPES OF LEGAL MATTERS CONSTITUTE “LITIGATION”**  
7 **FOR PURPOSES OF YOUR TESTIMONY?**

8 **A.** Based on the definition in 17.9.530.7(P) NMAC (“Rule 530.7(P)”), “litigation”  
9 means all contested matters before regulatory commissions, administrative bodies,  
10 arbitrators, and state and federal courts.

11

12 **Q. WHY ARE LITIGATION EXPENSES ADDRESSED SEPARATELY FROM**  
13 **OTHER LEGAL EXPENSES?**

14 **A.** The Act states that there is no presumption of prudence for litigation expenses and  
15 both the Act and Rule 530.7(P) require that the prudence of these expenses be  
16 separately demonstrated.

17

18 **Q. PLEASE DESCRIBE THE TYPES OF EXPENSES THAT COMPRISE**  
19 **“LITIGATION EXPENSES”.**

20 **A.** Litigation expenses are primarily legal fees associated with outside counsel and  
21 their staff, and expenses associated with in-house lawyers and paralegals incurred  
22 in connection with litigation as defined in Rule 530.7(P). Also included are matter

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 expenses, such as expert witness fees, court reporter expenses, court fees, and  
2 reproduction costs.

3

4 **Q. PLEASE DESCRIBE THE CATEGORIES OF LITIGATION IN WHICH**  
5 **PNM IS INVOLVED.**

6 **A.** PNM is routinely involved in the following categories of civil litigation: (1)  
7 personal injury and property damage (referred to as “Tort Litigation”); (2)  
8 employment, labor and benefits, and workers’ compensation (referred to as  
9 “Human Resources Litigation”); and (3) general civil litigation, including, but not  
10 limited to, contract and environmental disputes (referred to as “Commercial  
11 Litigation”). In addition, PNM is routinely involved in regulatory proceedings  
12 before the NMPRC, referred to as “NMPRC Litigation”. These are the types of  
13 litigation that PNM was involved in during the Base Period and they are  
14 representative of the litigation matters in which PNM is reasonably expected to be  
15 involved during the Test Period.

16

17 **Q. PLEASE DESCRIBE WHAT IS GENERALLY ENCOMPASSED IN EACH**  
18 **OF THE LITIGATION CATEGORIES JUST DISCUSSED.**

19 **A.** The following is a summary description of each of the litigation categories:

20

21 **Tort Litigation:** Tort claims involve property damage and personal injury claims  
22 filed by and against PNM. For claims filed against PNM, PNM uses qualified

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 defense counsel experienced in personal injury and property damage litigation. For  
2 claims asserted by PNM, PNM also contracts with commercial practitioners to  
3 collect money from third parties who have damaged PNM's property or who owe  
4 PNM money via a court judgment. These litigation expenses for collections are  
5 necessary to reduce the overall costs of bad debt that is included in PNM's cost of  
6 service and of repairing and replacing PNM's property. Please see PNM Exhibit  
7 LDS-2 for a summary of the issues, status and expenses for the Base Period.

8

9 **Human Resource Litigation:** In regard to Human Resources Litigation, the Law  
10 Department uses attorneys who have substantial expertise in employment law,  
11 labor relations, employment benefits and workers' compensation claims to  
12 represent PNM in litigation. These areas of law are complex and require attorneys  
13 who are experts in their field. Please see PNM Exhibit LDS-3 for a summary of  
14 the issues, status and expenses for the Base Period.

15

16 **NMPRC Litigation:** As a provider of retail electric service in New Mexico, PNM  
17 is required by law to file with the NMPRC to obtain approval to engage in various  
18 activities related to its business operations. PNM must also respond to orders issued  
19 by the NMPRC and must comply with NMPRC regulations. In some instances, it  
20 is necessary to intervene in proceedings that may set an important precedent  
21 applicable to PNM in future cases. PNM uses qualified counsel in state regulatory  
22 proceedings that have substantial experience with the laws administered by the

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 NMPRC, and regulatory law in general, to represent PNM in NMPRC litigation.  
2 Please see PNM Exhibit LDS-4 for a summary of the typical issues, status and  
3 expenses for the Base Period litigation matters that were not deferred to other  
4 periods for accounting purposes.

5

6 **Commercial Litigation:** In the area of Commercial Litigation, the Law  
7 Department uses qualified litigators with expertise in commercial disputes,  
8 environmental matters, and other specialized areas as necessary. Please see PNM  
9 Exhibit LDS-5 for a summary of the issues, status and expenses for the Base Period.

10

11 **Q. ARE THERE OTHER EXPENSES THAT YOU DO NOT SEPARATELY**  
12 **ADDRESS THAT ARE ALSO CONSIDERED IN DETERMINING THE**  
13 **TOTAL LEGAL EXPENSES TO INCLUDE IN THE TEST PERIOD COST**  
14 **OF SERVICE?**

15 **A.** Yes. Non-litigation legal expenses for matters such as those relating to contract  
16 negotiations and drafting, uncontested regulatory filings, and routine legal advice,  
17 which are specifically not considered litigation expenses under Rule 530.7(P), also  
18 were considered in determining the total legal expenses to include in the Test Period  
19 presented by PNM witness Sanders.

20

21 **Q. ARE THERE LITIGATION EXPENSES NOT INCLUDED IN THE BASE**  
22 **AND TEST PERIOD LITIGATION EXPENSES?**



**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1    **A.**    Yes. Litigation expenses that were not allocated to PNM’s retail electric business  
2           are not included. Additionally, litigation costs that are deferred to other periods for  
3           accounting purposes and included in regulatory assets are not included in the Base  
4           Period litigation expenses and are therefore not used for establishing Test Period  
5           litigation expenses. However, I have used the same review and control processes  
6           that PNM applies to ensure litigation expenses included in the Base Period expenses  
7           are reasonable and prudent to review litigation expenses included in regulatory  
8           assets. I conclude that those litigation expenses were also reasonably and prudently  
9           incurred. For a discussion of regulatory assets proposed to be included in rates,  
10          please see the direct testimony of PNM witness Sanders.

11

12    **Q.**    **DO THE LITIGATION EXPENSES ADDRESSED IN YOUR TESTIMONY**  
13           **INCLUDE EXPENSES RELATED TO THE PRESENT RATE CASE?**

14    **A.**    No. Rate case legal expenses are separately addressed in PNM witness Sanders’  
15           direct testimony.

16

17    **Q.**    **DO THE LITIGATION EXPENSES ADDRESSED IN YOUR TESTIMONY**  
18           **INCLUDE EXPENSES RELATED TO THE PROPOSED MERGER OF**  
19           **PNM RESOURCES, INC. WITH AN AVANGRID, INC. SUBSIDIARY?**

20    **A.**    No, the litigation expenses associated with the proposed merger are not included.

21

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 **Q. PLEASE EXPLAIN HOW PNM DETERMINED THE AMOUNT OF**  
2 **LITIGATION EXPENSES TO INCLUDE IN THE TEST PERIOD COST OF**  
3 **SERVICE.**

4 **A.** The analysis begins with a review of all legal expenses incurred during the Base  
5 Period in order to identify which expenses fall within the definition in Rule  
6 530.7(P), that is, litigation expenses related to contested PNM Retail jurisdiction  
7 matters before regulatory commissions, other administrative bodies, and state and  
8 federal courts (including arbitration matters). The litigation expenses for PNM's  
9 retail jurisdiction incurred during the Base Period were considered in determining  
10 the appropriate amount of litigation expenses to include the Test Period cost of  
11 service.

12

13 **Q. HOW WERE LITIGATION EXPENSES ALLOCATED TO PNM'S**  
14 **RETAIL ELECTRIC BUSINESS?**

15 **A.** Where a litigation matter was related to both New Mexico jurisdictional activities  
16 and to other business activities, such as FERC-regulated activities, the expenses  
17 were allocated using the methodology described in PNM witness Sanders' direct  
18 testimony.

19

20 **Q. PLEASE DESCRIBE THE LITIGATION EXPENSES ASSOCIATED WITH**  
21 **OUTSIDE COUNSEL.**

22 **A.** Generally, litigation expenses for outside counsel are comprised of the following:

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

- 1           1. fees based on hourly billing rates;
- 2           2. fees based on alternative billing arrangements, including retainers, with various
- 3                 firms or on specific matters; and
- 4           3. expenses incurred by outside counsel in litigation matters.

5

6   **Q.   HOW DID YOU DETERMINE THE AMOUNT OF THE FEES**

7           **ATTRIBUTABLE TO LITIGATION WHEN A RETAINER WAS**

8           **INVOLVED?**

9   **A.**   Outside counsel with retainers provide separate billing statements for each matter

10           reflecting fees for legal services of attorneys and paralegals charged on an hourly

11           basis and for associated costs. The fees attributable to litigation matters were

12           calculated using these notational billings and the outside counsel’s billing rates for

13           PNM, as set forth in the retainer agreements.

14

15   **Q.   HOW WERE INTERNAL LITIGATION EXPENSES DETERMINED?**

16   **A.**   In-house attorneys and paralegals track the amount of time they work on litigated

17           matters through the Company’s timekeeping system. This time was multiplied by

18           the employee’s hourly compensation and charged to the specific litigation matter.

19

20   **Q.   WHAT WAS THE AMOUNT OF LITIGATION EXPENSE THAT PNM**

21           **USED TO PROJECT TEST PERIOD LITIGATION EXPENSES?**

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1   **A.**   As noted above, in PNM Table LDS-1, PNM included \$1,110,636 as litigation  
2           expenses during the Base Period. The total amount of the Base Period litigation  
3           expenses is representative of typical annual litigation expenses that PNM incurs.

4                           **III.    PRUDENCE OF LITIGATION EXPENSES**

5  
6   **Q.    HOW DID PNM CONFIRM THAT THE LITIGATION EXPENSES ARE  
7           PRUDENT?**

8   **A.**   All legal expenses were reviewed in order to confirm those expenses that were  
9           related to PNM’s Tort Litigation, Human Resources Litigation, Commercial  
10          Litigation, and NMPRC Litigation matters. My evaluation of the prudence of these  
11          expenses is set forth below and a brief description of these matters is included in  
12          my testimony and in PNM Exhibits LDS-2 through LDS-5. I have not described  
13          specific details of settlements in the matters identified in my exhibits because: (1)  
14          a settlement may be subject to a court order of confidentiality or have  
15          confidentiality provisions as part of the settlement agreements; and (2) public  
16          disclosure of settlement amounts and methodology may harm the ability of PNM  
17          to aggressively negotiate settlements in future cases or may provide information  
18          that could be used to undermine its settlement strategy in pending or future matters.

19  
20   **Q.    HOW DID YOU DETERMINE THAT THE BASE PERIOD LITIGATION  
21           EXPENSES WERE PRUDENTLY INCURRED?**

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1    **A.**    As an initial matter, I looked at the processes and mechanisms the PNM Law  
2           Department has developed to control litigation expenses.  These processes and  
3           mechanisms are key to managing the litigation expenses and evaluating the  
4           prudence of the expenses.  I note that these processes and mechanisms are applied  
5           by the Law Department for all legal expenses incurred.

6  
7           The prudence of litigation expenses should not be determined solely by the nature  
8           of the claim or even the result of the litigation.  Neither is it appropriate to trace  
9           every dollar spent to second-guess whether it was reasonably incurred.  I considered  
10          the litigation expenses in light of PNM’s overall business operations and the  
11          business, legal, and regulatory environments in which PNM operates.  By New  
12          Mexico standards, PNM is a relatively large company doing business in an  
13          environment in which litigation is a frequently used method for resolving business  
14          disputes, and PNM is heavily regulated.  PNM will be sued, and will bring suit, in  
15          the regular course of its business.

16  
17          Further, in the regular course of its business as a public utility, PNM will initiate,  
18          defend, or intervene in proceedings before state and federal regulatory bodies.  In  
19          all these matters, PNM must be represented by counsel.

20  
21    **Q.**    **WHAT GENERAL MEASURES DOES PNM TAKE TO CONTROL**  
22    **LITIGATION EXPENSES?**

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1    **A.**    PNM has an internal Law Department with general responsibility for the legal  
2            affairs of PNM and its affiliates. The mission of the Law Department is to provide  
3            high quality, effective, and efficient legal services to assist PNM in achieving its  
4            business goals. The Law Department frees non-lawyer management from the daily  
5            responsibility of overseeing and managing litigation. Qualified in-house counsel  
6            have the responsibility to: (1) provide legal advice and representation; (2) select  
7            and manage cost-efficient qualified outside counsel as needed to represent PNM in  
8            its legal affairs and litigation; (3) oversee the substance of PNM’s legal  
9            representation and litigation; (4) participate in strategic decisions in litigation; (5)  
10           establish budgets for certain matters; and (6) control legal fees and costs in all legal  
11           matters.

12

13           In seeking to control PNM’s legal expenses, in-house counsel have aggressively  
14           negotiated reduced legal fees with outside counsel providing legal services to PNM.  
15           Blended billing rates, which result in an averaging of the range of rates charged by  
16           a firm for partners, associates, and paralegals, generally provide an effective means  
17           of controlling legal costs. Outside counsel retainers are an example of alternative  
18           billing techniques designed to both control overall legal costs and provide a high  
19           level of certainty to PNM and its affiliates regarding their annual legal expenditures.  
20           The use of retainers generally allows PNM to receive discounted rates where there  
21           is a known need for ongoing legal services over the course of a year.

22

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 **Q. WHAT FACTORS DO YOU CONSIDER IN EVALUATING THE**  
2 **PRUDENCE OF LITIGATION EXPENSES?**

3 **A.** I consider several factors commonly used by New Mexico courts to determine  
4 whether the level of attorneys' fees incurred by a party to litigation is reasonable  
5 and prudent for purposes of an award of fees. These factors include the level of  
6 skill required, the nature and character of the controversy, the amount of damages  
7 claimed, the importance of the litigation, prevailing rates, and the benefits derived  
8 from the litigation. This list is not exhaustive and other considerations can come  
9 into play in any given case, including the importance of the litigation for  
10 precedential purposes. I have also applied my experience in managing legal costs  
11 and participating in various types of litigation in determining that the overall cost  
12 of litigation sought to be recovered in this case is prudent.

13  
14 In evaluating litigation expenses in individual cases for prudence, I considered  
15 relevant factors as listed above and the circumstances of each matter in making my  
16 determination. No one factor is dispositive as litigation expenses reflect both events  
17 within PNM's control, as well as those outside its control. For instance, business  
18 objectives and precedential values may be of more importance than financial  
19 exposure in a particular matter. As a regulated utility, PNM is required to receive  
20 approval from regulators for many of its actions through the administrative  
21 litigation process. With regard to NMPRC matters, PNM cases routinely have a  
22 wide range of intervenors who actively participate in the litigation process. This

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1           necessitates significant legal activity on PNM’s part to respond to discovery, defend  
2           PNM positions during evidentiary hearings, and submit pleadings and engage in  
3           pre- and post-hearing matters. Thus, different factors may be accorded different  
4           weight depending on the particular matter being evaluated.

5

6           **Q.    IS THE LEVEL OF LITIGATION EXPENSES FOR WHICH PNM SEEKS**  
7           **RECOVERY PRUDENT?**

8           **A.**    Yes, it is, based on the considerations described above, my experience with the time  
9           and resources required to reasonably defend or prosecute litigated matters, and my  
10          review of each category of litigation expenses relating to Tort Litigation, Human  
11          Resources Litigation, NMPRC Litigation, and Commercial Litigation.

12

13          **Q.    ARE THE COSTS FOR LAW DEPARTMENT PERSONNEL AND OTHER**  
14          **EMPLOYEES INVOLVED IN LITIGATION MATTERS PRUDENT?**

15          **A.**    Yes. Although these costs are not included in the litigation expenses which are  
16          identified in my testimony, these labor costs for Law Department and other non-  
17          law personnel are entirely reasonable and consistent with the demands of the  
18          individual cases. The issues involved in many of these cases tend to be complex  
19          and heavily contested. Given the significant impact on PNM’s operations, PNM  
20          appropriately allocates internal resources to these proceedings depending on the  
21          scope and complexity of a given matter. However, consistent with past  
22          interpretations of Section 62-13-3(C) of the Act and the additional time and



**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 resources involved, PNM has not attempted to comprehensively identify all in-  
2 house labor involved in its litigation matters. As a practical matter, the resources  
3 allocated and the levels of effort expended on litigation matters, both in-house and  
4 externally, are reasonable and prudent. The responsibility of Law Department and  
5 other non-law personnel in supporting the management and oversight of litigation  
6 helps reduce outside litigation expenses. Non-Law Department labor is utilized  
7 where appropriate or necessary to properly handle litigation and, in some instances,  
8 replaces outside consulting services or outside counsel and paralegals. This  
9 approach is cost effective and promotes more efficient and effective handling of the  
10 matters.

11  
12 **Q. HOW DID PNM ESTIMATE ITS TEST PERIOD LITIGATION**  
13 **EXPENSES?**

14 **A.** To arrive at an estimate of its Test Period litigation expenses, PNM first identified  
15 the amount of internal and external fees and costs actually expended for litigation  
16 matters during the Base Period and not deferred for accounting purposes and  
17 determined that these costs were prudent because they involved the types of  
18 litigation in which PNM is normally involved as a corporation operating a regulated  
19 utility, and were subject to the Law Department's cost control measures and  
20 oversight that are applied to legal expenses. PNM then applied the appropriate  
21 escalation to estimate its Test Period litigation expenses. The escalations are  
22 described in the direct testimony of PNM witness Sanders. In my opinion, the use

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1 of these escalators results in a reasonable representation of Test Year litigation  
2 expenses.

3

4 **Q. WHAT IS THE TOTAL AMOUNT OF TEST PERIOD LITIGATION**  
5 **EXPENSE THAT PNM HAS INCLUDED IN THE COST OF SERVICE?**

6 **A.** PNM's Test Year cost of service includes \$1,201,264 of litigation expense.

7

8 **Q. IS THE AMOUNT OF TEST PERIOD LITIGATION EXPENSE**  
9 **INCLUDED IN THE COST OF SERVICE PRUDENT?**

10 **A.** Yes, it is. My opinion is based on historical levels of costs involved in litigation  
11 matters, the cost-saving measures described above that PNM employs in engaging  
12 and supervising outside counsel, the current level of ongoing and anticipated  
13 litigation activity, and anticipated increases in external and internal expenses.  
14 These factors confirm my opinion that PNM's proposed Test Period litigation  
15 expense is reasonable and representative of the level of expense that PNM may  
16 incur during the Test Period when new rates become effective, and that the amount  
17 expected to be spent on litigation is prudent.

18

19 **IV. SHOW CAUSE LEGAL EXPENSE**

20

21 **Q. THE NMPRC ORDER ADOPTING RECOMMENDED DECISION WITH**  
22 **ADDITIONS IN CASE NO. 19-00018-UT REQUIRED IN ORDERING**  
23 **PARAGRAPH B THAT "PNM SHALL FILE A REPORT IN THIS DOCKET**

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1           **NO LATER THAN OCTOBER 15, 2022, THAT CONTAINS A RECORD OF**  
2           **ALL OF ITS COSTS INCURRED IN THIS SHOW CAUSE PROCEEDING**  
3           **SO THAT THE PRUDENCE OF THOSE COSTS WILL BE KNOWN AND**  
4           **BE SUBJECT TO REVIEW IN PNM’S FORTHCOMING RATE CASE.”**  
5           **DID PNM FILE THE REQUIRED REPORT?**

6    **A.**    Yes. On October 15, 2022, PNM filed its *Verified Compliance Report in Response*  
7           *to Final Order Adopting Recommended Decision With Additions* detailing the legal  
8           costs incurred by PNM in the show cause proceeding in Case No. 19-00018-UT.  
9           Through June 30, 2022, PNM had incurred a total of \$734,390 in legal costs related  
10          to the show cause proceeding. Of this total amount, \$630,676 was attributable to  
11          the proceeding before the Commission, and \$113,714 was attributable to the appeal  
12          of the final order in Case No. 19-00018-UT.

13  
14          I have reviewed these costs using the considerations discussed above, and they were  
15          prudently incurred and subject to the same processes and mechanisms PNM  
16          employs to ensure its litigation expenses are reasonable and prudent.

17  
18    **Q.**    **ARE ANY OF THE LEGAL COSTS RELATED TO THE SHOW CAUSE**  
19           **PROCEEDING AND APPEAL INCLUDED IN THE LITIGATION**  
20           **EXPENSES IN YOUR EXHIBITS OR THE MORE GENERAL LEGAL**  
21           **EXPENSES INCLUDED IN PNM’S COST OF SERVICE IN THIS CASE?**

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1   **A.**    No. These costs are removed from PNM’s cost of service in this case. The legal  
2           costs related to the show cause proceeding are separately accounted for as part of  
3           the energy transition costs under Section 62-18-2(K) of the Energy Transition Act.  
4           These costs will be included in the amount to be securitized in PNM’s energy  
5           transition bonds to be issued under the Financing Order in Case No. 19-00018-UT.

6

7   **Q.**    **WAS IT NECESSARY AND REASONABLE FOR PNM TO INCUR THESE**  
8           **COSTS.**

9   **A.**    Yes. PNM was specifically directed by the Commission to respond to the Motion  
10          for Order to Show Cause and to the Order Granting the Order to Show Cause.<sup>1</sup>  
11          PNM was directed to file testimony, respond to specific questions and information  
12          requests by the Commission and to participate in public hearings convened by the  
13          Commission. PNM complied with these requirements and incurred the associated  
14          legal costs in doing so.

15

16   **Q.**    **ARE THE LEGAL COSTS INCURRED WITH RESPECT TO THE SHOW**  
17          **CAUSE PROCEEDING REASONABLE?**

18   **A.**    Yes. These costs were and are subject to the same oversight and review as I  
19          previously discussed with respect to PNM’s legal costs in general.

---

<sup>1</sup> See *Order on Responses to Show Cause and Enforce Financing Order*, Case No. 19-00018-UT (NMPRC March 4, 2022); *Order Appointing Hearing Examiners on Joint Motion for Order to Show and Enforce Financing Order*, Case No. 19-00018-UT (NMPRC March 30, 2022); and *Procedural Order*, Case No. 19-00018-UT (NMPRC April 1, 2022).

**DIRECT TESTIMONY  
OF LEONARD D. SANCHEZ  
NMPRC CASE NO. 22-00270-UT**

1

**V. CONCLUSION**

2

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A.** Yes it does.

5

*GGC#530060*

Leonard D. Sanchez Educational Background and Experience

# PNM Exhibit LDS-1

Is contained in the following 2 pages.

# LEONARD D. SANCHEZ

---

## PROFESSIONAL:

---

NEW MEXICO STATE BAR ASSOCIATION, *Admitted 1995*  
CALIFORNIA STATE BAR ASSOCIATION, *Admitted 1991*

## EDUCATION:

---

STANFORD LAW SCHOOL, *Juris Doctor*, 1991  
Activities: Environmental Law Journal and Stanford Public Interest Law Foundation

UNIVERSITY OF NEW MEXICO, *Bachelor of Arts, Political Science*, 1988  
Honors: Phi Beta Kappa, University of New Mexico Presidential Scholar

## LEGAL EXPERIENCE:

---

PNM RESOURCES, INC. *Albuquerque, New Mexico*  
May 2005 - Present *Associate General Counsel*

Negotiate commercial transactions and financing agreements and other agreements on behalf of the corporation and its various subsidiaries. Provide advice and counsel to senior management and the Board of Directors on corporate governance matters and Securities and Exchange Commission compliance and reporting. Oversee law department budgets and negotiate and manage outside counsel retainers and relationships. Director of ethics and governance.

MILLER STRATVERT, P.A. *Albuquerque, New Mexico*  
March 2003 -May 2005 *Attorney, Director*

Practiced business law in the areas of commercial transactions, corporate counseling and commercial litigation.

PUBLIC SERVICE COMPANY OF NEW MEXICO *Albuquerque, New Mexico*  
October 1997 - February 2003 *Attorney*

Represented and advised management and operating divisions on general corporate and business issues, negotiated and drafted contracts and advised and represented management on regulatory compliance, legislative matters, customer service, right-of-way and claims issues.

MILLER, STRATVERT & TORGERSON, P.A. *Albuquerque, New Mexico*  
September 1994 - September 1997 *Attorney, Associate*

Practiced in the areas of general civil litigation and counseling involving insurance coverage, personal injury, oil and gas royalty and marketing issues, and contractor negligence.

PILLSBURY, MADISON & SUTRO *San Francisco, California*  
September 1991 - August 1994; May - August 1990 *Attorney; Summer Associate*

Specialized in commercial transactions and counseling involving real property issues, dealer and distributor agreements and general commercial law issues. Member of employment committee.

**PROFESSIONAL AND COMMUNITY INVOLVEMENT:**

---

- Member, Finance Council of Risen Savior Catholic Church (2022)
- Board Member, Albuquerque Hispano Chamber of Commerce (2018 – Present)
- Business Lawyer of the Year, Business Law Section for the New Mexico Bar (2015)
- Board Member and Chair, Business Law Section for the New Mexico Bar (2010-2014)
- Member, Leadership Albuquerque, Albuquerque Chamber of Commerce (2013)
- Volunteer, St. Therese Catholic School (2008-2013)
- Member and Vice Chair, Parish Council of Queen of Heaven Parish (2006-2010)
- Manager and Coach, Eastdale Little League (1995-2010)
- Utility Executive Course, University of Idaho College of Business & Economics (2007)
- Treasurer, Competitive Challenge Program-American Youth Soccer Organization (2005-2006)
- Board Member and Vice President of Operations, Eastdale Little League (1996-2009)
- Board Member and Chair, Advisory Council-Queen of Heaven Catholic School (1996-2008)

**EXPERIENCE BEFORE NMPRC:**

---

In the Matter of the Application of Public Service Company of New Mexico for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 533, NMPRC Case No. 16-00276-UT, filed December 7, 2016

In the Matter of the Application of Public Service Company of New Mexico for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 513, NMPRC Case No. 15-00261-UT, filed August 27, 2015

In the Matter of the Application of Public Service Company of New Mexico for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 507, NMPRC Case No. 14-00332-UT, filed December 11, 2014



Tort Litigation Expenses

# PNM Exhibit LDS-2

Is contained in the following 4 pages.

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
SJGS Sierra Club RCRA	Notice of Violation and Intent to Sue for alleged violations under the Resource Conservation and Control Act (RCRA). A motion for a second amendment to the Consent Decree to extend the term is pending before the Court.	Pending	200900302	12,656.99
LIT-NMPRC v. The New Mexican	PRC filed a petition for temporary restraining order, preliminary injunction and permanent injunction and petition to enforce protective order relating to confidential information of PNM & Westmoreland released by the PRC to the New Mexican. The New Mexican filed a counter claim for damages, attorney fees under IPRA, the Trade Secrets Act & other applicable law.	Ongoing	201500091	18,392.59
TPA-Roberts v. PNM	Claimant alleges that on 6/21/16 a public utility power line dislodged and fell in close proximity the the property leading to a fire which engulfed portions of the back yard and contiguous structures at 3300 20th Ave SE, Albuquerque, NM 87124.	Closed	201600109	4,922.59
TPA-Yazzie v. PNM	Ray Yazzie is claiming personal injury while working on site at SJGS for Babcock & Wilcox Construction Co. He alleges injuries caused by an over pressurized boiler explosion.	Settled	201900022	42,766.55
TPA-Matheson Park Guy Wire	An individual who tripped on a down anchor guy wire while jogging in Matheson Park in Albuquerque, pole number 115D500. An overhead span guy backing up open wire secondary on pole I15D494.	Settled	201900113	22,790.20

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
TPA-Rodriguez v. Chant Associates	<p>(PNM is not a named party in the suit. We have been issued a settlement demand.) Christine A. Rodriguez claims \$600,000 in damages as she did not authorize Chant Associates/PNM to install the Facilities and cement vaults above ground level, or outside of the Utility Easement on the Rodriguez Property. Further, the Utility Easement has been overused, and Ms. Rodriguez is now unable to utilize the Utility Easement to provide utilities to her property.</p> <p>Chant Associates and PNM trespassed on Ms. Rodriguez' property, and are guilty of trespass, by way of the Facilities that they caused to be constructed and installed above ground, and outside of the Utility Easement on the Rodriguez Property. The Facilities remained in trespass for years and did not come within the Utility Easement until mid-2019. Additionally, the overuse of the Utility Easement remains today and must be remedied. These actions constitute a direct infringement on Ms. Rodriguez' right of ownership and possession of her property, which constitutes common law trespass. Ms. Rodriguez has suffered and continues to suffer damages as a result of trespass. Ms. Rodriguez is entitled to recover those damages.</p>	Ongoing	202000036	18,889.16
TPA-INS-Estate of McGarvey v PNM	Leon R Hunt, as Personal Representative of the Estate of Patrick B McGarvey; Connie McGarvey; Jennifer McGarvey; and Ryan McGarvey; claims wrongful death related to asbestos exposure.	Closed	202000054	4,778.90
TPA - Strohschein Harrington v. Daniels Heating and Air	Add On Electric moved electric service without notifying PNM. Contractor claims it had an arrangement with one or more PNM linemen and City inspectors that allowed them to avoid inspections.	Pending	202000136	3,482.31

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
TPA - LIT - Elliose Padilla	Plaintiff claims Defendant Public Service Company of New Mexico, Inc. ("PNM") charged Plaintiff around \$23,700.00 to install an electric power transformer on her rural property, which was previously not connected to the power grid. Years later, as the area around Plaintiff's home developed, PNM allowed other parties to trespass onto Plaintiff's land and "tap into" Plaintiff's transformer. This has at times caused major power outages to Plaintiff, including an instance when she was hosting a large graduation party for her son, and all the power went out due to the trespass and unlawful conduct of Defendants. PNM to this day cannot provide any contract or documentation that would allow it or Plaintiffs neighbors to access Plaintiffs land or her transformer. PNM's position appears to be, essentially, "We are PNM - we can do whatever we want." Plaintiff should not have to fund the electric development for her entire area and thus seeks equity from PNM and those neighbors who have trespassed onto her property.	Settled	202100019	10,599.73
TPA - Volz, Angela v PNM	Plaintiff alleges damages caused by error in billing due to Landlord stand by agreement.	Closed	202100133	14,247.39
TPA - Fammartino v PNM	Plaintiff claims PNM is responsible for injuries due to non-functioning street lights.	Settled	202100150	31,167.93
TPA - Jamie Corwin-Martinez	On or about October 12, 2018, Jamie Corwin-Martinez was bicycling to the Balloon Fiesta Park when she suffered injuries as a result of her tire slipping into the gap in the railroad grade on El Pueblo Road in Albuquerque, NM. She alleges that PNM had or shared in the responsibility or inspecting and maintaining the railroad tracts and crossings in Albuquerque.	Closed	202100278	1,503.94
TPA - Tom Carr v. PNM	Mr. Carr alleges that PNM is responsible for damage to his air conditioner on two occasions because of a fuse blowing.	Pending	202200069	2,035.58

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
TPA - McBride Fires CCMSI Investigation	On April 12, 2022 at approximately 2 p.m. a forest fire, the McBride Fire, started in Ruidoso, NM. Initial investigation and working theory, shows a green (healthy) 75 foot pine tree fell into a PNM overhead three-phase primary line due to extremely high winds.	Active	202200096	6,656.96
			<b>Total</b>	<b>194,890.82</b>

Human Resources Litigation Expenses

# PNM Exhibit LDS-3

Is contained in the following 3 pages.

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
LIT-Workers Comp (TPA)	TPA related to workers compensation claims.	Closed	200502112	11,122.23
HR-EEOC ADA Investigation	EEOC conducting investigation into allegations of ADA violations.	Closed	201800085	10,877.09
HR-EEOC - D.L.	Charge alleging age and disability discrimination.	Closed	201900005	605.30
HR-EEOC - F.K.	Charge alleging age and disability discrimination.	Closed	201900012	23.19
HR-EEOC ADA Enforcement Action	EEOC ADA Enforcement Action	Closed	201900014	(7,571.92)
HR-WC – D.C.	Workers' compensation case.	Closed	201900047	5,832.87
HR-IBEW-FMCS - T.C. DML	Federal Mediation and Conciliation Service Arbitration regarding DML of employee.	Closed	201900116	(200.65)
HR-IBEW-FMCS - M.R. Oral Reminder	Federal Mediation and Conciliation Service Arbitration regarding oral reminder of employee.	Closed	201900120	1,300.00
HR-IBEW-FMCS - Mutual assistance bypass	Federal Mediation and Conciliation Service Arbitration regarding mutual assistance bypass of employee.	Ongoing	201900123	407.77
HR-IBEW-SJ-FMCS - CDL Requirement	Federal Mediation and Conciliation Service Arbitration regarding termination of employee.	Closed	201900124	4.90
HR-IBEW-SJ-FMCS - R.W. DML	Federal Mediation and Conciliation Service Arbitration regarding DML of employee.	Closed	201900125	364.62
HR-IBEW-FMCS - Journeymen to Working Foreman ratio	Federal Mediation and Conciliation Service Arbitration regarding journeymen to working foreman ratio.	Closed	202000056	3,021.57
HR-IBEW-SF-FMCS - Moving BU Work Post	Federal Mediation and Conciliation Service Arbitration regarding moving BU work post.	Closed	202000057	5,266.86
HR-IBEW-SJGS-FMCS - Supplemental Worker	Federal Mediation and Conciliation Service Arbitration regarding supplemental worker.	Ongoing	202000058	15,139.62
HR-IBEW-SJGS-FMCS - Job Jurisdiction	Federal Mediation and Conciliation Service Arbitration regarding job jurisdiction.	Ongoing	202000333	1,066.88
HR-IBEW-SJGS-FMCS - Overtime Bypass	Federal Mediation and Conciliation Service Arbitration regarding overtime bypass.	Ongoing	202000334	16,110.52
HR-IBEW-SJGS-FMCS - Forced Transfer	Federal Mediation and Conciliation Service Arbitration regarding forced transfer of employee.	Closed	202000335	1,457.94

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
HR-IBEW-SJGS-FMCS - PL/PLI Accrual	Federal Mediation and Conciliation Service Arbitration regarding PL/PLI accrual.	Closed	202000336	18,459.09
HR-EEOC - J.M.	Charge alleging discrimination.	Closed	202100011	30.61
HR-EEOC - S.L.	Charge alleging race discrimination.	Closed	202100068	194.17
HR-IBEW-FMCS - Termination	Federal Mediation and Conciliation Service Arbitration regarding termination of employee.	Closed	202100095	21,497.21
HR-WC – L.P.	Workers' compensation case.	Closed	202100186	3,355.99
HR-IBEW-NLRB-28-CA-281343 - ULP Vaccinations	IBEW 611 has filed an unfair labor practice with the NLRB stemming from the memo to vaccinate or weekly testing	Closed	202100201	63,209.40
HR-EEOC - W.N.	Charge alleging age discrimination.	Ongoing	202100238	3,700.04
HR-IBEW-AF-FMCS - Mgmt. Doing BU Work	Federal Mediation and Conciliation Service Arbitration regarding management doing BU work.	Settled prior to arbitration	202100241	22,430.10
Department of Labor - ERP Investigation	Department of Labor investigation of the Employee Retirement Plan.	Closed	202100253	8,472.98
HR-EEOC - R.B.	Charge alleging retaliation.	Closed	202100263	5,731.14
HR-IBEW-SJGS-FMCS - PL/PLI Accrual	Federal Mediation and Conciliation Service Arbitration regarding PL/PLI accrual.	Closed	202100275	135.95
HR-IBEW-SJGS-FMCS - R.B. PL/PLI Accrual	Federal Mediation and Conciliation Service Arbitration regarding PL/PLI accrual.	Closed	202100276	296.62
HR-IBEW-ABW-FMCS - M.U. Termination	Federal Mediation and Conciliation Service Arbitration regarding termination of employee.	Settled prior to arbitration	202100302	4,717.58
HR-IBEW-ABQ-FMCS - E.C. Covid Leave Bypass	Federal Mediation and Conciliation Service Arbitration regarding Covid leave bypass.	Closed	202100303	512.90
HR-IBEW-ABQ-FMCS - M.J. Admin Leave	Federal Mediation and Conciliation Service Arbitration regarding admin leave.	Closed	202100304	2,104.60
HR-IBEW-ABQ-FMCS - P.R. OT Bypass	Federal Mediation and Conciliation Service Arbitration regarding overtime bypass.	Closed	202100305	1,019.91



Case Description	Issues	Status	File Number	Base Period Litigation Expenses
HR-IBEW-ALA-FMCS - Minimum Call Out	Federal Mediation and Conciliation Service Arbitration regarding minimum call out.	Closed	202100306	2,440.82
HR-IBEW-SJGS-FMCS - T.P. OT Bypass	Federal Mediation and Conciliation Service Arbitration regarding overtime bypass.	Closed	202100308	694.05
HR-IBEW-SJGS-FMCS - T.B. Shift Change	Federal Mediation and Conciliation Service Arbitration regarding shift change.	Closed	202100309	382.78
HR-IBEW-SJGS-FMCS - A.P. Shift Change	Federal Mediation and Conciliation Service Arbitration regarding shift change.	Closed	202100310	257.23
HR-IBEW-SJGS-FMCS - T.P. OT Bypass	Federal Mediation and Conciliation Service Arbitration regarding overtime bypass.	Ongoing	202100315	395.21
HR-IBEW-SJGS-FMCS - T.G. Forced Transfer	Federal Mediation and Conciliation Service Arbitration regarding forced transfer of employee.	Closed	202100316	377.82
HR-IBEW-SJGS-FMCS - A.Y. Termination	Federal Mediation and Conciliation Service Arbitration regarding termination of employee.	Closed	202100317	14,458.09
HR-IBEW-SJGS-FMCS - R.B. Termination	Federal Mediation and Conciliation Service Arbitration regarding termination of employee.	Closed	202100318	15,096.66
HR-EEOC - A.Y.	Charge alleging sex and race discrimination.	Settled	202200013	7,215.22
2023 IBEW LU 611 - CBA Negotiations	Legal support as we prepare for CBA negotiations	Ongoing	202200039	873.79
HR-LIT Howell, Donald v. PNMR	Employment, retaliation and wrongful termination.	Pending	202200061	4,558.80
HR-Labor Relations Division - R.M.	The Labor Relations Division Wage Claim.	Closed	202200064	3,106.79
ADA-T.M.	ADA Complaint	Ongoing	202200089	2,500.00
ADA-A.V.	ADA Complaint	Closed	202200090	6,335.96
ADA-M.S.	ADA Complaint	Closed	202200099	461.16
HR-IBEW-ALA-28-CA-297242 (Representation)	IBEW Local 611 Right to Representation	Ongoing	202200132	1,699.03
			<b>Total</b>	<b>281,550.49</b>

NMPRC Litigation Expenses

# PNM Exhibit LDS-4

Is contained in the following 3 pages.

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
IRP - Triennial Filing	Integrated Resource Plan Filing (triennial)	Closed	201200090	6,170.46
Annual Renew Procure Plan and Riders	Obtain annual NMPRC approval of Renewable Rider in time for implementation of the Rider. Ensure compliance with various applicable requirements from prior cases.	Pending	201200096	38,568.24
19-00296-UT & 20-00158-UT Renewable Energy Rule Amendment	Commission rulemaking for amendment of 17.9.572 NMAC, the RPS rule, to align with the ETA and to address the continued use of renewable riders by IOUs. Final order in Case No. 19-00296-UT was issued on 4/14/2021, and SPS appealed to NMSC. Case No. 20-00158-UT is pending.	On appeal	201900109	1,332.26
20-00212-UT Decoupling Dec Petitions	PNM and ABCWUA/Bernco filed competing applications declaratory order to resolve the threshold legal issues concerning decoupling prior to Commission determination on the factual issues of any future applications. The Commission issued a final order on 4/28/2022 rejecting PNM's assertion that Section 62-17-5(F)(2) of the EUEA requires full decoupling; PNM appealed to the NMSC.	On appeal	202000140	19,005.84
20-00175-UT Rule 570 Co-Gen/QF NOI	Commission rulemaking for amendments to 17.9.570 NMAC concerning co-generation and QFs to conform with new regulations approved by FERC Order 872 concerning PURPA. Final order adopting amended rule was issued on 4/20/2022.	Closed	202000231	10,768.00
21-00031-UT Facebook Tariff Revisions (Facebook III)	NMPRC rulemaking for amendment of 17.7.3 NMAC, the IRP rule. Final order adopting the amended rule was issued on 9/14/2022. Parties may file motions for rehearing.	Pending	202100003	19,821.93
S-1-SC-38765 NEE Appeal of Four Corners Complaint	NEE appeal of order in its complaint against PNM on Four Corners, NMPRC Case No. 20-00210-UT.	Closed	202100099	29.13
21-00112-UT Community Solar Rulemaking	NMPRC rulemaking for adoption of rules corresponding with the Community Solar Act. Final order adopting rules was issued on 3/30/2022. SPS appealed to the NMSC; PNM intervened in the appeal.	On appeal	202100151	175,732.80

Case Description	Issues	Status	File Number	Base Period Litigation Expenses
21-00128-UT IRP Rulemaking	NMPRC rulemaking for amendment of 17.7.3 NMAC, the IRP rule. Final order adopting the amended rule was issued on 9/14/2022. Parties may file motions for rehearing.	Pending	202100152	11,352.00
S-1-SC-38815 SPS Appeal of RE Rule Amendment FO	On 5/21/2021, the NMPRC issued a final order in NMPRC Case No. 19-00296-UT adopting amendments to 17.9.572 NMAC, the RPS rule, and transferring unresolved issues to Case No. 20-00158-UT for consideration. SPS appealed to NMSC. The appeal is fully briefed and pending before NMSC.	Pending	202100162	26,134.87
21-00158-UT NMPRC Sky Blue Investigation	Commission investigation into whether PNM's Sky Blue voluntary renewable program meets the objectives of related rules and statutes and results in just and reasonable rates. On 4/12/2022, the HE issued a recommended decision recommending approval of PNM's transition plan and re-evaluation of the program after 11/1/2025. During that time, PNM would evaluate whether it should continue the Sky Blue program in its current form or if the program should be amended or terminated.	Pending	202100168	1,417.46
21-00182-UT NMPRC SJGS Cooling Tower Inquiry	Commission inquiry to determine facts surrounding the cause of the 6/30/2021 cooling tower collapse at SJGS Unit 1 and to explore prevention of future incidents. Dormant since 9/24/2021 but pending before NMPRC.	Pending	202100218	366.31
22-00XXX-UT 40 MW Battery Project CCN	PNM will file an application for NMPRC authorization to construct a new 40 MW battery storage project.	Not yet filed	202100271	8,732.13
21-00266-UT Interconnection Standards Rulemaking	Commission rulemaking for the repeal and replacement of 17.9.568 NMAC, the interconnection standards rule.	Pending	202100294	113,360.42
22-000XX-UT Intel EDR	PNM application for approval of an advice notice and a contract with Intel under which PNM will provide an economic development rate to Intel.	Pending	202200045	22,130.55

<b>Case Description</b>	<b>Issues</b>	<b>Status</b>	<b>File Number</b>	<b>Base Period Litigation Expenses</b>
22-00166-UT 2022 FPPCAC Continuation Application	2022 application for continuation of PNM's Fuel and Purchased Power Cost Adjustment Clause (FPPCAC).	Pending	202200048	8,129.46
S-1-SC-39406 PNM REIA/CCAЕ Appeal of Decoupling Petitions	Appeals by PNM and REIA/CCAЕ of Final Order in Decoupling Petitions Case (NMPRC Case No. 20-00212-UT) to New Mexico Supreme Court; consolidated New Mexico Supreme Court Case No. S-1-SC-39406.	Pending	202200116	22,306.80
			<b>Total</b>	<b>485,358.66</b>

Commercial Litigation Expenses

# PNM Exhibit LDS-5

Is contained in the following 3 pages.

Case Description	Issues	Status	File Number	Litigation Expenses
San Juan River Adjudication	State of NM v. USA & Jicarilla Apache Tribe; 11th JDC CV 75-184-1; San Juan River General Stream Adjudication; also in NM Ct of Appeals Case Nos. 14-33437, 14-33439, 14-33534, 14-33535.	Pending	200101618	599.67
Bankruptcy - PNM New Mexico	Litigation bankruptcies only.	Ongoing	200301913	1,893.40
LIT-Franchise Fee Bernalillo County	Bernalillo County Commissioners considering adoption of Ordinance requiring utility franchise fee.	Ongoing	201300045	47.47
OSE-Lower Rio Grande Basin	Active Water Resource Management offshoot of OSE Draft Regulation 200402061, specific to the Lower Rio Grande Basin and Lower Rio Grande Water Users.	Closed	201500030	52,299.30
Bankruptcy - Peabody Energy	Debtor has filed Chapter 11 Bankruptcy. PNM will seek adequate assurance for the accounts.	Closed	201600048	27.11
LIT-ROW-State v. Bongiorno, et al.	State of New Mexico, ex rel., New Mexico Department of Transportation v. Andrew Bongiorno; Eva Bongiorno; City of Rio Rancho, Utilities Department; PNM Resources, Inc.; Qwest Corporation d/b/a CenturyLink QC; New Mexico Gas Company, Inc.; Sandoval County Board of County Commissioners, c/o Sandoval County Clerk; Property Tax Division of the Taxation and Revenue Department; all Unknown Owners or Claimants of The Property Involved, Sandoval County District Court Case No. D-1329-CV-2017-00649. Petition/Complaint for Condemnation filed on 04/03/2017.	Closed	201700036	379.72
LIT-Glazner Quiet Title	Thomas G. Glazner and Laura L. Glazner v. Artists Crossing, LLC; David, James & Gary Peese; Justin & Sandra M. H. Greene; 302 Artist, LLC; City of Santa Fe; PNM; Heirs of Mildred Hemsing; All unknown claimants of interest, Santa Fe District Court Case No. D-101-CV-2017-01510. Complaint to Quiet Title filed on 5/30/2017.	Closed	201700049	9,702.53

Case Description	Issues	Status	File Number	Litigation Expenses
LIT-Ortiz-Vigil v. PNM, et al. Quiet Title	Quiet title action for parcel located in the County of Santa Fe, State of New Mexico, bounded on the north by lands of Prudencio Romero; on the south by the San Antonio Arroyo, on the east by the Larragoite Municipal School Board Property and on the west by property of Antonio Urioste. All as shown on plat of survey made by Samuel P. Davalos, on the 26th day of November 1949.	Closed	201800054	14,865.16
LIT-Sandoval v. PNM et al. Quiet Title	Plaintiff is filing quiet title parcel of land located in the County of Santa Fe, State of New Mexico, land bounded on the North by El Arroyo de Emedio, bounded on the south by El Arroyo de San Antonio, bounded on the east by property of Felix Urioste, bounded on the west by property of Julio Jiron.	Closed	201800055	17,596.58
LIT-NMDOT v. PNM (Condemnation)	Notice of intent to file Condemnation regarding Parcels 5-4, 5-5, 5-CME-1 and 5-CME-2; 1-25 Rio Bravo Interchange Reconstruction from NM 500, Rio Bravo Blvd Exit #220 to University to Approximately 500' West of Broadway	Closed	201900007	9,589.02
Bankruptcy - Windstream Holdings	Debtor has filed Chapter 11 Bankruptcy. PNM will seek adequate assurance for the accounts.	Closed	201900026	108.44
Bankruptcy - Southern Foods Group	Debtor has filed Chapter 11 Bankruptcy. PNM will seek adequate assurance for the accounts.	Closed	201900129	(160.41)
LIT-Bernalillo County v. PNM, et al.	LIT-Bernalillo County v. PNM, et al.	Closed	202000304	1,178.00
NM DOT Condemnation - Rio Rancho	NM DOT Condemnation - Rio Rancho	Closed	202000328	818.77
NM DOT Condemnation - Hutton Exchange	NM DOT Condemnation - Rio Rancho	Closed	202000342	3,356.05
NM DOT Condemnation - Sandoval County	NM DOT; Board of Commissioners of Sandoval County v. New Mexico Taxation and Revenue Department Property Tax Division; Public Service Co. of New Mexico; Gas Co. of New Mexico; Rio Rancho Utilities Corp.; Qwest Corp. Peoples Bank; Headstart Enterprises LP D-1329-CV-202100464	Closed	202100088	8,289.17
Condemnation - City of Belen	Condemnation by City of Belen	Closed	202100159	8,161.93



Case Description	Issues	Status	File Number	Litigation Expenses
Bankruptcy - BL Santa Fe, LLC, et al.	This case results from a customer's bankruptcy; the customer's attorney is attempting to negotiate the bill for PNM accounts.	Ongoing	202100228	1,163.73
Bankruptcy - Newstream Hotel Partners ABQ, LPT	New Stream Hotel Partners-ABQ, LP has filed a Chapter 11 Bankruptcy under Case# 21-41212 for the Eastern District of Texas and their attorney, Misty Seguirra, is trying to negotiate the bill for accounts.	Closed	202100242	2,519.85
NM DOT Condemnation (NM 528) v. PNM, et al.	NM DOT condemnation in connection with construction of Project No. A300381, located on NM 528 Rio Rancho Blvd. Improvements (Upper Section) NM 528 from near Leon Grande Ave St. to Alberta Ave milepost 8.3 to 10.8 (1.78 mi) in Sandoval County, NM.	Closed	202200022	10,712.11
NM DOT Condemnation (Paseo Del Volcan - I40) v. PNM, et al.	NM DOT condemnation of property, property rights, easements and licenses herein sought for the purpose of constructing, reconstructing or improving public roads, streets or highways for public purposes and for the purpose of accomplishing the removal of any and all encroachments upon the right-of-way and for all other purposes in connection with construction of A301571 FKA NH-4007(001), located on NM 347, Paseo Del Volcan & 1-40 Interchange, in Bernalillo County, NM.	Closed	202200082	5,688.25
			<b>Total</b>	<b>148,835.85</b>

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR REVISION OF ITS RETAIL )  
ELECTRIC RATES PURSUANT TO ADVICE )  
NOTICE NO. 595 )  
 )  
PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )  
 )  
 )  
Applicant )**

**Case No. 22-00270-UT**

**SELF AFFIRMATION**

**LEONARD D. SANCHEZ, Associate General Counsel, PNMR Services Company,**  
upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read  
the foregoing **Direct Testimony of Leonard D. Sanchez** and it is true and accurate based on my  
own personal knowledge and belief.

Dated this 5th day of December, 2022.

/s/ Leonard D. Sanchez  
**LEONARD D. SANCHEZ**