

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 6

SHORT TITLE: Private Equity Infrastructure Ownership

SPONSOR: Royal Caballero

LAST UPDATE: _____ **ORIGINAL DATE:** 1/30/2026 **ANALYST:** Francis

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate but minimal	Indeterminate but minimal				

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Memorial 9

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

State Investment Council

New Mexico Finance Authority

Public Regulation Commission

Department of Workforce Solutions

Public Education Department

Health Care Authority

SUMMARY

Synopsis of House Memorial 6

House Memorial 6 (HM 6) requests the Legislative Finance Committee (LFC) to convene state agency experts to jointly study and report on the impact of private equity ownership and control of essential utilities and critical infrastructure in New Mexico. The examination will assess the different outcomes in terms of maintenance, infrastructure investment, safety, affordability, and reliability based on whether a utility is publicly owned, cooperative owned, investor owned, or owned by a private equity fund. The study will also consider impacts on community service and investments, workforce, capital structures and debt levels, and transparency. Additionally, the study will consider how large-scale data centers and other high-load facilities impact both the demand for electric power, water consumption, grid reliability, and need for new power sector investments and the allocation of costs among different consumers, particularly residential and small business. Finally, the study will consider exit scenarios and risks to ratepayers and limits

the state should consider for private acquisition of utilities.

LFC would convene experts from the New Mexico Finance Authority (NMFA), The Public Regulation Commission (PRC), the Attorney General, the State Investment Council (SIC), the Economic Development Department (EDD), the Workforce Solutions Department (WSD), the Public Education Department (PED), and the Health Care Authority (HCA) for the study.

The study with recommendations for policy makers identifying specific statutory, regulatory, or other policy options available to protect public funds, ratepayers, and long-term service reliability would be completed by December 1, 2026.

FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law. However, the study requested in this memorial is outside of the normal operations of the LFC and is likely to result in additional costs for the LFC and other agencies, due to the scope and complexity of the issues and the short timeframe. If passed, LFC would likely need to begin in FY 2026 to meet the deadline.

SIGNIFICANT ISSUES

HM 6 requests a study to help policymakers understand the issues and trade-offs of different types of ownership of public electric power utilities. In the discussion for the necessity of such a study, HM 6 notes that gas and electric utilities are “foundational to public health, economic stability, emergency response, and community well-being.” The concerns raised primarily consider the government’s ability to appropriately oversee and regulate regulated utilities to ensure long-term reliability, affordability, environmental justice and workforce stability.

HM 6 specifically identifies the proposed acquisitions of TXNM energy (parent company of Public Service Company of New Mexico or PNM) by Blackstone and of New Mexico Gas Company by Bernhard Capital Partners. These proposed transactions are currently under review by the PRC. On October 28, 2025, PRC took public comments on the NM Gas Company transaction, and, on February 5, 2026, PRC will take public comments on the PNM acquisition.¹

Another issue raised by HM 6 is the role of data centers in the growth in demand for electric power and water in the U.S. and how that demand will affect rate payers in New Mexico.

SIC notes that PRC will have likely ruled on the NM Gas Company acquisitions “well before this proposed study and report would be completed” and that the PNM acquisition is estimated to be executed by the end of 2026:

The report requested by this memorial is expected to be completed by December 1, 2026. This makes it unlikely the study could produce information that could reasonably be considered prior to completion of the sale of either utility, although it could inform future sales of utilities or critical infrastructure to private equity entities.

SIC also reports financial exposure to Blackstone Infrastructure:

¹ [NMPRC-invites-New-Mexicans-to-comment-on-the-potential-sale-of-New-Mexico-Gas-Co.pdf](https://www.nmprc.org/sites/default/files/2025-09/NMPRC-invites-New-Mexicans-to-comment-on-the-potential-sale-of-New-Mexico-Gas-Co.pdf); [PRC public comment hearing on TXNM Energy Inc.](https://www.nmprc.org/events/2025/10/28/public-comment-hearing-on-txnm-energy-inc)

The funds SIC manages on behalf of New Mexicans have exposure to Blackstone Infrastructure, a fund which may be the vehicle through which the company is purchasing TXNM. Should the study be completed on time and have substantial influence on the sale of the utility company, this potentially impacts could affect the state's sovereign wealth fund and the returns it delivers to the state each year.

PERFORMANCE IMPLICATIONS

PRC notes that, because of its role as an impartial adjudicator, participation in the study would be “incompatible with the Commission’s statutory role and constitutional obligations.”

[If] the PRC were to participate in a legislatively directed study providing “recommendations” as to the propriety or ideal extent of private equity ownership of utilities, this would clearly risk an appearance that the PRC itself has already prejudged these issues before parties had a chance to adjudicate them. Were private equity companies – or, indeed, other advocates – to then appear before the PRC and advocate for policy outcomes contrary to the recommendations formulated by the study, the PRC’s role as an impartial adjudicator would be compromised, and its decisions subject to constitutional challenges.

SIC notes there are existing processes for these transactions:

Any effort of a private equity firm to acquire a public utility is subject to state and federal approvals. These processes safeguard the public from many of the concerns outlined in the memorial, especially rate increases. Historically, this is seen in the planned sale of PNM to Avangrid which was ultimately terminated in January 2024 after years of regulatory delays, primarily due to rejections from the New Mexico Public Regulation Commission (NMPRC) which cited concerns over customer service and public interest, despite initial agreements and extensions

NMFA also cites PRC’s current responsibility and suggests PRC take the lead role in the study:

The New Mexico Public Regulation Commission has existing statutory and regulatory authority to ensure safe operations and reliable utility services at reasonable rates and to protect the public interests in utility matters. The PRC regulates electric, natural gas, renewable energy resources, telecommunications, and water and wastewater systems. The PRC also reviews and approves or denies ownership changes of the entities that they regulate. The PRC is the best agency to assume a leadership role in conducting a comprehensive study as requested in HM 106 because of their statutory and regulatory authority and subject matter expertise in these areas.

WSD suggests NM Environment Department and/or the Workers’ Compensation Administration should be included for analysis of workplace safety.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Memorial 9 requests a study and requests PRC delay any decision until after the 2027 legislative session.