

HOUSE MEMORIAL 6

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

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A MEMORIAL

REQUESTING A COMPREHENSIVE STUDY OF PRIVATE EQUITY OWNERSHIP  
AND CONTROL OF ESSENTIAL GAS AND ELECTRIC UTILITIES AND OTHER  
CRITICAL INFRASTRUCTURE IN NEW MEXICO.

WHEREAS, gas and electric utilities and other essential  
infrastructure in New Mexico provide services that are  
foundational to public health, economic stability, emergency  
response and community well-being; and

WHEREAS, utility services function as regulated  
monopolies, are supported by ratepayer dollars and public  
financing mechanisms and require long-term capital investment,  
maintenance and operational continuity; and

WHEREAS, private equity firms have acquired or sought  
controlling interests in essential service providers across the  
United States, raising questions for states about transparency,

1 regulatory capacity and public leverage; and

2 WHEREAS, scholarly research indicates that private equity  
3 transactions commonly use high-leverage and financial-  
4 extraction mechanisms, including dividend recapitalizations and  
5 fee structures that can increase financial distress risk and  
6 weaken the operating resilience of assets; and

7 WHEREAS, wildfire risk and other climate-driven hazards  
8 create significant and growing danger for utilities, and long-  
9 term mitigation and maintenance investment is central to public  
10 safety and affordability; and

11 WHEREAS, reports on investor-owned utilities and rate  
12 drivers in high-risk jurisdictions indicate that customer  
13 affordability is related to capital spending, risk recovery and  
14 governance, reinforcing the need to evaluate how ownership  
15 structures interact with ratepayer exposure; and

16 WHEREAS, peer-reviewed evidence in other essential service  
17 sectors, including hospitals and nursing homes, indicates that  
18 private equity acquisition has been associated with changes in  
19 price, quality, adverse events, staffing-related issues and  
20 consumer experience, underscoring the importance of measuring  
21 access and service outcomes as well as financial performance;  
22 and

23 WHEREAS, when private equity firms exit investments,  
24 communities and public entities may face stranded debt,  
25 degraded assets, unresolved liabilities or pressure for

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1 government intervention; and

2 WHEREAS, New Mexico has made significant public  
3 investments through the New Mexico finance authority, the state  
4 investment council, economic development programs, workforce  
5 training, education systems and health and human services to  
6 support infrastructure, workforce stability and community  
7 resilience; and

8 WHEREAS, the transfer of control of essential services to  
9 external private equity entities may weaken public leverage,  
10 complicate regulatory oversight and reduce the ability of the  
11 state to align infrastructure operations with long-term public  
12 policy goals that include affordability, reliability,  
13 environmental justice and workforce stability; and

14 WHEREAS, private equity firms have sought ownership or  
15 controlling interests in New Mexico's investor-owned utilities,  
16 including a proposed acquisition of TXNM energy, the parent  
17 company of the public service company of New Mexico, by  
18 Blackstone infrastructure and a proposed acquisition of New  
19 Mexico gas company by Bernhard capital partners, both subject  
20 to review by the public regulation commission; and

21 WHEREAS, certain industries and systems constitute  
22 essential services upon which the public depends for health,  
23 safety and basic daily services, including gas and electric  
24 utilities, water and wastewater systems, telecommunications  
25 infrastructure, health care delivery systems and other services

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1 that operate as natural monopolies or are supported by public  
2 financing, ratepayer funds or exclusive franchises; and

3 WHEREAS, the acquisition of controlling interests in  
4 essential services by private equity entities raises distinct  
5 public policy concerns due to the combination of monopoly  
6 conditions, long-term capital needs, public dependency and  
7 financial extraction incentives that may not align with the  
8 provision of safe, affordable and reliable service; and

9 WHEREAS, large-scale data centers and other high-load  
10 industrial facilities are driving unprecedented growth in  
11 electric power demand and water consumption across the United  
12 States, placing significant pressure on power generation,  
13 transmission and distribution and on water systems and creating  
14 new risks, such as grid reliability, resource scarcity and  
15 long-term infrastructure costs; and

16 WHEREAS, studies and regulatory analysis indicate that,  
17 absent appropriate safeguards, the costs of serving large data  
18 center loads are often socialized through utility rates,  
19 resulting in residential and small-business ratepayers bearing  
20 costs associated with private development decisions from which  
21 they receive limited direct benefit;

22 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF  
23 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the legislative  
24 finance committee be requested to convene experts from state  
25 agencies, including the New Mexico finance authority, the

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1 public regulation commission, the attorney general, the state  
2 investment council, the economic development department, the  
3 workforce solutions department, the public education department  
4 and the health care authority, to jointly study and report on  
5 the impacts of private equity ownership and control of  
6 essential utilities and critical infrastructure in New Mexico;  
7 and

8 BE IT FURTHER RESOLVED that the legislative finance  
9 committee-led study be requested to examine:

10 A. outcome differences among publicly owned,  
11 cooperatively owned, investor-owned and private-equity-owned  
12 utilities in other states;

13 B. changes in maintenance spending, infrastructure  
14 investment, outage frequency, wildfire or safety incidents and  
15 overall system reliability following asset acquisition or  
16 changes in control;

17 C. exit scenarios and risks to the state and  
18 ratepayers, including bankruptcy, asset stripping or forced  
19 public intervention;

20 D. impacts on access to services in rural, tribal  
21 and low-income communities, including shutoffs, service quality  
22 and infrastructure investment disparities;

23 E. ownership transparency, holding company  
24 complexity and the effect of such structures on regulatory  
25 oversight and enforcement;

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1 F. the capital structures used in asset  
2 acquisitions, including debt levels, dividend payments,  
3 management fees and financial extraction mechanisms;

4 G. the impact of ownership and capital structure on  
5 utility rates, rate filing frequency and long-term  
6 affordability for consumers;

7 H. workforce impacts, including staffing levels,  
8 safety outcomes, contractor use, retention and institutional  
9 expertise;

10 I. whether and under what conditions the state  
11 should limit, condition or prohibit the acquisition of  
12 controlling interests in essential services by private equity  
13 entities, including the development of clear definitions,  
14 thresholds and criteria to distinguish acceptable forms of  
15 private investment from ownership structures that pose  
16 unacceptable risk to the public interest;

17 J. distinctions between minority or non-controlling  
18 investments and transactions that result in effective control,  
19 including through voting rights, governance provisions, debt  
20 covenants or management agreements;

21 K. the impacts of large-scale data centers and  
22 other high-load facilities on electric power demand, water  
23 consumption, grid reliability and the need for new power  
24 generation, transmission and distribution and water  
25 infrastructure; and

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1           L. the extent to which the costs of serving data  
2 centers and other high-load facilities are allocated to or  
3 borne by residential and small-business ratepayers and the  
4 effectiveness of rate design, cost allocation methods,  
5 transparency requirements and other regulatory tools in  
6 protecting ratepayers from subsidizing such loads; and

7           BE IT FURTHER RESOLVED that the study be requested to  
8 include an assessment of the appropriate role of public  
9 investment, regulation and ownership in protecting essential  
10 services as compared to private equity ownership models; and

11           BE IT FURTHER RESOLVED that the requested study and  
12 recommendations be completed and delivered no later than  
13 December 1, 2026; and

14           BE IT FURTHER RESOLVED that the findings and  
15 recommendations be presented to the legislative finance  
16 committee, the state investment council, the New Mexico finance  
17 authority and the legislature, with specific identification of  
18 statutory, regulatory or policy options available to protect  
19 public funds, ratepayers and long-term service reliability; and

20           BE IT FURTHER RESOLVED that copies of this memorial be  
21 transmitted to the governor, the legislative finance committee,  
22 the New Mexico finance authority, the public regulation  
23 commission, the state investment council, the economic  
24 development department, the workforce solutions department, the  
25 public education department, the health care authority and the

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underscored material = new  
[bracketed material] = delete

1 attorney general.

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