

**The Future of Minnesota Power: Private Acquisitions and Trends in Public Utility
Ownership**

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Executive Summary

In December 2025, ALLETE, the parent company of Minnesota Power, was acquired by Global Infrastructure Partners (a BlackRock subsidiary) and the Canada Pension Plan Investment Board, shifting ownership from public shareholders to private institutional investors. This reflects a broader trend in which publicly traded utilities repeatedly exited public equity markets, with buyers shifting from strategic energy companies to infrastructure funds, pension-backed investors, and private equity firms. That shift matters because it alters financial incentives, transparency structures, and oversight challenges. The acquisition removes ALLETE from SEC-regulated public markets, eliminating a layer of financial disclosure and placing greater pressure on the MPUC, intervenors such as CUB, and the Office of the Attorney General.

Minnesota Power faces two simultaneous pressures that make the ownership question urgent: compliance with the state's carbon-free electricity mandate requiring 100 percent carbon-free generation by 2040, and rapidly accelerating load growth driven partly by data center development. Private ownership may improve access to capital for renewable generation and grid upgrades, but it also creates risk that infrastructure costs and acquisition-related financial pressures will be passed on to residential customers.

To assess how institutional ownership transitions affect ratepayers, this report evaluates nine comparable cases: five past domestic cases (PacifiCorp, Puget Sound Energy, NV Energy, CLECO Power, and El Paso Electric), two international cases (Thames Water and AusNet), and two ongoing domestic cases (AES Indiana and TXNM Energy). Each was evaluated against five criteria: customer rates, financial wellbeing, infrastructure and grid reliability, regulatory oversight, and progress on the renewable energy transition.

The cases yield eight findings that directly shape CUB's advocacy priorities. The central insight is that ownership structure matters less than the quality and consistency of regulatory enforcement, which means CUB's focus should be on capital deployment and compliance. Within that frame, two substantive areas demand the most attention. On clean energy, the relevant risk is not whether Minnesota Power meets the 2040 carbon-free standard but how: the 2025 IRP pursues compliance largely through natural gas expansion that could leave ratepayers exposed to stranded asset costs, and CUB should scrutinize whether that path is necessary or primarily serves large-load growth. On rates and costs, increases after acquisitions are not evidence of harm on their own; what matters is whether they reflect prudent investment or cost-shifting from acquisition premiums, parent-company debt, or large-load infrastructure. CUB should push for mechanisms that prevent residential customers from subsidizing infrastructure built primarily for data centers and other large-load customers.

The remaining findings address the structural conditions that make enforcement possible. Delisting eliminates routine SEC financial disclosure, warranting a centralized transparency hub that CUB should request and build itself if that request goes unmet. The cases consistently show that merger commitments erode without sustained monitoring, so CUB must track compliance across rate cases and annual filings while making the case for expanded MPUC audit capacity. Proactive resilience planning belongs in the same category, since disaster mitigation treated as an afterthought tends to become a ratepayer liability. Finally, because reliability improvements after acquisitions are often unevenly distributed, customer-class-level reporting is needed to ensure that investments targeting large-load users do not impose disproportionate costs on residential ratepayers. The public impact of the ALLETE acquisition will be determined not by ownership change itself but by whether these protections remain enforceable over time.

Stoplight Chart

Cases - Criteria:

	Customer Rates	Infrastructure & Power Grid Reliability	Regulatory Oversight	Financial Stability and Ratepayer Risk	Renewables & Energy Transition
PacifiCorp					
Puget Sound					
NV Energy					
CLECO Power					
El Paso Texas					
Thames Water					N/A*
Ausnet					
AES Indiana (Provisional)					
TXNM Energy (Provisional)					

Color Coding Meaning:

Positive During Study Period

Mixed During Study Period

Negative During Study Period

Thames Water is marked as N/A due to being a water company.

Ratings reflect evidence within each case's study period and should not be read as final long-term judgments.

Current or pending acquisitions are marked provisional because post-acquisition outcomes cannot yet be measured .

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Definitions

BlackRock: A global investment management firm that provides asset management, risk management, and advisory services to institutional and individual investors. BlackRock invests across a wide range of asset classes, including infrastructure and utilities, and often participates in large-scale acquisitions through its affiliated investment platforms and funds.

Decarbonization (Electric Sector): The process of reducing or eliminating carbon emissions from electricity generation, typically through the transition from fossil fuels to renewable and low-carbon energy sources.

Electric-Utility Company: An entity responsible for the generation, transmission, distribution, and/or sale of electricity to end users within a defined service area, typically operating under regulatory oversight to ensure reliable and continuous service.

Integrated Resource Plan (IRP): A long-term planning document submitted by utilities that outlines how they will meet future electricity demand through a combination of generation, demand-side management, and infrastructure investments, while complying with policy and regulatory requirements.

Investor-Owned Utility (IOU): A privately owned public utility company whose shares are held by investors or shareholders and that operates under regulatory oversight to provide electricity service and earn an authorized return on investment.

Private Equity: Investment capital from firms or funds that acquire ownership stakes in

companies, often through buyouts, with the objective of improving financial performance and generating returns for the investor.

Public Utilities Commission (PUC): A state regulatory body with authority to oversee utilities, including approval of rates, infrastructure investments, mergers and acquisitions, and enforcement of service and reliability standards.

Public Utility: A provider of essential services such as electricity that operates under government regulation to ensure affordability, reliability, and universal access. These entities often function as regulated monopolies and may be publicly or privately owned. The ALLETE transaction did not privatize a publicly owned utility; rather, it moved the publicly traded parent company of a regulated investor-owned utility into private institutional ownership.

Ratepayer: An individual or entity that purchases electricity from a public utility and is subject to the rates, fees, and charges approved by PUC.

Reliability Metrics (SAIDI, SAIFI, CAIDI): Standardized measures used to assess electric service reliability, including the average duration of outages (SAIDI), frequency of outages (SAIFI), and average restoration time per outage (CAIDI).

Renewable Energy Generation: Electricity produced from naturally replenishing sources such as wind, solar, hydroelectric, geothermal, and biomass.

Return on Equity (ROE): The rate of return that a utility is authorized by regulators to earn on its invested capital, used to determine allowable profits within regulated rate structures.

Ring-Fencing: A set of financial and legal protections designed to isolate a regulated utility from the financial risks of its parent or affiliated entities, preventing the transfer of debt or liabilities to ratepayers.

Acronyms

AIMCO - Alberta Investment Management Corporation

BCIMC - British Columbia Investment Management Corporation

CAIDI – Customer Average Interruption Duration Index

CCN - Certificate of Convenience and Necessity

CEIP - Clean Energy Incentive Program

CPPIB - Canada Pension Plan Investment Board

CUB – Citizens Utility Board (of Minnesota)

DOE – U.S. Department of Energy

DOJ - U.S. Department of Justice

EBITDA - Earnings Before Interest, Taxes, Depreciations, and Amortization

EIA – U.S. Energy Information Administration

EPE - El Paso Electric

FERC – U.S. Federal Energy Regulatory Commission

FFO - Funds From Operations

GIP - Global Infrastructure Partners, LLC

GW - Gigawatt, equal to 1,000 megawatts (MW)

IIF - Infrastructure Investments Fund

IRP – Integrated Resource Plan

IOU – Investor-Owned Utility

IURC - Indiana Utility Regulatory Commission

kWh - Kilowatt-Hour

LPSC – Louisiana Public Service Commission

MED – Major Event Day

MEHC- MidAmerican Energy Holdings Company

MIP - Macquarie Infrastructure Partners

MN - Minnesota

MPUC – Minnesota Public Utilities Commission

MW - Megawatt

MWh - Megawatt-Hour

NDPP - Natural Disaster Protection Plan

NMPRC - New Mexico Public Regulation Commission

NRS - Nevada Revised Statutes

NYSE - New York Stock Exchange

PUC – Public Utilities Commission

PUCN - Public Utilities Commission of Nevada

PUCT - Public Utility Commission of Texas

PE - Puget Energy

PSE - Puget Sound Energy

QSP - Quality of Service

RCW - Revised Code of Washington

ROE – Return on Equity

SAIDI – System Average Interruption Duration Index

SAIFI – System Average Interruption Frequency Index

SB - Senate Bill

SEC - U.S. Securities and Exchange Commission

TWh - Terawatt-Hours

WUTC - Washington Utilities and Transportation Commission

Introduction

Publicly traded investor-owned utilities have repeatedly exited public equity markets. Earlier acquisitions often came from strategic or operating buyers, including integrated energy companies seeking to expand utility holdings. More recent transactions increasingly come from infrastructure funds, asset managers, and pension-backed institutional investors. That shift matters because, although state Public Utilities Commission oversight remains in place, departure from SEC-regulated public markets cuts one layer of public transparency and puts greater pressure on regulatory enforcement, financial scrutiny, and external advocacy. These ownership transitions therefore heighten concerns about ratepayer impacts, infrastructure investment, regulatory effectiveness, and long-term accountability.

In December 2025, that broader ownership shift reached Minnesota when Global Infrastructure Partners, a BlackRock subsidiary, and the Canada Pension Plan Investment Board acquired ALLETE, the parent company of Minnesota Power. The ALLETE deal reflects the newer pattern in which ownership shifts from dispersed public shareholders to funds and institutional investors rather than to a traditional operating utility or energy company. That pattern makes the case useful for examining how newer ownership structures may shape electricity rates, grid reliability, clean energy transition, and regulatory oversight. For residents and businesses in northern Minnesota, the stakes are substantial. Minnesota Power must maintain reliable and affordable service while meeting a strict clean energy mandate, and new ownership may intensify pressure for future rate increases.

This report was developed as part of the Policy Practicum course at George Mason University in consultation with the Citizens Utility Board (CUB) of Minnesota. As a consumer advocacy organization, CUB's mission is protecting ratepayers in an evolving regulatory and

ownership landscape. The central problem this report addresses is how CUB can most effectively deploy its limited advocacy and analytical resources in a post-acquisition environment characterized by both regulatory commitments and ongoing policy uncertainty. This includes identifying the most consequential regulatory provisions, assessing risks associated with private ownership, and developing strategies to ensure continued consumer protection and affordability.

To address this problem, the project team conducts a comprehensive analysis of public-to-private utility transitions. It develops a set of criteria for evaluating successful acquisitions, examines past domestic and international cases, and analyzes current ongoing cases and emerging industry trends such as decarbonization and data center expansion. These findings are then used to assess the Minnesota Power case and to generate actionable recommendations for CUB. These findings should be viewed as a part of a broader pattern of utility ownership change and generate actionable recommendations for CUB.

Project Methodology

This study employs a primarily qualitative research design, supplemented by quantitative data where available. Analysis draws on an extensive review of academic literature, industry reports, regulatory documents, and news coverage on public utility governance, ownership transitions, and regulatory oversight. This analysis does not attempt to measure capital expenditure efficiency or determine whether each infrastructure investment produced optimal value. Instead, it evaluates available evidence on customer rates, reliability, financial pressure, clean-energy transition, and regulatory oversight. Because several acquired utilities became less transparent after delisting, data availability varies across cases.

Beyond secondary sources, the study incorporates case studies of domestic and international utility acquisitions selected to offer meaningful lessons for CUB, with variation in regulatory context, ownership structure, and outcomes. The team also conducted expert outreach to complement documentary research, which yielded one interview with a Minnesota PUC commissioner. This conversation provided contextual insight, clarified regulatory dynamics, and helped validate interpretations drawn from the literature and case studies.

A cross-case analytical framework guided systematic comparison across cases, organizing findings around common evaluative criteria: regulatory approval processes, financial outcomes, service reliability, stakeholder impacts, and long-term operational performance. Each case was assessed against these criteria to evaluate the relative success of acquisition and transition processes. Final findings and recommendations synthesize insights from the literature, case comparisons, and interview, with particular attention to patterns applicable to similar public utility contexts.

Minnesota Power and ALLETE

Minnesota Power operates as the regulated public electric utility serving northeastern Minnesota, including Duluth and the surrounding Iron Range.¹ Unlike many utilities with predominantly residential customer bases, Minnesota Power serves a significant share of large industrial customers, particularly in mining and heavy manufacturing. This customer composition makes its revenue structure rely more heavily on high-load industrial demand than that of a typical investor-owned utility. At the same time, Minnesota Power remains relatively small compared to many large investor-owned utilities, with about 150,000 retail customers across a 26,000-square-mile service territory.²

The utility functions as a subsidiary of ALLETE, a holding company that owns both regulated utility operations and non-utility energy assets. ALLETE traces its origins to the early twentieth century, when the immediate predecessor of Minnesota Power incorporated in 1906 as Duluth Edison Electric Co.; by 1923, a series of acquisitions and consolidations produced Minnesota Power and Light Co.³ In its early years, the company relied heavily on hydropower generated from regional rivers to support northeastern Minnesota's timber, mining, and industrial development. In 2000, Minnesota Power, Inc. adopted the name ALLETE, while the regulated electric business continued operating as Minnesota Power.⁴

This parent-subsidary model reflects the standard structure of modern U.S. investor-owned utilities. Under that model, a holding company raises capital, manages broader

¹ Minnesota Power, "About Us," <https://www.mnpower.com/Company/AboutUs>; Minnesota Power, "History," <https://www.mnpower.com/Company/History>

² Minnesota Power, "About Us," <https://www.mnpower.com/Company/AboutUs>; ALLETE, Inc., *Form 10-K* (2024), <https://www.sec.gov/Archives/edgar/data/66756/000006675625000013/ale-20241231.htm>

³ Minnesota Power, "History," <https://www.mnpower.com/Company/History>

⁴ ALLETE, "Minnesota Power, Inc. has new name — ALLETE," August 8, 2000, <https://investor.alleite.com/news-releases/news-release-details/minnesota-power-inc-has-new-name-alleite>

corporate strategy, and may own both regulated and non-regulated assets, while the regulated utility subsidiary continues to provide electricity service under state oversight. Historically, this structure also raised concerns about whether complex corporate arrangements could obscure financial risk, weaken transparency, or shift costs away from parent entities and onto captive ratepayers. Those concerns made utility holding companies a recurring subject of federal and state oversight throughout the twentieth century.

Prior to the recent acquisition, ALLETE traded publicly on the New York Stock Exchange and filed reports with the U.S. Securities and Exchange Commission.⁵ Minnesota Power, however, remained regulated at the state level under Minnesota’s public utility statutes, with the Minnesota Public Utilities Commission (PUC) overseeing rates, service, and infrastructure investment.⁶ The recent transaction therefore did not eliminate public regulation, but it did move the parent company out of public equity markets and reduce one layer of routine public financial disclosure.

Minnesota Power’s relatively small size, industrial customer base, and capital constraints make it particularly sensitive to broader changes in the electric power sector. Minnesota law requires electric utilities to achieve 100 percent carbon-free electricity by 2040, with interim targets of 80 percent by 2030 and 90 percent by 2035,⁷ Meeting these mandates requires substantial investment in renewable generation, transmission infrastructure, and grid modernization.⁸ At the same time, rising electricity demand places additional pressure on utilities

⁵ ALLETE, Inc., *Form 10-K* (2024), <https://www.sec.gov/Archives/edgar/data/66756/000006675625000013/ale-20241231.htm>

⁶ Minnesota Statutes § 216B.01, <https://www.revisor.mn.gov/statutes/cite/216B.01>

⁷ Minnesota Statutes § 216B.1691, <https://www.revisor.mn.gov/statutes/cite/216b.1691>

⁸ Minnesota Power, “Energy Forward,” <https://www.mnpower.com/EnergyForward>; ALLETE, Inc., *Form 10-K* (2024), <https://www.sec.gov/Archives/edgar/data/66756/000006675625000013/ale-20241231.htm>

to expand capacity and maintain reliability, particularly as data center growth and other high-load uses drive demand increases. These dynamics create a challenging environment for utilities like Minnesota Power, which must finance large-scale infrastructure investments under both regulatory constraints and evolving market conditions. The acquisition of ALLETE by institutional investors occurs within this broader context and raises a central question: how will a change in ownership affect who pays for infrastructure investment, how quickly rates change in response to the investment, and how effectively state regulators can protect customers?

Decarbonization, Load Growth, and Ownership Structure

The U.S. electric power sector faces a structural transformation driven by two competing pressures: aggressive decarbonization mandates and rapidly accelerating electricity demand. Although utility ownership changes must be understood within a longer history of vertically integrated regulation, holding-company oversight, and evolving capital markets, present-day sector pressures make the prior ownership questions more urgent. These pressures do not make private ownership inevitable, but they do increase the scale of required investment and make access to capital more consequential for utilities, regulators, and ratepayers.

Decarbonization Goals

State and federal decarbonization mandates have compelled many large investor-owned utilities to commit to significant reductions in carbon emissions and fossil fuel generation. However, public commitments have frequently outpaced concrete planning: utilities have announced clean-energy targets without fully developed resource plans, financing strategies, or defined retirement timelines for existing fossil fuel assets. The scale of investment required to retire coal capacity, build renewable generation, expand transmission, and modernize grid infrastructure routinely exceeds what utilities can finance through traditional rate-base mechanisms and capital markets alone.

This capital shortfall creates conditions attractive to private institutional investors, who can offer access to deeper capital pools than a mid-sized publicly traded utility can independently secure. For Minnesota Power, the pressure is particularly acute. The state's carbon-free electricity mandate requires substantial capital deployment on a compressed timeline, and the utility's relatively small size and industrial-heavy customer base limit its internal financing capacity. The

ALLETE acquisition should be understood partly in this context, as private capital entering to fund a transition the utility could not readily finance on its own.

Data Centers

While many electric-utility companies need to replace their current production of power, the demand only grows. The most important cause has been the rapid development and construction of data centers. Currently, the demand for cloud computing, artificial intelligence (AI), and big data analytics drives data center demand.⁹ Importantly, not all data centers require the same amount of power, as facilities vary widely in size and in the electricity demands they place on local communities. In aggregate, U.S. data centers consumed about 176 TWh in 2023 and could consume 325–580 TWh by 2028, reflecting rapid growth driven by artificial intelligence and cloud computing¹⁰. A meaningful comparison requires using the same metric: total renewable electricity generation. The U.S. Energy Information Administration projects renewable generation to reach approximately 1,058 TWh in 2025 and 1,138 TWh in 2026, implying an increase of roughly 80 TWh over that period¹¹. By contrast, even the lower-bound forecast for data center demand implies an increase of at least 145 TWh between 2024 and 2028, suggesting that data center electricity demand alone could outpace the growth in renewable generation, particularly when accounting for broader economy-wide demand growth. This high demand for energy makes data centers vastly increase the capital demands that electric-utility

⁹ Nguyen, Terry. 2025. "WHAT HAPPENS WHEN DATA CENTERS COME TO TOWN?"

¹⁰ U.S. Department of Energy, "DOE Releases New Report Evaluating Increase in Electricity Demand from Data Centers," December 20, 2024; Lawrence Berkeley National Laboratory, *2024 Report on U.S. Data Center Energy Use*, estimating growth from 176 TWh in 2023 to 325–580 TWh by 2028 <https://newscenter.lbl.gov/2025/01/15/berkeley-lab-report-evaluates-increase-in-electricity-demand-from-data-centers/>

¹¹ U.S. Energy Information Administration, "Short-Term Energy Outlook," 2025–2026 projections for total renewable electricity generation.

companies face when replacing carbon energy resources incompatible with renewable energy sources. Private investor capital becomes extremely enticing as a result.

Ownership Structure

Understanding which entities bear this capital burden and why private investment has become attractive to some but not others requires understanding how the sector is structured. According to the U.S. Energy Information Administration, electric utilities in the United States fall into three primary ownership categories: investor-owned utilities (IOUs), publicly owned utilities, (POUs) and cooperatives.¹² The key difference between these groups comes down to who owns them and how they are governed.

Investor-Owned Utilities are for profit companies owned by shareholders and run by private boards. These companies can be privately held or publicly traded, but both operate under significant regulatory oversight. At the state level, Public Utility Commissions (PUCs) regulate retail rates and major investments.¹³ At the Federal level, the Federal Energy Regulatory Commission (FERC) oversees wholesale electricity sales and interstate transmission.¹⁴ In addition, publicly traded utilities are subject to financial disclosure requirements enforced by the Securities Exchange Commission (SEC).¹⁵ Publicly Owned Utilities are operated by local or state governments.¹⁶ Instead of being regulated like IOU's, their oversight comes from public

¹² U.S. Energy Information Administration, “Investor-Owned Utilities Served 72% of U.S. Electricity Customers in 2017,” U.S. Energy Information Administration, August 15, 2019, <https://www.eia.gov/todayinenergy/detail.php?id=40913>.

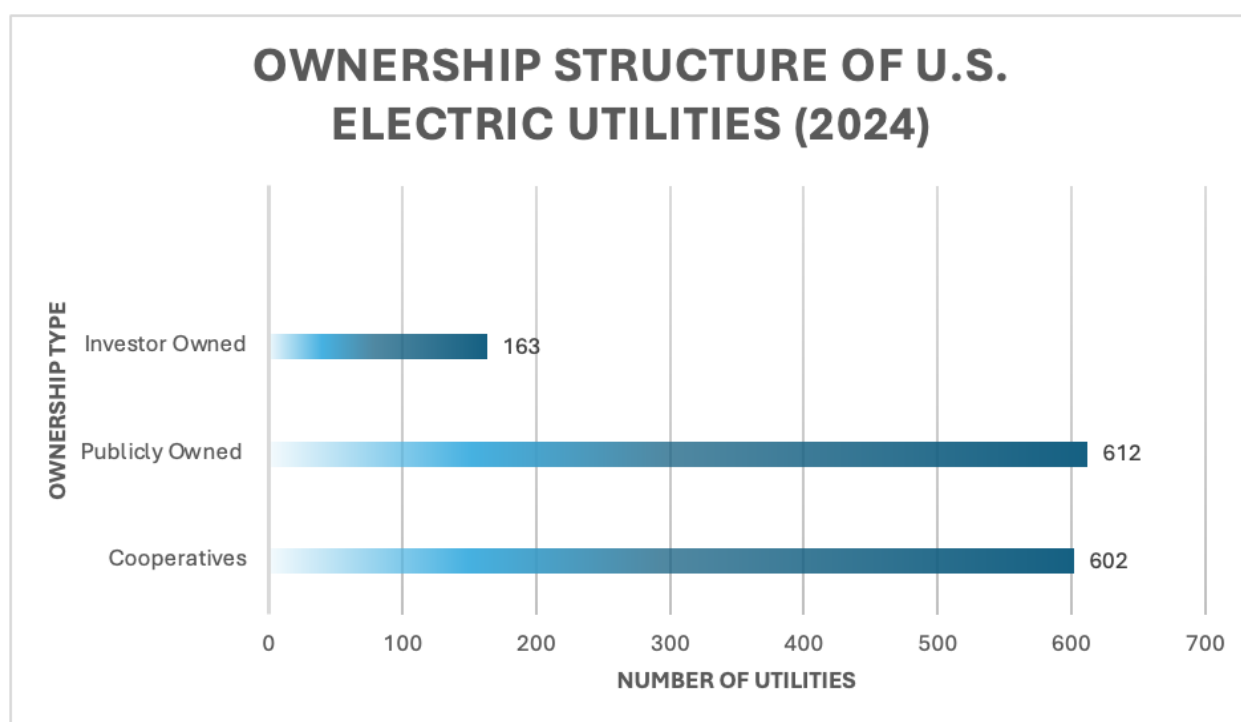
¹³ NCSL. 2019. “Engagement Between Public Utility Commissions and State Legislatures, National Conference of State Legislatures”, <https://www.ncsl.org/energy/engagement-between-public-utility-commissions-and-state-legislatures>.

¹⁴ FERC. 2025. “What FERC Does”, <https://www.ferc.gov/what-ferc-does>.

¹⁵ U.S. SEC. 2023. “Mission”, <https://www.sec.gov/about/mission>.

¹⁶ U.S. Energy Information Administration, “EIA.”

accountability mechanisms such as open meetings, public records, and budget hearings.¹⁷ Unlike IOU's, POU's are not-for-profit and focus on serving their communities. In many cases, they are also associated with lower electricity rates than privately-owned utilities.¹⁸ In contrast, Cooperatives are owned and governed by members of the communities they serve. Most cooperatives are not regulated by the FERC, unless they engage in wholesale electricity markets or interstate transmission.¹⁹ Additionally, in about 23 states, cooperatives are subject to oversight by state PUC's; otherwise elected cooperative boards are responsible for major decisions.²⁰



Source: U.S. Energy Information Administration, Utility Data, Form-861 (2024).

¹⁷ American Municipal Power. 2025. "What Is Public Power?", <https://www.amppartners.org/news/what-is-public-power/>.

¹⁸ American Public Power Association, 2026. "Public Power", <https://www.publicpower.org/public-power>.

¹⁹ National Rural Electric Cooperative Association, *America's Electric Cooperatives*, n.d., <https://www.electric.coop/epa-power-plant-rule-nreca-statement-of-harm>; NRECA, "Electric Co-Op Facts & Figures," *America's Electric Cooperatives*, June 25, 2025, <https://www.electric.coop/electric-cooperative-fact-sheet>.

²⁰ National Rural Electric Cooperative Association.

Criteria of Success

Evaluating utility transitions requires a clear analytical framework oriented toward public interest outcomes. A utility acquisition may produce positive results for investors or management while generating different, and potentially adverse, outcomes for ratepayers. Because this analysis was conducted on behalf of the Citizens Utility Board of Minnesota, success is defined from a public interest perspective. Accordingly, five criteria are used to assess outcomes for residential customers: customer rates, financial wellbeing, reliability and infrastructure health, environmental standards related to the renewable transition, and regulatory oversight.

Applying consistent criteria across cases allows for systematic comparison because utility transitions involve competing priorities and inherent tradeoffs. A company may become more financially stable following an acquisition; however, such stability does not necessarily translate into improved outcomes for customers. Residential ratepayers may still experience increased costs relative to the pre-acquisition trajectory, reduced protections, or increased exposure to risk. Additionally, improvements in one area may coincide with deterioration in another. Applying consistent criteria across cases enables systematic comparison of past transitions with the ALLETE transaction and allows for differentiation between partial success and public interest.

Customer Rates

The core question for customer rates concerns what a typical household pays and how quickly that amount changes. Financial success for a company does not necessarily translate into affordability for customers. From a ratepayer perspective, success must reflect rate stability and manageable household costs over time.

This criterion is measured using EIA Form 861 data on average revenue per kilowatt hour by customer class, particularly residential rates, while also considering commercial, industrial,

and all-sector averages. Additional analysis includes residential customer counts, sales, and revenue to assess the scale of the residential burden. Monthly service charges, base energy charges, and major riders or adjustment clauses are also examined to understand bill impacts over time. Recent rate cases, settlements, and commission orders are reviewed to identify when rates changed and by how much. For Minnesota Power, the key issue is not simply whether rates rise after the acquisition, but whether increases reflect prudent investment or cost-shifting from acquisition premiums, parent-company debt, or large-load infrastructure.

Reliability and Infrastructure Health

The primary concern for ensuring reliability and maintaining the health of infrastructure is the frequency of outages and the speed at which services are restored. This criterion is necessary because electricity is an essential service. A utility cannot be considered successful if it fails to provide dependable service or respond effectively during emergencies. Reliability is measured primarily through standard indicators derived from sources such as U.S. Energy Information Administration (EIA) Form 861 and utility or commission reliability reports. These metrics provide information on outage frequency and average restoration times, allowing for comparison across utilities and over time. For Minnesota Power, reliability and infrastructure health appear to be relative strengths from the customer perspective. This makes the criterion important not only for evaluating past performance but also for determining whether private ownership preserves those strengths. Reliability should also be understood as a resilience and distributional issue: systemwide metrics such as SAIDI, SAIFI, and CAIDI may show whether the grid performs well overall, but they do not always show whether specific customer classes, regions, or large-load users receive disproportionate benefits from new infrastructure investment.

Financial Wellbeing

The core question for financial wellbeing concerns whether the utility maintains the structural stability needed to serve customers reliably over time. From a corporate perspective, financial health may indicate stronger access to capital or reduced insolvency risk. These conditions matter for ratepayers because financial instability at the utility or parent-company level often creates pressure for future rate increases, deferred infrastructure investment, or weakened service quality.

This criterion is assessed through debt levels, credit ratings, and projected capital expenditures, as these factors shape both near-term operational capacity and long-term rate trajectories. Affiliate transaction structures and the financial relationship between the regulated utility and its parent company are also examined, since private ownership can obscure how financial risk is distributed across a corporate structure. For Minnesota Power, the relevant question is not simply whether private ownership improves corporate financial stability, but whether that stability reduces pressure on customers or primarily serves investor interests.

Environmental Standards and Renewable Transition

The central question for environmental standards and renewable transition is whether the utility meets required clean energy goals and what its actual resource mix includes. This criterion matters because utilities are increasingly evaluated not only on service and rates but also on compliance with legally mandated decarbonization and renewable energy targets.

Evaluation begins with the utility's current resource mix, including electricity generated from wind, solar, hydro, nuclear, coal, natural gas, and other sources. Where possible, distinctions are made between owned generation and purchased power. Planned transitions are then assessed through Integrated Resource Plans (IRPs) and related documents, with attention to renewable targets, interim milestones, fossil fuel retirement timelines, and planned additions

such as storage or transmission infrastructure. A distinction is also made between legally required actions and voluntary commitments.

For Minnesota Power, this criterion is particularly significant due to the dual pressure of decarbonization and infrastructure modernization. The tension within its proposed IRP lies between increased environmental ambition and greater reliance on natural gas. Prior to the acquisition, a key question involved whether the company could financially support a green transition. Following the acquisition, the question shifts to whether new ownership will uphold those commitments.

Regulatory Oversight

The core question for oversight concerns the extent to which the utility remains constrained by regulators and whether enforceable consumer protections persist after acquisition. Even a utility that appears reliable, financially stable, and environmentally compliant may pose risks to customers if oversight is weak. This issue is especially relevant in the ALLETE case, as private ownership alters incentives and raises concerns regarding the effectiveness of public protections.

Oversight of electric utilities in the United States is divided between federal and state authorities. At the federal level, the Federal Energy Regulatory Commission (FERC) regulates wholesale electricity markets, including inter-utility rates and transmission operations, but does not regulate retail rates paid by end-use customers. That authority resides at the state level, making state regulatory bodies the primary safeguard for residential and small business consumers.

In Minnesota, the primary oversight body is the Minnesota Public Utilities Commission (MPUC), operating under Minn. Stat. 216B.01–216B.62.²¹ The MPUC possesses meaningful but

²¹ Minn. Stat. ch. 216B (2026), <https://www.revisor.mn.gov/statutes/cite/216B>.

bounded authority. It regulates retail electric rates, return on equity, mergers and acquisitions, affiliate transactions, service quality, and accounting and cost allocation practices. Under Minnesota law, it may review rates, approve mergers, assess affiliate contracts, require safe and adequate service, and order new rates or refunds if rates are deemed unjust or unlawful. However, effective auditing may require resources that exceed the regulator's capacity.

The limits of this authority are also critical. The MPUC does not regulate wholesale power markets, does not function as a comprehensive overseer of holding companies, and does not control all upstream financial decisions made by parent entities. As a result, oversight must be evaluated not only by the presence of a regulator but also by the specific protections embedded within the transaction and the effectiveness of their enforcement. The Department of Commerce's Division of Energy Regulation provides the essential in-house investigative capacity by appointing economists, engineers, and financial analysts to evaluate utility filings, while the Office of the Attorney General serves as the statutory legal advocate for residential and small business ratepayers in all major proceedings (Minnesota Statutes § 8.33, 2024).²²

Oversight is assessed through analysis of merger approvals, settlements, and commission orders, focusing on enforceable protections such as bill credits, rate freezes, reporting requirements, and restrictions on cost recovery. The role of intervenors and external review is also considered. In the ALLETE proceeding, organizations such as CUB, Sierra Club, the Department of Commerce, Large Power Intervenors, and CURE contributed testimony and expert analysis, strengthening the oversight process through additional scrutiny.

²² Minn. Stat. § 8.33 (2024), <https://www.revisor.mn.gov/statutes/2024/2024-11-01%2014:21:33+00:00/cite/8.33/pdf>.

Past Domestic Cases: Summary Overview

Introduction

Minnesota Power's ownership transition is not unusual in historical terms: publicly traded investor-owned utilities have repeatedly been acquired and removed from public equity markets. What has changed is the identity of the buyer. Earlier transactions more often involved strategic or operating energy companies; more recent ones increasingly involve infrastructure funds, asset managers, and pension-backed institutional investors. That shift matters because it changes financial incentives, transparency structures, and oversight challenges in ways directly relevant to the ALLETE case. To examine those patterns, the team selected five cases from roughly the past three decades: PacifiCorp, Puget Sound Energy, NV Energy, CLECO Power, and El Paso Electric, each evaluated against the criteria of customer rates, infrastructure reliability, financial health, renewable transition, and regulatory oversight. The following section provides a condensed overview of each case; full analyses appear in the appendix.

Case One: PacifiCorp

Case Overview

PacifiCorp is a Portland, Oregon-based electric utility serving approximately 2.1 million customers across six states through two subsidiaries: Pacific Power (Oregon, Washington, and California) and Rocky Mountain Power (Utah, Idaho, and Wyoming). PacifiCorp ceased being independently publicly traded after ScottishPower acquired it in 1999.²³ Later in 2005, ScottishPower and MidAmerican Energy reached an agreement for PacifiCorp to be acquired and sold to MidAmerican Energy, a subsidiary of Berkshire Hathaway Energy, for \$5.1 billion in cash.²⁴ The acquisition was later approved and closed in 2006. In recent years, PacifiCorp has faced serious lawsuits due to several wildfires in the 2020's which resulted in major settlements and payouts by the company worth billions of dollars. PacifiCorp was accused of negligence and mishandling of power lines that ultimately led to the fires.²⁵

Criteria Analysis

Customer Rates

PacifiCorp is considered to perform well in terms of customer rates. Compared to all U.S. investor owned utilities, they are 19% under the average rate for cents per kilowatt hours (residential).²⁶ According to the EIA 861 forms,²⁷ from the years 2001-2011, the residential rate increases were essentially steady, and there did not seem to be any increases that appear to be

²³ NGI Staff Reports. 1998. *ScottishPower Buying PacifiCorp for \$7.9 B*. December 8.

<https://naturalgasintel.com/news/scottishpower-buying-pacificorp-for-79-b/>.

²⁴ U.S. SEC. 2026 "PacifiCorp." EDGAR. <https://www.sec.gov/edgar/browse/?CIK=75594>.

²⁵ Ehrlich, April. "PacifiCorp Now Owes over \$1B in Oregon Wildfires Class-Action Lawsuit." OPB.

<https://www.opb.org/article/2026/02/25/pacificorp-owes-one-billion-oregon-wildfire-class-action-lawsuit/>.

²⁶ PacifiCorp. "Just The Facts." March 2026.

https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/about/PacifiCorp_Fact_Sheet.pdf.

²⁷ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16.

<https://www.eia.gov/electricity/data/eia861/>.

significant. This pattern remains relatively consistent with the industrial and commercial rates as well. California appears to have the highest rates out of all six states.

Capital & Infrastructure Investments

In 2007, the Energy Gateway Transmission Expansion Program,²⁸ which expands the transmission lines in mainly four of the six states - Idaho, Oregon, Wyoming and Utah was initiated. The project enhances the electric flow between the six states where PacifiCorp operates. Another project that is in the works is the Natrium Demonstration Project,²⁹ which would shift PacifiCorp from using coal based power plants to nuclear power plants. This project is expected to be completed by 2030, and will be in Wyoming.

Power Grid Reliability

In PacifiCorp's 2011 annual reliability report for California,³⁰ it appears the state received the most fluctuations in SAIDI, SAIFI and CAIDI scores between the states involved in PacifiCorp between the years 2001-2011. Data from other states such as Washington³¹ and Utah³² illustrates relatively steady numbers. There is still fluctuation, but it is not as significant as California. PacifiCorp is actively trying to strengthen their grid following the wildfires.³³

²⁸ PacifiCorp. "Energy Gateway." n.d.
<https://www.pacifiCorp.com/transmission/transmission-projects/energy-gateway.html>.

²⁹ Martucci, Brian. "TerraPower Begins Construction at 345-MW Advanced Reactor Site in Wyoming | Utility Dive." June 2024. <https://www.utilitydive.com/news/terrapower-smr-advanced-nuclear-reactor-bill-gates/718722/>.

³⁰ California Public Utilities Commission. "PacifiCorp 2011 Annual Reliability Report." n.d.
https://files.cpuc.ca.gov/egy_Reliability_GO165Reports/ReliabilityRpts/2011/PacifiCorp_2011%20Reliability_Annual_Report.pdf.

³¹ Washington Utilities and Transportation Commission. "WASHINGTON SERVICE QUALITY REVIEW." n.d.
<https://www.utc.wa.gov/sites/default/files/2021-02/190331-PPL-Electric-Service-Reliability-Rpt-5-01-2019.pdf>.

³² Public Service Commission of Utah. "UTAH SERVICE QUALITY REVIEW." n.d.
<https://pscdocs.utah.gov/electric/13docs/1303570/247871RMPJuneDrftOct22SvcQltyMtg10-10-2013.pdf>.

³³ PacifiCorp. "PacifiCorp Selected for Federal Infrastructure Funding to Enhance Wildfire Mitigation." October 18, 2023.
<https://www.pacifiCorp.com/about/newsroom/news-releases/selected-for-federal-infrastructure-funding.html>.

Financial Well-being

According to the 10-K annual report filings on the SEC, between the years 2001-2011,³⁴ PacifiCorp received stable credit ratings for the most part. In 2004, PacifiCorp was given a “negative” outlook by Moody’s and S&P. In 2005, Moody’s assigned PacifiCorp a “developing” outlook, signaling uncertainty about its financial trajectory as the pending acquisition could either strengthen or weaken its credit profile; S&P Global, by contrast, maintained a “stable” outlook. Today, PacifiCorp faces a “negative” outlook by S&P Global³⁵ and a credit rating of BBB-.

Renewable Transition & Clean Energy

In 2023, coal had the highest percentage in the fuel mix for Pacific Power (in Oregon).³⁶ For Rocky Mountain Power³⁷ (in Idaho) in the same year, coal also had the highest percentage in their fuel mix. The numbers between the two years are similar. However, in 2024, Pacific Power³⁸ (Oregon) had a much closer gap between the usage of coal and natural gas. This was similar in Idaho for Rocky Mountain Power.³⁹ In Oregon, a clean energy plan was put in place to

³⁴ U.S. SEC. 2026 “PacifiCorp.” EDGAR. <https://www.sec.gov/edgar/browse/?CIK=75594>.

³⁵ S&P Global. “Research Update: PacifiCorp Ratings Removed From CreditWatch Negative, Outlook Negative.” March 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3531148>.

³⁶ Pacific Power. “Pacific Power Oregon Fuel Mix 2023.” n.d. https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/my-account/bill-inserts/PP_OR_Fuel_Mix_2023-Year_Bill-Insert_LARGE-BUSINESS.pdf.

³⁷ Rocky Mountain Power. “Power Content Label.” 2024. https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/my-account/bill-insert/s/RMP_ID_Fuel_Mix_Onsert_April_2024.pdf.

³⁸ Pacific Power. “Blue Sky Usage and Block Products 2024 HISTORIC PRODUCT CONTENT LABEL.” n.d. https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/blue-sky/PP_2024_HPCL.pdf.

³⁹ Rocky Mountain Power. “Power Content Label.” 2025. https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/idaho/Idaho_Fuel_Mix_Power_Content_Label.pdf.

reduce greenhouse gas emissions. However, it does not appear that PacifiCorp is on track of meeting their goal by 2030 based on its current trajectory.⁴⁰

Regulation, Oversight, and Consumer Protection

PacifiCorp is regulated by FERC, Pacific Power is regulated by PUC of Oregon, California, Washington, and FERC. Rocky Mountain Power is regulated by the PUC of Utah, Wyoming, Idaho, and FERC. According to the SEC, there was an agreement that PacifiCorp's customer service standards would not be changed until 2011.⁴¹ PacifiCorp cannot unilaterally make rate changes for Pacific Power⁴² or Rocky Mountain Power;⁴³ they must go through the PUC and FERC. Key commitments of the 2006 acquisition of PacifiCorp by MEHC include the "Most Favored Nations" clause and ring-fencing. (SEC, 2006). A significant ratepayer protection commitment in the acquisition was the hold harmless clause.⁴⁴

⁴⁰ Oregon Public Utility Commission. "PacifiCorp 2025 Clean Energy Plan Public Meeting." July 2025. https://oregonpuc.granicus.com/MetaViewer.php?view_id=2&clip_id=1518&meta_id=42217.

⁴¹ U.S. SEC. 2006. "DECISION GRANTING CONDITIONAL APPROVAL OF THE ACQUISITION OF PACIFICORP BY MIDAMERICAN ENERGY HOLDINGS COMPANY." <https://www.sec.gov/Archives/edgar/data/75594/000007559406000017/p8k022106ex101.htm>.

⁴² Pacific Power. 2026. "Rates & Regulation." <https://www.pacificpower.net/about/rates-regulation.html>.

⁴³ Pacific Power. 2026. "Rates & Regulation." <https://www.pacificpower.net/about/rates-regulation.html>.

⁴⁴ U.S. SEC. 2006. "DECISION GRANTING CONDITIONAL APPROVAL OF THE ACQUISITION OF PACIFICORP BY MIDAMERICAN ENERGY HOLDINGS COMPANY." <https://www.sec.gov/Archives/edgar/data/75594/000007559406000017/p8k022106ex101.htm>.

Case Two: Puget Sound Energy (PSE)

Case Overview

Puget Sound Energy (PSE) is the largest and oldest local energy utility and provider in the Western part of Washington state. PSE serves approximately 2 million customers including 1.26 million in electric customers and about 900,000 natural gas customers covering 6,000 square miles in the Puget Sound region.^{45 46}

In 2009, Puget Energy, parent company of PSE, was acquired by a consortium led by Macquarie Infrastructure Partners (MIP), a subsidiary of the Macquarie Group Limited. The acquisition was approved by federal regulators and the Washington Utilities and Transportation Commission (WUTC) in 2008.⁴⁷ Completion of the merger transaction was officially announced in February 2009 at a \$7.4 billion value, including debt, and Puget Energy's common stock was later delisted from the NYSE making Puget Energy and PSE no longer publicly traded entities.⁴⁸

Criteria Analysis

Customer Rates

According to data on the average price for residential customers from 2004 to 2014 from the U.S. EIA, we see that PSE, in fact, has had price increases over the 10-year period (5-year

⁴⁵ Puget Sound Energy. 2026. *About Us*.
<https://www.google.com/url?q=https://www.pse.com/en/about-us&sa=D&source=docs&ust=1777345849918638&usg=AOvVaw0bJyUR0dfj357uZfHgaNaL>.

⁴⁶ Puget Sound Energy. 2026. *Customer Service*.
https://www.google.com/url?q=https://www.pse.com/en/Customer-Service/pse-locations-2&sa=D&source=docs&ust=1777345856833639&usg=AOvVaw3f4xOkP-cwNuTul0_wZTvy.

⁴⁷ NGI Staff Reports. 2009. *\$7.4B Deal to Take Puget Sound Energy Private Gets Final OK*. January 2.
<https://naturalgasintel.com/news/74b-deal-to-take-puget-sound-energy-private-gets-final-ok/>.

⁴⁸ U.S. SEC. 2009. *Puget Holdings completes acquisition of Puget Energy and Puget Sound Energy*. February 6.
<https://www.sec.gov/Archives/edgar/data/81100/000119312509027209/dex991.htm>.

prior and 5-year post acquisition).⁴⁹ It is also to note that price increase in utility rates is not an uncommon phenomenon. The increases appear incremental and at a steady rate which does not indicate anything significant changes or drastic price surge resulting from the acquisition.

Capital & Infrastructure Investments

Post-acquisition, PSE made significant capital and infrastructure investments to modernize its grid and improve reliability and resilience, including investments in new equipment, technologies, and communication systems.⁵⁰ The company also expanded its clean energy portfolio through large-scale projects such as the Snake River Wind Facility and the Beaver Creek Wind Farm.⁵¹

Power Grid Reliability

Unfortunately, data from the U.S. EIA on power and electricity reliability were only available starting from 2013 and no prior data was recorded and available on the EIA database.⁵² Therefore, we could not conclude or establish any immediate impact or effect of the acquisition and privatization of PSE's on their overall grid and power reliability. Nevertheless, recent data on PSE's power reliability in are still available on the EIA database.

Financial Well-being

Available data from Fitch Ratings showed their credit ratings on Puget Sound Energy and Puget Energy Inc.'s long-term issuer default ratings (IDRs) starting 2017 until 2026. Over the

⁴⁹ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁵⁰ Puget Sound Energy. 2023. *The Clean Electricity Transition - part 1*.

⁵¹ Puget Sound Energy. 2026. *Our History*. <https://www.pse.com/en/about-us/our-history>.

⁵² EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

years, Fitch Ratings has given and maintained Puget Energy’s IDR at ‘BBB-’⁵³ and Puget Sound Energy at ‘BBB+’.⁵⁴ According to Fitch Ratings, the ‘BBB’ grade indicates good credit quality.⁵⁵ The +/- sign indicates relative differences of probability of default or recovery for issues ranging in a scale from AA to CCC.⁵⁶ PSE’s 2025 Form 10K showed their most recent ratings received by Moody’s, S&P, and Fitch were Baa3/BBB-/BBB- for Puget Energy and Baa1/BBB/BBB+ for Puget Sound Energy, respectively.⁵⁷

Renewable Transition & Clean Energy

Puget Sound Energy (PSE) has been very active in their renewable transition with strong goals and commitment in green initiatives. PSE outlined a timeline for two major milestones including carbon-neutrality by 2030 and aiming to achieve 100% of clean energy by 2045.⁵⁸

After becoming a private entity, PSE’s commitment to clean energy and renewable resources remain strong with various large-scale projects including the 343-megawatt Lower Snake River Wind facility completed in 2012 and breaking ground on their Beaver Creek wind farm in 2024.⁵⁹ It was also noted that after the Clean Energy Transformation Act of 2019, PSE

⁵³ Fitch Ratings. 2026. *Fitch Ratings | PE*. <https://www.fitchratings.com/entity/puget-energy-inc-90568280>.

⁵⁴ Fitch Ratings. 2026. *Fitch Ratings | Puget Sound Energy*. <https://www.fitchratings.com/entity/puget-sound-energy-inc-86115322>.

⁵⁵ Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

⁵⁶ Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

⁵⁷ U.S. SEC. 2026. *2025 PSE 10-K*. <https://www.sec.gov/Archives/edgar/data/81100/000108539226000008/psd-20251231.htm#:~:text=In%20the%20second%20quarter%20of%202025,be%20accelerated%20upon%20a%20ratings%20downgrade%2C>.

⁵⁸ Puget Sound Energy. 2026. *Cleaner Energy for Washington State*. <https://www.pse.com/en/green-options/Clean-Energy-Basics>.

⁵⁹ Puget Sound Energy. 2026. *Puget Sound Energy (PSE) | Our History*. <https://www.pse.com/en/about-us/our-history>.

has acquired more than 3,800 megawatt of clean energy, enough to power 500,000 homes annually.⁶⁰

Regulation, Oversight, & Consumer Protection

The Washington Utilities and Transportation Commission (WUTC) is the local and primary regulatory body overseeing PSE. The WUTC maintains exclusive jurisdiction over PSE's retail electric and natural gas rates, service reliability, and capital planning.⁶¹ The 2008 merger settlement included various commitments that PSE had to follow to protect public and consumer interests. That includes protections on consumer rates, administrative and local control of PSE, and maintaining oversight authority by the WUTC. The settlement also includes protections against cross-default provisions between PSE and holding company debt, protections against the use of PSE assets as collateral for financing, and requirements for arm's length intercompany transactions with direct commission oversight.⁶²

⁶⁰ PSE. 2026. *Puget Sound Energy (PSE) | Our History*. <https://www.pse.com/en/about-us/our-history>.

⁶¹ Wash. Rev. Code tit. 80 , <https://app.leg.wa.gov/rcw/default.aspx?cite=80>.

⁶² Washington Utilities and Transportation Committee. 2008. *Order 08: Final Order Approving and Adopting Settlement Stipulation Subject to Conditions*, Docket No. U-072375, <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=890&year=2007&docketNumber=072375>.

Case Three: NV Energy

Case Overview

NV Energy is an electric utility and energy provider in Nevada state. NV Energy operates electric utility through two subsidiaries Nevada Power and Sierra Pacific Power.⁶³ Today, the utility covers nearly 46,000 square miles that stretches from North to South Nevada, serving more than 1.4 million customers. Recently NV Energy serves a total of 1,449,553 electric customers across Northern and Southern Nevada.⁶⁴

In May 2013, NV Energy and MEHC announced that they reached an agreement for NV Energy to be acquired by MidAmerican Energy in a deal valued at \$10 billion.⁶⁵ Some of the provided reasons for the merger was access to operational and financial resources along with expertise in renewable energy, which would allow transition from coal power.⁶⁶ The acquisition was approved and finalized in December 2013,⁶⁷ and much like Minnesota Power, NV Energy was no longer publicly traded.

Criteria Analysis

Customer Rates

⁶³ NV Energy. 2026. *Company History*. <https://www.nvenergy.com/about-nvenergy/our-company/history>.

⁶⁴ NV Energy. 2026. *Power Facts | 2025 In Review*. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/help/brochures/Power-Facts-Flyer.pdf.

⁶⁵ U.S. SEC. 2013. *NV Energy to Join MidAmerican Energy Holdings Company*. <https://www.sec.gov/Archives/edgar/data/1081316/000108131613000015/mehc52913ex991.htm>.

⁶⁶ NV Energy. 2013. *NV Energy to Join MidAmerican Energy Holdings Company*. <https://nvenergy.mediaroom.com/index.php?s=8838&item=136823>.

⁶⁷ Howland, Ethan. 2013. *MidAmerican Completes NV Energy Purchase*. December. <https://www.utilitydive.com/news/midamerican-completes-nv-energy-purchase/208232/>.

Based on the U.S. EIA data, Residential rates appeared to increase after the deal, while other sectors appeared to be reduced initially.⁶⁸ Changes and benefits from the acquisition seem to not immediately benefit Residential customers due to sheer volume of customers. It should be noted however that due to inflation and other economic factors it is hard to distinguish this rise solely caused by privatization. It is further difficult to distinguish as the company itself cannot unilaterally raise rates without NPUC's approval.⁶⁹ There are various adjustments that offset capital costs for capital expenditures such as green power initiatives.⁷⁰ It should be noted these adjustments do not include seasonal-based load changes as this would be a violation of the state's NSR 704.085 statute.⁷¹

Capital & Infrastructure Investments

Following the acquisition NV Energy heavily leaned into clean energy investment and in 2018 IRP listed to be pursuing a \$2.175 billion investment towards it to meet clean energy milestones set forward upon them by law.⁷² Though not as significant, the companies have also pursued other ventures such as transmission and infrastructure upgrades such as the ones listed in their 2024 IRP with an approximate 4.568 billion investment.⁷³

Power Grid Reliability

⁶⁸ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁶⁹ NV Senate. 2026. *CHAPTER 704 - REGULATION OF PUBLIC UTILITIES GENERALLY*. April 16. <https://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec085>.

⁷⁰ NV Energy. 2026. *Rates and Regulatory*. April 16. <https://www.nvenergy.com/about-nvenergy/rates-regulatory>.

⁷¹ NV Senate. 2026. *CHAPTER 704 - REGULATION OF PUBLIC UTILITIES GENERALLY*. April 16. <https://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec085>

⁷² PUCN. 2018. *NV Energy 2018 IRP*.
chrome-extension://efaidnhttps://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/nve/irp/NVE-18-06003-IRP-VOL4.pdf

⁷³ PUCN. 2024. *NV Energy 2024 IRP*.
chrome-extension://efaidnhttps://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/irp/IRP-Volume-2.pdf

Due to the timing of the deal it is difficult to fully assess if the deal caused significant changes. Overall, it appears that outages conditions may have worsened, but it appears that restoration times have improved. This could be due to various factors, but it appears that the company made attempts to restore power as quickly as possible. With possible expansions and creation of new generation sources by Minnesota Power, they could potentially fall into the same predicament where heavier loads could cause more frequent outages.

Financial Well-Being

Prior to acquisition, NV Energy held long-term debt at around \$5 billion.⁷⁴ Prior to the acquisition it seemed that the company had focused on increasing its credit rating and following the deal this trend seemed to continue.⁷⁵ This trend would peak and be maintained until they had the issuer rating withdrawn.⁷⁶

Renewable Transition & Clean Energy

The company was required to abide by the state's clean energy goals via Nevada SB254, with net-zero emissions by 2050 with a sub-goal of at least 50% renewable by 2030.⁷⁷ NV Energy's fuel mix is utilizing coal between its two subsidiaries, but has made gains towards renewables or transitions to natural gas.⁷⁸ The company itself appears to be meeting its goal and

⁷⁴ U.S. SEC. 2012. *NV Energy 2012 10-K*. December 31.
<https://www.sec.gov/Archives/edgar/data/71180/000074150813000009/form10-k2.htm>.

⁷⁵ Moody's. 2026. *NV Energy | Moody's*. April 16.
<https://www.moody's.com/entity/600048869/ratings/view-by-class>.

⁷⁶ Moody's. 2026. *NV Energy | Moody's*. April 16.
<https://www.moody's.com/entity/600048869/ratings/view-by-class>.

⁷⁷ NV Senate. 2019. *SB 254*. <https://www.leg.state.nv.us/App/NELIS/REL/80th2019/Bill/6431/Overview>.

⁷⁸ NV Energy. 2025. *Nevada Power 2025 Power Content Label*.
 chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bi
 ll_inserts/2025/07_jul/power-content-insert-south-2025_07_1_30.pdf.

milestones and appears to be on track to be hitting the 2030 milestone of 50% carbon-free, despite appearing to be slow.⁷⁹

Regulation, Oversight, & Consumer Protection

It appears that overall that the NV Energy acquisition was structured to protect the public from the effects of the deal. The Nevada PUC scrutinized the deal and ensured that the merging parties made promises towards protecting the ‘public interest’ with commitments to include a bill credit to all retail NV Energy Customers, limitation of deal-related costs and premiums, and ring fencing provisions.⁸⁰ Furthermore the deal imposed various short and long term reporting requirements upon the company.⁸¹ Compared to Minnesota Power and ALLETE, which post-acquisition only has an obligation to provide their financial statements under current reporting requirements until 2030.

⁷⁹ NV Energy. 2025. *NV Energy 2026 IRP Stakeholder Briefing*. December 18. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/cleanenergy/2025-IRP-Stakeholder-Briefing.pdf.

⁸⁰ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

⁸¹ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

Case Four: CLECO Power

Case Overview

Cleco Power is a regional regulated electric utility service provider in the state of Louisiana serving approximately 295,000 customers through retail and wholesale power supply.⁸² Its parent and holding company is Cleco Corporate Holdings LLC, headquartered in Pineville, Louisiana.

In 2016, Cleco was privatized following the completion of a sale to a group of North American infrastructure investors led by Macquarie group and British Columbia Investment Management Corporation (BCIMC) in a deal valued at \$4.7 billion.⁸³ Cleco's common stock was also delisted from the NYSE that same year. The investor group includes Macquarie Infrastructure and Real Assets (MIRA), BCIMC, and John Hancock Financial.⁸⁴ Like Minnesota Power, Cleco Power's sale was finalized in 2016 following the final approval vote of its respective PUC, the Louisiana Public Service Commission (LPSC).⁸⁵

Criteria Analysis

Customer Rates

Using data from the U.S. Energy Information Administration, it was observed that rates increased across all customer classes after the acquisition. These rate increases could be largely tied to the first post-acquisition rate increase, filed in 2019, which authorized the utility to collect

⁸² CLECO. 2026. "Our Company", <https://www.cleco.com/about/our-company>.

⁸³ CLECO. 2014. "Cleco Enters Agreement to Be Acquired by North American Investor Group Led by Macquarie Infrastructure and Real Assets and British Columbia Investment Management Corporation", <https://www.cleco.com/media/press-releases/detail>.

⁸⁴ Global Newswire, "North American Led Investor Group Completes Acquisition of Cleco," April 13, 2016, <https://finance.yahoo.com/news/north-american-led-investor-group-155505618.html>.

⁸⁵ CLECO. 2016. "State Regulators Approve Sale of Cleco," <https://www.cleco.com/media/press-releases/detail>.

approximately \$49 million in additional retail revenues.⁸⁶ However, because this increase is significant, it may also suggest that additional factors such as fuel cost adjustments and other riders contributed to rate increases for that year. Because Cleco's customer rates and tariff structure are regulated by the LPSC, Cleco Power cannot unilaterally increase base rates and must obtain LPSC approval before making any changes.

Capital & Infrastructure Investments

Cleco Power continues to make capital investments in transmission and distribution infrastructure, generation assets, and system upgrades. In the company's 2024 10-K, Cleco Power reported projected capital spending of about \$2.5 billion for 2025-2029, a substantial increase from approximately 1.2 billion for 2017-2021.^{87 88} Recent projected spending is largely concentrated in upgrading and repairing older transmission, distribution, and generating systems, while also expanding investments in renewables and electrification projects.⁸⁹ While these investments are intended to improve infrastructure, modernize the grid, and provide better long-term service to customers, they are also capital costs that must be recovered through LPSC-approved regulatory mechanisms, which can contribute to higher customer rates over time.

Power Grid Reliability

⁸⁶ LPSC. 2021. *Order Number U-35299*. June 16. [chrome-extension://efaidnbmninnibpcapjpcglefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=HE0EWPhJU%2bw%3d](https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=HE0EWPhJU%2bw%3d).

⁸⁷ U.S. SEC. 2025. *CLECO | 2024 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

⁸⁸ U.S. SEC. 2017. *CLECO | 2016 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

⁸⁹ U.S. SEC. 2025. *CLECO | 2024 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

Cleco Power's reliability performance remained stable after the acquisition, with normal year-to-year fluctuations but no evidence of sustained deterioration in outage frequency or outage duration. Reliability performance is monitored by the LPSC and is part of Cleco Power's Service Quality Program (SQP) to improve quality of service for its customers.⁹⁰ Therefore, this relative stability may reflect both continued oversight and the company's ongoing capital investment strategy, as general projects geared towards infrastructure rehabilitation have remained among the company's highest capital expenditures over the years. In the case of Minnesota Power, having greater access to capital may place the utility in a stronger position to modernize aging infrastructure and potentially reduce outage risks over time, particularly if continued oversight by the PUC remains in place.

Financial Well-being

Despite the debt incurred during the acquisition, the company maintained a stable financial position and consistent investment-grade credit ratings over time. Moody's and Fitch Ratings have classified Cleco Power's ratings as above average, meaning that the company's risk of defaulting on its obligations is low.^{91 92 93 94} Cleco's 2024 equity ratios of about 52%, closely

⁹⁰ CLECO. 2016. U-33434 | Commitments to the Commission. <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMleCPqY%3d>.

⁹¹ Moody's. 2026. *CLECO Moody's Rating*. <https://www.moody.com/entity/152500/ratings/view-by-class>.

⁹² Moody's. 2026. *Rating Definitions*. https://www.moody.com/research/Rating-Symbols-and-Definitions--PBC_79004.

⁹³ Fitch Ratings. 2026. *CLECO | Fitch Ratings*. <https://www.fitchratings.com/entity/cleco-power-llc-88143460#ratings>.

⁹⁴ Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

align with the commission's targets, stipulated in the acquisition order from 2014.⁹⁵ This suggests that, at least in this example, private ownership did not weaken the company's financial discipline, but it improved it over time.

Renewable Transition & Clean Energy

Cleco Power's transition to clean energy is mostly shaped by internal planning decisions and general policies rather than a specific legal requirement. Nonetheless, the state has set targets to reduce greenhouse gas emissions by 40%- 50% by 2030 and achieve net zero by 2050.⁹⁶ Similarly, Cleco Power aims to reduce greenhouse gas emissions by 50% by 2035 and aspires to produce net zero emissions by 2050.⁹⁷ After years of slowly phasing out its generation mix, natural gas has become the dominant resource in electricity generation.⁹⁸ Although Cleco Power does not generate solar energy, it has taken steps to provide its customers with clean energy by embarking on new solar projects.⁹⁹

Regulations, Oversight & Consumer Protections

The regulatory structure governing Cleco Power centers on the Louisiana Public Service Commission, which serves as the primary regulatory authority requiring utilities to disclose transactions and obtain prior approval or non-opposition before leasing, selling, merging,

⁹⁵ LPSC. 2016. Order No. 33434, U-33434, Section 48.

<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=fTvv3mcMPyO%3d>

⁹⁶ State of Louisiana. 2020. “EO JBE2020-18”.

<https://gov.louisiana.gov/assets/ExecutiveOrders/2020/JBE-2020-18-Climate-Initiatives-Task-Force.pdf>

⁹⁷ CLECO. 2024. Cleco Corporate Sustainability Report (2024), 9,

https://www.cleco.com/docs/default-source/sustainability/2024-cleco-corporate-sustainability-report---final-for-publication---6-30-2025---sized-for-sending.pdf?sfvrsn=8451aaf2_1#:~:text=We%27re%20reducin.

⁹⁸ CLECO Power, LLC, “Form 10-K 2024,” p.34, March 27, 2025, 10,

<https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

⁹⁹ CLECO. 2025. “DESRI and Cleco Power Announce Start of Construction at Dolet Hills Solar Facility in DeSoto Parish”, <https://www.cleco.com/media/press-releases/detail>.

consolidating, mortgaging, or otherwise changing ownership with the intent of ensuring that such transactions protect the public interest and maintain adequate service.¹⁰⁰ The LPSC also exercises authority over rates, service quality, and resource planning utilities.¹⁰¹ In addition, the commission regulates the integrated resource planning process under the 2012 Integrated Report Planning General Order, requiring utilities to submit long-term resource plans that address generation, transmission, demand-side resources, future electricity demands, and other planning considerations.¹⁰²

This governance has allowed the LPSC to mitigate risks to ratepayers by imposing a series of commitments, including ring-fencing provisions intended to protect ratepayers from financial risk during and after the acquisition process.¹⁰³ However, while ring-fencing protections reduce the risk associated with private ownership, they do not directly prevent future rate increases, and instead, they function as safeguards against broader financial harm.

¹⁰⁰ LPSC. 1994. Merger Authority
<https://lpsc.louisiana.gov/docs/orders/GO-3-18-1994.pdf>

¹⁰¹ LPSC. LA General authority rates and service
<https://codes.findlaw.com/la/revised-statutes/la-rev-stat-tit-45-sect-1163/>

¹⁰² LPSC. Louisiana Integrated Resource Planning
lpsc-general-order-april-20-2012.pdf

¹⁰³ LPSC. Order No. 33434-A (Louisiana Public Service Commission March 28, 2016),
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=fTv3mcMPyQ%3d>.

Case Five: El Paso Texas

Case Overview

El Paso Electric (EPE) is an energy utility provider operating in Western Texas and Southern New Mexico. Headquartered in El Paso, Texas, the utility first came into business in 1901 as El Paso Electric Railway Company and primarily provided transportation services.¹⁰⁴ The company later evolved into generating and distributing electricity in 1925, changed its name to El Paso Electric Company, and expanded their service to southern New Mexico. El Paso Electric is fairly vertically integrated with its own line of generation, transmission, and distribution. Today, the company serves approximately 465,000 customers in a 10,000 square mile area stretching from Southern New Mexico to Western Texas covering major cities such as El Paso (TX) and Las Cruces (NM).¹⁰⁵

EPE became privatized in 2020 when it was acquired by Infrastructure Investments Fund (IIF), an investment fund managed by J.P. Morgan. In 2019, El Paso entered into an agreement to be purchased by JP Morgan's Infrastructure Investments Fund or IIF in a deal valued at approximately \$4.3 billion, which took over a year to finalize.^{106 107} Once the deal was completed, El Paso's stock was delisted from the NYSE and the utility was no longer publicly traded, thus becoming a private entity.

¹⁰⁴ El Paso Electric. 2026. "About El Paso Electric-History", <https://www.epelectric.com/company/about-epe/history>.

¹⁰⁵ El Paso Electric. 2026. "About El Paso Electric", <https://www.epelectric.com/company/about-epe>.

¹⁰⁶ U.S. SEC. 2019. "El Paso Electric Enters Into Agreement to Be Purchased by the Infrastructure Investments Fund, an Investment Vehicle Advised by J.P. Morgan Investment Management Inc.", https://www.sec.gov/Archives/edgar/data/31978/000114036119010235/ex99_1.htm.

¹⁰⁷ Parker, Jim. 2020. "El Paso Electric Sale to JP Morgan Fund Completed, New CEO Named," *KVIA*, <https://kvia.com/news/business-technology/2020/07/29/el-paso-electric-sale-to-jp-morgan-fund-completed-new-ceo-named/>.

Criteria Analysis

Customer Rates

Review of the EIA data, shows that El Paso Electric’s customer rates fluctuated from year to year across customer classes in the post-acquisition period within both its Texas and New Mexico service areas. The most noticeable increase was observed in 2022 in Texas, coinciding with rate adjustments approved by the PUCT after EPE filed for rate increases seeking to recover capital investments done in the previous years. Shortly after the acquisition, the company requested about \$69.7 million in additional revenues in the Texas service area, an average of about 13% increase in base rates.¹⁰⁸ However, the PUCT significantly reduced this request in its final order approving only approximately \$5 million while also requiring customer tax credits to offset rate increases.¹⁰⁹ Despite these regulatory mitigations, post-acquisition electricity prices across residential, commercial, and industrial classes remained slightly higher. This suggests that recovery of utility infrastructure investments remains an important driver for customer rate increases and even with PUC oversight, at least a portion is still passed to ratepayers.

Capital Infrastructure Investments

For EPE, continued capital investment has remained important for maintaining system reliability and preparing for future load growth. In its 2021 New Mexico Integrated Resource Plan (IRP), EPE explains that future system needs require ongoing additions to maintain reliability and meet customer load growth.¹¹⁰ This long-term expansion planning is also reflected

¹⁰⁸ PUCT. 2022. EPE’s Petition and Statement of Intent to Change Rates, No. 52195, https://interchange.puc.texas.gov/Documents/52195_1_1131203.PDF.

¹⁰⁹ PUCT. 2022. Application of El Paso Electric Company to Change Rates, No. 52195, https://interchange.puc.texas.gov/Documents/52195_620_1238994.PDF.

¹¹⁰ El Paso Electric. 2021. “2021 Integrated Resource Plan- New Mexico”, <https://www.epelectric.com/files/html/EPE%202021%20Integrated%20Resource%20Plan.pdf>.

in the company's rate filings where EPE seeks recovery for transmission, distribution, and other types of capital investments. At the same time, this is also reflected in grid reliability numbers as infrastructure modernization can directly affect outage duration and grid reliability performance.

Power Grid Reliability

During the pre-acquisition period (2017-2020), average reliability metrics show that customers in EPE's Texas territory experienced lower outage duration and frequency compared to customers in EPE's New Mexico territory.¹¹¹ In comparison, in the first year following post-acquisition outage duration increased sharply for both jurisdictions, indicating initial decline in reliability performance.¹¹² However, service interruptions became shorter in the years that followed across both territories. These patterns suggest that EPE's reliability performance strengthened after the first acquisition year potentially due to stronger outage response and grid reliability investments, which is consistent with EPE's corporate reporting, which emphasizes effort to minimize and restore services promptly across its system through grid modernization, infrastructure resilience, and battery storage.¹¹³

Financial Well-being

Since the acquisition, the financial position and credit quality of EPE have remained steady. According to Fitch Ratings,¹¹⁴ The company has constantly held a BBB rating with

¹¹¹ U.S. Energy Information Administration (EIA), "Annual Electric Power Industry Report, Form EIA-861-Reliability," 2013-2024, n.d., <https://www.eia.gov/electricity/data/eia861/>.

¹¹² U.S. Energy Information Administration (EIA), "Annual Electric Power Industry Report, Form EIA-861-Reliability."

¹¹³ El Paso Electric, "2024 Corporate Sustainability Report," Epelectric, El Paso Electric, 2024, <https://www.epelectric.com/energy-tech/sustainability/environmental/corporate-sustainability-reports/2024-corporate-sustainability-report>.

¹¹⁴ Fitch Ratings, "El Paso Electric Company, <https://www.fitchratings.com/entity/el-paso-electric-company-80089006#ratings>.

multiple affirmations since 2020 due to steady "customer growth and demand."¹¹⁵ On the other hand, as of 2024, Moody's¹¹⁶ assigned EPE a Baa2 long-term issuer rating. This rating was a downgrade from Baa1, but it is still considered a mid-range average credit (*Rating Symbols and Definitions*, 2025). The consistency of these ratings over time could suggest that EPE has maintained a stable financial position after acquisition despite changes in ownership and capital structure.

Renewable Transition & Clean Energy

EPE seems to be making positive strides towards decarbonization efforts. Even though Texas does not have a state-level mandate regarding clean energy initiatives and goals, EPE has established carbon reduction goals that are also in line with the City of El Paso energy ordinance and New Mexico's energy goals.^{117 118} Based on company data, EPE uses a combination of carbon-free resources and traditional fossil fuel sources that may support the company's long term clean energy goals, although conventional generation and purchased power make up a significant share of its portfolio.¹¹⁹

Regulation, Oversight, & Consumer Protections

¹¹⁵ Fitch Ratings. *El Paso Electric Company*. Rating report. May 1, 2025.
<https://www.fitchratings.com/research/corporate-finance/el-paso-electric-company-01-05-2025>.

¹¹⁶ Moody's, "El Paso Electric Company," accessed April 09, 2026,
<https://www.moody's.com/entity/259000/ratings/view-by-class>.

¹¹⁷ Energy Transition Act, No. 489 (2019),
<https://www.nmlegis.gov/Sessions/19%20Regular/bills/senate/SB0489.pdf>; City Ordinance No. 019437 (2023),
<https://www2.elpasotexas.gov/municipal-clerk/CCElectionDocs/elections/2023-05-06/Climate%20Policy%20Petition%20Ordinance%20for%20web.pdf?1679430240>.

¹¹⁸ El Paso. City Ordinance No. 019437.

¹¹⁹ El Paso Electric, "2024 Corporate Sustainability Report," Epelectric, El Paso Electric, 2024,
<https://www.epelectric.com/energy-tech/sustainability/environmental/corporate-sustainability-reports/2024-corporate-sustainability-report>.

Although ownership changed, the company remained fully regulated by the PUCT under Title 2, Chapter 14 of the Texas Public Utility Regulatory Act, the NMPRC under Title 17 of New Mexico's Administrative Code, and the FERC under Section 201 of the Federal Power Act.^{120 121 122} Both the PUCT and the NMPRC oversee rate regulation, compliance, and consumer protections, among other functions, to make sure public utility services are reliable and provide reasonable rates for consumers.

Rather than granting automatic approval, the PUCT and the NMPRC imposed several conditions on the transaction within their respective jurisdictions. Texas has provisions on ring fencing, affiliate transactions, and guarantees that establish a comprehensive set of transaction conditions and consumer protections.¹²³ It has customer protections including a \$21 million rate credit and a maintenance of El Paso Electric existing low-income assistance programs, among other protections. Similarly, the NMPRC adopted similar standards as the PUCT, with the difference reflected in the amount of rate credits New Mexico rate payers would receive, the amount of economic development funds, and oversight requirements specific to NMPRC.¹²⁴

¹²⁰ FERC. 2018. Federal Power Act, Sec. 201 16 U.S.C. 43 (1920), https://www.ferc.gov/sites/default/files/2021-04/federal_power_act.pdf.

¹²¹ NM State. 1995. "New Mexico Administrative Code, Title 17 (1995)", <https://www.srca.nm.gov/nmac-home/nmac-titles/title-17-public-utilities-and-utility-services/>.

¹²² TX State. 1997. "Public Utility Regulatory Act, Title 2, Section 14 Utilities Code (1997)", <https://statutes.capitol.texas.gov/?tab=1&code=UT&chapter=UT.1&artSec=>.

¹²³ PUCT. 2020. "Joint Report and Application of El Paso Electric Company, No. 49849 (Public Utility Commission of Texas January 28, 2020)", https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

¹²⁴ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*.
chrome-extension://efaidnbmnnnibpcajpegglefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

Lessons Learned From Past Cases

The past domestic acquisition cases show that utility ownership changes succeed only when capital investment, regulatory oversight, and ratepayer protections remain aligned after the transaction closes.

First, PacifiCorp's acquisition by MEHC illustrates the importance of disaster mitigation and infrastructure risk management. PacifiCorp's wildfire liabilities, especially in Oregon, created major financial pressure and exposed the cost of inadequate preventative investment in high-risk service territories. Many wildfire claims involved power-line management, showing that reliability cannot be measured only through routine outage data. For Minnesota Power, the lesson is that post-acquisition oversight should include climate resilience, emergency preparedness, and infrastructure hardening. Without proactive mitigation, disaster-related costs can weaken the utility financially and create pressure for future rate increases.

The Puget Sound Energy case highlights the value of strong regulatory conditions when a utility changes ownership. WUTC oversight helped preserve local accountability, limit financial risk, and maintain consumer protections after the acquisition. The central lesson is that regulators should not treat approval conditions as a one-time safeguard. They must remain enforceable after closing through reporting requirements, limits on risky financing, restrictions on the use of utility assets, and continued review of parent-company influence. For Minnesota Power, this points to the need for durable transparency requirements and ongoing scrutiny of whether institutional ownership serves ratepayer interests.

The case of NV Energy shows that large-scale energy transitions require long-term planning, capital investment, and regulatory alignment. Its gradual move away from coal demonstrates that clean-energy and emission reduction progress does not occur through

ownership change alone. The case also raises a key question for Minnesota Power: whether new natural gas investment functions as a temporary reliability bridge or becomes a long-term source of carbon and ratepayer risk. NV Energy's emergency preparedness efforts also show that utilities must address decarbonization, reliability, and climate resilience together rather than treating them as separate issues.

The CLECO Power case demonstrates that strong regulatory conditions can reduce risk but cannot eliminate it. Regulators protected ratepayers by requiring consumer safeguards, preserving commission authority, and reviewing future rate cases. Still, rates increased after acquisition because utilities continue to recover approved investments and earn authorized returns. For Minnesota Power, the lesson is that approval conditions should be treated as a starting point. Ongoing audits, rate-case participation, and enforcement will determine whether those protections remain meaningful over time.

Lastly, El Paso Electric's acquisition case reinforces the importance of ring-fencing, acquisition-cost protections, and continuing commission authority. Rules that prevent transaction costs from being passed to customers help protect ratepayers from paying for deals that primarily benefit investors. Legal and financial separation between the regulated utility and its parent company also reduces the risk that parent-company debt or affiliate transactions will affect captive customers. For Minnesota Power, the relevant question is not whether rates will rise at all, but whether future increases are justified, transparent, and tied to investments that provide clear public value.

International Cases

Introduction

U.S. utility acquisitions share a common regulatory scaffolding such as state PUC oversight, FERC jurisdiction over wholesale markets and SEC disclosure requirements. These make cross-case comparison relatively straightforward. That shared framework also limits what domestic cases alone can tell us. When every case operates under the same basic institutional logic, it becomes harder to isolate which features of that logic actually drive outcomes and which are simply background conditions.

International cases break that constraint. The United Kingdom and Australia both privatized major infrastructure utilities, both developed regulatory frameworks intended to protect consumers, and both have faced the same underlying tension between investor returns and public accountability. But they built different institutions, made different regulatory choices, and produced meaningfully different results. That variation is analytically useful.

Thames Water illustrates what happens when regulators suppress prices for too long without ensuring infrastructure investment keeps pace, a dynamic that produces apparent affordability in the short run and system-wide financial distress over time. AusNet, acquired by a Brookfield-led consortium in 2022, shows a different trajectory: post-acquisition price increases contained by an active regulatory framework, with private capital directed toward infrastructure improvements, particularly in underserved rural areas.

Together, these cases sharpen a question that runs through the domestic analysis as well: whether ratepayer outcomes after a utility acquisition depend primarily on who owns the utility or on the regulatory environment in which that ownership operates.

Case One: Thames Water

History and Ownership Structure

Thames Water emerged from the 1989 privatization of the United Kingdom's water and sewerage industry under Margaret Thatcher's government. The primary goal of privatization was to attract private capital to address aging infrastructure and meet new environmental standards.¹²⁵ Initially operating as a publicly listed company, Thames Water was acquired by the German utility RWE in 2001, and later by a consortium led by Macquarie Group in 2006.

Over time, ownership shifted toward a complex network of global institutional investors, including pension funds and sovereign wealth funds.¹²⁶ Today, Thames Water serves approximately 16 million customers, making it the largest water utility in the UK¹²⁷. While this ownership model brought significant private capital into the system, it also introduced pressures to deliver financial returns to investors.

Rates and Pricing Trends

One of the most visible challenges facing Thames Water is the sharp increase in customer bills. Thames Water's PR24 representation proposed increasing the average household bill from £436 in 2024–25 to £667 by 2029–30, a 53% increase.¹²⁸ Ofwat's final determination later

¹²⁵ Young, Sarah. 2024. "Thames Water: How Did It Get to the Brink?," United Kingdom, *Reuters*, <https://www.reuters.com/world/uk/thames-water-how-did-it-get-brink-2024-03-28/>.

¹²⁶ Thames Water. 2026. "Our Structure | Governance and Legal | About Us | Thames Water," accessed April 7, 2026, <https://www.thameswater.co.uk/about-us/governance/our-structure>.

¹²⁷ Thames Water. 2026. "About Us | Who We Are | Serving 16 Million Customers," accessed April 7, 2026, <https://www.thameswater.co.uk/about-us>.

¹²⁸ Ofwat. N.d. "Key Facts and Data from Water Company Plans," accessed April 7, 2026, <https://www.ofwat.gov.uk/regulated-companies/price-review/2024-price-review/business-plans/key-facts-and-data-from-water-company-plans/>.

approved a lower estimated bill of £588 by 2029–30, still a 35% increase.¹²⁹ These increases represent a significant shift compared to earlier decades.

For much of the period following privatization, prices were kept relatively low due to regulatory pressure from Ofwat, which prioritized affordability. In real terms, bills rose only modestly from the early 1990s through the 2010s.¹³⁰ However, this approach limited the company's ability to generate sufficient revenue for long-term investment.

The current surge in prices reflects a correction to this prolonged period of underpricing. Regulators are now allowing higher rates to support infrastructure upgrades and environmental compliance. While necessary, these increases place a sudden financial burden on consumers.

Service Reliability and Environmental Performance

Service reliability has remained below regulatory expectations. In 2022–2023, customers experienced an average of about 19 minutes of supply interruptions per property, with a target reduction to 9 minutes by 2030, still above Ofwat's preferred benchmark of approximately 5 minutes.¹³¹ Environmental performance is a more severe issue. Thames Water has been responsible for tens of thousands of sewage spills, harming numerous waterways.¹³² These incidents have led to substantial penalties, yet pollution levels remain high.¹³³

¹²⁹ Ofwat, "What the 2024 Price Review Means for Water Customers," accessed April 30, 2026, <https://www.ofwat.gov.uk/regulated-companies/price-review/2024-price-review/what-it-means-for-customers-and-water-bills/>.

¹³⁰ "Why Broken Water Companies Are Failing England and Wales," *The Week*, February 15, 2026, <https://theweek.com/environment/water-companies-failing-england-and-wales>.

¹³¹ "Key Facts and Data from Water Company Plans."

¹³² Will Dunn, "Revealed: Thames Water's Environmental and Financial Disaster," *New Statesman*, February 25, 2026, <https://www.newstatesman.com/politics/uk-politics/2026/02/revealed-thames-waters-environmental-and-financial-disaster>.

¹³³ Patrick Tooher, "Thames Water Sewage Spills Set for Record High," *This Is Money*, February 28, 2026, <https://www.thisismoney.co.uk/money/markets/article-15601615/Thames-Water-sewage-spills-set-record-high.html>.

Additionally, isolated incidents involving drinking water contamination have raised concerns about system reliability and public safety.¹³⁴ While not widespread, these events contribute to declining public trust.

Regulatory Oversight

The regulatory framework governing Thames Water is fragmented across multiple agencies, including Ofwat, the Environment Agency, and the Drinking Water Inspectorate¹³⁵. This division of responsibilities has been criticized for weakening oversight and enforcement.

In response, the UK government has proposed reforms, including the creation of a unified regulator and a new water ombudsman.¹³⁶ These changes aim to strengthen accountability and improve consumer protection, though implementation details remain uncertain.

Financial Stability

Thames Water's financial position has deteriorated significantly. The company carries approximately £19 billion in debt and has faced multiple credit downgrades to near-default levels. Although a restructuring plan in 2025 temporarily stabilized the situation, underlying issues remain unresolved.¹³⁷

The company continues to struggle with liquidity constraints and difficulty attracting new investment, raising concerns about its long-term viability.

¹³⁴ "Bramley Water Quality FAQs - Do Not Drink | Thames Water," accessed April 7, 2026, <https://www.thameswater.co.uk/bramley-incident-faqs>.

¹³⁵ The Week, "Why Broken Water Companies Are Failing England and Wales."

¹³⁶ F Helena Horton, "Ofwat to Be Abolished in 'Reset' of Water Industry Regulation," Business, *The Guardian*, July 21, 2025, <https://www.theguardian.com/business/2025/jul/21/new-powerful-water-regulator-to-replace-failed-ofwat-in-drive-to-reset-sector>; Helena Horton and Pippa Crerar, "Water Ombudsman to Be Created amid Sweeping Changes in England and Wales," Business, *The Guardian*, July 20, 2025, <https://www.theguardian.com/business/2025/jul/20/water-ombudsman-sweeping-changes-england-wales-ofwat>.

¹³⁷ "Thames Water Rating Raised To 'CCC' From 'D' On C | S&P Global Ratings," February 27, 2025, <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101615151>.

Key Takeaway

The Thames Water case demonstrates the risks of regulatory frameworks that prioritize short-term affordability at the expense of long-term sustainability. By keeping prices too low for too long, regulators limited the company's ability to invest in infrastructure and environmental compliance. The resulting underinvestment led to declining service quality, environmental damage, and financial instability. The current spike in prices is not simply a cost increase, but a delayed correction to years of underpricing, illustrating how unsustainable pricing policies can create larger problems over time.

Case Two: AusNet

History and Corporate Structure

AusNet was established in 1994 and operates electricity transmission and distribution networks across Victoria, Australia. A major turning point occurred in 2022, when the company was acquired by a consortium led by Brookfield Asset Management and taken private.¹³⁸

AusNet serves approximately 802,000 distribution customers, the majority of whom are located in rural and regional areas. Its transmission network supports millions more and connects Victoria to neighboring states.¹³⁹ This extensive infrastructure makes AusNet a critical component of Australia's energy system.

Rates and Pricing Trends

Electricity pricing is regulated through the Victorian Default Offer (VDO), which acts as both a price cap and a benchmark.¹⁴⁰

Unlike Thames Water, AusNet's pricing trends have been more variable. Average annual bills declined in the early 2020s, rose sharply around 2023–2024, and have since begun to stabilize. The post-acquisition increase is likely linked to higher debt levels and the need to meet investor return expectations.

However, the VDO has effectively limited excessive price increases, ensuring that costs remain within a controlled range over time.

Reliability and Infrastructure Investment

¹³⁸ Léo Clément et al., "Brookfield's \$10.2bn Acquisition of Ausnet," MergerSight Group, May 19, 2022, <https://www.mergersight.com/post/brookfield-s-10-2bn-acquisition-of-ausnet>.

¹³⁹ "What We Do - AusNet," accessed April 7, 2026, <https://www.ausnetservices.com.au/about-us/what-we-do>.

¹⁴⁰ "Victorian Default Offer | Essential Services Commission," accessed April 7, 2026, <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer>.

Reliability varies significantly between urban and rural areas. Urban customers experience relatively short outage durations, while rural customers face longer and more frequent interruptions due to geographic challenges.¹⁴¹

AusNet has made targeted investments to address these issues, including upgrading poorly performing infrastructure and deploying innovative technologies. Projects such as large-scale battery storage systems and stand-alone power systems for remote areas demonstrate a commitment to improving reliability.¹⁴²

These efforts suggest that private investment is being used to address long-standing infrastructure gaps, particularly in underserved rural regions.

Regulatory Oversight

AusNet operates within a strong regulatory framework that includes both state and national oversight. The Essential Services Commission regulates pricing,¹⁴³ while the Australian Energy Regulator oversees broader market conditions and reliability standards.¹⁴⁴

Consumer protections are built into the system, including requirements for utilities to inform customers about better pricing options.¹⁴⁵ This promotes competition and helps keep costs manageable.

¹⁴¹ “Reliability - AusNet,” accessed April 7, 2026, <https://www.ausnetservices.com.au/electricity/network-information/reliability>.

¹⁴² “AusNet and Hitachi Energy Enable Victoria’s Largest Grid-Scale Battery Connection,” accessed April 7, 2026, <https://www.hitachienergy.com/news-and-events/features/2025/09/ausnet-and-hitachi-energy-enable-victoria-s-large-st-grid-scale-battery-connection>; “How AusNet and PowerPlus Energy Are Reimagining Regional Energy Security with SAPS,” *Powerplus Energy*, October 23, 2025, <https://www.powerplus-energy.com.au/ausnet-trials/>.

¹⁴³ “What We Do | Essential Services Commission,” accessed April 7, 2026, <https://www.esc.vic.gov.au/about-us/what-we-do>.

¹⁴⁴ Austnet. “Reliability - AusNet.”

¹⁴⁵ F“Getting the Best Energy Offer | Essential Services Commission,” accessed April 7, 2026, <https://www.esc.vic.gov.au/electricity-and-gas/information-for-electricity-and-gas-consumers/getting-best-energy-of-fer>.

Financial Stability

In contrast to Thames Water, AusNet remains financially stable. Although its credit rating declined slightly following the 2022 acquisition due to increased debt, it remains within investment-grade territory.¹⁴⁶

This indicates that the company has a solid capacity to meet its financial obligations and does not face the same level of financial distress.

Renewable Energy Transition

While AusNet does not generate electricity, it plays a critical role in enabling renewable energy integration. The company is investing in grid upgrades and connections that support renewable energy projects and distributed energy resources.¹⁴⁷

These efforts are essential for meeting Victoria's ambitious renewable energy targets and highlight the broader role of infrastructure providers in the energy transition.

Key Takeaway

The AusNet case shows that private acquisition can lead to price increases, particularly due to changes in capital structure. However, strong regulatory oversight can stabilize prices over time and prevent excessive cost burdens on consumers.

Additionally, private investment can play a significant role in improving infrastructure, especially in rural areas where reliability challenges are greatest. While benefits may be less visible in urban areas, they are substantial in underserved regions.

Overall, AusNet demonstrates that privatization can be effective when supported by well-designed regulatory frameworks that balance investor incentives with public needs.

¹⁴⁶ "Fitch Downgrades AusNet Services to 'BBB'; Withdraws Rating," accessed April 7, 2026, <https://www.fitchratings.com/research/corporate-finance/fitch-downgrades-ausnet-services-to-bbb-withdraws-rating-15-03-2022>.

¹⁴⁷ "AusNet Commits to Emission Reduction Targets - AusNet," accessed April 7, 2026, <https://www.ausnetservices.com.au/news/ausnet-commits-to-emission-reduction-targets>.

Current Domestic Cases

Case One: GIP/EQT-Led Consortium Agreement to Acquire AES Corporation

Case Overview

AES Indiana, a subsidiary of AES (formerly known as Applied Energy Services), is among the top five investor-owned public utility companies in Indiana.¹⁴⁸ As of 2025, AES Indiana serves 530,000 residential, commercial, and industrial customers mostly in the greater Indianapolis and central Indiana area.¹⁴⁹ In September 2025, BlackRock's Global Infrastructure Partners (GIP), a privately owned asset management corporation, proposed to purchase AES for \$39 billion.¹⁵⁰ In March 2026, BlackRock partnered with EQT-AB to purchase AES for \$33.4 billion. The deal is expected to close between the end of 2026 and the beginning of 2027.¹⁵¹

Customer Rates

AES stated that on June 3, 2025, its Indiana subsidiary filed a regulatory rate review with the Indiana Utility Regulatory Commission (IURC) to manage Indianapolis' surging residential power costs driven by inflation and material costs.¹⁵² On October 16, 2025, AES Indiana reached

¹⁴⁸ Indiana Office of Energy Development. *Investor-Owned Utilities*. Indiana [State.Gov](https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/). 2026. Accessed April, 18 2026. <https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/>

¹⁴⁹ AES Indiana. *AES Indiana Releases 2025 Community Impact Report*. [AESIndiana.com](https://www.aesindiana.com/press-release/aes-indiana-releases-2025-community-impact-report). March 12, 2026. Accessed. April 18, 2026. <https://www.aesindiana.com/press-release/aes-indiana-releases-2025-community-impact-report>

¹⁵⁰ Oliver Gara, Antoine Gara, et al. James Khan. *BlackRock's GIP nears \$38 billion takeover of utility AES*. The Financial Times. September 30, 2025. Accessed April, 18, 2026. <https://www.ft.com/content/009d96c8-db70-4eee->

¹⁵¹ Nicholas Miller. *BlackRock, EQT-led consortium to acquire AES for \$10.7 billion*. Yahoo Finance. March 2 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/blackrock-eqt-led-consortium-acquire-131400397.html>

¹⁵² AES Indiana. *AES Indiana rate review*. [AES](https://www.aesindiana.com/rate-review) Indiana. June 3 2025. Accessed April 18 2026. <https://www.aesindiana.com/rate-review>

a settlement to reduce proposed rate increases by half. The IURC’s approval of AES Indiana’s rate review could increase monthly rates by \$10 for residents using 1000 kWh of energy.¹⁵³

Regulation, Oversight, and Consumer Protection

Oversight in the AES case now turns on two related questions: how Indiana regulators resolve AES Indiana’s rate case, and whether they prevent acquisition-related costs from reaching ratepayers. AES requested a \$192.9 million rate increase, while the Indiana Office of Utility Consumer Counselor argued for a \$21.2 million reduction. A later settlement would raise a typical 1,000 kWh residential bill by about \$10 per month and delay another base-rate case until 2030, but consumer advocates opposed it as too costly for customers.

Renewable Transition & Clean Energy

In December of 2024, the Indiana attorney general’s office filed a lawsuit against BlackRock, and two other private equity investors, claiming that these private equity firms lowered coal production which led to a rise in energy production costs and utility costs, in an effort to pressure coal companies to lower carbon emissions.¹⁵⁴ On March 4, 2026, 13 state attorneys general (all Republican), including Indiana, won a lawsuit settlement against Vanguard’s Environmental, Social, and Governance ESG, part of the lawsuit that also included BlackRock and State Street, which centered on net-zero emissions and the elimination of

¹⁵³ AES Indiana. *AES Indiana reaches partial settlement in regulatory rate review reducing proposed increase by more than half*. AES Indiana. October 15, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-reaches-partial-settlement-regulatory-rate-review-reducing-proposed>

¹⁵⁴ Allison Kite. *Republican AGs sue BlackRock, other investment firms over ‘woke’ climate action efforts*. Indiana Capital Chronicle. December 6 2024. Accessed April 18 2026. <https://indianacapitalchronicle.com/2024/12/06/republican-ags-sue-blackrock-other-investment-firms-over-woke-climate-action-efforts/#>

coal-generated electricity (Docket No.6:24-CV-00437).¹⁵⁵ ¹⁵⁶ Despite the success of the lawsuit, AES and BlackRock’s acquisition deal is in a late-stage process expected to be fully finalized by January 2027. AES has also shifted from coal toward renewable resources such as wind and solar, and describes itself as “the largest global supplier of clean energy to corporations” stating its net zero and carbon-free energy production ambitions.¹⁵⁷

Power Grid Reliability

On August 8 2024, AES Indiana reported that it invested \$1.1 billion to maintain and renovate its grid lines and to keep them reliable, flexible, and sustainable beginning in Pike County.¹⁵⁸ Earlier, on April 15, 2024, AES stated that it partnered with LineVision, an Energy equipment corporation in Boston, Massachusetts, to work on a plan to deploy dynamic line ratings across the U.S., which includes sustainable grid-enhancing technologies to increase transmission capacity. LineVision and AES have together installed a patented non-contact sensor and transmission grid structures across Indiana and Ohio.¹⁵⁹ Additionally, earlier on March 4, 2020, AES Indiana stated that it invested \$1.2 billion in digital or smart grids in the state. AES’ smart grid structures in the state consisted of 406 miles of overhead lines that were rebuilt, 3.6 million feet of underground cables that were replaced, 100% smart meters and

¹⁵⁵ Tate Miller. *13 state AGs, including Indiana's, win against ESG with Vanguard settlement*. FortWayne Business Weekly. March 4 2026. Accessed April 18 2026.

https://www.fwbusiness.com/article_85d08774-9200-4bb4-aec9-ae329a17a1b9.html

¹⁵⁶ National Association of Attorneys General. *Texas et al. v. BlackRock et al.* [NAAG.Org](https://www.naag.org/multistate-case/texas-et-al-v-blackrock-et-al/). 2026. Accessed April 18 2026.

¹⁵⁷ AES. *Carbon free energy*. [AES.com](https://www.aes.com/) 2026. Accessed April 18, 2026. <https://www.aes.com/>

¹⁵⁸ AES Indiana. *AES Indiana accelerates the future of energy with \$1.1 billion in investments in Pike County*. AES Indiana. August 8, 2024. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-accelerates-future-energy-11-billion-investments-pike-county>

¹⁵⁹ AES. *AES and LineVision Announce Deployment Project Results and Continued Collaboration*. AES. April 15, 2025. Accessed April 18 2026. <https://www.aes.com/energy-insights/aes-and-linevision-announce-deployment-project-results-and-continued-collaboration>

conversions that were installed according to AES Indiana.¹⁶⁰ Since December 2023, AES reported that it has avoided 117,000 outages, including 39,400 outages related to severe storms and 30,000 potential outages when Hurricane Helene struck.¹⁶¹

Data Center Pressure

AES's grid investments made the company attractive to BlackRock because data centers and artificial intelligence are increasing demand for reliable electric capacity.¹⁶² AES Indiana has presented this same trend as an economic opportunity, arguing that grid modernization can improve reliability, attract projects such as Google's planned Morgan County data center, and spread fixed system costs across higher electricity demand.¹⁶³ However, the data center argument also raises consumer-protection concerns, especially if infrastructure costs shift from large technology customers to residential ratepayers.

Ownership Type

After BlackRock's purchase, AES will be a privately held firm no longer traded on a public stock exchange market. However, the AES board of directors has decided that although AES ownership will transfer to BlackRock, AES Indiana and AES Ohio will remain locally managed and regulated firms by federal, state and local authorities.¹⁶⁴

¹⁶⁰ AES Indiana. *Smart Grid*. AES Indiana. March 4 2020. Accessed April 18 2026. <https://www.aesindiana.com/smart-grid#>

¹⁶¹ AES Indiana. *AES Indiana seeks rate review to address rising operational costs and future investments*. AES Indiana. June 3 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-seeks-rate-review-address-rising-operational-costs-and-future-investments>

¹⁶² Oliver Gara, Antoine Gara, et al. James Khan. BlackRock's GIP nears \$38 billion takeover of utility AES. *The Financial Times*. September 30, 2025. Accessed April, 18, 2026. <https://www.ft.com/content/009d96c8-db70-4eee-ab7f-4bb59bacb86e?syn-25a6b1a6=1>

¹⁶³ AES Indiana. *Powering What Matters to Central Indiana*. AES Indiana. December 22, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/powering-what-matters-central-indiana>

¹⁶⁴ AES. *Consortium Led by Global Infrastructure Partners and EQT Agrees to Acquire AES*. [AES.com](https://www.aes.com). March 2 2026. Accessed April 18 2026. <https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes>

Financial Stability

In 2025, AES reported \$12.2 billion in revenue and a net income of \$910 million.¹⁶⁵ S & P Global Ratings evaluated the AES-BlackRock merger as a “stable transaction”. According to S & P Global Partners, AES’s Earnings will remain between 3.5x and 3.8x or between 22% and 23% between 2026 and 2028.¹⁶⁶ Both S & P Global Ratings and Fitch Ratings have given AES an overall credit rating of BBB-, clearing BlackRock’s transaction to acquire AES to proceed.¹⁶⁷

¹⁶⁵ U.S. Securities and Exchange Commission. *Form 10-K For the Fiscal Year Ended December 31, 2025. The AES Corporation*. December 31, 2025. Accessed April 18 2026. [Sec.Gov. https://www.sec.gov/Archives/edgar/data/874761/000087476126000063/aes-20251231.htm](https://www.sec.gov/Archives/edgar/data/874761/000087476126000063/aes-20251231.htm)

¹⁶⁶ Luqman Ali et al. Pranav Khattar. *Research Update: AES Corp. Ratings Affirmed On Announced Take-Private Transaction, Outlook Stable*. S & P Global Ratings. March 2 2026. Accessed April 18, 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3524517>

¹⁶⁷ Fitch Ratings. *Fitch Affirms AES Ratings on Proposed Acquisition by Infrastructure Sponsors; Outlook Stable*. Fitch Ratings. March 2, 2026. Accessed April 18 2026. <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-aes-ratings-on-proposed-acquisition-by-infrastructure-sponsors-outlook-stable-02-03-2026>

Case Two: Blackstone Inc. Purchase of TXNM Energy

Case Overview

TXNM Energy, Inc. is an investor-owned holding company based in Albuquerque, New Mexico, with two regulated electric utilities, Public Service Company of New Mexico (PNM) and Texas-New Mexico Power Company (TNMP), serving approximately 842,000 residential, commercial, and industrial customers across Texas and New Mexico.¹⁶⁸ On May 19, 2025, Blackstone, a private equity corporation, announced that both Blackstone and TXNM reached an agreement for TXNM to be sold to Blackstone for \$11.5 billion.¹⁶⁹ On February 6, 2026, the Texas Public Utilities Commission, or Texas PUC, approved the Blackstone and TXNM transaction to proceed.¹⁷⁰ FERC approved the proposed merger on February 20, 2026. Although the deal is expected to be finalized in the second half of 2026, the transaction still requires approval from the Nuclear Regulatory Commission (NRC) and the New Mexico Public Regulation Commission (NMPRC), with those approvals still pending.¹⁷¹

Customer Rates

TXNM operates two subsidiaries: Texas-New Mexico Power (TNMP), which serves customers in Texas, and Public Service Company of New Mexico (PNM), which serves

¹⁶⁸ TXNM Energy. *At a glance*. TXNM [Energy.com](https://www.txnmenergy.com/about-us/at-a-glance.aspx) 2026. Accessed April 18 2026.
<https://www.txnmenergy.com/about-us/at-a-glance.aspx>

¹⁶⁹ Lisa Goodman et al Paula Chirhat. *TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure*. BlackStone. May 19, 2025. Accessed April 18, 2026.
<https://www.blackstone.com/news/press/txnm-energy-enters-agreement-to-be-acquired-by-blackstone-infrastructure/>

¹⁷⁰ Lisa Goodman.. *Texas Commission Approves TXNM Energy Acquisition by Blackstone Infrastructure*. Yahoo Finance. February 6 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/texas-commission-approves-txnm-energy-171100542.html>

¹⁷¹ B.V. Swagath. *FERC approves Blackstone's acquisition of TXNM Energy*. Yahoo Finance. February 13 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/ferc-approves-blackstone-acquisition-txnm-095006426.html>

customers in New Mexico.¹⁷² On June 15, 2024, PNM requested to increase average monthly utility rates by up to \$11.12 by mid-2025, \$12.48 by early 2026, and by up to \$23.00 for 600 kWh/month starting from late 2026.¹⁷³ On May 15, 2025, PNM's rate increase proposals were approved by the NMPRC.¹⁷⁴ Likewise, on the same date, May 15, 2025, the Texas Public Utilities Commission, or Texas PUC, also approved TNMP's \$25 million annual rate increase as part of Texas PUC's Distribution Cost Recovery Factor (DCRF) Amendment plan for utility companies in the state.¹⁷⁵ On November 14, 2025 TNMP requested an additional \$33.8 million or \$5.47 per household increase in base rates to cover costs for the infrastructural recovery from Hurricane Beryl.¹⁷⁶ TXNM and, particularly, its subsidiary PNM stated that TXNM's sale to Blackstone would decrease the average residential utility bill by 3.5%.¹⁷⁷

Regulation, Oversight, and Consumer Protection

For the Blackstone and TXNM deal to proceed and finalize, multiple approvals are required at the federal, state, and local levels. The Texas PUC approved the Blackstone-TXNM deal on February 6, 2026.¹⁷⁸ Shortly after, the FERC gave their approval. However, the deal

¹⁷² TXNM Energy. At a glance. TXNM Energy.com 2026. Accessed April 18 2026. <https://www.txnmenergy.com/about-us/at-a-glance.aspx>

¹⁷³ Megan Gleason, Albuquerque Journal. *PNM seeks to increase rates in 2025 and 2026*. Yahoo Finance. June 15, 2024. Accessed April 18 2026. <https://finance.yahoo.com/news/pnm-seeks-increase-rates-2025-190100091.html>

¹⁷⁴ PNM. *2025 rate request*. 2025. Accessed April 18, 2026. [PNM.com](https://www.pnm.com/2025raterequest). <https://www.pnm.com/2025raterequest>

¹⁷⁵ Lisa Goodman. *PNM, TNMP Receive Rate Approvals*. NASDAQ. April 15 2025. Accessed April 18 2026. <https://www.nasdaq.com/press-release/pnm-tnmp-receive-rate-approvals-2025-05-15#>

¹⁷⁶ TNMP. *TNMP Files General Rate Review to Support Continued Growth and System Reliability*. [TNMP.com](https://www.tnmp.com). November 15 2025. Accessed April 18 2026. <https://tnmp.com/about-us/news-media/tnmp-files-general-rate-review-support-continued-growth-and-system-reliability>

¹⁷⁷ PNM. *TXNM Energy and Blackstone Infrastructure Acquisition*. [PNM.com](https://www.pnm.com). May 19, 2025. Accessed April 18, 2026. <https://www.pnm.com/energyfuture#>:

¹⁷⁸ Lisa Goodman.. *Texas Commission Approves TXNM Energy Acquisition by Blackstone Infrastructure*. Yahoo Finance. February 6 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/texas-commission-approves-txnm-energy-171100542.html>

requires the approval of the NRC and the NMPRC.¹⁷⁹ Currently, the transaction has stalled as the NRC and NMPRC have not given their approval yet. The deal has received immense opposition and scrutiny concerning rate hikes from federal and state legislators. On December 5, 2025, senators serving in the U.S. Senate Committee on Banking, Housing, and Urban Affairs, expressed their criticism and dissent of the TXNM-Blackstone merger and requested transparent and consistent rate reporting and review, including requesting a testimonial hearing on the acquisition of TXNM and publicly traded utilities in general by private equity firms, no later than December 18, 2025. The FERC's chairman Mark Christie stated that the FERC and state regulators have given Blackstone and other private equity firms the permission to purchase publicly traded utilities in exchange that they serve the public and agree to keep rates lower and affordable for consumers.¹⁸⁰

Renewable Transition & Clean Energy

TXNM stated it is transitioning from coal to renewables and natural gas, with TXNM saying it plans for 100% greenhouse gas-free electricity generation by 2040.¹⁸¹ PNM's efforts to increase reliance on renewable and clean energy and exit the coal industry are driven by the Energy Transition Act (ETA), a New Mexico state statute that was enacted in 2019, which calls for 100% carbon free energy production in the state by 2045. Following the ETA, The NMPRC approved PNM's projects to replace 450 MW of its coal-based generators with solar and 290

¹⁷⁹ B.V. Swagath. *FERC approves Blackstone's acquisition of TXNM Energy*. Yahoo Finance. February 13 2026. Accessed April 18 2026.

<https://finance.yahoo.com/news/ferc-approves-blackstone-acquisition-txnm-095006426.html>

¹⁸⁰ U.S. Senate Committee on Banking, Housing, and Urban Affairs. *Warren, Sanders, Blumenthal Press Blackstone, BlackRock on their Acquisitions of Public Utility Companies and Potential Energy Price Increases for Americans*. [Senate.gov](https://www.banking.senate.gov/newsroom/minority/warren-sanders-blumenthal-press-blackstone-blackrock-on-their-acquisitions-of-public-utility-companies-and-potential-energy-price-increases-for-americans). December 5, 2025. Accessed April 18 2026.

<https://www.banking.senate.gov/newsroom/minority/warren-sanders-blumenthal-press-blackstone-blackrock-on-their-acquisitions-of-public-utility-companies-and-potential-energy-price-increases-for-americans>

¹⁸¹ TXNM Energy. *2024 Annual Report*. TXNM Energy.com. 2024. Accessed April 18, 2026.

<https://www.txnmenenergy.com/~media/Files/P/PNM-Resources/annual-reports/2024%20Annual%20Report.pdf#>

MW of coal-based generators with battery storage as part of 100% coal elimination project goals.¹⁸² TNMP, the other subsidiary of TXNM, based in Texas, a dominant red state, faces challenges. In May 2023, Texas Republicans condemned a federal Green New Deal that aimed to end burning fossil fuels for electric generation. The Republican controlled Texas state legislature passed multiple bills that prop up gas-fueled power generators. Provisions of the bills also included lowering and eliminating interest rates on loans to modernize and renovate coal and natural gas-based power plants.¹⁸³ Blackstone, which is in the negotiation process to acquire TXNM, has invested \$15 billion since 2019 in clean energy and renewable transition efforts¹⁸⁴ and plans to invest \$100 billion more for a 100% clean energy production as part of its Environmental Sustainable Goals-ESG.¹⁸⁵

Power Grid Reliability

Various grid modernization and repairs of TNMP include grid projects named after different areas and roads of Texas, Cowpen, Cayanosa, Pilot Point, White Baker to Bottlebrush, Faulkner-Solistice, Faulkner-Cryo, and Faulkner-Dry Lake. Most of these projects are aimed at connecting rural areas in Texas that consistently face outages or receive poor electric service. TNMP says the modernized projects ensure more customers can access electric power across the state, and the new grid projects strengthen the resiliency of new and existing grids. Additionally,

¹⁸² TXNM Energy. *Carbon-free Generation*. TXNM [Energy.com](https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx). 2026. Accessed April 18 2026.
<https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx>

¹⁸³ Emily Foxhall et al. Zach Despart. *Texas Legislature 2023: Texas power struggle: How the nation's top wind power state turned against renewable energy*. The Texas Tribune. May 25 2023. Accessed April 18 2026.
<https://www.texastribune.org/2023/05/25/texas-energy-renewables-natural-gas-grid-politics/#>

¹⁸⁴ Kate Holderness. *Blackstone Launches Sustainable Resources Credit Platform*. [Blackstone.com](https://www.blackstone.com/news/press/blackstone-launches-sustainable-resources-credit-platform/) January 21, 2022. Accessed April 18 2026.
<https://www.blackstone.com/news/press/blackstone-launches-sustainable-resources-credit-platform/>

¹⁸⁵ Mark Segal. *Blackstone Sees Opportunity to Invest \$100 Billion in Energy Transition*. ESG Today. January 21 2022. Accessed April 18 2026.
<https://www.esgtoday.com/blackstone-sees-opportunity-to-invest-100-billion-in-energy-transition/>

to maximize grid resiliency, TNMP is installing single-circuit 138-kV transmission lines that are resistant to natural disasters and aging in collaboration with the Electric Reliability Council of Texas, Regional Planning Group.¹⁸⁶ In August 2024 TNMP filed for its first ever grid resilience plan worth \$600 million with the Texas PUC and received approval with the goal of completing plan implementation between 2025 and 2027. The plan included grid repair, mitigation, prevention, and service improvement.¹⁸⁷ Likewise, PNM, which is based in New Mexico, is modernizing its grids. Since November 2025, PNM has been leading a grid resistance and modernization project by installing smart meters and other advanced network devices across the power grids it operates.¹⁸⁸ These devices are capable of delivering affordable, reliable and clean energy with accurate billing service.¹⁸⁹ PNM is also installing strategic rotating outage circuits, designed to totally eliminate power outages. According to PNM, these circuits are designed to avoid prolonged power outages, protect electric grids from severe damage, and bring balance to the supply and demand of electric Power.¹⁹⁰

Data Center Pressure

Data center growth makes TXNM a useful comparison for Minnesota Power because it shows how large-load customers can accelerate infrastructure needs and raise cost-allocation concerns. Blackstone's interest in TXNM fits within its broader investment strategy around

¹⁸⁶ TNMP. Current Transmission Line Projects. TNMP.com. 2026. Accessed April 18 2026. <https://tnmp.com/transmission-line-projects#>

¹⁸⁷ TNMP. *Texas-New Mexico Power Files First System Resiliency Plan*. TNMP.com. August 28 2024. Accessed April 18 2026. <https://tnmp.com/about-us/news-media/texas-new-mexico-power-files-first-system-resiliency-plan>

¹⁸⁸ Kelsey Seekins. *PNM begins technology installations to modernize grid*. PNM. November, 10 2025. Accessed April 18 2026. <https://www.pnm.com/documents/d/pnm.com/pnm-launches-first-phase-of-grid-modernization>

¹⁸⁹ PNM. *SmartMeters: The Next Step in a Smarter, More Resilient Grid*. PNM.com. 2026. Accessed April 18 2026. <https://www.pnm.com/smartmeter>

¹⁹⁰ PNM. *PNM to initiate strategic rotating outages during high heat*. 2026. Accessed April 18 2026. [PNM.com. https://www.pnm.com/protectthegrid#](https://www.pnm.com/protectthegrid#)

rising electricity demand, grid infrastructure, and AI-related development.¹⁹¹ TXNM's 2025 Form 10-K provides the clearest evidence: TNMP reported increased interconnection requests and data center applications, requiring new transmission stations, upgrades to existing stations, and transmission-line capacity improvements. TNMP also reported that data center load, including distribution and transmission, increased 70.5 percent in 2025 compared with 2024.¹⁹²

Regional trends reinforce the issue. Bloom Energy projects rapid data center growth in Texas.¹⁹³ PNM's side of TXNM also reflects this trend: the Form 10-K notes NMPRC-approved resources to serve retail customers and a data center in PNM's service territory, including solar and storage resources associated with Meta. For ratepayers, the central issue is not whether data centers create demand. They do. The key question is who pays for the infrastructure needed to serve them. Data centers can help spread fixed costs, but they can also require expensive generation, transmission, and distribution upgrades. The TXNM case therefore points to a key lesson for Minnesota Power: regulators and intervenors should scrutinize large-load tariffs, interconnection agreements, transmission upgrades, and cost-allocation rules to ensure residential customers do not subsidize infrastructure built primarily for data center users. On February 6, 2026, however, hundreds of PNM customers publicly protested the sale of TXNM to Blackstone, citing fears of energy rate increases driven by data center power demands. The protests took place during a NMPRC hearing on the deal in Albuquerque, and protesters demanded "No private equity in public utilities."¹⁹⁴

¹⁹¹ Blackstone. Infrastructure of the Future. Blackstone. 2026. Accessed April 18 2026. <https://www.blackstone.com/infrastructure-of-the-future/>

¹⁹² U.S. Securities and Exchange Commission. Form 10-K TXNM. SEC.Gov. December 21 2025. Accessed April 18 2026. <https://www.sec.gov/Archives/edgar/data/1108426/000110842626000006/pnm-20251231.htm>

¹⁹³ Bloomenergy. 2026 Data Center Power Report. Bloomenergy. January 1 2026 Accessed. April 18 2026. <https://www.bloomenergy.com/wp-content/uploads/2026-power-report.pdf>

¹⁹⁴ Gregory Hasman. *Hundreds oppose proposed TXNM Energy sale to Blackstone at public hearing*. Albuquerque Journal. February 6, 2026. Accessed April 18 2026.

Ownership Type

If the transaction is allowed to proceed, the deal will be finalized by mid or end of 2026 at \$11.5 billion, \$61.25 per share, all in cash. TXNM will be wholly and privately owned by Blackstone. Much like AES Ohio and AES Indiana TXNM's subsidiaries, TNMP and PNM will remain independently and locally owned and operated with their own headquarters in Texas and New Mexico according to Blackstone. Additionally Blackstone has indicated that the current management team of both TXNM's subsidiaries will continue to lead the companies and remain the primary points of contact for customers, regulators and other stakeholders.¹⁹⁵

Financial Stability

From its Form 10-K report for 2025, TXNM reported \$2.12 billion in revenue and \$151.36 million in net earnings.¹⁹⁶ S & P Global Ratings has given the TXNM-Blackstone merger a “credit-supportive” comment. According to S & P Global partners, TXNM's Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) to debt or income to debt should improve by up to 14% to 15%. S & P Global Ratings has rated TXNM's credit ratings BBB, which is overall stable.¹⁹⁷ Moody's has rated TXNM's credit as Baa1, considered to be stable.¹⁹⁸

<https://www.abqjournal.com/news/hundreds-oppose-proposed-txnm-energy-sale-to-blackstone-at-public-hearing/2975086>

¹⁹⁵ Blackstone. *TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure*. Blackstone. May 19, 2025. Accessed April 18, 2026. <https://www.blackstone.com/news/press/txnm-energy-enters-agreement-to-be-acquired-by-blackstone-infrastructure/>

¹⁹⁶ U.S. Securities and Exchange Commission. Form 10-K TXNM. SEC.Gov. December 21 2025. Accessed April 18 2026. <https://www.sec.gov/Archives/edgar/data/1108426/000110842626000006/pnm-20251231.htm>

¹⁹⁷ Phalguni Adalja et al. Gabe Grosberg. *Research Update: TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable*. S & P Global Ratings. May 19 2025. Accessed April 18, 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101622538>

¹⁹⁸ Moody's. *Texas-New Mexico Power Company -- Moody's downgrades Texas-New Mexico Power to Baa1; outlook stable*. Moody's- Yahoo Finance. February 10 2022. April 18 2026. <https://finance.yahoo.com/news/texas-mexico-power-company-moodys-235308521.html>

Findings and Recommendations

The ALLETE acquisition should be understood as part of a broader shift in utility ownership rather than as an isolated event. Publicly traded investor-owned utilities repeatedly moved out of public equity markets, but the profile of buyers changed. Earlier transactions more often involved strategic energy companies, while recent transactions increasingly involve infrastructure funds, pension-backed investors, asset managers, and private equity-related investment vehicles. This shift does not make ownership change inherently harmful or beneficial. Outcomes depend on what the new ownership structure enables, what risks it creates, and how effectively regulators and public advocates constrain those risks.

CUB should maintain an active and continuous role in engagement with the Minnesota Public Utilities Commission. This includes closely monitoring docket proceedings, participating in hearings, submitting formal comments, and maintaining visibility throughout the lifecycle of regulatory decisions. CUB's active engagement remains essential to keep ratepayer interests central to regulatory decision-making as cases evolve. The following findings and recommendations identify where CUB's advocacy will have the greatest impact for Minnesota ratepayers.

Finding 1: Private Capital Now Enters Utilities For Growth Potential

The ALLETE transaction reflects a shift in the dynamics behind utility acquisitions, but that shift has two distinct sides. On the utility side, the motivation to seek a buyer stems from capital pressure. Decarbonization mandates, electrification, aging infrastructure, transmission constraints, storm hardening, and demand growth all require sustained capital investment that may exceed what utilities like Minnesota Power can finance on their own. For an investor-owned utility facing those demands, acquisition by a well-capitalized buyer offers a path forward.

On the investor side, the motivation is different. Infrastructure funds, pension investors, and asset-management firms are drawn to utilities not primarily because utilities need rescuing, but because the return profile has become more compelling. Large-load growth raised the expected growth ceiling for utility earnings. Regulated returns remain steady by design. That combination of higher growth potential and earnings predictability is what makes utilities attractive to this class of investor, in a way that earlier acquisition markets did not fully reflect.

Earlier transactions were more often driven by diversification strategy, geographic expansion, or the basic appeal of stable regulated income. The current environment layers demand-growth upside onto that foundation, changing the investment logic for buyers while simultaneously increasing the financial pressure on sellers.

For Minnesota Power, this matters because the acquisition occurs while the utility faces both clean-energy obligations and new demand pressure. The ownership change may provide access to deeper capital pools, but it may also increase pressure to pursue growth opportunities that do not benefit all customers equally. CUB should therefore focus less on whether private capital enters the utility system and more on how that capital gets used, who benefits from the investment, and who pays for it.

This analysis evaluates total capital pressure and ratepayer risk, but it does not independently determine whether post-acquisition capital spending becomes more efficient. Higher capital expenditures can signal needed investment, but they can also create rate-base growth that benefits owners if regulators approve cost recovery. CUB should treat capex efficiency as an area for future investigation.

Recommendation 1: Scrutinize Acquisition Capital Deployment

The findings establish that large-scale capital needs, driven by decarbonization mandates, aging infrastructure, electrification, and data center growth, increasingly motivate utility acquisitions. The ALLETE transaction reflects this pattern. Private institutional capital may provide access to deeper financing pools than Minnesota Power could independently secure, and that access may support necessary infrastructure investment. However, the source of capital does not determine whether its deployment serves ratepayers.

CUB should focus its advocacy on how capital gets deployed, who benefits from the investment, and who bears the cost. Higher capital expenditures can signal either necessary investment or costs that utilities seek to recover through rates without adequate justification. Thus, CUB should treat capital deployment and expenditure efficiency as an ongoing area of investigation, building the analytical capacity to evaluate major spending proposals before they are incorporated into rates. The subsequent recommendations identify the specific areas where this scrutiny will matter most.

Finding 2: Rate Increases After Acquisition Reflect Investment Purpose

Across the cases, rate increases appear common after utility acquisitions. However, higher rates alone do not prove that an acquisition failed or that regulators acted improperly. Utility rates may rise because of infrastructure modernization, storm recovery, wildfire mitigation, transmission expansion, clean-energy investment, inflation, fuel costs, or legally required environmental compliance. A rate increase that funds prudently reviewed infrastructure differs from a rate increase that shifts acquisition premiums, parent-company debt, affiliate costs, or large-user infrastructure expenses onto captive residential customers.

The Thames Water case adds an important caution in the opposite direction: suppressing rates without ensuring sustainable infrastructure financing leads to deferred maintenance,

deteriorating assets, and larger cost increases later. Affordability should mean a rate structure that supports reliable service and necessary investment, not simply the lowest possible rate in each individual case. This distinction matters for cases such as AusNet, El Paso Electric, Cleco, and Puget Sound Energy. AusNet shows that post-acquisition rate increases can accompany improved grid reliability, especially for rural customers who may benefit more from expanded infrastructure than urban customers. El Paso and Cleco illustrate how strong regulatory conditions can reduce the risk of acquisition-related cost-shifting, a widely documented concern about private equity utility acquisitions, even when rates continue to rise for other reasons. These cases suggest that the important question is not whether rates rise at all, but why they rise, who benefits from the spending, and whether regulators verify that the costs are prudent.

For Minnesota Power, CUB should avoid framing every future rate increase as evidence that the ALLETE acquisition harmed ratepayers. A stronger argument asks whether rate increases reflect necessary service, clean-energy, and reliability investments or whether they reflect costs that should remain with shareholders, parent companies, or large-load customers.

Recommendation 2: Evaluate Each Rate Increase By Purpose, Not Price Alone

Future rate increases should not be treated automatically as proof that the ALLETE acquisition harmed ratepayers. CUB should instead evaluate each proposed increase by asking what cost caused it, who benefits from the spending, and whether the cost belongs in residential rates. This approach better reflects the case evidence: post-acquisition rate increases may fund necessary infrastructure, clean-energy compliance, storm recovery, transmission expansion, or reliability improvements, but they may also shift acquisition premiums, parent-company debt, affiliate costs, or imprudent capital spending onto captive customers.

CUB should review future rate cases by asking what caused the proposed increase, who benefits from the spending, and whether residential customers should bear the cost. In each major rate case, rider, or cost-recovery filing, CUB should ask whether the proposed spending would have occurred absent the acquisition, whether the investment directly benefits residential customers, whether cheaper alternatives were considered, and whether the requested return appropriately reflects ratepayer risk. This framing allows CUB to challenge harmful cost shifting without opposing every rate increase that funds necessary service, reliability, or clean-energy obligations.

Finding 3: Large-Load Cost Allocation is the Central Ratepayer Risk Post-Acquisition

The most important customer issue in the ALLETE case may not be ownership itself, but cost allocation. Minnesota Power serves a distinctive customer base with a significant industrial load, and future data-center growth could intensify that structure. Large-load customers can create benefits by increasing sales, spreading fixed costs, and supporting infrastructure investment. However, they can also require expensive grid upgrades, new generation, transmission expansion, backup capacity, and reliability investments. If regulators do not assign those costs carefully, residential customers may subsidize infrastructure built primarily for large users.

The Hermantown data center issue illustrates this risk. If a data center or similar facility requires major infrastructure upgrades, regulators must decide whether those costs belong to the individual customer, a large-load customer class, or the broader rate base. Dedicated generation, special contracts, very-large-load tariffs, and strict cost-causation rules may reduce the risk of cost shifting. Without those tools, residential customers could face higher bills for infrastructure that primarily serves data-center growth rather than ordinary household demand.

CUB should treat data-center cost allocation as a top priority. The key question should be: would this investment be necessary without the large-load customer? If not, the customer or customer class causing the need should bear the cost. Minnesota's treatment of very large load customers will strongly shape whether data-center growth benefits the system or burdens residential ratepayers.

Recommendation 3: Advocate For Rules That Shield Residents From Large-Load Infrastructure Costs

CUB should treat large-load cost allocation as one of its highest post-acquisition priorities. Minnesota Power already serves an unusually industrial-heavy customer base, and projected data center growth could intensify that structure. Large-load customers may benefit the system by increasing sales and spreading fixed costs, but they can also require new generation, transmission upgrades, backup capacity, interconnection investment, and enhanced reliability services. The central question should be whether a proposed investment would be necessary without the large-load customer. If not, the customer or customer class causing the cost should bear it.

CUB should monitor rate cases, IRP proceedings, certificate proceedings, and special-contract approvals for evidence that residential customers are being asked to subsidize infrastructure primarily built for data centers or other high-demand users. This may require advocating for updated large-load classifications, dedicated data center tariffs, minimum load commitments, demand-based pricing, negotiated service agreements, or stricter cost-causation rules. CUB should also examine whether existing industrial customer categories adequately capture the scale, speed, and continuous-load characteristics of data center demand. The goal

should not be to block large-load growth outright, but to ensure that new and emerging load growth pays for the system costs it creates.

Finding 4: Delisting Replaces Standardized SEC Reporting With Fragmented Disclosures

The ALLETE acquisition does not eliminate state regulation, but it does change the channels through which financial information reaches the public. As a publicly traded company, ALLETE filed regular reports with the Securities and Exchange Commission covering debt, capital structure, risk exposure, affiliate relationships, capital expenditures, and corporate strategy. SEC reporting is standardized nationally, which makes it highly accessible: advocates, analysts, regulators, and researchers across the country know where to find it and how to read it. After delisting, that standardized channel closes.

What replaces it depends on the specific conditions negotiated in each transaction. Post-acquisition reporting requirements vary by state, by deal structure, and by what regulators extract as a condition of approval. The data reported may be comparable, but the format, location, and timing are no longer uniform. This creates a two-part transparency problem: the amount and nature of data available may narrow in some respects, but even where equivalent data are reported, the accessibility of that information declines because the channels are less familiar and less standardized. During research for this report, this pattern appeared in practice. It became harder to locate and interpret financial information after acquisitions closed, not always because the data disappeared, but because where to find it and how to interpret it became transaction-specific.

For CUB, this has practical implications. Ratepayers may not see financial pressure building until it surfaces in a rate case or affiliate transaction filing. Advocacy organizations face higher research costs. Regulators may need stronger reporting conditions and more discovery

capacity to identify cost shifting before it reaches rates. CUB's ability to translate filings and ownership conditions into accessible public information becomes more valuable precisely because the standardized disclosure framework no longer applies.

Recommendation 4: Build a Centralized Public Hub For ALLETE's Disclosures

The findings make clear that there is a need for an easily accessible, centralized, public financial transparency hub. CUB should formally request that Minnesota Power or PUC create and maintain such a hub, posting all relevant financial documentation in a single location. If Minnesota Power fails to establish or adequately maintain this hub, CUB should build and operate one itself, drawing on publicly available regulatory dockets, commission filings, and external sources to piece together the fragmented information that ratepayers and advocates currently must assemble on their own. Whether hosted by the utility or by CUB, the hub should include standardized and regularly updated material such as financial statements, rate case filings, capital investment plans, and affiliate transaction reports. It should be structured for ease of access, with clear categorization, historical archives, and summary-level explanations that allow the general public and ratepayers to locate and interpret financial data in a reasonable and unobstructed manner. By explicitly targeting the reduced accessibility of financial data identified in this finding, this recommendation strengthens oversight capacity, reduces information asymmetry, and enables more effective monitoring of rate impacts and financial practices in the post-acquisition environment.

Finding 5: Merger Commitments Protect Ratepayers When Compliance is Enforced

The cases show that regulators have the most leverage before approving a transaction, and the protective mechanisms secured at that stage matter: bill credits, rate freezes, ring-fencing, acquisition cost exclusions, affiliate transaction rules, reporting requirements, local

control commitments, and restrictions on pledging utility assets. Cleco, El Paso Electric, and Puget Sound Energy all illustrate how these conditions can shield ratepayers from acquisition costs and parent-company risk while still allowing later rate increases for ordinary utility investment. But conditions secured at approval only protect ratepayers if someone is actively verifying compliance. Merger commitments can erode gradually through cost recovery filings, affiliate transactions, or structural changes to the parent company in ways that are difficult to detect without sustained monitoring.

For Minnesota Power, two factors make this especially difficult. First, as Finding 5 establishes, the loss of SEC reporting means cost pressure may only become visible when it surfaces in a rate case or infrastructure filing, by which point it may already be partially embedded in rates. Second, the Minnesota PUC is one of the smallest commissions in the country, operating on a budget designed to maintain current service levels. The administrative law judge in the ALLETE proceeding found explicitly that the Commission is unlikely to have the resources to monitor compliance with all commitments, and that violations may only be identified after substantial harm has occurred.¹⁹⁹ Merger approval should therefore be understood as the beginning of oversight, not its conclusion.

Recommendation 5: Track Merger Commitments and Advocate for PUC Capacity

CUB should treat merger approval as the beginning of oversight. The ALLETE proceeding created commitments related to acquisition costs, affiliate transactions, ring-fencing, reporting, and ratepayer protections, but those commitments will only matter if someone tracks compliance across rate cases, riders, annual reports, infrastructure filings, and affiliate

¹⁹⁹ Minnesota Office of Administrative Hearings. 2025. *In the Matter of the Petition of Minnesota Power for Approval of Acquisition of ALLETE, Inc. Administrative Law Judge Report*. https://mn.gov/oah/assets/25-2500-40339-itm-petition-of-minnesota-power-acquisition-of-allete-by-canada-pension-plan-investment-board-and-global-infrastructure-partners_tcm19-697310.pdf?sourcePage=%2Foah%2Fmedia%2Fopinion-archive.jsp%3Fid%3D19-697313

disclosures. CUB should monitor whether acquisition-related costs enter rates indirectly, verify that affiliate transactions occur on fair market terms and do not shift costs from affiliated entities onto Minnesota Power ratepayers, and assess whether ring-fencing protections hold as the parent ownership structure evolves.

CUB should also make the case for expanded PUC oversight capacity. The administrative law judge's concern that the Commission may lack the resources to monitor all commitments makes CUB's role essential, but outside advocacy cannot fully substitute for public regulatory capacity. While recent state budget actions have provided modest funding increases to Minnesota's PUC, these increases were designed primarily to maintain existing service levels rather than expand audit, monitoring, or enforcement capacity.²⁰⁰ Modest investments in forensic accounting, independent capital-project review, affiliate-transaction monitoring, and compliance auditing would allow the MPUC to act as a stronger check on post-acquisition risk. CUB's public messaging should connect this capacity issue directly to ratepayer protection.

Finding 6: State Law, Not Private Ownership, Drives Clean Energy Outcomes

The ALLETE acquisition may improve Minnesota Power's ability to finance its clean energy transition, but private ownership does not automatically produce stronger environmental performance. The case evidence consistently shows that clean energy outcomes are determined primarily by state law and regulatory requirements, not ownership structure. Clean energy expansion requires capital for renewable generation, transmission, grid modernization, and output capacity. Private equity can help finance those needs, but need legislative enforcement to act. Where state mandates are extensive and enforceable, utilities attempt to pursue renewable

²⁰⁰ *Minnesota Management and Budget. 2023. Public Utilities Commission. Governor's Budget Recommendations, January 2023.*
<https://mn.gov/mmb-stat/documents/budget/2024-25-biennial-budget-books/governors-recommendations-january/public-utilities-commission.pdf>

transition regardless of ownership. Where state policy is weak or inconsistent, private ownership does not fill the gap.

The TXNM case illustrates this directly: strong state renewable standards drove transition in New Mexico even as different political and regulatory conditions slowed progress in Texas under the same parent company. PacifiCorp demonstrates that a utility can pursue renewable additions, storage investment, and coal-reduction planning under non-public ownership, but also shows that those efforts remain shaped by regulation, cost recovery, and long-term planning requirements. NV Energy further shows that renewable transitions often take far longer than acquisition announcements or clean-energy commitments suggest. Coal retirements, gas conversions, replacement capacity, transmission constraints, and reliability needs can stretch decarbonization over decades.

For Minnesota Power, the clean energy question should therefore be framed narrowly. The acquisition may provide more financing capacity, but it does not resolve the core regulatory question: whether Minnesota Power's resource plan will meet the state's carbon-free electricity requirements without locking in fossil infrastructure that creates long-term rate and carbon risk. The central tension in the current IRP is that it raises renewable ambition while simultaneously expanding natural gas capacity well beyond what earlier plans contemplated.

Recommendation 6: Scrutinize Natural Gas Expansion Within Clean Energy Transition

Minnesota Power's 2025 IRP represents a sharper departure from its predecessor than the headline targets suggest. The 2021 IRP called for retiring Boswell Unit 3 by 2030 and exiting coal at Unit 4 by 2035, relying on existing gas resources totaling roughly 400 MW. The 2025 IRP converts Unit 3 to gas, allows partial gas co-firing at Unit 4, and adds approximately 750 MW of new gas generation by 2035, bringing total gas-related capacity additions to around 1,000

MW. What was a coal retirement plan has become a coal-to-gas conversion plan paired with significant new gas build, justified partly by reliability needs and partly by roughly 1,100 MW of projected large-load growth.

The renewable targets in the 2025 IRP are more ambitious, and the plan aligns with Minnesota's Carbon-Free Standard requiring 100 percent carbon-free electricity by 2040. But ambition on renewables does not resolve the risk that gas assets planned as a bridge become a long-term stranded cost or compliance problem if carbon constraints tighten. NV Energy's experience demonstrates that utilities can pursue gas investment under a clean-energy framing and still face a decades-long transition with compounding rate pressure.

CUB should use the IRP comparison as a central tool in its advocacy. The key questions are whether each specific gas investment is necessary for reliability or whether it primarily serves large-load growth, and whether Minnesota Power's compliance trajectory remains on track without treating new gas infrastructure as an unavoidable intermediate step. CUB should also press for clear retirement timelines for converted and new gas assets so that the 2040 carbon-free standard does not become contingent on future regulatory relief.

Finding 7: Disaster Exposure Can Severely Strain a Utility's Finances

Disaster exposure can reshape a utility's financial condition long after an acquisition closes, as seen in PacifiCorp. Wildfire liabilities, storm damage, grid-hardening needs, asset sales, and emergency response costs can place enormous pressure on utilities and ratepayers. A utility that looks financially stable at the time of acquisition may face major stress if it lacks adequate hazard mitigation, asset-management planning, insurance strategy, or emergency response capacity.

This lesson applies beyond wildfire territory. Minnesota Power faces different risks, including storms, transmission constraints, cold-weather reliability, aging infrastructure, and changing demand patterns. The broader point is that acquisition review should not focus only on purchase price, rates, and ownership structure. Regulators should ask whether the utility has the financial and operational capacity to prepare for disasters before they occur. Waiting until after a crisis can force customers to pay for emergency repairs, accelerated grid upgrades, or financial recovery plans under worse conditions.

Recommendation 7: Advocate For Proactive Resilience Planning Before Crises

The cases demonstrate that disaster exposure can reshape a utility's financial condition long after a transaction closes. Wildfire liabilities, storm damage, grid-hardening needs, asset sales, and emergency response costs can place enormous pressure on utilities and ratepayers alike. A utility that appears financially stable at the time of acquisition may face major stress if it lacks adequate hazard mitigation, asset-management planning, insurance strategy, or emergency response capacity. Waiting until after a crisis to address these gaps can force customers to pay for emergency repairs, accelerated grid upgrades, or financial recovery plans under worse conditions than proactive investment would have required.

Minnesota Power faces a distinct set of risks, including storms, transmission constraints, cold-weather reliability failures, aging infrastructure, and shifting demand patterns driven by industrial load and potential data center growth. CUB should therefore advocate for proactive resilience planning that addresses these risks before they become ratepayer liabilities. This includes pushing for storm-hardening plans, transparent long-term capital planning, emergency response benchmarks, and clear rules for who pays when infrastructure fails. CUB should treat these planning requirements as ongoing regulatory commitments rather than one-time conditions,

consistent with the broader finding that enforcement over time matters as much as the protections secured at approval.

CUB should therefore advocate for proactive resilience planning. This includes storm-hardening plans, transparent capital planning, emergency response benchmarks, reliability reporting, and clear rules for who pays when infrastructure fails. The goal is not to punish utilities after disasters, but to reduce the chance that preventable risks become ratepayer liabilities.

Finding 8: Reliability Gains After Acquisition Are Often Unevenly Distributed

Several cases suggest that private or institutional ownership can support reliability improvements when new capital funds grid modernization or rural service upgrades, as AusNet illustrates. However, reliability gains can create distributional tradeoffs: rural customers may benefit more from new investment while urban customers see fewer improvements, and industrial or data-center customers may receive targeted reliability investments that do not directly benefit residential ratepayers. However, this pattern should be treated as a risk rather than a guaranteed outcome. CUB should evaluate who benefits from reliability investments, whether those investments serve residential customers or primarily large-load users, and whether costs are distributed fairly across the customer base rather than relying on system wide averages.

Recommendation 8: Push For Reliability Reporting To Surface Uneven Results

CUB should advocate for more granular reliability reporting where data are available, including reporting by geography, customer class, outage cause, and investment category. Systemwide SAIDI and SAIFI averages remain useful, but they may not reveal whether new infrastructure primarily improves service for large-load customers, rural customers, industrial facilities, or residential neighborhoods.

CUB should use this information in rate proceedings to test whether cost allocation matches actual reliability benefits. When targeted investments primarily serve a specific customer class or facility type, that group should bear a commensurate share of the associated costs. This approach treats reliability not only as a technical performance measure, but also as a ratepayer equity issue.

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Appendix

IRP: 2021 vs 2025

Minnesota Power's 2021 and 2025 Integrated Resource Plans differ most sharply on natural gas, clean energy targets, Boswell Energy Center, and load growth. The 2021 IRP pursued an incremental transition built around coal retirement, renewables, and demand response. The 2025 IRP raises ambition on renewables and carbon reduction, but pairs those goals with far greater natural gas reliance and large-load growth planning.

The gas strategy marks the clearest shift. The 2021 IRP relied on existing and already-planned resources, including Laskin and Minnesota Power's share of NTEC, totaling nearly 400 MW. The 2025 IRP goes much further: its base plan includes refueling Boswell Unit 3 to gas, partial gas co-firing at Unit 4, and roughly 750 MW of new gas generation by 2035, adding about 1,000 MW of gas-related capacity overall. The growth case could add more.

The target structure also changed. The 2021 IRP called for 70 percent renewable energy by 2030, an 80 percent carbon reduction by 2035, coal-free supply by 2035, and 100 percent carbon-free energy by 2050. The 2025 IRP raises those to 80 percent renewable by 2030, 90 percent by 2035, and a 95 percent carbon reduction from 2005 levels by 2035, aligning with Minnesota's Carbon-Free Standard requiring 100 percent carbon-free electricity by 2040. The planning horizon shrinks from a 2050 vision to a 2040 compliance problem.

Boswell's role was reversed. The 2021 IRP called for Unit 3 retirement by 2030 and Unit 4's coal exit by 2035. The 2025 IRP converts Unit 3 to gas and allows partial gas co-firing at Unit 4, shifting from retirement to conversion. Minnesota Power still exits coal, but now treats Boswell as a gas-supported reliability asset rather than replacing it with renewables, storage, and demand-side resources.

Load growth became a structuring assumption. The 2021 IRP was primarily a coal replacement plan. The 2025 IRP is both a transition plan and a growth plan, built around a growth scenario anchored to roughly 1,100 MW of potential large-load demand. The most aggressive resource additions, across gas, wind, solar, and storage, depend on whether that demand materializes.

The resource comparison sharpens the contrast. The 2021 IRP targeted 200 MW of wind by 2025 and 200 MW of solar by 2030, with no major new gas build. The 2025 IRP targets 400 MW of wind by 2035 in the base plan, roughly 200 MW of utility-scale solar already in implementation, up to 100 MW of storage in the base plan and 300 MW in the growth case, and natural gas at the center of the reliability strategy.

The 2025 IRP is more ambitious and more expensive. It strengthens near-term reliability and positions Minnesota Power to serve industrial growth, but it increases rate pressure and creates exposure to gas assets that may face future carbon constraints. The central regulatory question remains: whether natural gas serves as a temporary bridge away from coal or produces a lock-in that complicates full compliance with the 2040 standard.

Past Domestic Cases

Case One: PacifiCorp

Case Overview

Established in 1984, PacifiCorp is an electric utility service provider in the Western part of the United States. Operating under the PacifiCorp name since 1984, the utility traces its origins to Pacific Power & Light Company, founded in 1910. Headquartered in Portland, Oregon, PacifiCorp consists of two main subsidiaries - Pacific Power and Rocky Mountain Power, serving approximately 2.1 million customers in over 6 states.²⁰¹ Rocky Mountain Power serves customers in Utah, Idaho, and Wyoming, and Pacific Power operates in Oregon, Washington, and California.

PacifiCorp ceased being independently publicly traded after ScottishPower acquired it in 1999. The friendly takeover by ScottishPower was estimated at \$7.9 billion value in stock plus \$4.9 billion in PacifiCorp's debt.²⁰² Later in 2005, ScottishPower and MidAmerican Energy reached an agreement for PacifiCorp to be acquired and sold to MidAmerican Energy, a subsidiary of Berkshire Hathaway Energy, for \$5.1 billion in cash.²⁰³ An additional \$4.3 billion was also taken "in PacificCorp debt and preferred stock."²⁰⁴ It was indicated that the acquisition was due to financial needs and capital investments over the following several years valuing at about \$1 billion annually.²⁰⁵ PPW Holdings LLC (PPW) was established to be the direct owner of

²⁰¹ PacifiCorp. 2026. *Serving customers*. <https://www.pacificorp.com/serving-customers.html>.

²⁰² NGI Staff Reports. 1998. *ScottishPower Buying PacifiCorp for \$7.9 B*. December 8. <https://naturalgasintel.com/news/scottishpower-buying-pacificorp-for-79-b/>.

²⁰³ U.S. SEC. 2026 "PacifiCorp." EDGAR. <https://www.sec.gov/edgar/browse/?CIK=75594>.

²⁰⁴ NBC News. "Buffett Buys PacifiCorp for \$5.1 Billion Cash." May 24, 2005. <https://www.nbcnews.com/id/wbna7962826>.

²⁰⁵ U.S. SEC. 2026 "PacifiCorp." EDGAR. <https://www.sec.gov/edgar/browse/?CIK=75594>.

PacifiCorp. The acquisition was later approved and closed in 2006. All of PacifiCorp's common stock is currently owned by Berkshire Hathaway Energy after shares were purchased from ScottishPower on March 21, 2006.²⁰⁶ Following the acquisition, MidAmerican Energy is subject to various conditions and commitments varying by state according to their settlement agreements. One of the more significant commitments of the 2006 acquisition of PacifiCorp by MEHC was the "Most Favored Nations" clause (also referred to as the "Most Favored States" clause). This clause allowed a state that PacifiCorp runs in the ability to adopt commitments that were made in any other of the five states. Another major commitment that was made in the acquisition was ring-fencing. This allowed PacifiCorp to essentially isolate itself from its parent at the time, MEHC, and have their own "...capital structure, debt, and credit rating."²⁰⁷

PacifiCorp would not face any of the credit problems that MEHC could have faced. In recent years, PacifiCorp has faced serious lawsuits due to several wildfires in 2020 and 2022 which resulted in major settlements and payouts by the company worth billions of dollars. PacifiCorp was accused of negligence and mishandling of power lines that ultimately led to all six fires. The six wildfires covered across two states including two in California - the Slater Fire (2020) and the McKinney Fire (2022), and four in Oregon - the 242 Fire (2020), the Archie Creek Fire (2020), the Echo Mountain Complex Fire (2020), and the South Obenchain Fire (2020). The 242 fire, Archie Creek Fire, Echo Mountain Complex Fire and the South Obenchain Fire were all part of the 2020 Oregon Labor Day wildfires. In 2025, PacifiCorp's payouts to the wildfire

²⁰⁶ PacifiCorp. 2026. *Financial and regulatory information*.
<https://www.pacificorp.com/about/financial-regulatory.html>.

²⁰⁷ U.S. SEC. 2006. "DECISION GRANTING CONDITIONAL APPROVAL OF THE ACQUISITION OF PACIFICORP BY MIDAMERICAN ENERGY HOLDINGS COMPANY."
<https://www.sec.gov/Archives/edgar/data/75594/000007559406000017/p8k022106ex101.htm>.

claimants were estimated to be close to \$1.7 billion.²⁰⁸ In February 2026, PacifiCorp reached a comprehensive settlement and agreed to pay \$575 million to resolve federal government claims for the damages resulting from the six wildfires in California and Oregon.²⁰⁹

Earlier in 2026, PacifiCorp made a public statement announcing that it has entered an agreement to sell its wind, natural gas generation and distribution assets and infrastructure in Washington state to Portland General Electric Company (PGE) for \$1.9 billion.²¹⁰ Diverging policies across different states have created significant pressure, affecting the company's financial stability, liquidity, and credit ratings. The decision to sell their operation and assets would allow the company to improve and strengthen its financial stability and further simplify their operations, indicated PacifiCorp's CEO Darin Carroll. While announced by the utility that the transaction is a strategic decision, several sources and news articles have pointed out PacifiCorp's financial challenges as a result of the damages claims from the wildfires and lawsuits. After the sale, PacifiCorp will operate in five states instead of six, in hope of improved finances and pressure alleviation.

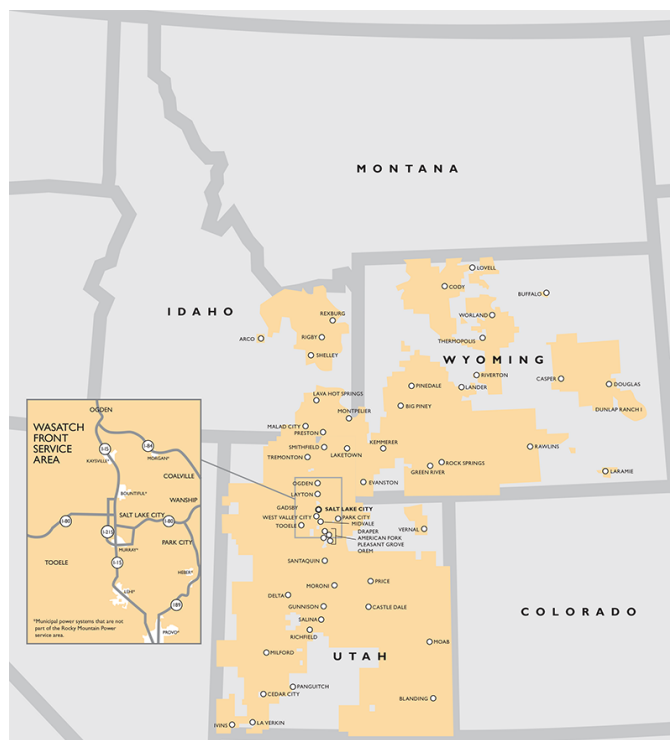
²⁰⁸ Stempel, Jonathan. 2025. *Buffett-owned utility reaches \$150 million Oregon wildfire settlement*. November 19. <https://www.reuters.com/legal/litigation/buffett-owned-utility-reaches-150-million-oregon-wildfire-settlement-2025-11-19/>.

²⁰⁹ DOJ. 2026 *Wildfires in California and Oregon*. February 20. <https://www.justice.gov/opa/pr/pacificorp-agrees-pay-575m-settle-claims-damage-caused-six-wildfires-california-and-oregon>.

²¹⁰ PacifiCorp. 2026. *PacifiCorp to sell Washington service area to Portland General Electric*. February 17. <https://www.pacificorp.com/about/newsroom/news-releases/pacificorp-to-sell-washington-service-area-to-pge.html>.



Pacific Power Service Map²¹¹



²¹¹ Pacific Power. 2026. "Areas We Serve." Accessed April 18, 2026.
<https://www.pacificpower.net/community/service-area.html>.

Rocky Mountain Power Service Map²¹²**Criteria Analysis****Customer Rates**

PacifiCorp is considered to perform well in terms of customer rates. In 2025, the average electric customer rate (residential) for PacifiCorp was 11.4 cents per kilowatt/hour. Compared to all U.S. investor owned utilities, this is 19% under the average.²¹³ According to the EIA 861 forms,²¹⁴ from the years 2001-2011, the residential rate increases were essentially steady, and there did not seem to be any increases that appear to be significant. There was roughly a one cent increase in residential rates in 2007, the year after acquisition compared to 2006, the year of acquisition. The biggest rate change between the two years happened in California, (1.25 cent increase) as they also appear to have the highest rates out of all six states. This pattern remains relatively consistent with the industrial and commercial rates as well. (See table below for data on residential rates from 2001-2011 by EIA)

²¹² Pacific Power. 2026. "Areas We Serve." Accessed April 18, 2026.
<https://www.rockymountainpower.net/community/service-area.html>.

²¹³ PacifiCorp. "Just The Facts." March 2026.
https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/about/PacifiCorp_Fact_Sheet.pdf.

²¹⁴ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16.
<https://www.eia.gov/electricity/data/eia861/>.

PacifiCorp - Annual Average Residential Rates by State from 2001 to 2011

Year	Pacific Power			Rocky Mountain Power		
	Oregon	Washington	California	Utah	Idaho	Wyoming
	Average Price cents/kWh	Average Price cents/kWh	Average Price cents/kWh	Average Price cents/kWh	Average Price cents/kWh	Average Price cents/kWh
2001	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A
Pre-Acquisition 2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	6.24	4.59	8.39	7.06	4.04	6.88
2005	6.31	5.16	8.34	7.41	4.08	6.99
2006	6.83	5.17	8.32	7.48	5.73	7.41
2007	7.84	5.97	9.57	8.22	6.74	7.60
2008	8.38	6.72	10.64	8.30	8.04	8.05
Post-Acquisition 2009	8.39	6.97	11.44	8.56	8.25	8.28
2010	8.55	7.23	11.10	8.80	8.48	8.38
2011	9.73	7.86	12.88	9.06	9.43	9.10

Data source: EIA - Electric Sales, Revenue, and Average Price (ESR Report)²¹⁵

Capital & Infrastructure Investments

In 2007, one year after the acquisition, the Energy Gateway Transmission Expansion Program,²¹⁶ which expands the transmission lines in mainly four of the six states - Idaho, Oregon, Wyoming and Utah. This project costs \$8 billion. According to PacifiCorp, this project addresses the electricity demands from customers, enhances reliability, lowering the limitations that arise from transmission systems, diversifies the accessibility of different types of generation, and ultimately enhances the electric flow between the six states where PacifiCorp operates. Another project that is in the works is the Sodium Demonstration Project,²¹⁷ which would shift PacifiCorp from using coal based power plants to nuclear power plants. This project is run by TerraPower, and PacifiCorp partnered with them. This project would work towards PacifiCorp's

²¹⁵ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

²¹⁶ PacifiCorp. "Energy Gateway." n.d. <https://www.pacifiCorp.com/transmission/transmission-projects/energy-gateway.html>.

²¹⁷ Martucci, Brian. "TerraPower Begins Construction at 345-MW Advanced Reactor Site in Wyoming | Utility Dive." June 2024. <https://www.utilitydive.com/news/terrapower-smr-advanced-nuclear-reactor-bill-gates/718722/>.

goal of moving away from coal. Instead of being cooled with water like most power plants, this project would use a sodium-based cooling mechanism. PacifiCorp’s CEO at the time, Cindy Crane, stated that this project would positively impact the customers of PacifiCorp, as well as improving the company’s reliability. This project is expected to be completed by 2030, and will be in Wyoming. “It’s the world’s only coal-to-nuclear project under development, TerraPower said”.²¹⁸

Power Grid Reliability

In PacifiCorp’s 2011 annual reliability report for California,²¹⁹ it appears to receive the most fluctuations in SAIDI, SAIFI and CAIDI scores between the states involved in PacifiCorp between the years 2001-2011. Data from other states such as Washington²²⁰ and Utah²²¹ illustrates relatively steady numbers. There is still fluctuation, but it is not as significant as California. For example, the numbers leading up to 2007 were fairly steady for California, but in 2008, the SAIDI jumped from 516.173 to 931.6, and the CAIDI²²² jumped from 121 to 227. Similar jumps were apparent throughout the years that data was collected for. (See tables below for most recent data on reliability by state from 2020-2024 from EIA database)

²¹⁸ Martucci, Brian. “TerraPower Begins Construction at 345-MW Advanced Reactor Site in Wyoming | Utility Dive.” June 2024. <https://www.utilitydive.com/news/terrapower-smr-advanced-nuclear-reactor-bill-gates/718722/>.

²¹⁹ California Public Utilities Commission. “PacifiCorp 2011 Annual Reliability Report.” n.d. https://files.cpuc.ca.gov/egy_Reliability_GO165Reports/ReliabilityRpts/2011/PacifiCorp_2011%20Reliability_Annual_Report.pdf.

²²⁰ Washington Utilities and Transportation Commission. “WASHINGTON SERVICE QUALITY REVIEW.” n.d. <https://www.utc.wa.gov/sites/default/files/2021-02/190331-PPL-Electric-Service-Reliability-Rpt-5-01-2019.pdf>.

²²¹ Public Service Commission of Utah. “UTAH SERVICE QUALITY REVIEW.” n.d. <https://pscdocs.utah.gov/electric/13docs/1303570/247871RMPJuneDrftOct22SvcQltyMtg10-10-2013.pdf>.

²²² California Public Utilities Commission. “PacifiCorp 2015 Reliability Annual Report.” July 15, 2026. https://files.cpuc.ca.gov/egy_Reliability_GO165Reports/ReliabilityRpts/2015/PacifiCorp_2015_Reliability_Annual_Report.pdf.

PacifiCorp Reliability Data from 2020 to 2024 - California

Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	381.375	1.702	224.075	132.866	1.098	121.007
2021	441.114	3.886	113.514	115.622	1.665	69.443
2022	1045.869	3.826	273.358	127.613	2.128	59.969
2023	2381.130	3.870	615.279	177.230	1.560	113.609
2024	586.590	3.110	188.614	196.550	1.870	105.107

PacifiCorp Reliability Data from 2020 to 2024 - Idaho

Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	421.811	3.546	118.954	166.021	2.365	70.199
2021	269.414	2.558	105.322	168.612	2.067	81.573
2022	126.113	1.069	117.973	104.810	0.984	106.514
2023	127.060	1.230	103.301	127.060	1.230	103.301
2024	264.600	1.590	166.415	129.440	1.300	99.569

PacifiCorp Reliability Data from 2020 to 2024 - Oregon

Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	353.963	1.648	214.783	110.705	0.996	111.150
2021	452.344	1.688	267.976	106.475	0.927	114.860
2022	297.986	1.633	182.478	124.860	1.010	123.624
2023	136.610	1.041	131.230	103.060	0.910	113.253
2024	368.370	1.410	261.255	107.570	0.880	122.239

PacifiCorp Reliability Data from 2020 to 2024 - Utah

Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	681.953	1.430	476.890	105.817	0.926	114.273
2021	123.941	0.973	127.380	108.312	0.913	118.633
2022	111.689	0.903	123.687	101.426	0.863	117.527
2023	129.760	0.970	133.773	109.950	0.910	120.824
2024	117.720	1.073	109.711	109.130	1.020	106.990

PacifiCorp Reliability Data from 2020 to 2024 - Washington						
Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	286.037	1.240	230.675	105.638	0.794	133.045
2021	135.134	1.068	126.530	86.826	0.611	142.105
2022	107.388	0.833	128.917	94.115	0.665	141.526
2023	66.980	0.580	115.483	66.980	0.580	115.483
2024	209.350	1.950	107.359	101.990	0.710	143.648

PacifiCorp Reliability Data from 2020 to 2024 - Wyoming						
Year	Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	307.254	1.693	181.485	112.006	1.119	100.095
2021	120.160	0.970	123.876	120.160	0.970	123.876
2022	166.882	1.188	140.473	112.873	1.017	110.986
2023	103.340	0.830	124.506	84.260	0.760	110.868
2024	92.130	0.860	107.128	92.130	0.860	107.128

Data source: Form EIA-861²²³

Financial Well-being

According to the 10-K annual report filings on the SEC, between the years 2001-2011,²²⁴ PacifiCorp received stable credit ratings for the most part. In 2004, two years before the acquisition, PacifiCorp was given a “negative” outlook by Moody’s and S&P. There was a large jump from \$25 million in short term debt in 2003 to \$124 million in short term debt in 2004, which could have alluded to the “negative” outlook. In 2005, one year before the acquisition, Moody’s assigned PacifiCorp a “developing” outlook, signaling uncertainty about its financial trajectory as the pending acquisition could either strengthen or weaken its credit profile; S&P Global, by contrast, maintained a “stable” outlook. Today, PacifiCorp faces a "negative" outlook

²²³ EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

²²⁴ U.S. SEC. 2026 “PacifiCorp.” EDGAR. <https://www.sec.gov/edgar/browse/?CIK=75594>.

by S&P Global²²⁵ and a credit rating of BBB-. The Oregon wildfires that PacifiCorp was liable for is a driving factor of their credit rating decline, as the company has been in deep debt since the disaster happened.

Renewable Transition & Clean Energy

In 2023, coal had the highest percentage in the fuel mix for Pacific Power, (in Oregon) which was 37.83%.²²⁶ The second highest was natural gas, which was at 21.44%. For Rocky Mountain Power²²⁷ (in Idaho) in the same year, coal also had the highest percentage in their fuel mix at 36.1%. Natural gas was second at 22.4%. The numbers between the two years are similar. However, in 2024, Pacific Power²²⁸ had a much closer gap between the percentages of coal and natural gas; coal was at 28.7% and natural gas was at 26.4%. This was similar in Idaho for Rocky Mountain Power²²⁹ in 2024; 28.7% coal and 26.4% natural gas. This illustrates that PacifiCorp is indeed attempting to shift away from coal in the future, and it is probable that in the 2030's, nuclear would be more of a contributor in their fuel mix following the completion of the Natrium Demonstration Project. In Oregon, a clean energy plan was put in place to reduce greenhouse gas emissions. Specifics include: "80% by 2030; 90% by 2035; and 100% by

²²⁵ S&P Global. "Research Update: PacifiCorp Ratings Removed From CreditWatch Negative, Outlook Negative." March 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3531148>.

²²⁶ Pacific Power. "Pacific Power Oregon Fuel Mix 2023." n.d. https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/my-account/bill-inserts/PP_OR_Fuel_Mix_2023-Year_Bill-Insert_LARGE-BUSINESS.pdf.

²²⁷ Rocky Mountain Power. "Power Content Label." 2024. https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/my-account/bill-inserts/RMP_ID_Fuel_Mix_Onsert_April_2024.pdf.

²²⁸ Pacific Power. "Blue Sky Usage and Block Products 2024 HISTORIC PRODUCT CONTENT LABEL." n.d. https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/blue-sky/PP_2024_HPCL.pdf.

²²⁹ Rocky Mountain Power. "Power Content Label." 2025. https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/idaho/Idaho_Fuel_Mix_Power_Content_Label.pdf.

2040”.²³⁰ Emissions decreased by 18.68% in 2024 from the baseline.²³¹ This is about a 3% improvement from 2023 (15.84%). Based on these numbers, it does not appear that PacifiCorp is on track of meeting the 80% marker by 2030. PacifiCorp also aims to have coal and gas to contribute 16% and 10% towards their generation mix by 2031, as well as their carbon dioxide emissions to drop by 11 metric tons by 2032.²³² According to Utah’s 2025 IRP, PacifiCorp also plans on having “3,782 MW of new wind and 5,912MW of new solar” within their 21 year period.²³³ PacifiCorp also aims to have “2,408 MW of energy storage resources, including 605 MW of iron-air batteries with 100- hour storage capability”.²³⁴

Pacific Power Fuel Mix (Oregon)

²³⁰ Pacific Power. “Oregon 2025 Clean Energy Plan.” June 2025.
https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/community/or-cep/2025_Oregon_Clean_Energy_Plan.pdf.

²³¹ Oregon Public Utility Commission. “PacifiCorp 2025 Clean Energy Plan Public Meeting.” July 2025.
https://oregonpuc.granicus.com/Viewer.php?view_id=2&clip_id=1518&meta_id=42217.

²³² Howland, Ethan. “PacifiCorp Aims to Add 4.7 GW Renewables, 1.7 GW Storage by 2031 | Utility Dive.” Utility Dive, April 2025. <https://www.utilitydive.com/news/pacificcorp-2025-irp-resource-plan-wind-solar-coal/744195/>.

²³³ PacifiCorp. “Utah 2025 Integrated Resource Plan.” March 2025.
https://www.pacificcorp.com/content/dam/pcorp/documents/en/pacificcorp/energy/integrated-resource-plan/2025-irp/2025_IRP_Vol_1_Utah.pdf.

²³⁴ PacifiCorp. “Utah 2025 Integrated Resource Plan.” March 2025.
https://www.pacificcorp.com/content/dam/pcorp/documents/en/pacificcorp/energy/integrated-resource-plan/2025-irp/2025_IRP_Vol_1_Utah.pdf.

Pacific Power Fuel Mix (Oregon)			
2023		2024	
Source	Percentage (%)	Source	Percentage (%)
Coal	37.83	Coal	28.70
Natural Gas	21.44	Natural Gas	26.40
Unspecified	19.41	Market Purchases	14.80
Wind	13.17	Unspecified	12.70
Hydro	4.67	Wind	12.00
Solar	2.11	Hydro	3.40
BPA	0.43	Solar	1.70
Geothermal	0.41	Geothermal	0.30
Other	0.40	Biomass	0.10
Biomass	0.13	Other	0.00
Biogas	0.00		
Nuclear	0.00		

Data source: Oregon Pacific Power 2023²³⁵ and 2024²³⁶ fuel mix.

Rocky Mountain Fuel Mix (Idaho)			
2023		2024	
Source	Percentage (%)	Source	Percentage (%)
Coal	36.1	Coal	28.8
Natural gas	22.4	Natural gas	26.5
Wind	12.5	Market Purchases	12.6
Hydroelectric	4.7	Unspecified	12.3
Geothermal	0.4	Wind	12
Biogas	0.2	Hydroelectric	5.7
		Solar	1.7
		Geothermal	0.3
		Biomass	0.1
		Nuclear	0
		Other/Misc	0

Data source: Idaho Rocky Mountain Power 2023²³⁷ and 2024²³⁸ fuel mix.

²³⁵ Pacific Power. “Pacific Power Oregon Fuel Mix 2023.” n.d.
https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/my-account/bill-inserts/PP_OR_Fuel_Mix_2023-Year_Bill-Insert_LARGE-BUSINESS.pdf.

²³⁶ Pacific Power. “Blue Sky Usage and Block Products 2024 HISTORIC PRODUCT CONTENT LABEL.” n.d.
https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/blue-sky/PP_2024_HPCL.pdf.

²³⁷ Rocky Mountain Power. “Power Content Label.” 2024.
https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/my-account/bill-inserts/RMP_ID_Fuel_Mix_Onsert_April_2024.pdf.

²³⁸ Rocky Mountain Power. “Power Content Label.” 2025.
https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/idaho/Idaho_Fuel_Mix_Power_Content_Label.pdf.

Regulation, Oversight, and Consumer Protection

PacifiCorp is regulated by FERC, Pacific Power is regulated by PUC of Oregon, California, Washington, and FERC. Rocky Mountain Power is regulated by the PUC of Utah, Wyoming, Idaho, and FERC. According to the SEC, there was an agreement that PacifiCorp's customer service standards would not be changed until 2011,²³⁹ (5 years after acquisition) PacifiCorp cannot unilaterally make rate changes. Like any public utility, they must go through the PUC and FERC. With the ring fencing came several reporting requirements. One of the more notable ones is that any amendments to the ring fencing had to be reported to the Commission's Energy Division within thirty days. A significant ratepayer protection commitment in the acquisition was the hold harmless clause. This clause protected ratepayers by making them "...harmless if the transaction between MEHC and PacifiCorp results in a higher revenue requirement for PacifiCorp than if the transaction had not occurred." (SEC, 2006).²⁴⁰

Xcel Energy connection

The Oregon wildfires connect to Minnesota Power through another Minnesota based utility company, Xcel Energy. In 2021, there was a large wildfire in Marshall, Colorado, and Xcel was accused of starting that fire due to mishandling power lines. Despite fighting the accusations, a \$640 million settlement was put in place. According to The Colorado Sun,²⁴¹ many people impacted by the wildfire lost homes, and two people passed away from it. The article

²³⁹ U.S. SEC. 2006. "DECISION GRANTING CONDITIONAL APPROVAL OF THE ACQUISITION OF PACIFICORP BY MIDAMERICAN ENERGY HOLDINGS COMPANY." <https://www.sec.gov/Archives/edgar/data/75594/000007559406000017/p8k022106ex101.htm>.

²⁴⁰ U.S. SEC. 2006. "DECISION GRANTING CONDITIONAL APPROVAL OF THE ACQUISITION OF PACIFICORP BY MIDAMERICAN ENERGY HOLDINGS COMPANY." <https://www.sec.gov/Archives/edgar/data/75594/000007559406000017/p8k022106ex101.htm>.

²⁴¹ Booth, Michael. "Xcel Energy Settling Marshall Fire Lawsuit for \$640 Million While Admitting No Fault." The Colorado Sun, September 24, 2025. <https://coloradosun.com/2025/09/24/xcel-energy-settling-marshall-fire-lawsuit-for-640-million-while-admitting-no-fault/>.

states that this wildfire was the most destructive wildfire ever in Colorado. After the fires, a \$1.9 million plan was put in place for mitigation. Also, in 2010, Xcel Energy faced a disaster when their Black Dog power plant in Burnsville, Minnesota exploded, causing minor injuries to three firefighters who were at the scene. The disaster started as a smoldering fire, and then turned into a small explosion.²⁴² The Black Dog power plant was shut down following the explosion and Xcel ultimately decided to move away from coal and lean towards natural gas.²⁴³

Pacific Corp Regulations & Oversight Analysis (Idaho, Utah, and Wyoming, Washington & California):

The acquisition of Pacific Corp illustrates how investor-owned utilities have a regulatory framework. This analysis focuses on Idaho, Utah, and Wyoming, with oversight from individual state commissions and the Federal Energy Regulatory Commission. The regulation involves areas in rates/service quality, transaction and consumer protections, etc.

The Idaho Public Service Commission is the commission to regulate Pacific Corp. Under statute ID 61-503, the Idaho Public Utilities Commission has the authority to investigate rates and practices.²⁴⁴ Pacific Corp cannot change rates on their own and the following statute regulates permanent and interim rates. Under ID statute 61-307, the commission requires utilities to file a 30-day notice before any rate changes.²⁴⁵ Additionally under ID statute 61-622, the commission requires utilities to get approval from them to change any rates and the commission

²⁴² Nelson, Tim, and Elizabeth Dunbar. "Black Dog Coal Plant Shut down after Explosion." MPR News, September 21, 2010. <https://www.mprnews.org/story/2010/09/21/black-dog-plant-explosion>.

²⁴³ Dunbar, Elizabeth. "Xcel's Coal Plant in Burnsville Takes Its Last Load before Transitioning to Gas." MPR News, April 8, 2015. <https://www.mprnews.org/story/2015/04/08/xcel-coal-plant>.

²⁴⁴ FindLaw. 2024. "Idaho Statutes Title 61. Public Utility Regulation § 61-503 | FindLaw" <https://codes.findlaw.com/id/title-61-public-utility-regulation/id-st-sect-61-503/>

²⁴⁵ FindLaw. 2024. "Idaho Statutes Title 61. Public Utility Regulation § 61-307. Schedules--Change in rate and service" <https://codes.findlaw.com/id/title-61-public-utility-regulation/id-st-sect-61-307/>

suspends rates and conducts a hearing to determine if the rate changes are reasonable.²⁴⁶ This is relevant to the case because ScottishPower sold PacifiCorp to MidAmerican Energy Holding Company. Idaho does not have an integrated resource process. It has provisions on ring-fencing. For instance, PacifiCorp will maintain its own accounting system, separate from MEHC's accounting system (p. 15).²⁴⁷ The order has affiliate transaction provisions. For instance, the commission can access MidAmerican Energy Holdings Company and Pacific Corp's documents and those of their affiliate interests (p. 15).²⁴⁸ The order has some provisions on guarantees. For instance, MidAmerican Energy Holdings Company will not pledge any of the assets of the business of PacifiCorp as backing for any securities of MidAmerican Energy Holdings Company or its affiliates (p. 19).²⁴⁹ It has parent-financial risk provisions. For instance, The MidAmerican Energy Holdings Company's acquisition premium for PacifiCorp will be recorded in the accounts of the acquisition company and not in Pacific Corp utility accounts (p. 28).²⁵⁰ Idaho had consumer protections for the rate payers. It provided \$640,000 bill credits annually for test years

²⁴⁶ FindLaw. 2024. Idaho Statutes Title 61. Public Utility Regulation § 61-622. Finding of commission necessary for increase in rate and approval of a new tariff or schedule--Suspension.
<https://codes.findlaw.com/id/title-61-public-utility-regulation/id-st-sect-61-622/>

²⁴⁷ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁴⁸ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
[portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584https://e360.prc.nm.gov/](https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584).

²⁴⁹ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁵⁰ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

2006 and 2007 (p. 12).²⁵¹ Additionally, it offered a \$40,000 annual low-income bill assistance payment (p. 27).²⁵² Regarding reporting requirements, Idaho requires annual affiliate transaction reports (p. 16).²⁵³ The state has required plans or filings after closing. For instance, within three months of closing of the transaction, MidAmerican Energy Holdings Company commits to obtain a non-consolidation opinion that demonstrates that the ring fencing around PPW Holdings LLC is sufficient to prevent PPW Holdings LLC and PacifiCorp from being pulled into an MEHC bankruptcy (p. 33).²⁵⁴ The Idaho Commission has power regarding noncompliance to orders from a statute. Any person who fails to comply with an Idaho commission order is subject to a civil penalty of not more than \$2000 (ID 61-706).²⁵⁵ The state does not have underperformance or automatic credits, nor does it have required benchmark reportings. Idaho has a 44% equity ratio and excludes \$820,000 per year from rates. It has no return on equity cap.

The Utah Service Commission also has jurisdiction over Pacific Corp electric utility. Under statute UT 54-4-4.1, the Utah Service Commission can adopt any rate regulation that is

²⁵¹ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁵² IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁵³ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁵⁴ IPUC. 2006. *Idaho Final Merger Order*. NMPRC. 2019. Docket #: 19-00234-UT | New Mexico Joint Application.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

²⁵⁵ FindLaw. Idaho. 2024. "Idaho Statutes Title 61. Public Utility Regulation § 61-706. Penalty for violation"
<https://codes.findlaw.com/id/title-61-public-utility-regulation/id-st-sect-61-706/>

just and reasonable and aligns with public interest.²⁵⁶ The commission regulates resource planning. Under statute UT 54-17-302, The commission requires electric utilities to get approval from them before any energy resource development, weighing factors such as public interest, energy resource dispatchability, in-state dispatchable generation, alignment with state energy policy, cost-effective option for customers, risk, reliability, and financial impacts of the utility.²⁵⁷ In Utah, Pacific Corp is not allowed to change rates on its own. Under statute UT 54-7-12, the commission has power over public utilities up for rate request application, hearing, and a final decision before permanent rate changes to assess if they are reasonable; it also allows utilities to file interim rates in 90 days after general rate request with commission approval of those rates in 45 days, subject to refunds or subcharges.²⁵⁸

Utah has provision on ring-fencing, affiliate transactions, financial guarantees, and financial risk. The state has a ring-fencing provision. For instance, Pacific Corp will maintain its own accounting system separate from MidAmerican Energy Holdings Company (p. 25).²⁵⁹ Secondly, it has affiliate transaction provisions. For instance, MEHC and PacifiCorp will provide the Commission access to all books of account, as well as all documents, data, and records of their affiliated interests (p.25).²⁶⁰ Thirdly it has guaranteed provisions. For instance, MEHC and PacifiCorp guarantee that the customers of PacifiCorp will be held harmless if the transaction

²⁵⁶ FindLaw. 2025. "Utah General Rate Authority", <https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-4-4-1/>

²⁵⁷ FindLaw. 2025. "Utah Resource Planning" [Utah Code Title 54. Public Utilities § 54-17-302 | FindLaw](https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-17-302/)

²⁵⁸ FindLaw. 2025. "Utah Interim and Permanent Rates" [Utah Code Title 54. Public Utilities § 54-7-12 | FindLaw](https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-7-12/)

²⁵⁹ PSCU. 2006. "Utah Final Merger Approval Order", <https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶⁰ PSCU. 2006. "Utah Final Merger Approval Order", <https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

between MidAmerican Energy Holdings Company and PacifiCorp results in a higher revenue requirement for PacifiCorp than if the transaction had not occurred (p. 28).²⁶¹ Fourthly, it has provisions on whether the financial risk can stay on parent-company than utility. For instance, The premium MEHC pays for PacifiCorp will be recorded in the accounts of the acquisition company and not in the utility accounts of PacifiCorp (p. 35).²⁶²

The state has regulatory over transaction and consumer protections. It has a Utah Final Merger order 05-035-54 has state customer protections including \$200,000 in non-utility accounts to match customer and employee contributions to the Utah fuel fund bill assistance program (p. 40).²⁶³ Regarding reporting requirements, PacificCorp must file an annual affiliate transaction report (p. 26).²⁶⁴ The order had required plans or filings after closing. For instance, By September 1, 2007, MEHC and PacifiCorp will file a plan with the Commission that explicitly sets forth: (1) senior management positions for location in Utah; (2) the timeframe for implementing different stages of the plan; and (3) an economic analysis supporting the cost effectiveness of the plan (p. 35).²⁶⁵

The commission has power for noncompliance of orders. Any public utility that fails to comply with this title, including commission order is subject to a penalty not less than \$500 nor

²⁶¹ PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶² PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶³ PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶⁴ PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶⁵ PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

more than \$2000 (UT § 54-7-25).²⁶⁶ Utah doesn't have automatic credits or underperformance penalties. It does not have a return on equity cap nor equity ratio cap. Pacific Corp will notify the commission if its equity capital is reduced to 44 percent of its total capital for more than three months (p. 27).²⁶⁷

The Wyoming Public Service Commission is the third authority that regulates certain areas in the Pacific Corp Case. This commission ensures safe, adequate, and reasonably priced utilities.²⁶⁸ Wyoming Public Service Commission regulates mergers. No public utility should be reorganized without public service commission approval and reorganization can mean change of ownership interest or control of a public utility (§ 37-1-104).²⁶⁹ The state has a resource planning process. An integrated resource plan should include a 10-year demand and energy forecast; demand- and supply-side options; the utility's assumptions and conclusions regarding energy costs and reliability (WY Stat § 37-2-135).²⁷⁰ The state has a rate case process. Utilities cannot change rates without a 30-day notice to the commission to assess if the changes are just and reasonable; they investigate rates, suspend them, and subject interim rates to a bond which shall secure a refund(WY 37-3-106).²⁷¹ Just like Idaho and Utah, Wyoming has provisions on

²⁶⁶ FindLaw. 2025. "Utah Noncompliance Statute"
<https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-7-25/>

²⁶⁷ PSCU. 2006. "Utah Final Merger Approval Order",
<https://pscdocs.utah.gov/electric/05docs/0503554/474540503554RO1-27-2006.pdf>

²⁶⁸ Wyoming Public Service Commission. 2026. "About Us".
<https://psc.wyo.gov/about-us>

²⁶⁹ FindLaw. 2024. "WY Merger Approval"
<https://codes.findlaw.com/wy/title-37-public-utilities/wy-st-sect-37-1-104/>

²⁷⁰ State of Wyoming. 2025. "WY Resource Planning".
[Wyoming Statutes § 37-2-135 \(2025\) - Review of Integrated Resource Plan Action Plans. :: 2025 Wyoming Statutes :: U.S. Codes and Statutes :: U.S. Law :: Justia](#)

²⁷¹ FindLaw. 2024. "WY Rate Case Process"
<https://codes.findlaw.com/wy/title-37-public-utilities/wy-st-sect-37-3-106/>

ring-fencing, affiliate transactions, guarantees, and parent-financial risk. For instance, Wyoming has provisions requiring separate accounting from Pacific Corp and MidAmerican Energy Holdings Company and allowing commission access to books of account (p. 1).²⁷² Secondly, it has provisions on affiliate transactions. For instance, MidAmerican Energy Holdings Company and PacificCorp will allow the commission to access accounts, and documents, data, and records of their affiliate interests (p.1).²⁷³ It has provisions on guarantees. For instance, when PacificCorp obtains a loan from the parent company, it will show that interest are comparable or less than what PacificCorp could obtain at the time of the debt and that the loan is on reasonable terms without markup to holding company funds (p. 17).²⁷⁴ The state has consumer protection. Firstly it will provide \$142.5M in offsettable rate credits (p. 13).²⁷⁵ Secondly, it provided an annual \$70,000 low-income bill payment assistance for five years beginning on July 1, 2006 (p.20).²⁷⁶ Regarding reporting requirements, Wyoming must file an annual affiliate transaction report (p.2).²⁷⁷ For required plans or filings after closing, MidAmerican Energy Holdings Company and PacificCorp will discuss evaluation of demand-side management programs from PacificCorp in other states that could be cost-effective for Wyoming (p.13).²⁷⁸ The commission

²⁷² PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷³ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷⁴ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷⁵ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷⁶ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷⁷ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

²⁷⁸ PSCW. 2006. "WY Final Merger Approval Order".
<https://pscdocs.utah.gov/electric/05docs/0503554/297263WYOrder3-1-2006.pdf>

has authority over noncompliance. Failure to obey a commission order should be punished by a fine of not less than \$100.00 or more than \$1,000.00 (WY Stat § 37-12-201). The state does not have under-performance payments or automatic credits. Wyoming does not have a return on equity cap nor equity ratio cap.

The Washington Utilities and Transportation Commission (WUTC) maintains exclusive jurisdiction over investor-owned utilities under Title 80, with the Public Counsel Unit acting as the statutory consumer watchdog. Unilateral rate changes are strictly prohibited under Wash. Rev. Code § 80.04.130, requiring the utility to prove cost prudence during a formal tariff request (Washington State Legislature n.d.).²⁷⁹ Furthermore, Washington enforces a strict prudence standard that explicitly shields ratepayers from MEHC's acquisition debt and parent-company mismanagement.²⁸⁰

While Washington evaluates mergers under a baseline "no harm" standard, the WUTC utilized the "Most Favored State" (MFS) mechanism to legally guarantee the same hold-harmless provisions, acquisition premium exclusions, and proportional rate credits secured in concurrent jurisdictions.²⁸¹ To prevent self-dealing, PacifiCorp is subject to ongoing affiliate interest reporting and mandatory post-closing organizational filings designed to trace deferred funds and verify that merger savings materialized. The WUTC leverages significant compounding statutory penalties. Under Wash. Rev. Code § 80.04.380, the commission can fine utilities up to \$1,000 per

²⁷⁹ State of Washington. 2026. "Suspension of Tariff Change, Wash. Rev. Code § 80.04.130 (2026)", <https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.130>.

²⁸⁰ PSCW. 2006. "Final Order Approving Settlement Stipulation and Authorizing Transaction, Docket No. U-051090" (Washington Utilities and Transportation Commission 2006) <https://pscdocs.utah.gov/electric/05docs/0503554/47880WashOrder2-24-06.pdf>.

²⁸¹ PSCW. 2006. "Final Order Approving Settlement Stipulation and Authorizing Transaction, Docket No. U-051090" (Washington Utilities and Transportation Commission 2006) <https://pscdocs.utah.gov/electric/05docs/0503554/47880WashOrder2-24-06.pdf>.

day for continuing violations, and Wash. Rev. Code § 80.04.405 provides secondary authority to fine involved corporate officers \$100 per day.²⁸² System-wide enforcement is augmented by the uniform Customer Service Guarantees (CSGs) and standard reliability metrics (SAIDI and SAIFI), which trigger mandatory investigations and potential shareholder-funded penalties for operational degradation.

Authorized returns on equity (ROE) are actively litigated during rate cases rather than permanently capped. To protect consumers from corporate leverage, the WUTC order legally integrated the multi-state structural ring-fencing mandates—including independent credit ratings, separate debt ledgers, and strict dividend restrictions, and enforced the 44% common equity floor to insulate the operating utility from Berkshire Hathaway’s broader financial portfolio.²⁸³

Furthermore, The California Public Utilities Commission (CPUC) is a constitutionally established state agency governed by five commissioners appointed by the Governor. It maintains exclusive jurisdiction over investor-owned utilities in the state, and under California Public Utilities Code (PUC) § 451, is tasked with ensuring all utility charges are "just and reasonable."²⁸⁴ To provide an additional check in proceedings, the Public Advocates Office functions as an independent statutory watchdog, legally mandated to intervene in dockets on behalf of residential ratepayers. PacifiCorp cannot change its rates unilaterally. Under PUC § 454(a), the utility must initiate a General Rate Case (GRC) involving evidentiary hearings,

²⁸² Wash. Rev. Code § 80.04.380, <https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.380>.

²⁸³ Final Order Approving Settlement Stipulation and Authorizing Transaction, Docket No. U-051090 (Washington Utilities and Transportation Commission) 2006)<https://pscdocs.utah.gov/electric/05docs/0503554/47880WashOrder2-24-06.pdf>.

²⁸⁴ California State Legislature. n.d.-a. Cal. Pub. Util. Code § 451. Just and Reasonable Charges. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.&lawCode=PUC.

discovery, and extensive audits before any rate change can take effect.²⁸⁵ California also operates under a strict prudence standard, and the 2006 acquisition orders explicitly separated the operating utility from the holding company's financial risks, meaning ratepayers are only liable for costs tied to prudent and necessary utility operations.

The CPUC also required strict hold-harmless provisions, explicitly prohibiting MEHC from passing transaction costs or the acquisition premium onto PacifiCorp's utility accounts. California ratepayers received a proportional share of the system-wide \$142.5 million rate credit generated through the multi-state settlement process.²⁸⁶ PacifiCorp is additionally subject to affiliate transaction reporting requirements designed to prevent cross-subsidization, requiring the utility to report all interactions and cross-charges with MEHC and other Berkshire Hathaway subsidiaries. Due to the MFS clause, the CPUC also ordered the petitioners to file a post-closing petition to formally embed the ring-fencing measures and financial commitments adopted in other states into the California regulatory framework. Under PUC § 2107, the CPUC can levy civil penalties between \$500 and \$100,000 per offense, and under PUC § 2108, each day of a continuing violation is treated as a separate and distinct offense.

Enforcement is further supported by Customer Service Guarantees (CSGs), which require the utility to issue automatic bill credits to individual customers for operational failures such as missed service appointments or failure to restore power within specified timeframes.²⁸⁷

²⁸⁵ California State Legislature. n.d.-b. Cal. Pub. Util. Code § 454. Rate Changes; Approval; Rules. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=454.&lawCode=PUC.

²⁸⁶ California Public Utilities Commission. 2006. Decision 06-02-033: Decision Granting Conditional Approval of the Acquisition of PacifiCorp by MidAmerican Energy Holdings Company. Application 05-07-010. February 16. https://docs.cpuc.ca.gov/published/FINAL_DECISION/53790.htm.

²⁸⁷ California State Legislature. n.d.-c. Cal. Pub. Util. Code § 2107. Penalty for Violations. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=2107.&lawCode=PUC.

PacifiCorp is also required to track and report reliability metrics including SAIDI and SAIFI, and degradation of these metrics can trigger CPUC investigations and shareholder-funded penalties.

Decision 06-02-033 further required comprehensive ring-fencing, including PacifiCorp maintaining its own corporate credit rating separate from MEHC, independent ratings for its long-term debt, and a prohibition on pledging utility assets as collateral for holding company borrowing.

Case Two: Puget Sound Energy (PSE)

Case Overview

Puget Sound Energy (PSE) is the largest and oldest local energy utility and provider in the Western part of Washington state. Its parent or holding company is Puget Energy (NYSE:PSD). Based on 2025 year-end data, PSE serves approximately 2 million customers including 1.26 million in electric customers and about 900,000 natural gas customers in 10 counties, covering 6,000 square miles in the Puget Sound region. With many predecessors tracing back to 1873, PSE has a rich history of providing service in electric and energy to local customers and communities in the region for more than 150 years (Puget Sound Energy, 2026).²⁸⁸

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In October 2007, Puget Energy, parent company of PSE, entered into an agreement to be acquired by a consortium led by Macquarie Infrastructure Partners (MIP), a subsidiary of the Macquarie Group Limited. The consortium includes the CPPIB, British Columbia Investment Management Corporation (BCIMC), further including Alberta Investment Management Corporation (AIMCo), Macquarie-FSS Infrastructure Trust, and Macquarie Bank Limited.²⁹⁰ Together, they established Puget Holdings LLC, the acquiring party and a new holding company

²⁸⁸ Puget Sound Energy. 2026. *Service Locations*. PSCW. 2006. “Final Order Approving Settlement Stipulation and Authorizing Transaction, Docket No. U-051090” (Washington Utilities and Transportation Commission 2006) .

²⁸⁹ PSE. 2026. *About Us*.

https://www.google.com/url?q=https://www.pse.com/en/about-us&sa=D&source=docs&ust=1777487730735125&u sg=AOvVaw21ehZ4QR4Jk8kx-V_qL9O2.

²⁹⁰ CPP Investments. 2007. *Puget Energy Signs Merger Agreement with Consortium of North American Infrastructure Investors Including CPP Investment Board*.
<https://www.cppinvestments.com/newsroom/puget-energy-signsmergeragreementwithconsortiumofnorthamericanin/>

for Puget Energy.²⁹¹ ²⁹² The consortium group had agreed to acquire Puget Energy at an initial deal worth \$3.51 billion, though the agreement still required approval by federal and state regulators.²⁹³ The merger agreement had received early approval by Puget Energy's shareholders and FERC, though the acquisition experienced a delay due to pending approval by Washington state regulators in 2008.²⁹⁴ ²⁹⁵ The settlement was later approved in a 2-1 vote by the Washington Utilities and Transportation Commission (WUTC) on December 30, 2008.²⁹⁶ The acquisition was finalized in February 2009 at \$7.4 billion, including debt, and Puget Energy's common stock was delisted from the NYSE following the acquisition.²⁹⁷ Puget Energy and PSE were no longer publicly traded thereafter.

Over the years, PSE had gone through some changes in ownership mainly through the sales in shares and ownership of Puget Holdings LLC, its main parent and holding company. In 2018, Macquarie reached an agreement to sell their ownership and shares to existing shareholders and new investors including AIMCO, BCIMC, Ontario Municipal Employee

²⁹¹ NGI Staff Reports. 2009. *\$7.4B Deal to Take Puget Sound Energy Private Gets Final OK*. <https://naturalgasintel.com/news/74b-deal-to-take-puget-sound-energy-private-gets-final-ok/>.

²⁹² U.S. SEC. 2018. *PSE | 2018 10-K*. <https://www.sec.gov/Archives/edgar/data/81100/000108539219000007/pe-12312018x10k.htm>.

²⁹³ Reuters. 2007. *Puget Energy to Be Acquired for \$3.5 Billion*. October 26. <https://www.cnbc.com/2007/10/26/puget-energy-to-be-acquired-for-35-billion.html>.

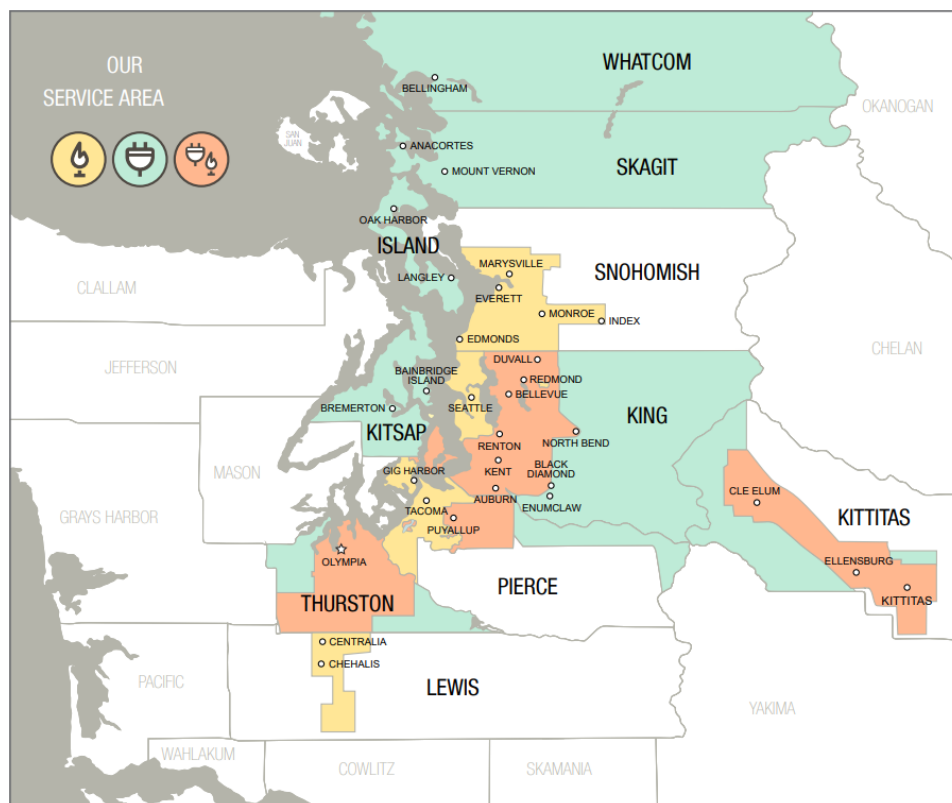
²⁹⁴ Forbes. 2008. *Macquarie Bid For Puget Sound Energy Facing Tough Scrutiny*. https://www.forbes.com/2008/06/20/puget-energy-macquarie-markets-equity-cx_vk_0620markets03.html.

²⁹⁵ NGI. 2009. *Privatization of Puget Sound Delayed Until 2009*. <https://naturalgasintel.com/news/privatization-of-puget-sound-delayed-until-2009-2/>.

²⁹⁶ NGI Staff Reports. 2009. *\$7.4B Deal to Take Puget Sound Energy Private Gets Final OK*. January 2. <https://naturalgasintel.com/news/74b-deal-to-take-puget-sound-energy-private-gets-final-ok/>.

²⁹⁷ U.S. SEC. 2009. *Puget Holdings completes acquisition of Puget Energy and Puget Sound Energy*. February 6. <https://www.sec.gov/Archives/edgar/data/81100/000119312509027209/dex991.htm>.

Retirement System (OMERS), and PGGM Vermogensbeheer B.V. (PGGM).²⁹⁸ Further in 2022, under approval by the WUTC, CPPIB proceeded to sell its ownership interest (about 31.6%) to new investors including the Ontario Teachers' Pension Plan Board (OTPP) and Macquarie Clean Energy Investment L.P. (part of the Macquarie Group Limited) in a joint partnership agreement, resulting in Macquarie reinvesting in Puget Sound Energy.²⁹⁹



Puget Sound Energy Service Territory Map³⁰⁰

²⁹⁸ U.S. SEC. 2019. *Form 10-K | 2018 PSE*. December 31. <https://www.sec.gov/Archives/edgar/data/81100/000108539219000007/pe-12312018x10k.htm#:~:text=In%20August%202018%2C%20Macquarie%20Infrastructure,herein%20as%20%E2%80%9Cthe%20Company.%E2%80%9D&text=Puget%20Energy%20is%20the%20direct,cost%2Deffective%20manne.>

²⁹⁹ Washington Utilities and Transportation Commission. 2022. *UTC Approves New PSE minority owners*. January 28. <https://www.utc.wa.gov/news/2022/utc-approves-new-pse-minority-owners>.

³⁰⁰ Puget Sound Energy. 2026. *PSE Locations*. <https://www.pse.com/en/Customer-Service/pse-locations-2>.

Criteria Analysis

Customer Rates

To help us better understand whether the acquisition has affected or impacted customer rates, we look at available data from the EIA website. Through the EIA's Electric Sales, Revenue, and Average Price (ESR) report we obtained data on customer rates and compiled them into a table categorizing them by year and by customer segment.³⁰¹ We extracted data from 2004 to 2014, that is 5 years prior and 5 years after acquisition, to help us understand whether there had been any significant change or impact on consumer rates before and after the acquisition and after Puget Energy became privatized.

Looking at the data for average price for residential customers, we see that PSE, in fact, has had price increases over the 10-year period. It is also to note that price increase in utility rates is not an uncommon phenomenon. The increases appear incremental and at a steady rate which does not indicate anything significant changes or drastic price surge from between 2004 and 2014. On the contrary, we also see a price decrease from 10.30 cents per kilowatt hour (cents/kWh) in 2013 to 9.69 cents per kilowatt hour in 2014. (See table below for data on average residential rates by different sectors from 2004-2014 from EIA database)

In recent years, there have been several sources and reports indicating some noteworthy price increases.³⁰² In 2022, the WUTC approved PSE rate proposals where consumers would see an increase of 8.7% per month for an average monthly bill in 2023 and a 1.7% increase for the

³⁰¹ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁰² Jenner, Stuart. 2026. *PSE Customers: Did Your Bill Spike Too?* February 11. <https://www.thehighlinejournal.com/pse-customers-did-your-bill-spike-too/#:~:text=To%20comply%20with%20Washington%20state%27s,to%20serve%20customers%20more%20costly.>

average monthly bill in 2024.³⁰³ In 2025, state regulators approved another proposal for the following two years where consumers can expect a 12% increase for an average monthly bill in 2025 and an additional 6.3% monthly increase in an average monthly bill in 2026.³⁰⁴ (See table below for data on residential rates from 2004-2014 by EIA)

Puget Sound Energy		
Annual Average Residential Rates from 2004 to 2014		
	Year	Average Price cents/kWh
Pre-Acquisition	2004	6.28
	2005	6.72
	2006	7.49
	2007	8.80
	2008	9.46
	2009	9.56
Post-Acquisition	2010	10.13
	2011	10.37
	2012	10.36
	2013	10.36
	2014	9.69

Data source: Electric Sales, Revenue, and Average Price (ESR) Report by EIA³⁰⁵

Capital & Infrastructure Investments

Post-acquisition, PSE made significant capital and infrastructure investments to modernize its grid and improve reliability and resilience, including investments in new equipment, technologies, and communication systems.³⁰⁶ The company also expanded its clean

³⁰³ Washington Utilities and Transportation Commission. 2022. *State regulators approve Puget Sound Energy rate case settlements*. December 8. <https://www.utc.wa.gov/news/2022/state-regulators-approve-puget-sound-energy-rate-case-settlements>.

³⁰⁴ Washington Utilities and Transportation Commission. 2025. *State regulators approve new rates for PSE*. January 17. <https://www.utc.wa.gov/news/2025/state-regulators-approve-new-rates-pse>.

³⁰⁵ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁰⁶ Puget Sound Energy. 2023. *The Clean Electricity Transition - part 1*.

energy portfolio through large-scale projects such as the Snake River Wind Facility and the Beaver Creek Wind Farm.

Power Grid Reliability

To understand power grid reliability, we looked at data from Form EIA-861 in the “reliability” section by EIA. EIA uses reliability metrics including SAIDI, SAIFI, and CAIDI based on the IEEE standard for energy.

Unfortunately, data on reliability were only available starting from 2013 and prior data was not available on the EIA database. Therefore, we could not conclude or establish any impact or effect of the acquisition on PSE’s overall grid reliability. Nevertheless, the most recent data on PSE’s power reliability in 2024 are available on the EIA database.³⁰⁷ With major event days, data showed that the average person lost power 2.2 times in 2024 (SAIFI = 2.200) and the average person lost power 1,196 minutes (SAIDI = 1,196.00) in that year which is equivalent to almost 20 hours. Data also showed that the average duration for each outage was about 544 minutes (CAIDI = 543.636).

Data in 2024 further showed that without major event days, the average person had lost power 1.2 times (SAIFI = 1.200), and the average person lost power 203 minutes that year (SAIDI = 203.000) which equates to a little over 3 hours. The average duration for each outage was 169.167 minutes which is slightly under 3 hours (CAIDI = 169.167). (See table below for PSE’s most recent data on reliability from 2020-2024 from EIA database)

³⁰⁷ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

Puget Sound Energy Reliability Data from 2020 to 2024						
Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2020	414.000	1.700	243.529	171.000	1.060	161.321
2021	849.000	2.270	374.009	207.000	1.260	164.286
2022	447.000	1.660	269.277	196.000	1.090	179.817
2023	203.000	1.300	156.154	167.000	1.100	151.818
2024	1196.000	2.200	543.636	203.000	1.200	169.167

Data source: Form EIA-861³⁰⁸

Financial Well-being

In analyzing Puget Sound Energy’s financial well-being, we looked at available data on bond and credit ratings by several agencies including Fitch, Moody’s and S&P. There is available data from Fitch Ratings on Puget Sound Energy and Puget Energy Inc.’s long-term issuer default ratings (IDRs) starting 2017 until 2026. Over the years, Fitch Ratings has given and maintained Puget Energy’s IDR at ‘BBB-’³⁰⁹ and Puget Sound Energy at ‘BBB+’.³¹⁰ According to Fitch Ratings, the ‘BBB’ grade indicates good credit quality.³¹¹ The +/- sign indicates relative differences of probability of default or recovery for issues ranging in a scale from AA to CCC.³¹² PSE’s 2025 Form 10K showed ratings by Moody’s, S&P, and Fitch were Baa3/BBB-/BBB- for Puget Energy and Baa1/BBB/BBB+ for Puget Sound Energy, respectively.³¹³

³⁰⁸ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁰⁹ Fitch Ratings. 2026. *Fitch Ratings | PE*. <https://www.fitchratings.com/entity/puget-energy-inc-90568280>.

³¹⁰ Fitch Ratings. 2026. *Fitch Ratings | Puget Sound Energy*. <https://www.fitchratings.com/entity/puget-sound-energy-inc-86115322>.

³¹¹ Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

³¹² Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

³¹³ U.S. SEC. 2026. *2025 PSE 10-K*. <https://www.sec.gov/Archives/edgar/data/81100/000108539226000008/psd-20251231.htm#:~:text=In%20the%20second%20quarter%20of%202025,be%20accelerated%20upon%20a%20ratings%20downgrade%2C>.

A recent report shows that Fitch Ratings has affirmed Puget Energy Inc.'s (PE) and Puget Sound Energy, Inc.'s Long-Term Issuer Default Ratings (IDRs) at 'BBB-' and 'BBB+', respectively.³¹⁴ The rating outlook for both entities appears stable, further indicated by Fitch Ratings. It was also noted that PSE maintains stronger credit metrics with average FFO leverage of 4.1x while Puget Energy's average FFO leverage 5.3x during 2026-2030, further showing that PE's rating headroom remains constrained. (See table below for Fitch Ratings from 2017-2026)

Fitch Ratings from 2017 to 2026			
Date	Puget Sound Energy Inc	Date	Puget Energy Inc
6/16/2017	BBB+ (stable)	6/16/2017	BBB-
10/18/2017	BBB+ (stable)	10/18/2017	BBB-
10/10/2018	BBB+ (stable)	10/10/2018	BBB-
4/17/2019	BBB+ (stable)	4/17/2019	BBB-
4/16/2020	BBB+ (negative)	4/16/2020	BBB-
7/27/2020	BBB+ (negative)	7/27/2020	BBB- (negative)
10/15/2020	BBB+ (stable)	10/15/2020	BBB- (negative)
6/1/2021	BBB+ (stable)	6/1/2021	BBB-
10/18/2021	BBB+ (stable)	10/18/2021	BBB-
10/17/2022	BBB+ (stable)	10/17/2022	BBB-
2/3/2023	BBB+ (stable)	2/3/2023	BBB-
12/18/2023	BBB+ (stable)	12/18/2023	BBB-
4/26/2024	BBB+ (stable)	4/26/2024	BBB-
3/25/2025	BBB+ (stable)	3/25/2025	BBB-
5/6/2025	BBB+ (stable)	5/6/2025	BBB-
2/10/2026	BBB+ (stable)	2/19/2026	BBB-
2/27/2026	BBB+ (stable)	2/27/2026	BBB-

Source: Fitch Ratings^{315 316}

Renewable Transition & Clean Energy

³¹⁴ Fitch Ratings. 2026. *Fitch Affirms Puget Energy and Puget Sound Energy; Outlook Stable*. February 27. <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-puget-energy-puget-sound-energy-outlook-stable-27-02-2026#:~:text=Fitch%20Affirms%20Puget%20Energy%20and%20Puget%20Sound%20Energy;%20Outlook%20Stable.>

³¹⁵ Fitch Ratings. 2026. *Fitch Ratings | PE*. <https://www.fitchratings.com/entity/puget-energy-inc-90568280>.

³¹⁶ Fitch Ratings. 2026. *Fitch Ratings | Puget Sound Energy*. <https://www.fitchratings.com/entity/puget-sound-energy-inc-86115322>.

Puget Sound Energy (PSE) has been very active in their renewable transition with strong goals and commitment in green initiatives. PSE outlined a timeline for two major milestones including becoming carbon-neutral by 2030 and aiming to achieve 100% of clean energy by 2045.³¹⁷ PSE has developed a key strategic plan to support their renewable transition and meet their clean energy goals called the *Clean Energy Implementation Plan (CEIP)* in 2021. Later in 2023, PSE submitted the *Biennial CEIP Update* to the 2021 CEIP to revise their goals, targets, address some conditions set by the commission, and report on their progress.³¹⁸ In 2025, PSE filed a new comprehensive framework called the *Integrated System Plan (ISP)* as their roadmap for their renewable transition and achieving their clean energy goals.³¹⁹

After becoming a private entity, PSE's commitment to clean energy and use of renewable resources remain strong with various large-scale projects including the 343-megawatt Lower Snake River Wind facility completed in 2012 and breaking ground on their Beaver Creek wind farm in 2024.³²⁰ It was also noted that after the Clean Energy Transformation Act of 2019, PSE has acquired more than 3,800 megawatt of clean energy, enough to power 500,000 homes annually.³²¹

³¹⁷ Puget Sound Energy. 2026. *Cleaner Energy for Washington State*. <https://www.pse.com/en/green-options/Clean-Energy-Basics>.

³¹⁸ Puget Sound Energy. 2024. *Attachment A: Planning Transition Work Plan*. June 5. <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://irp.cdn-website.com/dc0dca78/files/uploaded/NEW-PSE-Attach-A-Work-Plan-%2806-05-2024%29.pdf>.

³¹⁹ Puget Sound Energy. 2026. *Puget Sound Energy | Clean Energy Planning*. <https://www.cleanenergyplan.pse.com/#:~:text=Carbon%2Dneutral%20electric%20system>.

³²⁰ Puget Sound Energy. 2026. *Puget Sound Energy (PSE) | Our History*. <https://www.pse.com/en/about-us/our-history>.

³²¹ Puget Sound Energy. 2026. *Puget Sound Energy (PSE) | Our History*. <https://www.pse.com/en/about-us/our-history>.

Several clean energy laws are key influences to PSE's clean energy transition and commitment. The Clean Energy Transformation Act (CETA) is among the most crucial clean energy regulations in Washington state. Signed into law by Governor Jay Inslee in 2019, the law mandates 100% clean energy and electricity that is free of greenhouse gas emissions by 2045.³²² Additional important regulations include the Climate Commitment Act (CCA) and the Energy Independence Act (EIA or I-937). Signed into law in 2021 by Gov. Jay Inslee, the CCA sets a cap and reduces greenhouse gas emissions from the state's largest emitting sources and industries, further allowing businesses to find efficient paths to reduce carbon emissions³²³. The Energy Independence Act requires electric utilities with 25,000 or more retail customers to use renewable energy and energy conservation.³²⁴ As of 2025, there are 18 utilities that are subject to the EIA and they provide 80 percent of electricity sold to Washington retail customers.

Regulation, Oversight, & Consumer Protection

The WUTC is the primary regulatory body overseeing PSE. The WUTC maintains exclusive jurisdiction over PSE's retail electric and natural gas rates, service reliability, and capital planning for investor-owned utilities in Washington, operating under the authority of Title 80 of the Revised Code of Washington (RCW).³²⁵ Under Chapter 80.16 RCW,³²⁶ PSE is required

³²² WSDC. 2026. *CETA - Clean Energy Transformation Act*.

https://www.commerce.wa.gov/energy-policy/electricity-policy/ceta/#:~:text=CETA%20requires:%20**Utilities%20to%20create%20four%2Dyear,improve%20energy%20assistance%20programs%20for%20low%2Dincome%20households**.

³²³ WDE. 2026. *Department of Ecology - Climate Commitment Act*.

<https://ecology.wa.gov/air-climate/climate-commitment-act>.

³²⁴ WSDC. 2026. *Washington Department of Commerce - Energy Independence Act (EIA)*.

<https://www.commerce.wa.gov/energy-policy/electricity-policy/eia/#:~:text=The%20Energy%20Independence%20Act%20%28EIA,sold%20to%20Washington%20retail%20customers>.

³²⁵ Wash. Rev. Code tit. 80 , <https://app.leg.wa.gov/rcw/default.aspx?cite=80>.

³²⁶ Wash. Rev. Code ch. 80.16, <https://app.leg.wa.gov/rcw/default.aspx?cite=80.16>.

to file a copy of every contract with any affiliated interest before it takes effect. The WUTC can investigate and disapprove any contract where PSE cannot prove reasonableness, and if it cannot, the commission is required to disallow the payment, meaning ratepayers would not bear the cost.³²⁷ The commission also holds continuing supervisory authority over all affiliate contracts, including previously approved ones, which was upheld by the Washington Supreme Court in *US West v. UTC*, 134 Wn.2d 74 (1997).

The 2008 merger settlement included various commitments that PSE had to follow to protect public and consumer interests. That includes protections on consumer rates, administrative and local control of PSE, and maintaining oversight authority by the WUTC. The settlement also includes ring-fencing provisions, protections against the use of PSE assets as collateral for financing, and requirements for arm's length intercompany transactions with direct commission oversight.³²⁸

PSE is prohibited from changing its permanent base rates on its own. Any rate adjustment requires the utility to file a formal tariff request, which goes through evidentiary hearings, audits, and final WUTC approval. While Washington allows Multi-Year Rate Plans, PSE cannot deviate from the financial plan that was approved upfront. To address the financial risks that come with a private equity acquisition, WUTC Docket U-072375 established ring-fencing provisions that legally isolated approximately \$850 million in acquisition debt on Puget Energy's books, keeping it off PSE's ledger and ensuring the parent company and its investors (Macquarie, CPPIB, BCIMC, and AIMCo) could not pass that financial burden on to the utility or its customers.³²⁹

³²⁷ Wash. Rev. Code § 80.16.030 (2026), <https://app.leg.wa.gov/rcw/default.aspx?cite=80.16.030>.

³²⁸ Washington Utilities and Transportation Commission. 2008. *Order 08: Final Order Approving and Adopting Settlement Stipulation Subject to Conditions*, Docket No. U-072375, <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=890&year=2007&docketNumber=072375>.

³²⁹ U.S. SEC. 2008. *Approving and Adopting Settlement Stipulation: Authorizing Transaction Subject to Conditions*. <https://www.sec.gov/Archives/edgar/data/81100/000119312509000402/dex991.htm>.

The WUTC approved settlement further includes a number of notable conditions and commitments for PSE. These included maintaining PSE's corporate headquarters and senior management in the Puget Sound region, committing to a \$5 billion five-year capital expenditure program, and requiring prior WUTC approval for any future sale of 10% or more of the holding company.³³⁰ As part of the agreement, the consortium also committed to \$100 million in direct rate credits over ten years, with \$8.8 million per year set aside as a direct bill reduction that could not be offset in future rate cases. Additionally, investors contributed a one-time \$5 million payment to the PSE Foundation and increased funding for low-income assistance programs.

After going private, PSE was required under Commitments 43–45 to continue following Sarbanes-Oxley, SEC, and NYSE reporting standards. Commitment 19 also gave the WUTC access to PSE's board minutes and data provided to credit rating agencies. PSE is additionally subject to the Clean Energy Transformation Act (CETA), which requires the commission to review Clean Energy Implementation Plans. The WUTC continues to exercise its oversight authority under these frameworks. In December 2025, for example, the commission ordered PSE to refund \$6.84 million in over-collected rates related to the Colstrip coal plant after finding five instances of imprudent investment.³³¹

Under Wash. Rev. Code § 80.04.380, the WUTC can levy penalties up to \$1,000 per violation, with each day of noncompliance treated as a separate violation.³³² Wash. Rev. Code §

³³⁰ U.S. SEC. 2008. *Approving and Adopting Settlement Stipulation: Authorizing Transaction Subject to Conditions*. <https://www.sec.gov/Archives/edgar/data/81100/000119312509000402/dex991.htm>.

³³¹ Washington Utilities and Transportation Commission. 2025. "State Regulators Order Puget Sound Energy to Refund Over-Collected Rates." News release, December 19. [https://www.utc.wa.gov/Wash.Rev.Code § 80.04.380 \(2026\)](https://www.utc.wa.gov/Wash.Rev.Code%2080.04.380(2026)) (WUTC 2025) https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.380_v/news/2025/state-regulators-order-puget-sound-energy-refund-over-collected-rates.

³³² Wash. Rev. Code § 80.04.405, <https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.405>.

80.04.405 provides additional authority to assess \$100 per violation on the same daily basis.³³³ Under CETA, utilities can also face \$100/MWh penalties for non-compliant electric generation (RCW § 19.405.090). The commission can order specific performance, compelling the utility to take required actions, and has retained the authority to reopen the merger approval if circumstances change or the company fails to meet its conditions.³³⁴ It is also worth noting that when PSE fails to meet its Service Quality Index (SQI) benchmarks, financial penalties are directed to PSE's Home Energy Lifeline Program (HELP) to help subsidize low-income bills rather than going to the state treasury. For instance, a 2009 failure related to system outage duration resulted in a \$1.14 million penalty that was put entirely into this fund.

Washington does not have a permanent statutory cap on return on equity (ROE); instead, the WUTC determines authorized returns through evidentiary proceedings. As of January 2025, PSE's authorized ROE is 9.8%, increasing to 9.9% in 2026.³³⁵ The 2008 Settlement also requires PSE to maintain a minimum 44% common equity ratio, which helps prevent the owners from taking on excessive debt at the utility level to fund payments to the holding company. Under Commitment 40, PSE cannot pay dividends to its parent unless its EBITDA-to-interest-expense ratio is at least 3.0:1, ensuring the utility keeps enough earnings to cover its operations before any money is moved upstream.³³⁶ These discussed protections are to protect both the public and

³³³ Wash. Rev. Code § 80.04.405, <https://app.leg.wa.gov/rcw/default.aspx?cite=80.04.405>.

³³⁴ U.S. SEC. 2008. *Approving and Adopting Settlement Stipulation: Authorizing Transaction Subject to Conditions*. <https://www.sec.gov/Archives/edgar/data/81100/000119312509000402/dex991.htm>.

³³⁵ Washington Utilities and Transportation Commission. 2025. *State regulators approve new rates for PSE*. <https://www.utc.wa.gov/news/2025/state-regulators-approve-new-rates-pse>.

³³⁶ U.S. SEC. 2008. *Approving and Adopting Settlement Stipulation: Authorizing Transaction Subject to Conditions*. <https://www.sec.gov/Archives/edgar/data/81100/000119312509000402/dex991.htm>.

consumer interests and to further strengthen the acquisition once PSE goes private. (More details can be found in the WUTC Docket U-072375).³³⁷

Case Three: NV Energy

Case Overview

NV Energy is an electric utility and energy provider in Nevada state. The company began providing services to citizens of Nevada over a century ago. Three electric and power companies - Nevada Power, Sierra Pacific Power, and Sierra Pacific Resources - merged in 1999, and by 2008 the three subsidiaries began operating as NV Energy.³³⁸ NV Energy has two operating subsidiaries, Nevada Power Company and Sierra Pacific Power Company. Today, the utility serves more than 1.4 million customers, covering nearly 46,000 square miles that stretches from North to South Nevada.³³⁹ Data as of December 2025 showed that NV Energy served a combined total of 1,449,553 electric customers across Northern and Southern Nevada, also including 188,561 of natural gas customers.³⁴⁰ The utility currently owns and operates a number of generating stations with the majority of its electricity generated from natural gas and renewable energy sources.³⁴¹

In May 2013, NV Energy and MEHC announced that they reached an agreement for NV Energy to be acquired by MidAmerican Energy in a deal valued at \$10 billion.³⁴² Some of the

³³⁷ Washington Utilities and Transportation Commission. 2008. *Approving and Adopting Conditions a Settlement Stipulation*. <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=890&year=2007&docketNumber=072375>.

³³⁸ NV Energy. 2026. *Company History*. <https://www.nvenergy.com/about-nvenergy/our-company/history>.

³³⁹ NV Energy. 2026. *Service Territory*. <https://www.nvenergy.com/about-nvenergy/our-company/territory>.

³⁴⁰ NV Energy. 2026. *Power Facts | 2025 In Review*. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/help/brochures/Power-Facts-Flyer.pdf.

³⁴¹ NV Energy. 2026. *Our Power Supply*. <https://www.nvenergy.com/about-nvenergy/our-company/power-supply>.

³⁴² U.S. SEC. 2013. *NV Energy to Join MidAmerican Energy Holdings Company*. <https://www.sec.gov/Archives/edgar/data/1081316/000108131613000015/mehc52913ex991.htm>.

provided reasons for the merger was access to operational and financial resources along with MidAmerican's expertise in renewable energy indicated Michael Yackira, then President and CEO of NV Energy.³⁴³ One report has also pointed out NV Energy's focus on moving towards renewable energy, emphasizing that the merger acquisition makes a great deal of sense considering their clean energy goals.³⁴⁴ The sale followed shareholders and regulatory approvals from federal and state agencies. The acquisition was approved by the Public Utilities Commission of Nevada (Nevada PUC) and the deal was finalized in December 2013 after receiving final approval by the Federal Energy Regulatory Commission (FERC) and the U.S. DOJ.^{345 346 347} Following acquisition, NV Energy was to keep its name and continue its operation in Nevada. The utility's stock was taken off the NYSE, and much like Minnesota Power, NV Energy was no longer publicly traded.

NV Energy has historically relied on major coal plants for power generation. Shutting down those plants and transitioning has been part of their major commitments over the years. In 2025, NV Energy announced a major milestone in ending their use of coal when their final coal plant, North Valmy, is being converted to natural gas.³⁴⁸ NV Energy's renewable portfolio now consists of 52 large scale projects that some are operating and some under development

³⁴³ NV Energy. 2013. *NV Energy to Join MidAmerican Energy Holdings Company*. <https://nvenergy.mediaroom.com/index.php?s=8838&item=136823>.

³⁴⁴ Summerfield, Richard. 2013. *MidAmerican acquires NV Energy*. July. <https://www.financierworldwide.com/midamerican-acquires-nv-energy>.

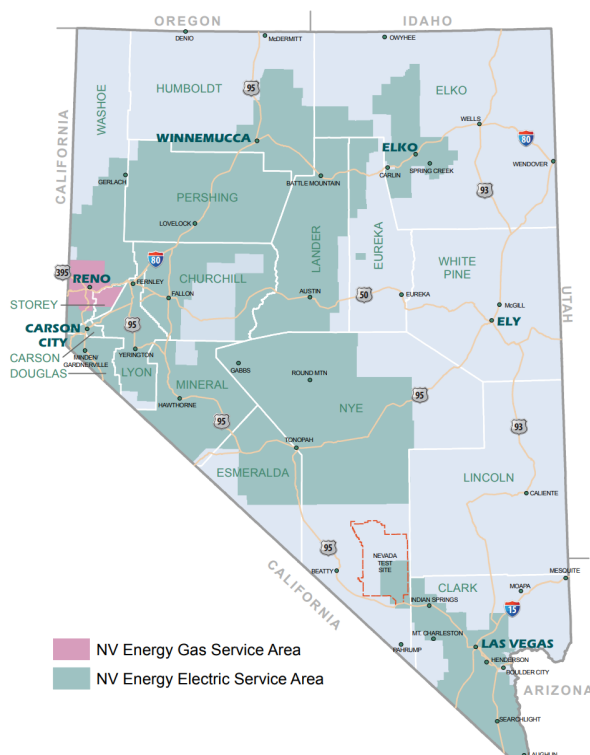
³⁴⁵ Totten, Kristy. 2013. *PUC approves sale of NV Energy to MidAmerican Energy*. <https://www.reviewjournal.com/business/puc-approves-sale-of-nv-energy-to-midamerican-energy/>.

³⁴⁶ Ritter, Ken. 2013. *Feds give OK; NV Energy-MidAmerica sale complete*. <https://apnews.com/41a0d2fb98e64e18aec6c8525886a34d>.

³⁴⁷ Howland, Ethan. 2013. *MidAmerican completes NV Energy purchase*. <https://www.utilitydive.com/news/midamerican-completes-nv-energy-purchase/208232/>.

³⁴⁸ NV Energy. 2026. *Power Facts | 2025 In Review*. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/help/brochures/Power-Facts-Flyer.pdf.

including geothermal, solar, solar plus storage, hydro, wind, and biomass.³⁴⁹ Additionally, NV Energy has enough renewable energy in its solar generation to power more than one million homes.³⁵⁰



NV Energy Service Territory Map³⁵¹

Customer Rates

Based on U.S. Energy Information Administration data, in terms of Residential customers, saw a 2.45% compounded increase in rates between our comparisons of average prices between 2009-2013 and 2014-2018. However, these averages in the Commercial, Industrial, and All Sectors categories showed reduced rates with -2.10%, -1.84%, and -1.45% in

³⁴⁹ Berkshire Hathaway Energy. 2026. *NV Energy*. <https://www.brkenenergy.com/our-businesses/nv-energy>.

³⁵⁰ Berkshire Hathaway Energy. 2026. *NV Energy*. <https://www.brkenenergy.com/our-businesses/nv-energy>.

³⁵¹ NV Energy. 2026. *Service Territory*. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/ brochures_arch/about-nvenergy/our-company/territory/NVEnergy_Service_area_map.pdf.

¢/kWh respectively.³⁵² It appeared that any changes and benefits from the acquisition did not trickle over into the Residential side due to sheer volume of customers. It should be noted however that due to inflation and other economic factors it is hard to distinguish this rise solely caused by privatization.

Looking at the structure of the company, they fall under the purview of the Nevada PUC and cannot unilaterally raise rates without their approval.³⁵³ It appears that their basic service charges do not drastically change and have been seen to reduce between years as well. In addition, their rates have a wide range of adjustments between both their subsidiaries that help offset capital costs for capital expenditures such as green power initiatives, which are billed in kWh. Examples of such adding costs to customer bills are their Temporary Green Power Financing, Energy Efficiency Charge, and their Expanded Solar Access Program.³⁵⁴ Additional charges to these plans non-directly green-related are their Natural Disaster Protection Plan as well as their Universal Energy Charge, which between the two it appears that the NDPP seems to be the most protective of the adjustments to customers in the event of a natural disaster and creating the need for rate cases to offset damages³⁵⁵. It should be noted these adjustments do not include seasonal-based load changes as this would be a violation of the state of Nevada's NSR 704.085 statute.³⁵⁶ (See table below for data on residential rates from 2008 to 2018 by EIA)

³⁵² U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁵³ NV Senate. 2026. *CHAPTER 704 - REGULATION OF PUBLIC UTILITIES GENERALLY*. April 16. <https://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec085>.

³⁵⁴ NV Energy. 2026. *Rates and Regulatory*. April 16. <https://www.nvenergy.com/about-nvenergy/rates-regulatory>.

³⁵⁵ NV Energy. 2026. *Rates and Regulatory*. April 16. <https://www.nvenergy.com/about-nvenergy/rates-regulatory>.

³⁵⁶ NV Senate. 2026. *CHAPTER 704 - REGULATION OF PUBLIC UTILITIES GENERALLY*. April 16. <https://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec085>

NV Energy - Annual Average Residential Rates from 2008 to 2018			
		Nevada Power Company	Sierra Pacific Power Company
		Average Price cents/kWh	Average Price cents/kWh
	Year		
Pre-Acquisition	2008	11.77	13.44
	2009	12.86	13.96
	2010	12.54	12.38
	2011	11.86	11.12
	2012	12.15	11.05
Post-Acquisition	2013	12.20	11.21
	2014	13.35	12.04
	2015	13.18	11.81
	2016	11.76	10.26
	2017	12.46	10.53
	2018	12.09	11.13

Data source: EIA - Electric Sales, Revenue, and Average Price (ESR Report)³⁵⁷

Capital & Infrastructure Investments

Following the acquisition NV Energy heavily leaned into clean energy investment and in 2018 IRP listed to be pursuing a \$2.175 billion investment towards it to meet clean energy milestones set forward upon them by law.³⁵⁸ Though not as significant, the companies have also pursued other ventures such as transmission and infrastructure upgrades such as the ones listed in their 2024 IRP with an approximate 4.568 billion investment.³⁵⁹

Power Grid Reliability

³⁵⁷ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁵⁸ PUCN. 2018. *NV Energy 2018 IRP*. [chrome-extension://efaidnhttps://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/nve/irp/NVE-18-06003-IRP-VOL4.pdf](https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/nve/irp/NVE-18-06003-IRP-VOL4.pdf).

³⁵⁹ PUCN. 2024. *NV Energy 2024 IRP*. [chrome-extension://efaidnhttps://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/irp/IRP-Volume-2.pdf](https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/irp/IRP-Volume-2.pdf).

Due to the timing of the deal (2013) and that same year reporting requirements by the U.S. it is difficult to fully assess if the deal caused immediate differences pre- and post-deal. However, considering the deal was closed in December of 2013, we can at least make some inferences based on that year. Utilizing the U.S. EIA data, it appears there are mixed results between NV Energy's two subsidiaries. (See tables below for reliability data for Nevada Power and Sierra Pacific Power from 2013 to 2024 from EIA database)

Nevada Power Company Reliability Data from 2013 to 2024						
Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2013	63.000	0.520	121.154	41.000	0.460	89.130
2014	36.000	0.440	81.818	32.000	0.390	82.051
2015	42.523	0.430	98.891	31.934	0.374	85.385
2016	52.541	0.580	90.588	44.175	0.515	85.777
2017	62.340	0.500	124.680	39.690	0.430	92.302
2018	114.290	0.690	165.638	46.450	0.490	94.796
2019	40.340	0.460	87.696	37.680	0.430	87.628
2020	52.230	0.520	100.442	39.770	0.430	92.488
2021	82.440	0.683	120.703	51.950	0.542	95.849
2022	62.090	0.570	108.930	52.150	0.510	102.255
2023	71.970	0.620	116.081	53.720	0.510	105.333
2024	72.990	0.660	110.591	51.580	0.530	97.321

Sierra Pacific Power Company Reliability Data from 2013 to 2024						
Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2013	81.000	0.870	93.103	81.000	0.870	93.103
2014	181.000	1.370	132.117	143.000	1.240	115.323
2015	275.000	1.464	187.842	117.000	1.020	114.706
2016	170.000	1.440	118.056	153.000	1.302	117.512
2017	255.390	1.960	130.301	218.960	1.820	120.308
2018	161.590	1.700	95.053	161.590	1.700	95.053
2019	189.440	1.720	110.140	189.440	1.720	110.140
2020	132.660	1.270	104.457	100.200	1.000	100.200
2021	160.580	1.277	125.748	121.120	1.033	117.251
2022	536.480	2.020	265.584	151.320	1.350	112.089
2023	327.330	1.810	180.845	162.270	1.410	115.085
2024	403.320	2.340	172.359	102.070	1.040	98.144

Data source: Form EIA-861³⁶⁰

Overall, it appears that drastically following privatization outages have become more often and longer, but it appears that restoration times have slightly changed. This could be due to increasing load capacities among other factors, but it appears that the company has made attempts to try to restore power as quickly as possible. With possible expansions and creation of new generation sources by Minnesota Power, they could potentially fall into the same predicament where heavier loads could cause more frequent outages.

Financial Well-being

Prior to acquisition, NV Energy held long-term debt at around \$5 billion.³⁶¹ Additionally, prior to the acquisition it seemed that the company had been increasing its credit rating with issuers starting around 2007 from a Ba3 to Baa3 in early 2013.³⁶² Following the acquisition, they

³⁶⁰ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

³⁶¹ U.S. SEC. 2012. *NV Energy 2012 10-K*. December 31. <https://www.sec.gov/Archives/edgar/data/71180/000074150813000009/form10-k2.htm>.

³⁶² Moody's. 2026. *NV Energy* | Moody's. April 16. <https://www.moody's.com/entity/600048869/ratings/view-by-class>.

managed to hold a consistent rating and were able to increase and maintain their rating at a Baa2 all the way through 2022 when they had the issuer rating withdrawn.³⁶³

Renewable Transition & Clean Energy

The company was required to abide by the state's clean energy goals via Nevada SB254. This legislation mandated that they attain net-zero emissions by 2050 by setting portfolio standards to achieve this through generation, the acquisition, or saving electricity from portfolio energy systems or efficiency measures.³⁶⁴ This legislation further sets the framework for them to establish internal milestones to make this transition such as the one to achieve not less than 50% carbon-free standards via the same methods by 2030.³⁶⁵ These milestones are similar to Minnesota Power and similarly through the law forces the state of Nevada and the company to move towards them. Furthermore, it appears internally they set up even smaller sub-goals to maintain track with the 2030 standard with the range of 2024-2026 and 2027-2029 having 34% and 42% respectively.³⁶⁶

The primary movers of the transition towards the net-zero standard for NV Energy is primarily renewable power, which over a course of over 9 years went from 16.6%³⁶⁷ to 33.6%³⁶⁸

³⁶³ Moody's. 2026. *NV Energy* | *Moody's*. April 16.
<https://www.moody's.com/entity/600048869/ratings/view-by-class>.

³⁶⁴ NV Senate. 2019. *SB 254*. <https://www.leg.state.nv.us/App/NELIS/REL/80th2019/Bill/6431/Overview>.

³⁶⁵ NV Senate. 2019. *SB 254*. <https://www.leg.state.nv.us/App/NELIS/REL/80th2019/Bill/6431/Overview>.

³⁶⁶ NV Energy. 2025. *NV Energy 2026 IRP Stakeholder Briefing*. December 18.
https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/cleanenergy/2025-IRP-Stakeholder-Briefing.pdf.

³⁶⁷ NV Energy. 2017. *Nevada Power Company 2017 Power Content Label*.
chrome-extension://efaidnbmnnnibpcajpegclclefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/biil_inserts/2018/01_jan/power-content-insert-south-2018-01_3_31.pdf.

³⁶⁸ NV Energy. 2025. *Nevada Power 2025 Power Content Label*.
chrome-extension://efaidnbmnnnibpcajpegclclefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/biil_inserts/2025/07_jul/power-content-insert-south-2025_07_1_30.pdf.

of their power portfolio. It should be noted however that much of the company itself still relies on power purchase agreements, as for example with Nevada Power company time went from 49%³⁶⁹ self-generated power to 62%.³⁷⁰ It appears that to make this transition there is a heavy reliance on these purchase agreements as well as creating renewable generation facilities that enable milestones. Even then the movement takes a significant amount of time as NV Energy from 2017 only had 16% renewable energy,³⁷¹ while in 2025 they had 33%.³⁷²

The company itself appears to be meeting its goal and milestones and appears to be on track to be hitting the 2030 milestone of 50% carbon-free,³⁷³ This transition however appears to be slow and is taking time to be able to shut down non-renewable sources such as both coal and natural gas, which NV Energy since their purchase has only just recently started the transition for the last of their coal plants since the acquisition.³⁷⁴ Even then natural gas is so heavily relied upon it will be hard to transition from this in such a short time frame as even in 2025, they had a

³⁶⁹ NV Energy. 2017. *Nevada Power Company 2017 Power Content Label*. chrome-extension://efaidnbmnnnibpcajpcgglefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bill_inserts/2018/01_jan/power-content-insert-south-2018-01_3_31.pdf.

³⁷⁰ NV Energy. 2025. *Nevada Power 2025 Power Content Label*. chrome-extension://efaidnbmnnnibpcajpcgglefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bill_inserts/2025/07_jul/power-content-insert-south-2025_07_1_30.pdf.

³⁷¹ NV Energy. 2017. *Nevada Power Company 2017 Power Content Label*. chrome-extension://efaidnbmnnnibpcajpcgglefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bill_inserts/2018/01_jan/power-content-insert-south-2018-01_3_31.pdf.

³⁷² NV Energy. 2025. *Nevada Power 2025 Power Content Label*. chrome-extension://efaidnbmnnnibpcajpcgglefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bill_inserts/2025/07_jul/power-content-insert-south-2025_07_1_30.pdf.

³⁷³ NV Energy. 2025. *NV Energy 2026 IRP Stakeholder Briefing*. December 18. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/cleanenergy/2025-IRP-Stakeholder-Briefing.pdf.

³⁷⁴ NV Energy. 2025. *NV Energy 2026 IRP Stakeholder Briefing*. December 18. https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/cleanenergy/2025-IRP-Stakeholder-Briefing.pdf.

65.95% natural gas usage within their fuel mix through Nevada Power Company.³⁷⁵ Based on current fuel mixes it appears that the only way for them to meet the 2030 goal is either through creation of more renewable energy generation sources or through further power purchase agreements. Minnesota Power could potentially face the same issues while attempting to meet their transition milestones.

Regulation, Oversight, & Consumer Protection

It appears that overall that the NV Energy acquisition was structured to protect the public from the effects of the deal. The Nevada PUC scrutinized the deal and ensured that the merging parties made promises towards protecting the ‘public interest’. Some of those promises included a one-time \$20 million bill credit to all retail NV Energy Customers,³⁷⁶ the limitation of not being able to recover deal-pertinent premiums and transaction costs for the first-year post-deal and only up to 50% of that amount for the following year,³⁷⁷ and ring fencing provisions that prevented the use of NV Energy assets as leverage in MidAmerican transactions.³⁷⁸ These three promises were enforced by Nevada PUC the moment that they had agreed to it and the commission seemed to place great emphasis on it during the acquisition.

Furthermore, in terms of oversight a multitude of reporting requirements were set for the acquisition to proceed, such as in the short-term notifications of closures of the acquisition to the Nevada PUC and a plan within six months on how the company will address low customer

³⁷⁵ NV Energy. 2025. *Nevada Power 2025 Power Content Label*. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nvenergy.com/publish/content/dam/nvenergy/bi ll_inserts/2025/07_jul/power-content-insert-south-2025_07_1_30.pdf.

³⁷⁶ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

³⁷⁷ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

³⁷⁸ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

satisfaction ratings.³⁷⁹ In the long term the company has to indefinitely provide financial statements to the Nevada state government to ensure transparency between the company and the state.³⁸⁰ Compared to Minnesota Power and ALLETE, which post-acquisition only has an obligation to provide their financial statements under current reporting requirements until 2030.

Case Four: CLECO Power

Case Overview

Cleco Power is a regional regulated electric utility service provider in Louisiana state. With its origins tracing back to 1935, Cleco Power now provides services across 24 parishes, serving approximately 295,000 customers through retail and wholesale power supply.³⁸¹ Cleco Power currently has 8 generating units at 5 facilities with a total rated capacity of 2,676 MW.³⁸² Its parent and holding company is Cleco Corporate Holdings LLC, headquartered in Pineville, Louisiana.

In 2016, Cleco became privatized following the sale completion to a group of North American infrastructure investors led by Macquarie group and British Columbia Investment Management Corporation (BCIMC).^{383 384} Cleco's common stock was also delisted from the NYSE that same year. The investor group includes Macquarie Infrastructure and Real Assets (MIRA), BCIMC, and John Hancock Financial. Cleco had entered into the agreement to be

³⁷⁹ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

³⁸⁰ PUCN. 2013. *PUCN | NV Energy Acquisition Docket (13-07021)*. <https://puc-onbase.nv.gov/>.

³⁸¹ CLECO. 2026. "Our Company", <https://www.cleco.com/about/our-company>.

³⁸² CLECO. 2026. "Our Company", <https://www.cleco.com/about/our-company>.

³⁸³ CLECO. 2026. *History*. <https://www.cleco.com/about/history>.

³⁸⁴ CLECO. 2016. *North American led investor group completes acquisition of CLECO*. <https://www.cleco.com/media/press-releases/detail/2016/04/13/north-american-led-investor-group-completes-acquisition-of-cleco>.

acquired by the investor group led by Macquarie and BCIMC in October 2014 in a deal valued at \$4.7 billion.³⁸⁵ The transaction followed a year of review by state regulators including a regulatory process to strengthen the transaction and improve commitments made by the group of investors.³⁸⁶ Cleco Corporation and the investor group announced completion of the transaction in 2016 following the final approval vote by the Louisiana Public Service Commission (LPSC).^{387 388}

A decade later following privatization, several sources are saying Cleco may now be up for sale again. While not officially or publicly announced by the company, it was reported that Cleco had notified the LPSC that it was looking for a buyer in June, 2025.³⁸⁹ A recent report by Bloomberg indicated that Stonepeak Partners LP and Bernhard Capital Partners may be in negotiations to acquire Cleco Power from Macquarie Group in a deal estimated at around \$5 billion (or potentially higher).³⁹⁰

³⁸⁵ CLECO. 2014. *Cleco Enters Agreement to be Acquired by North American Investor Group Led by Macquarie Infrastructure and Real Assets and British Columbia Investment Management Corporation*. <https://www.cleco.com/media/press-releases/detail/2014/10/20/cleco-enters-agreement-to-be-acquired-by-north-american-investor-group-led-by-macquarie-infrastructure-and-real-assets-and-british-columbia-investment-management-corporation>.

³⁸⁶ CLECO. 2015. *Cleco and North American investor group led by Macquarie Infrastructure and Real Assets and British Columbia Investment Management Corporation near final stages of state regulatory approval process*. <https://www.cleco.com/media/press-releases/detail/2015/10/02/cleco-and-north-american-investor-group-led-by-macquarie-infrastructure-and-real-assets-and-british-columbia-investment-management-corporation-near-final-stages-of-state-regulatory-approval-proc>.

³⁸⁷ CLECO. 2016. *North American led investor group completes acquisition of CLECO*. <https://www.cleco.com/media/press-releases/detail/2016/04/13/north-american-led-investor-group-completes-acquisition-of-cleco>.

³⁸⁸ CLECO. 2016. *State regulators approve sale of Cleco*. <https://www.cleco.com/media/press-releases/detail/2016/03/28/state-regulators-approve-sale-of-cleco>.

³⁸⁹ Handley, Rachel. 2025. *Cleco begins sale process, promises no rate hike for 300K customers*. <https://www.wwltv.com/article/news/local/cleco-utility-company-for-sale-customers-jobs-rates-louisiana-northshore/289-2cfd39e9-0bdf-4bd5-9459-8ad83787f2e8>.

³⁹⁰ Saul, Josh, David Carnevali, and Ryan Gould. 2026. *Stonepeak, Bernhard in Advanced Talks to Buy Cleco Power*. <https://www.bloomberg.com/news/articles/2026-03-03/stonepeak-bernhard-in-advanced-talks-to-buy-cleco-power>.



Cleco Generating Units and Territory Map³⁹¹

Criteria Analysis

Approval Process

Initially, the LPSC rejected the transaction due to financial risks, particularly the addition of about \$1.35 billion in new debt, which the commission framed as "a leverage buyout".³⁹² In addition, the commission found that these higher debt levels could weaken Cleco's financial condition and potentially expose ratepayers to higher risks. Therefore, in its initial session, the commission determined that the transaction was not in the public interest.

However, in April of 2016, the LPSC approved the acquisition with significant changes. For example, the new proposal included higher ratepayer credits, \$136 million, to lessen the

³⁹¹ CLECO. 2026. *CLECO Generating Units and Territory Map*. <https://www.cleco.com/about/generation-assets>

³⁹² LPSC. 2016. *Order Number U-33434*. February 24. [chrome-extension://efaidnbmninnibpcjpcglclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=fTvv3mcMPyQ%3d](https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=fTvv3mcMPyQ%3d).

financial impact on ratepayers, an increase from \$125 million initially proposed.³⁹³ In addition, stronger regulatory commitments were added, such as no rate case filings until 2019, service quality programs, reliability and service quality commitments, no recovery of financial costs or post-closing costs, and credit rating commitments, while making ringfencing mandatory and improvable.

According to Cleco Power's filings with the SEC Form 10-K, the pre-acquisition debt and equity ratios for the year ending on December 31, 2015, were nearly 57% equity and approximately 43% long-term debt.³⁹⁴ In contrast, for the year 2016 (April-December), post-acquisition, equity decreased to almost 43%, while long-term debt increased to just over 57%.³⁹⁵

In conclusion, this data supports the regulators' concerns that the deal acted as "a leverage buyout" by raising debt and financial risk.³⁹⁶ However, 2024 figures from the 10-K form show that the company's finances eventually improved, with equity rising to about 52% and long-term debt falling to around 48%.³⁹⁷ This shows the company regained some financial stability after the acquisition.

Regulatory Power

³⁹³ LPSC. 2016. *Order Number U-33434-A*. March 28. <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=uxKhFECwxxU%3d>.

³⁹⁴ U.S. SEC. 2017. CLECO | 2016 10-K. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

³⁹⁵ U.S. SEC. 2017. CLECO | 2016 10-K. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

³⁹⁶ LPSC. 2016. *Order Number U-33434*. February 24.

³⁹⁷ SEC. 2017. CLECO | 2016 10-K. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

The regulatory power of the commission comes from the Louisiana Constitution Article 4 Section 21 which lays down its power and duties as:

"The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law...." ³⁹⁸

This gives the commission strong control over public utilities.

In 1994, the commission issued a “general order” asserting its jurisdiction over mergers, acquisitions, and other changes regarding public utilities based on 18 factors that have to be met before an acquisition, merger, or change in ownership takes place.³⁹⁹ Some of the most important factors include whether the transaction is in the public's interest, whether it will improve the financial condition of the company, and whether the transaction will provide both short and long-term benefits to rate payers. Together, these factors help the commission decide whether the deal is the best outcome for ratepayers, employees, and everyone involved.

Further, in the Cleco acquisition approval, one of the commitments stipulated in the order was that nothing in the commitments would limit the commission from imposing conditions to protect ratepayers from the impacts of the transaction (Section 58).⁴⁰⁰ This gives the commission power for continued oversight after the approval by enforcing commitments through legal enforcement. This shows that, even after becoming privately owned, Cleco continues to operate under strict regulatory control under the authority of the Louisiana Public Service Commission.

³⁹⁸ Louisiana State Legislature. 2026. *CONST 4 21*. <https://legis.la.gov/Legis/Law.aspx?d=206438>.

³⁹⁹ LPSC. 1994. *General Order*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=vhj3m52bY0k%3D.

⁴⁰⁰ CLECO. 2016. *Joint Applicants Regulatory Commitments to the Commission*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPmlcCPqY%3D.

Ratepayer Protections

As part of the approval process, Cleco Power agreed to a series of commitments intended to protect rate payers and limit financial risks.⁴⁰¹ One of the most important commitments was a stipulation that prevented Cleco Power from filing for rate increases until June 2019, or almost 3 years after the acquisition closure. This provided a short-term protection for rate payers by delaying rate increases after the acquisition.

Additional ring-fencing mechanisms focus on limiting financial risks such as capital structure and distribution commitments. For example, under these commitments, Cleco Power agrees to maintain an equity ratio of no less than 48%, to maintain investment grade credit ratings, it also agrees to refrain from passing acquisition-related costs onto rate payers, and maintain financial autonomy from the parent company.⁴⁰²

However, while ring-fencing protections reduce the risk of financial instability, they do not prevent rate increases directly. Instead, they function to protect rate payers from the risks of private ownership.

Costumer Rates and Tariff Structure

Because Cleco's customer rates and tariff structure are regulated by the LPSC, Cleco Power cannot unilaterally increase base rates and must receive approval from the LPSC before making any changes. Cleco's rate structure consists of a combination of base charges and cost recovery mechanisms that are adjusted over time based on operational and infrastructure-related expenses. Also, due to acquisition commitments, Cleco Power agreed to not file for rate

⁴⁰¹ CLECO. 2016. *Joint Applicants Regulatory Commitments to the Commission*. <chrome-extension://efaidnbmnnnibpcajpegglefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>.

⁴⁰² CLECO. 2016. *Joint Applicants Regulatory Commitments to the Commission*. <chrome-extension://efaidnbmnnnibpcajpegglefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>.

increases until June 2019, respecting a rate setting mechanism that was implemented in 2014.⁴⁰³

As a result, rates remained relatively stable from 2016 until 2020. According to order number U-35299, the first post-acquisition rate increase was approved by the commission on June 16, 2021, and made effective July 1, 2021.⁴⁰⁴

Cleco Power's residential tariff structure includes a fixed monthly charge along with a tiered and seasonal energy charge, which means that higher electricity usage and summer months could be associated with higher rates.⁴⁰⁵ In addition to base rates, several riders are applied to customer bills, including fuel cost adjustments, environmental cost recovery, storm restoration costs, and energy efficiency charges.

One important component to rate increases is the fuel adjustment clause, which the LPSC considers "an exception to traditional regulation," and allows Cleco to update customer's bills to reflect changes in fuel costs (Docket No. U-21497 p. 3-5).⁴⁰⁶ As a result, fuel costs are passed through directly to customers rather than included in base rates. In the end, these fuel cost adjustments are still reviewed by LPSC, but this review usually occurs after the costs have been already incurred.

According to data from the U.S. Energy Information Administration, rates increased across all customer classes after the acquisition. For example, residential rates rose from an

⁴⁰³ CLECO. 2016. *Joint Applicants Regulatory Commitments to the Commission*. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMLcCPqY%3d>.

⁴⁰⁴ LPSC. Order No. 33434-A (Louisiana Public Service Commission March 28, 2016), <https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=fTvv3mcMPyQ%3d>.

⁴⁰⁵ CLECO. 2024. *Residential Electric Service*. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.cleco.com/docs/default-source/rates-and-fees/rate-schedule/july-2024/rs---residential-electric-service.pdf?sfvrsn=99761f72_1.

⁴⁰⁶ LPSC. 1997. *General Order | U-21497*. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=Tp%2Bnqi5mwBw%3D>.

average of 11.27 ¢/kWh in the pre- acquisition period (2009 to 2016) to 12.34 ¢/kWh in the post-acquisition period (2017 to 2024), representing an increase of approximately 9.49%.⁴⁰⁷ Meanwhile, commercial and industrial rates increased by 8.38% and 8.67% respectively, on average.⁴⁰⁸ (See table below for data on average rates from 2011-2021 from EIA database)

These rate increases could be largely tied to the first post-acquisition rate increase where Cleco Power filed to increase retail revenues from \$575 million in 2019 to \$624 million starting July 2021, approximately a \$49 million increase (order U-35299 p.3).⁴⁰⁹ In fact, the largest rate increase can be observed in 2022, shortly after the new rate increase took effect in July 2021. However, because this increase is significant, this can also suggest that additional factors such as fuel cost adjustments and other riders also played a significant role in rate increases for that year.

⁴⁰⁷ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁴⁰⁸ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁴⁰⁹ LPSC. 2021. *Order Number U-35299*. June 16. [chrome-extension://efaidnbmnnnibpcajpegglefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=HE0EWPhJU%2bw%3d](https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=HE0EWPhJU%2bw%3d).

CLECO Power		
Annual Average Residential Rates from 2011 to 2021		
	Year	Average Price cents/kWh
Pre-Acquisition	2011	11.82
	2012	11.07
	2013	11.70
	2014	11.62
	2015	11.32
Post-Acquisition	2016	11.39
	2017	11.74
	2018	11.94
	2019	12.09
	2020	11.03
	2021	12.41

Data source: EIA - Electric Sales, Revenue, and Average Price (ESR Report)⁴¹⁰

Financial Well-being & Credit Rating

Despite the debt incurred during the acquisition, the company maintains a stable financial position. A comparison of the 2016 (p.27) and 2024 (p.34) 10-K filings shows how Cleco has evolved over time. For example, in 2016, Cleco reported around \$853 million in total operating revenues, equivalent to about 43% equity ratio, and about \$2.74 billion in long-term debt with debt representing around 57% of its capital structure.⁴¹¹ In comparison, in 2024, Cleco reported \$1.15 billion in operating revenues (52% equity ratio) and around \$2.65 billion in long-term debt, with long-term debt representing about 48% of its capital structure.⁴¹²

⁴¹⁰ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁴¹¹ U.S. SEC. 2017. *CLECO | 2016 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

⁴¹² U.S. SEC. 2025. *CLECO | 2024 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

In addition, Cleco has maintained consistent investment-grade credit ratings over time. Moody's affirmed the company's long-term issuer rating at A3 after acquisition in 2014 to July 2024.⁴¹³ Thus, this rating means that the company's financial obligations are considered on the lower end of above average investment grade.⁴¹⁴ Similarly, according to Fitch Ratings, Cleco Power has maintained BBB stable ratings at least since 2018.⁴¹⁵ Based on information from Fitch Ratings' rating scale, BBB ratings are considered a good credit score, meaning that the company's risk of defaulting in their obligations is low.⁴¹⁶

Capital & Infrastructure Investments

Cleco Power continues to make capital investments in transmission and distribution infrastructure, generation assets, and system upgrades. In the company's 10-k form from 2024, Cleco Power reported approximately \$255 million in capital expenditures, with projected capital spending of about \$2.5 billion over the 2025-2029 period.⁴¹⁷ From this amount, approximately 71% was assigned to general projects such as upgrading and repairing older transmission, distribution, and generating systems. Additionally, renewables and electrification projects received 20% of the funds.

In contrast, in their 2016 10-k form, Cleco Power reported about \$182 million in capital spending, with a projected amount of \$1.2 million over the 2017-2021 period.⁴¹⁸ During this

⁴¹³ Moody's. 2026. *CLECO Moody's Rating*. <https://www.moodys.com/entity/152500/ratings/view-by-class>.

⁴¹⁴ Moody's. 2026. *Rating Definitions*. https://www.moodys.com/research/Rating-Symbols-and-Definitions--PBC_79004.

⁴¹⁵ Fitch Ratings. 2026. *CLECO | Fitch Ratings*. <https://www.fitchratings.com/entity/cleco-power-llc-88143460#ratings>.

⁴¹⁶ Fitch Ratings. 2026. *About Rating Definitions*. <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>.

⁴¹⁷ U.S. SEC. 2025. *CLECO | 2024 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

⁴¹⁸ U.S. SEC. 2017. *CLECO | 2016 10-K*. <https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

period, general rehabilitation projects took 50% of projected capital expenditures, while fuel optimization projects were the second biggest project with 28% of the funds.⁴¹⁹

These types of investments are recovered through regulated mechanisms approved by the LPSC. Therefore, costs associated with these investments help maintain system reliability and improve infrastructure, but they also contribute to higher customer rates over time.

Reliability and Service Performance

To measure utility performance, Cleco Power uses standard utility performing metrics such as the SAIDI, and SAIFI, which measures the average duration and frequency of outages experienced by customers. Based on reported data from the U.S. Energy Information Administration (EIA), SAIDI without MED was approximately 159.6 minutes in 2015, a full year before acquisition, compared to 142.2 minutes in 2024. Similarly, in 2015 SAIFI without MED remained at about 1.75 interruptions, in 2024 at 1.73 interruptions.⁴²⁰ According to the U.S. Energy Information Administration, the Customer Average Interruption Duration Index (CAIDI) without MED declined from approximately 91.2 minutes in 2015 to around 82.20 minutes in 2024.⁴²¹ (See tables below for reliability data from 2013 to 2024 from EIA database)

Reliability performance is monitored by the LPSC and is part of Cleco Power's Service Quality Program to improve quality of service for its customers (SQP).⁴²² Therefore, this improvement could be the result of the company's commitment along with its capital investment

⁴¹⁹ U.S. SEC. 2017. *CLECO | 2016 10-K*.
<https://www.sec.gov/Archives/edgar/data/1089819/000108981917000007/cnl-12312016x10k.htm>.

⁴²⁰ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16.
<https://www.eia.gov/electricity/data/eia861/>.

⁴²¹ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16.
<https://www.eia.gov/electricity/data/eia861/>.

⁴²² CLECO. 2016. U-33434 | Commitments to the Commission.
<chrome-extension://efaidnbmninnibpcajpegclclefindmkaj/https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>.

strategy as general projects geared towards infrastructure rehabilitation remain one of the company's highest capital expenditures for both comparison years.

CLECO Power Reliability Data from 2013 to 2024
(Other standard, not IEEE)

Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2013	N/A	N/A	N/A	120.000	1.670	71.856
2014	141.600	1.670	84.790	141.600	1.670	84.790
2015	159.600	1.750	91.200	159.600	1.750	91.200
2016	154.800	1.810	85.525	154.800	1.810	85.525
2017	132.000	1.600	82.500	132.000	1.600	82.500
2018	172.000	1.900	90.526	172.000	1.900	90.526
2019	169.800	1.800	94.333	157.800	1.750	90.171
2020	172.200	1.700	101.294	161.400	1.700	94.941
2021	50.770	3.150	16.117	2.760	1.820	1.516
2022	187.200	2.090	89.569	165.600	1.930	85.803
2023	310.800	2.720	114.265	146.400	1.790	81.788
2024	729.600	3.100	235.355	142.200	1.730	82.197

Data source: Form EIA-861⁴²³

Renewable Energy and Resource Mix

Through executive order JBE 2020-18, Louisiana set goals to reduce greenhouse emissions, but it does not impose binding renewable portfolio standards.⁴²⁴ Therefore, Cleco Power's transition to clean energy is mostly shaped by internal planning decisions and general policies rather than a specific legal requirement. Nonetheless, the state has set targets to reduce greenhouse gas emissions by 40%- 50% by 2030 and achieve net zero by 2050. Similarly, Cleco

⁴²³ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁴²⁴ Louisiana Executive Department. 2020. Order Number JBE 2020-18. [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://gov.louisiana.gov/assets/ExecutiveOrders/2020/JBE-2020-18-Climate-Initiatives-Task-Force.pdf](https://gov.louisiana.gov/assets/ExecutiveOrders/2020/JBE-2020-18-Climate-Initiatives-Task-Force.pdf).

Power aims to reduce greenhouse gas emissions by 50% by 2035 and aspires to produce net zero emissions by 2050 (p.9).⁴²⁵

In terms of generation mix, Cleco Power has shifted away from coal and petcoke and towards natural gas. Between 2009 and 2016, Cleco Power used a mix of resources to generate electricity. For example, in 2009, lignite was the primary source at around 45%, but it was gradually replaced by natural gas, while coal and petcoke changed more slowly over time. By 2015, natural gas accounted for about half of Cleco Power's total electricity generation (p. 9).⁴²⁶ After 2016, there was a clear shift in Cleco's generation mix, with lignite declining to the single digits before being phased out by 2022 (p. 11).⁴²⁷ Unlike lignite, coal and petcoke declined, but at a slower pace, reaching about 5% and 0.40% of generation by 2024 (p.10).⁴²⁸ In contrast, natural gas became the dominant resource in electricity generation.

At the same time, capital expenditures directed toward environmental projects represented a small share of total investment. In 2016, projected environmental project spending accounted for only 4% of capital expenditures, while more recent data suggests that in 2024, this share declined to about barely 1% (p. 41; p. 47).⁴²⁹

⁴²⁵ CLECO. 2024. *Corporate Sustainability Report | 2024*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.cleco.com/docs/default-source/sustainability/2024-cleco-corporate-sustainability-report---final-for-publication---6-30-2025---sized-for-sending.pdf?sfvrsn=8451aaf2_1#:~:text=We%27re%20reducin.

⁴²⁶ U.S. SEC. 2016. *CLECO | 2015 10-K*.
<https://www.sec.gov/Archives/edgar/data/18672/000108981916000071/cnl-12312015x10k.htm>.

⁴²⁷ U.S. SEC. 2021. *CLECO | 2020 10-K*.
<https://www.sec.gov/ix?doc=/Archives/edgar/data/18672/000108981921000003/cnl-20201231.htm>.

⁴²⁸ U.S. SEC. 2025. *CLECO | 2024 10-K*.
<https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

⁴²⁹ U.S. SEC. 2025. *CLECO | 2024 10-K*.
<https://www.sec.gov/Archives/edgar/data/1089819/000108981925000003/cnl-20241231.htm>.

Although Cleco Power does not generate solar energy, its 2024 Corporate Sustainability Report indicates that Cleco has entered into an agreement with DESRI to provide Cleco Power and its customers with clean energy (p.7).⁴³⁰ In the end, these numbers suggest that Cleco's transition has focused on shifting fuel resources toward natural gas then expanding renewable energy.

Cleco Regulations & Oversight

Case overview: Cleco Power was a publicly traded Louisiana electric utility serving about 290,000 customers prior to its acquisition between 2014 and 2016 by a private infrastructure investor group for approximately \$4.7 to \$4.9 billion. This transaction shifted the company from public ownership to private infrastructure ownership. The Louisiana Public Service Commission (LPSC) initially rejected the deal, arguing that it was not clearly in the public interest, with specific concerns focused on leverage, financial structure, and the extent of benefits to customers. After negotiations, the investor group added stronger commitments, including ratepayer credits and financial safeguards, which ultimately led to approval in 2016. Following privatization, Cleco continued to operate as a regulated utility, with rate increases largely tied to infrastructure spending, storm hardening, and system modernization. As of 2025, Cleco is once again for sale.

The regulatory structure governing Cleco Power centers on the LPSC, which serves as the primary regulatory authority. The commission consists of five elected commissioners who serve six-year terms and are responsible for ensuring safe, reliable, and reasonably priced utility services within Louisiana.⁴³¹

⁴³⁰ CLECO. 2024. *Corporate Sustainability Report | 2024*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.cleco.com/docs/default-source/sustainability/2024-cleco-corporate-sustainability-report---final-for-publication---6-30-2025---sized-for-sending.pdf?sfvrsn=8451aaf2_1#:~:text=We%27re%20reducin.

⁴³¹ CLECO Power Regulatory Structure

The Louisiana Public Service Commission regulates utility mergers and acquisitions under its 1994 General Order, which requires utilities to disclose transactions and obtain prior approval or non-opposition before leasing, selling, merging, consolidating, mortgaging, or otherwise changing ownership exceeding 1% of a utility's gross assets and covers all methods of ownership transfer, with the intent of ensuring that such transactions protect the public interest and maintain adequate service.⁴³²

The LPSC also exercises authority over rates, service quality, and resource planning. Under Louisiana Statute 45:1163, the commission has the authority over any electric utility to and regulate the rates and services charged by public utilities.⁴³³ In addition, the commission regulates the integrated resource planning process under the 2012 Integrated Report Planning General Order, requiring utilities to submit long-term resource plans that address generation, transmission, demand-side resources, future electricity demands, and other planning considerations.⁴³⁴

Utilities are allowed to do permanent and interim rates. Under LA statute 45:1163.1, a utility must file for approval before implementing a proposed increase, and if the commission does not issue a decision within 12 months, the utility may implement a temporary increase through a protective bond, and if the increase is ultimately denied, the utility must refund the difference between the temporary revenue collected and the approved amount.⁴³⁵

⁴³² LPSC. 1994. *General Order | Merger Authority*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://lpsc.louisiana.gov/docs/orders/GO-3-18-1994.pdf.

⁴³³ FindLaw. 2023. LA General authority rates and service,
<https://codes.findlaw.com/la/revised-statutes/la-rev-stat-tit-45-sect-1163/>

⁴³⁴ LPSC. 2012. Louisiana Integrated Resource Planning, [lpsc-general-order-april-20-2012.pdf](#)

⁴³⁵ FindLaw. 2023. Louisiana Interim Rates,
<https://codes.findlaw.com/la/revised-statutes/la-rev-stat-tit-45-sect-1163-1/>

A primary regulatory concern in the Cleco transaction was the risk that a private parent company would assume significant debt to finance the acquisition and then rely on utility revenues to repay that debt. To mitigate these risks, the LPSC imposed a series of commitments in U-33434-A, Attachment A. It provided ring fencing provisions. For instance, The utility's assets cannot be used as collateral for parent-company debt, and Cleco Power is prohibited from loaning or pledging assets to its parent or affiliates without prior commission approval (p. 16).⁴³⁶ These provisions are intended to insulate the utility from financial risks associated with the broader corporate structure.

Additional protections govern affiliate transactions. For instance, The Louisiana Public Service Commission requires Cleco Power and its parent company to let them access their books, records, and documentation related to affiliate transactions and costs (p. 14).⁴³⁷

The merger conditions also have provisions on guarantees and financial obligations. For instance, Cleco Power is prohibited from issuing securities or becoming liable for the obligations of other entities without commission consent (p.16).⁴³⁸ Furthermore, the transaction included provisions to shift financial risk to the parent company. For instance, the cost of borrowing at Cleco Corporation will not impact Cleco Power's cost of debt or equity capital for ratemaking purposes (p. 28).⁴³⁹

⁴³⁶ LPSC. 2016. Cleco Final Order Attachments A & B U-33434
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴³⁷ LPSC. 2016. Cleco Final Order Attachments A & B U-33434
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴³⁸ LPSC. 2016. Cleco Final Order Attachments A & B U-33434
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴³⁹ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

The approval order also established a comprehensive set of transaction conditions and consumer protections. These included merger-related safeguards such as ring-fencing, limits on affiliate transactions and guarantees, ratepayer credits, and service-quality commitments. It had specific customer protections. Firstly, the order prohibited the utility from requesting rate increases before June 2019 (p. 4).⁴⁴⁰ Secondly, the utility is required to maintain its voluntary low-income assistance program, the Cleco Alternative Rate for Electricity, for at least five years (p. 10).⁴⁴¹ The agreement also required the provision of \$136 million in rate credits to residential and small commercial customers, with funds placed in escrow and distributed after closing (p.14).⁴⁴²

The transaction imposed extensive reporting requirements. Cleco Power must submit an annual report by October 31 each year detailing compliance with regulatory commitments (p. 34).⁴⁴³ The company and its parent must file all Securities and Exchange Commission reports, including Forms 10-K, 10-Q, and 8-K, with the LPSC (p.35).⁴⁴⁴ Additionally, Cleco Group must provide audited financial statements within 120 days of the close of its fiscal year, along with its federal income tax return (p. 35).⁴⁴⁵ The utility must also comply with all Federal Energy Regulatory Commission reporting requirements, including quarterly filings. It is further required

⁴⁴⁰ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴¹ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴² LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴³ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴⁴ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴⁵ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

to provide the commission with any transaction-related filings made with other federal or state regulatory agencies.

Enforcement mechanisms within the regulatory framework rely primarily on reporting, oversight, and compliance with established benchmarks. While statutory provisions address noncompliance with commission orders, the Cleco case does not specify strong direct penalties tied to performance outcomes. Customers did receive a \$136 million bill credit, but this was not tied to ongoing performance metrics.. Regarding benchmark reportings, Cleco is required to maintain a ten-year average for reliability metrics such as the System Average Interruption Duration Index and System Average Interruption Frequency Index, identify the worst-performing distribution feeders annually, and implement a ten-year inspection and replacement cycle for distribution infrastructure (p. 7).⁴⁴⁶

The merger settlement confirms the parties. The parties are confirmed in this case. On 10/17/14, the three investors (Macquarie Infrastructure and Real Assets, British Columbia Investment Management Corporation and John Hancock Financial) entered into an agreement with Cleco Corporation (holding company) and Cleco Power.⁴⁴⁷

Finally, the transaction includes specific ratepayer protections and financial safeguards. While no explicit numerical cap on return on equity was established in the merger order, the Cleco Power common equity ratio distribution would not be less than forty-eight (48) percent (p.23).⁴⁴⁸

⁴⁴⁶ LPSC. 2016. Cleco Final Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

⁴⁴⁷ U.S. SEC. 2014. Cleco Merger Agreement
https://content.edgar-online.com/ExternalLink/EDGAR/0001089819-14-000034.html?dest=exhibit21_102014_htm&hash=5d59986eebe5cb228df8ace32b10f40476c7f3c76db1f452a1c9605d0366d793

⁴⁴⁸ LPSC. 2016. Cleco Power Merger Order
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>

Case Five: El Paso Texas

Case Overview

El Paso Electric (EPE) is an energy utility provider operating in Western Texas and Southern New Mexico. Headquartered in El Paso, Texas, the utility first came into business in 1901 as El Paso Electric Railway Company and primarily provided transportation services.⁴⁴⁹ The company later evolved into generating and distributing electricity in 1925, changed its name to El Paso Electric Company, and expanded their service to southern New Mexico. El Paso Electric is fairly vertically integrated with its own line of generation, transmission, and distribution. Today, the company serves approximately 465,000 customers in a 10,000 square mile area stretching from Southern New Mexico to Western Texas covering major cities such as El Paso (TX) and Las Cruces (NM).⁴⁵⁰

EPE became privatized in 2020 when it was acquired by Infrastructure Investments Fund (IIF), an investment fund managed by J.P. Morgan. In 2019, El Paso entered into an agreement to be purchased by JP Morgan's Infrastructure Investments Fund or IIF in a deal valued at approximately \$4.3 billion (SEC, 2019; Sanchez, 2019; Kolenc, 2019).^{451 452 453} The proposed agreement was described as a long-term investment to support the success of EPE and to further strengthen their ability to meet growing service area needs including renewable energy and

⁴⁴⁹ El Paso Electric. 2026. *About EPE*. <https://www.epelectric.com/company/about-EPE>.

⁴⁵⁰ El Paso Electric. 2026. *About EPE*. <https://www.epelectric.com/company/about-EPE>.

⁴⁵¹ U.S. SEC. 2019. *El Paso Electric Enters Into Agreement to Be Purchased by the Infrastructure Investments Fund, an Investment Vehicle Advised by J.P. Morgan Investment Management Inc.* https://www.sec.gov/Archives/edgar/data/31978/000114036119010235/ex99_1.htm.

⁴⁵² Sanchez, Sara. 2019. *El Paso Electric Sale Released*. <https://www.epelectric.com/news/el-paso-electric-sale-released>.

⁴⁵³ Kolenc, Vic. 2019. *El Paso Electric to be sold for \$4.3B to JP Morgan's Infrastructure Investments Fund*. <https://www.elpasotimes.com/story/news/2019/06/03/el-paso-electric-sold-infrastructure-investments-fund-jp-morgan/1328698001/>.

sustainability initiatives.⁴⁵⁴ The sale took over a year to finalize and complete following required approvals from federal regulators and regulatory agencies from Texas and New Mexico (Kolenc, 2020).⁴⁵⁵

El Paso announced the completion of the sale and closing of acquisition in 2020 after receiving the final approval by the FERC (Parker, 2020).⁴⁵⁶ Prior to the final approval by FERC, the proposed acquisition had previously received approval by the Public Utility Commission of Texas (PUCT) earlier in January 2020,⁴⁵⁷ and by the New Mexico Public Regulation Commission in March 2020.⁴⁵⁸ El Paso's stock was delisted from the NYSE and the utility was no longer publicly traded, thus becoming a private entity. Following acquisition, the utility remained regulated and under regulatory oversight by utility commissions of both states, Texas and New Mexico.

The current AI boom and the rise of data centers have also resulted in the surge in the market of electric utility. Texas, now with more than 400 data centers, currently ranks second among states with the highest number of data centers following Virginia.⁴⁵⁹ It has been

⁴⁵⁴ U.S. SEC. 2019. *El Paso Electric Enters Into Agreement to Be Purchased by the Infrastructure Investments Fund, an Investment Vehicle Advised by J.P. Morgan Investment Management Inc.* https://www.sec.gov/Archives/edgar/data/31978/000114036119010235/ex99_1.htm.

⁴⁵⁵ Kolenc, Vic. 2019. *El Paso Electric to be sold for \$4.3B to JP Morgan's Infrastructure Investments Fund.* <https://www.elpasotimes.com/story/news/2019/06/03/el-paso-electric-sold-infrastructure-investments-fund-jp-morgan/1328698001/>.

⁴⁵⁶ Parker, Jim. 2020. *El Paso Electric sale to JP Morgan fund completed, new CEO named.* Kolenc, Vic. 2019. *El Paso Electric to be sold for \$4.3B to JP Morgan's Infrastructure Investments Fund.* <https://www.elpasotimes.com/story/news/2019/06/03/el-paso-electric-sold-infrastructure-investments-fund-jp-morgan/1328698001/>.

⁴⁵⁷ El Paso Electric. 2020. *PUC of Texas approves El Paso Electric sale to IIF, EPE hosts second community meeting with IIF in collaboration with City of El Paso.* <https://www.epelectric.com/news/puc-of-texas-approves-el-paso-electric-sale-to-iif-epe-hosts-second-community-meeting-with-iif-in-collaboration-with-city-of-el-paso>.

⁴⁵⁸ El Paso Electric. 2020. *Public Regulation Commission approves acquisition of El Paso Electric.* <https://www.epelectric.com/news/public-regulation-commission-approves-acquisition-of-el-paso-electric>.

⁴⁵⁹ Data Centers Map. 2026. *USA Data Centers.* <https://www.datacentermap.com/usa/>.

anticipated that Texas is currently on track and could potentially become the largest data center market with hundreds more data center projects on the way in addition to the current 400+ facilities already operating.⁴⁶⁰ In 2025, tech giant Meta announced a \$1.5 billion investment on a new state-of-the-art data center project located in El Paso, Texas.⁴⁶¹ After breaking ground, Meta made another official announcement in March 2026 confirming that the El Paso Data Center will grow to 1 GW and that they are increasing their investment to more than \$10 billion.⁴⁶² To support Meta's data center needs, EPE is currently seeking state approval to construct a new 366-MW natural gas-powered electric plant, estimated at \$473 million.⁴⁶³ The proposal and new investment have raised concerns among city leaders and consumers. El Paso plans to amend their certificate of convenience and necessity (CCN) for the new project named the McCloud facility. A recent report notes that the utility plans to shift the power plant's costs on to all customers after an initial one- to five-year bridge period, during which Meta would cover El Paso's cost of supplying power to their data center.⁴⁶⁴ These factors raise further concerns for rate payers within the El Paso region and general customers of EPE.

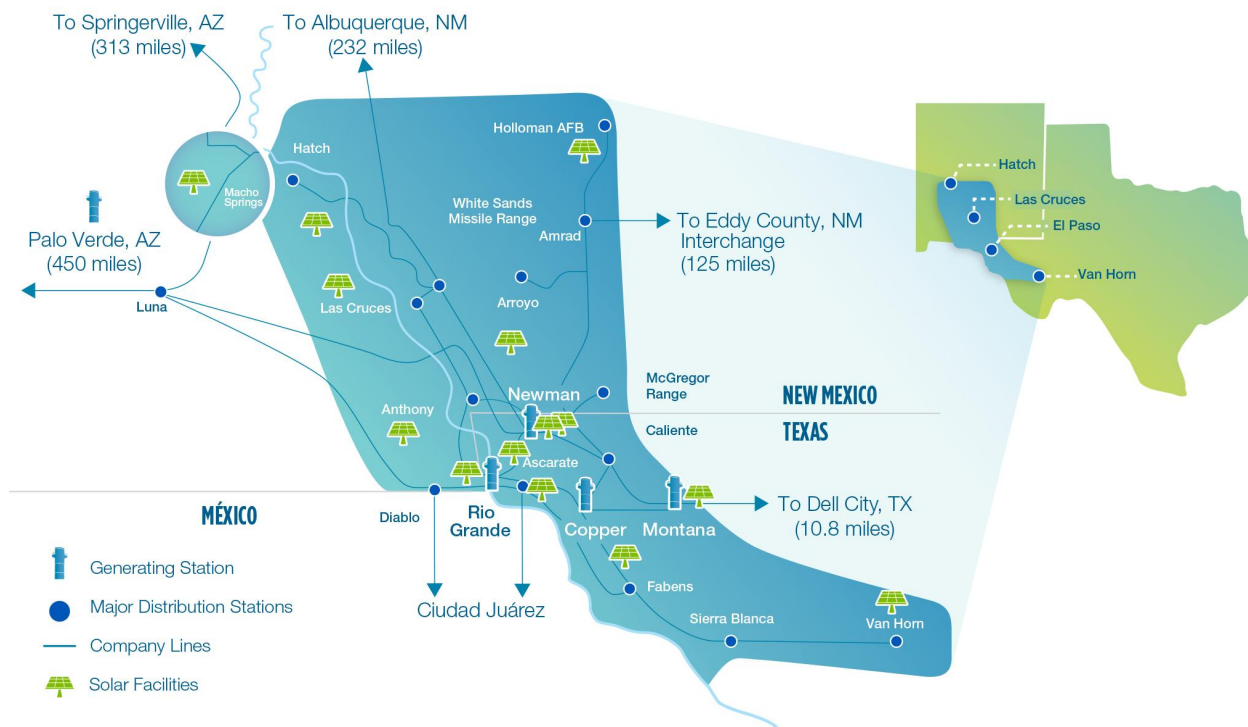
⁴⁶⁰ New, Brian, Lexi Salazar, and Michael Lozano. 2026. *Is Texas ready for the fast-approaching data center boom?* <https://www.cbsnews.com/texas/news/is-texas-ready-for-the-fast-approaching-data-center-boom/>.

⁴⁶¹ Meta. 2025. *Hello, El Paso!* <https://datacenters.atmeta.com/2025/10/hello-el-paso/>.

⁴⁶² Meta. 2025. *Hello, El Paso!* <https://datacenters.atmeta.com/2025/10/hello-el-paso/>.

⁴⁶³ Perez, Elida. 2026. *El Paso Electric proposes \$473 million gas plant to power Meta data center operations.* <https://elpasomatters.org/2026/01/18/el-paso-electric-meta-data-center-new-473-million-natural-gas-power-plant/>.

⁴⁶⁴ Mendoza-Moyers, Diego. 2026. *El Paso Electric filings detail power plant impact behind Meta's \$10 billion data center.* <https://elpasomatters.org/2026/03/29/meta-data-center-el-paso-10-billion-expansion-water-gas-electricity-usage/>.



Service Territory Map from El Paso Electric Website⁴⁶⁵

Criteria Analysis

Approval Process

Rather than granting automatic approval, the PUCT and the New Mexico Public Regulation Commission (NMPRC) imposed several conditions on the transaction within their respective jurisdictions. For example, the PUCT approval included financial protections and ring-fencing mechanisms, such as maintaining a minimum equity ratio, preventing the company from passing the acquisition premium to customers, and requiring certain bill credits.⁴⁶⁶ Also, additional safeguards were put in place to prevent the parent investment fund from imposing excessive debt on the utility. Similarly, the NMPRC adopted similar standards as the PUCT, with

⁴⁶⁵ CLECO. 2026. *Service Territory Map*. <https://www.electric.com/company/about-epe/service-territory>.

⁴⁶⁶ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*. [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF](https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF).

the difference reflected in the amount of rate credits New Mexico rate payers would receive, the amount of economic development funds, and oversight requirements specific to NMPRC.⁴⁶⁷

Regulatory Power

Although ownership changed, the company remained fully regulated by the PUCT under Title 2, Chapter 14 of the Texas Public Utility Regulatory Act, the NMPRC under Title 17 of New Mexico's Administrative Code, and the FERC under Section 201 of the Federal Power Act.^{468 469 470} Both the PUTC and the NMPRC oversee rate regulation, compliance, and consumer protections, among other functions, to make sure public utility services are reliable and provide reasonable rates for consumers. In addition, the acquisition order preserves both the PUTC's and the NMPRC's jurisdiction over the utility.

Customer Rates and Tariff Structure

El Paso Electric cannot do rate changes on its own, and they need regulatory approval from its respective state regulator, where rate structures are established through formal rate cases.

The current customer rates are set as follows: In Texas, residential customers are subject to a fixed monthly charge of \$9.25, along with tiered energy charges that increase with usage, particularly during summer months when rates range from approximately \$0.102 to \$0.107 per

⁴⁶⁷ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

⁴⁶⁸ Congress. 2018. *Federal Power Act*. Mendoza-Moyers, Diego. 2026. El Paso Electric filings detail power plant impact behind Meta's \$10 billion data center.
<https://elpasomatters.org/2026/03/29/meta-data-center-el-paso-10-billion-expansion-water-gas-electricity-usage/>.

⁴⁶⁹ NM Commission of Public Records. 1995. *Title 17 – Public Utilities and Utility Services*.
<https://www.srca.nm.gov/nmac-home/nmac-titles/title-17-public-utilities-and-utility-services/>.

⁴⁷⁰ PURA. 1997. *UTILITIES CODE CHAPTER 14*.
<https://statutes.capitol.texas.gov/?tab=1&code=UT&chapter=UT.14&artSec=>.

kWh.⁴⁷¹ In contrast, New Mexico residential customers have a lower fixed monthly charge of approximately \$7.00, with energy charges starting at about \$0.070 per kWh for lower usage and increasing to approximately \$0.11 per kWh for higher consumption.⁴⁷² Both jurisdictions offer alternative time-of-day options where electric prices vary depending on the energy being consumed. (See table below for data on average residential rates from 2015 to 2024 from EIA database)

El Paso Electric			
Annual Average Residential Rates by State from 2015 to 2024			
		New Mexico	Texas
	Year	Average Price cents/kWh	Average Price cents/kWh
Pre-Acquisition	2015	12.13	11.28
	2016	11.90	12.44
	2017	12.31	12.96
	2018	11.38	12.21
	2019	10.47	11.99
	2020	10.66	12.06
Post-Acquisition	2021	11.84	12.99
	2022	12.34	15.34
	2023	9.61	13.54
	2024	10.16	13.46
	2025	N/A	N/A

Source: EIA - Electric Sales, Revenue, and Average Price (ESR Report)⁴⁷³

Ratepayer Protections

⁴⁷¹ El Paso Electric. 2021. *Schedule No. 01*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.epelectric.com/el-paso-electric/uploads/section-1-sheet-040-schedule-01-residential-service-rate.pdf.

⁴⁷² El Paso Electric. 2024. *Fourteenth Rate No. 1*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.epelectric.com/el-paso-electric/uploads/nm-residential-service-rate-no-01-14th-rev-an289.pdf.

⁴⁷³ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16.
<https://www.eia.gov/electricity/data/eia861/>.

Ratepayer protections for EPE customers fall under the authority of the PUCT and the NMPRC . While some protections were established during the 2020 acquisitions, key protections, especially those related to rates, are continuously subject to review by regulators to make sure that customers are charged reasonable prices.

However, the acquisition agreement itself sets important limits for future rate adjustments.⁴⁷⁴ For example, it specifies that acquisition-related costs cannot be recovered from rate payers or included in the cost of capital or operating expenses.⁴⁷⁵ This also extends to certain financial risks, such as bankruptcy costs (p. 18).⁴⁷⁶ In addition, the agreement includes provisions such as requiring an arm's length relationship between EPE, Sun Jupiter, and IIF (p. 17).⁴⁷⁷

These provisions, along with the regulator's continued oversight, are intended to prevent financial risks from being passed on to ratepayers.

Reliability and Service Performance

During the pre-acquisition period (2017-2020), average reliability metrics show that customers in EPE's Texas territory experienced lower outage duration and frequency compared to customers in EPE's New Mexico territory. For example, SAIDI without MED (outage

⁴⁷⁴ Joint Applicant's Regulatory Commitments to the Commission, U-33434-A (Louisiana Public Service Commission March 28, 2016), <https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/ViewFile?fileId=WKkPMlcCPqY%3d>.

⁴⁷⁵ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

⁴⁷⁶ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

⁴⁷⁷ New Mexico Public Regulation Commission. 2020. *Docket No 49849 - Joint Report and Application of El Paso Electric*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF.

duration), in Texas, was an average of 68.88 minutes, compared to 109.55 minutes for New Mexico customers.⁴⁷⁸ Meanwhile, SAIFI without MED (outage frequency) for customers in Texas averaged about .898 interruptions per customer, while New Mexico customers had 1.073 interruptions per customer on average.⁴⁷⁹ Moreover, CAIDI without MED (restoration time) was 76.3 minutes for customers in Texas and 102.85 minutes for those in New Mexico.⁴⁸⁰

In comparison, the post-acquisition (2021-2024) data shows that SAIDI without MED increased for ratepayers in Texas to an average of about 80.34 minutes, while ratepayers in New Mexico experienced a slight increase to about 111.45 minutes.⁴⁸¹ Additionally, SAIFI without MED increased ever so slightly for those in Texas and New Mexico; 0.835 and 1.075, respectively.⁴⁸² Now, CAIDI without MED shows the highest average increase in restoration times for Texas customers, with 92.2 minutes.⁴⁸³ This is about a 15.9-minute increase on average for ratepayers in Texas, while New Mexico ratepayers only saw a .35-minute increase on average during the post-acquisition period. (See tables below for reliability data for New Mexico and Texas from 2015 to 2024 from EIA database)

⁴⁷⁸ U.S. Energy Information Administration (EIA), “Annual Electric Power Industry Report, Form EIA-861-Reliability,” 2017-2020, n.d., <https://www.eia.gov/electricity/data/eia861/>.

⁴⁷⁹ U.S. Energy Information Administration (EIA), “Annual Electric Power Industry Report, Form EIA-861-Reliability”

⁴⁸⁰ U.S. Energy Information Administration (EIA).

⁴⁸¹ U.S. Energy Information Administration (EIA), “Annual Electric Power Industry Report, Form EIA-861-Reliability,” 2021-2024, n.d., <https://www.eia.gov/electricity/data/eia861/>.

⁴⁸² U.S. Energy Information Administration (EIA), “Annual Electric Power Industry Report, Form EIA-861-Reliability.”

⁴⁸³ U.S. Energy Information Administration (EIA).

**El Paso Electric Power Reliability Data from 2015 to 2024
(New Mexico)**

Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2015	121.936	1.463	83.347	84.344	1.339	62.990
2016	71.500	1.080	66.204	68.600	1.050	65.333
2017	157.173	1.608	97.744	157.173	1.608	97.744
2018	84.490	0.986	85.690	84.490	0.986	85.690
2019	70.059	0.790	88.682	70.059	0.790	88.682
2020	126.481	0.908	139.296	126.481	0.908	139.296
2021	192.822	1.294	149.012	156.237	1.159	134.803
2022	110.159	1.165	94.557	110.159	1.165	94.557
2023	106.819	1.140	93.701	79.768	1.047	76.187
2024	99.639	0.929	107.254	99.639	0.929	107.254

**El Paso Electric Power Reliability Data from 2015 to 2024
(Texas)**

Year	With Major Event Days			Without Major Event Days		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2015	94.686	0.868	109.085	83.728	0.799	104.791
2016	62.730	0.733	85.580	53.600	0.680	78.824
2017	81.016	1.033	78.428	81.016	1.033	78.428
2018	49.270	0.694	70.994	49.270	0.694	70.994
2019	76.386	0.972	78.586	76.386	0.972	78.586
2020	68.847	0.891	77.269	68.847	0.891	77.269
2021	155.864	1.119	139.289	145.306	1.057	137.470
2022	55.691	0.716	77.781	55.691	0.716	77.781
2023	94.137	0.948	99.301	64.110	0.838	76.504
2024	56.241	0.730	77.042	56.241	0.730	77.042

Data source: Form EIA-861⁴⁸⁴

Customer Service

Also, customer satisfaction data from the J.D. Power Electric Utility Residential Study shows that average scores increased from 698 in the pre-acquisition period (2017-2020) to about 707.5 in the post-acquisition period (2021-2024) on a 1000-point scale.⁴⁸⁵ This indicates a

⁴⁸⁴ U.S. EIA. 2026. *Annual Electric Power Industry Report, Form EIA-861 detailed data files*. April 16. <https://www.eia.gov/electricity/data/eia861/>.

⁴⁸⁵ J.D. Power, *J.D. Power Electric Utility Residential Customer Satisfaction Study* (2017-2024)

modest improvement in customer satisfaction following acquisition, although the data does not specify which factors were used in this study.

Financial Well-being & Credit Rating

Since the acquisition, the financial position and credit quality of EPE have remained steady. According to Fitch Ratings,⁴⁸⁶ The company has constantly held a BBB rating with multiple affirmations since 2020 due to steady "customer growth and demand".⁴⁸⁷ On the other hand, as of 2024, Moody's assigned EPE a Baa2 long-term issuer rating.⁴⁸⁸ This rating was a downgrade from Baa1, but it is still considered a mid-range average credit.⁴⁸⁹ The consistency of these ratings over time could suggest that EPE has maintained a stable financial position after acquisition despite changes in ownership and capital structure.

Renewable Energy and Resource Mix

EPE seems to be making positive strides towards decarbonization efforts. Even though Texas does not have a state-level mandate regarding clean energy initiatives and goals, EPE has established carbon reduction goals that are also in line with the 2023 City of El Paso energy ordinance and goals. For example, EPE has a target of 80% carbon-free energy by 2035 and full decarbonization by 2045.⁴⁹⁰

⁴⁸⁶ Fitch Ratings, "El Paso Electric Company," <https://www.fitchratings.com/entity/el-paso-electric-company-80089006#ratings>.

⁴⁸⁷ Fitch Ratings. *El Paso Electric Company*. Rating report. May 1, 2025. <https://www.fitchratings.com/research/corporate-finance/el-paso-electric-company-01-05-2025>.

⁴⁸⁸ Moody's, "El Paso Electric Company," accessed April 09, 2026, <https://www.moody's.com/entity/259000/ratings/view-by-class>.

⁴⁸⁹ Moody's. 2026. *Rating Definitions*. https://www.moody's.com/research/Rating-Symbols-and-Definitions--PBC_79004.

⁴⁹⁰ El Paso Electric, *2022 Corporate Sustainability Report* (2022), https://www.epelectric.com/files/html/Sustainability%20Report/EPE%2022-83%20Sustainability%20Report_Web.pdf.

Based on company data, EPE uses a combination of carbon-free generation and fossil fuel sources. For example, in 2021, 48.5% of generation was carbon-free, while around 51.5% came from natural gas and purchased power.⁴⁹¹ By 2024, carbon-free generation decreased to approximately 41.8% , while purchased power doubled compared to 2021 levels.⁴⁹²

Data Centers

According to a report by Data Center Watch,⁴⁹³ in the first half of 2025, about 20 data center projects worth up to \$98 billion were canceled or delayed due to local, political, and regulatory opposition. Texas is not different.

In 2023, the City of El Paso approved a \$1.5 billion hyperscale data center project for Meta. Some of the commitments for this project included developing the land "in compliance with the Policy, the Ordinance, and all applicable laws, ordinances, policies, rules, and regulations".⁴⁹⁴ It is estimated that once this project is completed, it will generate at least 50 high-wage full-time jobs.⁴⁹⁵

However, local opposition grew once EPE filed a motion to amend its CCN to construct, own, and operate the McCloud Generation facility, a natural-gas power-generating facility to

⁴⁹¹ El Paso Electric. 2022. *2021 Sustainability Report*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.epelectric.com/files/html/Sustainability%20Report/EPE%2022-83%20Sustainability%20Report_Web.pdf.

⁴⁹² El Paso Electric. 2022. *2021 Sustainability Report*.
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.epelectric.com/files/html/Sustainability%20Report/EPE%2022-83%20Sustainability%20Report_Web.pdf.

⁴⁹³ Data Center Watch, "\$64 Billion of Data Center Projects Have Been Blocked or Delayed Amid Local Opposition," 2025, <https://www.datacenterwatch.org/report>.

⁴⁹⁴ City of El Paso and Wurldwide LLC, *380 Economic Development Program Agreement* (December 7, 2023), <https://www.elpasotexas.gov/assets/Documents/CoEP/Data-Centers/Ex-Worldwide-380-Agreement-Seafox.pdf>.

⁴⁹⁵ City of El Paso and Wurldwide LLC, *380 Economic Development Program Agreement* (December 7, 2023), <https://www.elpasotexas.gov/assets/Documents/CoEP/Data-Centers/Ex-Worldwide-380-Agreement-Seafox.pdf>.

address the energy needs of the Worldwide data center.⁴⁹⁶ Due to the proposed natural gas power generating facility by EPE and Meta, and the intention of eventually integrating this facility into the grid, has prompted questions and opposition from citizens, environmental coalitions, state representatives, and even from the City of El Paso.⁴⁹⁷

El Paso Regulatory and Oversight Analysis

The regulatory structure governing El Paso Electric rests on the Public Utility Commission of Texas, which regulates rates, services, mergers, and resource planning. Under statute TX 36.001, the regulatory authority may establish and regulate rates of an electric utility.⁴⁹⁸

The commission has authority over resource planning. Under statute 37.051, an electric utility cannot install, operate, or extend a service without filing a certificate of convenience and necessity with the commissions.⁴⁹⁹ Additionally, under Texas Statute 37.056, require the commission to approve a certificate of completion after considering service adequacy, service need, community and environmental integrity, effect of customers, and probable cost improvement.⁵⁰⁰ This statute helps the commission determine if the McCloud plant is necessary to serve the Meta center data load and if existing projects are unable to meet that need. The commission must assess environmental and community effects and whether the plant would

⁴⁹⁶ El Paso Electric Meta Data Center New \$473 Million Natural Gas Power Plant," January 18, 2026, <https://elpasomatters.org/2026/01/18/el-paso-electric-meta-data-center-new-473-million-natural-gas-power-plant/>.

⁴⁹⁷ Pskowski, Martha. 2026. *El Paso's plan to build natural gas power plant for massive data center kicks up opposition*. <https://www.texastribune.org/2026/01/26/texas-el-paso-meta-data-center-natural-gas-power-plant/>.

⁴⁹⁸ FindLaw. 2024. General Rate Authority <https://codes.findlaw.com/tx/utilities-code/util-sect-36-001/>

⁴⁹⁹ FindLaw. 2024. Texas Certificate of Convenience <https://codes.findlaw.com/tx/utilities-code/util-sect-37-051/>

⁵⁰⁰ FindLaw. 2024. Texas Certificate of Convenience and Necessity factors <https://codes.findlaw.com/tx/utilities-code/util-sect-37-056/>

improve service or lower consumer costs. It also helps determine whether building the plant is cost-effective and reasonable than other projects. The commission can only approve this if it serves the public interest and entire system, rather than just benefiting Meta.

The El Paso Electric utility cannot change rates on their own. The Public Utility Commission of Texas has a rate case process in which the utility files a rate change application, PUCT staff and intervenors assess the decision, the State Office of Administrative Hearing conducts hearings and testimony, and files a decision proposal and the commission decides whether to accept or reject the application.⁵⁰¹ The statute *TX Util* § 36.155 lets the commission set an interim rates after case complaints until a final decision is made and this regulatory authority can require the utility to refund with interest if temporary rates collect revenue than final rates or an authorization of a surcharge with interest if temporary rates collect less revenue than final rates.⁵⁰²

Texas has provisions on ring fencing, affiliate transactions, and guarantees under Public Utility of Commission final approval order docket 49849. It has the following ring-fencing provisions. For instance, each of EPE and Sun Jupiter will maintain accurate, appropriate, and detailed books, financial records and accounts separate from any entity (p. 19).⁵⁰³ The order has the affiliate transaction provisions. For instance, the Public Utility Commission of Texas is allowed to access IIF US 2 and its affiliates' books and records to review affiliate transactions (p.19).⁵⁰⁴ The order has some provisions on guarantees. For instance, EPE will not guarantee the

⁵⁰¹ PUCT. 2026. Texas Rate Case Process
https://www.puc.texas.gov/agency/about/ope/outside_ercot/

⁵⁰² FindLaw. 2024. Texas Interim Rates
<https://codes.findlaw.com/tx/utilities-code/util-sect-36-155/>

⁵⁰³ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵⁰⁴ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

debt or credit instruments of Sun Jupiter, IIF US 2, or any other affiliate (p. 16).⁵⁰⁵ The order addresses whether parent-company risks can be shifted onto the utility. For instance, neither EPE nor Sun Jupiter will seek to recover from EPE's customers any costs incurred as a result of a bankruptcy of IIF US 2 or any of its affiliates (p. 18).⁵⁰⁶

The PUCT has established a comprehensive set of transaction conditions and consumer protections. It has customer protections including a \$21 million rate credit (distributed in 36 monthly installments).⁵⁰⁷ It has some reporting requirements involving the EPE filing annual reports to the commission for five years showing all merger commitment compliance and quarterly compliance filings of debt-to-equity ratio maintenance (p.24).⁵⁰⁸ Regarding required plans and filings after closing, El Paso Electric was required to file a tariff to implement the \$21 million rate credit within 45 days after closing (p.12).⁵⁰⁹

The State of Texas has some enforcement conditions. Under TX Util § 15.028, a public utility is subject to a civil penalty not less than \$1000 and not more than \$5000 if it fails to obey a commission order.⁵¹⁰ The order does not specify any under-performance payments or automatic

⁵⁰⁵ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵⁰⁶ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵⁰⁷ El Paso Electric. 2020. Texas Consumer Protections
https://www.epelectric.com/news/el-paso-electric-announces-closing-of-acquisition-by-the-infrastructure-investments-fund?utm_source

⁵⁰⁸ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵⁰⁹ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵¹⁰ FindLaw. 2024. Texas noncompliance statute
[Texas Utilities Code - UTIL § 15.028 | FindLaw](#)

credits. Regarding benchmark reporting requirements, EPE had to report its actual system level SAIDI and SAIFI statistics to the Commission in its annual Service Quality Reports (p.24).⁵¹¹

The merger agreement confirms the parties. On June 1, 2019, El Paso Electric (Company), Sun Jupiter, and Sun Merger (Subsidiary of Sun Jupiter) filed a merger plan.⁵¹² The order does not have a return on equity or equity ratio cap. The regulatory structure governing El Paso Electric also rests on the New Mexico Public Regulation Commission which regulates rates, services, mergers, and resource planning. Under statute NM 62-6-4, The commission has jurisdiction to regulate every public utility in respect to its rates and service regulations.⁵¹³ In New Mexico, under statute NM 62-6-12, a utility must obtain approval from the New Mexico Public Regulation Commission before undergoing a merger, acquisition, or consolidation.⁵¹⁴ This is the statute that gave the commission authority to approve the 2020 El Paso acquisition. Under statute NM 62-17-10, the commission requires integrated resource plans evaluating renewable energy, energy efficiency, load management, and distributed generation, uncertainty of fuel supply, price volatility, and cost of regulations to meet cost-effective resources to supply customers' energy needs.⁵¹⁵ In this case, the NEW Mexico Regulation Commission can assess whether the plant is a cost-effective resource plan for consumers compared to alternatives, including energy efficiency, renewable energy.

⁵¹¹ PUCT. 2026. Texas Joint Rate Application
https://interchange.puc.texas.gov/Documents/49849_280_1050282.PDF

⁵¹² U.S. SEC. 2019. Texas Merger Agreement
sec.gov/Archives/edgar/data/31978/000114036119010234/ex2_1.htm

⁵¹³ FindLaw. 2024. New Mexico Rates and Service
<https://codes.findlaw.com/nm/chapter-62-electric-gas-and-water-utilities/nm-st-sect-62-6-4/>

⁵¹⁴ FindLaw. 2024. New Mexico Merger Statute
<https://codes.findlaw.com/nm/chapter-62-electric-gas-and-water-utilities/nm-st-sect-62-6-12/>

⁵¹⁵ FindLaw. 2024. New Mexico Resource Planning
<https://codes.findlaw.com/nm/chapter-62-electric-gas-and-water-utilities/nm-st-sect-62-17-10/>

Utilities in New Mexico cannot change rates on their own. Under *NM Stat* § 62-8-7, the commission requires utilities to get their approval to show rates are just and reasonable, prohibits rate changes without 30-day notice, suspends rate changes for nine months for hearings, and the final decision is made.⁵¹⁶

The New Mexico Public Regulatory Commission final merger (docket no 19-00234-UT) has provisions on ring-fencing, affiliate transactions, guarantees, and whether parent-company financial risk can be shifted onto the utility. It has the following ring-fencing provision. For instance, EPE will maintain its own accounting system separate from Sun Jupiter, IIF US 2, or any intermediate holding company (p. 9).⁵¹⁷ The order has affiliate transaction provisions. For instance, the commission can access IIF-U2 and its affiliates' financial records of affiliate transactions (p.9).⁵¹⁸ The order has some provisions on guarantees. For instance, El Paso Electric cannot guarantee the debt of Sun Jupiter, IIF-US-2, or its affiliates (p. 7).⁵¹⁹ The order has measures on whether parent-financial risk shifting to utility. For instance, EPE and Sun Jupiter cannot recover from customers' cost as a result of bankruptcy from IIF US-2 and its affiliates (p.8).⁵²⁰

⁵¹⁶ FindLaw. 2024. New Mexico Rate Changes
<https://codes.findlaw.com/nm/chapter-62-electric-gas-and-water-utilities/nm-st-sect-62-8-7/>

⁵¹⁷ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵¹⁸ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵¹⁹ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵²⁰ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

New Mexico has also established a comprehensive set of transaction conditions and consumer protections. New Mexico has merger conditions. For instance, El Paso Electric Headquarters will remain in El Paso, Texas. New Mexico has consumer protections too. For instance, a total rate of \$8.7m credit will be distributed in 36 monthly installments after the closing of the transaction (p. 5).⁵²¹

The transaction imposed reporting requirements. New Mexico requires EPE to report annual regulatory commitment compliance reports for five years (p.13).⁵²² The order has required filings after closing. For instance, EPE must do the tariff rate credit filing seven days after transaction closing (p. 5).⁵²³ New Mexico has a noncompliance statute. Under NM statute 62-12-4, any person or corporation will pay a civil penalty of not less than \$100 nor more than \$100,000 if they fail to obey a commission order.⁵²⁴ The commission does not have any under-performance payments nor automatic credits. Regarding benchmark reporting requirements, EPE had to report its actual-level SAIFI and SAIDI to the commission.⁵²⁵ Additionally, it does not have a return on equity or equity ratio cap.

⁵²¹ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵²² NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵²³ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

⁵²⁴ FindLaw. 2024. NM noncompliance statute
<https://codes.findlaw.com/nm/chapter-62-electric-gas-and-water-utilities/nm-st-sect-62-12-4/>

⁵²⁵ NMPRC. 2019. *Docket #: 19-00234-UT | New Mexico Joint Application*.
<https://e360.prc.nm.gov/portal/public/#/public/nm-prc/en/CaseXscreen?screen=external-Case360&caseId=d6015688-1e6d-49f9-8ed7-3ed861f79584>.

International Cases

Introduction

U.S. utility acquisitions share a common regulatory scaffolding such as state PUC oversight, FERC jurisdiction over wholesale markets and SEC disclosure requirements. These make cross-case comparison relatively straightforward. That shared framework also limits what domestic cases alone can tell us. When every case operates under the same basic institutional logic, it becomes harder to isolate which features of that logic actually drive outcomes and which are simply background conditions.

International cases break that constraint. The United Kingdom and Australia both privatized major infrastructure utilities, both developed regulatory frameworks intended to protect consumers, and both have faced the same underlying tension between investor returns and public accountability. But they built different institutions, made different regulatory choices, and produced meaningfully different results. That variation is analytically useful.

Thames Water illustrates what happens when regulators suppress prices for too long without ensuring infrastructure investment keeps pace, a dynamic that produces apparent affordability in the short run and system-wide financial distress over time. AusNet, acquired by a Brookfield-led consortium in 2022, shows a different trajectory: post-acquisition price increases contained by an active regulatory framework, with private capital directed toward infrastructure improvements, particularly in underserved rural areas.

Together, these cases sharpen a question that runs through the domestic analysis as well: whether ratepayer outcomes after a utility acquisition depend primarily on who owns the utility or on the regulatory environment in which that ownership operates.

Case One: Thames Water

History and Ownership Structure

Thames Water has its origins in the privatization of Britain's water and sewerage industry in 1989 under Margaret Thatcher's Conservative government. This shift toward privatization was largely motivated by the need to increase investment in aging infrastructure, particularly the Victorian-era pipe systems, and to meet emerging European Union environmental standards.⁵²⁶

Following privatization, Thames Water operated as a publicly listed company until it was acquired by the German utility RWE in 2001. In 2006, ownership shifted again when a consortium led by Macquarie Group took control. Macquarie eventually divested its stake in 2017, leaving the company in the hands of a diverse group of global institutional investors.

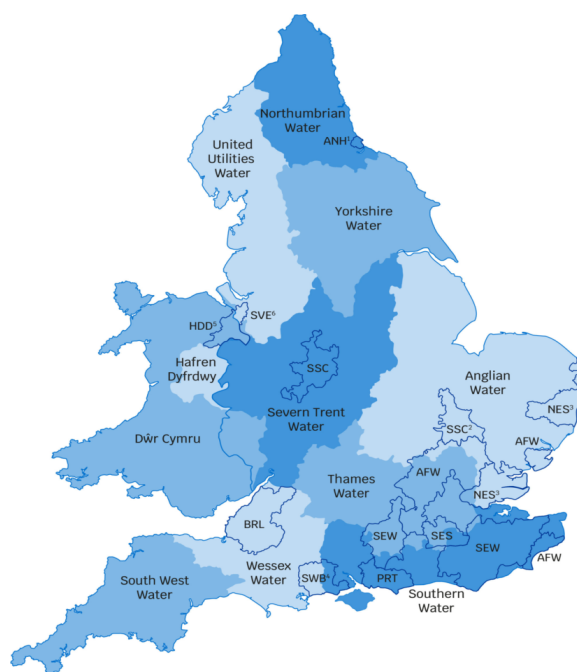
Today, Thames Water is owned by a mix of pension funds, sovereign wealth funds, and infrastructure investors. Major stakeholders include the Ontario Municipal Employees Retirement System, the Universities Superannuation Scheme, and the Abu Dhabi Investment Authority (via Infinity Investments). Additional investors include the British Columbia Investment Management Corporation, Hermes GPE, China Investment Corporation, Queensland Investment Corporation, Aquila GP Inc., and Stichting Pensioenfonds Zorg en Welzijn.⁵²⁷

The company provides water and wastewater services to approximately 16 million customers across London and the Thames Valley, making it the largest water utility in the United Kingdom.⁵²⁸

⁵²⁶ Young, "Thames Water."

⁵²⁷ Thames Water. 2026. "Our Structure | Governance and Legal | About Us | Thames Water," accessed April 7, 2026, <https://www.thameswater.co.uk/about-us/governance/our-structure>.

⁵²⁸ Thames Water. 2026. "About Us | Who We Are | Serving 16 Million Customers," accessed April 7, 2026, <https://www.thameswater.co.uk/about-us>.



UK Water Utilities Service Areas⁵²⁹

Thames Water region



PA graphic. Source: Thames Water

Thames Water Service Area Map⁵³⁰

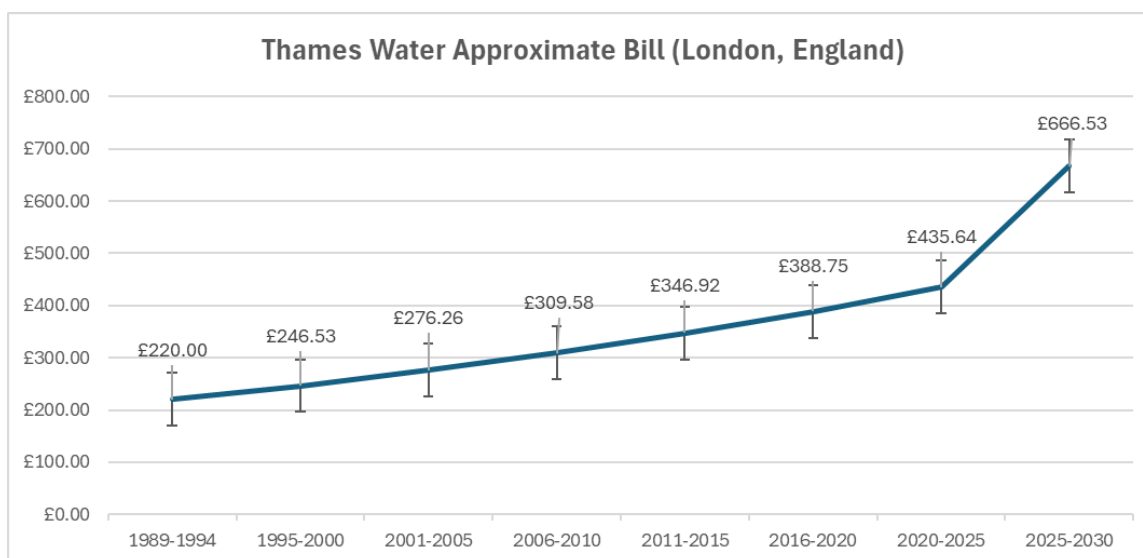
⁵²⁹ *Thames Water – Water Cases*, n.d., accessed April 28, 2026, <https://www.mywatercase.co.uk/the-defendants/thames-water/>.

⁵³⁰ August Graham and Anna Wise, “Who Owns Thames Water, How Much Money Does It Owe and What Might Happen Next?,” Yahoo Finance, June 29, 2023, <https://uk.finance.yahoo.com/news/owns-thames-water-much-money-140047295.html>.

Rates and Pricing Trends

One of the most significant issues facing Thames Water is the sharp increase in customer bills. As of the 2024–2025 period, the average household bill stands at approximately £436. However, projections for the 2029–2030 period vary significantly depending on the source. Thames Water’s own business plan proposes an average bill of £627, while the regulator Ofwat suggests a lower figure of £535. Notably, Thames Water has also advocated for an even higher figure of £667, representing a potential 53% increase compared to current levels.⁵³¹

Although detailed historical pricing data is limited, qualitative estimates suggest that water bills are expected to be approximately 67% higher in real terms in the 2025–2030 period than they were between 1989 and 1994.⁵³² This implies relatively modest increases over several decades, followed by a sharp and sudden rise in the current regulatory cycle. In real terms, the average bill in the early 1990s was approximately £220, highlighting the scale of the proposed increases.



⁵³¹ “Key Facts and Data from Water Company Plans.”

⁵³² “Why Broken Water Companies Are Failing England and Wales,” The Week, February 15, 2026, <https://theweek.com/environment/water-companies-failing-england-and-wales>.

**Thames Water Bill Estimates from 1989 to 2030
(London, England)**

5-Year Period	Approximate Bill	Percentage Increase (%)
1989 - 1994	£220.00	N/A
1995 - 2000	£246.53	12.06
2001 - 2005	£276.26	12.06
2006 - 2010	£309.58	12.06
2011 - 2015	£346.92	12.06
2016 - 2020	£388.75	12.06
2020 - 2025	£435.64	12.06
2025 - 2030	£666.53	53.00
Historical 5-year period increase		12.06%

Data from Ofwat and The Week UK⁵³³ ⁵³⁴

Historically, Ofwat placed a strong emphasis on keeping customer bills low, often pushing prices down to prioritize affordability. However, this recent price increase may indicate that the approach may have gone too far, effectively constraining revenues to the point where companies struggled to adequately invest in infrastructure, maintenance, and environmental compliance. Over time, this created a gap between what Thames Water was allowed to charge and what was actually needed to sustain and improve the system.⁵³⁵

The current price review period may reflect a shift in regulatory thinking. Rather than continuing to suppress prices, Ofwat is now allowing for significantly higher bills in order to support large-scale investment.

Service Reliability and Environmental Performance

⁵³³ Ofwat. N.d. “Key Facts and Data from Water Company Plans,” accessed April 7, 2026, <https://www.ofwat.gov.uk/regulated-companies/price-review/2024-price-review/business-plans/key-facts-and-data-from-water-company-plans/>.

⁵³⁴ “Why Broken Water Companies Are Failing England and Wales,” The Week, February 15, 2026, <https://theweek.com/environment/water-companies-failing-england-and-wales>.

⁵³⁵ Michael Bennon, “How Profits, Rather than Politics, Became the Consensus on Thames Water,” *Public Works Financing*, July 2024, <https://pwfinancing.com/article/how-profits-rather-than-politics-became-the-consensus-on-thames-water/>.

While Thames Water does not operate an electricity grid, service reliability can be evaluated through metrics such as water supply interruptions. In 2022–2023, the company reported an average of 19 minutes and 34 seconds of supply interruptions per property. Its business plan aims to reduce this to approximately 9 minutes by 2029–2030. However, this still falls short of industry performance targets set by Ofwat, which are closer to 5 minutes. This indicates that even under optimistic projections, the company may continue to underperform relative to regulatory expectations.⁵³⁶

Environmental performance is an even more pressing concern. Reports indicate that between 2021 and 2025, Thames Water was responsible for 39,404 sewage spills, including at least 8,499 illegal discharges. These incidents affected 163 watercourses across 66 parliamentary constituencies, with nearly 90% of sewage treatment works implicated in illegal activity.⁵³⁷

The financial consequences of these failures have been significant. The company has faced penalties totaling over £123 million for violations related to sewage spills and improper dividend payments⁵³⁸. Despite these sanctions, pollution levels remain high. In 2024 alone, Thames Water was responsible for nearly 300,000 hours of raw sewage discharge into waterways, an increase from the previous year's 194,000 hours.⁵³⁹

Additional concerns have arisen regarding drinking water quality. For example, in 2024, residents in Bramley were advised not to consume tap water following a contamination incident

⁵³⁶ “Key Facts and Data from Water Company Plans.”

⁵³⁷ Dunn, “Revealed.”

⁵³⁸ Tooher, “Thames Water Sewage Spills Set for Record High.”

⁵³⁹ Sandra Laville and Sandra Laville Environment correspondent, “Thames Water Data Reveals Raw Sewage Discharges in Rivers Rose 50% in 2024,” Business, *The Guardian*, March 18, 2025, <https://www.theguardian.com/business/2025/mar/18/thames-water-data-reveals-raw-sewage-discharges-rivers-2024>.

linked to a fuel leak.⁵⁴⁰ While such incidents are relatively isolated, they contribute to broader concerns about operational reliability and public safety.

Regulatory Oversight

Thames Water operates within a complex regulatory framework involving multiple agencies. The primary economic regulator is Ofwat, which sets price controls and oversees financial performance. Environmental issues are managed by the Environment Agency in England and Natural Resources Wales in Wales. While drinking water quality is monitored by the Drinking Water Inspectorate.⁵⁴¹

However, this fragmented regulatory system is currently under review. The UK government has proposed the creation of a new, unified water regulator intended to replace the existing framework. This reform aims to address widespread criticism of regulatory failures, particularly in relation to environmental enforcement and financial oversight.⁵⁴²

In addition, proposals include the establishment of a new water ombudsman to strengthen consumer protections. This body would provide legally binding resolutions to customer complaints and expand the role currently played by the Consumer Council for Water⁵⁴³. While these reforms signal a significant shift in governance, many details, including implementation timelines, remain uncertain.⁵⁴⁴

Financial Stability

⁵⁴⁰ “Bramley Water Quality FAQs - Do Not Drink | Thames Water.”

⁵⁴¹ The Week, “Why Broken Water Companies Are Failing England and Wales.”

⁵⁴² Horton, “Ofwat to Be Abolished in ‘Reset’ of Water Industry Regulation.”

⁵⁴³ Horton and Crerar, “Water Ombudsman to Be Created amid Sweeping Changes in England and Wales.”

⁵⁴⁴ “A New Vision for Water,” GOV.UK, February 19, 2026, <https://www.gov.uk/government/publications/a-new-vision-for-water-white-paper/a-new-vision-for-water>.

Thames Water's financial position has deteriorated significantly in recent years, as reflected in successive downgrades by major credit rating agencies. Fitch Ratings downgraded the company from a B+ rating in 2020 to C by April 2024, indicating that default or default-like conditions were imminent. By 2025, Fitch had withdrawn its rating entirely⁵⁴⁵.

Other agencies have expressed similar concerns. S&P Global downgraded the company's debt to near-default levels, citing acute liquidity challenges and a high risk of restructuring⁵⁴⁶. Moody's likewise downgraded Thames Water deep into non-investment grade territory, warning that a distressed debt exchange was highly likely.⁵⁴⁷

Although a restructuring plan approved in early 2025 extended debt maturities and temporarily improved credit ratings, this development appears to reflect a delay in financial collapse rather than a fundamental recovery. The company continues to face significant liquidity constraints, high debt levels (approximately £19 billion), and ongoing difficulty in attracting new equity investment.⁵⁴⁸

Key Takeaways

The Thames Water case highlights the risks of regulatory frameworks that prioritize short-term affordability over long-term system sustainability. For many years, Ofwat maintained strict limits on pricing, effectively keeping customer bills relatively low. While this approach

⁵⁴⁵ "Thames Water (Kemble) Finance Plc Credit Ratings :: Fitch Ratings," accessed April 7, 2026, <https://www.fitchratings.com/entity/thames-water-kemble-finance-plc-90416673#rating-actions>.

⁵⁴⁶ Marc Jones, "S&P and Moody's Slash Thames Water's Ratings as Default Fears Mount," United Kingdom, *Reuters*, September 25, 2024, <https://www.reuters.com/world/uk/moodys-downgrades-thames-waters-corporate-family-rating-deeper-into-junk-2024-09-25/>.

⁵⁴⁷ Marc Jones, "Moody's Withdraws Key Thames Water Rating over Lack of Information," Land Use & Biodiversity, *Reuters*, May 23, 2025, <https://www.reuters.com/sustainability/land-use-biodiversity/moodys-withdraws-key-thames-water-rating-over-lack-information-2025-05-23/>.

⁵⁴⁸ "Thames Water Rating Raised To 'CCC' From 'D' On C | S&P Global Ratings."

benefited consumers in the short term, it also constrained the company's ability to generate sufficient revenue for reinvestment in infrastructure, maintenance, and environmental compliance.

Over time, this created a widening gap between what the system required and what the company was allowed to charge. The result has been deteriorating infrastructure, ongoing environmental violations, and significant financial instability. The sharp increase in current and projected rates can therefore be understood not simply as a pricing issue, but as a correction to a period of underpricing. In this sense, the Thames Water case demonstrates that setting prices too low for too long can ultimately undermine service quality and lead to larger, more disruptive cost increases in the future.

Case Two: AusNet

History and Corporate Structure

AusNet was established in 1994 and is headquartered in Southbank, Melbourne, Australia. Compared to other utilities, publicly available historical information on the company is somewhat limited. However, a major turning point in its development occurred with its acquisition by a consortium led by Brookfield Asset Management for approximately A\$10.2 billion.⁵⁴⁹

The acquisition process concluded on February 16, 2022, when AusNet was formally delisted from the Australian Securities Exchange and transitioned into private ownership under the Brookfield-led consortium.⁵⁵⁰ This shift reflects a broader trend of infrastructure assets being acquired by large institutional investors seeking stable, long-term returns.

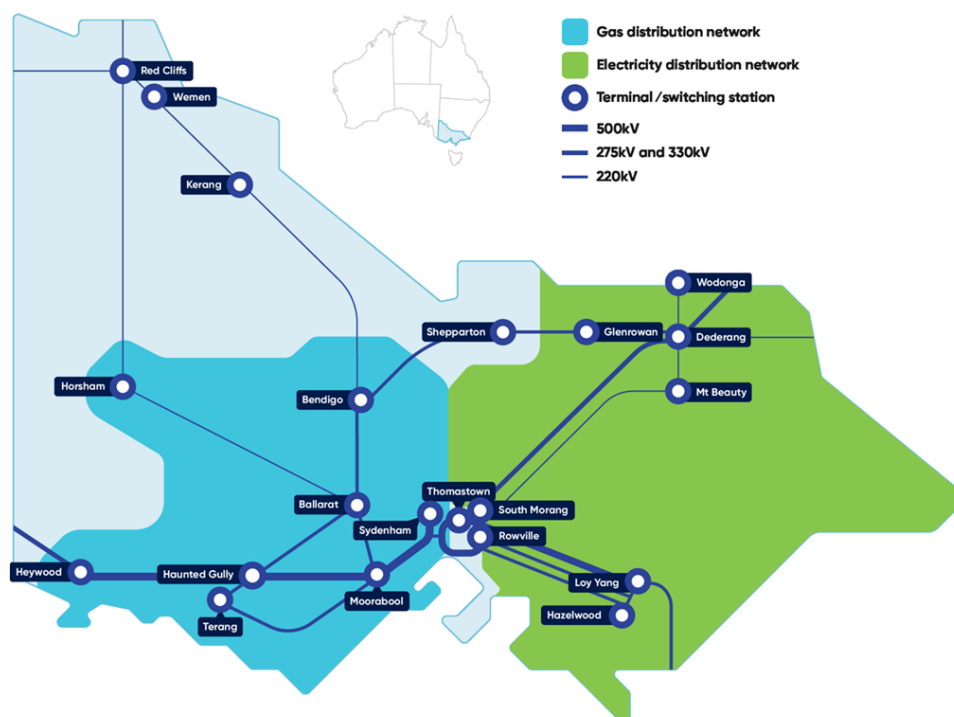
In terms of operations, AusNet manages a large-scale electricity distribution and transmission network across the state of Victoria. Its distribution network serves approximately 802,000 customers over 80,000 square kilometers, with a significant portion, around 93%, located in regional and rural areas. The infrastructure includes roughly 39,000 kilometers of overhead powerlines, 15,660 kilometers of underground cables, over 418,000 power poles, and approximately 90,000 streetlights.

In addition, AusNet operates a transmission network spanning 6,620 kilometers, which delivers electricity to more than 6.6 million residents. This network also plays a key

⁵⁴⁹ Léo Clément et al., “Brookfield’s \$10.2bn Acquisition of Ausnet.”

⁵⁵⁰ “Historical Shareholder Information - AusNet,” accessed April 7, 2026, <https://www.ausnetservices.com.au/about-us/historical-shareholder-information>.

interconnection role, linking Victoria's grid to neighboring states including New South Wales, South Australia, and Tasmania.⁵⁵¹



AusNet Service Area Map⁵⁵²

Rates and Pricing Trends

When analyzing transmission pricing for AusNet, the most relevant benchmark is the Victorian Default Offer (VDO), which is set by the Essential Services Commission. The VDO functions both as a price cap and as a reference point for consumers, particularly those in embedded networks or without negotiated market contracts.⁵⁵³

⁵⁵¹ “What We Do - AusNet.”

⁵⁵² “What We Do - AusNet.”

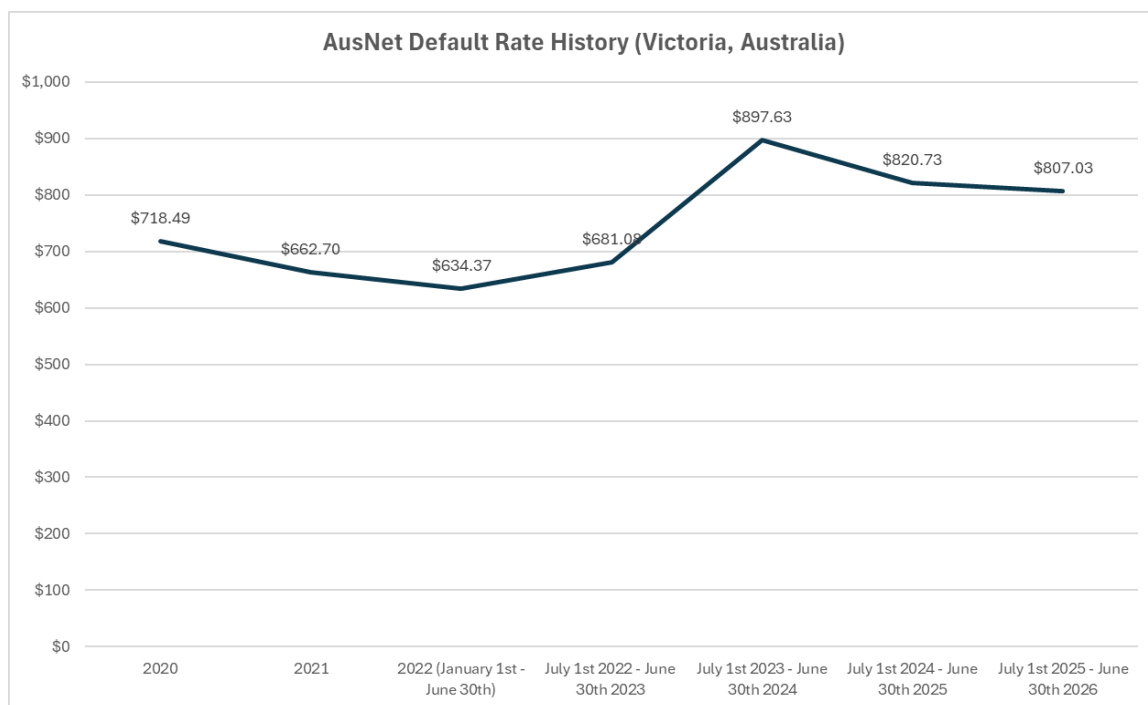
⁵⁵³ “Victorian Default Offer | Essential Services Commission.”

The structure of the VDO includes both a daily supply charge and variable usage charges, typically divided into consumption blocks. Over time, these rates have fluctuated rather than followed a simple upward trend. For example, supply charges increased steadily from approximately \$1.14 per day in 2020 to about \$1.41 per day in 2025–2026. Meanwhile, usage charges experienced more variation, with noticeable spikes in the 2023–2024 period.

Using average household energy consumption estimates, overall annual costs show a similar pattern of fluctuation.⁵⁵⁴ The estimated average annual bill was approximately \$718 in 2020, decreased to around \$663 in 2021, and dropped further to about \$634 in early 2022. However, prices began rising again, reaching roughly \$681 in 2022–2023 and peaking at approximately \$898 in 2023–2024. More recently, costs have slightly declined, with estimates of \$821 in 2024–2025 and \$807 in 2025–2026. Overall, these figures suggest that while prices have increased in recent years, the trend is less abrupt and more variable than in some other utility sectors. The spike in 2023–2024, in particular, stands out as a significant but somewhat temporary increase rather than a sustained escalation.

While multiple factors likely contribute to these fluctuations, one plausible explanation for the overall increase, particularly after 2022, is the acquisition of AusNet by a consortium led by Brookfield Asset Management. As a result, there is upward pressure on prices to ensure cost recovery and maintain expected financial performance. Although the VDO limits how much prices can rise, the post-acquisition period aligns closely with the observed increase in average costs, suggesting that the transition to private ownership might be an important contributing factor in the price increase.

⁵⁵⁴ Dylan Crismale, “How Much Energy Does the Average Home Use?,” Energy, *Finder.Com.Au*, February 23, 2017, <https://www.finder.com.au/energy/how-much-energy-does-the-average-home-use>.



**AusNet Default Rate History from 2020 to 2026
(Victoria, Australia)**

Date	Annual Usage (kWh)	Quarterly Usage (kWh)	Supply Charge	Usage Block 1	Usage Block 2	Control Load	Total Charge
2020	4615	1153.75	\$104.10	\$313.34	\$43.76	\$257.29	\$718.49
2021	4615	1153.75	\$108.93	\$286.62	\$39.75	\$227.40	\$662.70
2022 (January 1st - June 30th)	4615	1153.75	\$114.98	\$270.20	\$37.60	\$211.60	\$634.37
July 1st 2022 - June 30th 2023	4615	1153.75	\$118.57	\$295.09	\$41.06	\$226.37	\$681.08
July 1st 2023 - June 30th 2024	4615	1153.75	\$120.92	\$392.80	\$52.90	\$331.01	\$897.63
July 1st 2024 - June 30th 2025	4615	1153.75	\$121.86	\$360.67	\$48.38	\$289.82	\$820.73
July 1st 2025 - June 30th 2026	4615	1153.75	\$129.08	\$354.65	\$46.50	\$276.78	\$807.03

Note: \$ represents Australian Dollar

Data extracted from several sources ⁵⁵⁵ ⁵⁵⁶ ⁵⁵⁷ ⁵⁵⁸ ⁵⁵⁹ ⁵⁶⁰ ⁵⁶¹ ⁵⁶²

Power Grid Reliability and Infrastructure Investment

Assessing grid reliability for AusNet is somewhat challenging due to limited publicly available performance data. However, reliability targets for the 2025–2026 period provide useful benchmarks. These targets vary significantly depending on geographic context, reflecting the inherent challenges of serving rural and remote areas.

For urban customers, the average annual outage duration is targeted at 87 minutes, with fewer than one major interruption per year. In contrast, rural customers—particularly those on long feeders—face much higher targets, with outage durations reaching up to 294 minutes

⁵⁵⁵ Dylan Crismale, “How Much Energy Does the Average Home Use?,” Energy, *Finder.Com.Au*, February 23, 2017, <https://www.finder.com.au/energy/how-much-energy-does-the-average-home-use>.

⁵⁵⁶ Essential Services Commission. 2026. *Victorian Default Offer price review 1 January 2022*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-1-january-2022>.

⁵⁵⁷ Essential Services Commission. 2026. *Victorian Default Offer price review 2020*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2020>.

⁵⁵⁸ Essential Services Commission. 2026. *Victorian Default Offer price review 2021*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2021>.

⁵⁵⁹ Essential Services Commission. 2026. *Victorian Default Offer price review 2022–23*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2022-23>.

⁵⁶⁰ Essential Services Commission. 2026. *Victorian Default Offer price review 2023–24*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2023-24>.

⁵⁶¹ Essential Services Commission. 2026. *Victorian Default Offer price review 2024–25*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2024-25>.

⁵⁶² Essential Services Commission. 2026. *Victorian Default Offer price review 2025–26*. <https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2025-26>.

annually and more frequent interruptions. This disparity highlights the structural difficulties of maintaining reliability across geographically dispersed networks.⁵⁶³

Although hard performance data is limited, there is strong qualitative evidence that AusNet is actively investing in improving reliability. For example, the company has committed over \$20 million to upgrade its worst-performing feeders, along with targeted investments in areas experiencing acute reliability issues.⁵⁶⁴

In addition, AusNet has been involved in several innovative infrastructure projects. One notable example is its partnership with Hitachi Energy to connect the Mortlake Battery Energy Storage System, a large-scale project capable of storing 300 MW / 650 MWh of energy. This system is designed to stabilize the grid by storing excess renewable energy and releasing it during periods of high demand, supporting Australia's broader transition to cleaner energy.⁵⁶⁵

Another important initiative involves trials of Stand Alone Power Systems (SAPS) in rural Victoria. In collaboration with PowerPlus Energy, AusNet tested decentralized, off-grid energy solutions to replace traditional Single Wire Earth Return (SWER) lines. These systems demonstrated over 99.9% reliability and significantly reduced outages, suggesting that decentralized approaches may offer a viable alternative to conventional grid infrastructure in remote areas.⁵⁶⁶

Taken together, these investments suggest that private capital is playing a meaningful role in improving infrastructure, particularly in underserved areas. However, the benefits of these

⁵⁶³ "Reliability - AusNet."

⁵⁶⁴ Katie Livingston, "From Engagement to Action," *Utility Magazine*, May 28, 2025, <https://utilitymagazine.com.au/from-engagement-to-action/>.

⁵⁶⁵ "AusNet and Hitachi Energy Enable Victoria's Largest Grid-Scale Battery Connection."

⁵⁶⁶ "How AusNet and PowerPlus Energy Are Reimagining Regional Energy Security with SAPS."

investments may not be evenly distributed. For urban customers, who already experience relatively lower outage durations, improvements in reliability may be less noticeable. In contrast, rural customers, who make up a large portion of AusNet’s service area, are likely to see more significant gains. This highlights an important dynamic, while private investment may not dramatically change outcomes for all users, it can play a critical role in addressing long-standing reliability challenges in harder-to-serve rural regions.

Regulatory Oversight

AusNet operates within a dual regulatory framework involving both state and national authorities. At the state level, the Essential Services Commission is responsible for setting the Victorian Default Offer and overseeing pricing and consumer protections.⁵⁶⁷

At the national level, the Australian Energy Regulator plays a key role in establishing reliability standards and broader market oversight. Interestingly, while the AER primarily regulates other states, it still exerts influence over reliability targets in Victoria.⁵⁶⁸

Consumer protection mechanisms are also embedded within this regulatory structure. For example, energy providers are required to inform customers at least once every four months of the best available offer based on their usage. This policy is designed to encourage competition and help consumers minimize costs, even if they remain on default pricing plans.⁵⁶⁹

Financial Stability

In contrast to some struggling utilities, AusNet appears to maintain relatively stable financial health. According to Fitch Ratings, the company held a BBB+ rating in 2021,

⁵⁶⁷ “What We Do | Essential Services Commission.”

⁵⁶⁸ “Reliability - AusNet.”

⁵⁶⁹ “Getting the Best Energy Offer | Essential Services Commission.”

indicating good credit quality and a low expectation of default risk.⁵⁷⁰ Following its acquisition by Brookfield, the rating was downgraded slightly to BBB in 2022 due to increased debt levels, specifically the addition of approximately \$2 billion USD to its balance sheet.⁵⁷¹

Despite this downgrade, the rating remained within investment-grade territory, suggesting that the company retains adequate capacity to meet its financial obligations. The outlook remained stable, reflecting confidence in Brookfield's capital management strategy.

More recent data from S&P Global indicates a rating of BBB- as of early 2026. While slightly lower, this still falls within the investment-grade category.⁵⁷² This suggests moderate risk, but not the severe financial distress observed in some other infrastructure providers. Overall, AusNet's financial position appears stable, albeit somewhat sensitive to broader economic conditions and capital structure decisions.

Renewable Energy Transition

It is important to note that AusNet does not generate electricity; rather, it focuses on transmission and distribution. As a result, it does not directly control the energy mix or the proportion of renewable generation.

Nevertheless, the company plays a critical enabling role in the transition to renewable energy. In line with the Victorian government's goal of achieving net-zero emissions by 2045 AusNet has committed to expanding network capacity and facilitating the integration of renewable energy sources.⁵⁷³ This includes connecting new renewable generation projects,

⁵⁷⁰ "Acquisition of AusNet Has No Immediate Rating Impact," accessed April 7, 2026, <https://www.fitchratings.com/research/corporate-finance/acquisition-of-ausnet-has-no-immediate-rating-impact-11-11-2021>.

⁵⁷¹ "Fitch Downgrades AusNet Services to 'BBB'; Withdraws Rating."

⁵⁷² "AusNet Pty Ltd.'s Proposed Hybrid Notes Rated 'BB' | S&P Global Ratings," accessed April 7, 2026, <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3502317>.

⁵⁷³ "AusNet Commits to Emission Reduction Targets - AusNet."

upgrading infrastructure, and supporting distributed energy resources such as rooftop solar and electric vehicles.

Through these efforts, AusNet aims to help Victoria achieve ambitious renewable energy targets, including 65% renewable generation by 2030 and 95% by 2035.⁵⁷⁴ While indirect, this role is essential, as the effectiveness of renewable energy deployment depends heavily on the capacity and resilience of the underlying grid infrastructure.

Key Takeaways

The AusNet case provides a contrasting example, showing how private acquisition can influence pricing while still maintaining overall system stability under effective regulation. Following its acquisition by a consortium led by Brookfield Asset Management, prices increased, likely driven in part by the onboarding of additional debt and the need to meet investor return expectations. This initial rise reflects a common dynamic in privatized infrastructure, where changes in capital structure can place upward pressure on rates.

However, unlike the Thames Water case, strong regulatory oversight by the Essential Services Commission has helped stabilize and gradually reduce prices after their peak. The Victorian Default Offer has acted as an effective price cap and reference point, preventing excessive increases while still allowing for cost recovery and continued investment.

An additional takeaway is how the benefits of private investment are distributed across different customer groups. In AusNet's case, much of the investment has been directed toward improving reliability in rural and regional areas, where infrastructure challenges are more severe and service disruptions are more common. As a result, rural customers are likely to experience

⁵⁷⁴ "Environment and Climate - AusNet," accessed April 7, 2026, <https://www.ausnetservices.com.au/about-us/sustainability/environment-and-climate>.

more noticeable improvements in service quality. In contrast, urban customers, who already benefit from relatively reliable infrastructure, may see fewer direct gains from these investments.

Overall, AusNet demonstrates that while private ownership may lead to short-term price increases, well-designed regulatory frameworks can ensure that prices remain controlled over time. At the same time, private investment can play a particularly important role in addressing long-standing service gaps in rural areas, even if the benefits are less visible in urban settings.

Current Domestic Cases

Case One: GIP/EQT-Led Consortium Agreement to Acquire AES Corporation

Overview

AES Indiana, a subsidiary of AES (formerly known as Applied Energy Services), is among the top five investor-owned public utility companies operating in the state.⁵⁷⁵ As of 2025, AES Indiana serves 530,000 residential, commercial, and industrial customers mostly in the greater Indianapolis and Central Indiana area, according to AES Indiana itself⁵⁷⁶. AES has been one of Indiana's largest energy providers for more than two decades, following its 2001 acquisition of Indianapolis Power and Light Company.⁵⁷⁷ In September 2025, the Indianapolis Business Journal reported a surge in private investors' pursuit of public utilities.⁵⁷⁸ In the same month, BlackRock's Global Infrastructure Partners (GIP), a privately owned asset management corporation, proposed to purchase AES for \$39 billion, including debt.⁵⁷⁹ In March 2026, BlackRock partnered with EQT-AB, a Swedish private equity firm, to purchase AES for \$33.4

⁵⁷⁵ Indiana Office of Energy Development. *Investor-Owned Utilities*. Indiana [State.Gov](https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/). 2026. Accessed April, 18 2026.
<https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/>

⁵⁷⁶ AES Indiana. *AES Indiana Releases 2025 Community Impact Report*. [AESIndiana.com](https://www.aesindiana.com/press-release/aes-indiana-releases-2025-community-impact-report). March 12, 2026. Accessed. April 18, 2026.
<https://www.aesindiana.com/press-release/aes-indiana-releases-2025-community-impact-report>

⁵⁷⁷ Indiana Office of Energy Development. *Investor-Owned Utilities*. Indiana [State.Gov](https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/). 2026. Accessed April, 18 2026.
<https://www.in.gov/oed/resources-and-information-center/about-indiana-resources/infrastructure/investor-owned-utilities/>

⁵⁷⁸ Indianapolis Business Journal. *Private equity sees profits in power utilities as electric bills rise and big tech sees more energy*. [ibj.com](https://www.ibj.com/articles/private-equity-sees-profits-in-power-utilities-as-electric-bills-rise-and-big-tech-seeks-more-energy). September 27, 2025. Accessed April 18, 2026.
<https://www.ibj.com/articles/private-equity-sees-profits-in-power-utilities-as-electric-bills-rise-and-big-tech-seeks-more-energy>

⁵⁷⁹ Oliver Gara, Antoine Gara, et al. James Khan. *BlackRock's GIP nears \$38 billion takeover of utility AES*. The Financial Times. September 30, 2025. Accessed April, 18, 2026. <https://www.ft.com/content/009d96c8-db70-4eee->

billion. Additionally, to finalize the acquisition of AES, BlackRock, in partnership with EQT-AB, established a consortium with the California Public Employees Retirement System and the Qatar Investment Authority. After the deal, AES will be a privately held company owned by BlackRock and will no longer be publicly traded on the NYSE. The deal has acquired a unanimous vote by the AES board of directors. AES CEO Andres Gluski stated that this transaction will maximize value for stockholders and the long-term success of AES.⁵⁸⁰ As of March 12, 2026, AES has accepted an initial \$10.7 billion cash buyout in equity value from BlackRock's GIP and the Swedish private equity firm EQT-AB. The total enterprise value is \$33.4 billion, \$5 billion less than the original \$38.4 billion BlackRock first proposed to acquire AES. The deal is currently being finalized and is expected to close between the end of 2026 and the beginning of 2027.⁵⁸¹ Despite AES ownership being transferred to BlackRock, AES's subsidiaries, AES Indiana and AES Ohio, will be locally regulated and run.⁵⁸²

Customer Rates

Before BlackRock even proposed to purchase AES or before it publicly announced its intent to acquire AES in September 2025, AES itself stated that on June 3, 2025, its Indiana subsidiary filed a regulatory rate review with the Indiana Utility Regulatory Commission (IURC) to manage Indianapolis' surging residential power costs. According to AES Indiana, the rising cost of electricity stems from increases in the prices of fuel, equipment, materials, and labor, which have affected grid modernization progress, leading to power outages and other challenges

⁵⁸⁰ Anwesha Pattanaik. *GIP and EQT led consortium agree to acquire AES for \$33.4 billion*. Yahoo Finance. March 3 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/gip-eqt-led-consortium-agree-092348485.html>

⁵⁸¹ Nicholas Miller. *BlackRock, EQT-led consortium to acquire AES for \$10.7 billion*. Yahoo Finance. March 2 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/blackrock-eqt-led-consortium-acquire-131400397.html>

⁵⁸² AES. *Consortium Led by Global Infrastructure Partners and EQT Agrees to Acquire AES*. [AES.com](https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes). March 2 2026. Accessed April 18 2026. <https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes>

to electric service improvements.⁵⁸³ On October 16, 2025, AES Indiana reached a partial settlement with the IURC to reduce proposed rate increases by half. According to AES Indiana, the goal of the settlement is to ensure that rate increases remain constant with inflation.⁵⁸⁴ EnergySage, in its latest April 19, 2026 report, stated that Indianapolis residents pay \$228 monthly or \$2,736 annually in electric utility bills on average. A typical Indianapolis resident uses 1,486 kWh of power monthly and 17,832 kWh of power annually. Indianapolis residents pay \$0.15 per kWh on average, which is \$0.06 less than the national average price per kWh of \$0.21. AES Indiana's fixed price for residential power per kWh ranges between 13 and 465 cents.⁵⁸⁵ The Indiana Utility Regulatory Commission's approval of AES Indiana's rate review would increase rates by \$10 for residents using 1000 kWh of energy per month and place a 3.35% rate adjustment average annually over 2 years according to AES. Also, AES Indiana's partial settlement with the IURC includes AES Indiana's goal to reduce overall electric costs, which avoids new rate implementation or hiking base rates until 2030. AES Indiana says the purpose of these rate adjustment incentives is to support Central Indiana and serve customers with cost-effective and reliable electric service for a long time into the future.⁵⁸⁶ Despite these initiatives, Indianapolis residents have been observing an increase in their utility costs. Now,

⁵⁸³ AES Indiana. *AES Indiana rate review*. [AES](https://www.aesindiana.com/rate-review) Indiana. June 3 2025. Accessed April 18 2026. <https://www.aesindiana.com/rate-review>

⁵⁸⁴ AES Indiana. *AES Indiana reaches partial settlement in regulatory rate review reducing proposed increase by more than half*. AES Indiana. October 15, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-reaches-partial-settlement-regulatory-rate-review-reducing-proposed>

⁵⁸⁵ Emily Walker. *Cost of electricity in Indianapolis, IN: Real numbers from real people*. EnergySage. April 5 2026. Accessed April 18 2026. <https://www.energysage.com/local-data/electricity-cost/in/marion-county/indianapolis/>

⁵⁸⁶ AES Indiana. *AES Indiana reaches partial settlement in regulatory rate review reducing proposed increase by more than half*. AES Indiana. October 15, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-reaches-partial-settlement-regulatory-rate-review-reducing-proposed>

with BlackRock entering the picture and owning AES, concerns of unaffordable rate hikes among politicians, regulators, residents, advocacy groups, and business firms are rising, many of whom argue that the deal would only benefit investors and stockholders with privately owned profits at the expense of residents through service cuts and higher rates. According to the House Democratic Caucus of the Indiana State Legislature, AES electric utility costs have increased by 34% for residential consumers in the state, particularly in Indianapolis, between 2015 and 2025, due to AES striking multiple deals with large businesses and private interest groups.⁵⁸⁷

Regulation, Oversight, and Consumer Protection

Formal oversight in the AES case operates primarily through the Indiana Utility Regulatory Commission's review of AES Indiana's rate requests and through the Indiana Office of Utility Consumer Counselor's role as the state's consumer advocate.⁵⁸⁸ AES Indiana's 2025 rate case before the IURC initially sought a \$192.9 million rate increase, while the OUCC argued that the evidence supported a \$21.2 million reduction to current base rates instead.⁵⁸⁹ AES later reached a partial settlement with the City of Indianapolis and several large customers that would raise bills for a residential customer using 1,000 kWh by about \$10 per month and prevent AES Indiana from filing another base-rate case before January 1, 2030, if approved.⁵⁹⁰ The OUCC and

⁵⁸⁷ Rep Cherrish Pryor. *Pryor comments on unfair AES settlement*. Indiana House Democratic Caucus. October 16 2025. Accessed April 18 2026. <https://www.indianahousedemocrats.org/news/pukvxa1aqya60cf6atz5yr8df2syji>

⁵⁸⁸ Indiana Office of Utility Consumer Counselor, "About the OUCC," IN.gov, accessed April 30, 2026, <https://www.in.gov/oucc/about-the-oucc/>.

⁵⁸⁹ Indiana Office of Utility Consumer Counselor, "AES 2025 Rate Case," IN.gov, accessed April 30, 2026, <https://www.in.gov/oucc/electric/key-cases-by-utility/ipl-rates/aes-2025-rate-case/>

⁵⁹⁰ AES Indiana, "AES Indiana Reaches Partial Settlement in Regulatory Rate Review Reducing Proposed Increase by More Than Half," October 16, 2025, accessed April 30, 2026, <https://www.aesindiana.com/press-release/aes-indiana-reaches-partial-settlement-regulatory-rate-review-reducing-proposed>

Citizens Action Coalition opposed the settlement, arguing that it still placed unnecessary costs on customers.⁵⁹¹

The pending AES acquisition raises a separate oversight question: whether regulators will prevent transaction-related costs from being shifted to ratepayers. AES announced that the acquisition by a consortium led by Global Infrastructure Partners and EQT remains subject to shareholder approval and applicable federal, state, and foreign regulatory approvals before closing.⁵⁹² Political actors, including Indianapolis city-county councilors and Indiana Treasurer Daniel Elliott, have urged stronger protections or alternatives such as public or nonprofit ownership.⁵⁹³ These interventions do not themselves constitute formal utility oversight, but they show how concerns over affordability, private ownership, and cost recovery have shaped the public debate around the transaction.

Renewable Transition & Clean Energy

On December of 2024, Republicans in the Indiana attorney general's office filed a lawsuit against BlackRock, and two other private equity investors Vanguard and State Street claiming that these private equity firms lowered coal production which led to a rise in energy production costs and utility costs for consumers, in an effort to pressure coal companies to lower carbon emissions as response to climate change, an action which they claim resulted in anti-competitive business practices. According to the state attorney general's press release, clean energy and

⁵⁹¹ Justin L. Mack, "AES and the City of Indianapolis File Rate Hike Settlement with the IURC," *Axios Indianapolis*, October 16, 2025, accessed April 30, 2026, <https://www.axios.com/local/indianapolis/2025/10/16/aes-indianapolis-rate-hike-settlement-iurc-electricity-bills>

⁵⁹² AES Corporation, "Consortium Led by Global Infrastructure Partners and EQT Agrees to Acquire AES," March 2, 2026, accessed April 30, 2026, <https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes>.

⁵⁹³ Mack, "AES and the City of Indianapolis File Rate Hike Settlement with the IURC"; Zak Cassel, "State Treasurer Warns AES-BlackRock Deal Won't Prioritize Indiana Residents," *WFYI*, March 4, 2026, accessed April 30, 2026, <https://www.wfyi.org/wfyi-news/2026-03-04/state-treasurer-indiana-aes-blackrock-deal-electric-utilities>.

climate initiatives of private equity firms have increased energy costs for residential consumers, and for decades, coal has been a main energy source for Indiana's economic success.⁵⁹⁴ On March 4, 2026, 13 state attorneys general (all Republican), including Indiana, won a lawsuit settlement against Vanguard's Environmental, Social, and Governance ESG settlements, part of the lawsuit that also included BlackRock and State Street, which centered on net-zero emissions and the elimination of coal-generated electricity (Docket No.6:24-CV-00437).⁵⁹⁵ ⁵⁹⁶ State Republicans argue that clean and environmental initiatives driven by private investors that aim at the elimination of coal would exacerbate energy costs on consumers. Iowa's attorney general, Brenna Bird (R), in a March 4, 2026, press release, stated that "the settlement with Vanguard has connections to a lawsuit filed by 13 state attorneys against BlackRock and State Street, and is aimed at reducing electricity prices".⁵⁹⁷ Missouri's attorney general Catherine Hanaway (R) described the lawsuit victory as a victory on a "BlackRock-led cartel that increased electricity prices under the guise of a green energy investing political agenda" in a press release.⁵⁹⁸ Given the success of the lawsuit, however, AES and BlackRock's acquisition deal is in a late-stage

⁵⁹⁴ Allison Kite. *Republican AGs sue BlackRock, other investment firms over 'woke' climate action efforts*. Indiana Capital Chronicle. December 6 2024. Accessed April 18 2026. <https://indianacapitalchronicle.com/2024/12/06/republican-ags-sue-blackrock-other-investment-firms-over-woke-climate-action-efforts/#>

⁵⁹⁵ Tate Miller. *13 state AGs, including Indiana's, win against ESG with Vanguard settlement*. FortWayne Business Weekly. March 4 2026. Accessed April 18 2026. https://www.fwbusiness.com/article_85d08774-9200-4bb4-aec9-ae329a17a1b9.html

⁵⁹⁶ National Association of Attorneys General. *Texas et al. v. BlackRock et al.* [NAAG.Org](https://www.naag.org/multistate-case/texas-et-al-v-blackrock-et-al/). 2026. Accessed April 18 2026. <https://www.naag.org/multistate-case/texas-et-al-v-blackrock-et-al/>

⁵⁹⁷ Tate Miller. *13 state AGs, including Indiana's, win against ESG with Vanguard settlement*. Greater Fort Wayne Business Weekly. March 4 2025. April 18 2026. https://www.fwbusiness.com/article_85d08774-9200-4bb4-aec9-ae329a17a1b9.html

⁵⁹⁸ Catherine Hanaway. *Attorney General Hanaway, Coalition of States Secure Agreement from Vanguard to Protect Energy Markets from ESG*. Missouri Attorney General's Office. 2026. Accessed April 18 2026. <https://ago.mo.gov/attorney-general-hanaway-coalition-of-states-secure-agreement-from-vanguard-to-protect-energy-markets-from-esg/>

process expected to be fully finalized by January 2027. On March 13, 2026, the clean energy index rose to 61% after BlackRock's Chief Investment Officer made an announcement that encouraged energy investors to turn to clean energy stocks.⁵⁹⁹ In 2024, BlackRock invested \$500 million in solar and wind projects investing in Recurrent Energy, a Canadian solar and battery storage project development firm.⁶⁰⁰ However, on the other hand, BlackRock is still an investor in coal-based plants. In 2022, for instance, although it announced a coal exclusion policy in 2020, BlackRock was still a major investor in companies that had coal expansion and zero coal exit plans, such as Glencore and Mitsubishi.⁶⁰¹ BlackRock announced that it does not dictate how clients invest, countering accusations of boycotting the coal and natural gas industry.⁶⁰² In recent years, AES has also shifted from coal toward renewable resources such as wind and solar, and describes itself as “the largest global supplier of clean energy to corporations” stating its net zero and carbon-free energy production ambitions and attracting BlackRock to acquire it.⁶⁰³

Power Grid Reliability

In March 13, 2026, Indiana's State Treasurer Daniel Elliot (R), in a press release to the Dubois County Free Press, stated that BlackRock's interest in Indiana stems from the quality and resiliency of Indiana's grid lines and infrastructure assets, which he described as

⁵⁹⁹ Khac Nguyen. *Clean Energy Index Jumps 61% After BlackRock CIO's Contrarian Call*. Yahoo Finance. March 13 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/clean-energy-index-jumps-61-184225711.html>

⁶⁰⁰ Recurrent Energy. *BlackRock commits \$500M to energy storage and solar project developer Recurrent Energy*. Recurrent Energy. February 16 2024. Accessed April 18 2026. <https://recurrentenergy.com/blackrock-commits-500m-to-energy-storage-and-solar-project-developer-recurrent-energy/>

⁶⁰¹ Sustainable Finance Group. *Will 2022 Be Known as The Year BlackRock Lost its Edge?* Sierra Club. December 20, 2022. Accessed April 18 2026. <https://www.sierraclub.org/default/2022/12/will-2022-be-known-year-blackrock-lost-its-edge>

⁶⁰² BlackRock. *Energy investing: Setting the record straight*. [BlackRock.com](https://www.blackrock.com) 2026. Accessed April 18 2026. <https://www.blackrock.com/corporate/newsroom/setting-the-record-straight/energy-investing>

⁶⁰³ AES. *Carbon free energy*. [AES.com](https://www.aes.com) 2026. Accessed April 18, 2026. <https://www.aes.com/>

“once-in-a-generation infrastructure assets” and stated that BlackRock wants to own Indiana’s grids and power lines.⁶⁰⁴ AES Indiana, which serves more than 500,000 customers in Central Indiana, especially in the greater Indianapolis area, has a highly reliable reputation. On August 8 2024, AES Indiana reported that it invested \$1.1 billion to maintain and renovate its grid lines and to keep them reliable, flexible, and sustainable beginning in Pike County.⁶⁰⁵ On April 15, 2024, AES stated that it partnered with LineVision, an Energy equipment corporation in Boston, Massachusetts, to work on a plan to deploy dynamic line ratings across the U.S., which includes sustainable grid-enhancing technologies to increase transmission capacity and integrate a renewable power generation grid. LineVision and AES have together installed a patented non-contact sensor and transmission grid structures across Indiana and Ohio.⁶⁰⁶ Additionally, on March 4, 2020, AES Indiana stated that it invested \$1.2 billion in digital or smart grids in the state, which was approved by the Indiana Utility Regulatory Commission. AES smart grid structures in the state consisted of 406 miles of overhead lines that were rebuilt, 3.6 million feet of underground cables that were replaced, 100% smart meters and conversions that were installed according to AES Indiana. AES states that the goal of smart grid projects in Indiana and Ohio is to “improve service reliability, efficiency, and performance, reduce power outages, improve safety, enhance equipment reliability, and improve customer experience and

⁶⁰⁴ Daniel Elliot. Opinion: *BlackRock wants Indiana’s power grid. Here’s why I object.* Press Release: Dubois County Free Press. March 13 2026. Accessed April 18 2026.
<https://duboiscountypress.com/opinion-blackrock-wants-indianas-power-grid-heres-why-i-object/>

⁶⁰⁵ AES Indiana. *AES Indiana accelerates the future of energy with \$1.1 billion in investments in Pike County.* AES Indiana. August 8, 2024. Accessed April 18 2026.
<https://www.aesindiana.com/press-release/aes-indiana-accelerates-future-energy-11-billion-investments-pike-county>

⁶⁰⁶ AES. *AES and LineVision Announce Deployment Project Results and Continued Collaboration.* AES. April 15, 2025. Accessed April 18 2026.
<https://www.aes.com/energy-insights/aes-and-linevision-announce-deployment-project-results-and-continued-collaboration>

communications”.⁶⁰⁷ Since December 2023, AES reported it has avoided 117,000 outages, including 39,400 outages related to severe storms and 30,000 potential outages when Hurricane Helene struck.⁶⁰⁸ With the rise of AI and the increase in data centers, and with private investors' interest in public utilities to gain from data center investments, BlackRock's interest in AES gridlines and Indiana's gridlines generally is understandable. This raises another important point: AI and data centers.

Data Center Pressure

According to a Financial Times report published on September 30th, 2025, AES's investment in smart and renewable energy grids attracted BlackRock to purchase it because these grids play a crucial role in supplying power to data centers owned by major tech firms such as Microsoft, Meta, and Alphabet. The Financial Times report adds that artificial intelligence and data center expansions across the country are increasing energy demands, and this has created an opportunity for private investors such as BlackRock to seize the need for energy capacity that is required to run data centers. Tech companies such as Meta and Oracle are also working on their own debt- financed power plants and contracting public utilities.⁶⁰⁹ Additionally, a report Published jointly by Bloomberg and The Financial Post on December 5th, 2025, stated that BlackRock's and Blackstone's interests in acquiring public utilities across the country, which peaked since 2025, stem from AI-driven energy profits, citing interview responses from both

⁶⁰⁷ AES Indiana. *Smart Grid*. AES Indiana. March 4 2020. Accessed April 18 2026.
<https://www.aesindiana.com/smart-grid#>

⁶⁰⁸ AES Indiana. *AES Indiana seeks rate review to address rising operational costs and future investments*. AES Indiana. June 3 2025. Accessed April 18 2026.
<https://www.aesindiana.com/press-release/aes-indiana-seeks-rate-review-address-rising-operational-costs-and-future-investments>

⁶⁰⁹ Oliver Gara, Antoine Gara, et al. James Khan. *BlackRock's GIP nears \$38 billion takeover of utility AES*. The Financial Times. September 30, 2025. Accessed April, 18, 2026.
<https://www.ft.com/content/009d96c8-db70-4eee-ab7f-4bb59bacb86e?syn-25a6b1a6=1>

BlackRock's and Blackstone's senior executives.⁶¹⁰ On December 22, 2025, AES Indiana's president, Brandi Davis Handy, in a company press statement, stated that AES Indiana's strategic investments in the modernization of Central Indiana's electric grids were paying off because not only were these grids increasing AES's power reliability, efficiency, and reducing outages for consumers but grid reliability and resiliency were also bringing data center investments to the state. According to President Brandi Davis Handy of AES Indiana, AES had advanced discussions on supplying electricity to data centers with multiple tech firms, including Google, which announced its plan to establish a new data center in Morgan County. Although both Democrats and Republicans in the Indiana State Legislature, the Indianapolis city council, the attorney general, state treasurer, and the governor's office raised concerns related to data center expansions exacerbating rate costs for utility consumers and attracting private equity firms to acquire public utilities, AES Indiana's president Brandi Davis-Handy says Google and other tech companies have assured that they will cover 100% of the energy costs required to run their data centers and that costs will not be transferred to residential consumers.⁶¹¹ Additionally, she also cites a study conducted by the Lawrence Berkeley National Laboratory published in December 2025 in *The Electricity Journal*, which reports that states with the highest load growth (data center expansion) experienced decreases in real energy prices, whereas states with the lowest load growth (data center contraction) experienced increases in real energy prices.⁶¹² According to

⁶¹⁰ Silla Brush, Preeti Singh, et al. Peter Eichenbaum. *BlackRock, Blackstone Pressed to Detail AI-Driven Energy Profits*. The Financial Post. December 5, 2025. Accessed April 18 2026. <https://financialpost.com/pmn/business-pmn/blackrock-blackstone-pressed-to-detail-ai-driven-energy-profits>

⁶¹¹ AES Indiana. *Powering What Matters to Central Indiana*. AES Indiana. December 22, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/powering-what-matters-central-indiana>

⁶¹² Ryan Wiser, Galen Barbose, Peter Cappers, et al. *Factors influencing recent trends in retail electricity prices in the United States*. The Electricity Journal-Science Direct. Vol. 38. Issue 4. December 2025. Accessed April 18 2026. <https://www.sciencedirect.com/science/article/pii/S1040619025000612#bib27>

her, the key to expanding data center investments while keeping energy costs low and affordable for consumers is to spread fixed costs over more electricity demand, which causes a downward pressure on electric prices that consumers pay, promising that she will implement this strategy in 2026 to keep energy costs low and affordable while increasing values such as job creation and economic strength caused by data center expansions.⁶¹³ AES Indiana says affordability and consumer costs are its top priorities despite data center demands.⁶¹⁴

AES Indiana Customer satisfaction surveys:

AES Indiana serves more than 500,000 customers in central Indiana, particularly in the greater Indianapolis area. Although there is no publicly available customer service satisfaction survey data, it has a good reputation in terms of reliability, particularly after March 2020, when it began its grid modernization initiatives. In February 2024, however, AES received ~62,000 customer complaints when it requested customers to pay \$84 million for a new billing system that repeatedly transferred erroneous utility charges to thousands of customers. This occurred when AES upgraded its billing system and replaced the billing system it had used for 25 years. The system wrongfully assigned billing errors to more than 50,000 customers, and it was difficult for customers to resolve the billing discrepancies.⁶¹⁵ Besides the fact that customers were required to pay \$84 million for a new billing system that wrongfully assigned utility charges, AES Indiana, on June 3, 2025, stated that rates can increase for consumers by up to

⁶¹³ AES Indiana. *Powering What Matters to Central Indiana*. AES Indiana. December 22, 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/powering-what-matters-central-indiana>

⁶¹⁴ AES Indiana. *Powering central Indiana's future*. AES Indiana. 2026. Accessed April 18 2026. <https://www.aesindiana.com/data-centers#>:

⁶¹⁵ Sarah Bowman. *AES wants customers to pay \$84M for a new billing system causing problems for thousands*. Indy Star. March 1 2024. Accessed April 18 2026. <https://www.indystar.com/story/news/environment/2024/02/29/thousands-of-aes-indiana-customers-face-billing-problems/72685357007/>

13.5% or \$21 by January 2027.⁶¹⁶ BlackRock's purchase of AES is projected to make this rate increase worse, which has concerned thousands of customers. According to Citizens Action Coalition, AES' deal with large businesses and private self interest groups would increase utility costs for residential consumers by an additional 6.51%.⁶¹⁷ Both Citizens Action Coalition and the Office of Utility Consumer Counselor have jointly gathered over 7,000 survey responses from AES Indiana customers who oppose the deal, citing hikes in electric utility costs as their concern.⁶¹⁸ In defense of the OUCC's and CAC's projections, AES Indiana president Brandi Davis Handy stated that the root cause of rate hikes are not data centers or the private market's involvement in AES instead, the root cause of rate hikes is inflation which raises the prices of materials, labor, and fuel and inflation is a force beyond AES's control that forces AES to increase consumer rates to cover the increasing costs required to provide electric service⁶¹⁹.

Ownership type

Per the Financial Times, AES is one of the largest publicly traded companies in the country on the NYSE.⁶²⁰ Following the expected closing, it will be a privately held firm no

⁶¹⁶ AES Indiana. *AES Indiana seeks rate review to address rising operational costs and future investments*. AES Indiana. June 3 2025. Accessed April 18 2026. <https://www.aesindiana.com/press-release/aes-indiana-seeks-rate-review-address-rising-operational-costs-and-future-investments#>

⁶¹⁷ Kerwin Olson et al Ben Inskeep. *CAC Urges Rejection of AES Indiana's Sweetheart Deal With City of Indianapolis, Large Electric Users*. Citizens Action Coalition. October 16 2025. Accessed April 18 2026. <https://www.citact.org/news/cac-urges-rejection-aes-indianas-sweetheart-deal-city-indianapolis-large-electric-users>

⁶¹⁸ Rep Cherish Pryor. *Pryor comments on unfair AES settlement*. Indiana House Democratic Caucus. October 16 2025. Accessed April 19 2026. <https://www.indianahousedemocrats.org/news/pukvxa1aqya60cf6atz5yr8df2syji>

⁶¹⁹ Leslie Muniz. *AES Indiana seeks lower increase in proposed settlement, rebuts ratepayer advocate critiques*. Indiana Capital Chronicle. October 17 2025. Accessed April 18 2026. <https://indianacapitalchronicle.com/2025/10/17/aes-indiana-seeks-lower-increase-in-proposed-settlement-rebuts-ratepayer-advocate-critiques/#>

⁶²⁰ Oliver Gara, Antoine Gara, et al. James Khan. *BlackRock's GIP nears \$38 billion takeover of utility AES*. The Financial Times. September 30, 2025. Accessed April, 18, 2026. <https://www.ft.com/content/009d96c8-db70-4eee-ab7f-4bb59bacb86e?syn-25a6b1a6=1>

longer traded on a public stock exchange market. However, the AES board of directors has decided that although AES ownership will transfer to BlackRock, AES Indiana and AES Ohio will remain locally owned, managed, and regulated firms by federal, state and local authorities⁶²¹.

Financial Stability

From its Form 10-K report for 2025, AES reported \$12.2 billion in revenue and a net income of \$910 million.⁶²² S & P Global Ratings has given the AES-BlackRock merge a “stable transaction” comment. According to S & P Global Partners, AES’s Earnings before interest, taxes, depreciation, and amortization (EBITDA) to debt and Funds from operations to debt or income to debt will remain between 3.5x and 3.8x or between 22% and 23% between 2026 and 2028.⁶²³ Both S & P Global Ratings and Fitch Ratings have given AES an overall credit rating of BBB-, clearing BlackRock’s transaction to acquire AES to proceed.⁶²⁴ Moody’s has given AES a credit rating of Baa3 also, considered stable.⁶²⁵

Demographics

⁶²¹ AES. *Consortium Led by Global Infrastructure Partners and EQT Agrees to Acquire AES*. [AES.com](https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes). March 2 2026. Accessed April 18 2026.

<https://www.aes.com/energy-insights/consortium-led-global-infrastructure-partners-and-eqt-agrees-acquire-aes>

⁶²² U.S. Securities and Exchange Commission. *Form 10-K For the Fiscal Year Ended December 31, 2025. The AES Corporation*. December 31, 2025. Accessed April 18 2026. [Sec.Gov.](https://www.sec.gov/Archives/edgar/data/874761/000087476126000063/aes-20251231.htm)

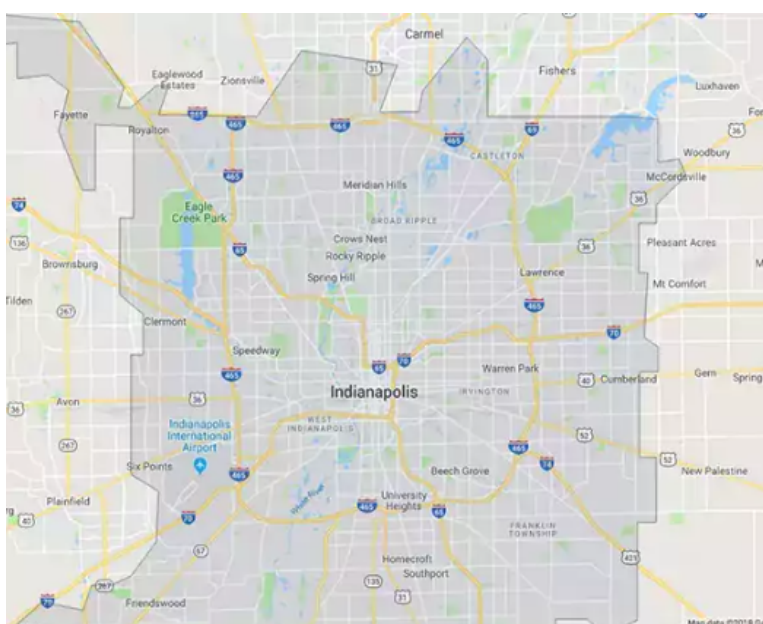
<https://www.sec.gov/Archives/edgar/data/874761/000087476126000063/aes-20251231.htm>

⁶²³ Luqman Ali et al. Pranav Khattar. *Research Update: AES Corp. Ratings Affirmed On Announced Take-Private Transaction, Outlook Stable*. S & P Global Ratings. March 2 2026. Accessed April 18, 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3524517>

⁶²⁴ Fitch Ratings. *Fitch Affirms AES Ratings on Proposed Acquisition by Infrastructure Sponsors; Outlook Stable*. Fitch Ratings. March 2, 2026. Accessed April 18 2026. <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-aes-ratings-on-proposed-acquisition-by-infrastructure-sponsors-outlook-stable-02-03-2026>

⁶²⁵ AES. *Recourse Debt*. The AES Corporation. June 13 2025. Accessed April 18 2026. <https://www.aes.com/sites/aesvault.com/files/2025-08/Recourse-Debt-Q2-2025.pdf>

AES Indiana mostly serves more than 500,000 residents in Indianapolis and Central Indiana, more than half of the city's population. Per Data USA's 2024 report, its population is estimated to be close to 900,000. The median household income in 2024 was \$65,219, and the poverty rate was 15.8%, with 450,000 people out of the 900,000 city population employed. Median earnings for men were \$49,347, and median earnings for women were \$41,497. Homeownership rate in the city is 56% while the median property value is \$224,800. It's a red city in a red state.⁶²⁶ Below is the service area map of AES Indiana.



AES Indiana Service Map⁶²⁷

⁶²⁶ Data USA. *Indianapolis city (balance)*, IN. Data USA. 2024. Accessed April 18 2026. <https://datausa.io/profile/geo/indianapolis-city-balance-in?redirect=true>

⁶²⁷ AES Indiana. 2026. *Outages*. <https://www.aesindiana.com/outages>.

Case Two: Blackstone Inc. Purchase of TXNM Energy

Overview

TXNM (Texas, New Mexico Energy, Inc.) is a public utility company based in Albuquerque, New Mexico, that serves 842,000 residential and business customers across Texas and New Mexico.⁶²⁸ On May 19, 2025, Blackstone, a private equity corporation, announced that both Blackstone and TXNM reached an agreement for TXNM to be sold to Blackstone for \$11.5 billion.⁶²⁹ The majority of TXNM shareholders and board of directors voted in favor of the deal.⁶³⁰ On February 6, 2026, the Texas Public Utilities Commission, or Texas PUC, approved the Blackstone and TXNM transaction to proceed.⁶³¹ FERC approved the proposed merger on February 20, 2026. Although the deal is expected to be finalized by the end of 2026, for the deal to proceed and finalize, it requires the approval of the Nuclear Regulatory Commission and the New Mexico Public Regulation Commission, which is the PUC of New Mexico, both of whose approval is currently still pending.⁶³² Per the Private Equity Stakeholder Project, in February 2026, Blackstone indicated it wants to finalize the purchase of TXNM using its Blackstone

⁶²⁸ TXNM Energy. *At a glance*. TXNM [Energy.com](https://www.txnmenergy.com/about-us/at-a-glance.aspx) 2026. Accessed April 18 2026.
<https://www.txnmenergy.com/about-us/at-a-glance.aspx>

⁶²⁹ Lisa Goodman et al Paula Chirhat. *TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure*. BlackStone. May 19, 2025. Accessed April 18, 2026.
<https://www.blackstone.com/news/press/txnm-energy-enters-agreement-to-be-acquired-by-blackstone-infrastructure/>

⁶³⁰ TXNM Energy. *TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure*. TXNM. May 19, 2025. Accessed April 19 2026.
<https://www.txnmenergy.com/~media/Files/P/PNM-Resources/press-release/Acquisition%20Investor%20Release.pdf>

⁶³¹ Lisa Goodman.. *Texas Commission Approves TXNM Energy Acquisition by Blackstone Infrastructure*. Yahoo Finance. February 6 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/texas-commission-approves-txnm-energy-171100542.html>

⁶³² B.V. Swagath. *FERC approves Blackstone's acquisition of TXNM Energy*. Yahoo Finance. February 13 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/ferc-approves-blackstone-acquisition-txnm-095006426.html>

Infrastructure Partners evergreen fund, whose sponsors include major public pension systems and Saudi Arabian Public Investment Funds.⁶³³

Customer Rates

TXNM operates two subsidiaries. 1. TNMP or Texas-New Mexico Power, and 2. PNM or Public Service Company of New Mexico. TNMP operates in Texas, serving 260,000 residential and business customers. PNM operates in New Mexico, serving 550,000 residential and business customers.⁶³⁴ On June 15, 2024, PNM requested to increase customer rates between 2025 and 2026. The request included increasing average monthly residential utility rates by up to \$11.12 by mid-2025, up to \$12.48 by early 2026, and by up to \$23.00 for a 600 kWh/month usage starting from late 2026.⁶³⁵ On May 15, 2025, PNM's rate increase proposals were approved by the New Mexico Public Regulation Commission (NMPRC), with 50% of the rate increases becoming effective on July 1, 2025, and the remaining rate increases expected to be effective on April 1, 2026 raising average monthly residential bills to \$6.23 in both phases according to PNM⁶³⁶. This comes after the New Mexico Public Regulation Commission reviewed PNM's residential customer rate base and ruled out a 7% rate increase for residential consumers in January 2024, which is half of the 14% rate increase PNM first proposed. PNM's residential customers residing in northern New Mexico observed a \$6.89 increase, while PNM's residential customers residing in the southern part of the state observed a \$1.26 increase as part of the

⁶³³ Private Stakeholder Equity Project. *Blackstone plans to acquire multi-utility TXNM, raising concerns about energy affordability*. PSEP. org. January 13 2026. Accessed April 18 2026. <https://pestakeholder.org/news/blackstone-plans-to-acquire-multi-utility-txnm-raising-concerns-about-energy-affordability/>

⁶³⁴ TXNM Energy. At a glance. TXNM Energy.com 2026. Accessed April 18 2026. <https://www.txnmenergy.com/about-us/at-a-glance.aspx>

⁶³⁵ Megan Gleason, Albuquerque Journal. *PNM seeks to increase rates in 2025 and 2026*. Yahoo Finance. June 15, 2024. Accessed April 18 2026. <https://finance.yahoo.com/news/pnm-seeks-increase-rates-2025-190100091.html>

⁶³⁶ PNM. *2025 rate request*. 2025. Accessed April 18. 2026. [PNM.com. https://www.pnm.com/2025raterequest](https://www.pnm.com/2025raterequest)

NMPRC's ruling. PNM's rate increase requests and the NMPRC's approval were based on PNM's fundraising strategy for grid modernization and goals to convert to renewable energy.⁶³⁷ Likewise, on the same date, May 15, 2025, the Texas Public Utilities Commission, or Texas PUC, also approved TNMP's \$25 million annual rate increase as part of Texas PUC's Distribution Cost Recovery Factor (DCRF) Amendment plan for utility companies in the state.⁶³⁸ On November 14, 2025, TNMP filed a supplemental rate increase request with the Texas PUC for a \$33.8 million total annual increase in base rates, again as part of the DCRF Amendment plan. According to TNMP, this is necessary because TNMP has experienced a 13% customer growth and a 44% peak in demand, and also because Texas' population and economy are rising. Additionally, TNMP says the request is necessary because funds are needed for grid repairs and replacements as part of infrastructural recovery from the damage caused by Hurricane Beryl. If approved, the \$33.8 million rate increase would increase rates by up to \$5.47 monthly per household according to TNMP.⁶³⁹ There is growing skepticism from regulators, customers, and advocacy groups that Blackstone's purchase of TXNM will exacerbate already surging utility costs initiated by PNM and TNMP's rate increase requests for 2025 and 2026, approved by the Texas PUC and NMPRC but TXNM and, particularly, its subsidiary PNM argue that TXNM's sale to Blackstone would decrease the average residential utility bill by 3.5%.⁶⁴⁰

⁶³⁷ PNM. *Learn More about the Rate Case Decision*. [PNM.com](https://www.pnm.com/rate-case-decision-details#). 2025. Accessed April 18 2026. <https://www.pnm.com/rate-case-decision-details#>:

⁶³⁸ Lisa Goodman. *PNM, TNMP Receive Rate Approvals*. NASDAQ. April 15 2025. Accessed April 18 2026. <https://www.nasdaq.com/press-release/pnm-tnmp-receive-rate-approvals-2025-05-15#>

⁶³⁹ TNMP. *TNMP Files General Rate Review to Support Continued Growth and System Reliability*. [TNMP.com](https://tnmp.com/about-us/news-media/tnmp-files-general-rate-review-support-continued-growth-and-system-reliability#). November 14, 2025. Accessed April 18, 2026. <https://tnmp.com/about-us/news-media/tnmp-files-general-rate-review-support-continued-growth-and-system-reliability#>

⁶⁴⁰ PNM. *TXNM Energy and Blackstone Infrastructure Acquisition*. [PNM.com](https://www.pnm.com/energyfuture#). May 19, 2025. Accessed April 18, 2026. <https://www.pnm.com/energyfuture#>

Regulation, Oversight, and Consumer Protection

Texas is a major and well-known red state. New Mexico is generally a blue state. For the Blackstone and TXNM deal to proceed and finalize, multiple approvals are required at the federal, state, and local levels. So far, some major regulatory actors at all levels have given the green light for the transaction to proceed, while others have given the yellow light. Currently, a red light that stops the transaction from proceeding is emerging. The Texas Public Utilities Commission, or Texas PUC, was the first regulatory body to approve the Blackstone-TXNM deal on February 6, 2026, nine months after the deal announcement was made.⁶⁴¹ 13 days later, on February 20th, 2026, the Federal Energy Regulatory Commission and Federal Communications Commission also gave their approval for the deal to proceed. However, the deal requires the approval of the Nuclear Regulatory Commission and the New Mexico Public Regulation Commission.⁶⁴² Currently, the transaction has stalled as the Nuclear Regulatory Commission and the New Mexico Public Regulation Commission have not given their approval yet. On March 12, 2026, NMPRC regulators launched an investigation into PNM and Blackstone's \$400 million stock trade that occurred in 2025, asserting that the stock trade may have violated state law. According to New Mexico regulators, federal filings show that the \$400 million stock trade that occurred between PNM and Blackstone was a condition related to the acquisition of TXNM by Blackstone and was part of the merger transaction, which occurred without the NMPRC's and the NRC's approval, thus violating state law. In their defense, both TXNM and Blackstone stated that the stock trade was unrelated to the Blackstone-TXNM

⁶⁴¹ Lisa Goodman.. *Texas Commission Approves TXNM Energy Acquisition by Blackstone Infrastructure*. Yahoo Finance. February 6 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/texas-commission-approves-txnm-energy-171100542.html>

⁶⁴² B.V. Swagath. *FERC approves Blackstone's acquisition of TXNM Energy*. Yahoo Finance. February 13 2026. Accessed April 18 2026.
<https://finance.yahoo.com/news/ferc-approves-blackstone-acquisition-txnm-095006426.html>

merger and occurred with board approval. Attorneys who represent both TXNM and Blackstone argued that the stock trade did not violate any law because it did not result in a change of control, and it resulted in a distinct and separate financing transaction rather than going into the merger. NMPRC regulators argue that the stock trade required their approval, and by proceeding without their approval, it has violated state law. Filings made to the Securities and Exchange Commission, or SEC, by Blackstone and TXNM in 2025 show that the stock trade between the two companies occurred after both companies signed a merger agreement, and the stock trade occurred as part of the acquisition deal, making it considerable for “Private Investment In Public Equity” or PIPE. The New Mexico Department of Justice and numerous New Mexico-based advocacy groups also stated that by proceeding as part of the acquisition without the NMPRC’s approval, the stock trade between the two firms may have violated state law, and if considered as an acquisition transaction that occurred without the NMPRC’s approval in a court of law, the Blackstone-TXNM acquisition can and must be denied.⁶⁴³ Besides the \$400 million stock trade between the two firms, the deal has received immense opposition and scrutiny concerning rate hikes from federal and state legislators. On December 5, 2025, senators serving in the U.S. Senate Committee on Banking, Housing, and Urban Affairs, including Senators Bernie Sanders (D) and Elizabeth Warren (D) expressed their criticism and dissent of the TXNM- Blackstone merger and requested transparent and consistent rate reporting and review, including requesting a testimonial hearing on the acquisition of TXNM and publicly traded utilities in general by private equity firms, no later than December 18 2025. Moreover, to avoid exploitation of residential consumers by private equity firms that invest in public utilities, the chairman of the

⁶⁴³ Nicholas Gilmore. *Regulators open investigation into PNM-Blackstone stock trade*. Yahoo Finance. March 12, 2026. Accessed April; 18 2026.
<https://finance.yahoo.com/news/regulators-open-investigation-pnm-blackstone-035900601.html>

Federal Energy Regulatory Commission, Mark Christie (R) together with the Senate Committee on Banking, Housing, and Urban Affairs stated that the FERC and state regulators gave Blackstone and other private equity firms the permission to purchase publicly traded utilities in exchange that they serve the public and agree to keep rates lower and affordable for consumers.⁶⁴⁴

Renewable Transition & Clean Energy

TXNM stated it is transitioning from coal to renewables and natural gas. As of Dec. 31, 2025, PNM's commercial-operation capacity included 51.0% renewable resources, 17.6% energy storage, 21.1% gas-fired resources, 6.1% nuclear, and 4.2% coal. TXNM says it plans for 100% greenhouse gas-free electricity generation by 2040. TXNM's environmental and eco-friendly strategy includes abandoning all coal or exiting the coal industry by the end of 2031.⁶⁴⁵ Much of TXNM's renewable and clean energy initiatives, and the corporation's decision to exit the coal industry, are mainly being implemented by PNM since 2020, which serves New Mexico.⁶⁴⁶ PNM's decisions and efforts to increase reliance on renewable and clean energy and exit the coal industry are driven by the Energy Transition Act (ETA), a New Mexico state statute that was enacted in 2019, which calls for 100% carbon free energy production in the state by 2045 and implements an aggressive new renewable energy portfolio standards. The legislature requires

⁶⁴⁴ U.S. Senate Committee on Banking, Housing, and Urban Affairs. *Warren, Sanders, Blumenthal Press Blackstone, BlackRock on their Acquisitions of Public Utility Companies and Potential Energy Price Increases for Americans*. [Senate.gov](https://www.banking.senate.gov/newsroom/minority/warren-sanders-blumenthal-press-blackstone-blackrock-on-their-acquisitions-of-public-utility-companies-and-potential-energy-price-increases-for-americans). December 5, 2025. Accessed April 18 2026.

⁶⁴⁵ TXNM Energy. *2024 Annual Report*. TXNM Energy.com. 2024. Accessed April 18, 2026. <https://www.txnenergy.com/~media/Files/P/PNM-Resources/annual-reports/2024%20Annual%20Report.pdf#>

⁶⁴⁶ TXNM Energy. *PNM Accelerates Full Exit of Coal to 2024 - Negotiation Reached for Early Exit from Four Corners Power Plant; Clean Energy Transition Benefits Customers and Communities*. TXNM [Energy.com](https://www.txnenergy.com). November 2 2020. Accessed April 19 2026. <https://www.txnenergy.com/sustainability/esg-spotlight/2020/11-2-2020.aspx#:~:text=>

investor-owned utilities to achieve 40% renewable energy by 2025, 50% by 2030, and 80% to 100% by 2040 while in the meantime protecting consumers and workers during the transition to clean energy. Following this statute, the NMPRC approved PNM's projects to replace 450 MW of its coal-based generators with solar and 290 MW of coal-based generators with battery storage as part of 100% coal elimination project goals.⁶⁴⁷ Additionally, PNM along With other local utility companies jointly operates the Palo Verde Nuclear Station located in Palo Verde, Arizona, the largest nuclear power plant in the United States, regulated by the Nuclear Regulatory Commission. PNM says it will rely on the Palo Verde nuclear power plant to achieve coal-free and greenhouse gas-free electricity production goals.⁶⁴⁸ The Energy Transition Act (ETA) of 2019, passed by the New Mexico state legislature, had influential impacts on PNM moving to renewable and clean energy initiatives and deviating from coal-based power generation, a statute passed by a blue state. TNMP, the other subsidiary of TXNM, which is based in Texas, a dominant red state, faces policy challenges with respect to renewable and clean energy initiatives and TXNM's goal to completely abandon coal for energy production. While New Mexico passed an Energy Transition Act in 2019 that required energy producers to abandon coal and resort to clean energy sources such as solar, wind, and nuclear by 2040, in May 2023, The Texas Tribune reported Texas Republicans condemned a federal Green New Deal that aimed to end burning fossil fuels for electric generation. The Republican controlled Texas state legislature passed multiple bills that prop up gas-fueled power generators. Provisions of the bills also included lowering and eliminating interest rates on loans to modernize and renovate coal

⁶⁴⁷ TXNM Energy. *Carbon-free Generation*. TXNM [Energy.com](https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx). 2026. Accessed April 18 2026. <https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx>

⁶⁴⁸ TXNM Energy. *Carbon-free Generation*. TXNM [Energy.com](https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx). 2026. Accessed April 18 2026. <https://www.txnmenergy.com/sustainability/environment/emissions%20free%20by%202040.aspx>

and natural gas-based power plants. The bills also restrict wind and solar developments.⁶⁴⁹

Blackstone, which is in the negotiation process to acquire TXNM, has invested \$15 billion since 2019 in clean energy and renewable transition efforts⁶⁵⁰ and plans to invest \$100 billion more for a 100% clean energy production free from burning fossil fuels as part of its Environmental Sustainable Goals-ESG.⁶⁵¹ Since 2012, Blackstone has been continuously investing in the adoption of 300 MW of new solar capacities and carbon-neutral options.⁶⁵² Blackstone's clean and renewable energy initiatives and actions match PNM in New Mexico, but will face obstacles in Texas as it takes over TNMP.

Power Grid Reliability

One of the reasons why TXNM requested rate increases between 2025 and 2026 and received approval from both the Texas PUC and the NMPRC was to raise funds for grid expansion and modernization, especially since TNMP has experienced a 13% customer growth and a 44% peak in demand, and also because Texas' population and economy are rising. Additionally, following Hurricane Beryl, infrastructure repairs were needed. Utility companies were granted a Distribution Cost Recovery Factor (DCRF) Amendment plan by the Texas PUC.⁶⁵³ Since Hurricane Beryl, TNMP has been vastly repairing existing power grid networks

⁶⁴⁹ Emily Foxhall et al.Zach Despart. *Texas Legislature 2023: Texas power struggle: How the nation's top wind power state turned against renewable energy*. The Texas Tribune. May 25 2023. Accessed April 18 2026. <https://www.texastribune.org/2023/05/25/texas-energy-renewables-natural-gas-grid-politics/#>

⁶⁵⁰ Kate Holderness. *Blackstone Launches Sustainable Resources Credit Platform*. [Blackstone.com](https://www.blackstone.com) January 21, 2022. Accessed April 18 2026. <https://www.blackstone.com/news/press/blackstone-launches-sustainable-resources-credit-platform/>

⁶⁵¹ Mark Segal. *Blackstone Sees Opportunity to Invest \$100 Billion in Energy Transition*. ESG Today. January 21 2022. Accessed April 18 2026. <https://www.esgtoday.com/blackstone-sees-opportunity-to-invest-100-billion-in-energy-transition/>

⁶⁵² Blackstone. *Blackstone Announces Solar Program for Portfolio Companies*. November 14, 2012. Accessed April 18, 2026. <https://www.blackstone.com/news/press/blackstone-announces-solar-program-for-portfolio-companies/#>

⁶⁵³ TNMP. *TNMP Files General Rate Review to Support Continued Growth and System Reliability*. TNMP.com. November 14, 2025. Accessed April 18, 2026.

and expanding new grid networks. Various grid projects named after different areas and roads of Texas include Cowpen, Coyanosa, Pilot Point, White Baker to Bottlebrush, Faulkner-Solistice, Faulkner-Cryo, and Faulkner-Dry Lake. Most of these projects are aimed at connecting rural areas in Texas that consistently face outages or receive poor electric service. TNMP says the modernized projects ensure more customers can access electric power across the state, and the new grid projects strengthen the resiliency of new and existing grids. Additionally, to maximize grid resiliency, TNMP is installing single-circuit 138-kV transmission lines that are resistant to natural disasters and aging in collaboration with the Electric Reliability Council of Texas, Regional Planning Group.⁶⁵⁴ The standards of these transmission lines are more than adequate to serve data centers, virtual currency mining facilities, and oil and gas refineries according to TNMP, and these grid modernization projects are regulated by the Texas PUC as well as federal regulators.⁶⁵⁵ In August 2024 TNMP filed for its first ever grid resilience plan worth \$600 million with the Texas PUC and received approval with the goal of completing plan implementation between 2025 and 2027. The plan included grid repair, mitigation, prevention, and service improvement in the following eight areas: 1) Distribution System Resiliency, 2) Distribution System Protection Modernization, 3) Vegetation Management, 4) Wildfire Mitigation, 5) Flood Mitigation, 6) Enhanced Operations System Technology, 7) Cybersecurity, and 8) Physical Security.⁶⁵⁶ Likewise, PNM, which is based in New Mexico, is modernizing the

<https://tnmp.com/about-us/news-media/tnmp-files-general-rate-review-support-continued-growth-and-system-reliability#>

⁶⁵⁴ TNMP. Current Transmission Line Projects. TNMP.com. 2026. Accessed April 18 2026. <https://tnmp.com/transmission-line-projects#>

⁶⁵⁵ TNMP. Current Transmission Line Projects. TNMP.com. 2026. Accessed April 18 2026. <https://tnmp.com/transmission-line-projects#>

⁶⁵⁶ TNMP. *Texas-New Mexico Power Files First System Resiliency Plan*. TNMP.com. August 28 2024. Accessed April 18 2026. <https://tnmp.com/about-us/news-media/texas-new-mexico-power-files-first-system-resiliency-plan>

grids it manages across the state. Since November 2025, PNM has been leading a grid resistance and modernization project by installing smart meters and other advanced network devices across the power grids it operates across the state.⁶⁵⁷ These devices are capable of delivering affordable, reliable and clean energy with accurate billing service that allow customers to track their usage and practice energy efficiency in real time according to PNM.⁶⁵⁸ Additionally as part of its grid modernization plan, PNM is also installing what are known as the strategic rotating outage circuits, designed to totally eliminate power outages.

According to PNM, these circuits are designed to avoid prolonged power outages, protect electric grids from severe damage, and bring balance to the supply and demand of electric Power. PNM says the upgrade of the power grids it operates across New Mexico to strategic rotating outage circuits is necessary because they decrease stress on the grid system, balances customer demand, maximizes efficiency and energy resources, and prevents grid collapse.⁶⁵⁹ Likewise, Blackstone also acquired Energy Exemplar in May 2024,⁶⁶⁰ an energy modeling and analytics software company that analyzes grid reliability and applies various software platforms to allow decision makers to accurately model reliable water, gasoline, and energy markets and

⁶⁵⁷ Kelsey Seekins. *PNM begins technology installations to modernize grid*. PNM. November, 10 2025. Accessed April 18 2026. <https://www.pnm.com/documents/d/pnm.com/pnm-launches-first-phase-of-grid-modernization>

⁶⁵⁸ PNM. *SmartMeters: The Next Step in a Smarter, More Resilient Grid*. [PNM.com](https://www.pnm.com). 2026. Accessed April 18 2026. <https://www.pnm.com/smartmeter>

⁶⁵⁹ PNM. *PNM to initiate strategic rotating outages during high heat*. 2026. Accessed April 18 2026. [PNM.com](https://www.pnm.com/protectthegrid#). <https://www.pnm.com/protectthegrid#>

⁶⁶⁰ Erin Marks. *Blackstone and Vista Equity Partners Complete Acquisition of Energy Exemplar*. Energy Exemplar. May 9 2024. Accessed April 18 2026. <https://www.energyexemplar.com/blog/blackstone-and-vista-complete-energy-exemplar-acquisition#>

infrastructure.⁶⁶¹ Blackstone's acquisition of Energy Exemplar will be crucial for Blackstone's decisions in improving and developing TXNM's gridlines as it takes over TXNM.

Data Center Pressure

Besides customer satisfaction and connecting rural and newly developing areas in Texas and New Mexico to electric power, TXNM's grid modernization projects are mainly inspired by the expanding digital currency mining centers and data centers across both states, according to TNMP.⁶⁶² Blackstone's interest in purchasing TXNM is also mainly driven by data center demands.⁶⁶³ According to Blackstone, it is competing to be the world's largest data center investor.⁶⁶⁴ Texas ranks as the top U.S. state that has observed data center growth and is the primarily predicted state with future rapid data center growth rates in the country at 142% by 2028 per Bloomenergy.⁶⁶⁵ Texas is also the U.S. state that is expected to become the world's top data center market by 2030,⁶⁶⁶ which is a factor that has caught Blackstone's attention. Neighboring and nearby states such as New Mexico and Arizona are also major U.S. states where data centers are expanding, and states that are predicted to have the fastest data center

⁶⁶¹ Energy Exemplar. *Empowering Transformative Energy Decisions*. Energy Exemplar. 2026. Accessed April 18 2026. <https://www.energyexemplar.com/>

⁶⁶² TNMP. Current Transmission Line Projects. TNMP.com. 2026. Accessed April 18 2026. <https://tnmp.com/transmission-line-projects#>

⁶⁶³ Tanay Dhumal. *Blackstone Bets on Soaring Power Demand With \$11.5 Billion TXNM Energy Deal*. Reuters. May 19 2025. Accessed April 18 2026. <https://www.reuters.com/business/energy/blackstone-acquire-txnm-energy-115-billion-deal-2025-05-19/>

⁶⁶⁴ Blackstone. Infrastructure of the Future. Blackstone. 2026. Accessed April 18 2026. <https://www.blackstone.com/infrastructure-of-the-future/>

⁶⁶⁵ Bloomenergy. *2026 Data Center Power Report*. Bloomenergy. January 1 2026 Accessed. April 18 2026. <https://www.bloomenergy.com/wp-content/uploads/2026-power-report.pdf>

⁶⁶⁶ Karoline Leonard. *Texas poised to become world's top data center market by 2030*. Yahoo Finance. February 20 2026. Accessed April 18 2026. <https://finance.yahoo.com/news/texas-poised-become-world-top-110000578.html>

growth rates in the country within the next 2 to 5 years.⁶⁶⁷ However, according to a study conducted by Western Resource Advocates titled “Data Center Impacts In The West” in states experiencing fast and major data center growth rates such as Texas, New Mexico, and Arizona, annual electricity demand is forecasted to increase by 4.5% per year between 2025 and 2035 which is 3.5% higher than the annual electricity demand increase observed between 2010 and 2023 leading to increased utility costs for residential consumers.⁶⁶⁸ To avoid increasing rates for residential consumers, in August 2025, Meta, in partnership with XGS Energy, planned to build a \$1.2 billion geothermal power plant in New Mexico that can produce 150 megawatts of energy to power its data center.⁶⁶⁹ Other tech corporations are turning to microgrids, which are local systems that power data centers.⁶⁷⁰ The problem with microgrids, however, is that most require fossil fuel and other non-clean and non-eco-friendly resources to function and operate.⁶⁷¹ Tech companies building their own power plant to power their data centers, like Meta in New Mexico, or relying more on microgrids means there will be less market opportunity for Blackstone and other private equity firms to profit from supplying electric power to data centers owned by major

⁶⁶⁷ Gavin Maguire. *Charting the data center development roadmap in key US states*. Reuters. January 22 2026. Accessed April 18 2026.

<https://www.reuters.com/business/energy/charting-data-center-development-roadmap-key-us-states-2026-01-22/>

⁶⁶⁸ Western Resources Advocates. *Data Center Impacts in the west*. WRA. July 1 2025. Accessed April 18 2026.

https://mms.businesswire.com/media/20250723018953/en/2530453/1/Data_Center_Impacts_in_the_West_July_2025_FINAL.pdf

⁶⁶⁹ Laila Kearney. *Meta signs deal for advanced geothermal power in New Mexico*. Reuters. June 13 2025. Accessed April 18 2026.

<https://www.reuters.com/sustainability/boards-policy-regulation/meta-signs-deal-advanced-geothermal-power-new-mexico-2025-06-12/>

⁶⁷⁰ Juliana Ennes. *Microgrids spread across U.S. as big tech, utilities shore up power supply*. Reuters. November 3 2025. Accessed April 18 2026.

<https://www.reuters.com/business/energy/microgrids-spread-across-us-big-tech-utilities-shore-up-power-supplies--re-2025-11-03/>

⁶⁷¹ Algernon D’Amassa. *Data center boom puts New Mexico’s power grid and climate goals to the test*. Albuquerque Journal. August 17 2025. Accessed April 18 2026.

<https://www.abqjournal.com/business/data-center-boom-puts-new-mexicos-power-grid-and-climate-goals-to-the-test/399588>

tech firms. New Energy Economy, a local clean and renewable energy advocacy firm based in Santa Fe, New Mexico, is a major actor credited with blocking and stalling the Blackstone and TXNM merger from proceeding by exerting heavy influence behind the NMPRC.⁶⁷² The group has previously successfully prevented the sale of TXNM to a previous interested foreign private equity buyer, Iberdrola, by taking the case all the way to the New Mexico Supreme Court in September 2023, citing energy demands for data centers and rate increases.⁶⁷³ The group is acting again and succeeding so far in preventing TXNM's sale to Blackstone. As of March 21st 2025, New Energy Economy is striking a deal with the NMPRC by demanding that the only way the deal will be allowed to proceed is if transmission upgrades and power generation systems that are designed to serve data centers are paid for by nobody else other than the data centers themselves.⁶⁷⁴ With companies like Meta building their own power plants, data centers turning more into microgrids, and regulators being pressured by advocacy groups for data centers to pay for their own electric upgrades and power bill costs, opportunities are narrower for Blackstone which is interested in data center hotspot states in the country such as New Mexico and Texas and a company which says it wants to be the number one supplier of power to data centers.⁶⁷⁵

TXNM Customer satisfaction surveys

⁶⁷² New Energy Economy. *We filed our testimony calling for Blackstone acquisition to be dismissed with prejudice*. New Energy Economy. Org. 2026. Accessed April 18 2026. <https://www.newenergyeconomy.org/post/we-filed-our-testimony-calling-for-blackstone-acquisition-to-be-dismissed-with-prejudice>

⁶⁷³ New Energy Economy. *Tomorrow at the Supreme Court we defend the people of New Mexico against Avangreedy*. New Energy Economy. September 14 2023. Accessed April 18 2026. <https://www.newenergyeconomy.org/post/tomorrow-at-the-supreme-court-we-defend-the-people-of-new-mexico-against-avangreedy>

⁶⁷⁴ Laila Kearney. *Group that blocked New Mexico utility merger eyes data centers in Blackstone deal*. Reuters. May 21, 2025. Accessed April 18 2026. <https://www.reuters.com/sustainability/boards-policy-regulation/group-that-blocked-new-mexico-utility-merger-eyes-data-centers-blackstone-deal-2025-05-21/>

⁶⁷⁵ Blackstone. *Infrastructure of the Future*. [Blackstone.com](https://www.blackstone.com/infrastructure-of-the-future/#). 2026. Accessed April 18 2026. <https://www.blackstone.com/infrastructure-of-the-future/#>

According to TXNM's 2025 BCG Matrix, which is a key growth share matrix in business, 72% of TXNM's customers say they prioritize sustainability and clean energy and resorting to renewable resources such as solar and battery storage. Both business and residential consumers of TXNM have stated they would like to see more growth in grid reliability, faster power restoration, and the adoption of digital tools such as smart meters. According to TXNM'S 2025 BCG Matrix, growing public trust depended on visible infrastructure upgrades and community programs promoting local clean energy adoption, especially to be carbon neutral by 2040.⁶⁷⁶ On February 6 2026, however, hundreds of PNM customers publicly protested the sale of TXNM to Blackstone in New Mexico, citing fears of energy rate increases driven by data center power demands. The protests took place during a New Mexico Public Regulatory Commission hearing on the deal in Albuquerque, and protesters demanded "No private equity in public utilities." New Mexico residents, by and large, say this transaction will not benefit them.⁶⁷⁷

Ownership Type

If the transaction is allowed to proceed by the remaining regulatory bodies whose approval is still required, the deal will be finalized by mid or end of 2026 at \$11.5 billion, \$61.25 per share, all in cash. TXNM will be wholly and privately owned by Blackstone. Much like AES Ohio and AES Indiana TXNM's subsidiaries, PNM and TNMP will remain independently and locally owned and operated with each of their own headquarters in Texas and New Mexico according to Blackstone. Additionally Blackstone has indicated that the current management

⁶⁷⁶ BCG Matrix. *What is Customer Demographics and Target Market of TXNM Energy Company?* [BCGMatrix.com. https://matrixbcg.com/blogs/target-market/pnm#](https://matrixbcg.com/blogs/target-market/pnm#)

⁶⁷⁷ Gregory Hasman. *Hundreds oppose proposed TXNM Energy sale to Blackstone at public hearing.* Albuquerque Journal. February 6, 2026. Accessed April 18 2026. <https://www.abqjournal.com/news/hundreds-oppose-proposed-txnm-energy-sale-to-blackstone-at-public-hearing/2975086>

team of both TXNM's subsidiaries will continue to lead the companies and remain the primary points of contact for customers, regulators and other stakeholders.⁶⁷⁸

Financial Stability

From its Form 10-K report for 2025, TXNM reported \$2.12 billion in revenue and \$151.36 million in net earnings attributable to TXNM.⁶⁷⁹ S & P Global Ratings has given the TXNM-Blackstone merger a “credit-supportive” comment. According to S & P Global partners, TXNM's EBITDA to debt and income to debt should improve by up to 14% to 15%. S & P Global Ratings has rated TXNM's credit ratings BBB, which is overall stable.⁶⁸⁰ Moody's has rated TXNM's credit as Baa1, considered to be stable.⁶⁸¹

Demographics

TXNM serves 842,000 customers in Texas and New Mexico. Per Data USA's 2024 report, Texas has a population of 30.2 million people. Texas has a median household income of \$78,476 and a poverty rate of 13.8%. 44% of the population, which translates to 13.4 million people in the state, are employed. Texas is the second most populous state in the U.S. The state's median income for men is \$54,667, whereas for women it is \$39,974. The median property value for housing in the state

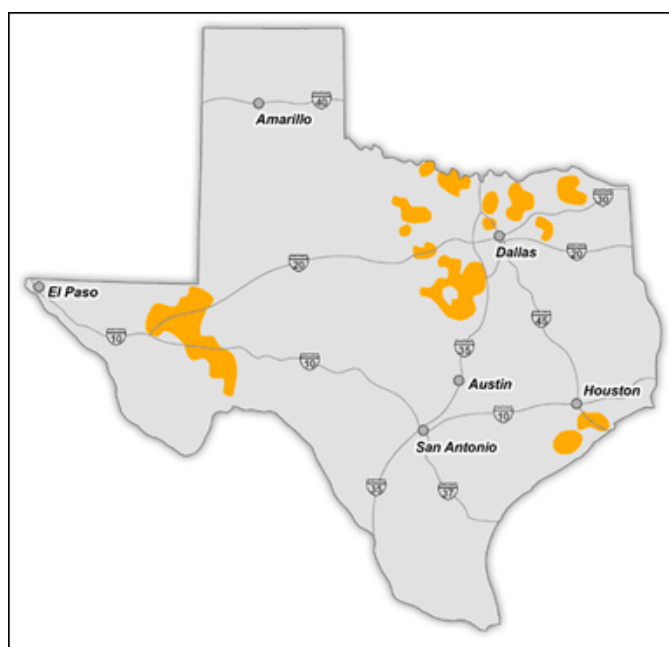
⁶⁷⁸ Blackstone. *TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure*. Blackstone. May 19, 2025. Accessed April 18, 2026. <https://www.blackstone.com/news/press/txnm-energy-enters-agreement-to-be-acquired-by-blackstone-infrastructure/>

⁶⁷⁹ U.S. Securities and Exchange Commission. Form 10-K TXNM. SEC.Gov. December 21 2025. Accessed April 18 2026. <https://www.sec.gov/Archives/edgar/data/1108426/000110842626000006/pnm-20251231.htm>

⁶⁸⁰ Phalguni Adalja et al. *Gabe Grosberg. Research Update: TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable*. S & P Global Ratings. May 19 2025. Accessed April 18, 2026. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101622538>

⁶⁸¹ Moody's. *Texas-New Mexico Power Company -- Moody's downgrades Texas-New Mexico Power to Baa1; outlook stable*. Moody's- Yahoo Finance. February 10 2022. April 18 2026. <https://finance.yahoo.com/news/texas-mexico-power-company-moodys-235308521.html>

for 2024 is \$283,800. The homeownership rate in the state is 62.6%. It is largely a major red state.⁶⁸² Coming to New Mexico's demographics, again, per the latest 2024 Data USA report, New Mexico has a population of 2.12 million people, far less than Texas. New Mexico has a median household income of \$64,059 and a poverty rate of 17.8%, a higher rate than Texas, given that its population is much less than that of Texas. 41% of New Mexico's population, which translates to 870,365 people in the state, are employed. New Mexico's median income for men is \$47,091, and for women it is \$36,564. The median property value of housing in the state is \$248,100, with a homeownership rate of 70%. Unlike neighboring Texas, New Mexico is a vastly blue state.⁶⁸³ Below is the service area map of TXNM.

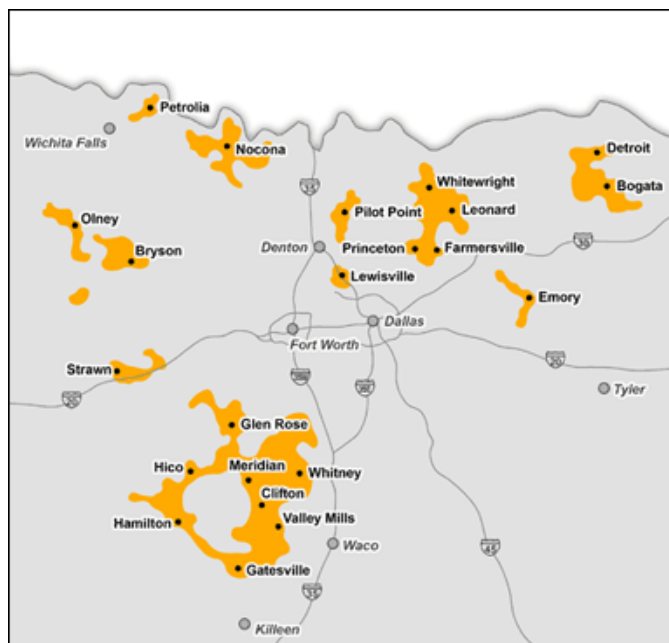


TNMP Service Map - Statewide⁶⁸⁴

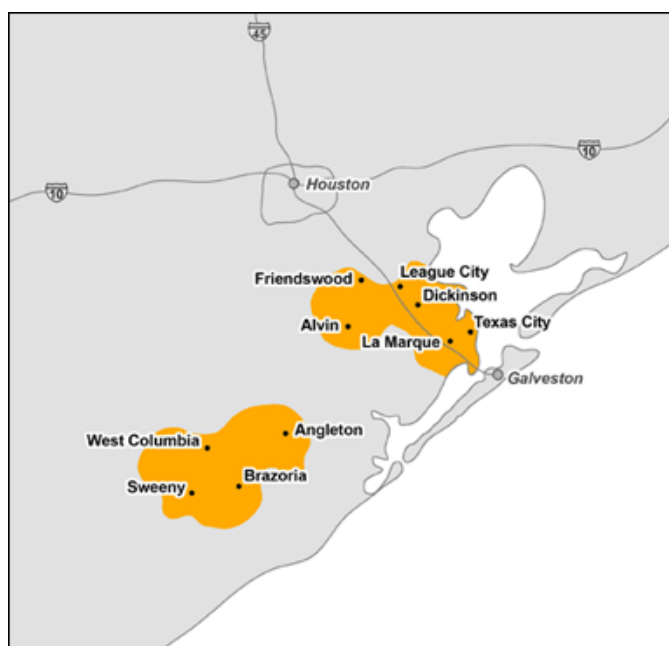
⁶⁸² Data USA. *Texas*. Data USA. 2024. Accessed April 18 2026. <https://datausa.io/profile/geo/texas>

⁶⁸³ Data USA. *New Mexico*. Data USA. 2024. Accessed April 18 2026. <https://datausa.io/profile/geo/new-mexico>

⁶⁸⁴ TNMP. 2026. *Service Areas*. <https://tnmp.com/about-us/service-areas>.



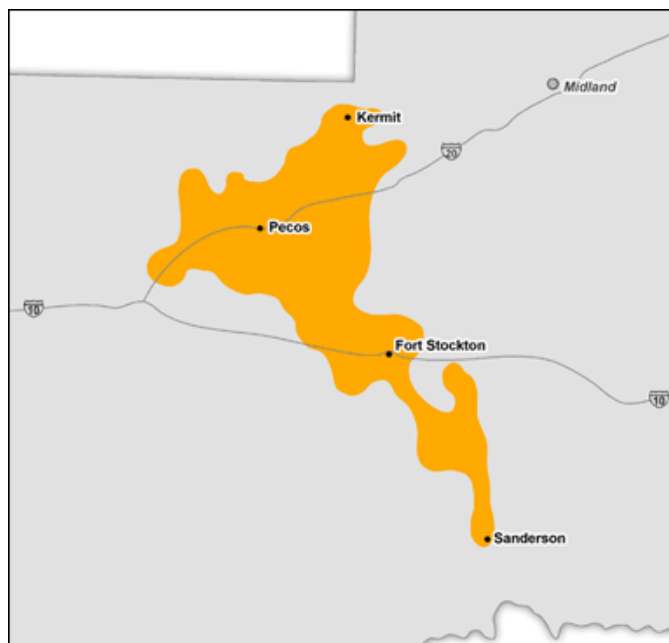
TNMP Service Map - North-Central Texas⁶⁸⁵



TNMP Service Map - Gulf Coast Texas⁶⁸⁶

⁶⁸⁵ TNMP. 2026. *Service Areas*. <https://tnmp.com/about-us/service-areas>.

⁶⁸⁶ TNMP. 2026. *Service Areas*. <https://tnmp.com/about-us/service-areas>.



TNMP Service Map - West Texas⁶⁸⁷



PNM Service Map - Statewide⁶⁸⁸

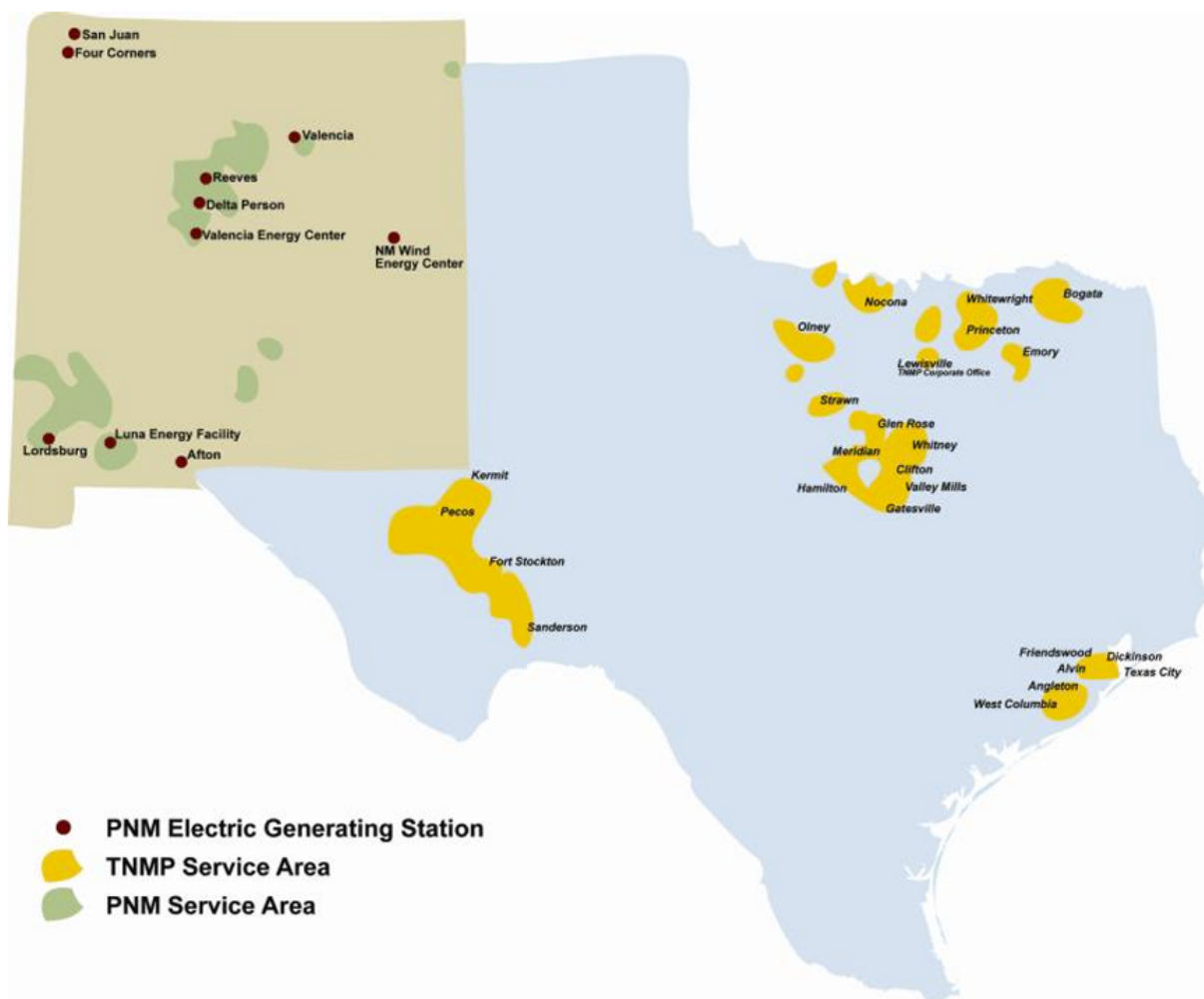
⁶⁸⁷ TNMP. 2026. *Service Areas*. <https://tnmp.com/about-us/service-areas>.

⁶⁸⁸ PNM. Powering New Mexico Homes and Businesses Since 1917. [PNM.com](https://www.pnm.com/about-pnm). 2026. Accessed May 1 2026. <https://www.pnm.com/about-pnm>



PNM Service Map - Central New Mexico⁶⁸⁹

⁶⁸⁹ PNM. 2026. PNM Service Area: Detail of Santa Fe-Albuquerque Region.
https://www.google.com/url?q=https://www.pnm.com/service-area-sfe-abq&sa=D&source=docs&ust=1777745695231757&usg=AOvVaw2KRjoAIER4iq7u3hDU_FSm



General statewide map of TXNM service area across Texas and New Mexico⁶⁹⁰

⁶⁹⁰ PNM. Powering New Mexico Homes and Businesses Since 1917. [PNM.com](https://www.pnm.com). 2026. Accessed May 1 2026. <https://www.pnm.com/about-pnm>