

FAQ: The SIC's Role in the PNM/TXNM Discussion

Is it possible or legal for the SIC to buy PNM?

Right now, **the SIC cannot legally own more than 10% of a public company**, which prevents the purchase of a controlling stake. Doing so would require a constitutional amendment.

Would state ownership lower rates or protect customers?

Rates are set by the Public Regulation Commission (PRC), regardless of who owns the utility. **PRC regulation — not ownership — determines affordability and reliability.** The SIC must remain policy-neutral and focused on fund performance.

What are the SIC's fiduciary obligations?

As a fiduciary the SIC must exercise prudent care and act in the best interests of our beneficiaries. **Our constitutional responsibility is to generate billions each year to strengthen existing public programs New Mexicans rely on and fund new programs created by the legislature.** Today, this includes universal childcare, K–12 public education, tuition-free college, workforce development and apprenticeship programs, behavioral health programs, rural libraries, conservation efforts and more.

What if the SIC purchased stock in the company, related to recent news about the \$400 million stock sale reversal?

The voided transaction was negotiated specifically by Blackstone as part of its acquisition effort. The 8 million shares at \$50 under that transaction were never available to the SIC. We are allocators, not stock pickers making direct investments. We can't do what these organizations are asking, primarily because we are governed by constitutional statute and our fiduciary responsibilities, but also because the SIC is not structured to make direct investments in stocks.

What influence would the state actually get by buying shares?

A stock purchase does not secure a board seat or leadership role that increases public influence over the utility. An 8% stake would not automatically provide a board seat, and TXNM bylaws require a three-year holding period before a shareholder can even nominate a director. Other shareholders would likely reject a board nominee whose intent would be to limit company rates, and therefore profits. Regardless of company leadership, the PRC determines rates.

If this is a good investment for Blackstone, why isn't it a good investment for the SIC?

Buying PNM, or a significant stock purchase in TXNM, would create significant concentration risk and may underperform broader markets. We understand we're not being asked to run the utility itself, but done well, this would still require operational and regulatory expertise the SIC does not possess. A \$400 million investment would be 13 times larger than our position in the world's largest electric utility, and roughly 200 times larger than our current investment in TXNM (less than \$2 million). Additionally, a fund such as Blackstone, benefits from economies of scale.

How can the SIC support affordability and the energy transition?

Legislators could create a new fund that could actually achieve many of the goals proposed by concerned community members. Those community members can work with their respective legislators to pursue that initiative. The SIC can then advise policymakers to ensure a hypothetical fund accomplishes intended goals. Furthermore, the state does not need to own its largest utility in order to invest in renewable energy innovation in New Mexico. The SIC is already doing that through the Strategic Venture Capital Program.