



Q2 2022 Earnings Review

August 4, 2022



Contact Information and Safe Harbor Statement

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

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Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures in this presentation (ongoing earnings, ongoing earnings per diluted share and ongoing earnings guidance measures), as well as a reconciliation to GAAP measures, please refer to the Company's website at <http://www.pnmresources.com/investors/results.cfm>. Since the future differences between GAAP and ongoing earnings are frequently outside the control of the Company, management is generally not able to estimate the impact of the reconciling items between forecasted GAAP net earnings and ongoing earnings guidance, nor their probable impact on GAAP net earnings without unreasonable effort, therefore, management is generally not able to provide a corresponding GAAP equivalent for ongoing earnings guidance.

Overview and Highlights



Financial Highlights and Strategic Updates

Q2 2022 earnings results

2022 and 2023 earnings guidance affirmed

Leadership advancements

Merger appeal briefing process concludes

NMPRC Nominating Committee established

Financial Results and Guidance

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
GAAP EPS	\$0.18	\$0.62	\$0.36	\$0.83
Ongoing EPS	\$0.57	\$0.55	\$1.08	\$0.88

- 2022 Ongoing EPS Guidance affirmed \$2.50 - \$2.60
- 2023 Ongoing EPS Guidance affirmed \$2.60 - \$2.75

Strategic Updates

PNM Resources Officer Advancements

- Don Tarry, PNM Resources President and Chief Operating Officer
- Lisa Eden, PNM Resources Senior Vice President, Chief Financial Officer and Treasurer

Merger Appeal Process

- Briefing schedule to be completed August 5, 2022
- Oral argument requested, no statutory timeframe

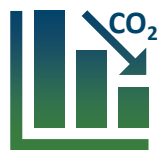
NMPRC Commission Appointment

- Nominating Committee in place July 1, 2022
- Appointments expected in Q4 2022



Note: EPS is presented on diluted basis. For a reconciliation of GAAP to Ongoing EPS, including a description of adjustments, refer to the earnings release issued August 4, 2022.

Q2 2022 ESG Highlights



Retirement of San Juan Unit 1

- PNM retired Unit 1 of the San Juan Generating Station on June 30, 2022
- PNM Generation portfolio capacity is nearly 50% carbon-free, coal generation has been reduced to less than 20% of total capacity
- San Juan Unit 4 scheduled to retire September 30, 2022, reducing coal generation to less than 10% of PNM's total capacity



PNM Joins EPRI Climate READi™ Initiative

- *Climate READi™: Power (REsilience and ADaptation initiative)*
- *Three-year initiative led by the Electric Power Research Institute (EPRI) to develop a comprehensive and consistent approach to physical climate risk*
- *The Framework will facilitate analysis and application of appropriate climate data among all stakeholders to enhance the planning, design and operation of a resilient power system*



Power of Partnerships

- PNM partnering with UNM to expand internship programs by creating a state-wide coalition of businesses, furthering state education and economic development efforts
- PNM, CNM, Mescalero Apache Telecom Inc. (MATI), The National Guard, U.S. Air Force, and the U.S. Army teamed up for Cyber-Innovative Readiness Training to defend critical infrastructure

Operational and Regulatory Updates



Executing the Transition to Clean Energy

Measured, Multifaceted Approach to PNM's Clean Energy Transition



**Environmental
Benefits**



**Balancing
Customer Rates**



**Community
Support**

Accelerated Exit from Coal:



Next Steps:

✓ Completed

- ✓ Unit 1 retired
- ✓ Community support fully funded
 - Unit 4 retirement
 - Replacement power (PPAs) implementation
 - Issue securitization bonds
 - Adjust customer base rates through general rate review
- Approval for abandonment/ securitization (New Mexico Supreme Court Appeal)
- Replacement power filing, approval and implementation
- Issue securitization bonds, fund community support
- Adjust customer base rates through general rate review

New Mexico Energy Transition Act: landmark energy legislation

- Enacted in 2019
- Increases Renewable Portfolio Standards up to 80% by 2040
- Encourages early exit of coal through recovery of undepreciated investment
- Lower-cost financing through securitization
- Supports customers and communities impacted by transition out of coal

Load and Economic Conditions

PNM

New system peak despite delayed growth from Industrial customers

- Industrial load is growing slower than expected
- Combined Residential and Commercial load is slightly ahead of expectations
- Weather not a significant driver in Q2
- New system peak in July, first since 2013

PNM	Q2 YTD 2022 vs 2021	2022E
Total Retail Load ⁽¹⁾	0.8%	2% – 3%
PNM Avg. Customers	0.6%	~1%

TNMP

Strong load growth combined with sustained higher temperatures for new system peaks

- Volumetric and demand-based load reflects continued economic growth across Texas, ahead of expectations
- Demand-based load supplemented by new crypto mining customers in Q2
- 30% increase in cooling-degree days in Q2
- Continued high temperatures and new system peaks in July

TNMP	Q2 YTD 2022 vs 2021	2022E
Volumetric Load ⁽²⁾	3.3%	1% - 2%
Demand-Based Load ⁽³⁾	6.8%	2.5% - 3.5%
TNMP Avg. End Users	1.7%	~1.5%

(1) Weather normalized, excludes Economy customers

(2) Primarily Residential per-kwh billings, weather-normalized

(3) Commercial and Industrial per-kw monthly peak billings, weather-normalized; excludes retail Transmission customers

PNM and TNMP Key Regulatory Proceedings

PNM NMPRC

Current: Merger, San Juan and Four Corners Abandonment/Securitization appeals with New Mexico Supreme Court

Upcoming:

- Q4 2022 Grid modernization filing
- Q4 2022 General rate review filing

PNM FERC

- FERC annual formula rate update implemented June 1, 2022

TNMP

- Annual Distribution recovery filing
 - Settlement in Principle reached
 - Interim rates approved for Sept. 1, 2022
 - 99% of requested recovery
- TNMP second semi-annual Transmission Cost of Service increase filed July 22, 2022
 - Expected to be implemented Sept. 2022

TNMP Rate Base Recovery	Effective Date	Rate Base
Semi-annual TCOS transmission recovery	March 2022	\$95.6m
Annual DCOS/DCRF distribution recovery	Expected Sept. 2022	\$95.7m
Semi-annual TCOS transmission recovery	Expected Sept. 2022	\$36.0m

Financial Updates

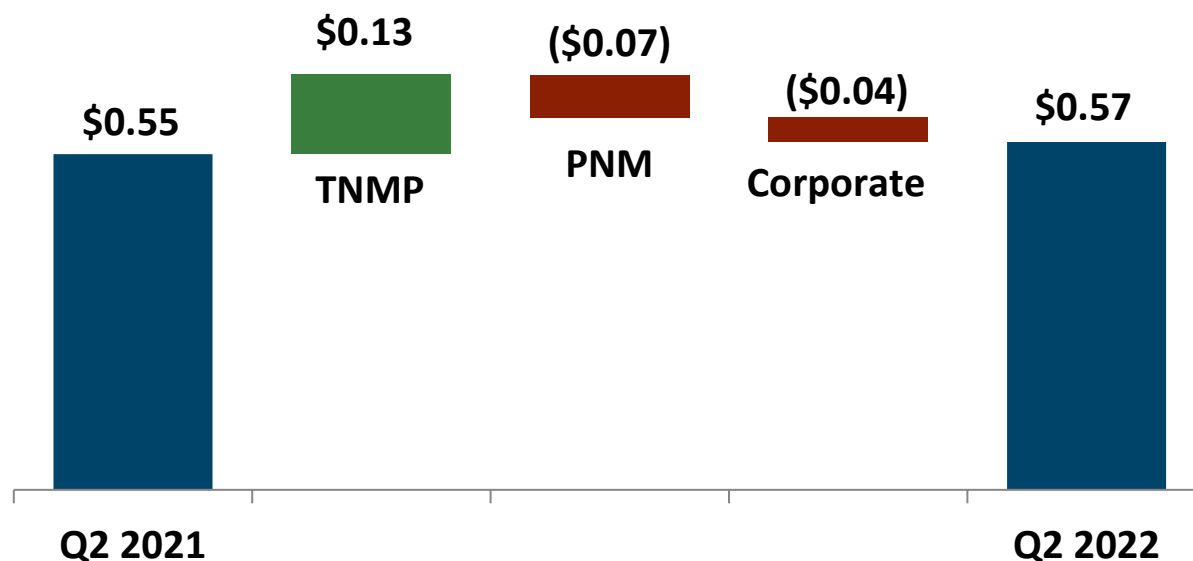


Q2 2022 Ongoing EPS Financial Summary

Q2 2022 changes in ongoing earnings driven by:

- *Higher load and weather impacts at TNMP*
- *TNMP TCOS and DCOS rate relief*
- *Increased PNM FERC Transmission margins, including the Western Spirit transmission contract*
- *Higher PNM O&M costs, including expected plant outage costs*
- *Increased depreciation and property tax expenses on new investments*
- *Higher interest expense on parent company debt*

Q2 Earnings Summary



EPS Summary	Q2 2021	Q2 2022
PNM Resources	\$0.55	\$0.57
PNM	\$0.39	\$0.32
TNMP	\$0.18	\$0.31
Corporate/Other	(\$0.02)	(\$0.06)

Earnings Guidance (Ongoing)

2022 ongoing earnings guidance affirmed, targeting upper half of range

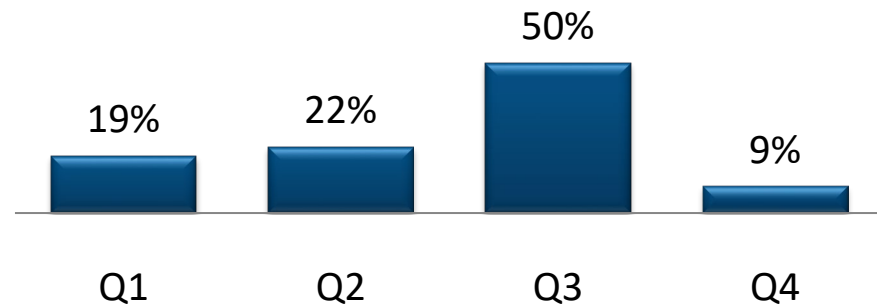
Quarterly distribution updated to reflect current expectations

2023 ongoing earnings guidance affirmed

2022 Earnings Guidance

\$2.50 Consolidated EPS \$2.60

2022 Quarterly Ongoing Earnings Distribution

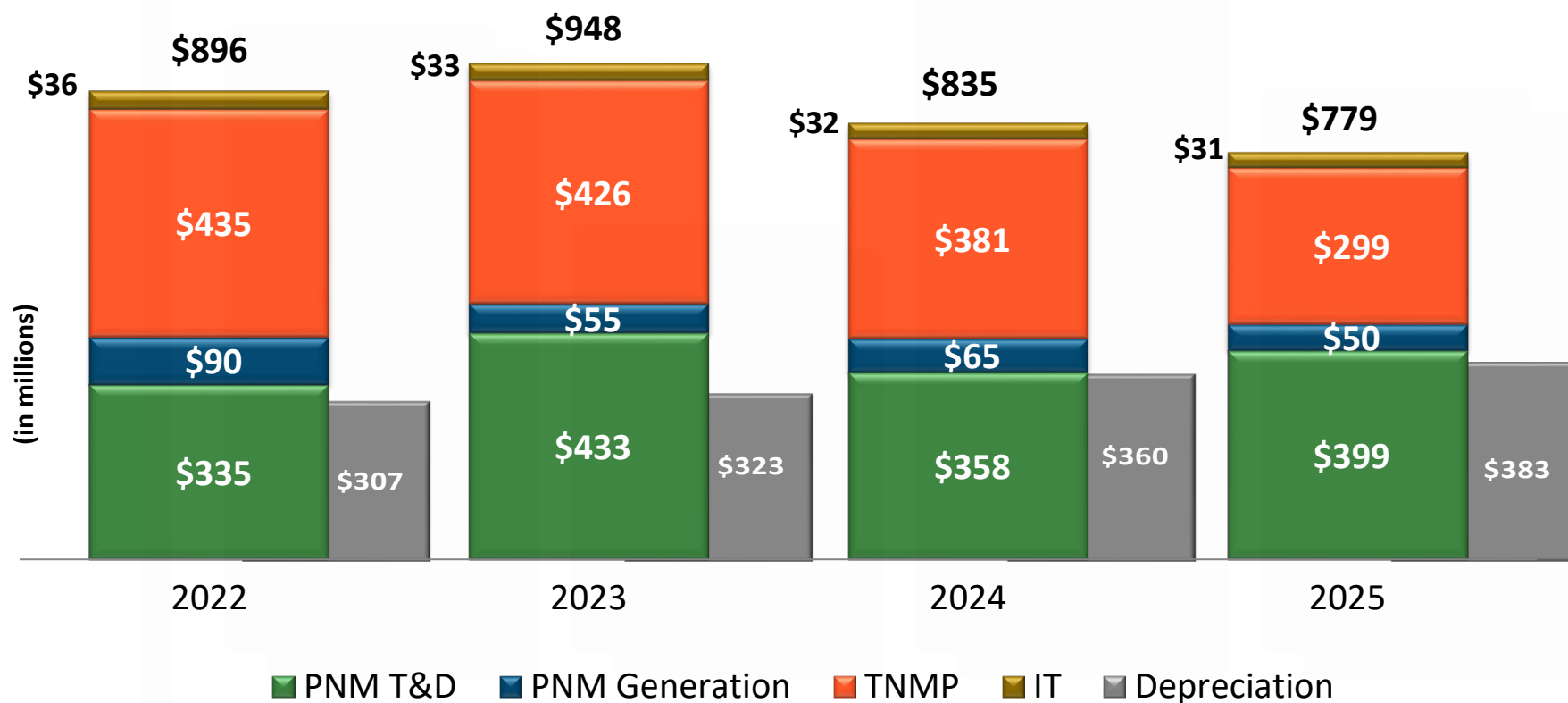


2023 Earnings Guidance

\$2.60 Consolidated EPS \$2.75

Investment Plan 2022 – 2025

*Investment plan of \$3.5b focused on T&D infrastructure
Targeted 5% EPS CAGR 2020 -2025⁽¹⁾*



Note: Amounts may not visually add due to rounding

(1) Compound annual growth rate calculated from 2020 base period of \$2.28

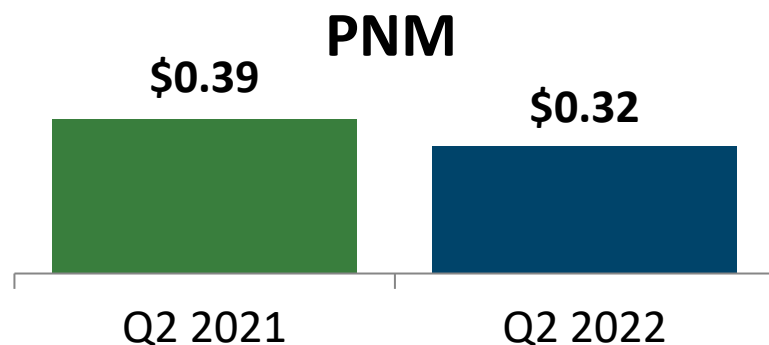
Appendix

PNM and TNMP Regulatory Proceedings

	Filing	Action	Timing	Docket No.
PNM NMPRC	Merger transaction approval	PNM/AVANGRID filed NM Supreme Court appeal of NMPRC denial on Jan. 3, 2022, brief filed April 7, 2022 and oral argument requested, NMPRC answer brief filed June 13, 2022	PNM/AVANGRID response brief due Aug. 5, 2022, no statutory timeframe for appeal	20-00222-UT S-1-SC-39152
	Four Corners Power Plant Abandonment/ Securitization	PNM filed NM Supreme Court appeal of NMPRC denial, briefing schedule complete with PNM response briefs filed June 17, 2022, oral argument requested	No statutory timeframe for appeal	21-00017-UT S-1-SC-39138
	San Juan Units 1 and 4 Abandonment/ Securitization	PNM filed request for NM Supreme Court emergency stay and appeal of NMPRC order to issue rate credits corresponding to each unit's retirement until updated base rates are implemented	Pending NM Supreme Court response to request for stay, no statutory timeframe for appeal	19-00018-UT S-1-SC-39440
	Palo Verde Leased Capacity Abandonment/ Replacement	Abandonment Order deemed not necessary, replacement power approved Feb 16, 2022; monthly replacement resource updates required	Monthly replacement resource updates continue to be filed	21-00215-UT 21-00083-UT
	Decoupling Filing	PNM filed NM Supreme Court appeal of NMPRC Declaratory Order limiting rate adjustment mechanism on May 23, 2022	No statutory timeframe for appeal	20-00212-UT S-1-SC-39401
PNM FERC	Annual formula rate update	Filed June 1, 2022	Rates implemented upon filing June 1, 2022	N/A
	Section 206 Show Cause Investigation	Order issued Apr. 21, 2022 regarding formula rate protocols for transparency of information exchange, PNM compliance filing submitted June 21, 2022	FERC action expected in Q3 2022	EL22-40-000
TNMP	DCOS Filing	Filed April 5, 2022	Interim rates based on settlement in principle approved for implementation Sept. 1, 2022	53436
	TCOS Filing (2 nd 2022 filing)	Filed July 22, 2022	Expected to be implemented Sept. 2022	53856

Q2 2022 Ongoing EPS Details: PNM

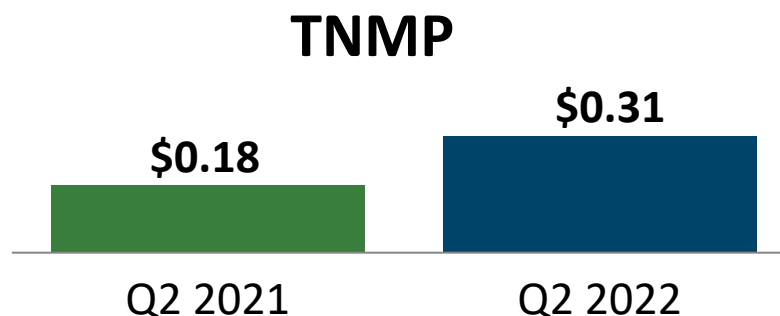
- Higher transmission margins due to higher system demand and the addition of new customers, including the Western Spirit transmission contract
- Higher O&M costs, including expected plant outage costs
- Lower decommissioning / reclamation trust performance in Q2 2022 compared to Q2 2021
- Higher depreciation and property tax expenses on new capital investments



Q2 2022 Key Performance Drivers	Δ EPS
Western Spirit (net of costs/financing)	\$0.04
FERC transmission margin	\$0.03
Decommissioning/reclamation trust performance	(\$0.05)
O&M increases	(\$0.04)
Timing of net plant outage/retirement costs	(\$0.03)
Depreciation and property tax	(\$0.02)

Q2 2022 Ongoing EPS Details: TNMP

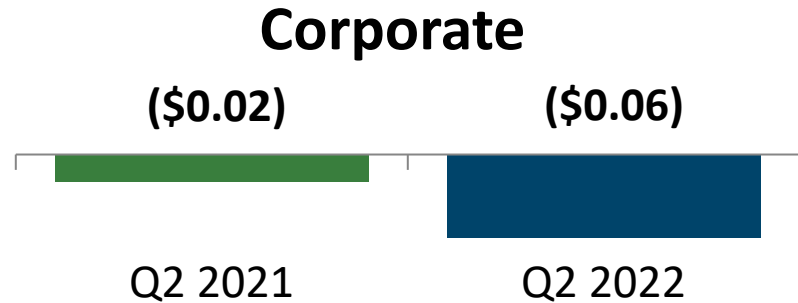
- *Weather-normalized load growth, largely driven by new customers, and hotter temperatures*
- *Rate relief from 2021 TCOS and DCOS filings and the implementation of the first 2022 TCOS increase in March*
- *Higher depreciation and property tax expenses on new capital investments*



Q2 2022 Key Performance Drivers	Δ EPS
Retail load and weather	\$0.06
Transmission rate relief (TCOS)	\$0.05
Distribution rate relief (DCOS)	\$0.04
Other	\$0.01
Depreciation and property tax	(\$0.03)

Q2 2022 Ongoing EPS Details: Corporate

- *Higher interest rates on variable debt*



Q2 2022 Key Performance Drivers	Δ EPS
Interest expense	(\$0.03)
Other	(\$0.01)

Weather Impacts

PNM Heating Degree Days at the beginning of the quarter were lower than normal and prior year, reducing earnings

PNM Cooling Degree Days in Q2 2022 were in line with Q2 2021

TNMP Cooling Degree Days in Q2 2022 were higher than normal and prior year, increasing earnings

PNM	Q2 2022	Q2 2021	2022 Normal⁽¹⁾
Heating Degree Days	15	47	62
Cooling Degree Days	515	516	507
Net EPS Impact compared to Normal	(\$0.01)	\$0.00	

TNMP	Q2 2022	Q2 2021	2022 Normal⁽¹⁾
Heating Degree Days	14	75	50
Cooling Degree Days	1,289	995	1,026
Net EPS Impact compared to Normal	\$0.03	\$0.00	

⁽¹⁾ Reflects the 20-year average for the period 2002 - 2021

Balance Sheet and Credit Metrics



Liquidity as of July 29, 2022

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity ⁽¹⁾ :			(In millions)	
Revolving credit facilities	\$440.0	\$100.0	\$300.0	\$840.0
As of 7/29/22:				
Short-term debt and LOC balances	119.9	35.0	41.0	195.9
Remaining availability	320.1	65.0	259.0	644.1
Invested cash	-	-	0.9	0.9
Total Available Liquidity	\$320.1	\$65.0	\$259.9	\$645.0

(1) Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec. 31, 2021	June 30, 2022
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$1,881.1	\$1,850.1
TNMP	918.1	983.0
Corporate/Other	899.7	999.6
Consolidated	\$3,698.9	\$3,832.7
Total Debt (incl. short-term) ^(1,2)		
PNM	\$1,888.5	\$1,960.9
TNMP	918.5	1,083.0
Corporate/Other	954.6	1,055.1
Consolidated	\$3,761.6	\$4,099.0

⁽¹⁾ Net of unamortized debt issuance costs, premiums and discounts

⁽²⁾ Excludes intercompany debt

Credit Ratings

PNMR Consolidated	S&P	Moody's
Issuer rating	BBB	Baa3
Outlook	Positive	Stable
Senior unsecured rating	BBB-	Baa3

PNM	S&P	Moody's
Issuer rating	BBB	Baa2
Outlook	Positive	Stable
Senior unsecured rating	BBB	Baa2

TNMP	S&P	Moody's
Issuer rating	BBB+	Baa1
Outlook	Positive	Stable
Senior secured rating	A	A2