



Q3 2022 Earnings Review

November 4, 2022



Contact Information and Safe Harbor Statement

Investor Relations Contact Information

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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 Key Updates

Q3 2022 earnings results

2022 guidance raised

2023 guidance maintained

*PNM Grid Modernization
application filed*

*Coal-fired San Juan
Generating Station retired*

*Commissioner appointment
process under way in New
Mexico*

Merger appeal pending

Financial Results and Guidance

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
GAAP EPS	\$1.42	\$1.32	\$1.78	\$2.14
Ongoing EPS	\$1.46	\$1.37	\$2.54	\$2.25

- 2022 Ongoing EPS Guidance raised to \$2.63 - \$2.68
- 2023 Ongoing EPS Guidance maintained at \$2.60 - \$2.75

Key Updates

PNM Grid Modernization Application

- Filed Oct. 3, hearings scheduled for March 2023

Transition of PNM Generation to Carbon-Free

- San Juan Generating Station retirement improves generation capacity to 55% carbon-free, less than 10% coal
- NM Supreme Court grants stay of NMPRC-ordered rate credits for duration of appeal

NMPRC Appointments

- Commissioner appointments by end of 2022

Avangrid Merger

- NM Supreme Court appeal pending



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 November 4, 2022.

Q3 2022 ESG Highlights



San Juan Coal Plant Retirement

- PNM retired the last remaining unit of the San Juan Generating Station on September 29, 2022
- Early achievement of PNM's interim target to reduce CO₂ emission from generation by 60% by 2025
- Significant reductions to NO_x and SO₂ emissions, along with freshwater consumption



PNM Community Assistance Fair

- **Largest of state-wide customer assistance events held throughout the year**
- **Nearly 300 PNM customers received financial assistance on their electric bill through PNM Good Neighbor Fund and COVID Assistance Fund**
- **Community-centric event combined PNM bill assistance with gas and water utilities, totaling \$100k of assistance provided, along with health and economic resources together in single venue**



Embracing the Power of Diversity

- Employee events, including recognition of Indigenous Peoples' Day, provide ongoing learning opportunities to develop a diversity mindset
- Continued strong diversity within our workforce (52% minorities, 26% female)
- PNM seeking proposals for generation or storage resources located on Navajo Nation lands with a separate best-in-class bid evaluation and short-list selection

Operational and Regulatory Updates



Load and Economic Conditions

PNM

Load growth, weather drives new system peak

- Industrial load is less than expected, reducing 2022 growth with minimal EPS impact
- Residential / Commercial growth ahead of expectations
- Weather also increased usage in 2022

Load Growth	Q3 YTD 2022 vs 2021	Revised 2022E	Original 2022E
Total Retail Load ⁽¹⁾	1.0%	0.5% – 1.5%	2% – 3%
PNM Avg. Customers	0.6%	~1%	~1%

⁽¹⁾ Weather normalized, excludes Economy customers

TNMP

Load Growth	Q3 YTD 2022 vs 2021	Revised 2022E	Original 2022E
Volumetric Load ⁽²⁾	2.8%	2% - 3%	1% - 2%
Demand-Based Load ⁽³⁾	11.7%	14% - 16%	2.5% - 3.5%
TNMP Avg. End Users	1.7%	~1.5%	~1.5%

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

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

Increased load growth across system

- Volumetric growth from economic expansion
- Demand-based growth meets expectations, additional growth driven by cryptomining
- Weather also increased usage in 2022

PNM Operational Highlights

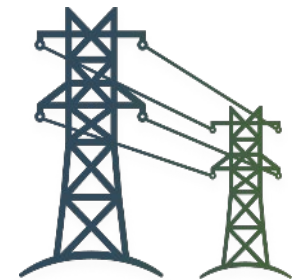
Grid Modernization Application

- Six-year, \$344 million investment plan with recovery through rate rider
 - Adds flexible distribution grid architecture providing multi-directional communication
 - Supports utility-scale and distributed renewable generation, as well as storage resources
 - Enables greater customer adoption of clean energy, demand management resources
- Part of larger 11-year comprehensive grid modernization deployment to provide the platform for a more resilient, reliable, efficient and decarbonized electric system
- Low-income customers and communities prioritized

	2023	2024	2025	2026 - 2029
Capital Investment	\$ 10 M	\$ 43 M	\$ 78 M	\$ 213 M

FERC Transmission Margins

- Western Spirit contract began December 2021, adds \$0.17 - \$0.18 annually
- Continued high demand for resources in the West drives increased transmission demand to move available energy, including short-term transactions increasing utilization of the system

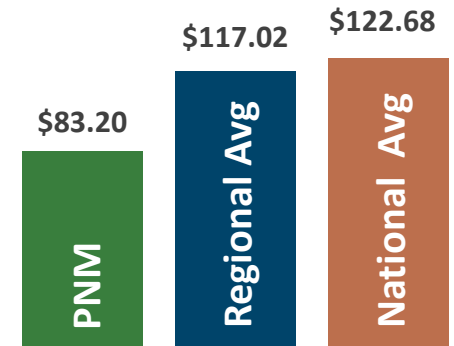


PNM and TNMP Key Regulatory Proceedings

PNM

- San Juan rate credit: Stay issued on November 1, 2022 by New Mexico Supreme Court
- Rate review to be filed in December 2022
 - Recovery of rate base investments since prior test year (2018)
 - PNM rates remain well below the regional and US averages
 - Rising costs offset by transition to lower-cost renewables
 - EIM provides customer benefits through fuel clause (\$23 million year-to-date 2022)

Avg Residential Bill⁽¹⁾



TNMP

- DCOS: Distribution rates reflecting settlement implemented
- TCOS: Transmission rates requested in second semi-annual filing approved and implemented
- Energy Efficiency Cost Recovery Factor approved, including \$1.9 million incentive bonus for prior year plan achievements

TNMP Rate Base Recovery	Effective Date	Rate Base
Semi-annual TCOS transmission recovery	Mar. 25, 2022	\$95.6 M
Annual DCOS/DCRF distribution recovery	Sept. 1, 2022	\$95.7 M
Semi-annual TCOS transmission recovery	Sept. 22, 2022	\$36.0 M

⁽¹⁾Average monthly bill based on U.S. Energy Information Administration's Residential Rate increases through July 2022

Financial Updates

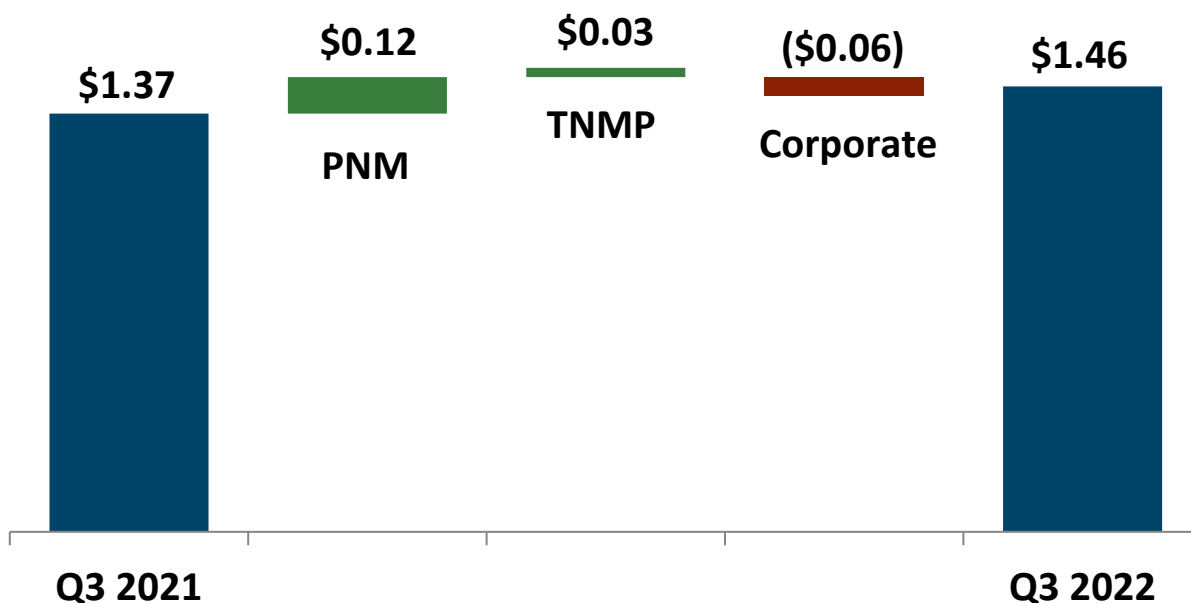


Q3 2022 Ongoing EPS Financial Summary

Q3 2022 changes in ongoing earnings driven by:

- Higher load and weather impacts at both PNM and TNMP
- TNMP TCOS and DCOS rate relief
- Higher regional demand raising market prices and transmission margins
- Addition of the Western Spirit transmission contract
- Increased depreciation and property tax expenses on new investments
- Lower market performance of decommissioning and reclamation trusts
- Higher interest expense

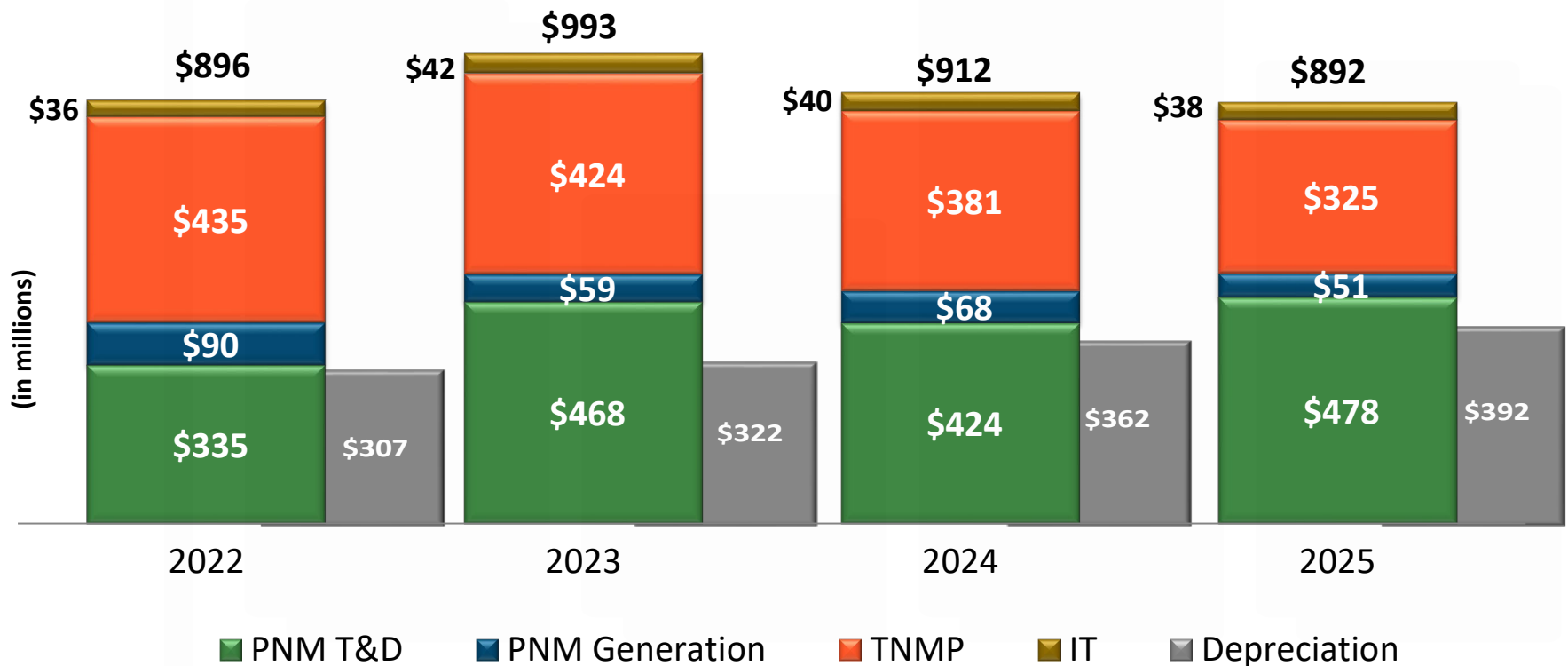
Q3 Earnings Summary



EPS Summary	Q3 2021	Q3 2022
PNM Resources	\$1.37	\$1.46
PNM	\$1.05	\$1.17
TNMP	\$0.33	\$0.36
Corporate/Other	(\$0.01)	(\$0.07)

Investment Plan 2022 – 2025

Investment plan of \$3.7b focused on T&D infrastructure, includes PNM grid modernization



Rate Base Growth

8% rate base growth reflects T&D infrastructure investments

~75% rate base growth recovered through existing FERC formula rates or TNMP TCOS/DCOS recovery

Average Rate Base

	<i>Base</i> <i>(in billions)</i>	2020	2021	2022	2023	2024	2025
PNM transition out of coal generation maintains stable, affordable customer rates	PNM Retail Investments ⁽¹⁾	\$2.7	\$2.7	\$2.9	\$3.0	\$3.2	\$3.4
	Coal Plant Retirements ^(2,3)			(\$0.1)	(\$0.3)	(\$0.3)	(\$0.6)
	PNM Retail	\$2.7	\$2.7	\$2.8	\$2.7	\$2.9	\$2.8
FERC 20% compound annual growth rate 2020 – 2025	PNM FERC	\$0.3	\$0.4	\$0.7	\$0.8	\$0.8	\$0.9
TNMP 16% compound annual growth rate 2020 - 2025	TNMP	\$1.2	\$1.5	\$1.8	\$2.1	\$2.3	\$2.6
	Total Rate Base	\$4.2	\$4.6	\$5.3	\$5.6	\$6.0	\$6.3

8% compound annual growth 2020 - 2025

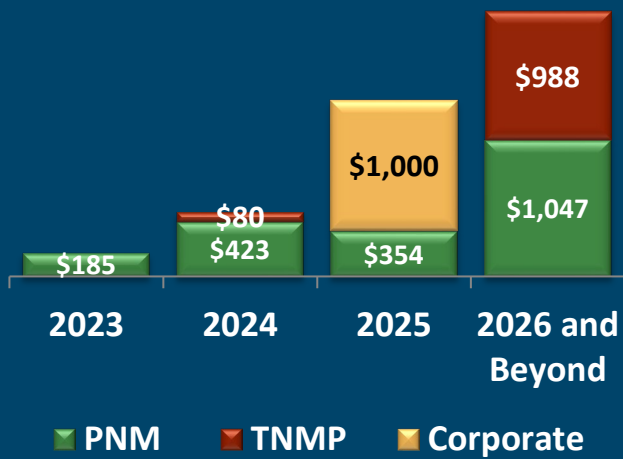
⁽¹⁾ Includes \$130m of Four Corners coal plant investments earning a debt-only return through 2024

⁽²⁾ ~\$280m of undepreciated San Juan coal plant retired in 2022

⁽³⁾ \$271m of undepreciated Four Corners coal plant retired at the end of 2024

Financing Plans

Long-term Debt Maturities in millions⁽¹⁾



Limited refinancing risk in near term

- Updated rates from utility financings included in upcoming rate cases
- Ample liquidity (~\$800 million) under existing facilities

\$850 million of variable rate debt hedged at an average rate of 3.5% through 2023

- Mitigates exposure to rising short-term interest rates
- Corporate term loan transferred to Avangrid upon closing under terms of merger agreement

Up to \$200 million equity financing by the end of 2023 to support capital investments and maintain investment-grade credit metrics

	Moody's Rating/Outlook	S&P Rating/Outlook
PNM Resources	Baa3 ⁽²⁾ / Stable	BBB ⁽²⁾ / Positive
PNM	Baa2 ⁽²⁾ / Stable	BBB ⁽²⁾ / Positive
TNMP	A2 ⁽³⁾ / Stable	A ⁽³⁾ / Positive

PNM Resources targets FFO-to-Debt within Moody's investment grade target range with a minimum of 13%

⁽¹⁾ Debt maturities as of November 4, 2022 ⁽²⁾ Senior unsecured rating ⁽³⁾ Senior secured rating

Earnings Guidance (Ongoing)

Target 5% EPS CAGR 2020 -2025⁽¹⁾

2022 ongoing earnings guidance raised

2022 Revised Earnings Guidance

\$2.63 Consolidated EPS \$2.68

2022 Guidance Revision	Revised Guidance	Previous Guidance
PNM Resources	\$2.63 - \$2.68	\$2.50 - \$2.60
PNM	\$1.96 - \$1.98	\$1.80 - \$1.86
TNMP	\$0.96 - \$0.97	\$0.86 - \$0.88
Corporate/Other	(\$0.29)-(\$0.27)	(\$0.16)-(\$0.14)

2023 ongoing earnings guidance maintained

2023 Earnings Guidance

\$2.60 Consolidated EPS \$2.75

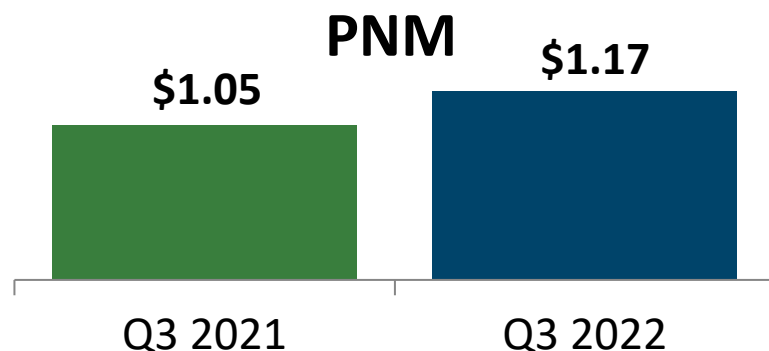
Appendix

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, briefing scheduled completed Aug. 5, 2022, oral argument requested	No statutory timeframe for appeal or addressing request for oral argument	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 or addressing request for oral argument	21-00017-UT S-1-SC-39138
	San Juan Units 1 and 4 Abandonment/ Securitization	NM Supreme Court granted PNM's request for stay on Nov. 1, 2022 for the duration of the appeal of NMPRC order to issue rate credits corresponding to San Juan retirement, briefing schedule to commence	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; bi-monthly replacement resource updates required	Bi-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 24, 2022, PNM brief filed Sept. 6, 2022	No statutory timeframe for appeal	20-00212-UT S-1-SC-39401
	Grid Modernization Filing	PNM filed Oct. 3, 2022 for six-year, \$344 million investment plan, including smart meters, to be recovered via rate rider	Hearings scheduled March 20-23, 2023 Application approval requested by July 1, 2023; approval of rider requested by Sept. 1, 2023	22-00058-UT
PNM FERC	Section 206 Show Cause Investigation	Order issued Apr. 21, 2022 regarding formula rate protocols for transparency of information exchange, PNM compliance filings and responses submitted June – Sept. 2022	FERC action expected in Q4 2022	EL22-40-000
TNMP	DCOS Filing	Settlement approved Nov. 3, 2022	Rates implemented Sept. 1, 2022	53436
	TCOS Filing (2 nd 2022 filing)	Approved Sept. 22, 2022	Implemented Sept. 22, 2022	53856

Q3 2022 Ongoing EPS Details: PNM

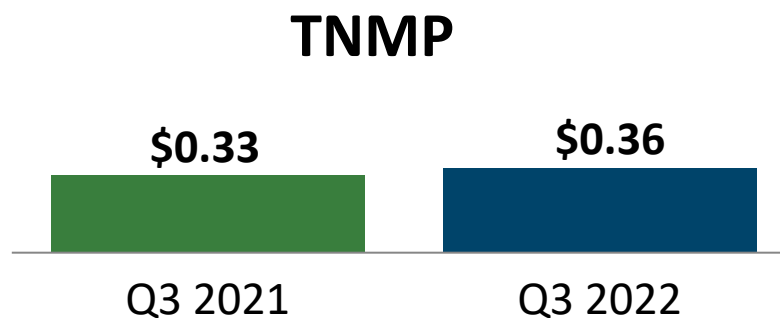
- Higher transmission margins due to higher system demand and the addition of new customers, including the Western Spirit transmission contract
- Higher market power prices due to regional demand
- Increased retail load, driven by hotter summer temperatures
- Lower decommissioning / reclamation trust performance
- Lower property taxes and cost reductions from plant retirement offset by higher O&M costs and depreciation on new capital investments



Q3 2022 Key Performance Drivers	Δ EPS
Transmission margins	\$0.07
Higher market prices	\$0.06
Western Spirit (net of costs/financing)	\$0.05
Retail load and weather	\$0.02
Decommissioning/reclamation trust performance	(\$0.07)
Other	(\$0.01)

Q3 2022 Ongoing EPS Details: TNMP

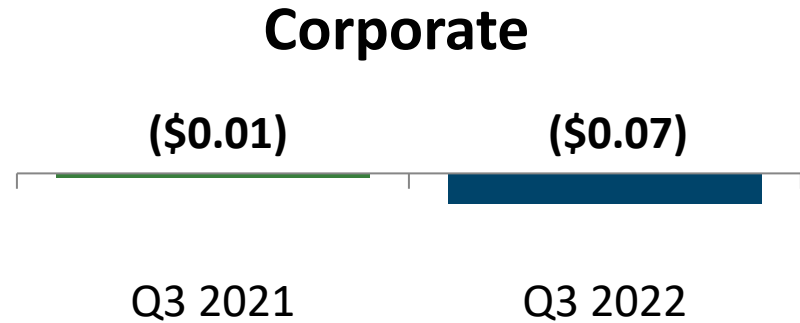
- *Weather-normalized load growth, largely driven by new customers including cryptomining customers, and hotter temperatures*
- *Rate relief from approved TCOS and DCOS increases implemented in 2021 and 2022*
- *O&M cost increases associated with higher employee benefit costs and increased vegetation management*
- *Higher depreciation and property tax expenses on new capital investments*
- *Higher interest expense associated with new long-term debt issued in 2022 to finance capital investments*



Q3 2022 Key Performance Drivers	Δ EPS
Retail load and weather	\$0.05
Transmission rate relief (TCOS)	\$0.04
Distribution rate relief (DCOS)	\$0.03
Depreciation and property tax	(\$0.03)
O&M increases	(\$0.02)
Interest Expense	(\$0.02)
Other	(\$0.02)

Q3 2022 Ongoing EPS Details: Corporate

- *Higher interest rates on variable debt*



Q3 2022 Key Performance Drivers	Δ EPS
Interest expense	(\$0.06)

Weather Impacts

PNM:

- Higher temperatures in Q3 2022
- 2022 cooling degree-days above normal and prior year

PNM	Q3 2022	Q3 2021	Q3 Normal ⁽¹⁾	Q3 YTD 2022	Q3 YTD 2021	Q3 YTD Normal ⁽¹⁾
Cooling Degree Days	1,037	978	965	1,552	1,494	1,472
Heating Degree Days	0	0	1	1,293	1,267	1,187
Net EPS Impact compared to Normal	\$0.03	\$0.01		\$0.04	\$0.02	

TNMP:

- Higher temperatures in Q3 2022
- 2022 cooling degree-days above normal and prior year

TNMP	Q3 2022	Q3 2021	Q3 Normal ⁽¹⁾	Q3 YTD 2022	Q3 YTD 2021	Q3 YTD Normal ⁽¹⁾
Cooling Degree Days	1,772	1,638	1,623	3,141	2,750	2,752
Heating Degree Days	0	0	1	1,115	1,090	961
Net EPS Impact compared to Normal	\$0.02	\$0.00		\$0.07	\$0.01	

Balance Sheet and Credit Metrics



Liquidity as of October 21, 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 10/21/22:				
Short-term debt and LOC balances	-	3.5	58.8	62.3
Remaining availability	440.0	96.5	241.2	777.7
Invested cash	14.9	-	0.9	15.8
Total Available Liquidity	\$454.9	\$96.5	\$242.1	\$793.5

(1) Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec. 31, 2021	Sept. 30, 2022
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$1,881.1	\$2,000.6
TNMP	918.1	1,078.0
Corporate/Other	899.7	999.6
Consolidated	\$3,698.9	\$4,078.2
Total Debt (incl. short-term) ^(1,2)		
PNM	\$1,888.5	\$2,000.6
TNMP	918.5	1,081.0
Corporate/Other	954.6	1,056.8
Consolidated	\$3,761.6	\$4,138.4

⁽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