



2022 Earnings Review

February 24, 2023



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 Results and Company Updates

Strong 2022 earnings results

2023 guidance narrowed

Dividend increased

Merger appeal pending

*PNM rate review filing for
2024 implementation*

*NMPRC appointed
commission*

*TNMP recovery of
infrastructure investments*

Financial Results

	2022	2021
GAAP EPS	\$1.97	\$2.27
Ongoing EPS	\$2.69	\$2.45

- 2022 earnings above expectations
- 2023 guidance narrowed to \$2.65 - \$2.75
- Annual dividend increased 5.8% to \$1.47 per share

Key Updates

Avangrid Merger

- NM Supreme Court appeal pending

NMPRC Appointments

- Appointed commission in place, confirmed by Senate

PNM 2024 Rate Change Filing

- Filed December 5, hearings scheduled for June 2023
- Customer bill impact (base rate and riders) less than 1% as cost reductions from generation portfolio changes offset T&D infrastructure investments

TNMP TCOS Filing

- Filed January 23, expected to be implemented in March 2023

2022 ESG Highlights



Prioritizing People

- Continued evolving our DEI strategy to foster and further our diverse workforce: 53% minority, 28% women, 8% veterans, 14% disabled
- Supported San Juan employees with dignity through plant closure, 20% of plant employees still with the company in various roles
- Ensured teams had necessary resources to continue supporting customer needs in challenging labor market



Surpassing 50% carbon-free electricity

- *Retired the San Juan Generating Station, bringing PNM resource portfolio to 55% carbon-free and 40% renewable capacity*
 - *Additional solar and storage projects to be on-line in 2023*
- *Developed greenhouse gas emissions inventory and implemented environmental justice geographic mapping and screening tool*



Supporting Education and Economy

- Partnered with local institutions of higher learning to expand internship programs through creation of statewide business coalition
- Created PNM Pueblo Education Scholarship Endowment, adding to existing PNM Navajo Nation Workforce Training Scholarship Program and paid engineering internships for American Indian students

Operational and Regulatory Updates



Load and Economic Conditions

PNM

Growth returns to expectations

- Higher Q4 2022 results reflect growth from expansion of existing Industrial customers, Residential / Commercial growth above expectations
- 2023 growth driven by customer expansions

PNM	Q4 2022	FY 2022	2023E
Total Retail Load ⁽¹⁾	2.9%	1.5%	2% - 3%
PNM Avg. Customers	0.9%	0.7%	~1%

TNMP

Increased expectations in Texas

- 2022 results reflect consistent growth in volumetric and demand-based load, with additional demand-based growth from new cryptomining customers
- 2023 growth from continued economic expansion from diverse industries across our service territory

TNMP	Q4 2022	FY 2022	2023E
Volumetric Load ⁽²⁾	0.9%	2.4%	2% - 3%
Demand-Based Load ⁽³⁾	34.5%	17.3%	3.5% - 4.5%
TNMP Avg. End Users	1.7%	1.7%	~1.5%

(1) Weather normalized, excludes Economy customers

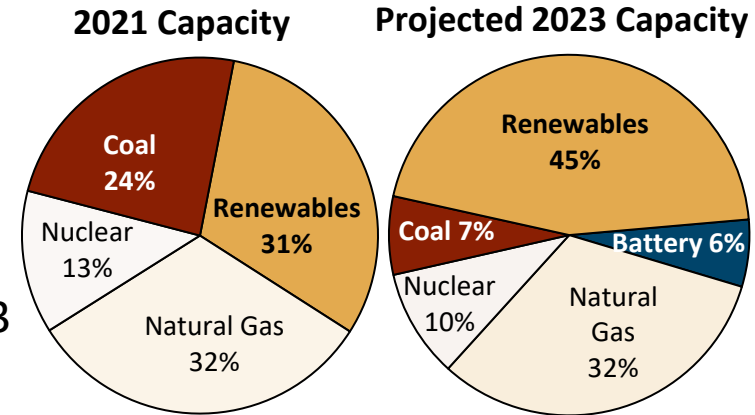
(2) Primarily Residential per-kwh billings, weather-normalized

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

PNM Operational Highlights

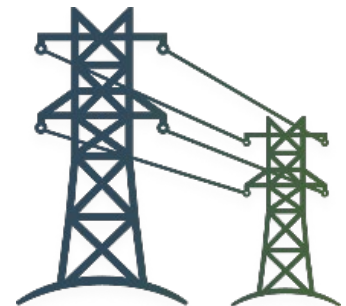
Transformation of PNM Generation Portfolio

- Exit from Coal and Carbon-Free by 2040
 - Retirement of San Juan in 2022
 - Proposed exit from Four Corners at end of 2024
- Carbon-free replacement resources coming online 2023
 - 350 MW solar
 - 170 MW battery storage



Investment in T&D Infrastructure to Support Customer Growth, Reliability and New Resources

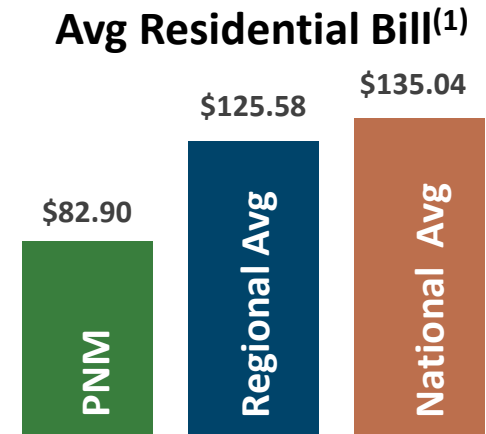
- Load growth and hotter summer temperatures resulted in new all-time system peak in 2022 (first since 2013)
- Grid Modernization
 - Comprehensive plan to prepare the grid for future needs
 - Low-income customers and communities prioritized
- New resources will require additional transmission investment



PNM Key Regulatory Proceedings

2024 Rate Change

- Customer Affordability top of mind
 - Energy Transition Act is achieving the clean energy transition with benefits to customers
 - T&D investments partially offset by generation portfolio changes reduced bill impact to customers
- Procedural Schedule
 - May 12, 2023: Staff and Intervenor Testimony, or filing of Settlement
 - June 2, 2023: Rebuttal testimony, if applicable
 - June 20-30, 2023: Hearings



Grid Modernization

- Requested approval of plan by July 1, 2023, with delayed implementation of rate rider recovery to Sept. 1, 2023
- Procedural schedule
 - March 20-23, 2023: Hearings

Abandonment/Securitization of Four Corners Coal Plant

- New Mexico Supreme Court oral arguments scheduled March 27, 2023

TNMP Operational Highlights and Key Regulatory Proceedings

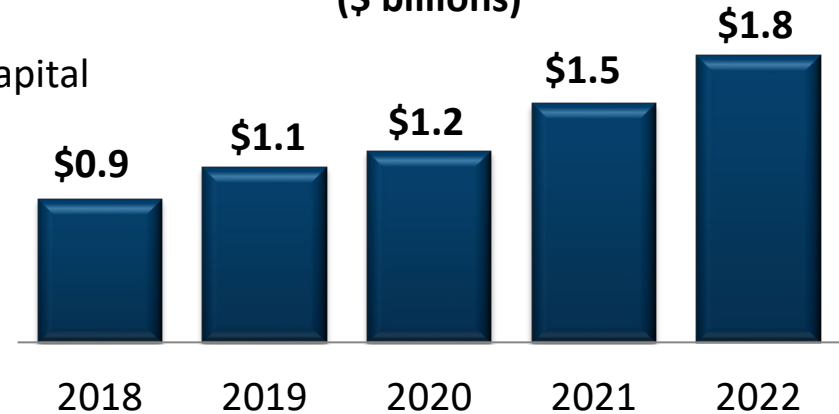
Investing in T&D Infrastructure to Support Customer Growth, Reliability and New Resources

- New all-time system peak in September 2022
- Growing system demand continues to require strong capital investment

Recovery through regulatory proceedings

- 2022 Annual DCOS: Distribution rates reflecting settlement implemented
- 2022 TCOS: Transmission rates requested in semi-annual filings approved and implemented
- 2023 TCOS: First semi-annual filing seeks to recover investments through Dec 31, 2022

TNMP Rate Base
(\$ billions)



TNMP Rate Base Recovery	Effective Date	Incremental Rate Base
2022 DCOS/DCRF distribution recovery	Sept. 1, 2022	\$95.7 M
2022 1 st TCOS transmission recovery	Mar. 25, 2022	\$95.6 M
2022 2 nd TCOS transmission recovery	Sept. 22, 2022	\$36.0 M
2023 1 st TCOS transmission recovery	Expected Mar. 2023	\$150.5 M

Financial Updates

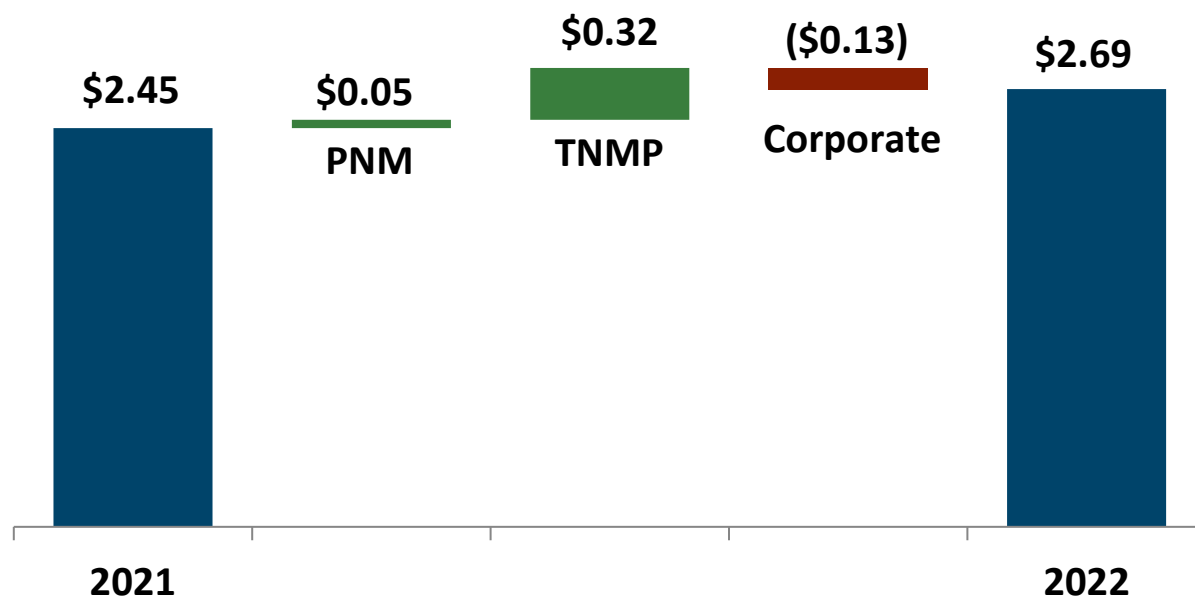


Highlights of 2022 Ongoing Earnings Results

Key changes in year-over-year earnings:

- 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 at PNM
- Addition of the Western Spirit transmission contract at PNM
- Increased depreciation and property tax expenses on new investments at PNM and TNMP
- Increases in planned O&M at PNM and TNMP
- Lower market performance of PNM decommissioning and reclamation trusts
- Higher interest expense

2022 Earnings Summary



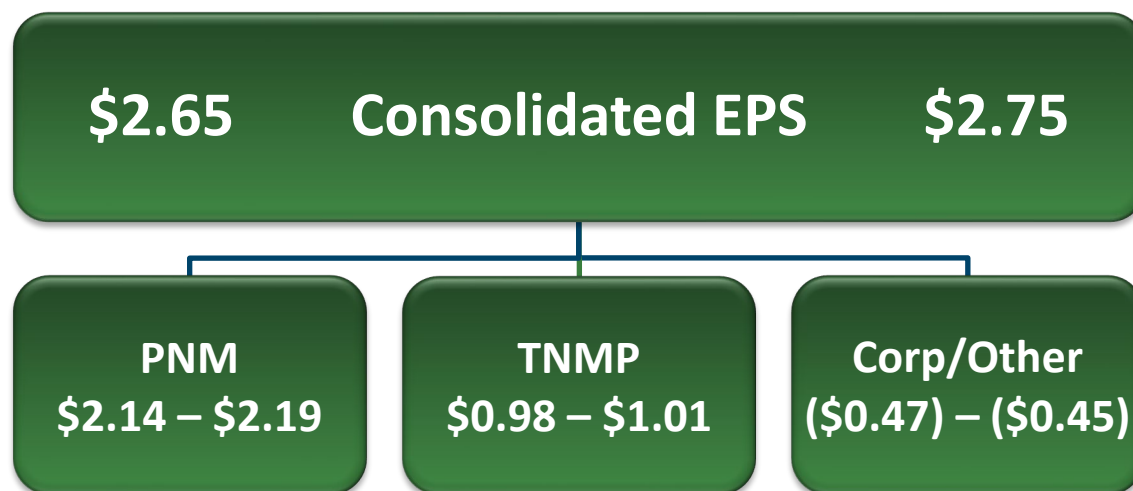
EPS Summary	2021	2022
PNM Resources	\$2.45	\$2.69
PNM	\$1.85	\$1.90
TNMP	\$0.75	\$1.07
Corporate/Other	(\$0.15)	(\$0.28)

Updated 2023 Earnings Guidance (Ongoing)

Changes in earnings driven by:

- Return to normal weather, partially offset by load growth, at PNM and TNMP
- PNM retirement and replacement of the San Juan Generating Station and return of Palo Verde leased capacity
- TNMP Transmission and Distribution riders (TCOS and DCOS) recover capital investments
- Improved market performance of PNM decommissioning and reclamation trusts
- Costs associated with new capital investments (depreciation, property tax and interest expense) at PNM and TNMP
- Higher interest expense from Corporate debt

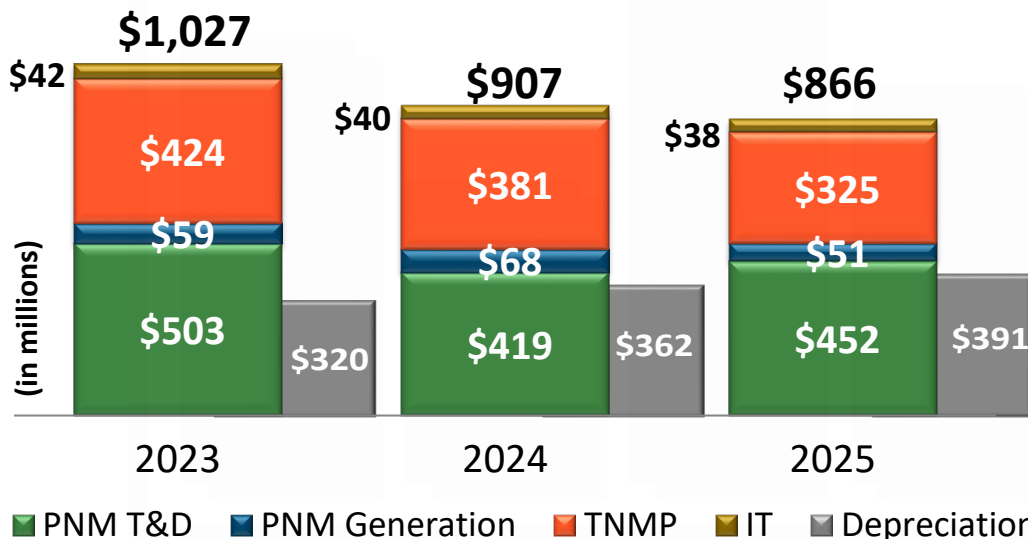
2023 Earnings Guidance



Incorporates an EPS dilution impact of up to \$0.08, reflecting up to \$200M of equity added in the second half of 2023 in a non-merger scenario

Investment Plan and Rate Base Growth

Investment plan through 2025 focused on T&D infrastructure, includes PNM grid modernization



Note: Amounts may not add due to rounding

Average Rate Base

8% growth 2020 – 2025

PNM generation portfolio transition maintains stable, affordable customer rates

FERC 25% compound annual growth rate 2020 – 2025

TNMP 17% compound annual growth rate 2020 - 2025

	Base	2021	2022	2023	2024	2025
<i>(in billions)</i>	<i>2020</i>					
PNM Retail Investments ⁽¹⁾	\$2.7	\$2.7	\$2.9	\$3.1	\$3.1	\$3.4
Coal Plant Retirements ^(2,3)			(\$0.1)	(\$0.3)	(\$0.3)	(\$0.6)
PNM Retail	\$2.7	\$2.7	\$2.8	\$2.8	\$2.8	\$2.8
PNM FERC	\$0.3	\$0.4	\$0.7	\$0.8	\$0.8	\$0.9
TNMP	\$1.2	\$1.5	\$1.8	\$2.0	\$2.4	\$2.6
Total Rate Base	\$4.2	\$4.6	\$5.3	\$5.6	\$6.0	\$6.3

⁽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

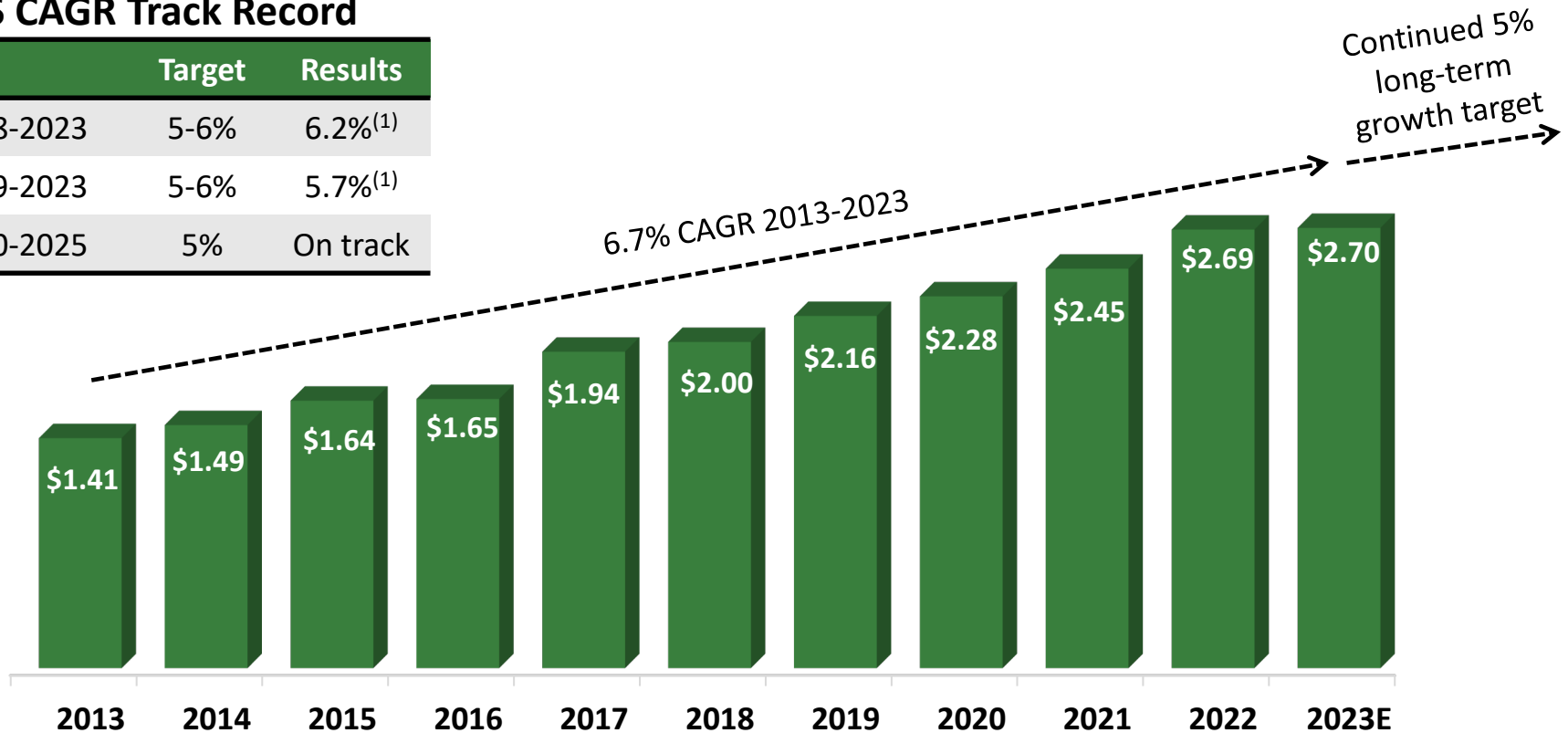
Beyond 2023: Targeted EPS Growth

Continued Target of 5% Ongoing EPS CAGR

2013 - 2023: 6.7% Ongoing EPS CAGR⁽¹⁾

EPS CAGR Track Record

	Target	Results
2018-2023	5-6%	6.2% ⁽¹⁾
2019-2023	5-6%	5.7% ⁽¹⁾
2020-2025	5%	On track



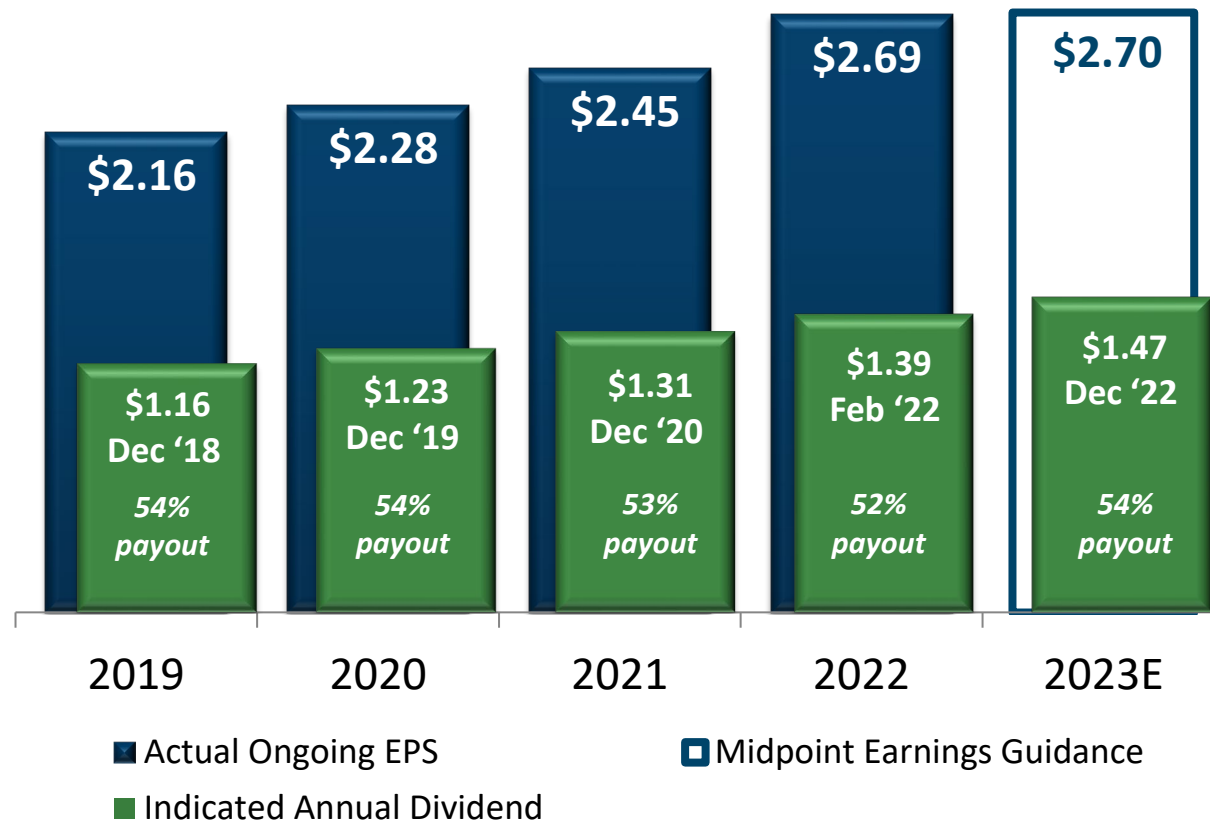
■ Actual Ongoing EPS / Midpoint 2023 Guidance

(1) Based on \$2.70 midpoint of 2023 Guidance

Dividend Increase and Payout Ratio

- Board of Directors increased the common dividend by \$0.08 to \$0.3675 per quarter
 - Indicated annual rate of \$1.47 per share represents 5.8% increase
- Board typically addresses dividends in December

Annual dividend targets middle of a 50% - 60% payout ratio range



Appendix

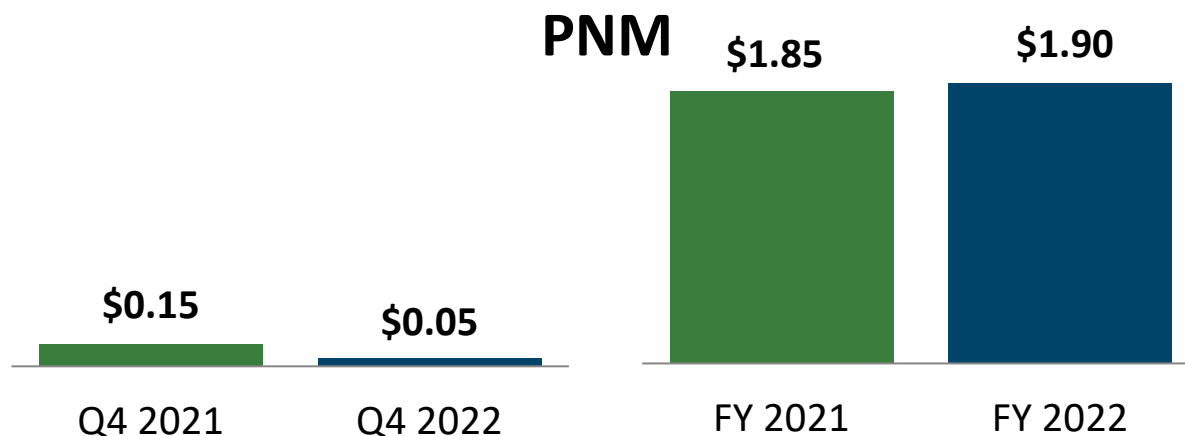


PNM and TNMP Key Regulatory Proceedings

	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; appeal noticed on NMPRC agendas for closed session discussion	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 scheduled for Mar. 27, 2023	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; appeal noticed on NMPRC agendas for closed session discussion	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; remaining accounting issues to be determined in PNM rate change	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; briefing schedule complete	No statutory timeframe for appeal; appeal noticed on NMPRC agendas for closed session discussion	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, with recovery 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
	2024 Rate Change Filing	PNM filed December 5, 2022, with a requested implementation of rates by Jan. 1, 2024; Palo Verde accounting issue consolidated into this case, pending motion to also consolidate Fuel Clause Continuation (required every 4 years)	Hearings scheduled June 20-30, 2023; docket noticed on NMPRC agendas for closed session discussion	22-00270-UT
TNMP	TCOS Filing (1 st 2023 filing)	Filed Jan. 23, 2023	Expected to be implemented March 2023	54588

Q4 and FY 2022 vs 2021 EPS (Ongoing): PNM

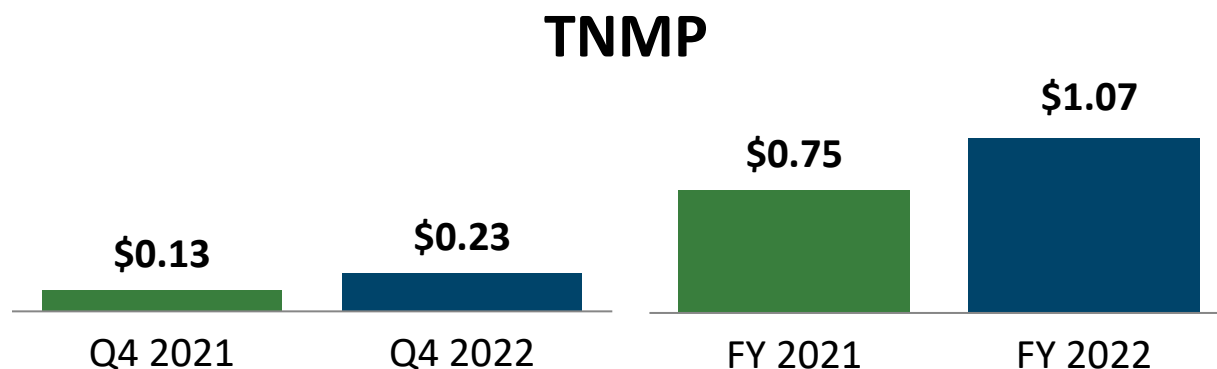
- Higher transmission margins due to higher system demand and the addition of new customers, including the Western Spirit transmission contract
- Increased retail load, driven by hotter summer and colder winter temperatures
- Higher market power prices due to regional demand
- Lower decommissioning / reclamation trust performance
- Planned increase in O&M spending, including outage costs at gas plants
- Higher depreciation and property tax expenses on new capital investments



2022 Key Performance Drivers	Q4 2022	FY 2022
	vs Q4 2021	vs FY 2021
Transmission margins	\$0.05	\$0.20
Western Spirit (net of costs/financing)	\$0.03	\$0.17
Retail load and weather	\$0.08	\$0.10
Higher market prices	\$0.00	\$0.06
Decommissioning / reclamation trust performance	(\$0.13)	(\$0.26)
O&M increases	(\$0.06)	(\$0.14)
Other	(\$0.05)	(\$0.04)
Depreciation and property tax	(\$0.01)	(\$0.04)
Interest expense	(\$0.01)	(\$0.00)

Q4 and FY 2022 vs 2021 EPS (Ongoing): TNMP

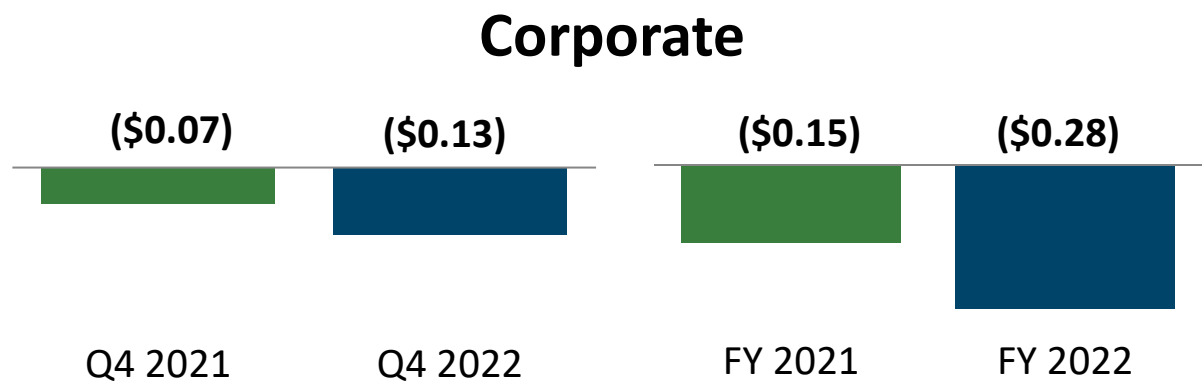
- *Weather-normalized load growth, largely driven by new customers including cryptomining customers, and hotter temperatures*
- *Rate relief from approved TCOS and DCOS increases implemented in 2021 and 2022*
- *Higher AFUDC due to larger balances of investment in progress*
- *Higher depreciation and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



2022 Key Performance Drivers	Q4 2022 vs Q4 2021	FY 2022 vs FY 2021
Retail load and weather	\$0.06	\$0.18
Transmission rate relief (TCOS)	\$0.04	\$0.18
Distribution rate relief (DCOS)	\$0.02	\$0.12
AFUDC	\$0.02	\$0.03
Other	\$0.01	\$0.02
Depreciation and property tax	(\$0.02)	(\$0.10)
O&M increases	(\$0.02)	(\$0.06)
Interest expense	(\$0.01)	(\$0.05)

Q4 and FY 2022 vs 2021 EPS (Ongoing): Corporate

- Higher effective tax rate on pre-tax losses
- Higher interest rates on variable debt



2022 Key Performance Drivers	Q4 2022	FY 2022
	vs Q4 2021	vs FY 2021
Higher effective tax rate	\$0.03	\$0.02
Interest expense	(\$0.09)	(\$0.15)

Weather Impacts

PNM:

- *Colder temperatures in Q4 2022*
- *2022 heating and cooling degree-days above both prior year and normal levels*

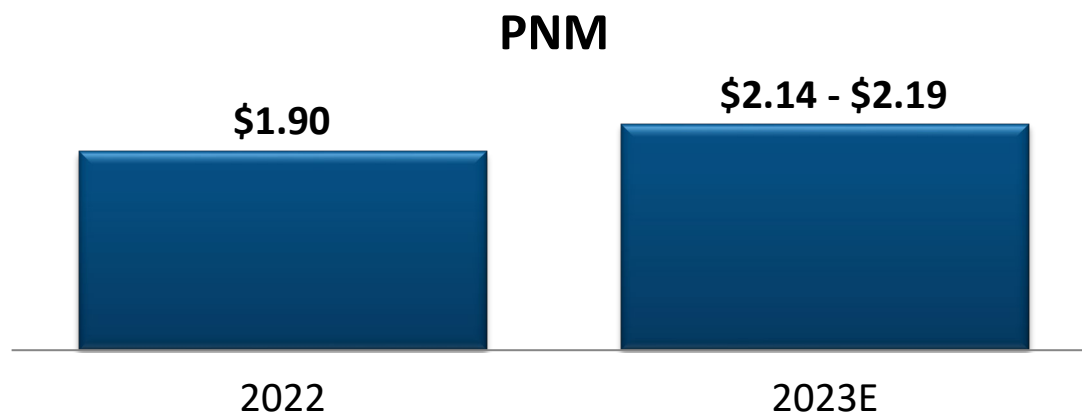
PNM	Q4 2022	Q4 2021	Q4 Normal ⁽¹⁾	FY 2022	FY 2021	FY Normal ⁽¹⁾
Cooling Degree Days	4	11	14	1,555	1,505	1,486
Heating Degree Days	962	599	860	2,247	1,866	2,047
Net EPS Impact compared to Normal	\$0.01	(\$0.03)		\$0.05	(\$0.01)	

TNMP:

- *Colder temperatures in Q4 2022*
- *2022 heating and cooling degree-days above both prior year and normal levels*

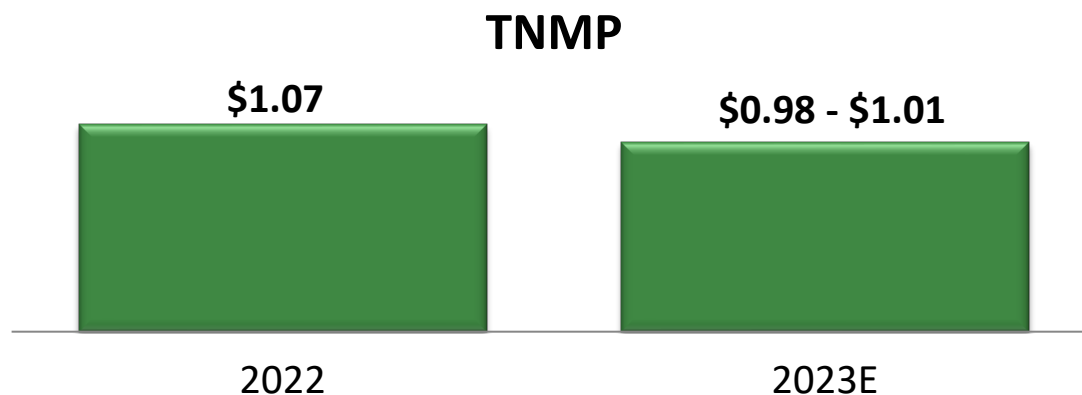
TNMP	Q4 2022	Q4 2021	Q4 Normal ⁽¹⁾	FY 2022	FY 2021	FY Normal ⁽¹⁾
Cooling Degree Days	321	464	299	3,462	3,214	3,051
Heating Degree Days	676	286	613	1,790	1,376	1,573
Net EPS Impact compared to Normal	\$0.01	(\$0.01)		\$0.07	\$0.00	

PNM EPS Guidance (Ongoing)



2023 Key Performance Drivers	2023E vs 2022
Generation portfolio changes	\$0.37 - \$0.42
Decommissioning / reclamation trust performance	\$0.15 - \$0.19
Plant outages (primarily gas plants)	\$0.06 - \$0.08
AFUDC	\$0.03 - \$0.05
Transmission margins	(\$0.03) - \$0.03
Retail load	(\$0.02) - \$0.02
O&M increases	(\$0.04) - (\$0.02)
Weather (return to normal)	(\$0.05)
Dilution	(\$0.06) - \$0.00
Interest expense	(\$0.13) - (\$0.11)
Depreciation and property tax	(\$0.15) - (\$0.11)

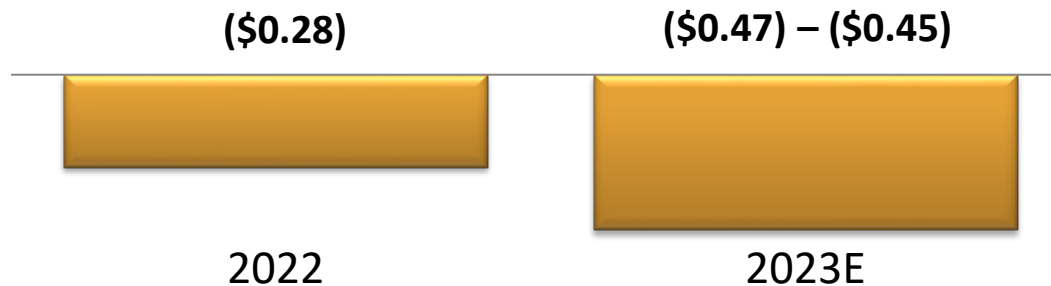
TNMP EPS Guidance (Ongoing)



2023 Key Performance Drivers	2023E vs 2022
Transmission rate relief (TCOS)	\$0.16 - \$0.19
Distribution rate relief (DCOS)	\$0.05 - \$0.07
Retail load	\$0.03 - \$0.05
Dilution	(\$0.03) - (\$0.00)
O&M increases	(\$0.06) - (\$0.04)
Weather (return to normal)	(\$0.07)
Interest expense	(\$0.08) - (\$0.06)
Depreciation and property tax	(\$0.14) - (\$0.11)

Corporate and Other EPS Guidance (Ongoing)

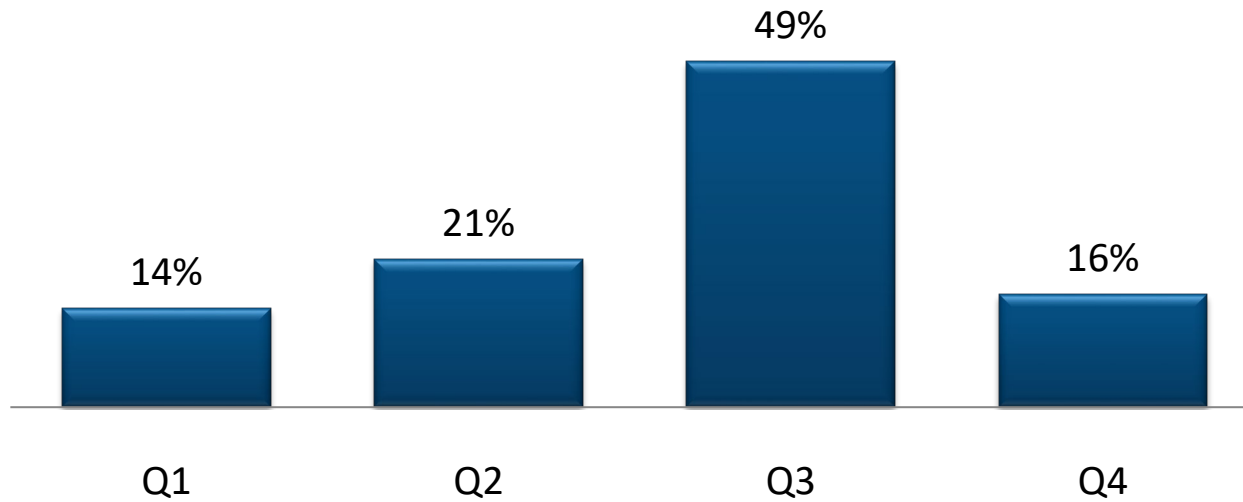
Corporate and Other



2023 Key Performance Drivers	2023E vs 2022
Dilution	\$0.00 - \$0.01
Interest expense	(\$0.20) – (\$0.18)

2023 Quarterly EPS Distribution

Estimated Quarterly Ongoing EPS Distribution



2023 Assumptions

Amounts shown are before tax, unless otherwise noted	2023E ⁽¹⁾
PNM	
PNM Retail Allowed Equity Ratio / ROE	50% / 9.575%
FERC Equity Ratio / Allowed ROE	50% / 10%
Weather	\$0 (normal)
Residential/Commercial Load Growth	1% = \$0.06 EPS
Industrial Load Growth	1% = \$0.01 EPS
Depreciation and amortization expense	\$179M
Anticipated Ongoing effective tax rate (Statutory rate = 25.4%) <i>before amortization of excess deferred income taxes</i>	~25%
Amortization of federal excess deferred income taxes	\$14M
TNMP	
TNMP Allowed Equity Ratio / ROE	45% / 9.6%
Weather	\$0 (normal)
Volumetric Load	1.5% = \$0.01 EPS
Demand-Based Load	1.5% = \$0.01 EPS
Depreciation and amortization expense	\$110M
Anticipated Ongoing effective tax rate (Statutory rate = 21.0%) <i>before amortization of excess deferred income taxes</i>	~23%
Amortization of federal excess deferred income taxes	\$9M
Consolidated PNM Resources	
Anticipated Ongoing effective tax rate ⁽¹⁾ <i>before amortization of excess deferred income taxes</i> (Corporate/Other statutory rate = 25.4%)	~24%

(1) Reflects effective tax rate for consolidated taxpayer, consolidating tax adjustments reflected in Corporate and Other segment

Balance Sheet and Credit Metrics



Financing Plans



Regulated utility financing costs recovered through customer rates

- PNM 2024 Rate Change incorporates assumed financings through 2024
- TNMP cost of debt in customer rates align with current market conditions

\$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 of merger

Up to \$200 million equity financing in 2023 to support capital investments and maintain investment-grade credit metrics

- 2023 earnings guidance incorporates an EPS dilution impact of (\$0.08)-(\$0.00), reflecting up to \$200M equity added in the second half of 2023

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

	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

⁽¹⁾ Debt maturities as of December 31, 2022 ⁽²⁾ Senior unsecured rating ⁽³⁾ Senior secured rating

Liquidity as of February 17, 2023

	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 2/17/23:				
Short-term debt and LOC balances	167.3	97.1	53.2	317.6
Remaining availability	272.7	2.9	246.8	522.4
Invested cash	-	-	0.9	0.9
Delayed-draw term loan availability	-	-	-	-
Total Available Liquidity	\$272.7	\$2.9	\$247.7	\$523.3

(1) Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec. 31, 2021	Dec. 31, 2022
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$1,881.1	\$2,000.9
TNMP	918.1	1,076.9
Corporate/Other	899.7	999.6
Consolidated	\$3,698.9	\$4,077.4
Total Debt (incl. short-term) ^(1,2)		
PNM	\$1,888.5	\$2,186.8
TNMP	918.5	1,113.6
Corporate/Other	954.6	1,009.0
Consolidated	\$3,761.6	\$4,309.4

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

⁽²⁾ Excludes intercompany debt