

KIRKLAND & ELLIS LLP

1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
United States

+1 202 389 5000

www.kirkland.com

Brooksany Barrowes
To Call Writer Directly:
+1 202 389 5025

brooksany.barrowes@kirkland.com

Facsimile:
+1 202 389 5200

January 13, 2026

Via eFiling / Via Email

Amery Poré
Director, Division of Electric Power
Regulation - West
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Troy ParentCo LLC, et al.
Docket No. EC25-140-000
Response to Deficiency Letter, Request for 14-Day Comment Period,
and Request for Expedited Action

Dear Mr. Poré:

On August 25, 2025, TXNM Energy, Inc. (“TXNM”), on behalf of its public utility subsidiaries, Public Service Company of New Mexico (“PNM” or “Seller”) and New Mexico PPA Corporation (“NMPC,” and together with TXNM and PNM, the “TXNM Applicants”), and Troy ParentCo LLC (“Troy” or “Buyer,” and together with the TXNM Applicants, the “Applicants”), submitted an application in the captioned proceeding (the “Application”)¹ requesting authorization from the Federal Energy Regulatory Commission (“FERC” or “Commission”) for a transaction pursuant to which TXNM will become an indirect, wholly owned subsidiary of Buyer (as described further in the Application, the “Proposed Acquisition”).² On December 23, 2025, the Commission issued a letter seeking additional information regarding the Application (the “Deficiency Letter”). Applicants’ response to the Deficiency Letter is set forth herein.

¹ *Application for Authorization under Section 203 of the Federal Power Act and Requests for Limited Waivers of Filing Requirements and Confidential Treatment*, Docket No. EC25-140-000 (filed on Aug. 25, 2025). Capitalized terms used herein but not defined have the meaning given in the Application.

² As provided in the Application, the Applicants seek authorization under Section 203 of the Federal Power Act for a change in control of PNM and NMPC. TXNM’s other wholly owned public utility subsidiary, Texas-New Mexico Power Company (“TNMP”), owns and operates facilities located solely within the Electric Reliability Council of Texas, Inc. (“ERCOT”) and is not FERC-jurisdictional for purposes of the Application.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 2

I. SUMMARY

As set forth in the Application and further supported herein, the Proposed Acquisition is consistent with the public interest under Section 203 of the Federal Power Act (“FPA”) and should be authorized without delay. In addition, Applicants have committed in applications pending before the New Mexico Public Regulation Commission (the “NMPRC”) and the Public Utility Commission of Texas (the “PUCT”) to numerous measures that will ensure corporate separateness, or “ring fencing” of TXNM’s public utility subsidiaries, as explained below, to ensure that captive public utility customers are protected from any potential harm of inappropriate cross subsidization, the encumbrance of utility assets for the benefit of unregulated affiliates, or other matters of concern to the NMPRC and the PUCT.

Applicants respectfully request that the Commission establish a 14-day comment period with respect to the information contained in this response (*i.e.*, January 27, 2026) and respectfully renew their request that the Commission approve the Proposed Acquisition expeditiously.

II. RESPONSE

In the Deficiency Letter, the Commission requests additional information regarding the applicable state regulatory protections relevant to demonstrate compliance with Exhibit M and the prohibition on inappropriate cross-subsidization. More specifically, the Commission requests a description of the ring-fencing³ provisions in place, or that the Applicants have committed to, to protect customers, including restrictions on intra-company transfers, dividend payments, and provisions of services. The additional information herein provides the requested information about the regulatory requirements and commitments that will ensure that the Proposed Acquisition does not result in inappropriate cross-subsidization to the detriment of captive customers in New Mexico and Texas.

Under its well-established FPA Section 203 precedent and policy, the Commission has recognized that certain categories of transactions are unlikely to present cross-subsidization concerns and has therefore fit within “safe harbors” for purposes of demonstrating that a transaction is consistent with the public interest under Section 203 of the FPA.⁴ One such safe

³ Applicants are not aware of any FERC precedent defining “ring-fencing,” which has been used by different regulatory authorities in different ways. For purposes of this response, Applicants have interpreted this term broadly to include a range of measures that provide for corporate separateness of a public utility, such that the public utility’s captive customers are not impacted by the actions or conditions (such as insolvency or financial distress) of an upstream owner or affiliate of the public utility, including, but not limited to, the examples noted in the Deficiency Letter.

⁴ *FPA Section 203 Supplemental Policy Statement*, 120 FERC ¶ 61,060 at P 16 (2007), *order on clarification and reconsideration*, 122 FERC ¶ 61,157 (2008).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 3

harbor applies where a relevant state utility commission “adopts or has in place ring-fencing measures to protect customers against inappropriate cross-subsidization or the encumbrance of utility assets for the benefit of the ‘unregulated’ affiliates.”⁵ Where this is the case, the Commission will “defer to state commissions.”⁶

As represented in the Application and further demonstrated below, the Proposed Acquisition falls squarely within the noted safe harbor. Both the NMPRC and PUCT have the jurisdiction to review the Proposed Acquisition and impose any necessary protections against cross-subsidization. Each of PNM and TNMP are currently subject to numerous state rules and regulatory requirements, including ring-fencing requirements, from the NMPRC and PUCT respectively that involve restrictions on and oversight over intra-company transfers, dividend payments, affiliate relationships, corporate separateness and provision of services. In addition, as the Applicants further describe below, PNM and TNMP have made commitments to the NMPRC and PUCT as part of the Proposed Acquisition to impose additional restrictions that will expand customer protections.

1. Please explain in detail any ring-fencing provisions that the New Mexico Public Regulation Commission and the Public Utility Commission of Texas have in place to protect customers, including restrictions on intra-company transfers, dividend payments, and provisions of services.

New Mexico Response

In 2001, PNM was authorized by the NMPRC to form a holding company structure, subject to numerous ring-fencing provisions.⁷ In 2005, PNM’s parent company, TXNM (f/k/a PNM Resources, Inc. (“PNM Resources”)) submitted an application to the NMPRC seeking approval of the acquisition of TNMP.⁸ In its Final Order approving the acquisition, Case No. 04-00315-UT, dated May 27, 2005,⁹ attached as Exhibit A (“NMPRC 2005 Order”), the NMPRC imposed

⁵ *Id.* at P 18.

⁶ *Id.*

⁷ See Case No. 3137, *in the Matter of Public Service Company of New Mexico’s Transition Plan Filed Pursuant to the Electric Utility Industry Restructuring Act of 1999*, Order Approving Formation of a Holding Company (June 28, 2001) (as thereafter modified).

⁸ At the time, TNMP operated in both New Mexico and Texas, which is why approval was required from the NMPRC for the acquisition. As a result of the 2005 TXNM acquisition, TNMP’s New Mexico customers and assets were incorporated into PNM’s operations. Since then, TNMP has operated exclusively in Texas.

⁹ See Case No. 04-00315-UT, *In the Matter of Application of PNM Resources, Inc. and TNMP for Approval of PNM Resources’ Acquisition of TNMP Enterprises, Inc.; for approval of Applicants’ Proposed Regulatory Plan, and for all other Approvals and Authorizations Required to Effectuate and Implement the Acquisition*, Final Order Approving Certification of Stipulation (May 27, 2005) and Certification of Stipulation, Exhibit A (Restatement

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 4

regulatory requirements on PNM, which among other things incorporated PNM's existing ring-fencing protections. Accordingly, pursuant to New Mexico laws, the NMPRC's rules and the NMPRC 2005 Order, PNM currently is subject to the following requirements in New Mexico:

- PNM shall not pay dividends which cause its debt ratings to go below investment grade and shall provide the NMPRC with notice of dividend payments.
- PNM shall not pay dividends in any year in excess of net earnings, using a rolling four-quarter basis, without prior NMPRC approval, provided that the dividend restriction does not apply to the amount of equity infused from TXNM.
- Future mergers of PNM, TXNM or their affiliates are subject to applicable New Mexico law.
- The NMPRC retains jurisdiction over reciprocal loan agreements between PNM and TXNM.
- PNM must obtain prior NMPRC approval for long-term purchases of capacity or energy from non-utility affiliates.
- PNM transactions with TXNM, TNMP and the affiliate shared services company are conducted in accordance with an NMPRC-approved cost allocation manual, which is updated annually and subject to review in PNM's general ratemaking cases.
- The supervision and regulation of PNM pursuant to the Public Utility Act shall not be obstructed, hindered, diminished, impaired or unduly complicated.
- PNM shall not pay excessive dividends to TXNM nor shall TXNM and its affiliates take any actions which will have an adverse and material effect on PNM's ability to provide reasonable and proper retail service at fair, just and reasonable rates.
- PNM assets shall not be pledged to pay or guarantee the debt of TXNM or a direct or indirect subsidiary of TXNM without prior NMPRC approval.
- PNM shall not invest in businesses not engaged in the provision of basic utility services unless consistent with a general diversification plan authorized by the NMPRC pursuant to New Mexico Administrative Code ("NMAC") 17.6.450.

of Holding Company Conditions) (May 27, 2005); *see also* Case No. 3137, *in the Matter of Public Service Company of New Mexico's Transition Plan Filed Pursuant to the Electric Utility Industry Restructuring Act of 1999*, Order Approving Formation of a Holding Company (June 28, 2001) (as thereafter modified).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 5

- New Mexico Statutes Annotated (“NMSA”) 1978, Section 62-6-12 requires that any transfer of utility property may only occur with the NMPRC’s approval.
- NMAC 17.6.450.10(C)(5) requires NMPRC approval before a public utility can “loan its funds or securities or transfer similar assets to any affiliated interest” or “purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests.”¹⁰
- Under NMSA 1978, Sections 62-6-17 and 62-6-19, the NMPRC will have access to the books and records of affiliates of PNM, as necessary, to facilitate the NMPRC’s audit or review of any transactions between PNM and its affiliates.
- Electric utilities (such as PNM) must seek prior approval of long-term power purchase agreements from the NMPRC before becoming irrevocably bound pursuant to 17.9.551 NMAC.¹¹

Texas Response

In 2005, TXNM submitted an application to the PUCT for its acquisition of TNMP. In its Final Order approving the acquisition, Docket No. 30172, dated April 22, 2005,¹² attached as Exhibit B (“PUCT 2005 Order”), the PUCT imposed regulatory requirements on TNMP. Accordingly, pursuant to Texas laws, the PUCT’s rules and the PUCT 2005 Order, TNMP currently is subject to the following requirements in Texas:

- TXNM and TNMP guarantee that TNMP’s relationships with its competitive affiliates will be governed by the provisions of 16 Texas Administrative Code (“TAC”) §§ 25.272 and 25.273.
- TXNM and TNMP guarantee that following the consummation of the Proposed Acquisition, 16 TAC §§ 25.272 and 25.273 will apply to activities between regulated utilities and competitive affiliates and include out-of-state affiliates as well as in-state affiliates. PNM Resources will expand TNMP’s code of conduct to make it clear that the same restrictions

¹⁰ 17 NMAC 17.6.450.10(C)(5) (explaining that NMPRC approval is in the public interest if, among other representations, “the public utility will not without prior approval of the [NMPRC]: (a) loan its funds or securities or transfer similar assets to any affiliated interest, or (b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests.”).

¹¹ 17 NMAC 17.9.551.8(A) (“No electric utility shall become irrevocably obligated under an LTPPA without first obtaining the commission’s written approval of the agreement.”); 17 NMAC 17.9.551.7(E) (“‘Long term purchased power agreement’ or ‘LTPPA’ means a purchased power agreement with a term of five years or more and for which an electric utility seeks or intends to seek rate recovery from its New Mexico retail customers. The term shall be inclusive of the base term and any automatic or option extensions.”).

¹² *See Order*, Application of PNM Resources Inc. and Texas-New Mexico Power Company Regarding Proposed Acquisition of Stock, Public Utility Commission of Texas, Docket No. 30172 (issued April 22, 2005).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 6

which apply to transactions and activities between TNMP and First Choice will also apply to TNMP's new affiliates in New Mexico to the extent required by the PUCT's rules.

- Public Utility Regulatory Act (“PURA”) § 39.157(d)(17) and 16 TAC § 25.272(d)(7)(B) prohibit utilities from pledging assets for the benefit of parent or sister companies.¹³
- PURA § 14.103 prohibits a utility from loaning money or another form of indebtedness to a parent or affiliates unless it is reported to the PUCT.¹⁴
- Texas law generally prohibits utilities from owning shares of its parents or affiliates.¹⁵
- PURA § 39.157(d)(13) and 16 TAC § 25.272(d)(6) require that a utility and its affiliates keep separate books and records, with PUCT review authority over affiliate transactions.
- PURA § 39.157(d)(11)–(12) and 16 TAC § 25.272(e)(1) mandate full cost allocation for shared services and prohibit subsidizing affiliate activities with regulated revenues.
- PURA § 39.157(d)(14) and (d)(16) require arm's length dealings and fair, reasonable pricing reflecting market or fully allocated costs.
- 16 TAC § 25.272(e)(2) and 16 TAC § 25.273(d) bar purchases from competitive affiliates less than \$75,000 per unit or greater than \$1 million in total unless through a fair, competitive bidding process and formal contract.

¹³ PURA § 39.157(d)(17) (stating that the rules adopted under this section shall ensure that: “a utility does not allow an affiliate to obtain credit under an arrangement that would include a specific pledge of assets in the rate base of the utility or a pledge of cash reasonably necessary for utility operations.”); 16 TAC § 25.272(d)(7)(B) (“The utility shall not allow an affiliate to obtain credit under any arrangement that would include a specific pledge of any assets in the rate base of the utility or a pledge of cash reasonably necessary for utility operations.”).

¹⁴ PURA § 14.103 (“A public utility may not loan money, stocks, bonds, notes, or other evidence of indebtedness to a person who directly or indirectly owns or holds any stock of the public utility unless the public utility reports the transaction to the commission within a reasonable time.”).

¹⁵ PURA §§ 14.101, 39.262(l)–(m), and 39.915 require regulatory approval for certain transactions, including when at least 50% of the stock of the transmission or distribution utility will be transferred or sold. PURA § 39.157(d)(7) provides that “a utility is a separate, independent entity from any competitive affiliates and, except as provided by Subdivisions (8) and (9), does not share employees, facilities, information, or other resources, other than permissible corporate support services, with those competitive affiliates unless the utility can prove to the commission that the sharing will not compromise the public interest.”

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 7

- PURA § 39.157(d)(2)–(3) require that a transmission and distribution utility provide nondiscriminatory access and prohibits preferential access or treatment of competitive affiliates.
 - 16 TAC § 25.272(f) requires nondiscriminatory processing of requests, application of tariffs, and prohibits tying arrangements.
 - PURA § 39.157(d)(4) and (g) prohibit release of proprietary customer information to competitive affiliates without prior verifiable customer authorization and bars preferential access to transmission and distribution system information.
 - 16 TAC § 25.272(g) requires customer information protections and posting protocols for aggregate data sharing.
 - PURA § 39.157(d)(5)–(6) prohibit certain joint branding, joint advertising, and promotional activities with a competitive affiliate that favors the competitive affiliate.
 - PURA and PUCT rules provide enforcement authority and review of affiliate transactions. A utility must maintain a code of conduct and submit annual affiliate reports under 16 TAC §§ 25.272 and 25.84.
- 2. Please explain what, if any, ring-fencing provisions Applicants committed to in the New Mexico Public Regulation Commission and the Public Utility Commission of Texas proceedings addressing the Proposed Transaction. Please explain the New Mexico Public Regulation Commission’s authority and the Public Utility Commission of Texas’ authority to implement such ring-fencing provisions and provide any orders that implement such provisions.**

New Mexico Response

On August 25, 2025, Applicants filed an application with the NMPRC seeking approval of the Proposed Acquisition,¹⁶ which is attached as Exhibit C (“NMPRC Application”). The NMPRC has authority over the Proposed Acquisition under NMSA 1978 §§ 62-6-12 and 62-6-13. In that

¹⁶ See *Joint Application of Public Service Company of New Mexico, TXNM Energy, Inc. and Troy ParentCo LLC for Approval of an Acquisition and Merger of Troy Merger Sub Inc. with TXNM Energy, Inc.; Approval of a General Diversification Plan; and All Other Authorizations and Approvals Required to Consummate and Implement This Transaction*, New Mexico Public Regulation Commission Case No. 25-00060-UT (filed on Aug. 25, 2025).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 8

application, Applicants committed to a set of regulatory commitments that, if the application is approved by the NMPRC, will be made binding on Applicants by order of the NMPRC:

- PNM will have a seven-member Board of Directors (the “PNM Board”), including (A) three independent directors (i) who meet New York Stock Exchange (“NYSE”) independence standards and (ii) at least two of which will be residents of New Mexico; (B) one director with utility executive experience; and (C) the President and CEO of PNM.
- The PNM Board shall have the duty to act, subject to applicable New Mexico law, in the best interests of PNM.
- The PNM Board will have decision-making authority as provided by applicable New Mexico law over PNM dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared services fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the PNM Board cannot be overruled by Troy, or any affiliate that controls Troy.
- A vote of a majority of the independent directors can prevent PNM from making any dividends other than tax distributions, if determined in good faith to be required to meet debt-to-equity commitment. Any amendments or changes to the dividend policy shall be approved by a majority vote of the PNM Board, including the affirmative vote of a majority of the independent directors. A vote of a majority of the independent directors of the PNM Board may prevent PNM from making any dividends at any time during the first five years if the PNM Board reduces the capital expenditures below the current five-year plan based on limited equity financing availability.
- The compensation for being a PNM director will not be tied to, reflect, or be related to the financial, operating, or other performance of any entity or interest other than PNM. The PNM Board shall have the power to set the compensation and benefits for being a PNM director, in the form and manner it directs, subject to the approval of Troy.
- PNM will limit its payment of dividends, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP, unless otherwise approved by the NMPRC.
- PNM will continue to make minimum capital expenditures in an amount equal to PNM’s current 2025–2029 capital budget of \$3.4 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM’s control, including, without limitation, siting delays, cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 9

- NMPRC jurisdiction over PNM remains and will not be adversely affected by the Proposed Acquisition; PNM will continue to abide and be bound by existing applicable NMPRC rules, regulations, orders.
- The sole authorized purpose of PNM will be the provision of electric utility service.
- PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone, Inc. (“Blackstone”) and its affiliates, provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.
- PNM will not pay dividends, except for tax distributions, if its credit rating is below investment grade unless otherwise permitted by the NMPRC; PNM will notify the NMPRC promptly of any change in its credit rating.
- NMPRC jurisdiction over PNM remains and will not be adversely affected by the Proposed Acquisition; PNM will continue to abide and be bound by existing applicable NMPRC rules, regulations, orders.
- PNM will not pledge its assets, stock, or revenues for the benefit of any entity other than PNM.
- Aside from PNM’s arrangements with TXNM, PNM will not engage in intercompany debt or lending with Troy, or any affiliate that controls Troy, unless authorized by the NMPRC. Notwithstanding the foregoing, PNM may borrow from Troy or its affiliates on an arm’s-length basis if such borrowing is approved by a majority of the independent directors of the PNM Board and provided further that nothing herein obligates Troy or any of its affiliates to lend money to PNM or any of its affiliates at any time.
- PNM will not share credit facilities with Troy, or its affiliates, except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.
- PNM will not commingle funds, assets, or cash flows with affiliates, except as authorized by the NMPRC.
- PNM will not include in any of its debt or credit agreements cross-default provisions tied to affiliates. Under no circumstances will debt of PNM become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further, PNM’s ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 10

- PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities.
- PNM will maintain standalone credit ratings from at least two organizations registered with the U.S. Securities and Exchange Commission.
- PNM will not take on any new debt in conjunction with the Proposed Acquisition.
- PNM will maintain a minimum equity ratio as set by the NMPRC in its general rate case filings based on a 13-month rolling average.
- PNM, TXNM, and Troy will abide by NMPRC-affiliate standards as they apply to PNM and maintain an arm's-length relationship with TXNM and Troy and its affiliates, consistent with any variance accepted by the NMPRC.
- PNM will not seek recovery of transaction or transition costs related to the Proposed Acquisition from customers in PNM's rates provided that the transition costs shall not include employee time and labor.
- PNM will not seek recovery in rates of any transaction acquisition premium. Any goodwill associated with the Proposed Acquisition will not be included in rates, rate base, cost of capital, or operating expenses in future PNM ratemaking proceedings. Write-downs or write-offs of goodwill associated with the Proposed Acquisition will not be included in the calculation of net income of PNM for dividend or other distribution payment purposes.

The complete set of regulatory commitments and ring-fencing provisions that the Applicants have proposed can be found at Exhibit B of the NMPRC Application (starting at file page 24 to the application attached as Exhibit C hereto). They are intended to supersede and replace PNM's existing holding company conditions set forth in Exhibit A hereto. Collectively, these regulatory commitments establish a comprehensive framework of ring-fencing and related protections that will safeguard customers in New Mexico. The NMPRC has the authority to implement such regulatory commitments under Sections 62-6-4, 62-6-12, and 62-6-13 of the New Mexico Public Utilities Act.¹⁷

¹⁷ See NMSA § 62-6-4 ("The [NMPRC] shall have general and exclusive power and jurisdiction to regulate and supervise every public utility in respect to its rates and service regulations and in respect to its securities ... and to do all things necessary and convenient in the exercise of its power and jurisdiction."); NMSA § 62-6-12 (requiring NMPRC authorization of utility acquisitions and consolidations); NMSA 62-6-13 (setting out standard for NMPRC approval of such transactions).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 11

Texas Response

On August 25, 2025, the Applicants also filed an application for approval of the Proposed Acquisition with the PUCT.¹⁸ The PUCT has authority over the Proposed Acquisition under PURA § 39.915. On December 11, 2025, Applicants filed with the PUCT a Unanimous Stipulation and Agreement,¹⁹ attached hereto as Exhibit D (“Unanimous Stipulation and Agreement”), which includes additional commitments beyond those in the application filed with the PUCT on August 25, 2025. If the PUCT approves the Unanimous Stipulation and Agreement, the ring-fencing provisions and related commitments therein will be made binding on Applicants by order of the PUCT, including the following:

- TNMP will have a seven-member board of directors (“TNMP Board”), including (A) three disinterested directors who must qualify as independent from TNMP, Blackstone and their affiliates in all material respects in accordance with the rules and regulations of the NYSE during the ten-year period prior to appointment; and (B) the President and CEO of TNMP.
- TNPE 1, LLC (“TNPE 1”), a special purpose entity for bankruptcy remote purposes under the state laws of Texas and direct subsidiary of TNP Enterprises, Inc., will have a board of directors (“TNPE 1 Board”) with the same composition as the TNMP Board, except that the President and CEO of TNMP for purposes of the TNPE 1 Board will be replaced by a director chosen by Troy.
- The TNMP Board shall have the duty to act, subject to applicable Texas law, in the best interests of TNMP consistent with the PUCT’s order. In addition, as part of the Proposed Acquisition, TNPE 1 will become the direct owner of 100% of the equity interest of TNMP. The TNPE 1 Board, subject to applicable Texas law, shall have a duty to act in the best interests of TNMP consistent with the PUCT’s order.
- The TNMP Board will have decision-making authority over dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared service fees, operation and maintenance expenditures, and appointment or removal of

¹⁸ *Joint Report and Application of Texas-New Mexico Power Company and Troy ParentCo LLC for Regulatory Approvals Under PURA §§ 14.101, 39.262, and 39.915*, Public Utility Commission of Texas, Docket No. 58536 (filed on Aug. 25, 2025).

¹⁹ *See Unanimous Stipulation and Agreement*, Joint Report and Application of Texas-New Mexico Power Company and Troy ParentCo LLC for Regulatory Approvals Under PURA §§ 14.101, 39.262, and 39.915, Public Utility Commission of Texas, Docket No. 58536 (filed December 11, 2025).

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 12

officers. These decisions made by the TNMP Board cannot be overruled by TNPE 1, TXNM, Troy, or any affiliate that controls Troy.

- Unless approved by the PUCT, dividends or distributions (other than tax distributions) may only be paid if TNMP's credit rating is at least BBB at S&P and Baa2 at Moody's, and TNMP will limit its payment of dividends or distributions (other than tax distributions) to an amount not to exceed its net income as determined in accordance with GAAP.
- A vote of the majority of the disinterested directors of the TNMP Board will prevent TNMP from making any dividends at any time during the first five years following the closing of the Proposed Acquisition if the TNMP Board reduces TNMP's capital expenditures below the current five-year plan based on limited equity financing availability.
- A vote of a majority of the TNMP Board, including an affirmative vote of a majority of the disinterested directors, will be required for any amendment, waiver or modification to TNMP's dividend policy.
- No member of the TNMP Board may be an employee or board member of a competitive affiliate or have direct responsibility for management or strategy of a competitive affiliate.
- The compensation for being a TNMP director or officer employed by TNMP will not be tied to, reflect, or be related to the financial, operating, or other performance or social goals of any entity or interest other than TNMP. The TNMP Board shall have the power to set the compensation and benefits for being a TNMP director or officer employed by TNMP, in the form and manner it directs, subject to the approval of Troy and, solely in the case of compensation and benefits for the disinterested directors, approval by a majority of the disinterested directors. All officers responsible for utility planning and operations at TNMP shall be employees of TNMP. Officers responsible for accounting, legal, finance, and information technology and other support operations may be employed by a services organization that is a subsidiary of TXNM. Notwithstanding, the above, no officer of TNMP shall receive compensation related to the goals of any competitive affiliate.
- A majority of the TNMP directors and a majority of the disinterested directors must approve TNMP's capital and operations and maintenance budgets if the proposed budget is more than a 10% increase or decrease relative to the prior fiscal year.
- If TNMP management seeks approval of a capital project or a series of projects that would be in excess of the approved annual budget by more than 10%, such projects or series of projects must be approved by a majority of the TNMP Board, including a majority of the disinterested

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 13

directors. Any variance in excess of this threshold will also be identified in an annual report to the PUCT and TNMP will provide the reasons for the variance in such annual report.

- TNMP's sole purpose is to provide transmission and distribution utility service and the performance of activities reasonably necessary and appropriate thereto. TNPE 1 will exist only to directly own equity interests in TNMP and may not issue debt.
- TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos associated with Blackstone and any current or former Texas competitive affiliate of TNMP; provided, that the Blackstone name and logo can be added to the TNMP name and logo for branding purposes but that if the Blackstone name or logo is added to the TNMP name and logo, no competitive affiliate with operations in Texas will use the Blackstone or TNMP name, logo, or other brand-identifying features (or any combination thereof) for branding purposes. TNMP will not engage in joint marketing, advertising or promotional activities with any affiliate data center developer or competitive affiliate of TNMP (including retail electric providers, aggregators, and wholesale generation companies) operating in Texas in a manner that is inconsistent with the Public Utility Regulatory Act and the PUCT's rules.
- TNMP's assets, stock, or revenues will not be pledged for the benefit of any entity other than TNMP nor used as a guarantee or collateral against any debt issued or liability incurred by an entity other than TNMP.
- TNMP, TNPE 1, and TXNM will not take on any new debt in conjunction with the Proposed Acquisition; provided, that any increased costs due to refinancing of existing TNMP debt caused by the Proposed Acquisition will not be borne by customers.
- If (a) TNMP management has recommended a capital project to the TNMP Board, (b) the TNMP Board has determined that approving such capital project is in keeping with good utility practice, (c) such capital project and a related capital call are approved by a majority of the TNMP Board—including unanimous consent of the disinterested directors—and (d) Troy does not fund such capital project within 18 months of the issuance of such capital call to Troy, TNMP is authorized to thereafter issue non-voting, redeemable preferred equity at then-prevailing market terms solely to secure the equity portion of such capital project so long as such preferred equity does not result in (i) a credit rating downgrade below BBB or its successor equivalent at S&P or Baa2 or its successor equivalent at Moody's or (ii) an equity ratio below the equity ratio required by the PUCT; provided, that TNMP must not sell a primary issuance of such preferred equity to Troy or any of its affiliates.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 14

- Aside from TNMP's arrangement with TXNM during the current term of that arrangement, TNMP will not engage in intercompany debt or lending with Troy or any affiliate that directly or indirectly controls Troy, nor guarantee the obligations or liabilities of TXNM or any of its affiliates or subsidiaries, unless authorized by the PUCT. Notwithstanding the foregoing, TNMP may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the disinterested directors of the TNMP Board; provided, that nothing herein obligates Troy or any of its affiliates to lend money to TNMP or any of its affiliates at any time.
- TNMP and TNPE 1 will not share credit facilities with Troy, Blackstone Infrastructure, Blackstone, or any of their affiliates or subsidiaries, except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.
- TNMP's credit or debt agreements will not include cross-default provisions tied to any affiliates. Under no circumstances will debt of TNMP become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreement of TNPE 1, TXNM, Troy, Blackstone Infrastructure, or any of their affiliates or subsidiaries. Further, TNMP's ability to utilize its credit facility will not be contingent on the financial status, default, or credit rating of TXNM, Troy, Blackstone Infrastructure or any of their affiliates or subsidiaries.
- TNMP will not transfer material assets (over \$1 million) to affiliates except at arm's length and consistent with the PUCT's standards as they are applicable to TNMP, regardless of whether such affiliate standards would apply to a particular transaction.
- TNMP will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.
- TNMP will not commingle its funds, assets, or cash flows with those of affiliates, including TXNM, Troy, Blackstone Infrastructure, and any of their affiliates or subsidiaries, except as authorized by the PUCT.
- TNMP, TNPE 1, TXNM, Troy, and Blackstone Infrastructure will ensure that TNMP maintains standalone credit ratings from at least two major agencies, which must include two of S&P, Moody's or Fitch, and will take the actions necessary to ensure that these rating agencies are informed of the ring-fence provisions adopted by the PUCT in its relevant Order(s) in Docket No. 58536 in support of a stand-alone credit rating for TNMP.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 15

- Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Troy or any affiliate (other than, for the avoidance of doubt, TNMP or its subsidiaries, if any) of Troy including Blackstone Infrastructure, a bankruptcy court will not consolidate the assets and liabilities of TNMP with Troy or any affiliate (other than, for the avoidance of doubt, TNMP or its subsidiaries, if any) of Troy.
- TNMP will maintain a minimum equity ratio as set by the PUCT in TNMP's general rate case filings based on a 13-month rolling monthly average.
- To the extent that any retail electric provider is affiliated with TNMP, TNMP will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliate.
- Neither TNPE 1 nor TXNM nor any of their affiliates will elect to apply pushdown accounting for the Proposed Acquisition (*i.e.*, the Proposed Acquisition will have no accounting impact on TNMP's assets). Furthermore, no incremental goodwill will be allocated to or recognized in TNMP's financial statements.
- TNMP will continue to make minimum capital expenditures at a level equal to its current five-year budget ending December 31, 2029. TNMP may reduce capital spending if necessary due to factors outside its control, such as siting delays, project cancellations by third parties, weaker than expected economic conditions, or if a particular expenditure would not be prudent. Any such reductions over 10% will be reported annually to the PUCT.
- TNMP will not build assets outside the Electric Reliability Council of Texas, Inc., or take actions that impair the PUCT's jurisdiction without prior approval. Neither TNMP, TNPE 1, TXNM, Troy, Blackstone Infrastructure, Blackstone, nor their respective controlled affiliates will take any action intended to or that can be reasonably foreseen to subject ERCOT to the jurisdiction of the FERC; provided, however, that it is understood that the FERC continues to have jurisdiction under sections 210, 211, and 212 of the Federal Power Act and may direct transmission and interconnection services over certain existing facilities outside of ERCOT; provided further that it is understood that the existing reliability and critical infrastructure standards administered by the North American Electric Reliability Corporation, through delegation of authority from the FERC, may affect the operations of assets that are deemed part of the bulk electric system. TXNM, Troy, and Blackstone Infrastructure further commit that they will affirmatively support the preservation of the status quo of the PUCT's jurisdictional authority over the ERCOT power region and will in good faith support the efforts of TNMP to preserve and maintain the current state of the PUCT's jurisdiction over TNMP and the ERCOT power region.

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 16

- TNMP, TNPE 1, TXNM, Troy, and Blackstone Infrastructure will provide the PUCT access to their books and records, as well as the books and records in possession of their relevant affiliates, as necessary to facilitate the PUCT's audit or review of affiliate transactions, if any, between TNMP and TNPE 1 or between TNMP and TXNM or any affiliate or subsidiary of Troy or Blackstone Infrastructure.
- TNMP, including the TNMP Board, and Blackstone Infrastructure will comply with all the requirements of the Public Utility Regulatory Act and the PUCT's rules governing aspects of any relationship and dealings between TNMP and all affiliates. TNMP, including the TNMP Board, and Blackstone Infrastructure will not share TNMP's confidential information as defined under 16 Tex. Admin. Code § 25.272(c)(3) with affiliates, except as allowed for corporate support services.
- TNMP will maintain arm's-length relationships with all affiliates and comply with all PUCT affiliate standards when negotiating and entering into contracts with affiliates.

The complete set of regulatory commitments can be found in Exhibit D hereto. Collectively, these regulatory commitments establish a comprehensive framework of ring-fencing and related protections that will safeguard customers in Texas. The PUCT has the authority to implement such regulatory commitments under Section 39.915 of the Texas Utilities Code.²⁰

III. REQUESTS FOR 14-DAY COMMENT PERIOD AND EXPEDITED ACTION

Applicants respectfully request that the Commission issue a comment period with respect to the information contained in this response of 14 days (*i.e.*, January 27, 2026), and issue an order approving the Proposed Acquisition expeditiously thereafter.

²⁰ See PURA § 39.915(d) ("If an electric utility or transmission and distribution utility or a person seeking to acquire or merge with an electric utility or transmission and distribution utility files with the commission a stipulation, representation, or commitment[,] ... the commission may enforce the stipulation, representation, or commitment.").

KIRKLAND & ELLIS LLP

Amery Poré
January 13, 2026
Page 17

Sincerely,

Christopher R. Jones

Christopher R. Jones
Troutman Pepper Locke LLP
401 9th Street, N.W., Suite 1000
Washington, D.C. 20004

Brooksany Barrowes

Brooksany Barrowes
John Decker
Lilla Grisham
Kirkland & Ellis LLP
1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Counsel for the TXNM Applicants

Counsel for Troy ParentCo LLC

Dated: January 13, 2026

cc: Eric Olesh (eric.olesh@ferc.gov)

EXHIBIT A
NMPRC 2005 ORDER

EXHIBIT B
PUCT 2005 ORDER

EXHIBIT C
NMPRC APPLICATION

EXHIBIT D

UNANIMOUS STIPULATION AND AGREEMENT

CERTIFICATE OF SERVICE

I hereby certify that I have on this 13th day of January, 2026, caused to be served a copy of the foregoing upon all parties on the service list in these proceedings in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2026).

Mack Dowiak
Mack Dowiak
Kirkland & Ellis LLP
1301 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Tel: (202) 389-3266
mack.dowiak@kirkland.com