BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF TXNM ENERGY, INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL	)	
	)	**Docket No. 26-00___**
TXNM ENERGY, INC., Petitioner.	)	

TXNM ENERGY, INC.'S PETITION FOR DECLARATORY ORDER

Pursuant to 1.2.2.21 NMAC, TXNM Energy Inc. ("TXNM"), the public utility holding company of Public Service Company of New Mexico ("PNM"), petitions the New Mexico Public Regulation Commission ("Commission") for a declaratory order ("Petition") that certain proposed transactions by TXNM do not require prior Commission approval pursuant to NMSA 1978, Section 62-6-12(A).

TXNM intends to raise $400 million in equity through sales of shares of TXNM stock ("Equity Transactions"), which will be used exclusively to repay TXNM's $400 million term loan ("Term Loan") with Wells Fargo Bank, National Association ("Wells Fargo"). TXNM entered into the Term Loan to comply with the Commission's *Final Order on Show Cause Proceeding* ("Final Order") issued on July 2, 2026, in Case No. 25-00060-UT. TXNM requests a declaratory order from the Commission that, because the $400 million raised through the Equity Transactions will be used to repay the Term Loan in compliance with the Final Order, the Equity Transactions do not fall within the scope of Section 62-6-12(A) and therefore TXNM does not need prior Commission approval for these Equity Transactions.

TXNM will raise the $400 million in equity through public or private sales of TXNM shares, depending on market conditions. TXNM respectfully asks the Commission to declare that no prior approval is required pursuant to Section 62-6-12(A) for TXNM to raise $400 million in cash to repay the Term Loan through:

1. Publicly registered offering of TXNM shares through a bank[1] or under TXNM's At-the-Market ("ATM") program; or
2. Private offering of TXNM shares through private placement transactions (commonly referred to as private investments in public equity, *i.e.*, "PIPE" transactions) between TXNM and third-party investor(s) other than Blackstone Infrastructure or its affiliated entities, public utilities or public utility holding companies.

TXNM needs to repay the Term Loan as quickly as possible to maintain its credit rating. TXNM therefore respectfully requests expedited approval of this Petition within 30 days. TXNM's Petition is based on the specific facts and circumstances set forth below.

I. Background.

On August 25, 2025, PNM, TXNM and Troy ParentCo LLC ("Troy") ("Joint Applicants") filed the application ("Application") pending before the Commission in Case No. 25-00060-UT, seeking approval of a merger and acquisition transaction whereby PNM and TXNM will become wholly owned subsidiaries of Troy (the "Acquisition"). At the time TXNM and Troy entered into their Agreement and Plan of Merger on May 18, 2025 ("Merger Agreement"), TXNM and Troy TopCo LP ("TopCo") entered into a Stock Purchase Agreement for the sale of 8,000,000 shares of TXNM common stock by TXNM to TopCo for $400 million ("Financing Transaction"). TXNM intended the Financing Transaction to raise a portion of the approximately $850 million in equity that TXNM required under its 2025 annual operating plan to maintain TXNM's credit metrics and fund utility operations for its subsidiaries, PNM and Texas New Mexico Power

[11] A "bank" offering is a public registered offering of shares that is underwritten by a banking institution.

Company ("TNMP").

On February 6, 2026, Prosperity Works filed a motion requesting that Joint Applicants show cause why the Financing Transaction was not void and of no effect under NMSA 1978, Section 62-6-12 ("Show Cause") and to address the implications of that Financing Transaction on the pending Acquisition application. The Hearing Examiners issued a Recommended Decision for Show Cause Proceeding, after which the Final Order found that the Financing Transaction was "for the purposes of" the pending Acquisition, necessitating prior express authorization under Section 62-6-12(A)(3)(c) and finding the Financing Transaction was void and of no effect.

To unwind the Financing Transaction, TXNM entered into the Term Loan with Wells Fargo and used the $400 million in Term Loan proceeds to repay TopCo the $400 million that TopCo paid TXNM in the Financing Transaction. At the same time, TXNM cancelled the 8,000,000 shares of TXNM stock issued to TopCo in the Financing Transaction.

To bring its capital structure back into alignment with necessary credit rating metrics, TXNM intends to raise $400 million through the Equity Transactions, subject to this Petition, so that TXNM can repay the Term Loan expeditiously.

II. The Nature of the Controversy and the Effect of Uncertainty on TXNM and PNM.

Given the facts outlined in the Background and because the Application remains pending in Case No. 25-00060-UT, the Final Order has created uncertainty over the applicability of Section 62-6-12(A) to TXNM's proposed Equity Transactions. Because TXNM must repay the Term Loan to restore its credit metrics and protect its credit rating, TXNM seeks an expedited declaratory order that prior approval is not required to execute the proposed Equity Transactions to raise $400 million in equity. TXNM intends to issue equity via publicly registered offerings sold through a bank or under TXNM's ATM program, and/or depending on market conditions, through PIPE transactions between TXNM and third-party investor(s).[2]

Without an expedited finding that no approval is required under Section 62-6-12, TXNM will face challenges in funding its public utility subsidiaries and may face immediate negative financial outcomes if credit rating agencies were to downgrade TXNM's credit ratings. The $400 million of Term Loan debt incurred by TXNM in order to comply with the Final Order significantly weakens one of TXNM's key credit metrics, Funds from Operations to Debt ("FFO/Debt"), reducing the metric to below acceptable levels as measured by the credit rating agencies.[3] Interest expense on the Term Loan, which grows the longer the Term Loan remains outstanding, will further weaken TXNM's credit metrics, with every four months of interest expense lowering the FFO/Debt credit metric by approximately 10 basis points. The longer the delay in issuing equity to repay the Term Loan, the higher the probability of a negative credit rating action for TXNM.

Delays are further complicated by the third quarter blackout period imposed in accordance with Securities and Exchange Commission ("SEC") rules and regulations. Under federal securities laws,[4] TXNM is restricted from selling SEC-registered securities every quarter when it is

[2] As discussed in more detail below, TXNM affirms it will not enter into a PIPE transaction with Blackstone Infrastructure or any of its affiliates; another public utility; or a public utility holding company.

[3] The estimated impact to TXNM's FFO/Debt metric is 80 and 100 basis points as measured by Moody's Investor Services and S&P Global Ratings, respectively.

[4] Among other requirements, blackout periods prevent insider trading during periods when TXNM has material, non-public information. Insiders that trade in company stock on the basis of nonpublic information violate section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. *See Chiarella v. United States,* 445 U.S. 222, 228-31 (1980) (summarizing settled case law on question of company insiders trading on material informational advantage)*; see also M. Todd Henderson, Insider Trading and CEO Pay,* 64 Vand. L. Rev. 505, 551 (2011). The U.S. Supreme Court has held that an executive's role of trust and confidence "gives rise to a duty to disclose [or abstain from trading] because of the 'necessity of preventing a corporate insider from . . . tak[ing] unfair advantage of . . . uninformed . . . stockholders.'" *Id.* at 228-29 (quoting *Speed v. Transamerica Corp*., 99 F. Supp. 808, 829 (D. Del. 1951)). While not explicitly required by SEC rules, blackout periods are nearly universally adopted by public companies to prevent key insiders from trading leading up to the announcement of earnings, which is a point in time when they are most likely to have material non-public information.

considered to be in possession of material non-public information during the blackout period. The upcoming blackout period for the third quarter runs from late September through the filing of TXNM's third quarter Form 10-Q. If TXNM cannot complete the Equity Transactions and repay the Term Loan prior to the blackout period, then TXNM is more likely to face negative financial consequences.

Thus, while PNM will ensure that no financial harm will result to customers as a result of the actions taken by TXNM to unwind the voided Financing Transaction, delaying TXNM's ability to complete the proposed Equity Transactions may create difficulties for TXNM in accessing capital at favorable terms due to potentially lower credit metrics.

In accordance with the Commission's rules, TXNM's Brief in Support is filed contemporaneously with this Petition. TXNM also includes an affirmation as required by 1.2.2.21(B) NMAC.

III. All Facts and Arguments in Support of the Petition.

As grounds for this Petition, and as set forth in TXNM's brief, TXNM states as follows:

1. TXNM incorporates the facts stated in the Background section above.

2. When the Commission issued its Final Order on July 2, 2026, the Commission directed the Joint Applicants to file a compliance report ("Compliance Report") within 45 days that describes how the Joint Applicants effectuated the statutory consequence prescribed by Section 62-6-12(B).

3. To effectuate the Final Order, the TXNM Board of Directors convened on July 17, 2026, and approved resolutions ("Resolutions") that authorize the Term Loan and the use of the proceeds from the Term Loan to repay TopCo, as well as the issuance of TXNM shares of stock to repay the Term Loan as described in this Petition. In accordance with the Resolutions and the

Letter Agreement entered into among Troy, Troy Merger Sub Inc. and TopCo (collectively, the "Troy Parties") and TXNM ("Letter Agreement"), TXNM cannot issue any equity at an individual or aggregate price of less than $50.00 per share.

4. Joint Applicants filed the Compliance Report in Docket No. 25-00060-UT on July 27, 2026, which demonstrated that the Financing Transaction was unwound through (a) the cancellation of the shares issued to Topco and (b) the repayment by TXNM of $400 million to Topco, including retention of dividends previously received by Topco in lieu of interest. TXNM used the Term Loan to repay the funds previously received from Topco.

5. The Compliance Report also summarizes the Letter Agreement. Among other things, the Letter Agreement provides Troy's consent, in accordance with the Merger Agreement, for TXNM to incur up to $400 million of long-term unsecured indebtedness in the form of the Term Loan.

6. The Letter Agreement requires that prior to consummating the Equity Transactions for the equity financing, TXNM must obtain a declaration from the Commission that no prior approval is necessary.

7. Regarding the Equity Transactions, TXNM will not enter into any PIPE transactions with Blackstone Infrastructure or its affiliated entities or with entities identified as a public utility or public utility holding company.

8. For registered offerings through a bank, TXNM will seek assurance from the bank that the bank made reasonable efforts to assure investors are not Blackstone Infrastructure or an affiliate thereof, or a public utility holding company or public utility.

9. For the ATM program, TXNM has no involvement or oversight associated with these sales.[5]

10. Additionally, Blackstone Infrastructure affirms that it will not, and will cause its controlled affiliates not to, and will use reasonable best efforts to cause Blackstone and its affiliates not to, acquire any shares of TXNM common stock in any public offering by TXNM (including pursuant to a registered underwritten offering or sales under TXNM's ATM program).[6]

11. Based on the Final Order, TXNM believes the proposed Equity Transactions will not trigger the prior approval requirements under Section 62-6-12 because the equity proceeds will be used to repay the Term Loan to avoid credit downgrades for TXNM by its credit rating agencies.

12. Although Troy has consented to the Equity Transactions as required under the Merger Agreement, Troy will not have any role in the Equity Transactions.

13. Given the facts and circumstances of this case, which include the Show Cause, the requirement to unwind the Financing Transaction in the Final Order, TXNM's need to acquire a Term Loan to repay TopCo to unwind the Financing Transaction, and TXNM's urgent need to issue equity to repay the Term Loan to avoid negative financial consequences, TXNM respectfully requests that the Commission issue a declaratory order finding that no prior approval of the Equity Transactions described herein is needed.

IV. Interested Parties in the Controversy and Request for Expedited Action by the Commission.

TXNM is serving a copy of this Petition, along with the accompanying brief and affirmations, on the service list for Case No. 25-00060-UT. Because the parties to Case No. 25-

[5] An ATM is an equity issuance where a publicly traded company uses a public registered offering to sell newly issued shares of its common stock in the public market through a designated broker at prevailing market prices. ATM buyers routinely may purchase shares in blocks through brokers. Because of the public nature of these registered offerings through a broker, TXNM has no ability to control who purchases these shares.

[6] Please see attached affirmation of Sebastien Sherman.

00060-UT may have an interest in this matter, TXNM respectfully requests that the Commission issue a procedural order granting intervention to those parties.

In accordance with 1.2.2.21.C(1) NMAC and procedures for issuance of securities by a public utility such as PNM, TXNM respectfully requests that the Commission direct TXNM to provide notice of this proceeding through a posting on PNM's website and a one-time publication in a newspaper of general circulation such as the Albuquerque Journal. A proposed Form of Notice is attached to the Petition as Exhibit A.

Consistent with the period for review of securities issuances by a public utility under Section 62-6-9, TXNM respectfully requests that the Commission issue a final order within thirty (30) days of the filing of this Petition.

Additionally, TXNM respectfully requests that the Commission issue an initial order pursuant to 1.2.2.21(C) NMAC stating that it will entertain TXNM's Petition, directing interested parties to file responses to the Petition and supporting briefs within seven (7) days of issuance of the initial order. Because TXNM respectfully requests a limited declaratory order that Section 62-6-12 does not require prior approval with regard to the specific Equity Transactions set forth in this Petition, TXNM respectfully requests that the Commission find no formal evidentiary hearing is required.

V. Prayer for Expedited Relief of Petition for Declaratory Order.

WHEREFORE, TXNM respectfully requests a Declaratory Order of the Commission within thirty days of the filing of this Petition that declares that any prior approval requirement pursuant to Section 62-6-12(A) does not apply to the planned Equity Transactions by TXNM to raise $400 million to repay the Term Loan.

Respectfully submitted this 31st day of July 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO

/s/ *Stacey Goodwin*_____________________________
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Proposed Form of Notice

Exhibit A

Is contained in the following 3 pages.

NEW MEXICO
PUBLIC REGULATION COMMISSION

COMMISSIONERS
GABRIEL AGUILERA
GREG NIBERT
PATRICK O'CONNELL

NOTICE TO PNM CUSTOMERS

TXNM Energy, Inc. (TXNM), the parent company of Public Service Company of New Mexico (PNM), has filed a petition requesting a declaratory order from the New Mexico Public Regulation Commission (Commission) that TXNM may issue up to $400 million shares of common stock ("Equity Transactions") without prior Commission approval. TXNM states that the proceeds from the Equity Transactions would be used exclusively to repay a $400 million term loan that was incurred to comply with the Commission's July 2, 2026 Final Order in Case No. 25-00060-UT. TXNM asserts that the proposed stock issuances are not subject to the prior approval requirements of NMSA 1978, Section 62-6-12(A) and requests that the Commission issue a final order within 30 days of the filing of the petition. PNM requests that the Commission issue a declaratory order that no prior approvals from the Commission are required for PNM to engage in the proposed equity transactions.

More information about this case can be found on PNM's website, https://www.pnm.com/regulatory, or by contacting the Commission at the addresses and telephone number provided below. The Commission has assigned Docket No. 26-______ to this case. All questions or written comments about this case should refer to this docket number.

NO ACTION IS REQUIRED UNLESS YOU WANT TO PARTICIPATE IN THE PUBLIC HEARING OR COMMENT ON THE PROCEEDINGS.

PUBLIC HEARING

This matter will be heard and considered at the Commission regularly scheduled Open Meeting on **__________, 2026**, at which time the Commission shall make a determination on the issues presented in PNM's Petition. Members of the public can watch the hearing via a livestream on the Commission's YouTube channel and its website, https://www.prc.nm.gov/public-hearings/.

If you wish to participate in the proceeding as a party to this case you must file a motion for leave to intervene, pursuant to 1.2.2.23 NMAC on or before _________**, 2026**. Parties to Case No. 25-00060-UT have been granted intervention by the Commission. Anyone filing pleadings, documents or testimony in this case will serve a copy on all parties and the Commission Staff. Filings must also be sent to Hearing Examiners _______________________ at ____________@prc.nm.gov.

The Commission's Rules of Procedure, found at 1.2.2 NMAC, shall apply to this case except as modified by Order of the Commission or Hearing Examiner. The rules of procedure and other NMPRC rules are available online at the New Mexico Compilation Commission at https://nmonesource.com/nmos/en/nav.do and at the State Records Center and Archives at https://srca.nm.gov/nmac-home/nmac-titles/.

PUBLIC COMMENT

If you are interested in the case but do not wish to become a party, you may make written and oral comments as allowed by Rule 1.2.2.23(F) NMAC. Public comments are not taken at the evidentiary hearing because they are not evidence, but they are reviewed and considered by Commission staff. Written comments must refer to Docket No. 26_____ and be submitted before the Commission makes a final decision. Written comments should be submitted online through the PRCe360 Case Management System, or Commission Records Management Bureau, P.O. Box 1269, Santa Fe, NM 87504. The Commission may be reached by telephone at 1-888-427-5772 if there are questions about how to submit written comments. Additionally, oral comments may be taken at public comment hearing if one is scheduled by the Commission. If a public comment hearing is scheduled the date, time and location will be provided. Public comment is also welcome during Commission open meetings. The open meetings schedule is available on the Commission website at www.prc.nm.gov/nmprc-open-meeting-agenda/.

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER, OR ANY OTHER FORM OF AUXILIARY AID OR SERVICE TO ATTEND OR PARTICIPATE IN THE HEARING. OR FOR A SUMMARY OR OTHER TYPE OF ACCESSIBLE FORMAT OF PUBLIC DOCUMENTS, PLEASE CONTACT THE DIRECTOR OF ADMINISTRATIVE SERVICES OF THE COMMISSION AT (505) 827-8019 AS SOON AS POSSIBLE PRIOR TO THE HEARING.

Any person who desires more information about this case may contact the Commission by phone at (505) 827-4084 or 1-888-427-5772 or by email at Ryan.Jimenez@prc.nm.gov.

GCG#535633

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF TXNM ENERGY, INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL	)	
	)	**Docket No. 26-00___**
TXNM ENERGY, INC.,	)	
Petitioner.	)	

TXNM ENERGY, INC.'S BRIEF IN SUPPORT OF PETITION FOR DECLARATORY ORDER

TXNM Energy, Inc. ("TXNM"), the public utility holding company of Public Service Company of New Mexico ("PNM"), pursuant to 1.2.2.21 NMAC, files this Brief ("Brief") in support of the contemporaneously filed Petition for Declaratory Order ("Petition"). In the Petition, TXNM respectfully requests expedited issuance of a declaratory order from the New Mexico Public Regulation Commission ("Commission") that prior approval under NMSA 1978, § 62-6-12(A) is not required for TXNM's intended issuance of shares of TXNM stock to raise $400 million of equity ("Equity Transactions"). The Equity Transactions will be used to repay a $400 million term loan entered into between TXNM and Wells Fargo Bank, National Association (Wells Fargo") on July 17, 2026 ("Term Loan"). TXNM entered into the Term Loan to comply with the Commission's *Final Order on Show Cause Proceeding* ("Final Order") issued on July 2, 2026, in Case No. 25-00060-UT.

The Commission, in its Final Order, found that the purchase of 8,000,000 shares of TXNM common stock for $400 million ("Financing Transaction") by Troy TopCo LP ("TopCo"), the parent of Troy ParentCo LLC ("Troy"), during the pendency of the application for the acquisition of TXNM and PNM by Troy (the "Acquisition"), required prior approval under Section 62-6-12(A). The Final Order found that since prior approval was not obtained, the Financing Transaction was void and of no effect, requiring the transaction to be unwound. To unwind the Financing Transaction, TXNM executed the Term Loan. The resulting capital structure for TXNM with the Term Loan puts immediate pressure on TXNM's credit metrics. Therefore, TXNM must repay the Term Loan as quickly as practicable to avoid potential financial harm.

TXNM must undertake the Equity Transactions to repay the Term Loan while the Acquisition remains pending, but uncertainty exists regarding the applicability of Section 62-6-12(A) to the Equity Transactions. TXNM requests that the Commission resolve this uncertainty through a declaratory order pursuant to 1.2.2.21 NMAC.

In this Brief, consistent with 1.2.2.21(B) NMAC, TXNM sets forth its position, as well as the potential arguments in support of and opposed to the Commission issuing a declaratory order finding that Section 62-6-12(A) does not apply to the Equity Transactions.

BACKGROUND

TXNM incorporates by reference the background information provided in its Petition filed contemporaneously with this Brief, as well as the Compliance Report filed on July 27, 2026, in Docket No. 25-00060-UT.

ARGUMENT

The Commission should conclude that prior approval of the Equity Transactions is not required under NMSA 1978, Section 62-6-12(A). In construing a statute, New Mexico courts look to a statute's language as well as the practical implications and legislative purpose of the statute.[1] For the reasons given below, TXNM argues that consistent with Legislative intent and statutory interpretation, Section 62-6-12(A) does not apply to the Equity Transactions at issue.

I. Section 62-6-12(A) Should Not Apply to Equity Issuances to Repay the Term Loan.

The Equity Transactions at issue in the Petition are solely to repay the Term Loan, which was TXNM's means of complying with the Commission's Final Order; TXNM must quickly repay the Term Loan to avoid credit rating downgrades. Based on the Commission's interpretation of Section 62-6-12(A)(3)(c), TXNM's proposed Equity Transactions would not trigger subsection (A)(3)(c)'s prior-approval requirement because the Equity Transactions are to repay outstanding debt and maintain a capital structure that supports financially healthy credit metrics for TXNM.

The Commission has concluded that to trigger the prior approval requirement under subsection (A)(3)(c), the following three elements must be satisfied:

> (1) stock of a public utility or public utility holding company is acquired;
>
> (2) the acquiring person is associated, affiliated, or acting in concert with a person that is subject to regulation or classified as a public utility or public utility holding company in any jurisdiction; and
>
> (3) the acquisition is undertaken for the purposes of an acquisition, merger, or consolidation subject to Section 62-6-12.[2]

As proposed, the Equity Transactions do not trigger a prior approval requirement.

The Final Order directed the Joint Applicants to effectuate the statutory consequence prescribed by Section 62-6-12(B) by unwinding the voided Financing Transaction.[3] As required,

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[1] *See Bishop v. Evangelical Good Samaritan Soc.*, 2009-NMSC-036, ¶ 11, 146 N.M. 473 ("[W]hen presented with a question of statutory construction, we begin our analysis by examining the language utilized by the Legislature, as the text of the statute is the primary indicator of legislative intent . . . We must also consider the practical implications and the legislative purpose of a statute . . . ." (internal quotations and citations omitted)).

[2] NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, at 10, ¶ 32 (July 2, 2026).

[3] NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, at 21, ¶ 61 (July 2, 2026).

TXNM unwound the Financing Transaction and repaid the $400 million owed to TopCo with funds from the Term Loan. Repaying TopCo through the Term Loan satisfied the Final Order's directive to unwind the Financing Transaction.[4] If TXNM were to retain this liability on its balance sheet for an extended period of time, then TXNM's credit rating would likely be downgraded—and with it, put at risk PNM's credit rating. TXNM is undertaking $400 million of Equity Transactions to repay the Term Loan and avoid these adverse consequences. Thus, the Equity Transactions are for the purposes of repaying the Term Loan to protect TXNM from the negative consequences associated with a credit rating downgrade. Any Equity Transactions related to the $400 million equity issuance will be undertaken in furtherance of these goals, not for the purpose of the pending Acquisition between TXNM and Troy. Therefore, regardless of whether the Equity Transactions occur through public registered offerings, including TXNM's ATM program, or through PIPE transactions with appropriate restrictions on third party investors, the Commission will not need to approve the Equity Transactions under Section 62-6-12(A).

II. Public Policy and Efforts to Apply Certain Restrictions to the Equity Transactions Support Commission Approval of the Petition.

TXNM intends to undertake additional measures for different types of Equity Transactions consistent with Section 62-6-12 to support approval of the Petition and the requested Commission finding that no prior approval is required. The Equity Transactions will be:

1. Publicly registered offering of TXNM shares through a bank or under TXNM's At-the-Market ("ATM") program; and/or
2. Private offering of TXNM shares through private placement transactions (commonly referred to as private investments in public equity, *i.e.*, "PIPE" transactions) between

[4] TXNM also cancelled the 8,000,000 shares of common stock granted to TopCo in exchange for the $400 million investment.

TXNM and third-party investor(s) other than Blackstone Infrastructure or its affiliated entities, public utilities or public utility holding companies.

TXNM will make efforts to avoid the types of transactions that would require Commission approval under Section 62-6-12. Specifically, TXNM will ensure that no PIPE transaction occurs with a public utility or a public utility holding company. Additionally, TXNM will exclude Blackstone Infrastructure and Blackstone affiliates from any PIPE transaction. Because TXNM can control who the opposite party is in private offerings, TXNM can avoid triggering the Commission approval requirements in Section 62-6-12(A) by imposing the restrictions described herein.

For registered offerings through a bank, TXNM will seek assurance from the bank that the bank made reasonable efforts to assure investors are not Blackstone Infrastructure or an affiliate thereof, or a public utility holding company or public utility. For the ATM program, TXNM has no involvement or oversight associated with these sales.[5]

Additionally, Blackstone Infrastructure affirms that it will not, and will cause its controlled affiliates not to, and will use reasonable best efforts to cause Blackstone and its affiliates not to acquire any shares of TXNM common stock in any public offering by TXNM (including pursuant to a registered underwritten offering or sales under TXNM's ATM program).[6]

As previously discussed, the Equity Transactions are solely for the purposes of repaying the Term Loan and maintaining TXNM's credit metrics—meaning these Equity Transactions are not for the purposes of the pending Acquisition. Furthermore, as a prudential matter, broadly

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[5] As noted in the Petition, an ATM is an equity issuance where a publicly traded company sells newly issued shares of its common stock into the existing public market through a designated broker at prevailing market prices. ATM buyers may purchase shares in blocks through brokers. Because of the public nature of these registered offerings through a broker, TXNM has no ability to control who purchases these shares.

[6] Please see attached affirmation of Sebastien Sherman.

regulating equity sales, particularly public offerings, before and after consummation would be costly, difficult, and would impact the marketability of all TXNM equity—and the equity of other public utilities and public utility holding companies in New Mexico. Such impact undermines the intent and purpose of the Public Utility Act.

The Public Utility Act's Declaration of Policy recognizes that public utilities are regulated and supervised to serve "the public interest, the interest of consumers and the interest of investors."[7] The Commission must consider customers, the public, and investors when making decisions about regulating utilities. Accordingly, not only must the regulation and supervision of public utilities ensure that services are provided at fair, just, and reasonable rates but also that capital and investment is "encouraged and attracted" for the benefit of the public and industry.[8] The New Mexico Supreme Court has affirmed these two goals.[9] Requiring approval of the Equity Transactions to repay the Term Loan under Section 62-6-12 would accomplish no regulatory end, except to add unnecessary regulatory expense, chill the marketability of utility equity in New Mexico, and ultimately, increase the cost of capital—harming customers, the public, and investors. The purpose and intent of the Public Utility Act is to support the public interest with regulatory interventions and processes that are beneficial. Thus, prior approval of every Equity Transaction to repay the Term Loan is not in accordance with the purpose and intent of the Public Utility Act.

Thus, because (1) the Equity Transactions are solely for the purposes of repaying the Term Loan; (2) where practicable, TXNM will exclude any entity potentially covered by Section 62-6-12(A); and (3) prior approval is inconsistent with the purpose and intent of the Public Utility Act,

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[7] NMSA 1978, § 62-3-1(B).
[8] NMSA 1978, § 62-3-1(B).
[9] *See S. Union Gas Co. v. New Mexico Pub. Serv. Comm'n*, 1972-NMSC-072, ¶ 2, 503 P.2d 310, 311.

the Commission should declare that the Equity Transactions to repay the Term Loan do not require Commission approval under Section 62-6-12(A).

III. Anticipated Arguments in Opposition to TXNM's Positions Stated Herein.

Pursuant to 1.2.2.21 NMAC, TXNM describes the arguments anticipated to be raised against the Petition.

Some parties may raise a type of "but for" argument, asserting that Section 62-6-12(A)(3)(c) applies to any Equity Transactions because had the Acquisition between TXNM and Troy never occurred, then the Financing Transaction would have never been unwound. As such, *arguendo*, any Equity Transaction resulting from the $400 million equity issuance to repay the Term Loan must be "for the purposes of" the Acquisition between TXNM and Troy.

This argument ignores the true purpose of the $400 million equity issuance and the Equity Transactions subject to the Petition—to repay the Term Loan and avoid potential downgrades of TXNM's credit agency ratings. As discussed above, the Term Loan was to comply with the Final Order's directive to unwind the Financing Transaction, and the Equity Transactions are in furtherance with such compliance. TXNM should have the ability to determine its appropriate equity ratio, which includes repaying the Term Loan to remove that liability on its balance sheet and avoid potential credit rating downgrades for TXNM. Thus, the purpose of the Equity Transactions is to avoid any adverse consequences associated with the Term Loan—not to support the Acquisition. Additionally, regardless of the status of the Acquisition, TXNM would need to either retain the Term Loan as a liability on its balance sheet or repay the Term Loan. Therefore, an argument that Commission approval under Section 62-6-12(A)(c)(3) is required for any Equity Transaction associated with the $400 million equity issuance to repay the Term Loan ignores the true purpose of the issuance and the Equity Transaction that will occur because of it.

Some parties may also argue that the Commission should not prophylactically declare that approval is not necessary for the Equity Transactions given that the circumstances of each Equity Transaction are not known at this time. The Commission should reject this argument, as it would be impractical for TXNM to apply for approval or seek a declaratory order for each separate Equity Transaction. Moreover, TXNM is taking steps to foster conformance with the relevant statute where practicable, as explained above. Mandating prior Commission approval pursuant to Section 62-6-12(A) for each of these Equity Transactions would serve no regulatory purpose and run contrary to the Public Utility Act's stated goal of encouraging capital and investment for the benefit of the public.[10] If the Commission determines that TXNM must assess each Equity Transaction to repay the Term Loan, TXNM, as well as PNM and other public utilities and public utility hold companies, will face reduced marketability of equity and availability of equity capital necessary to maintain investment grade status.

IV. The Commission Should Issue the Declaratory Order on the Specific Facts and Circumstances of this Case.

As stated in the Petition, the necessity of issuing equity to acquire equity capital at this time arises from a very specific set of facts and circumstances. Specifically, the Equity Transactions that are at issue in the accompanying Petition arise from the Term Loan, which remains on TXNM's books regardless of the status of the Acquisition. The Term Loan was effectuated to comply with the Final Order, which found that given the pendency of the Acquisition, the Financing Transaction between TopCo and TXNM was "for the purposes of" the pending Acquisition, necessitating prior express authorization under Section 62-6-12(A)(3)(c). Since prior approval was not obtained, the Financing Transaction was void and of no effect, and

[10] *See* NMSA 1978, § 62-3-1(B).

the Final Order required Joint Applicants to unwind the Financing Transaction. The Term Loan satisfied the unwinding of the Financial Transaction.

The Equity Transactions, on the other hand, are for the purposes of repaying the Term Loan and to protect TXNM and PNM from negative consequences associated with a credit rating downgrade. To support the public interest and avoid negative financial consequences for TXNM and PNM, the Commission should expeditiously issue a declaratory order on these specific facts that states that TXNM does not require prior Commission approval for the Equity Transactions associated with the $400 million equity issuance that will be used to repay the Term Loan and to maintain TXNM credit rating.[11]

CONCLUSION

TXNM's Petition meets the requirements of 1.2.2.21 NMAC and will resolve the uncertainty identified herein to support investment in New Mexico, avoiding potentially negative financial consequences for TXNM and PNM. For the foregoing reasons, TXNM respectfully requests that the Commission resolve the uncertainty by declaring that any prior approval

[11] The need for expeditious action is complicated by the Securities and Exchange Commission ("SEC") regulations, which restrict the selling of securities during blackout periods to avoid insider trading when a public company has material, non-public information. Insiders that trade in company stock on the basis of nonpublic information violate section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. *See Chiarella v. United States,* 445 U.S. 222, 228-31 (1980) (summarizing settled case law on question of company insiders trading on material informational advantage)*; see also M. Todd Henderson, Insider Trading and CEO Pay,* 64 Vand. L. Rev. 505, 551 (2011). The U.S. Supreme Court has held that an executive's role of trust and confidence "gives rise to a duty to disclose [or abstain from trading] because of the 'necessity of preventing a corporate insider from . . . tak[ing] unfair advantage of . . . uninformed . . . stockholders."' *Id.* at 228-29 (quoting *Speed v. Transamerica Corp*., 99 F. Supp. 808, 829 (D. Del. 1951)). While not explicitly required by SEC rules, blackout periods are nearly universally adopted by public companies to prevent key insiders from trading leading up to the announcement of earnings, which is a point in time when they are most likely to have material non-public information. Thus, TXNM restricts the sale of SEC-registered securities every quarter and will apply the blackout period from late September through the issuance of the third quarter Form 10-Q. Navigating these blackout periods could cause further delay of the required equity to repay the Term Loan. TXNM believes that if the Commission acts expeditiously and issues a final order within 30 days of this filing, it will be able to sell the shares of stock associated with the $400 million equity issuance without undue delay and in time to avoid the upcoming blackout period.

requirement pursuant to Section 62-6-12(A) does not apply under the specific facts and circumstances of this case for the Equity Transactions that are the subject of the Petition.

Respectfully submitted this 31st day of July 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO

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GCG#535636

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF TXNM ENERGY INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL	)	
	)	**Docket No. 26-00___**
TXNM ENERGY, INC.,	)	
Petitioner.	)	

AFFIRMATION OF HENRY E. MONROY IN SUPPORT OF TXNM ENERGY, INC.'S PETITION FOR DECLARATORY ORDER

I, Henry E. Monroy, hereby submit this Affirmation under penalty of perjury and state as follows:

1. I am over the age of 18 years and am competent to testify concerning the matters in this Affirmation, which are based on my own personal knowledge and belief.

2. I am a Senior Vice President and Chief Financial Officer for Public Service Company of New Mexico ("PNM" or the "Company") and TXNM Energy, Inc. ("TXNM"). I submit this Affirmation in support of the factual assertions made in the TXNM Energy, Inc.'s Petition for Declaratory Order ("Petition").

3. By this Affirmation, I am affirming the factual information asserted by TXNM in the Petition is true and correct to the best of my knowledge and belief.

4. In my role as Senior Vice President and Chief Financial Officer, this Affirmation also supports the statements in the Petition that expeditious Commission action is needed to avoid adverse financial consequences for TXNM and PNM. I urge the Commission to issue a declaratory order so that TXNM can raise $400 million in equity through sales of shares of TXNM common stock ("Equity Transactions") to repay TXNM's $400 million term loan ("Term Loan") with Wells Fargo Bank,

National Association to comply with the Commission's Final Order on Show Cause Proceeding ("Final Order") issued on July 2, 2026, in Case No. 25-00060-UT.

FURTHER AFFIANT SAYETH NAUGHT.

I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements of fact are true and correct to the best of my knowledge and belief.

DATED: July 31, 2026

/s/ Henry E. Monroy
Henry E. Monroy

GCG#535631

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF TXNM ENERGY INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL	)	
	)	**Docket No. 26-00___**
TXNM ENERGY, INC.,	)	
Petitioner.	)	

AFFIRMATION OF SEBASTIEN SHERMAN IN SUPPORT OF TXNM ENERGY, INC.'S PETITION FOR DECLARATORY ORDER

I, Sebastien Sherman, being first duly sworn, depose and state as follows:

1. I am over the age of 18 years and am competent to testify concerning the matters in this Affirmation, which are based on my own personal knowledge and belief.

2. I am employed by Blackstone Inc. ("Blackstone") as a Senior Managing Director. My business address is 345 Park Avenue, 16th Floor, New York, NY 10154. I lead the team within Blackstone that focuses primarily on investments made by Blackstone Infrastructure in the utilities and transportation sectors in North America. Troy TopCo LP ("TopCo") is a wholly owned subsidiary of Blackstone Infrastructure, and TopCo is the indirect parent of Troy ParentCo LLC ("Troy") and indirectly owns all of the equity interests of Troy.

3. I certify, on behalf of Troy and its affiliates, Blackstone Infrastructure will not, and will cause its controlled affiliates not to, and will use reasonable best efforts to cause Blackstone and its affiliates not to acquire any shares of TXNM Energy, Inc. ("TXNM") common stock in any public offering by TXNM (including pursuant to a registered underwritten offering or sales under TXNM's At-The-Market program).

FURTHER AFFIANT SAYETH NOT.

SELF AFFIRMATION

I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements of fact are true and correct to the best of my knowledge and belief.

SIGNED this 31st day of July, 2026.

/s/*Sebastien Sherman*
Sebastien Sherman

GCG#535634

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF TXNM ENERGY, INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL	)	
	)	**Docket No. 26-00___**
TXNM ENERGY, INC.,	)	
Petitioner.	)	

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **TXNM Energy, Inc.'s Petition and Brief For Declaratory Order** was emailed to parties listed below on July 31, 2026:

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Dated this 31st day of July, 2026.

By: /s/ *Justin Rivord*
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GCG#535605