

Q3 2012 Earnings Presentation



November 2, 2012



Safe Harbor Statement

Statements made in this presentation that relate to future events or PNM Resources' ("PNMR"), Public Service Company of New Mexico's ("PNM"), or Texas-New Mexico Power Company's ("TNMP") (collectively, the "Company") expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K and Form 10-Q filings with the Securities and Exchange Commission, which are specifically incorporated by reference herein.

Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures that appear on certain slides in this presentation (ongoing earnings and ongoing earnings per diluted share), as well as a reconciliation to GAAP measures, please refer to the Company's website as follows:

<http://www.pnmresources.com/investors/results.cfm>.

Opening Remarks & Overview

Pat Vincent-Collawn

Chairman, President and CEO

Q3 2012 Financial Results

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Ongoing EPS	\$0.69	\$0.61	\$1.18	\$0.85
GAAP EPS	\$0.72	\$0.48	\$1.20	\$0.70

- Improved earnings at PNM due to increased retail rates and cost control
- Renewable energy rider approved and implemented
- Strong TNMP weather-normalized load growth tempered by cooler weather in Texas

Load Growth and Economic Conditions

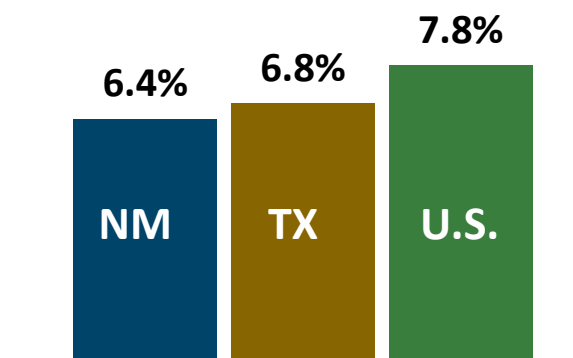
Regulated Retail Energy Sales Growth

(weather-normalized)

	Q3 2012 vs. Q3 2011		Q3 YTD 2012 vs. Q3 YTD 2011		12-Month Rolling Average	
	PNM ⁽¹⁾	TNMP ⁽²⁾	PNM ⁽¹⁾	TNMP ⁽²⁾	PNM ⁽¹⁾	TNMP ⁽²⁾
Residential	0.0%	4.6%	0.0%	6.0%	0.6%	5.1%
Commercial	(0.4%)	6.3%	0.3%	3.2%	0.4%	2.2%
Industrial	(0.6%)	N/A	0.9%	N/A	2.0%	N/A
Total Retail	(0.3%)	3.7%	0.2%	4.1%	0.6%	3.2%

YTD Residential and Commercial Average Customer Growth	
PNM	TNMP
0.3%	0.6%

Unemployment Rate ⁽³⁾



⁽¹⁾ Excludes Economy Service customers

⁽²⁾ Excludes Transmission Service end-users

⁽³⁾ U.S. Bureau of Labor Statistics, September 2012

PNM Regulatory Update

Item	Action	Expected Timing	Docket No.
PNM renewable energy rider	Rider approved; rates implemented	August 20	12-00007-UT
PNM 2013 renewable energy plan	Awaiting NMPRC final decision	November 30	12-00131-UT
Decoupling rulemaking	Two workshops complete; rule not issued	TBD	12-00144-UT
Future-test-year rulemaking	Awaiting draft order and final decision	Year-end 2012	12-00029-UT
FERC transmission case	Settlement filed July 3; ALJ certified settlement	Awaiting FERC final approval	ER11-1915-002, et. al
FERC generation case (Navopache Electric Cooperative, Inc.)	Confidential settlement in principle reached, finalizing settlement agreement	Q4 2012	ER11-4535-000 and ER12-72-000

PRC Candidates

- District 1
 - Christopher Ocksrider (R)
 - Karen Montoya (D)
- District 3
 - Valerie Espinoza (D)

Constitutional Amendments

- Amendment 2: Establish minimum qualifications regarding education and/or relevant work experience
- Amendment 3: Place oversight of corporations with the Secretary of State's office instead of NMPRC
- Amendment 4: Create appointed Superintendent of Insurance position to regulate insurance companies instead of NMPRC

San Juan BART Update

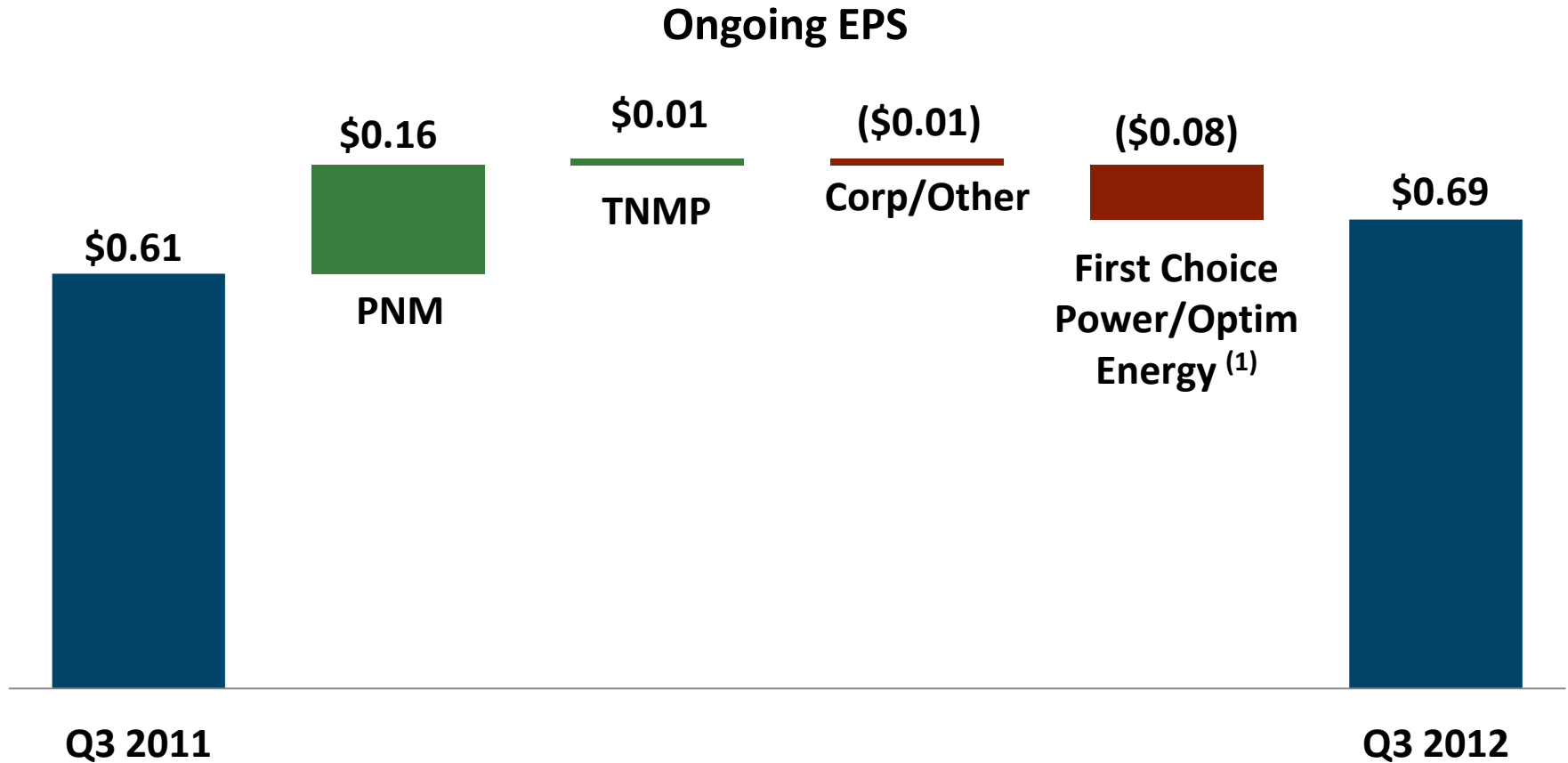
- PNM is simultaneously moving forward on three paths to resolve BART
 - Install SCRs
 - State alternative plan
 - Litigation
- State's alternative proposal
 - Retire Units 1 and 2 by year-end 2017
 - SNCRs installed on Units 3 and 4 by year-end 2017
- EPA “stay” extended additional 45 days
 - “Stay” expires November 29, 2012
 - No extension of compliance date
- 10th Circuit litigation
 - Oral arguments held on October 23, 2012

Financial Overview

Chuck Eldred

Executive Vice President and CFO

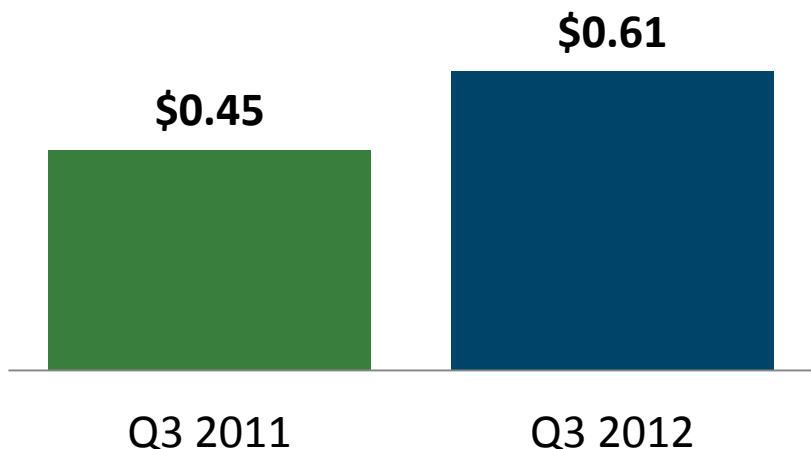
Q3 2012 Financial Summary



⁽¹⁾ After August 31, 2011 Optim Energy's financial results were not included in PNM Resources' ongoing earnings results. Sale of First Choice Power was completed on November 1, 2011.

PNM and TNMP: Q3 2012 vs Q3 2011 EPS (Ongoing)

PNM



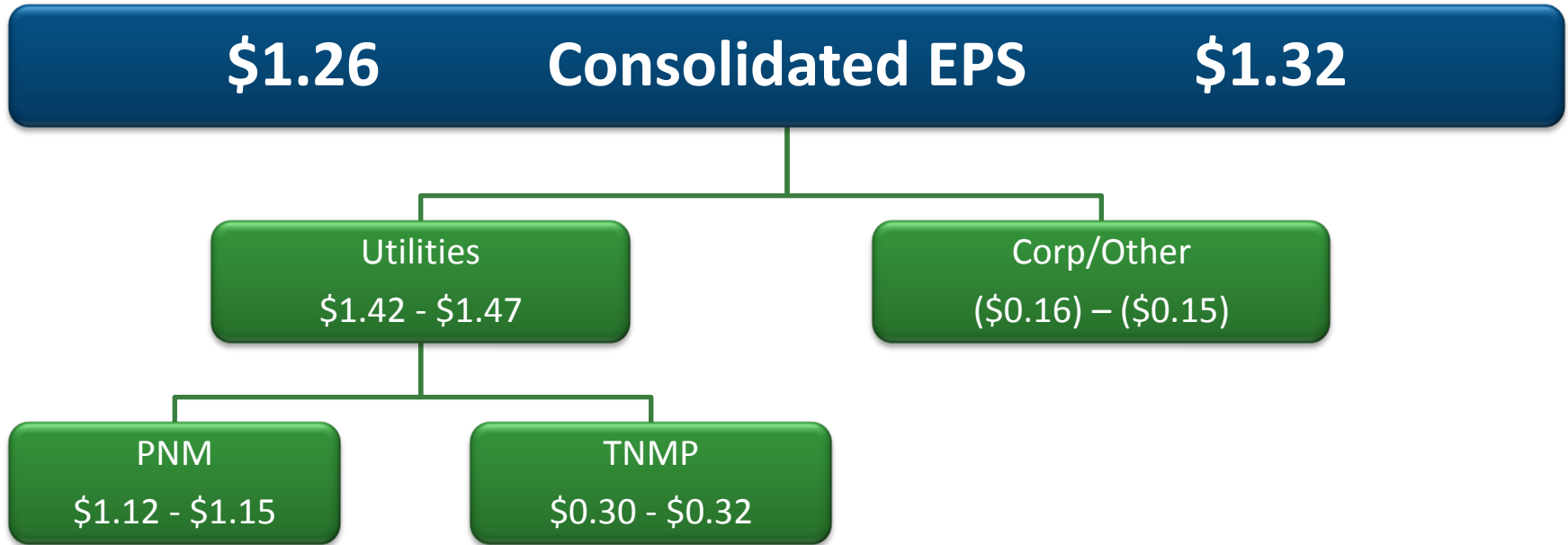
Q3 2012 Key Performance Drivers	Δ EPS
Retail rate relief and renewable rider	\$0.04
O&M reductions	\$0.03
FERC generation rate relief	\$0.01
Palo Verde Nuclear Decommissioning Trust	\$0.01
AFUDC	\$0.01
Other	\$0.02
Palo Verde 3 market price	(\$0.01)
Interest expense	(\$0.01)
Weather	(\$0.02)
PNM Resources share repurchase	\$0.08

TNMP



Q3 2012 Key Performance Drivers	Δ EPS
Load	\$0.02
Weather	(\$0.02)
PNM Resources share repurchase	\$0.01

Narrowing 2012 EPS Guidance Range (Ongoing)



Liquidity as of October 26, 2012

	PNM Resources	PNM	TNMP	PNM Resources Consolidated
Financing Capacity:	(In millions)			
Revolving credit facility	\$300.0	\$400.0	\$75.0	\$775.0
As of 10/26/12:				
Short-term debt and LOC balances	\$117.7	\$3.5	\$0.3	\$121.5
Remaining availability	182.3	396.5	74.7	653.5
Invested cash	-	6.6	-	6.6
Available liquidity as of 10/26/12:	\$182.3	\$403.1	\$74.7	\$660.1

Key Strategic Goals and 2012 Checklist

Strategic Goals

Earn Authorized Return on our Regulated Businesses

Continue to Improve Credit Ratings

Provide Top Quartile Total Return

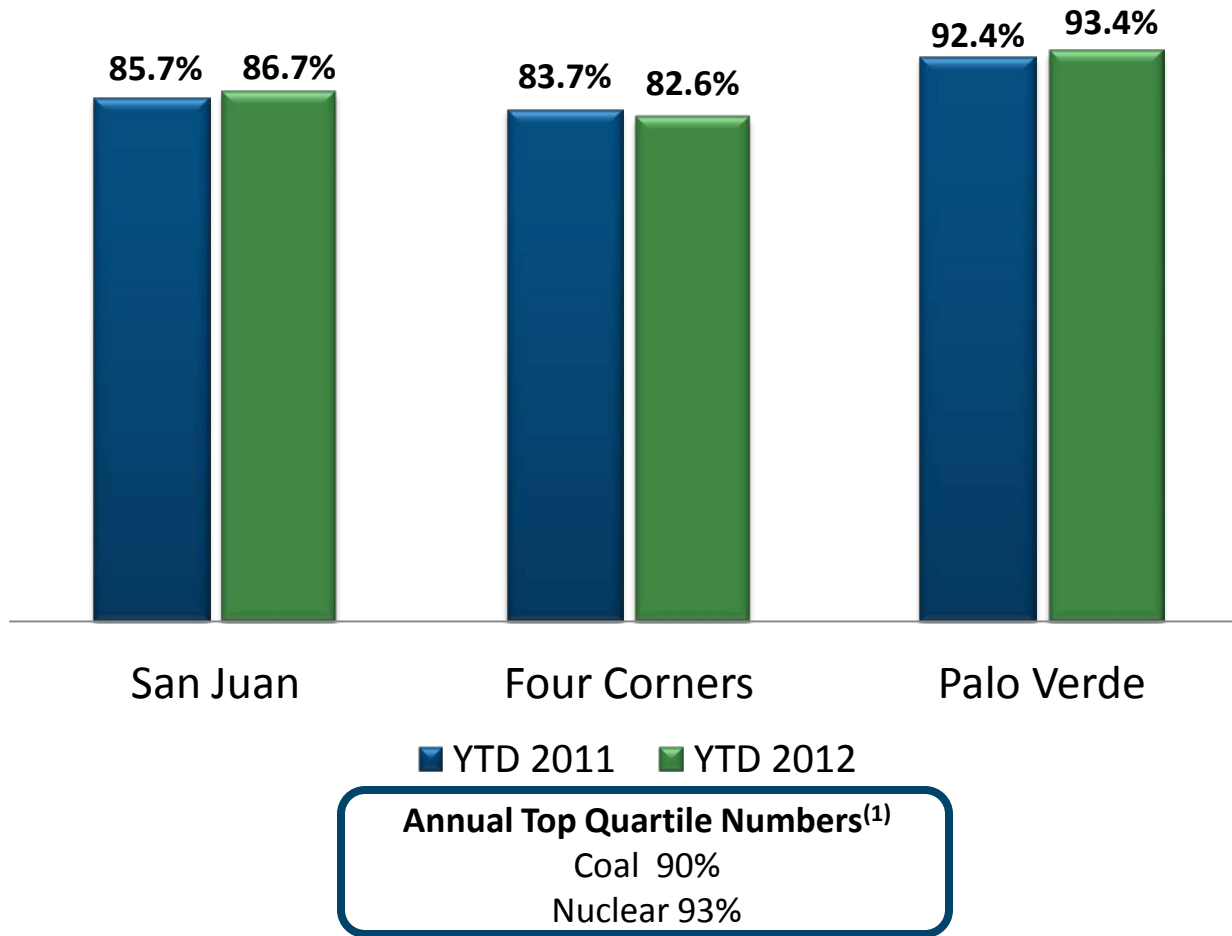
2012 Checklist

- Achieve successful outcomes in:
 - PNM future test year rulemaking
 - PNM FERC transmission rate case
 - PNM FERC generation rate case
 - PNM renewable rider
- Maintain strong electric reliability and power plant availability
- Control O&M and capital costs

Questions & Answers

Appendix

PNM Plant EAF and Outages



2012 and 2013 Outage Schedule

Unit	Duration in Days	Time Period
San Juan		
2	47	Q1 – Q2 2012
3	57	Q3 – Q4 2012
4	54	Q1 – Q2 2013
1	40	Q4 2013
Four Corners		
5	17	Q2 2012
4	21	Q2 2013
Palo Verde		
3	32	Q1 - Q2 2012
2	36	Q4 2012
1	36	Q1 – Q2 2013
3	36	Q3 – Q4 2013

⁽¹⁾Annual top quartile numbers from the North American Electricity Reliability Corporation as of September 2012.

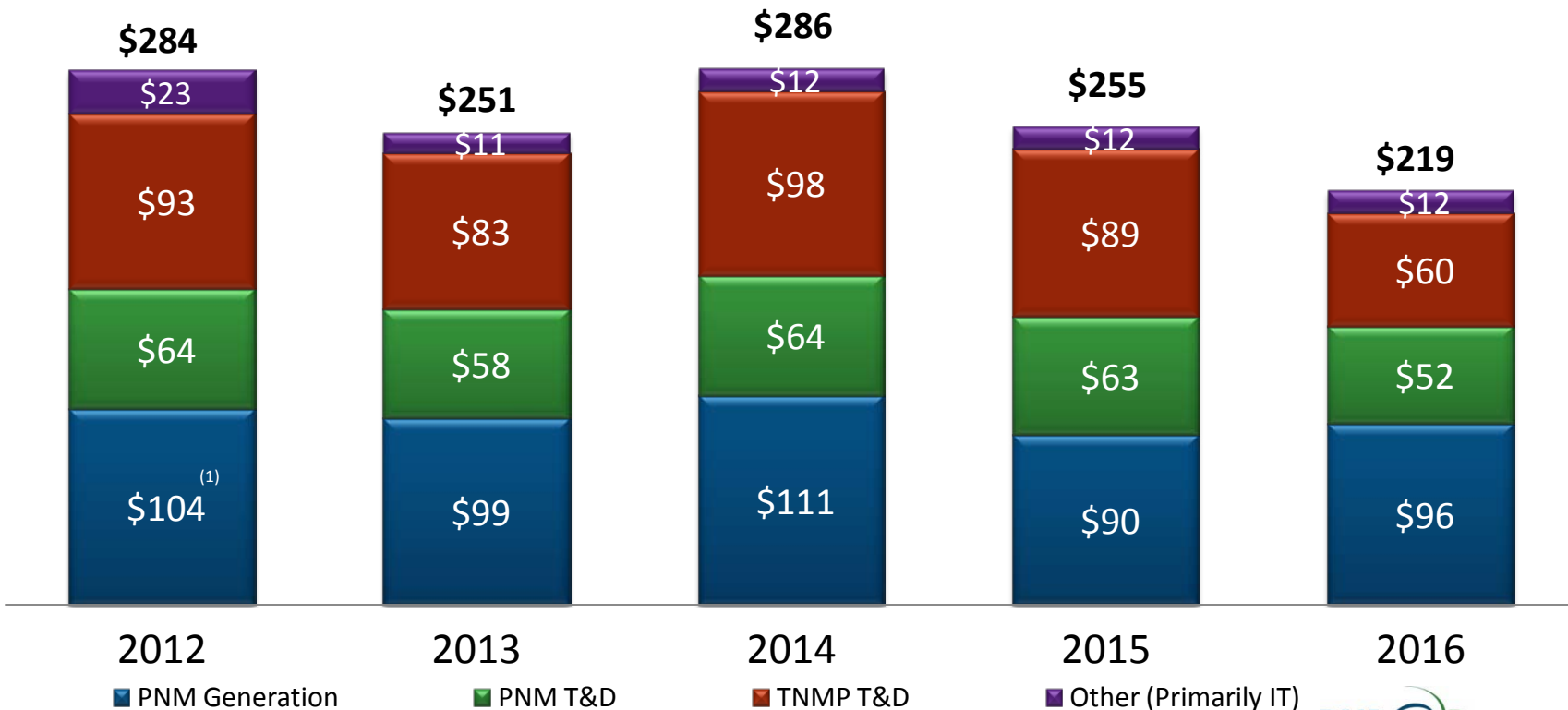
PNM Resources 5-Year Capital Plan

Amounts do not include potential capital spending in 2013 – 2016 at PNM for SCRs, renewables and additional peaking capacity

(In millions)

2012 - 2016
Total Capital Plan: \$1.3B

2012 Depreciation: \$146M



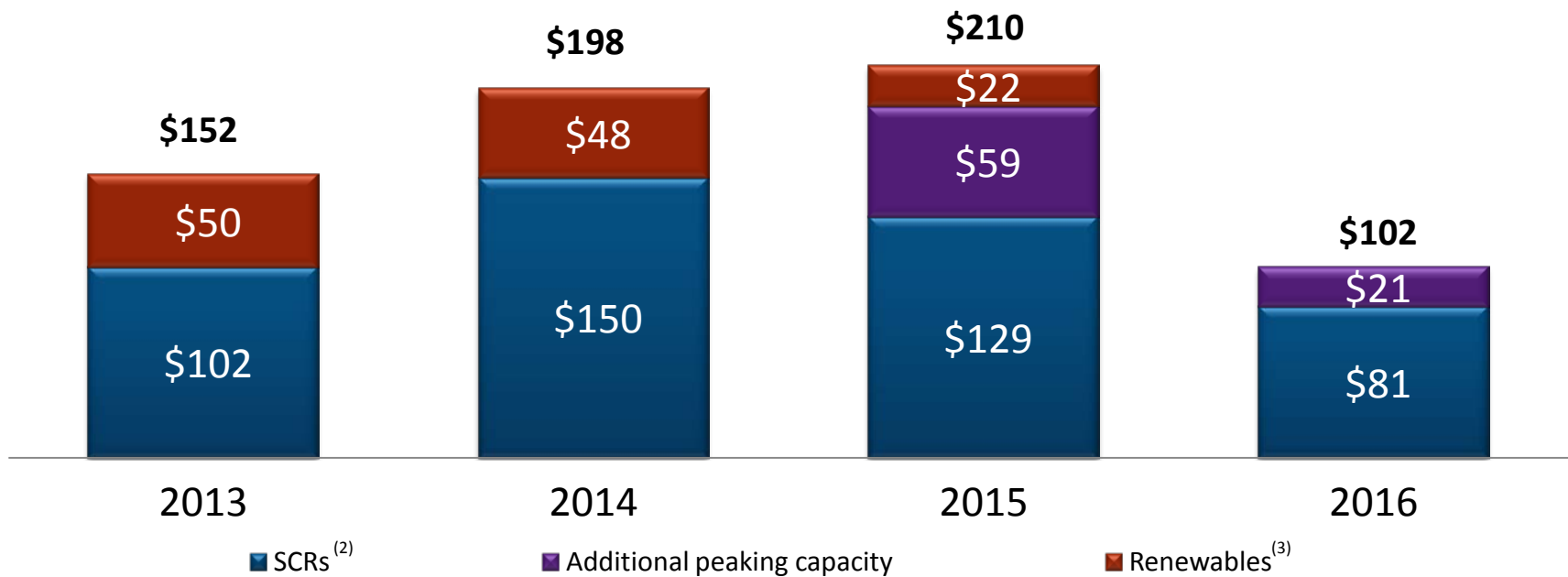
⁽¹⁾ Includes \$2.5M for SCRs in 2012.
Amounts may not add due to rounding.

PNM Resources Potential Capital Additions

2013 - 2016

Total Potential Capital⁽¹⁾: \$0.7B

(In millions)



⁽¹⁾ Amounts are representative of high-end of the potential range.

⁽²⁾ PNM's portion of SCRs for San Juan and Four Corners. Depending on BART outcomes, capital spending may differ from amounts shown.

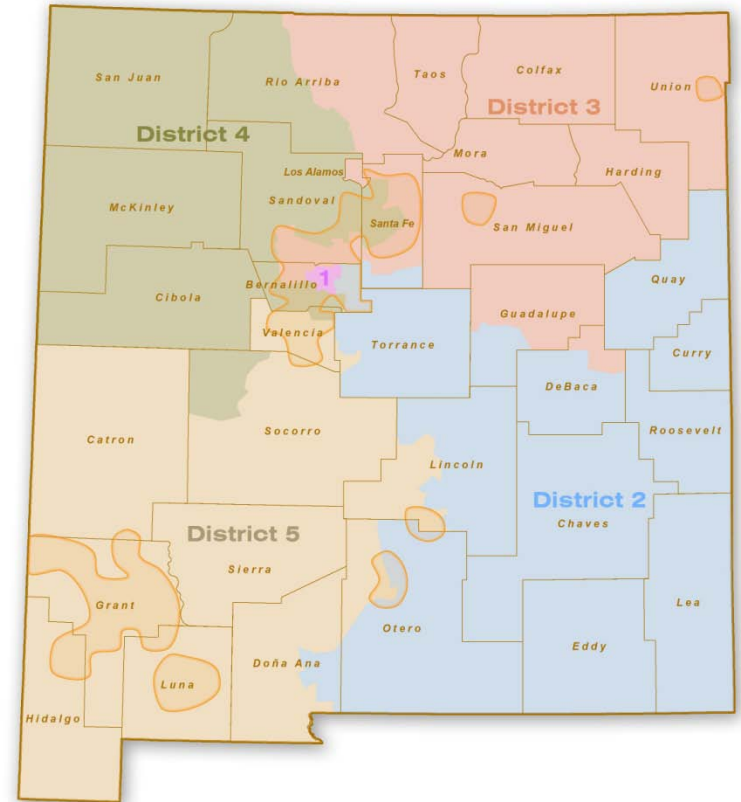
⁽³⁾ Updated for recent renewable plan filing.

Regulatory Information

NMPRC Commissioners and Districts

Name	District	Term Ends	Party
Jason Marks ⁽¹⁾	District 1	2012	Democrat
Patrick Lyons Chairman	District 2	2014	Republican
Douglas Howe ⁽²⁾	District 3	2012	Independent
Theresa Becenti-Aguilar Vice Chair	District 4	2014	Democrat
Ben Hall	District 5	2014	Republican

**NMPRC Districts and
PNM Service Areas**



Commissioners are elected to four-year terms and are limited to serving two consecutive terms.

⁽¹⁾ District 1 Candidates: Karen Montoya (D) and Christopher Ocksrider (R)

⁽²⁾ District 3 Candidate: Valerie Espinoza (D) (Unopposed)

Election day is November 6, 2012.

Public Utility Commission of Texas Commissioners

Name	Term Began	Term Ends	Party
Donna Nelson Chairman	Aug. 2008	Aug. 2015	Republican
Kenneth Anderson	Sept. 2008	Aug. 2017	Republican
Rolando Pablos	Sept. 2011	Aug. 2013	Republican

Commissioners are appointed by Governor of Texas. Length of term is determined by the Governor.

Utility Rate Base and Return

PNM	Test Period ⁽¹⁾	Rate Base in Filing	Projected 2012 Avg. Rate Base	% of Rate Base	Allowed Equity Ratio	ROE	Increase
Retail							
Current Rates	June 30, 2010	\$1.8B	\$1.8B	86%	51.28%	10.00%	\$72.1M
Renewables ⁽²⁾	Dec. 31, 2011	\$68M	\$74M	4%	50.61% ⁽²⁾	10.00% ⁽²⁾	\$18.0M ⁽²⁾
FERC Transmission							
Current Rates ⁽³⁾	Dec. 31, 2011	\$147.2M ⁽³⁾	\$153M	7%	51.00% ⁽⁴⁾	10.00% ⁽⁴⁾	\$2.9M ⁽⁴⁾
FERC Generation ⁽⁵⁾							
Current Rates ⁽⁶⁾	Dec. 31, 2012	\$67.6M	\$68M	3%	49.46% ⁽⁶⁾	11.00% ⁽⁶⁾	\$8.7M ⁽⁶⁾
TNMP	Test Period	Rate Base in Filing	Projected 2012 Avg. Rate Base	% of Rate Base	Allowed Equity Ratio	ROE	Increase
Retail Rates ⁽⁷⁾	Mar. 31, 2010 ⁽¹⁾	\$332.1M	\$346.5M	71%	45.00%	10.125%	\$8.3M
TCOS	Apr. 1, 2010 – June 30, 2012	\$142.6M	\$139.8M	29%	45.00%	10.125%	\$2.5M

⁽¹⁾ Period is for the 12 months ending on stated date.

⁽²⁾ Rates implemented August 20, 2012. The renewable energy rider is capped in 2012 and 2013 at \$18M and \$24.6M, respectively, under the stipulation in PNM's 2010 electric rate case.

⁽³⁾ Rates implemented June 1, 2011, subject to refund pending final order by FERC. Values represent settled amounts.

⁽⁴⁾ PNM agreed to and filed a "black box" settlement of \$2.9M rate increase on July 3, 2012. The settlement did not include a stated allowed equity ratio or ROE. The implied ROE is 10%. Rate base amount based on actual 2011 results.

⁽⁵⁾ FERC Generation is comprised of three separate wholesale customer contracts under the jurisdiction of FERC: Navopache Electric Cooperative, Inc., City of Gallup, and City of Aztec.

⁽⁶⁾ Reflects the amount of annual increase filed with FERC under an unexecuted amended sales agreement between PNM and Navopache Electric Cooperative, Inc., which represents 62% of the total FERC Generation rate base amount. The increase for Navopache was implemented April 14, 2012, subject to refund.

⁽⁷⁾ The 2010 general rate case also included a \$1.9M TCOS increase.



Balance Sheet and Credit Metrics

Selected Balance Sheet Information

(In millions)	Dec 31, 2011	Sep 30, 2012
Long-Term Debt (incl. current portion)		
PNM	\$1,215.5	\$1,215.6
TNMP	311.0	311.4
PNMR	147.5	147.5
Consolidated	\$1,674.0	\$1,674.5
Total Debt (incl. short-term) ⁽¹⁾		
PNM	\$1,281.5	\$1,215.6
TNMP	311.0	311.4
PNMR	164.2	260.9
Consolidated	\$1,756.7	\$1,787.9

⁽¹⁾ Excludes inter-company debt

Credit Ratings

Moody's

	PNMR	PNM	TNMP
Debt rating	Ba1 ⁽¹⁾	Baa3 ⁽¹⁾	A3 ⁽²⁾
Outlook	Stable	Stable	Stable

S&P

	PNMR	PNM	TNMP
Debt rating	BB+ ⁽¹⁾	BBB- ⁽¹⁾	BBB+ ⁽²⁾
Outlook	Stable	Stable	Stable

⁽¹⁾ Senior unsecured debt

⁽²⁾ Senior secured debt

Environmental Compliance

San Juan Generating Station BART

The U.S. Environmental Protection Agency's (EPA) Clean Air Act requires regional haze reduction at national parks and wilderness areas

- Compliance should be achieved through Best Available Retrofit Technology (BART)
- San Juan Generating Station's alternatives for BART compliance (must be compliant by September 21, 2016)
 - Selective Catalytic Reduction
 - Mandated by EPA
 - Estimated total plant cost \$824M to \$910M
 - Selective Non-Catalytic Reduction
 - Proposed by State of New Mexico
 - Estimated total plant cost of \$85M to \$90M
 - Third Alternative
 - State settlement proposal calls for:
 - Retirement of Units 1 and 2 by year-end 2017
 - SNCR installation on Units 3 and 4 by year-end 2017
 - EPA stay extended 45 days to develop a third compliance alternative
 - Stay expires November 29, 2012
- Petition for review of EPA mandate filed with U.S. Court of Appeals, 10th Circuit
 - Oral arguments held on October 23, 2012

Environmental Control Equipment at Coal Units

Coal Unit	PNM Share Capacity (MW)	Low NOx Burners/ Overfired Air	Activated Carbon Injection ⁽¹⁾	SNCR ⁽²⁾	SCR ⁽²⁾	Baghouse ⁽³⁾	Scrubbers
San Juan Unit 1	170	X	X			X	X
San Juan Unit 2	170	X	X			X	X
San Juan Unit 3	249	X	X			X	X
San Juan Unit 4	194	X	X			X	X
Four Corners Unit 4	97.5	Pre-2000 low NOx burners-considered outdated				X	X
Four Corners Unit 5	97.5	Pre-2000 low NOx burners-considered outdated				X	X

⁽¹⁾ Activated carbon injection systems reduce mercury emissions. For San Juan, the installation was completed in 2009, as part of a 3-year, \$320M environmental upgrade.

⁽²⁾ SNCR refers to selective non-catalytic reduction systems. SCR refers to selective catalytic reduction systems. Both systems reduce NOx emissions.

⁽³⁾ Baghouses collect flyash and other particulate matter. For San Juan, the installation was completed in 2009, as part of a 3-year, \$320M environmental upgrade.

Impact of Proposed Environmental Regulation

	Estimated Compliance Costs (PNM Share)	Comments
San Juan Generating Station		
Clean Air Act – Regional Haze (FIP) – SCR	~\$385M - \$425M	See “San Juan – BART Timeline” slide
Clean Air Act – Regional Haze (SIP) – SNCR	~\$40M - \$42M	State of NM submitted with EPA in early July 2011
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	Included in SCR estimated project costs ⁽¹⁾	BART upgrade would assist with compliance with NAAQS
Mercury Rules (MATS) (proposed)	None to minimal	Testing shows 99% removal
Resource Conservation and Recovery Act – Coal Ash (proposed)	Significant exposure	A hazardous waste designation of coal ash could result in significant costs to comply
Clean Water Act – 316(b) (proposed)	Minimal to some exposure	Performing analysis to determine cost of compliance
Four Corners (Units 4 and 5)		
Clean Air Act – Regional Haze - SCR	~\$69M	APS in negotiations with EPA
Mercury Rules (MATS) (proposed)	Slight exposure	APS evaluating options
Resource Conservation and Recovery Act – Coal Ash (proposed)	Significant exposure	A hazardous waste designation of coal ash could result in significant costs to comply
Clean Water Act – 316(b) (proposed)	Some exposure	Performing analysis to determine cost of compliance

⁽¹⁾ PNM’s share of installing NAAQS technology in connection with installing SNCRs on four units of San Juan is \$48M - \$50M.