



Investor Presentation

April 2014



Contact Information and Safe Harbor Statement

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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, ongoing earnings per diluted share, and ongoing EBITDA), as well as a reconciliation to GAAP measures, please refer to the Company's website as follows: <http://www.pnmresources.com/investors/results.cfm>

Strategic Overview

PNM Resources Overview

NYSE Ticker PNM
Market Cap \$2.1B



- Energy holding company
- Based in Albuquerque, New Mexico



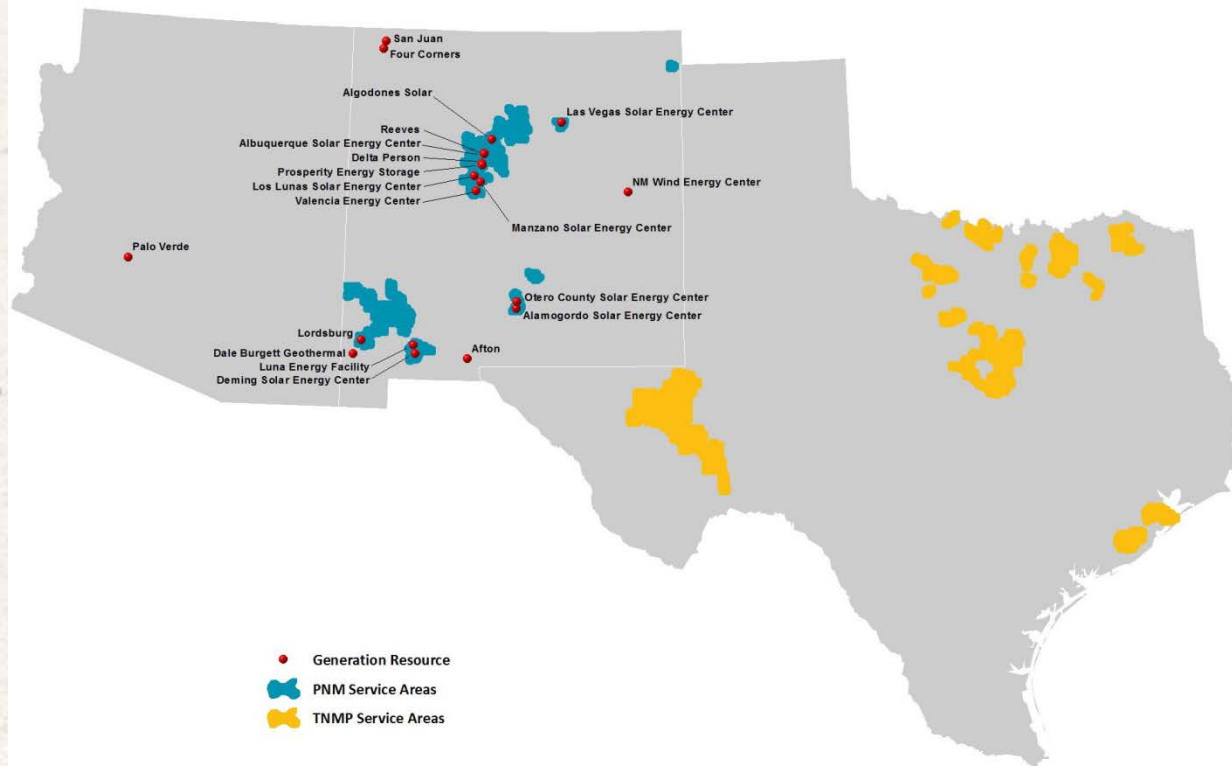
- Located in New Mexico
- 509,879 customers
- 14,696 miles transmission and distribution lines
- 2,572 MW generation capacity
- Top quartile reliability
- Affordable rates



- Located in Texas
- 236,399 end-users
- 9,137 miles transmission and distribution lines
- Top quartile reliability
- Affordable rates

PNM Resources is a regulated electric utility holding company focused on providing a top quartile total return to shareholders

Generation Resources and Service Territories



PNM Resources Strategic Direction

Strategic Goals

**Earn Authorized
Return on our
Regulated Businesses**

**Continue to Improve
Credit Ratings**

**Provide Top Quartile
Total Return**

2011

Repositioned as a pure-play electric utility through competitive business exit

2012

Efficient execution of strategic redirection of business

2013 - 2015

Strategic shift and regulatory successes strengthen financial position

Future

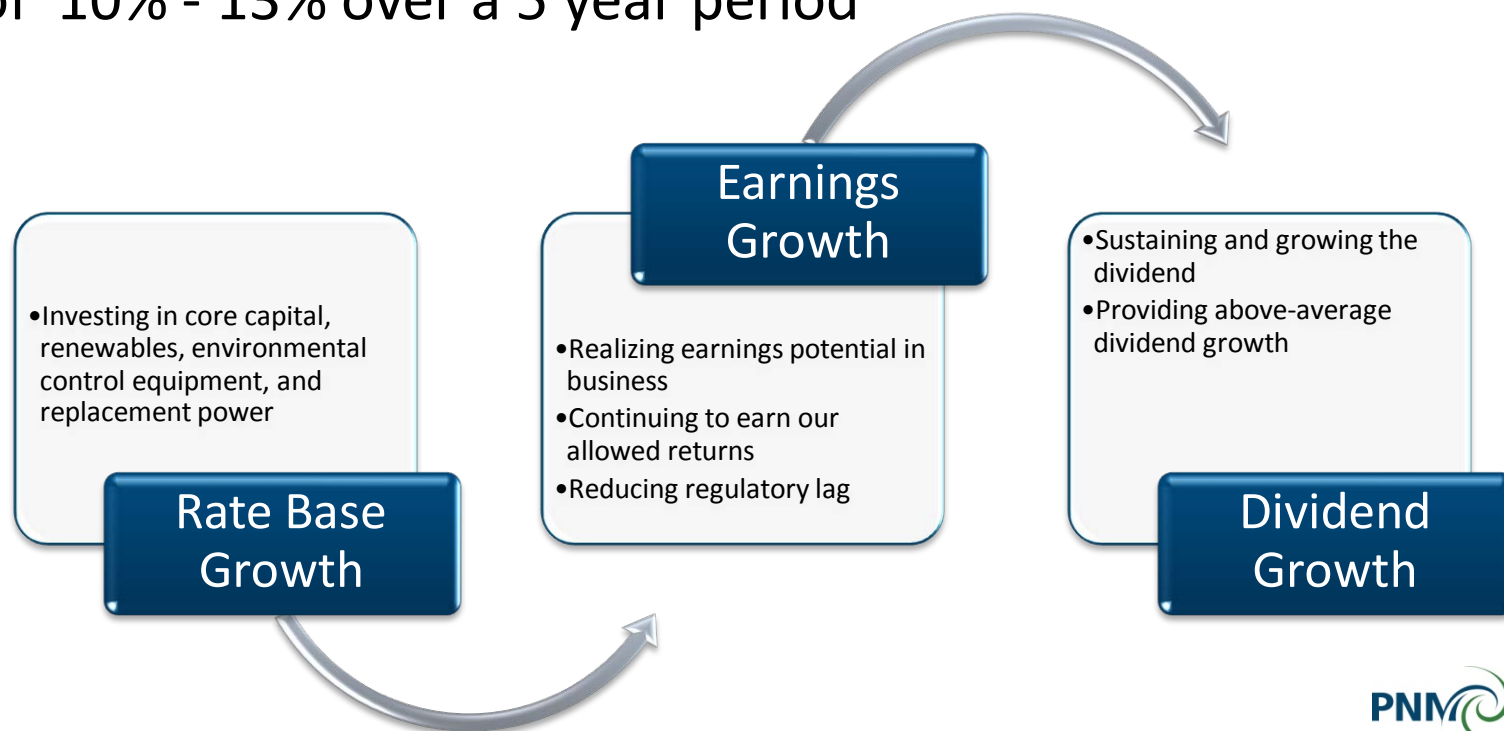
Well positioned for above average EPS and dividend growth

Delivering Top Quartile Returns

Long-term goal:

Provide top quartile total return to shareholders

- Total return is 5-year ongoing EPS growth + 5-year average dividend yield
- Top quartile total return currently equal to an average annual rate of 10% - 13% over a 5 year period⁽¹⁾



⁽¹⁾ Beginning in 2012

Rate Base Growth: Capital Forecast

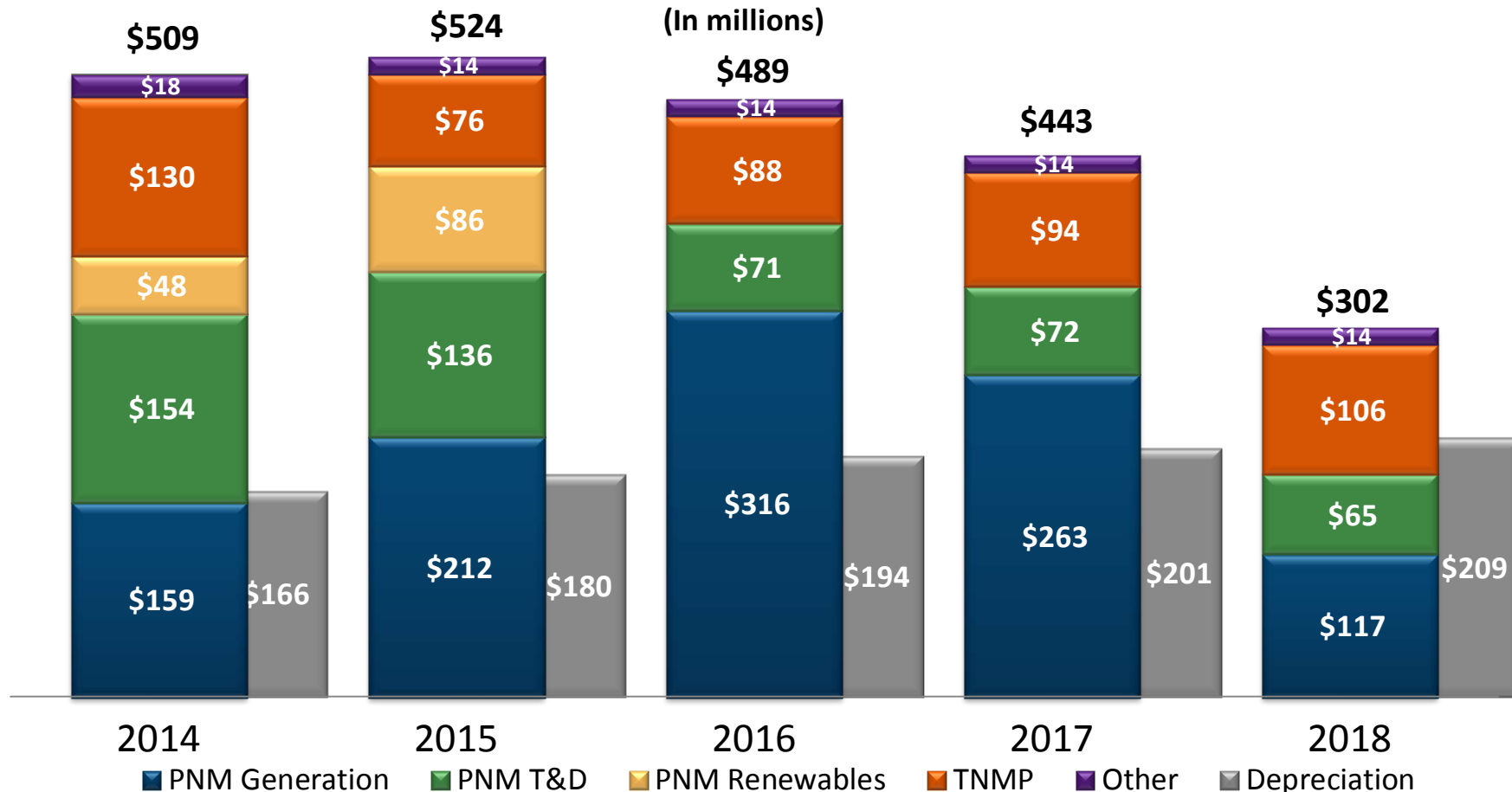
2014 – 2018 Total Capital Plan: \$2.2B

PNM Rate Base CAGR: 6 - 8%

TNMP Rate Base CAGR: 5 - 7%

5 Year Capital Forecast

(In millions)



Amounts may not add due to rounding

Rate Base Growth: Investment in Renewable Energy

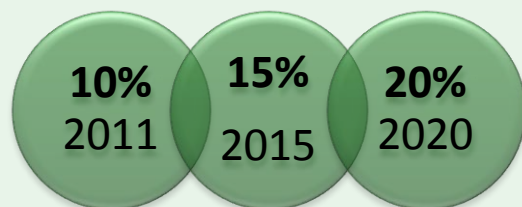
2011 – 2013

\$140M of renewable investments were placed in service.

2014 – 2015

Additional renewable investments will make up 6% of PNM's 5-year core capital.

Portfolio Standards as a % of Retail Sales



New Mexico Renewable Energy Act

- Streamlined proceedings for approval of utilities' renewable energy procurement plans
- Provides for recovery of program costs under approved procurement plan

Renewable Rider Collection Methodology

- Recovery of renewable investments and REC purchases through Renewable Energy Rider

Owned Renewable Facilities

- 44 MW PNM-owned facilities currently in service
- Solar battery storage facility

Purchase Power Agreements (PPA)

- 204 MW agreement with NextEra Energy's Wind Center
- 10 MW agreement with Lightning Dock Geothermal
- Customer-owned solar facilities

2014 Renewable Procurement Plan

- Construction of 23 MW additional owned solar capacity
- 102 MW PPA with NextEra Energy's Red Mesa
- Additional customer-owned solar facilities

2015 Expected Investment

- 40 MW additional owned solar capacity

BART Agreement Update

RSIP and BART Filing Components

- ☐ Retirement of San Juan Units 2 and 3 and recovery of expected 12/31/17 undepreciated investments (\$205M)
- ☐ Installation of SNCR technology on San Juan Units 1 and 4 (\$82M)
- ☐ CCNs for Palo Verde Unit 3 (\$2,500/kW) and at least 78 MW of San Juan Unit 4
- ☐ Proposed replacement power: 177 MW gas peaker (\$189M) and 40 MW solar facility (\$87M)

EPA Review of RSIP

- ☐ **December 17, 2013:**
Application deemed complete
- ☐ **By May 1, 2014:**
EPA proposed action expected
- ☐ **By September 29, 2014:**
EPA final action expected

NMPPRC Review of BART Filing

- ☐ **December 20, 2013:**
PNM submitted filing to NMPPRC
- ☐ **2014:**
NMPPRC review
 - July 7, 2014: Staff and Intervener testimony due
 - August 19 – 29, 2014: Hearing with Hearing Examiner
 - Year End 2014: Final Order expected

Settlement discussions may occur at any time.

Potential Earnings Power

	Allowed Return	Allowed Equity Ratio	2014 Average Rate Base	2014 Mid Point of Guidance		2016 Expected Average Rate Base	Potential Earnings Growth	2016 Potential Earnings Power
				Return	EPS			
PNM retail	10%	50%	\$1.9 B	9.5%	\$1.09	\$2.2 B	\$0.27 ⁽¹⁾	\$1.36
PNM renewables	10%	50%	\$120 M	10%	\$0.07	\$210 M	\$0.06	\$0.13
PNM FERC	9% - 10%	50%	\$240 M	5.5%	\$0.08	\$250 M ⁽²⁾	\$0.02 – \$0.05 ⁽³⁾	\$0.10 - \$0.13
PV3⁽⁴⁾					(\$0.03)		(\$0.02)	(\$0.05) ⁽⁵⁾
TNMP	10.125%	45%	\$620 M	10%	\$0.39	\$720 M	\$0.02	\$0.41
Corporate/Other					(\$0.10)		\$0.02 – \$0.04 ⁽⁶⁾	(\$0.08) – (\$0.06)
Costs not included in rates ^{(4) (7)}					(\$0.03)		(\$0.03) – \$0.00	(\$0.06) – (\$0.03)
Total			\$2.8 B		\$1.47	\$3.4 B	\$0.34 – \$0.42	\$1.81 - \$1.89

⁽¹⁾ Assumes a forward test year rate case with rates in place 1/1/2016.

⁽²⁾ 2015 average rate base. Includes \$24 M related to Gallup.

⁽³⁾ Based on FERC formula rate methodology which uses prior year average rate base and assumes mid-year rate increases. Earnings are reflective of returns adjusted for mid-year increases. 2016 Potential Earnings Power assumes returns of 6.5% - 8.5%.

⁽⁴⁾ Included in PNM.

⁽⁵⁾ The potential earnings power assumes a 2016 forward market price of \$37/MWh. A price of \$43/MWh is required to breakeven in 2016. PV3's addition to rate base at a \$2,500/kW valuation would represent earnings power of \$0.14 in 2018.

⁽⁶⁾ PNM Resources' \$119 M 9.25% debt matures May 15, 2015. From time to time, the company may buy debt back prior to maturity. Earnings vary depending on short-term debt levels.

⁽⁷⁾ Consists primarily of NDT gains and losses, AFUDC, certain incentive compensation and pension-related costs associated with the sale of PNM Gas.

This table is not intended to represent a forward-looking projection of 2016 earnings guidance.

Strong Dividend Growth

Dividend rate:

\$0.74 ⁽¹⁾

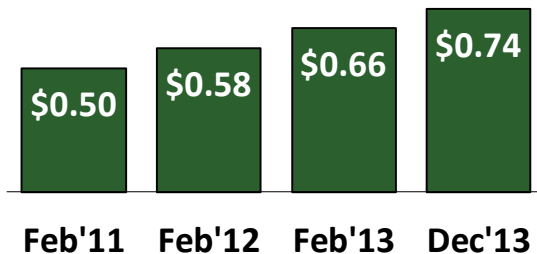
Payout ratio:

50% ⁽²⁾

Dividend yield:

2.8% ⁽³⁾

- The annual common stock dividend raised by 12% in December 2013 to \$0.74 per share
- Long-term target: 50% - 60% payout ratio
 - Expect above industry average dividend growth while staying in the target payout ratio range
- The Board will continue to evaluate the dividend on an annual basis, considering:
 - Sustainability and growth
 - Capital planning
 - Industry standards
- Next dividend review in December 2014



⁽¹⁾ Indicated annual rate

⁽²⁾ Assumes mid-point of the 2014 guidance range

⁽³⁾ Based on 4/4/14 stock price of \$26.83

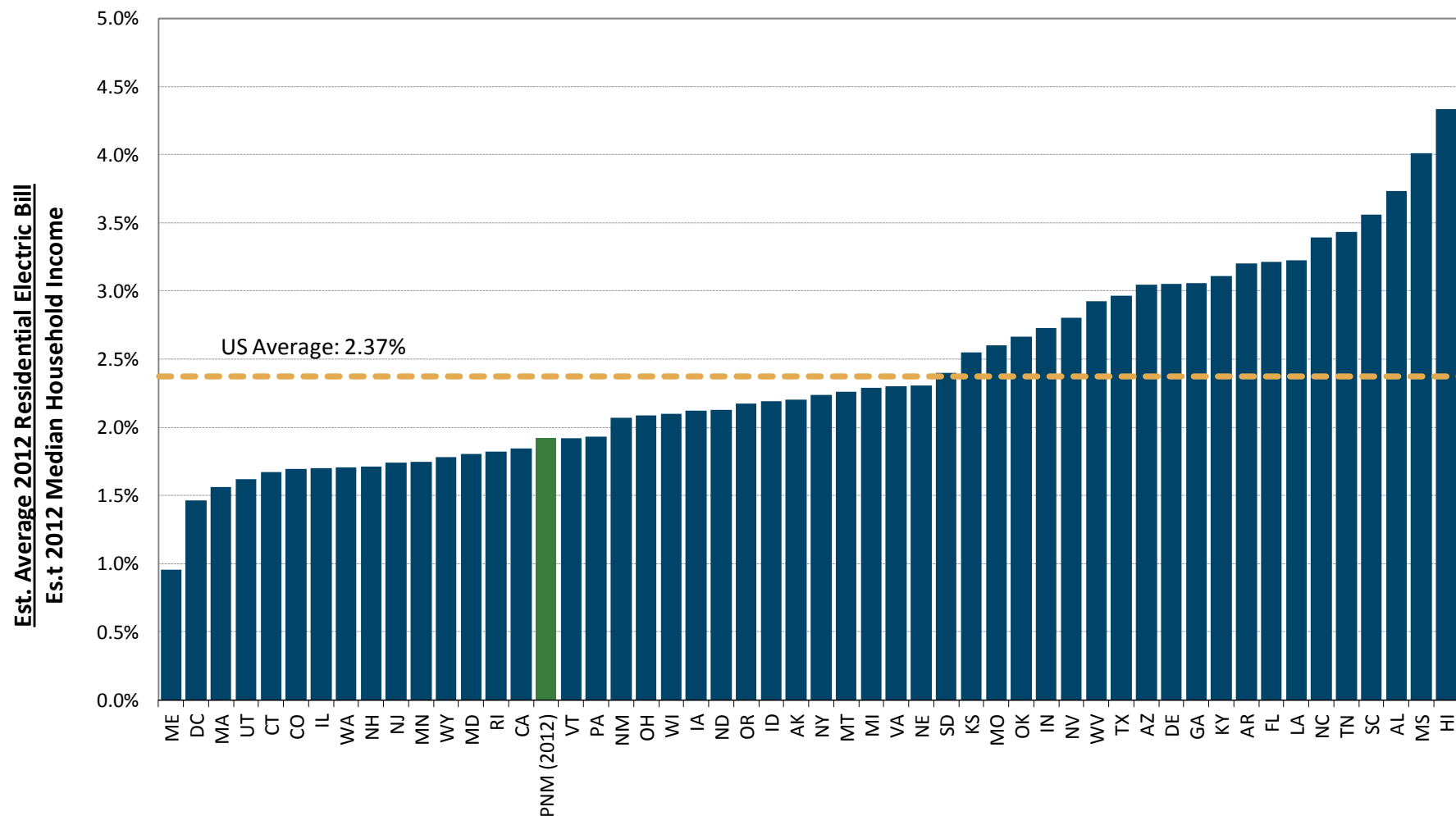
PNM Overview

PNM: Recent Accomplishments

Significant progress has been made to improve PNM's financial health

- Increasing credit ratings
 - Credit ratings raised by Moody's to Baa2 with a positive outlook and S&P to BBB with a stable outlook
- Earning our allowed return at PNM Retail
 - Retail rates increased \$72M in August of 2011
 - Retail Renewable Rider implemented in August of 2012 with rates reset annually
 - 2013 revenue was \$22.9M; 2014 expected revenue is ~\$35M
 - Improving regulatory environment in New Mexico
- Future Test Year construct in place
- Qualification requirements enacted for future NMPRC Commissioners
- Improving FERC regulatory outcomes
 - FERC Generation settlement with Navopache Electric increased rates by \$5.3M
 - FERC Transmission transition to formula rates requested 2012
 - Results in requested increase of \$1.3M

PNM Rates Compare Favorably in the United States



Sources: EIA Form 861, US Census Bureau, PNM Filing Data

PNM rates reflect the most recent rate increase. All others reflect U.S. Energy Information Administration's Forecasted Residential Rate increases through 2012.

PNM Load Growth and Economic Conditions

Regulated Retail Energy Sales

(weather-normalized and leap-year adjusted)

PNM ⁽¹⁾	% of Sales	Q4 2013 vs. Q4 2012	YE 2013 vs. YE 2012
Residential	~35%	(1.8%)	(0.7%)
Commercial	~45%	(0.4%)	(0.8%)
Industrial	~15%	(12.7%)	(8.1%)
Total Retail		(2.9%)	(1.8%)

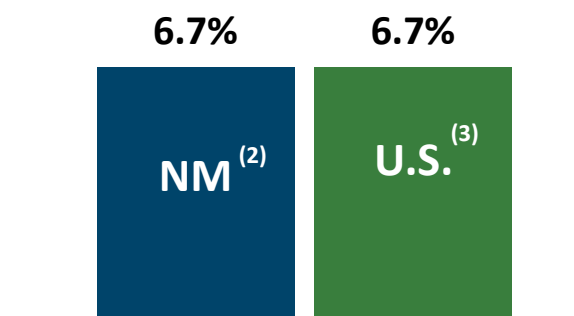
2014 Load Forecast

0.0% - (1.0%)

2013 Average Customer Growth

0.5%

Unemployment Rate



Positive Economic Indicators

- Residential building permit growth of 4% in 2013
 - PNM hit record peak demand level of 2,008 MW on June 27, 2013
 - Single sales factor state tax reform

⁽¹⁾ Excludes Economy Service customers

⁽²⁾ U.S. Bureau of Labor Statistics, February 2014

⁽³⁾ U.S. Bureau of Labor Statistics, March 2014

PNM Regulatory Update

Filing	Action	Timing	Docket No.
NMPRC Delta Person CCN (peaking capacity)	Filed January 3, 2013	Approved June 26, 2013	13-00004-UT
NMPRC La Luz CCN (peaking capacity)	Filed May 17, 2013	Settlement filed February 20, 2014 Final Order expected Q2 – Q3 2014	13-00175-UT
NMPRC Fuel Clause Continuation Filing	Filed May 28, 2013	Settlement filed December 20, 2013 Final Order expected Q2 – Q3 2014	13-00187-UT
NMPRC BART Filing	Filed December 20, 2013	Year End 2014	13-00390-UT
FERC Transmission Formula Rates	Filed December 31, 2012	2014 Rates implemented subject to refund on August 2, 2013	ER13-685-000 and ER13-690-000

PNM: Pathway to Continued Success

- Continue to earn allowed return
 - Minimize regulatory lag through timely rate case filings
 - Synchronize revenues and expenses
 - Use future test year
 - Balance future rate increases for customers while ensuring the appropriate return is earned for our shareholders
- Continue to strengthen investment grade credit metrics
- Continue to control costs

TNMP Overview

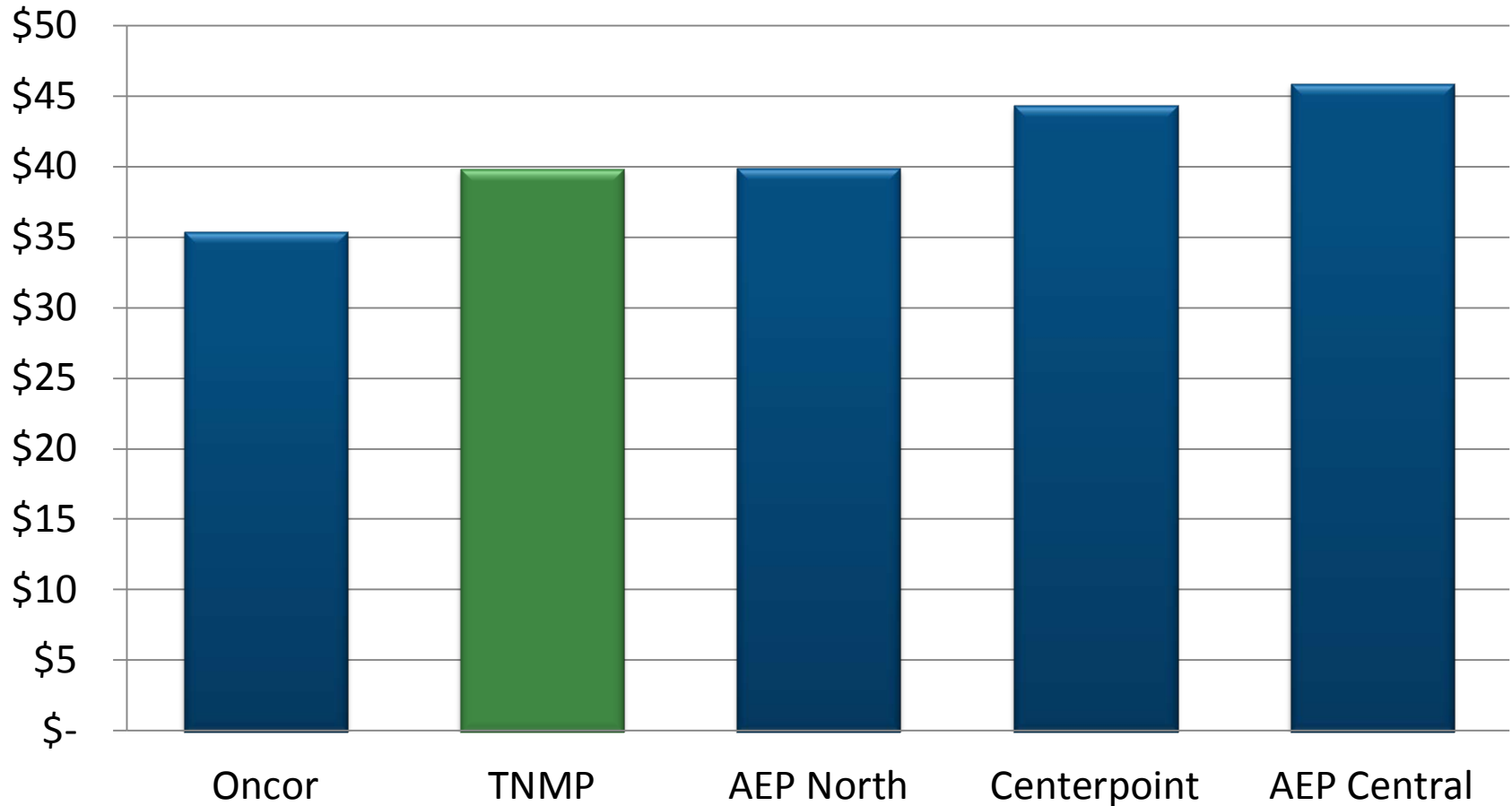
TNMP: Recent Accomplishments

Constructive Texas regulatory framework provides solid earnings potential

- Consolidated Tax Savings Adjustment policy reform approved
- Credit ratings increased by Moody's to A2 with a positive outlook and S&P to A- with a stable outlook
- General rate case settlement resulting in a rate increase of \$10.25M in February 2011
- Smart meter rider approval in July 2011 led to implementation of \$12M surcharge
- Energy efficiency program costs collected through Energy Efficiency Cost Recovery Factor
 - TNMP has achieved performance bonuses in 2010, 2011, 2012, and 2013
- TCOS and DCOS filings provide the ability to recover transmission and distribution cost of service investments on a timely basis
 - TNMP's latest TCOS filing requesting additional revenue of \$2.9M was approved, with rates effective on March 13, 2014.

TNMP Rates Compare Favorably in Texas

Residential Total Wires Charge for 1,000 kWh



Source: TDU tariffs for retail delivery service, as of March 31, 2013.

TNMP Load Growth and Economic Conditions

Regulated Retail Energy Sales

(weather-normalized and leap-year adjusted)

TNMP ⁽¹⁾	% of Sales	Q4 2013 vs. Q4 2012	YE 2013 vs. YE 2012
Residential	~50%	5.3%	1.3%
Commercial	~45%	6.9%	6.2%
Total Retail		4.9%	2.6%

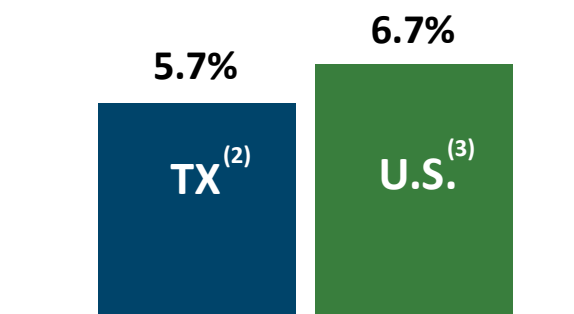
2014 Load Forecast

1.0% - 3.0%

2013 Average Customer Growth

0.9%

Unemployment Rate



Positive Economic Indicators

- Dallas and Houston employment and GDPs rank in top 10 of US metros
- Residential building permit levels approaching the high levels seen in 2007
 - Texas led the nation in job growth in 2013

⁽¹⁾ Excludes Transmission Service end-users

⁽²⁾ U.S. Bureau of Labor Statistics, February 2014

⁽³⁾ U.S. Bureau of Labor Statistics, March 2014

TNMP: Pathway to Continued Success

- Continue to earn allowed rate of return through timely execution of general rate case filings and use of transmission and distribution cost of service filings
- Invest in the business
- Retain solid credit metrics
- Continue to control costs

Financials

2014 Guidance (Ongoing)

2013 Ongoing EPS \$1.41



PNM Retail and
TNMP earned their
allowed returns in
2013

2014 Guidance Range:

\$1.42

Consolidated EPS

\$1.52

PNM

\$1.15 - \$1.21

TNMP

\$0.38 - \$0.40

Corp/Other

(\$0.11) – (\$0.09)

Liquidity, Capital Structure, and Credit Ratings

Target cap structures: 50/50 at PNM, 55/45 at TNMP

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity as of February 21, 2014				
Total Capacity ⁽¹⁾	\$450.0	\$75.0	\$300.0	\$825.0
Less short-term debt ⁽¹⁾ and LOC balances	97.6	0.3	8.6	106.5
Plus invested cash	-	-	1.9	1.9
Total Available Liquidity as of 2/21/14	\$352.4	\$74.7	\$293.3	\$720.4

⁽¹⁾Not included are PNM's fully drawn \$175M term loan due 9/4/15 and Corporate/Other's fully drawn \$100M term loan due 12/26/14.

Credit Ratings

Moody's			S&P		
	2008	2014		2008	2014
PNM Resources ⁽²⁾	Ba2	Baa3	PNM Resources ⁽²⁾	BB-	BBB-
PNM ⁽²⁾	Baa3	Baa2	PNM ⁽²⁾	BB+	BBB
TNMP	Baa3 ⁽²⁾	A2 ⁽³⁾	TNMP	BB+ ⁽²⁾	A- ⁽³⁾
Outlook	Negative	Positive	Outlook	Negative	Stable

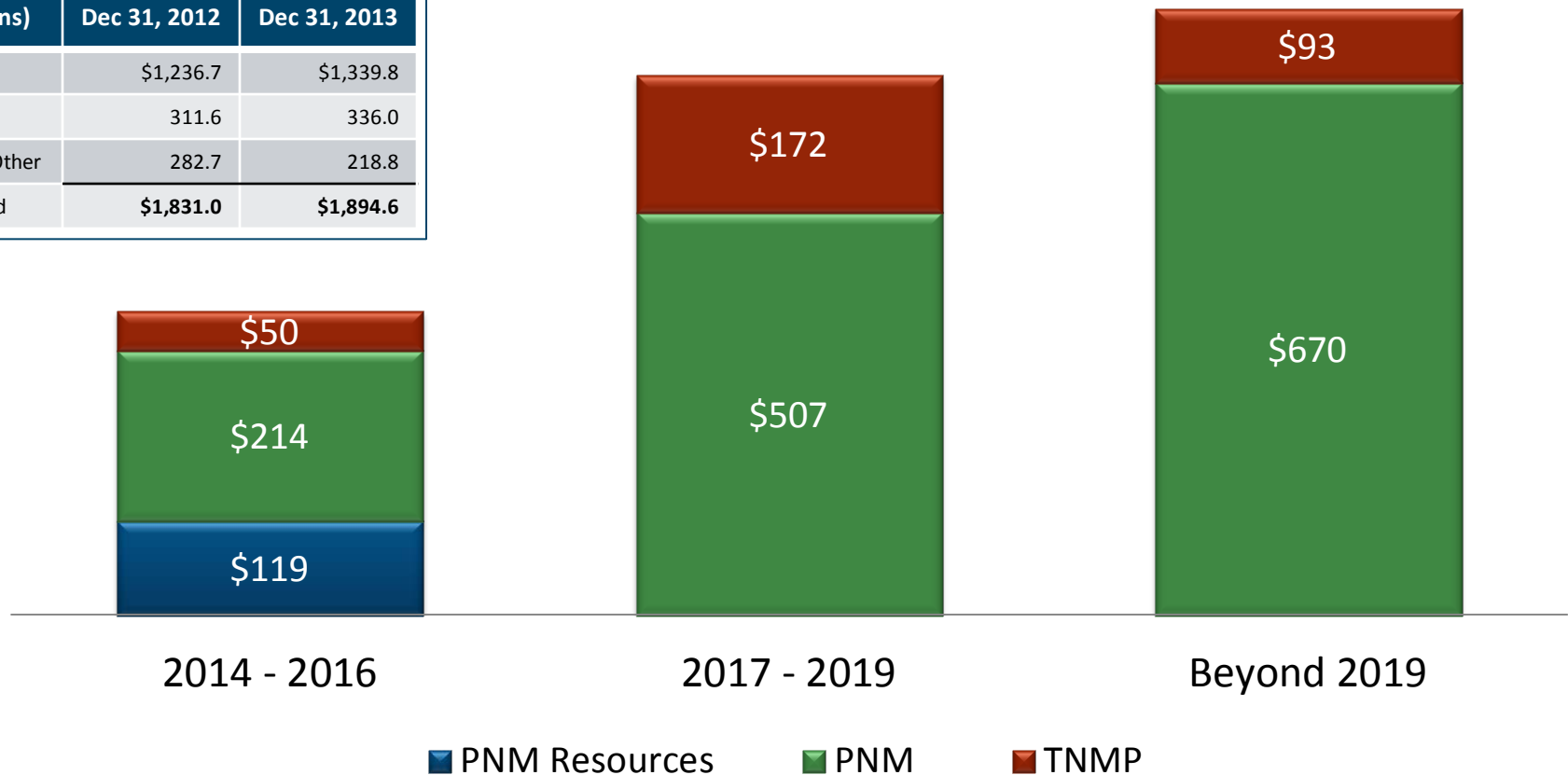
⁽²⁾ Senior unsecured

⁽³⁾ Senior secured

Upcoming Debt Maturities

Long-term Debt Maturities (In millions)

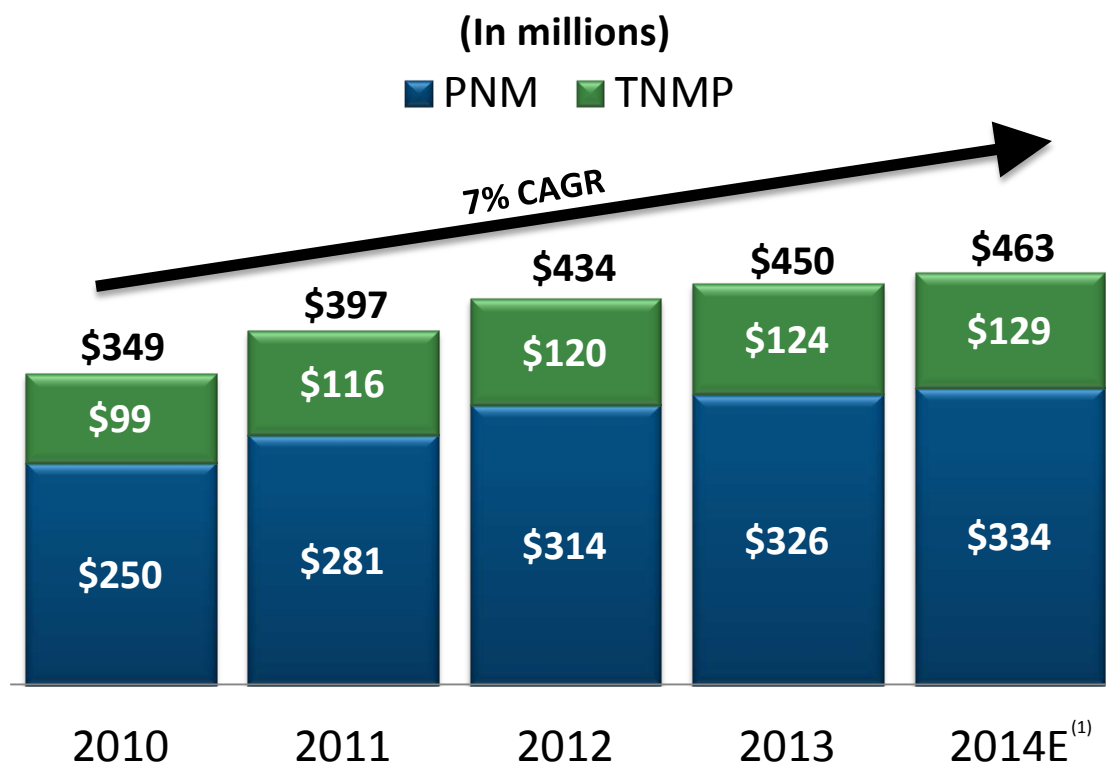
Total Debt ⁽¹⁾		
(in millions)	Dec 31, 2012	Dec 31, 2013
PNM	\$1,236.7	\$1,339.8
TNMP	311.6	336.0
Corporate/Other	282.7	218.8
Consolidated	\$1,831.0	\$1,894.6



⁽¹⁾ Excludes inter-company debt

Ongoing EBITDA Improvement

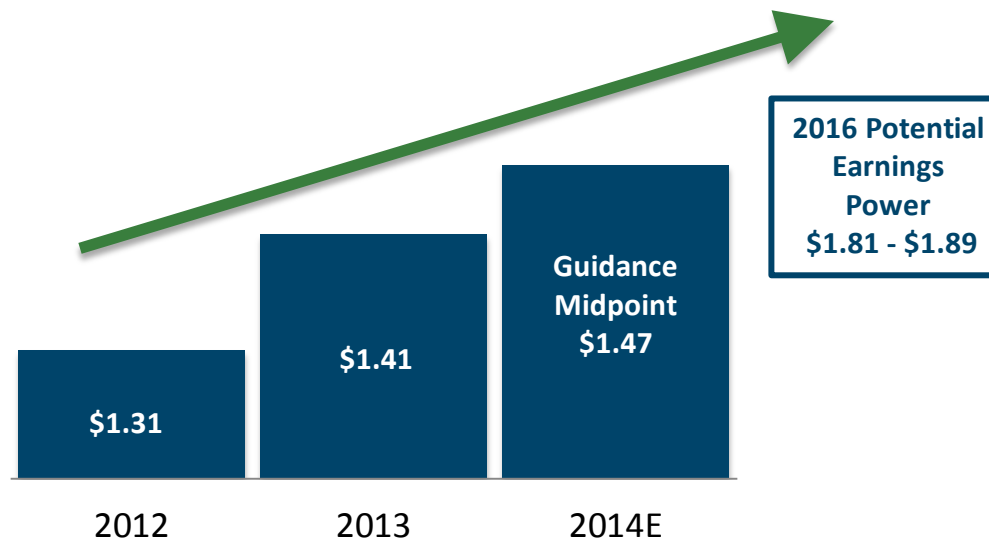
EBITDA Growth Primarily Driven by Rate Relief



2013 – 2014 EBITDA Drivers	
PNM	
Delta	\$5 M
FERC Transmission & Generation	\$5 M
PV3 pricing	\$4 M
Renewable rider	\$3 M
AFUDC	\$2 M
Nuclear Decommissioning Trust	\$2 M
Outages	(\$3 M)
Weather	(\$3 M)
Load	(\$7 M)
TNMP	
Rate relief	\$4 M
Load	\$2 M
Property taxes	(\$1 M)

⁽¹⁾ Mid-point of guidance range

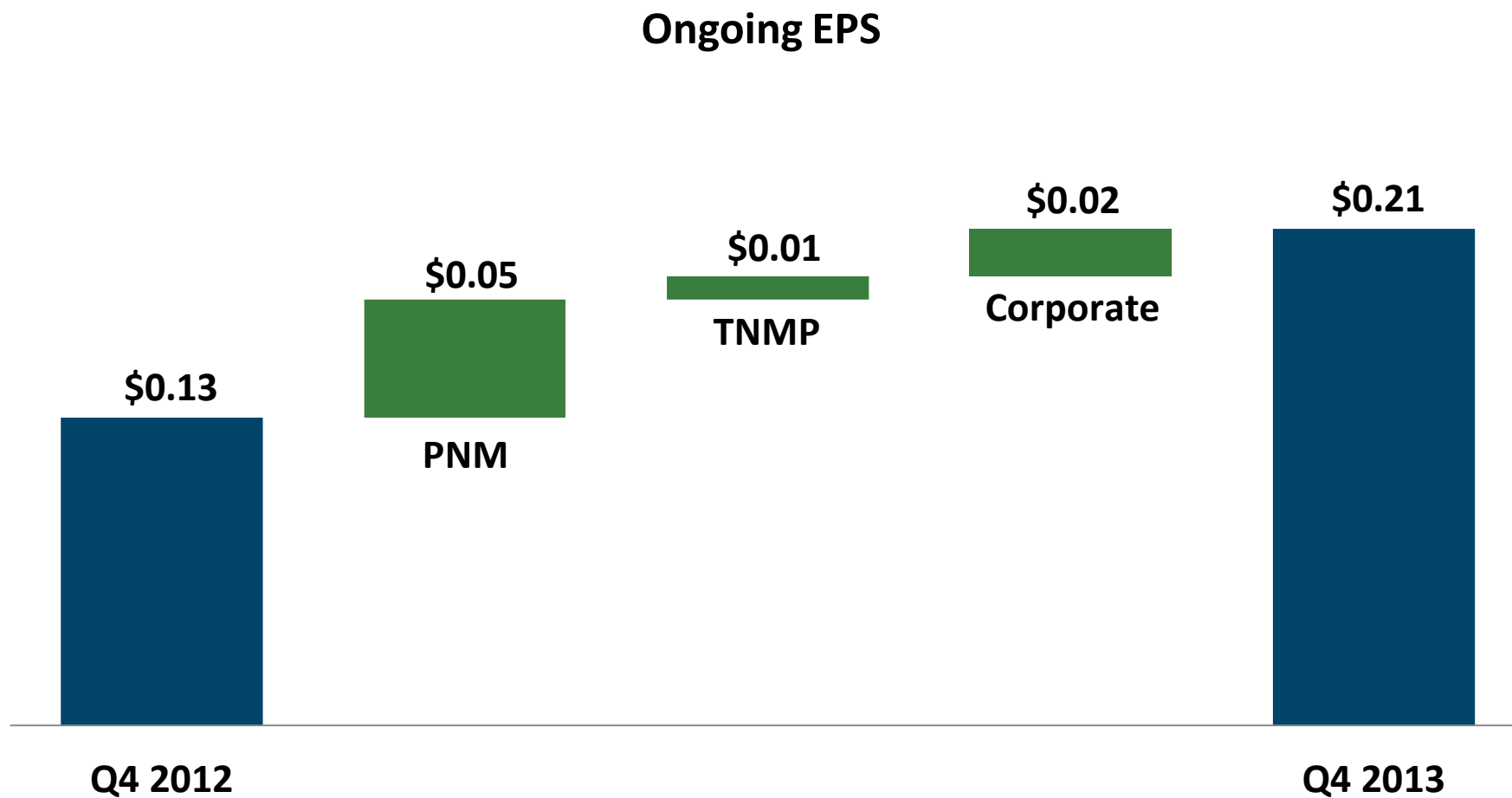
Remain on track for 10 – 13% total return by 2016



- Continue to expect above industry average increases
 - Dividend increased 12% to \$0.74 in December 2013
 - Next dividend increase expected December 2014

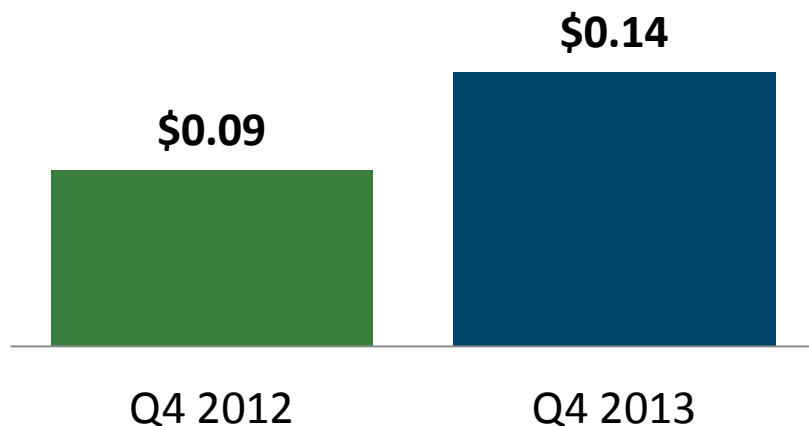
Appendix

Q4 2013 Financial Summary



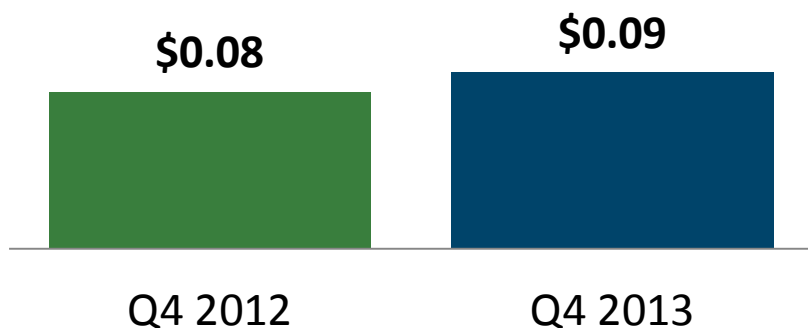
PNM and TNMP: Q4 2013 vs Q4 2012 EPS (Ongoing)

PNM



Q4 2013 Key Performance Drivers	Δ EPS
Outage Costs	\$0.07
Cost Control	\$0.01
AFUDC	\$0.01
Weather	\$0.01
Transmission	(\$0.01)
Load	(\$0.02)
PNM Resources Foundation Contribution	(\$0.02)

TNMP



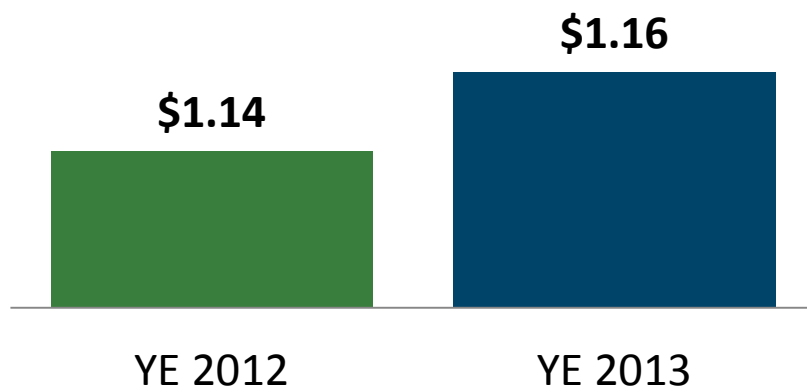
Q4 2013 Key Performance Drivers	Δ EPS
Rate Relief	\$0.02
Load	\$0.01
Weather	\$0.01
PNM Resources Foundation Contribution	(\$0.01)
Increased O&M Costs	(\$0.01)
Other	(\$0.01)

2013 Financial Summary



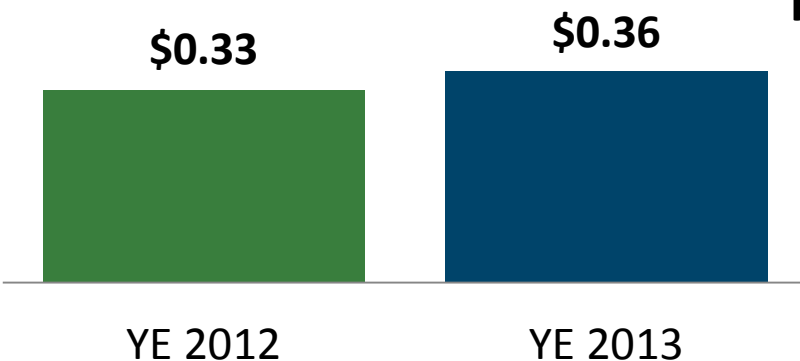
PNM and TNMP: YE 2013 vs YE 2012 EPS (Ongoing)

PNM



YE 2013 Key Performance Drivers	Δ EPS
Outage Costs	\$0.08
Rate Relief	\$0.03
PV3 Market Prices	\$0.03
Cost Control	\$0.03
Nuclear Decommissioning Trust	\$0.02
Weather	(\$0.01)
Transmission	(\$0.02)
Depreciation	(\$0.02)
PNM Resources Foundation Contribution	(\$0.02)
Load	(\$0.08)
Other	(\$0.02)

TNMP

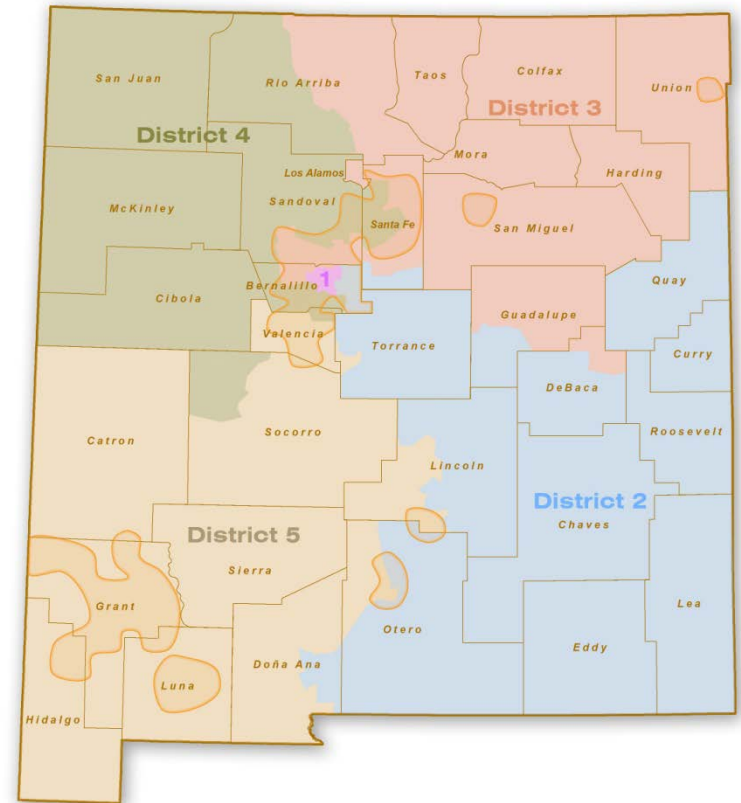


YE 2013 Key Performance Drivers	Δ EPS
Rate Relief	\$0.07
Load	\$0.03
Competition Transition Charge	(\$0.01)
PNM Resources Foundation Contribution	(\$0.01)
Increased O&M Costs	(\$0.01)
Depreciation/Property Tax	(\$0.02)
Other	(\$0.02)

NMPRC Commissioners and Districts

Name	District	Term Ends	Party
Karen Montoya	District 1	2016	Democrat
Patrick Lyons	District 2	2014	Republican
Valerie Espinoza Vice Chair	District 3	2016	Democrat
Theresa Becenti-Aguilar Chairman	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. Each of the current commissioners is eligible for re-election upon the end of their current term.

Public Utility Commission of Texas Commissioners

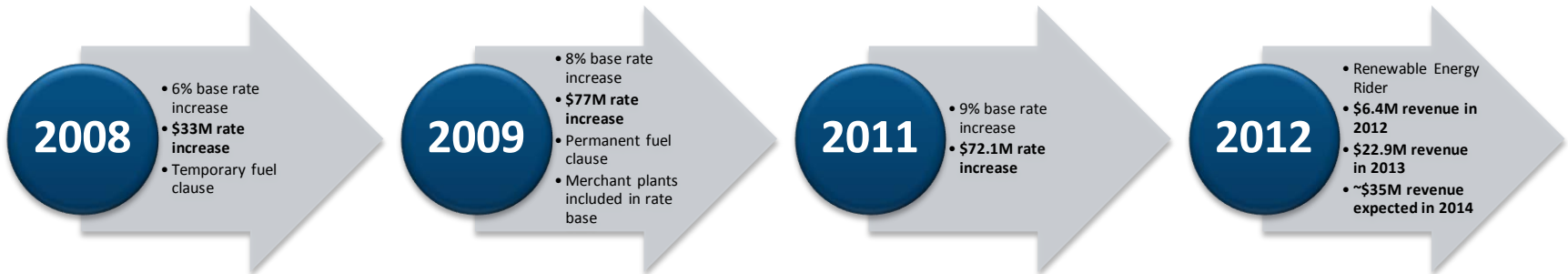
Name	Term Began	Term Ends	Party
Donna Nelson Chairman	Aug. 2008	Aug. 2015	Republican
Kenneth Anderson	Sept. 2008	Aug. 2017	Republican
Brandy Marty ⁽¹⁾	Aug. 2013	Aug. 2019	Republican

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

⁽¹⁾Pending Senate confirmation.

PNM Historical Rate Cases

PNM Retail Rate Cases

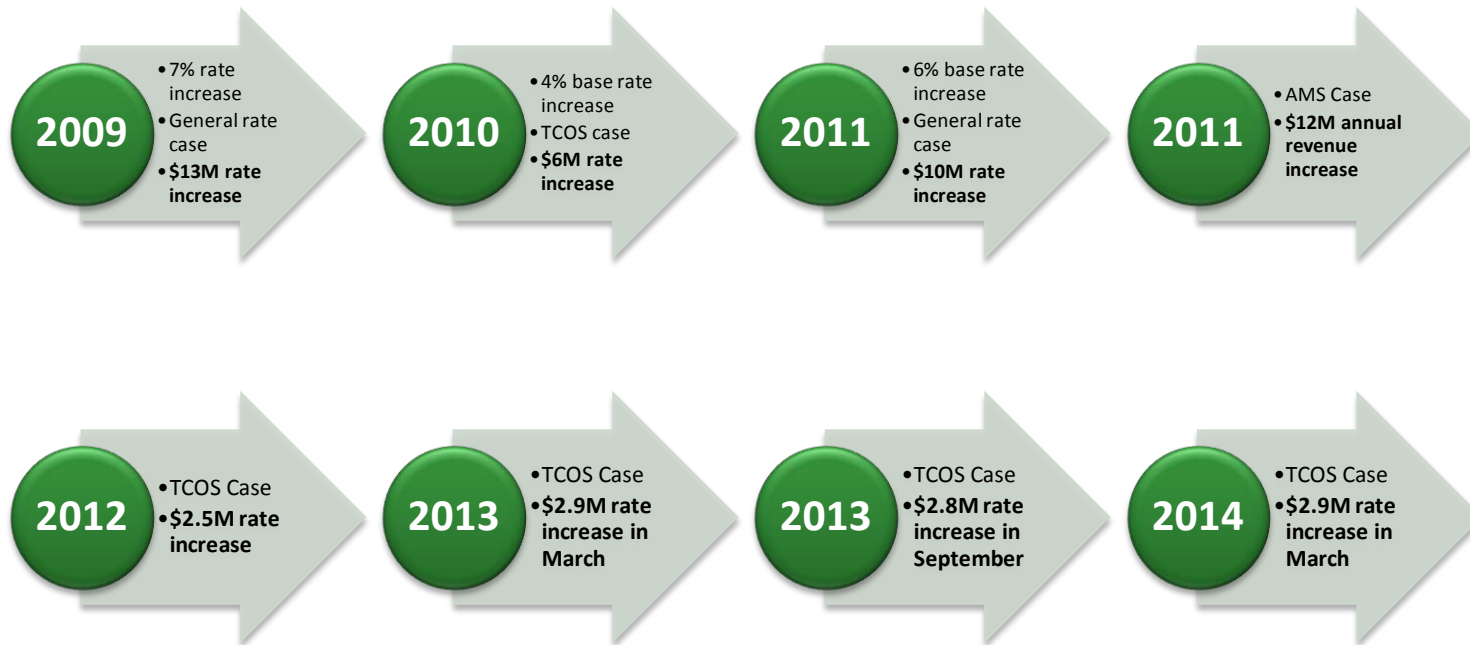


FERC Rate Cases



TNMP Historical Rate Cases

TNMP Rate Cases



PNM Energy Efficiency

NM Efficient Use of Energy Act

- Requires cumulative savings of 5% of load (based on 2005) by 2014 and 8% by 2020
 - 411 GWh is PNM's required cumulative energy efficiency savings in 2014 and 658 GWh by 2020
 - Approximately 347 GWh in savings has been achieved through the end of 2013
 - Projected savings of about 77 GWh in 2014 will exceed the minimum cumulative savings target for 2014

Energy Efficiency Rider

- Recovery of approved program costs and utility incentive collected through rate rider
 - Currently collecting \$22 M in program costs and \$1.7 M in utility incentive

Energy Efficiency Program Savings Projections for 2014

- | | |
|---|------------------------------|
| • Commercial Comprehensive 36% | • Residential Lighting 20% |
| • Commercial Small Business 14% | • Refrigerator Recycling 10% |
| • Home Energy Reports 10% | • Low Income Programs 5% |
| • Residential Cooling and Appliances 3% | • Other 2% |

Annual Environmental Benefits from Savings in 2013

- Equivalent to annual emissions from about 11,000 passenger vehicles
- Equivalent to power required for about 10,500 homes for one year
- Annual avoided water: about 27,000,000 gallons

TNMP Energy Efficiency

Public Utility Regulatory Act

- Establishes annual demand savings goals for electric utilities
 - TNMP's goal is to achieve:
 - a 30% reduction in peak demand growth, subject to customer rate caps
 - energy savings using a 20% conservation load factor
 - TNMP's 2014 goals are to achieve 5.8 MW and 10,161 MWh savings

Energy Efficiency Cost Recovery Factor (EECRF)

- Recovery of program costs through rate rider
- 2012 performance bonus of \$650k was calculated as a percentage of net benefits
- Eligible for a 2013 performance bonus up to \$1.4M, pending approval by PUCT

Current Energy Efficiency Program

- Residential Programs 62%
- Commercial Programs⁽¹⁾ 36%
- Load Management Programs 2%

Annual Environmental Benefits⁽²⁾

- Equivalent to annual greenhouse gas emissions from 2,496 passenger vehicles
- Equivalent to CO₂ emissions from 1,343,128 gallons of gasoline
- Equivalent to enough electricity use for 1,648 homes for one year

⁽¹⁾ Not including Load Management

⁽²⁾ Based on kWh savings achieved in 2013

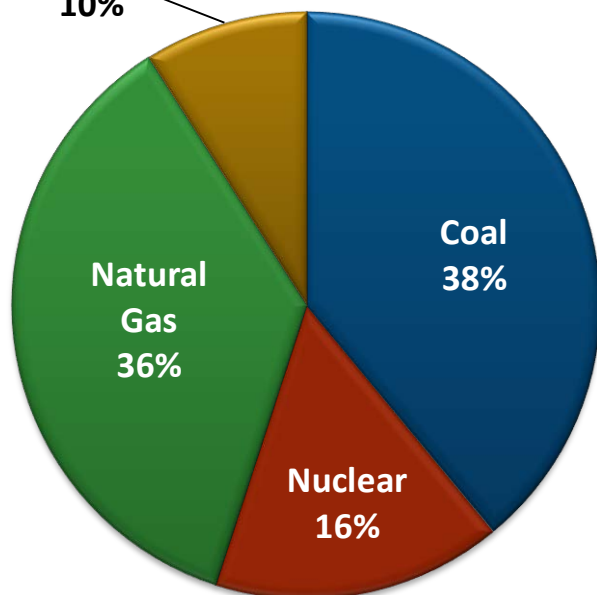
PNM Diversified Fuel Mix

Capacity

2,572 MW

Based on 12 months ending 12/31/13

Renewables
10%

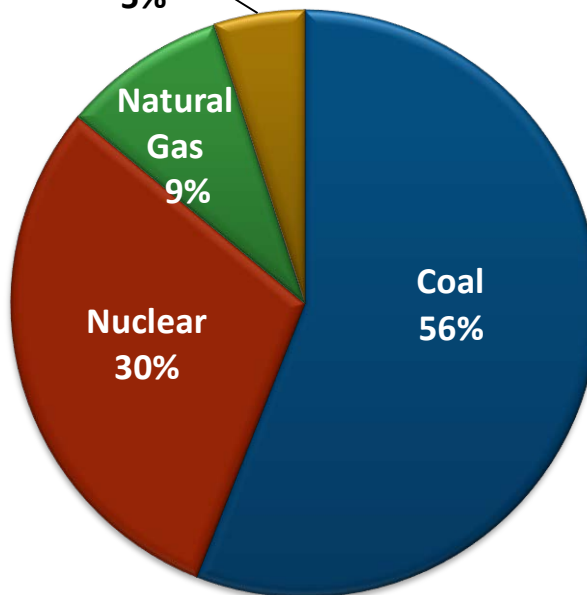


Energy

10,947 GWh

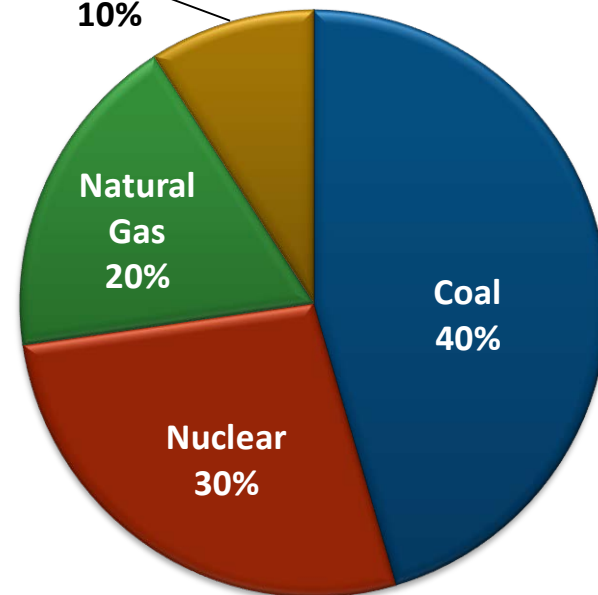
Based on 12 months ending 12/31/13

Renewables
5%



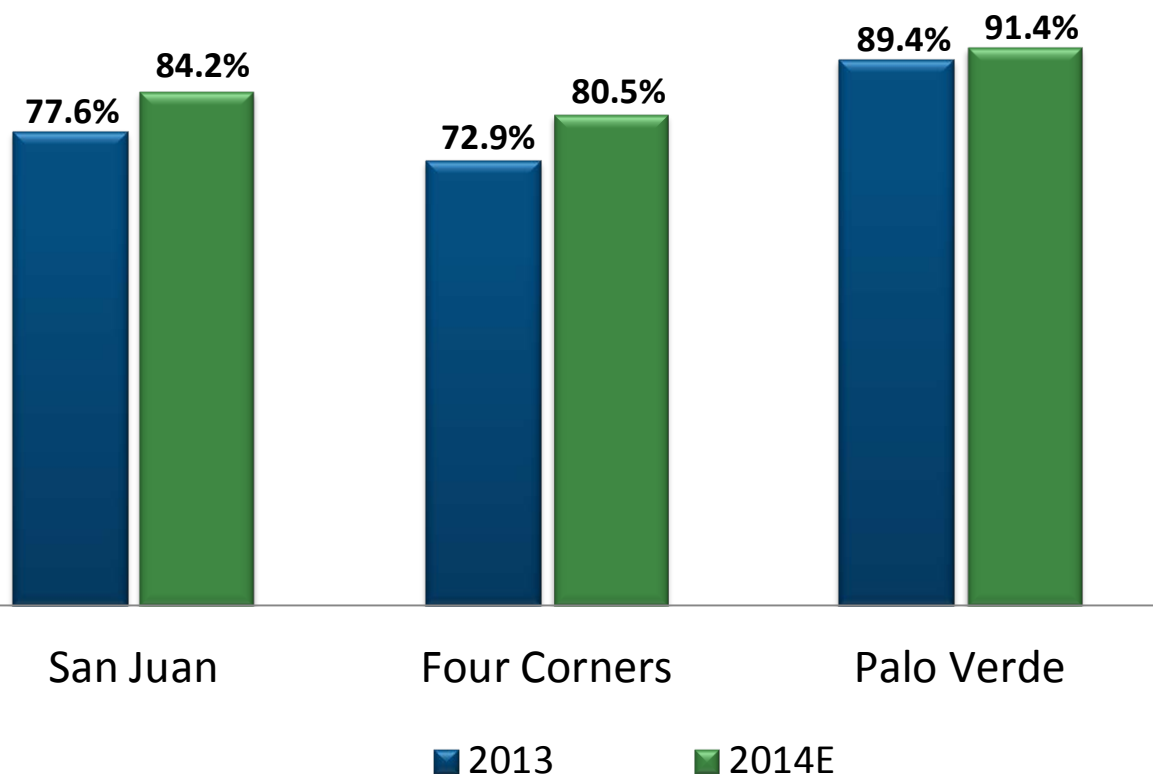
Energy RSIP w/ PV3⁽¹⁾

Renewables
10%



⁽¹⁾ Assumes BART implementation on a base period of 12 months ending 12/31/13.

PNM Plant EAF and Outages



Annual Top Quartile Numbers⁽¹⁾

Coal 85%
Nuclear 93%

2014 - 2015 Outage Schedule

Unit	Duration in Days	Time Period
San Juan		
2	29	Q1 2014
1	46	Q1 2015
4	46	Q4 2015
Four Corners		
5	66	Q4 2013 – Q1 2014
4	13	Q4 2014
5	73	Q1 – Q2 2015
Palo Verde		
2	34	Q2 2014
1	34	Q4 2014
3	34	Q2 2015
2	34	Q4 2015

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

San Juan Ownership and Participants

Unit	Total MW	PNM MW	PNM Ownership	Other Participants/Ownership
1	340	170	50%	Tucson Electric 50% (170 MW)
2	340	170	50%	Tucson Electric 50% (170 MW)
3	497	248	50%	Southern California Power Authority 41.8% (208 MW) Tri-State 8.2% (41 MW)
4	507	195	38.457%	M-S-R Public Power Agency 28.8% (146 MW) City of Anaheim 10.04% (51 MW) City of Farmington 8.475% (43 MW) Los Alamos County 7.2% (37 MW) Utah Associated Municipal Power Systems 7.028% (36 MW)
Total	1,684	783		

Palo Verde Nuclear Generating Station Unit 1 and 2 Leases

Lease Expiration

- Unit 1: January 15, 2015
- Unit 2: January 15, 2016
- Optional renewal lease periods extend to:
2023 for 4 leases of Unit 1
2024 for 1 lease of Unit 2

Notice Dates

	Unit 1	Unit 1 Decision	Unit 2	Unit 2 Decision
1 st Notice	January 2012	Retain control of the generation	January 2013	Retain control of the generation
2 nd Notice	January 2013	Extend leases to 2023	January 2014	Extend 1 lease to 2024 Purchase 3 leases in 2016

Yearly Payment Amounts

- Total PV Unit 1 - \$33.1M and Unit 2 - \$23.7M
\$16.5M initial lease payment per year
\$11.9M renewal lease payment per year (50% of original payment)

MW Owned vs. Leased

Unit 1		
Owned	2.3%	30 MW
Leased	7.9%	104 MW
Total	10.2%	134 MW

Unit 2		
Owned	4.6%	60 MW
Leased	5.6%	74 MW
Total	10.2%	134 MW

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	Expected 2016		X	X
San Juan Unit 2	170	X	X			X	X
San Juan Unit 3	248	X	X			X	X
San Juan Unit 4	195	X	X	Expected 2016		X	X
Four Corners Unit 4	100	Pre-2000 low NOx burners-considered outdated			Expected 2018	X	X
Four Corners Unit 5	100	Pre-2000 low NOx burners-considered outdated			Expected 2018	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 ⁽¹⁾ (State Alternative) – SNCR	\$82M	SNCR technology on 2 units; Retire 2 units
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	Included in SNCR and SCR ⁽¹⁾ estimates	Balanced Draft , which has been included in the Regional Haze solution, would assist with compliance with NAAQS
Mercury Rules (MATS)	None to minimal	Testing shows 99% or greater 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	Low expected impact (based upon current proposed regulation)
Effluent Limitation Guidelines (proposed)	Minimal to some exposure	PNM currently evaluating proposed rule which was published on April 19, 2013
Four Corners (Units 4 and 5)		
Clean Air Act – Regional Haze - SCR	\$80M	Final BART determination filed with EPA on December 30, 2013 Impact to PNM: SCR controls for No _x on Units 4 & 5
Mercury Rules (MATS)	Slight exposure	APS has determined that no additional equipment will be required
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
Effluent Limitation Guidelines (proposed)	Some exposure	APS currently evaluating proposed rule which was published on April 19, 2013

⁽¹⁾ Until the EPA issues final approval of the Revised State Plan, PNM is under the obligation to follow EPA's Federal Implementation Plan: Estimated PNM share of cost to install SCR technology on 4 units at San Juan was ~\$385M - \$425M, assuming original timeline and costs.