



Q1 2014 Earnings Presentation

May 2, 2014



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 10-Q filings with the Securities and Exchange Commission, which factors 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

Q1 2014 Financial Results and Company Updates

	Q1 2014	Q1 2013
Ongoing EPS	\$0.18	\$0.18
GAAP EPS	\$0.16	\$0.13

- Company affirms 2014 Guidance Range of \$1.42 - \$1.52
- EPA proposes approval of San Juan RSIP
 - Final approval expected later this year
- S&P raises outlook to positive for all entities

EPS shown on a diluted basis

Load and Economic Conditions

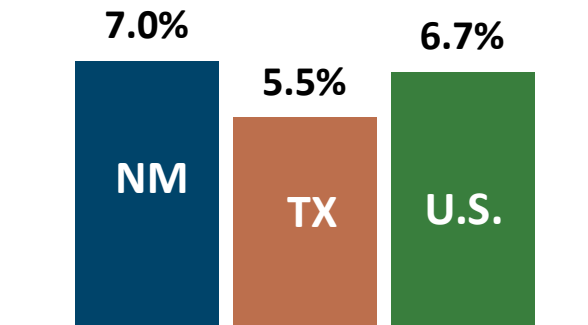
Regulated Retail Energy Sales (weather-normalized)

	PNM	
	% of FY 2013 Sales	Q1 2014 vs. Q1 2013
Residential	39%	(4.1%)
Commercial	46%	(0.9%)
Industrial	12%	(5.0%)
Total Retail		(2.9%)

	TNMP	
	% of FY 2013 Sales	Q1 2014 vs. Q1 2013
Residential	51%	2.5%
Commercial	44%	15.8%
Total Retail		8.1%

YTD Average Customer Growth	
PNM	TNMP
0.6%	1.1%

Unemployment Rate⁽¹⁾



⁽¹⁾ U.S. Bureau of Labor Statistics, March 2014

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
- April 30, 2014:**
EPA proposed approval
- By ~September 29, 2014:**
EPA final action expected

NMPRC Review of BART Filing

- December 20, 2013:**
PNM submitted filing to NMPRC
- 2014:**
NMPRC 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.

Regulatory Update

Filing	Action	Timing	Docket No.
NMPRC Delta Person CCN (peaking capacity)	Filed January 3, 2013	Approved June 26, 2013 Expected closing Q2 2014	13-00004-UT
NMPRC La Luz CCN (peaking capacity)	Filed May 17, 2013	Settlement filed February 20, 2014 Final Order expected by Q3 2014	13-00175-UT
NMPRC Fuel Clause Continuation Filing	Filed May 28, 2013	Approved April 23, 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
TNMP TCOS	Filed January 21, 2014	March 13, 2014	42181

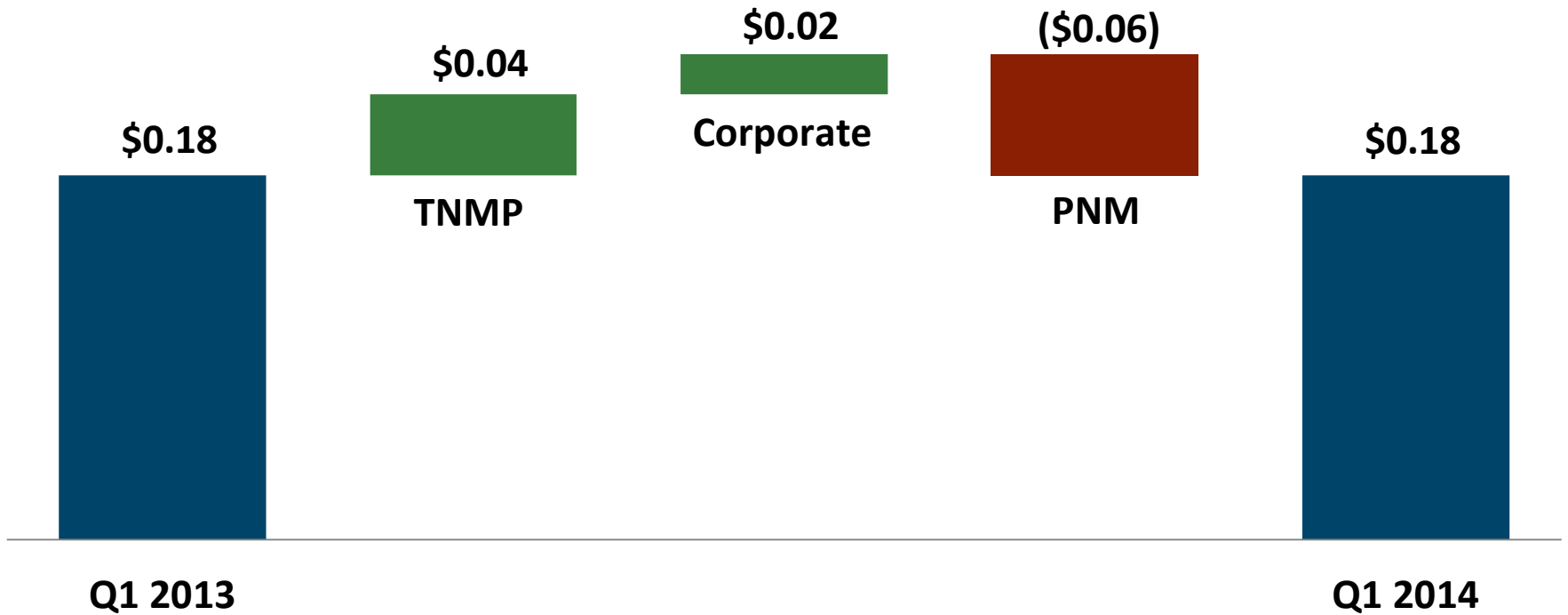
Financial Overview

Chuck Eldred

Executive Vice President and CFO

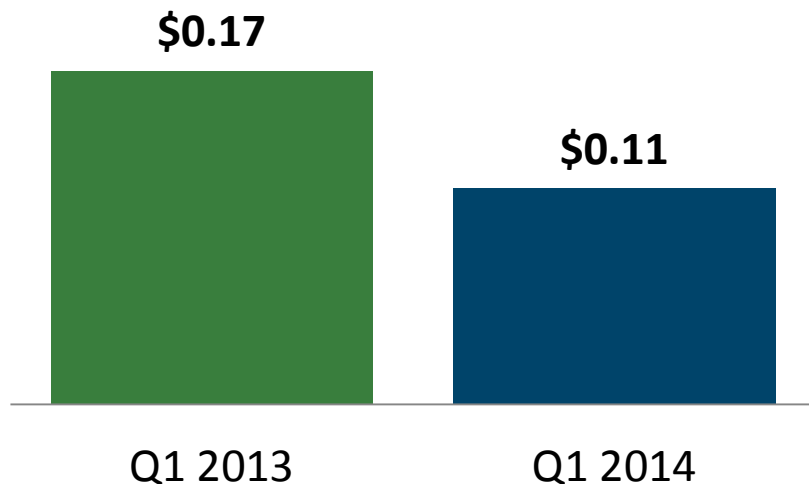
Q1 2014 Financial Summary

Ongoing EPS



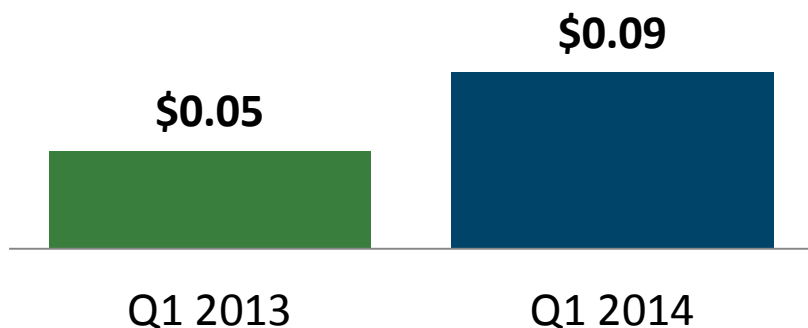
PNM and TNMP: Q1 2014 vs Q1 2013 EPS (Ongoing)

PNM



Q1 2014 Key Performance Drivers	Δ EPS
Rate Relief	\$0.01
PV3 Market Prices	\$0.01
PV Nuclear Decommissioning Trust	\$0.01
Depreciation & Property Taxes	(\$0.01)
Outage Costs	(\$0.02)
Weather	(\$0.02)
Load	(\$0.03)
Other	(\$0.01)

TNMP



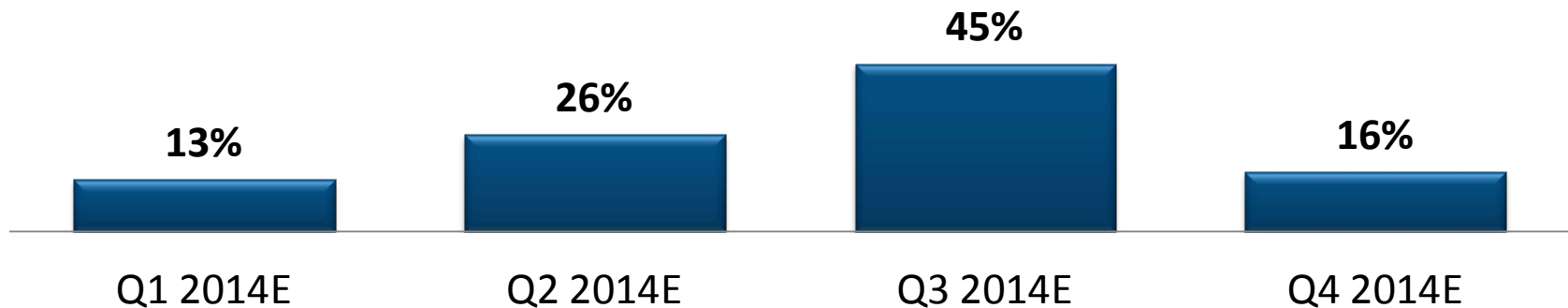
Q1 2014 Key Performance Drivers	Δ EPS
TCOS Rate Relief	\$0.01
Load & Weather	\$0.02
Other	\$0.01

2014 Guidance (Ongoing)

2014 Guidance Range:



2014 Quarterly Earnings Distribution⁽¹⁾



⁽¹⁾ Assumes mid-point of guidance.

Questions & Answers

Appendix

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	\$0.28 ⁽¹⁾	\$1.37
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	\$225 M ⁽²⁾	\$0.01 – \$0.04 ⁽³⁾	\$0.09 - \$0.12
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.

⁽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.

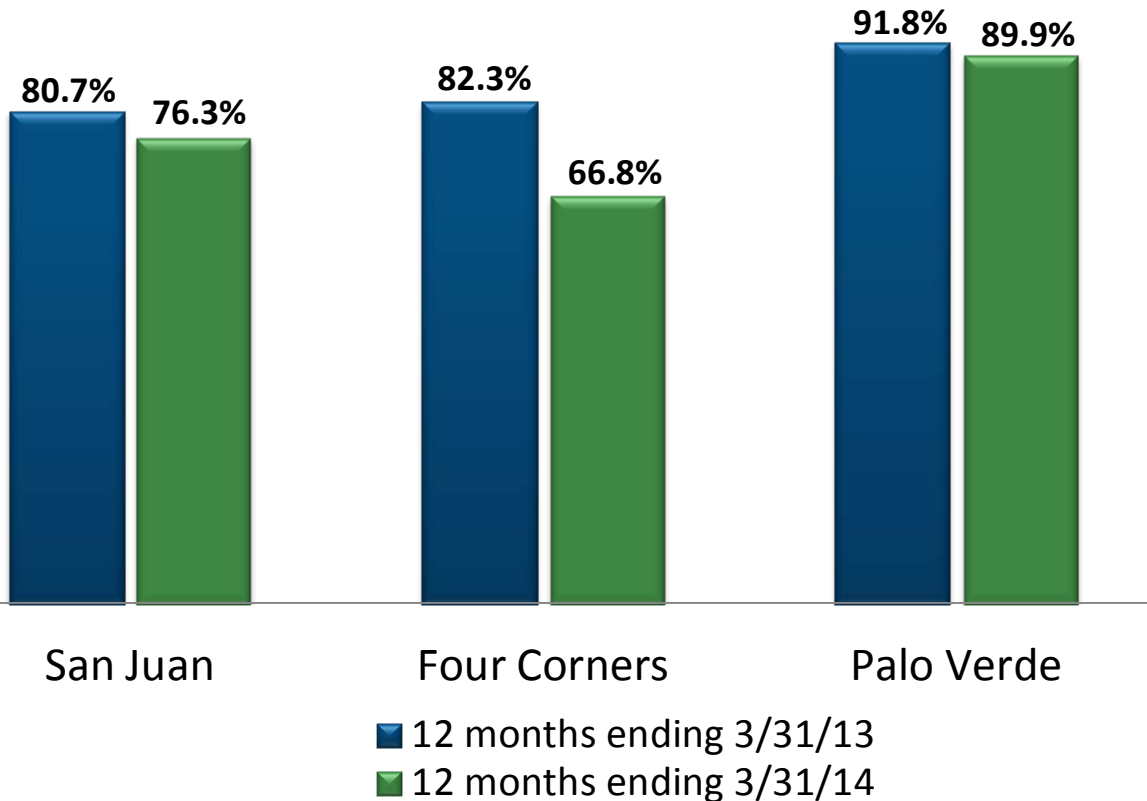
⁽⁶⁾ PNM Resources' \$119 M 9.25% debt matures May 15, 2015. From time to time, the company may buy debt back prior to maturity. Earnings vary depending on short-term debt levels.

⁽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.



PNM Plant EAF and Outages



2014 - 2015 Outage Schedule

Unit	Duration in Days	Time Period
San Juan		
1	46	Q1 2015
4	46	Q4 2015
Four Corners		
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

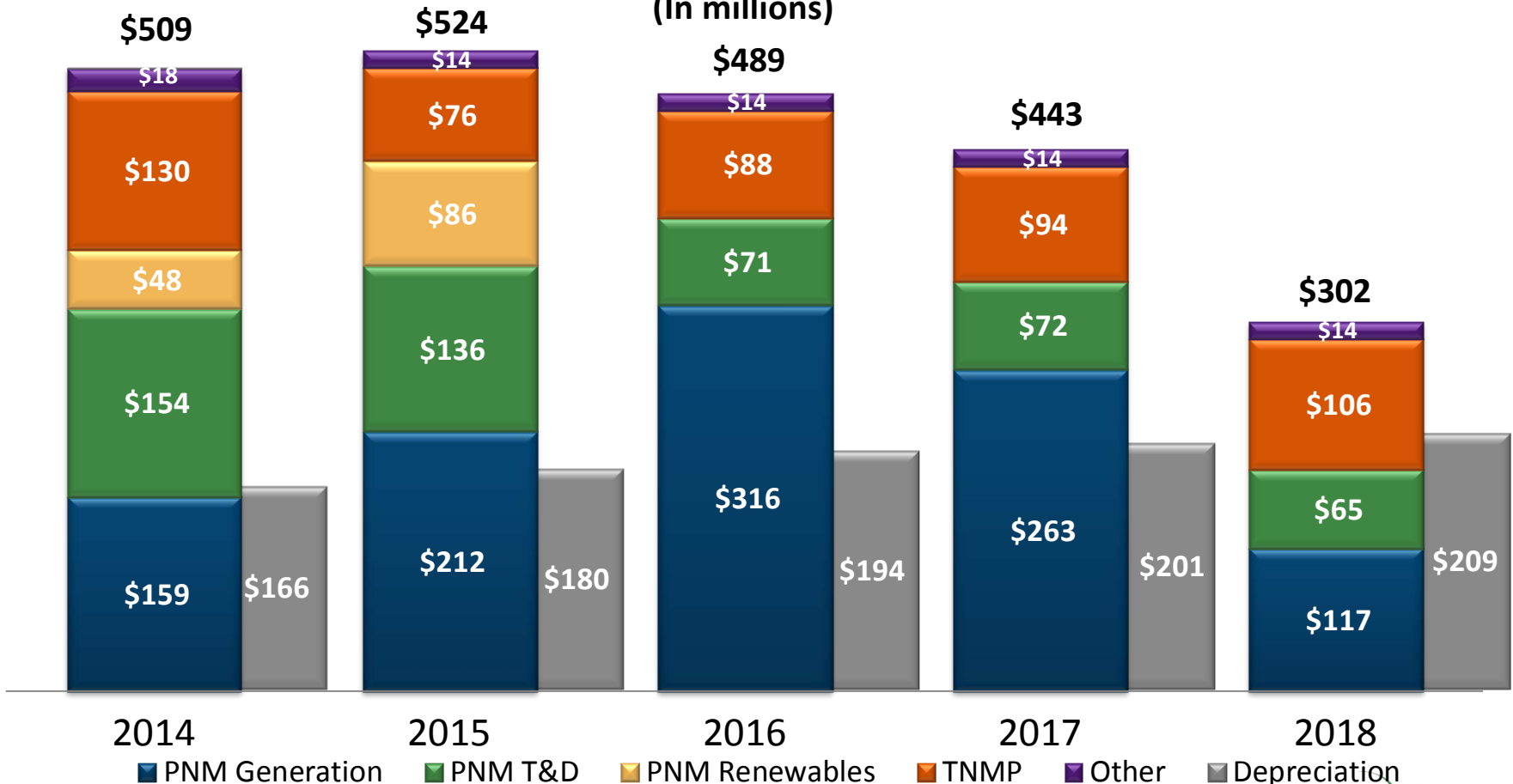
Capital Forecast

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

Weather Impact

PNM	Q1 2014	Q1 2013	2014 Normal⁽¹⁾
Heating Degree Days	1,793	2,079	1,937
Cooling Degree Days	0	0	0
EPS Impact <i>compared to normal</i>	(\$0.01)	\$0.01	

TNMP	Q1 2014	Q1 2013	2014 Normal⁽¹⁾
Heating Degree Days	1,200	916	948
Cooling Degree Days	44	70	103
EPS Impact <i>compared to normal</i>	\$0.00	(\$0.01)	

⁽¹⁾ 2014 normal weather assumption reflects the 10-year average for the period 2003 - 2012.

Liquidity as of April 25, 2014

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity ⁽¹⁾ :	(In millions)			
Revolving credit facilities	\$450.0	\$75.0	\$300.0	\$825.0
As of 4/25/14:				
Short-term debt and LOC balances	\$3.2	\$6.3	\$8.6	\$18.1
Remaining availability	446.8	68.7	291.4	806.9
Invested cash	9.3	-	2.0	11.3
Available liquidity as of 4/25/14:	\$456.1	\$68.7	\$293.4	\$818.2

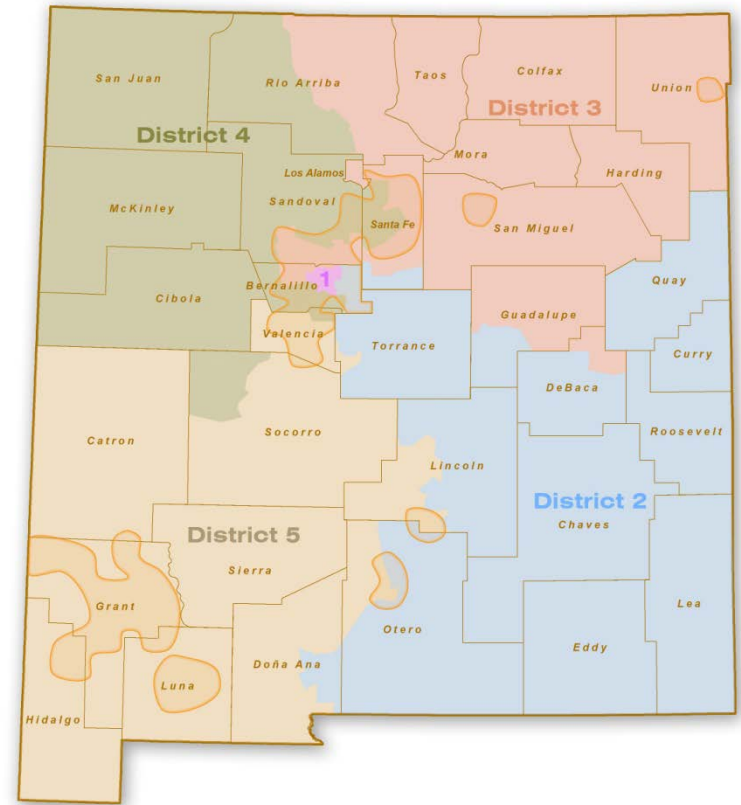
⁽¹⁾ Not included are PNM's fully drawn \$175M term loan due 9/4/15 and Corporate/Other's fully drawn \$100M term loan due 12/26/14.

Regulatory Information

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.

Balance Sheet and Credit Metrics

Selected Balance Sheet Information

(In millions)	Dec 31, 2013	Mar 31, 2014
Long-Term Debt (incl. current portion)		
PNM	\$1,290.6	\$1,390.6
TNMP	336.0	335.9
Corporate/Other	118.8	118.8
Consolidated	\$1,745.4	\$1,845.3
Total Debt (incl. short-term) ⁽¹⁾		
PNM	\$1,339.8	\$1,390.6
TNMP	336.0	335.9
Corporate/Other	218.8	218.8
Consolidated	\$1,894.6	\$1,945.3

⁽¹⁾ Excludes inter-company debt

Credit Ratings

S&P

	PNMR	PNM	TNMP
Issuer debt rating	BBB ⁽¹⁾	BBB ⁽¹⁾	A ⁽²⁾
Outlook	Positive	Positive	Positive

Moody's

	PNMR	PNM	TNMP
Debt rating	Baa3 ⁽¹⁾	Baa2 ⁽¹⁾	A2 ⁽²⁾
Outlook	Positive	Positive	Positive

⁽¹⁾ Senior unsecured debt

⁽²⁾ Senior secured debt

Environmental Compliance

San Juan BART Timeline

	Action Item	Expected Completion	Actual Completion
✓	EIB approval of RSIP submitted by NMED		September 5, 2013
✓	Submitted RSIP to EPA for approval		October 18, 2013
	EPA review and approval of RSIP <ul style="list-style-type: none"> ✓ Application deemed complete by EPA ✓ Preliminary approval by EPA <ul style="list-style-type: none"> ▪ Final action by EPA expected 	~September 29, 2014	December 17, 2013 April 30, 2014
✓	Submitted BART filing to NMPRC for approval		December 20, 2013
	NMPRC approval for retirement and potential replacement power <ul style="list-style-type: none"> ✓ Application deemed complete by NMPRC ✓ Intervention deadline <ul style="list-style-type: none"> ▪ Staff and Intervener testimony deadline ▪ Rebuttal testimony deadline ▪ Hearing with Hearing Examiner ▪ Final Order 	July 7, 2014 August 1, 2014 August 19 – 29, 2014 Year End 2014	February 11, 2014 April 21, 2014
	SNCR construction	Q1 2016	
	Units 2 & 3 shut down	December 31, 2017	

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.