



Q3 2014 Earnings Presentation

October 31, 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

Q3 2014 Financial Results and Company Updates

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Ongoing EPS	\$0.68	\$0.64	\$1.25	\$1.20
GAAP EPS	\$0.69	\$0.68	\$1.21	\$1.15

- 2014 Guidance Range of \$1.44 - \$1.51 affirmed
- EPA approves San Juan Generating Station RSIP
- BART Proposed Settlement Filed with NMPRC

EPS shown on a diluted basis

Load and Economic Conditions

Regulated Retail Energy Sales

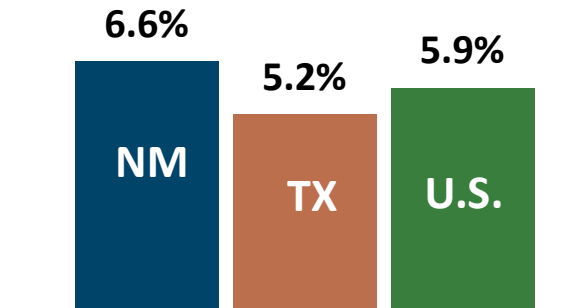
(weather-normalized)

	PNM		
	% of FY 2013 Sales	Q3 2014 vs. Q3 2013	YTD 2014 vs. YTD 2013
Residential	39%	1.7%	(0.6%)
Commercial	46%	0.1%	(1.1%)
Industrial	12%	(6.4%)	(7.7%)
Total Retail		(0.2%)	(1.9%)
2014 PNM Load Forecast: (3%) – (2%)			

	TNMP		
	% of FY 2013 Sales	Q3 2014 vs. Q3 2013	YTD 2014 vs. YTD 2013
Residential	51%	0.4%	1.6%
Commercial	44%	3.8%	5.5%
Total Retail		1.8%	3.2%
2014 TNMP Load Forecast: 1% – 3%			

YTD Average Customer Growth	
PNM	TNMP
0.6%	1.3%

Unemployment Rate⁽¹⁾



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

BART Settlement Update

RSIP and BART Settlement Principle Components

- Retirement of San Juan Units 2 and 3 and recovery of half of the 12/31/17 undepreciated investments (expected to be ~\$115M)
- Installation of SNCR technology on San Juan Units 1 and 4 (\$91M)
- CCNs for 134 MW Palo Verde Unit 3 (\$1,650/kW) and 132 MW of San Juan Unit 4 (\$26M) effective 1/1/18

Other Proposed Power Resources⁽¹⁾

- 177 MW gas peaker (\$189M)
- 40 MW solar facility (\$79M)

⁽¹⁾ Not included in the Proposed Settlement

NMPRC Review of BART Filing

- **December 20, 2013:**
PNM submitted filing to NMPRC
- **2014 - 2015:**
NMPRC review
 - October 1, 2014: Proposed settlement filed
 - October 31, 2014: Supporting testimony due
 - November 25, 2014: Opposing testimony due
 - December 19, 2014: Rebuttal testimony due
 - January 5 – 16, 2015: Hearing with Hearing Examiner
 - Q1 2015: Final Order expected

RSIP: Revised State Implementation Plan
BART: Best Available Retrofit Technology
SNCR: Selective Non-Catalytic Reduction

Regulatory Update

Filing	Action	Timing	Docket No.
NMPRC BART Filing	Filed December 20, 2013	Proposed settlement filed October 1, 2014 Final approval expected Q1 2015	13-00390-UT
NMPRC 2015 Renewable Plan	Filed June 2, 2014	Proposed settlement filed September 25, 2014 Final approval expected by Year End 2014	14-00158-UT
FERC Transmission Formula Rates	Filed December 31, 2012	Settlement discussions are ongoing	ER13-685-000 and ER13-690-000
TNMP TCOS	Filed July 18, 2014	Approved September 8, 2014	42691

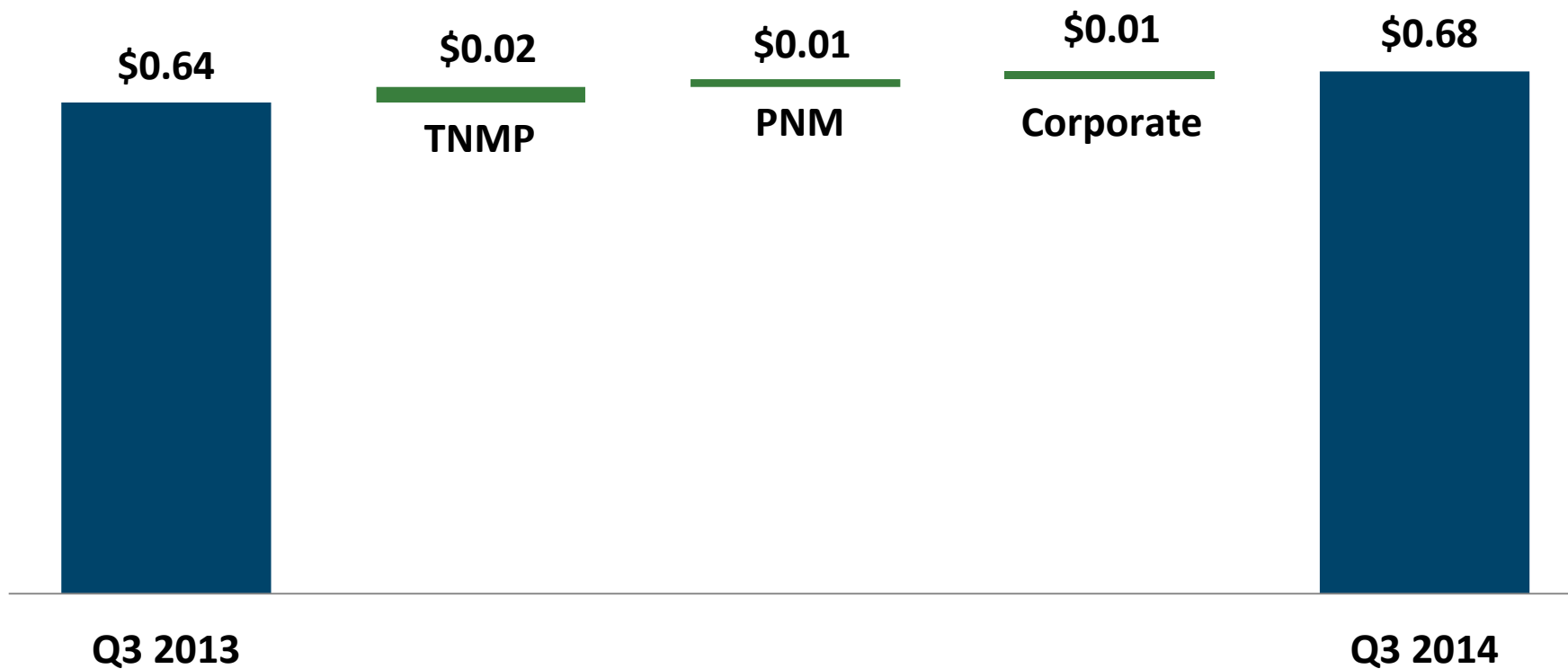
Financial Overview

Chuck Eldred

Executive Vice President and CFO

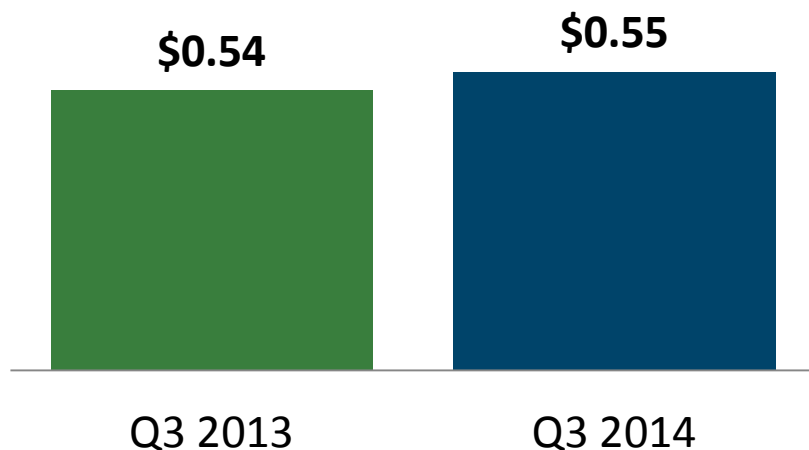
Q3 2014 Financial Summary

Ongoing EPS



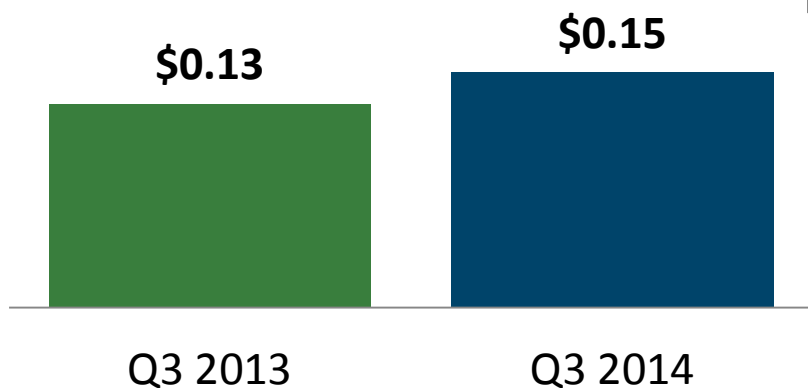
PNM and TNMP: Q3 2014 vs Q3 2013 EPS (Ongoing)

PNM



Q3 2014 Key Performance Drivers	Δ EPS
Rio Bravo (Formerly Delta) Purchase	\$0.01
PV3 Market Prices	\$0.01
NDT Gains	\$0.01
Navajo Workforce Training Initiative	\$0.01
Depreciation & Property Tax	(\$0.01)
Gallup Contract	(\$0.01)
Weather	(\$0.02)
Other	\$0.01

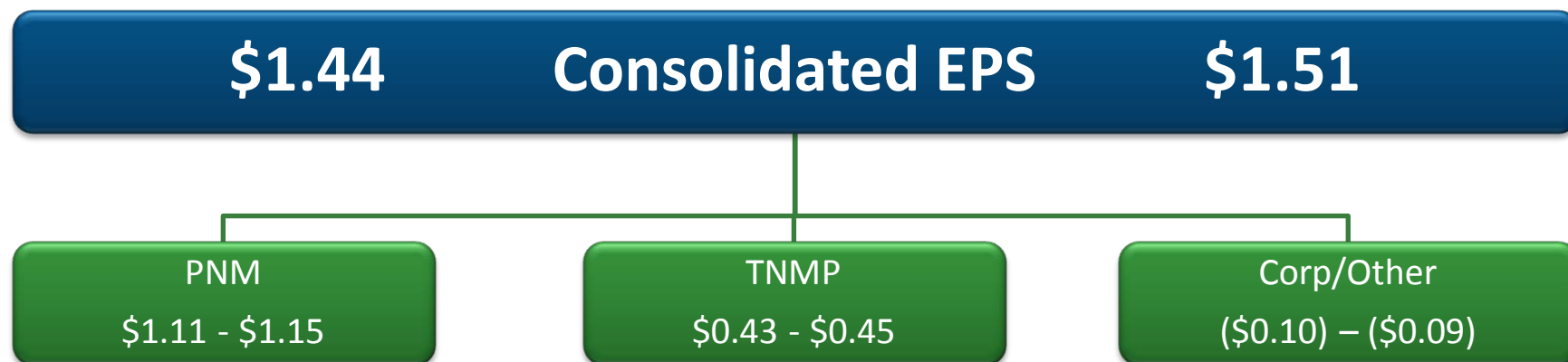
TNMP



Q3 2014 Key Performance Drivers	Δ EPS
TCOS Rate Relief	\$0.01
Load	\$0.01
Energy Efficiency Incentive	\$0.01
Weather	(\$0.01)

2014 Guidance (Ongoing)

2014 Guidance Range:



Questions & Answers

Appendix

Potential Earnings Power

Strong potential earnings growth 2014 to 2016

	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%	\$1.02	\$2.2 B	\$0.37 ⁽¹⁾	\$1.39
PNM renewables	10%	50%	\$120 M	10%	\$0.07	\$140 M	\$0.02	\$0.09
PNM FERC	9% - 10%	50%	\$220 M	6%	\$0.08	\$225 M ⁽²⁾	\$0.01 – \$0.04 ⁽³⁾	\$0.09 - \$0.12
PV3⁽⁴⁾					(\$0.02)		(\$0.03)	(\$0.05) ⁽⁵⁾
TNMP	10.125%	45%	\$620 M	10.125%	\$0.44	\$750 M	(\$0.01)	\$0.43
Corporate/Other					(\$0.10)		\$0.02 – \$0.04 ⁽⁶⁾	(\$0.08) – (\$0.06)
Costs not included in rates ^{(4) (7)}					(\$0.02)		(\$0.04) – (\$0.01)	(\$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.

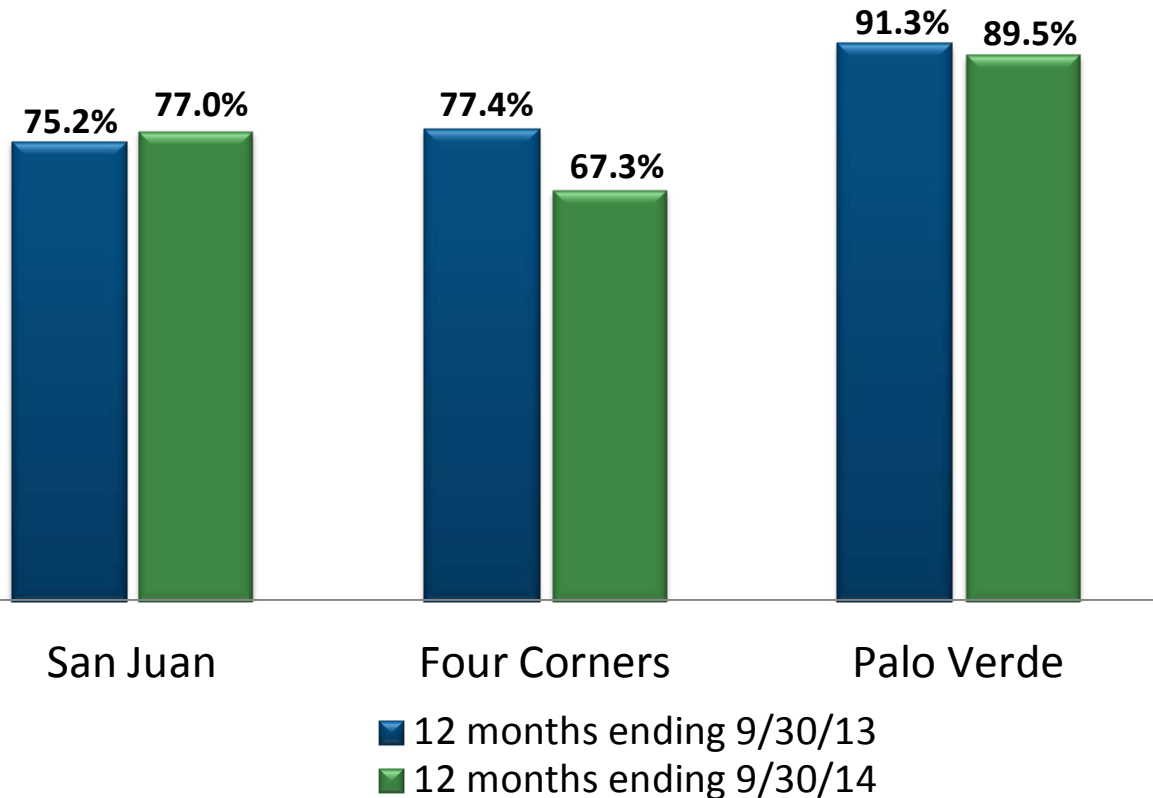
⁽⁵⁾ The potential earnings power assumes a 2016 forward market price of \$37/MWh. A price of \$43/MWh is required to breakeven in 2016. PV3's addition to rate base at a \$1,650/kW valuation would represent earnings power of \$0.10 in 2018.

⁽⁶⁾ PNM Resources' \$119 M 9.25% debt matures May 15, 2015.

⁽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		
1	34	Q4 2014
3	34	Q2 2015
2	34	Q4 2015

Capital Forecast

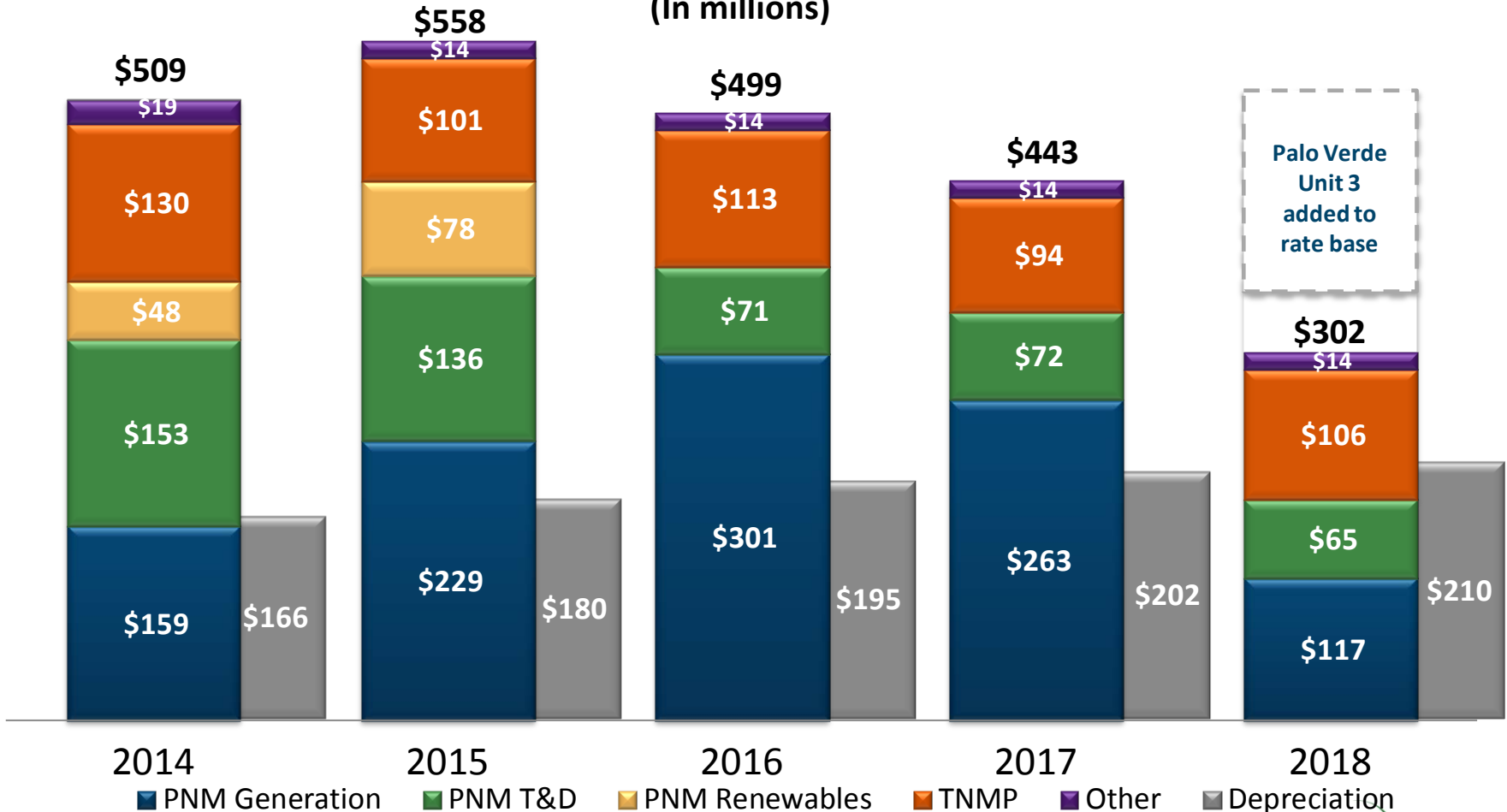
2014 – 2018 Total Capital Plan: \$2.3B

PNM Rate Base CAGR: 6 - 8%⁽¹⁾

TNMP Rate Base CAGR: 6 - 8%

5 Year Capital Forecast

(In millions)



⁽¹⁾Includes the addition of PV3 to rate base, which does not have associated capital spending.
Amounts may not add due to rounding

Weather Impact

PNM	Q3 2014	Q3 2013	2014 Normal⁽¹⁾
Heating Degree Days	8	23	14
Cooling Degree Days	952	997	1,050
EPS Impact <i>compared to normal</i>	(\$0.03)	(\$0.01)	

TNMP	Q3 2014	Q3 2013	2014 Normal⁽¹⁾
Heating Degree Days	2	1	0
Cooling Degree Days	1,689	1,761	1,747
EPS Impact <i>compared to normal</i>	(\$0.01)	\$0.00	

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

Liquidity as of October 24, 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 10/24/14:				
Short-term debt and LOC balances	\$3.2	\$0.1	\$7.7	\$11.0
Remaining availability	446.8	74.9	292.3	814.0
Invested cash	-	-	23.1	23.1
Available liquidity as of 10/24/14:	\$446.8	\$74.9	\$315.4	\$837.1

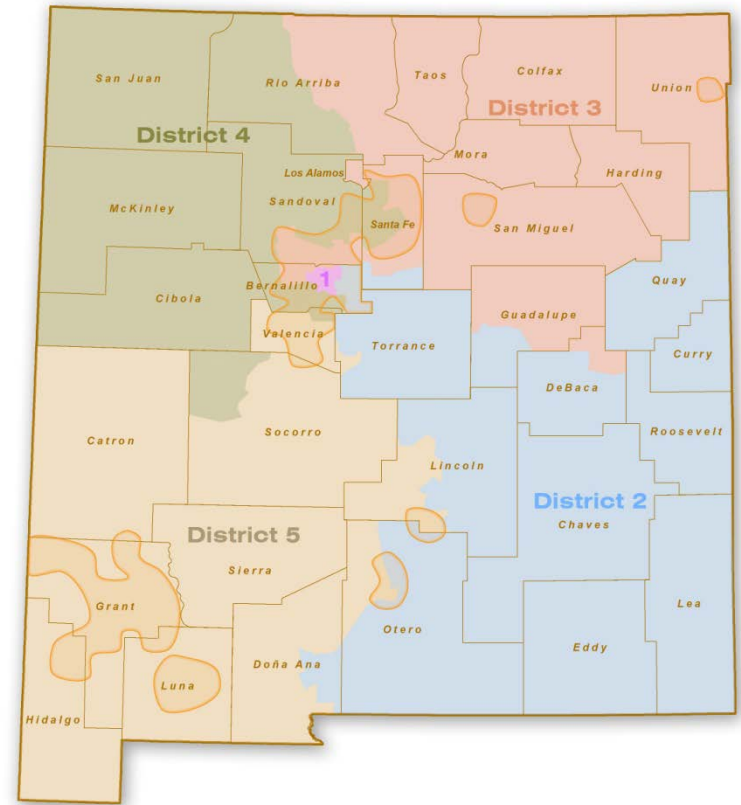
⁽¹⁾ Not included are PNM's fully drawn \$175M term loan due 9/4/15 and Corporate/Other's fully drawn \$100M term loan due 12/26/14.

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.

Elections

NM Governor's Race

Candidate	Party	Current Office
Susana Martinez <i>Incumbent</i>	Republican	Governor (NM)
Gary King	Democrat	Attorney General (NM)

TX Governor's Race

Candidate	Party	Current Office
Greg Abbott	Republican	Attorney General (TX)
Wendy Davis	Democrat	State Senator (TX)

NMPRC Race

District	Candidate	Party
District 2	Patrick Lyons <i>Unopposed Incumbent</i>	Republican
District 4	Lynda Lovejoy <i>Unopposed in General Election</i> <i>Defeated incumbent, Theresa Becenti-Aguilar, in Primary Election</i> <i>Former NMPRC commissioner</i>	Democrat
District 5	Ben Hall <i>Incumbent</i>	Republican
	Sandy Jones <i>Former NMPRC commissioner</i>	Democrat

Election Day is November 4, 2014.

Balance Sheet and Credit Metrics

Selected Balance Sheet Information

(In millions)	Dec 31, 2013	Sept 30, 2014
Long-Term Debt (incl. current portion)		
PNM	\$1,290.6	\$1,390.6
TNMP	336.0	365.8
Corporate/Other	118.8	118.8
Consolidated	\$1,745.4	\$1,875.2
Total Debt (incl. short-term) ⁽¹⁾		
PNM	\$1,339.8	\$1,390.6
TNMP	336.0	365.8
Corporate/Other	218.8	218.8
Consolidated	\$1,894.6	\$1,975.2

⁽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 ✓ Approval by EPA published in Federal Register 		December 17, 2013 April 30, 2014 October 9, 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 ✓ Staff and Intervener testimony deadline ✓ Proposed settlement filed with NMPRC <ul style="list-style-type: none"> ▪ Supporting testimony deadline ▪ Opposing testimony deadline ▪ Rebuttal testimony deadline ▪ Hearing with Hearing Examiner ▪ Final Order expected 	October 31, 2014 November 25, 2014 December 19, 2014 January 5 - 16, 2015 Q1 2015	February 11, 2014 April 21, 2014 August 29, 2014 October 1, 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	\$91M	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 and could alter how coal ash is managed. EPA has until December 19, 2014 to publish its final action.
Clean Water Act – 316(b)	Minimal to some exposure	PNM is performing analyses based upon EPA’s May 19, 2014 ruling on the issue. There is a low expected impact.
Effluent Limitation Guidelines (proposed)	Minimal to some exposure	PNM has reviewed the proposed rule and continues to assess the impact on SJGS. EPA has until September 30, 2015 to issue final effluent limits.
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.
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	Some exposure	The timing of the ozone NAAQS is uncertain and APS is unable to predict the impact of the adoption of a new standard.
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	IF EPA regulates CCRs as a hazardous waste or phases out APS’s ability to dispose of CCRs through the use of ash ponds, significant additional costs could be incurred for CCR disposal. EPA has until December 19, 2014 to publish its final action.
Clean Water Act – 316(b)	Some exposure	APS is performing analyses based on EPA’s May 19, 2014 ruling on the issue to determine the potential costs of compliance with the proposed rule.
Effluent Limitation Guidelines (proposed)	Some exposure	APS has reviewed the proposed rule and continues to assess the impact. EPA has until September 30, 2015 to issue final effluent limits.

⁽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.

EPA's Proposed Clean Power Plan

The goal of the plan is an estimated 30% reduction in CO₂ emissions from the U.S. electric power sector in 2030, relative to 2005 levels.

- Requires each state to develop and implement a state plan to reduce its CO₂ emissions rate to meet state-specific standards based on 2012 average emissions rates for all affected fossil-fueled units in the state.
 - Issued under the authority of section 111(d) of the Clean Air Act (CAA).
- Results in a two-phased program:
 - Interim emission rate goal for “phased-in” period of 2020-2029.
 - New Mexico’s required interim reduction of emissions from 2012 will be 30%.
 - Final emissions rate goal must be achieved in 2030 and beyond.
 - New Mexico’s required final reduction of emissions from 2012 will be 34%.
- Assumes an RPS of 21% by 2030 and energy efficiency savings of 1.5% annually.

10 New Mexico Facilities Affected

Coal Plants

San Juan (*PNM*)

Escalante (*Tri-State*)

Natural Gas Combined Cycle Plants

Afton (*PNM*)

Luna (*PNM*)

Bluffview (*City of Farmington*)

Hobbs (*Xcel*)

Oil and Gas Steam Plants

Reeves (*PNM*)

Cunningham (*Xcel*)

Rio Grande (*El Paso*)

Maddox (*Xcel*)