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Q3 2017 Earnings Review

October 27, 2017



Safe Harbor Statement

Statements made in this presentation that relate to future events or PNM Resources, Inc.'s ("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 and Overview

Pat Vincent-Collawn

Chairman, President and CEO

Q3 2017 Financial Results

Financial Results:

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
GAAP EPS	\$0.92	\$0.68 ⁽¹⁾	\$1.67	\$1.15
Ongoing EPS	\$0.93	\$0.78	\$1.70	\$1.31

- 2017 Ongoing EPS Guidance of \$1.77 - \$1.87 affirmed

Note: EPS shown on a diluted basis

⁽¹⁾ GAAP earnings reflect \$11.3 million of pre-tax regulatory disallowances associated with the rate case final order, including an estimated minimum fifteen months of the disallowed recovery of Palo Verde and balanced draft investments pending appeal with the New Mexico Supreme Court, and \$5.2 million of pre-tax restructuring costs based on revised estimates of the unrecoverable costs in the approved plan for San Juan Generating Station to meet the EPA's regional haze rules

Regulatory Update

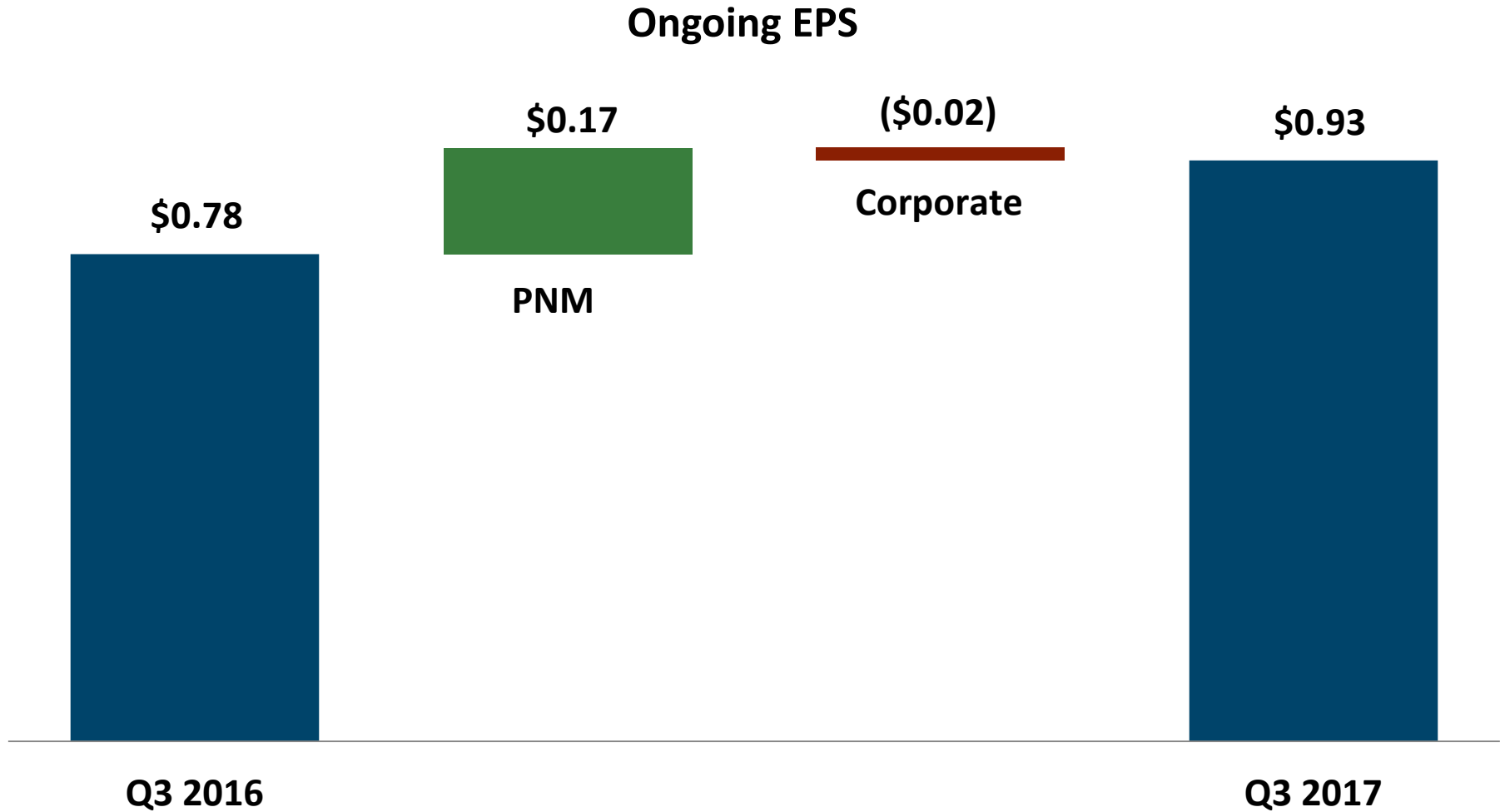
Filing	Action	Timing	Docket No.
PNM 2018 General Rate Case	Hearings held August 7–18, 2017	Suspension period currently ends January 6, 2018; NMPRC has ability to extend to March 6, 2018	16-00276-UT
PNM Integrated Resource Plan	Procedural order issued September 14, 2017	Briefings and responses on scope of proceeding due Q4 2017; Hearing Examiner to determine scope and whether to hold hearings	17-00174-UT
PNM Advanced Metering Infrastructure	Hearings held October 25-26, 2017	Decision expected Q1 2018	15-00312-UT
PNM 2018 Renewable Plan	Recommended decision issued October 17, 2017	Decision expected Q4 2017	17-00129-UT
NMPRC Rulemaking on Utility Ratemaking Policies	Public workshop held September 14, 2017	Additional public workshops to be held November 6-7, 2017	17-00046-UT
PNM Appeal of 2015 General Rate Case to New Mexico Supreme Court	Filed September 30, 2016	Oral arguments scheduled for October 30, 2017; no statutory timeline	S-1-SC-36115
TNMP TCOS	Filed July 19, 2017	Approved September 13, 2017	47422
TNMP General Rate Case	To be filed	Expected filing in May 2018	N/A

Financial Overview

Chuck Eldred

Executive Vice President and CFO

Q3 2017 Financial Summary



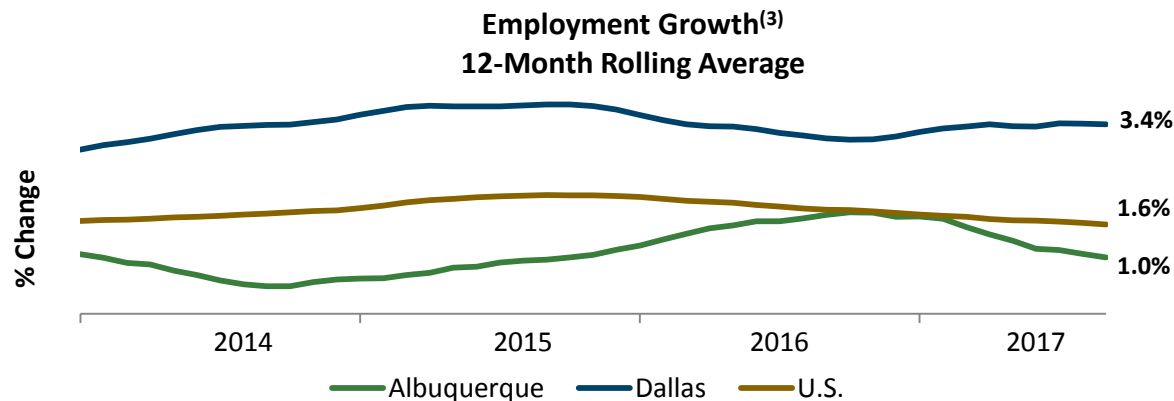
Load and Economic Conditions

Regulated Retail Energy Sales and Customers

(weather-normalized, leap-year adjusted)

PNM	% of 2016 Sales Volumes	Q3 2017 vs. Q3 2016	YTD 2017 vs. YTD 2016
Retail Load:			
Residential	40%	0.0%	0.3%
Commercial	47%	(1.5%)	(1.2%)
Industrial	11%	(2.4%)	(2.4%)
Total Retail Load		(0.9%)	(0.7%)
	2017 Load Growth Forecast: (1%) – 0%		
Avg. Customers		0.6%	0.7%
	2017 Customer Growth Forecast: 0.7%		

TNMP	% of 2016 Sales Revenues	Q3 2017 vs. Q3 2016	YTD 2017 vs. YTD 2016
Volumetric Load ⁽¹⁾ :			
Residential		0.2%	2.0%
Total Volumetric Load	52%	0.0%	1.7%
Demand-Based Load⁽²⁾	48%	3.3%	4.3%
	2017 Load Growth Forecast: 2% – 3%		
Avg. End Users		1.3%	1.2%
	2017 End User Growth Forecast: 1.6%		



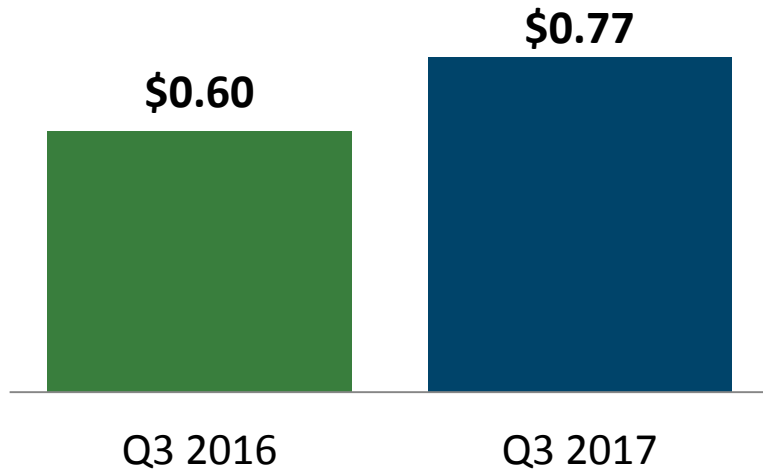
⁽¹⁾ Primarily Residential usage; represents per-kWh billings

⁽²⁾ Commercial and Industrial usage excluding Transmission customers; represents per-kW monthly peak billings

⁽³⁾ U.S. Bureau of Labor Statistics, August 2017

Q3 2017 vs Q3 2016 EPS (Ongoing): PNM

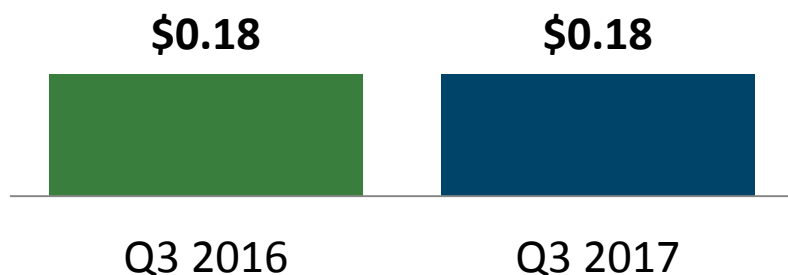
PNM



Q3 2017 Key Performance Drivers	Δ EPS
Retail rate relief	\$0.11
Transmission	\$0.03
Restructuring cost savings	\$0.02
AFUDC	\$0.02
Weather	\$0.01
Palo Verde Unit 3 market prices	\$0.01
Palo Verde Nuclear Decommissioning Trust gains	\$0.01
Interest expense savings	\$0.01
Other	\$0.01
O&M increases	(\$0.03)
Load	(\$0.01)
Depreciation and property tax	(\$0.01)
FERC Generation Navopache contract	(\$0.01)

Q3 2017 vs Q3 2016 EPS (Ongoing): TNMP and Corporate

TNMP



Q3 2017 Key Performance Drivers	Δ EPS
Load	\$0.02
TCOS rate relief	\$0.01
Weather	(\$0.01)
Depreciation and property tax	(\$0.01)
Other	(\$0.01)

Corporate



Q3 2017 Key Performance Drivers	Δ EPS
Interest expense	(\$0.01)
Other, including Westmoreland loan agreements	(\$0.01)

2017 EPS Guidance (Ongoing)

2017 Guidance



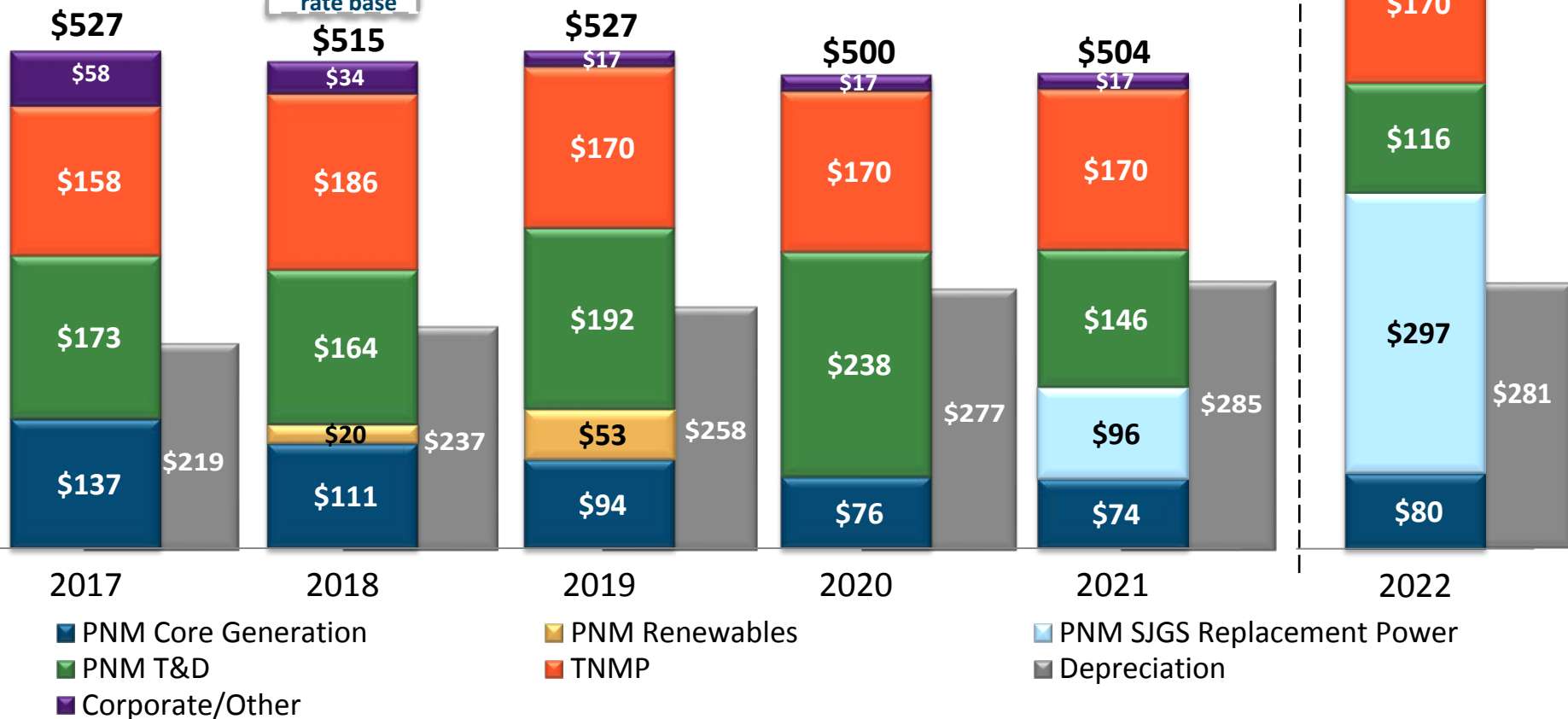
Capital Forecast

Targeted Consolidated 2017-2021 Rate Base CAGR: 4.5-5.5%

2018-2022 Total Capital Plan: \$2.7B

Palo Verde
Unit 3
added to
rate base

(In millions)



PNM Core Generation

PNM T&D

Corporate/Other

PNM Renewables

TNMP

PNM SJGS Replacement Power

Depreciation

Targeted PNM 2017-2021 Rate Base CAGR: 2-4% reflects potential outcomes from the pending NM Supreme Court general rate case appeal of \$0-\$150M and additional AMI spending of \$12/\$59/\$24 million in 2018/2019/2020



Targeted TNMP 2017-2021 Rate Base CAGR: 11.4%

Amounts may not visually add due to rounding.

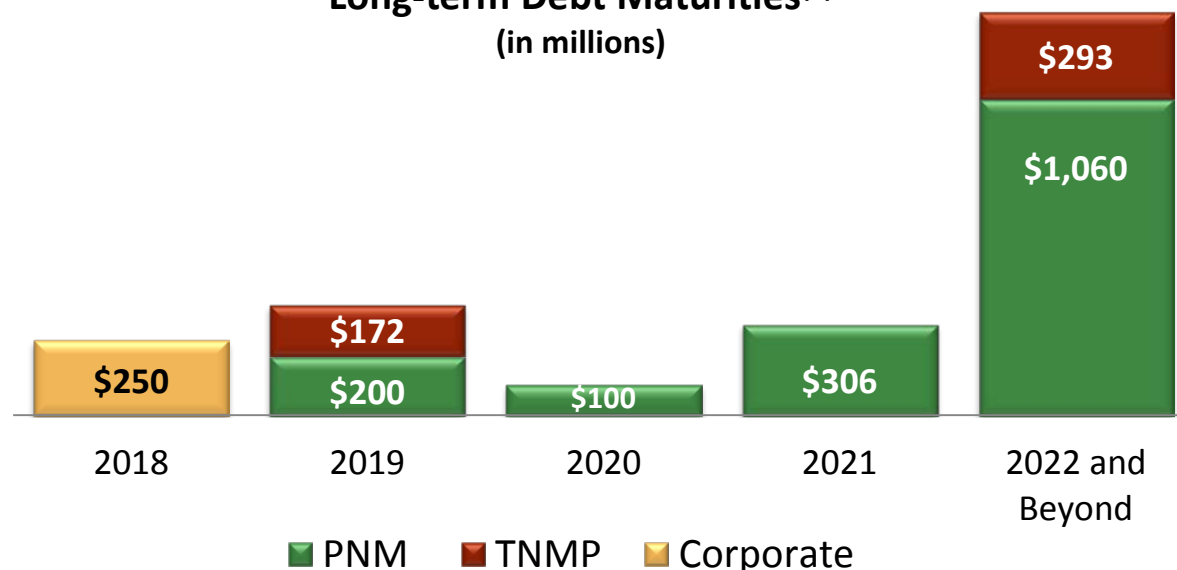
Liquidity and Debt Maturity Outlook

Maintain appropriate credit metrics

Remain a solid investment grade rated company

Target regulatory capital structures at PNM and TNMP

Long-term Debt Maturities⁽¹⁾
(in millions)



- Extended TNMP's \$75M revolving credit facility in September 2017
- In process of extending PNM Resources' \$300M and PNM's \$400M revolving credit facilities by one year to 2022
- In process of extending PNM's \$50M community bank revolving credit facility that expires in January 2018
- Capital expenditures beyond 2019 will be funded through a balance of new debt issuances and an At-the-Market equity program

(1) Reflects the execution of PNM's July 2017 note purchase agreement to refinance an aggregate of \$450M long-term debt due in 2018 to varying maturity dates beyond 2021. Excludes \$61M of debt related to the Westmoreland financing agreements.

Questions and Answers

Appendix

2017 - 2019 Potential Earnings Power

Last updated May 23, 2017

	Allowed Return / Equity Ratio	2017 Guidance Midpoint			2018 Earnings Potential		2019 Earnings Potential	
		Avg Rate Base	Return	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS
PNM Retail ⁽¹⁾	9.575% / 50%	\$2.3 B	9.3%	\$1.33	\$2.3 B	\$1.38	\$2.3 B	\$1.37
PNM Rate Case Phase-In ⁽²⁾						(\$0.23)		
Supreme Court Appeal ⁽³⁾							\$0 - \$150 M	\$0.00 - \$0.09
PNM Renewables ⁽⁴⁾	9.575% / 50%	\$95 M	9.575%	\$0.06	\$90 M	\$0.05	\$85 M	\$0.05
PV3 ⁽⁵⁾				(\$0.12)	<i>Included in PNM Retail</i>		<i>Included in PNM Retail</i>	
PNM FERC ⁽⁶⁾	10% / ~50%	\$180 M	7.9%	\$0.09	\$245 M	\$0.11 - \$0.14	\$275 M	\$0.12 - \$0.16
Items not in Rates ⁽⁷⁾				(\$0.03)		(\$0.03) - \$0.00		(\$0.03) - \$0.00
Total PNM		\$2.6 B		\$1.33	\$2.6 B	\$1.28 - \$1.34	\$2.7 - \$2.9 B	\$1.51 - \$1.67
TNMP ⁽⁸⁾	10.125% / 45%	\$815 M	10.125%	\$0.52	\$815 M	\$0.48	\$965 M	\$0.56
Corporate/Other ⁽⁹⁾				(\$0.03)		(\$0.08) - (\$0.06)		(\$0.07) - (\$0.05)
Total PNM Resources		\$3.4 B		\$1.82	\$3.5 B	\$1.68 - \$1.76	\$3.7 - \$3.9 B	\$2.00 - \$2.18

- ⁽¹⁾ Currently authorized 9.575% ROE has been used for all forecasted years. Average rate base in 2018 and 2019 has been reduced by approximately \$65M to represent the (\$0.04) EPS impact of the lost equity return on the Four Corners SCR investment (debt-only return included in the proposed 2018 general rate case settlement).
- ⁽²⁾ Reflects the \$30M of revenue collection delayed to 1/1/2019 as part of the proposed 2018 general rate case settlement.
- ⁽³⁾ Reflects a range of outcomes for the New Mexico Supreme Court appeal of the August 2015 General Rate Case final order. For purposes of writing down the value of the assets under appeal at September 30, 2016, a minimum 15-month appeal timeframe was used. Potential average rate base presented in 2019 to be conservative includes: PV2 64MW Acquisition Adjustment (~\$75M), PV2 Leasehold Improvements (~\$25M) and Balanced Draft Technology (~\$50M).
- ⁽⁴⁾ PNM Renewables reflect assets collected through the Renewable Rate Rider.
- ⁽⁵⁾ 2017 Guidance Midpoint assumes a hedged price of \$29/MWh; a price of \$44/MWh is required to break even. PV3 is included in PNM rates beginning in 2018.
- ⁽⁶⁾ PNM FERC earnings potential reflects a return of 7-9% versus the allowed return of 10%, as FERC formula rate methodology uses prior year average rate base and provides for mid-year rate increases.
- ⁽⁷⁾ Consists primarily of Palo Verde Nuclear Decommissioning Trust gains and losses, AFUDC, certain incentive compensation, earnings in 2017 associated with the assets previously allocated to the Navopache contract, and the 65MW ownership of San Juan Unit 4 beginning in 2018.
- ⁽⁸⁾ TNMP EPS includes \$0.02 of Competitive Transition Charge recovery in 2017 Guidance Midpoint and 2018 Earnings Potential and \$0.01 in 2019 Earnings Potential. 2018 average rate base has been held at the 2017 level to reflect the required suspension of TCOS filings during general rate case proceedings.
- ⁽⁹⁾ Corporate/Other includes earnings associated with the 65MW ownership of San Juan Unit 4 before PNM assumes ownership in 2018, short and intermediate term bank debt, and the net impact of Westmoreland financing through NM Capital Utility Corporation.

Weather Impact

PNM	Q3 2017	Q3 2016	2017 Normal⁽¹⁾
Heating Degree Days	21	13	14
Cooling Degree Days	1,029	991	1,010
Net EPS Impact <i>compared to normal</i>	\$0.01	\$0.00	

TNMP	Q3 2017	Q3 2016	2017 Normal⁽¹⁾
Heating Degree Days	1	0	0
Cooling Degree Days	1,657	1,795	1,746
Net EPS Impact <i>compared to normal</i>	(\$0.01)	\$0.00	

⁽¹⁾ 2017 normal weather assumption reflects the 10-year average for the period 2006 - 2015.

PNM Scheduled Plant Outages and Retirements

2017-2018 Planned Outage Schedule

San Juan ⁽¹⁾		
Unit	Duration in Days	Time Period
1	45	Q4 2018

Four Corners		
Unit	Duration in Days	Time Period
5	95	Q3-Q4 2017
4	95	Q1-Q2 2018

Palo Verde		
Unit	Duration in Days	Time Period
1	33	Q4 2017
3	33	Q2 2018
2	44	Q4 2018

NMPRC Approved Unit Retirements

San Juan	
Unit	Retirement Date
2	12/31/2017
3	12/31/2017

(1) Under the assumption that remaining San Juan units are retired after the coal contract expires in 2022, the previously scheduled 2018 Unit 4 outage has been shifted to 2019.

Balance Sheet and Credit Metrics

Liquidity as of October 20, 2017

	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 10/20/17:				
Short-term debt and LOC balances	\$2.5	\$6.0	\$181.5	\$190.0
Remaining availability	447.5	69.0	118.5	635.0
Invested cash	50.5	-	1.5	52.0
Total Available Liquidity	\$498.0	\$69.0	\$120.0	\$687.0

⁽¹⁾ Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec 31, 2016	Sept 30, 2017
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$1,631.4	\$1,657.4
TNMP	420.9	480.6
Corporate/Other	340.5	309.7
Consolidated	\$2,392.7	\$2,447.7
Total Debt (incl. short-term) ⁽²⁾		
PNM	\$1,692.4	\$1,657.4
TNMP	420.9	480.6
Corporate/Other	566.6	576.2
Consolidated	\$2,679.8	\$2,714.2

⁽¹⁾ Net of unamortized debt issuance costs

⁽²⁾ Excludes intercompany debt

Amounts may not add due to rounding

Credit Ratings

PNMR	S&P	Moody's
Credit rating	BBB+ ⁽¹⁾	Baa3 ⁽¹⁾
Issuer outlook	Stable	Positive

PNM	S&P	Moody's
Credit rating	BBB+ ⁽²⁾	Baa2 ⁽²⁾
Issuer outlook	Stable	Positive

TNMP	S&P	Moody's
Credit rating	A ⁽³⁾	A1 ⁽³⁾
Issuer outlook	Stable	Stable

⁽¹⁾ Issuer/Corporate rating

⁽²⁾ Senior unsecured

⁽³⁾ Senior secured