



Q3 2023 Earnings Review

October 27, 2023



Contact Information and Safe Harbor Statement

Investor Relations Contact Information

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

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Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures in this presentation (ongoing earnings, ongoing earnings per diluted share and ongoing earnings guidance measures), as well as a reconciliation to GAAP measures, please refer to the Company's website at <http://www.pnmresources.com/investors/results.cfm>. Since the future differences between GAAP and ongoing earnings are frequently outside the control of the Company, management is generally not able to estimate the impact of the reconciling items between forecasted GAAP net earnings and ongoing earnings guidance, nor their probable impact on GAAP net earnings without unreasonable effort, therefore, management is generally not able to provide a corresponding GAAP equivalent for ongoing earnings guidance.

Overview and Highlights



Financial Results and Strategic Updates

Q3 2023 earnings results

*2023 earnings guidance
adjusted on weather impacts*

*Merger appeal decision
pending*

NMRD sale on track

Financial Results and Guidance

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
GAAP EPS	\$0.44 ⁽¹⁾	\$1.42	\$1.60 ⁽¹⁾	\$1.78
Ongoing EPS	\$1.54	\$1.46	\$2.65	\$2.54

- 2023 Ongoing EPS Guidance adjusted to \$2.75 - \$2.80

Strategic Updates

PNM Resources Merger

- NM Supreme Court appeal pending, oral argument held September 15, 2023

NMRD Sales Process on Track

- Expect to close in late Q4 or early Q1 2024

Note: EPS is presented on diluted basis.

⁽¹⁾ GAAP earnings includes rate credits associated with the San Juan Generating Station abandonment settlement. For a reconciliation of GAAP to Ongoing EPS, including a description of adjustments, see earnings release issued October 27, 2023.

Operational and Regulatory Updates



PNM Operational Highlights

Operational Highlights

- Continued economic development
- New all-time system peak reached in July, reflects growing capacity needs
- Proposed resource additions to meet growing system adequacy needs
 - 2026 projects leverage existing interconnections
 - 100 MW solar PPAs
 - 250 MW battery storage ESAs
 - 60 MW utility-owned battery storage
 - Filed October 25, 2023, requested approval by May 2024
- Resource capacity reaches **75% carbon-free** in 2026 with proposed resources



PNM Key Regulatory Updates

2024 Rate Review Filing

- Unanimous settlement resolving San Juan items
- Hearings held in September
- NMPRC decision pending
- Rates expected to be implemented in January

12 MW Battery Storage CCN

- Support from intervening parties
- Hearing held October 12, 2023
- Decision expected before year-end

Grid Modernization

- Proceedings paused to consider cost benefit analysis to be filed in November
- Decision expected in first half of 2024

Integrated Resource Plan

- 20-year plan to be filed in December 2023



TNMP Operational and Regulatory Highlights

Operational Highlights

- New all-time system peak reached four times in summer 2023
- Resiliency projects brought to forefront

Key Regulatory Proceedings

- Distribution investment recovery
 - 2023 DCRF filing implemented Sept. 1, 2023; \$14.5M increase recovers \$157M incremental rate base
 - Semi-annual filings expected to begin in 2024
- Transmission investment recovery
 - First semi-annual TCOS filing approved and implemented May 12, 2023
 - Second semi-annual TCOS approved and implemented Sept. 6, 2023
- Energy Efficiency Cost Recovery Factor (annual program filing)
 - Settlement approved Sept. 28 for recovery of \$6.6M in 2024, including \$1.2M performance bonus



Financial Updates

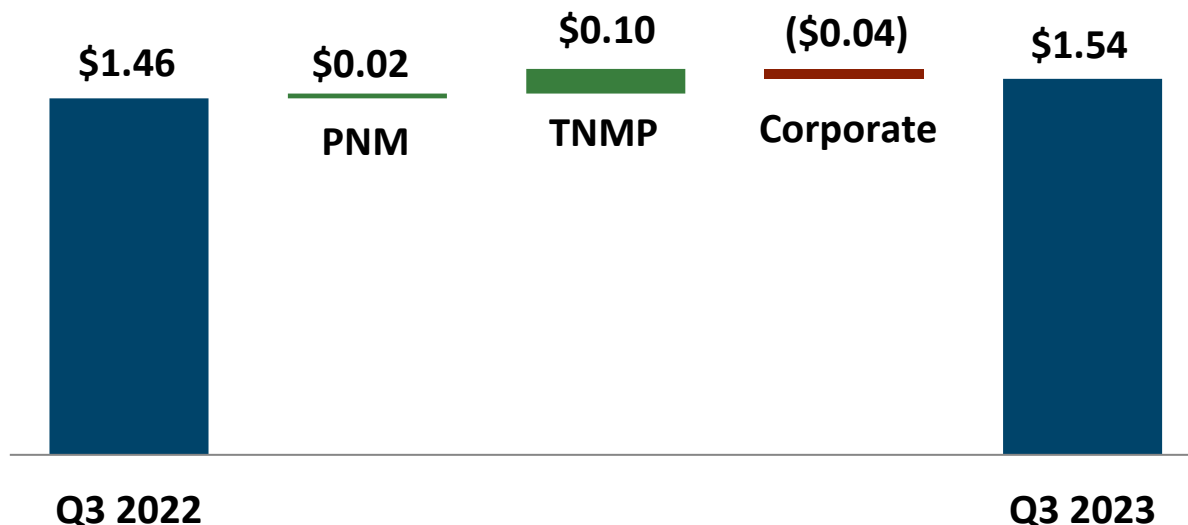


Q3 2023 Ongoing EPS Financial Summary

Q3 2023 changes in ongoing earnings:

- Increased customer usage due to hotter temperatures
- New rate recovery of TNMP transmission and distribution capital investments
- Planned O&M increases
- Additional costs associated with new capital investments, partially offset by AFUDC
- Higher interest expense

Q3 Earnings Summary



EPS Summary	Q3 2022	Q3 2023
PNM Resources	\$1.46	\$1.54
PNM	\$1.17	\$1.19
TNMP	\$0.36	\$0.46
Corporate/Other	(\$0.07)	(\$0.11)

Load and Economic Conditions

PNM

Higher Q3 usage driven by hotter temperatures, underlying load reflects slower Industrial ramp-up

- 2023 guidance revised to reflect slower ramp-up from Industrial customers, partially offset by YTD usage from Residential / Commercial customers ahead of expectations

PNM	Q3 YTD 2023 vs 2022	2023E
Total Retail Load ⁽¹⁾	(0.7%)	(0.5%) – 0.5%
PNM Avg. Customers	0.8%	~1%

TNMP

Higher Q3 usage driven by hotter temperatures and demand-based load growth

TNMP	Q3 YTD 2023 vs 2022	2023E
Volumetric Load ⁽²⁾	(0.8%)	0% – 1%
Demand-Based Load ⁽³⁾	18.7%	12% - 13%
TNMP Avg. End Users	1.5%	~1.5%

- 2023 guidance revised to reflect YTD trends
- Lower volumetric load growth under normal weather conditions overshadowed by weather impacts
- Stronger demand-based load growth continues to be supplemented by crypto mining customers

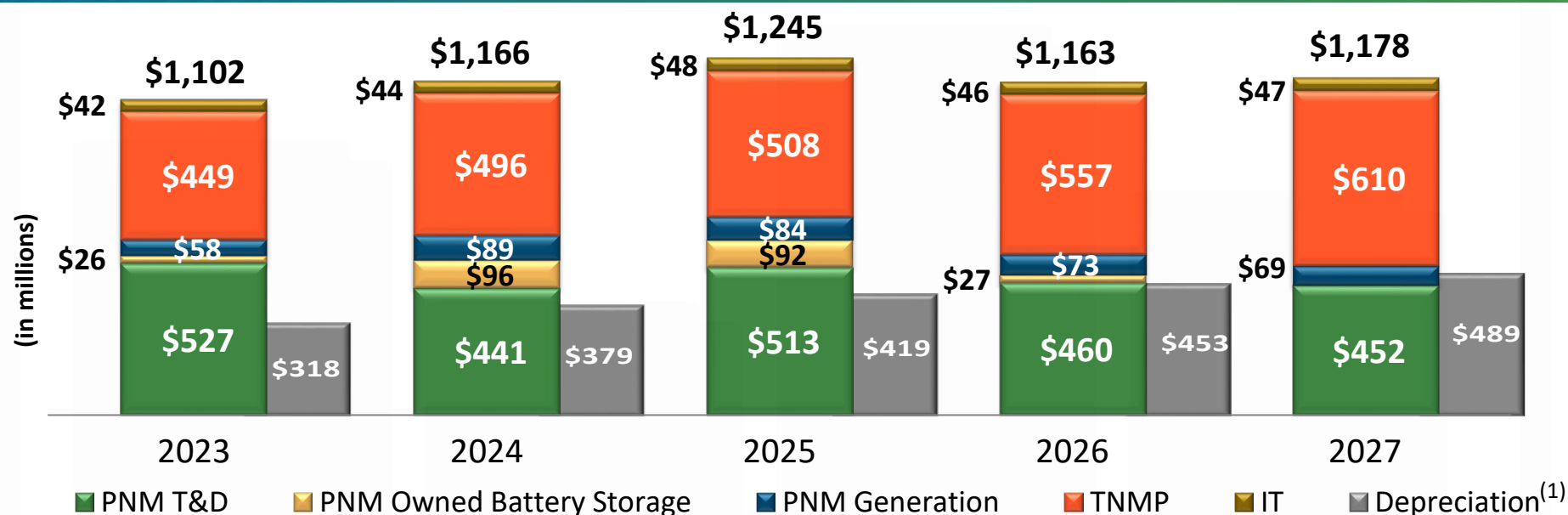
(1) Weather normalized, excludes Economy customers

(2) Primarily Residential per-kwh billings, weather-normalized

(3) Commercial and Industrial per-kw monthly peak billings, weather-normalized; excludes retail Transmission customers

Investment Plan 2023 – 2027

5-year investment plan of \$5.9 billion



Average Rate Base

	2023-2027					
(in \$ billions)	2023	2024	2025	2026	2027	CAGR
PNM Retail ⁽²⁾	2.8	2.9	3.0	3.4	3.7	7.7%
PNM FERC	0.8	0.8	0.9	1.0	1.1	9.7%
TNMP	2.0	2.4	2.7	3.1	3.5	14.5%
Total Rate Base	5.6	6.1	6.6	7.5	8.3	10.6%

⁽¹⁾ Depreciation rates based on 2024 Rate Review Filing

⁽²⁾ Includes \$130m of Four Corners coal plant investments earning a debt-only return

Earnings Guidance (Ongoing) and Financing Plans

2023 ongoing earnings guidance raised

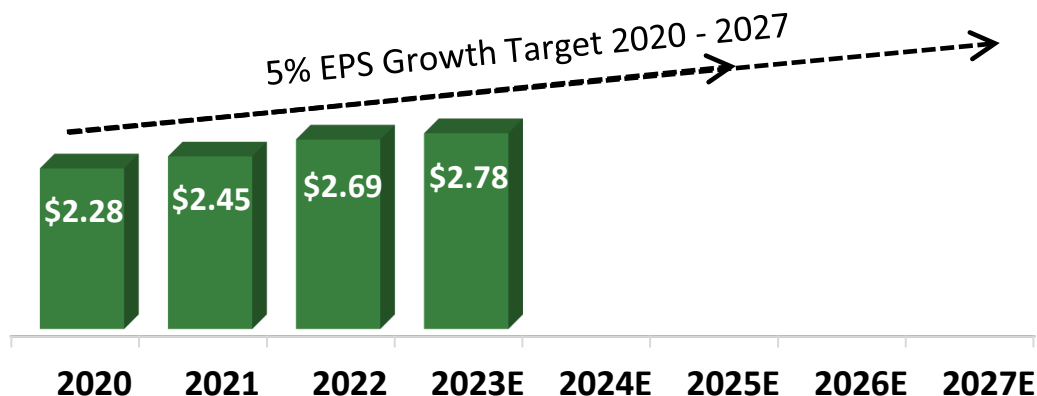
Financing Considerations:

- 2023 equity needs fulfilled through forward ATM sales
- 2024+ base assumption of ~\$100M/yr equity

2023 Revised Earnings Guidance \$2.75 - \$2.80

2023 Guidance Revision	Revised Guidance	Previous Guidance
PNM Resources	\$2.75 - \$2.80	\$2.65 - \$2.75
PNM	\$2.19 - \$2.21	\$2.14 - \$2.19
TNMP	\$1.08 - \$1.10	\$0.98 - \$1.01
Corporate/Other	(\$0.52)-(\$0.51)	(\$0.47)-(\$0.45)

Continued 5% Long-Term EPS Growth



Appendix

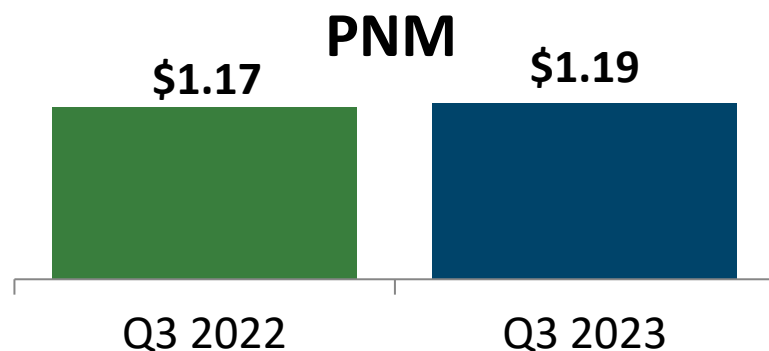


PNM and TNMP Key Regulatory Proceedings

	Filing	Action	Timing	Docket No.
PNM NMPRC	Merger transaction approval	PNM/AVANGRID appealed NMPRC denial with NM Supreme Court on Jan. 3, 2022, briefings completed Aug. 5, 2022, oral argument held for Sept. 15, 2023	No statutory timeframe	20-00222-UT S-1-SC-39152
	Four Corners Abandonment/ Securitization	NM Supreme Court upheld NMPRC Dec. 2021 denial	PNM determining next steps	21-00017-UT S-1-SC-39138
	San Juan Units 1 and 4 Abandonment/ Securitization	NMPRC approved unanimous settlement reached with parties to resolve customer bill credits and issuance of securitization bond	NM Supreme Court dismissal pending	19-00018-UT S-1-SC-39440
	Decoupling	PNM filed NM Supreme Court appeal of NMPRC Declaratory Order limiting rate adjustment mechanism on May 24, 2022; briefings completed, oral argument scheduled for Nov. 13, 2023	No statutory timeframe for appeal	20-00212-UT S-1-SC-39401
	Grid Modernization	PNM filed Oct. 3, 2022 for six-year, \$344 million investment plan, including smart meters, with recovery via rate rider; hearings held March 20-24, 2023	Remaining procedural schedule to be determined following requested Cost-Benefit Analysis, decision expected in first half of 2024	22-00058-UT
	2024 Rate Change	PNM filed Dec. 5, 2022, with a requested implementation of rates by Jan. 1, 2024; hearings held Sept. 5-22, 2023	Statutory deadline Jan. 4, 2024	22-00270-UT
	12MW Battery Energy Storage Systems (BESS)	PNM filed May 3, 2023, with requested decision before year-end 2023; hearings held Oct. 12	Decision expected before year-end 2023	23-00162-UT
	2026 Resource Filing	PNM filed Oct. 25, 2023	Decision requested by May 2024	23-00353-UT
TNMP PUCT	Distribution Cost Recovery Factor	Unanimous settlement approved July 20, 2023	Rates implemented Sept. 1, 2023	54807
	Transmission Cost of Service (2 nd 2023 filing)	Filed July 21, 2023, approved Sept. 6, 2023	Rates implemented Sept. 6, 2023	55270
	Energy Efficiency Cost Recovery Filing	Filed May 26, 2023, unanimous settlement approved Sept 28, 2023	Rates implemented March 1, 2024	55034

Q3 2023 Ongoing EPS Details: PNM

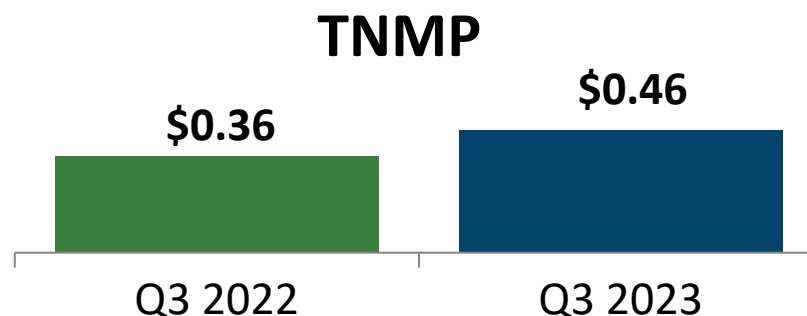
- Higher customer usage driven by hotter temperatures
- Lower costs associated with the retirement of the San Juan Generating Station and return of Palo Verde leased capacity
- Higher AFUDC due to capital spending and increased rates
- Improved realized decommissioning / reclamation trust performance in Q3 2023 compared to Q3 2022
- Higher expenses (depreciation and interest) on new capital investments
- Planned O&M increases
- Lower transmission margins due to a decrease in market settlement prices from Q3 2022 levels



Q3 2023 Key Performance Drivers		Δ EPS
Retail load / weather		\$0.13
Generation portfolio changes		\$0.03
AFUDC		\$0.03
Decommissioning / reclamation trust performance		\$0.02
Interest expense		(\$0.08)
O&M increases		(\$0.04)
Transmission margins		(\$0.04)
Depreciation and property tax		(\$0.03)

Q3 2023 Ongoing EPS Details: TNMP

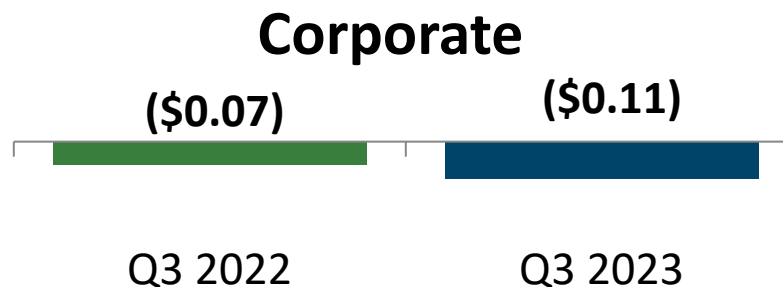
- *New Rate relief from 2022 and 2023 TCOS and DCRF filings*
- *Higher demand-based load growth and hotter temperatures in Q3 2023*
- *Higher expenses (depreciation, property tax and interest) on new capital investments*
- *Planned O&M increases*



Q3 2023 Key Performance Drivers	Δ EPS
Transmission rate relief (TCOS)	\$0.06
Distribution rate relief (DCRF)	\$0.04
Retail load / weather	\$0.04
Other	\$0.03
Depreciation and property tax	(\$0.04)
Interest expense	(\$0.02)
O&M increases	(\$0.01)

Q3 2023 Ongoing EPS Details: Corporate

- *Higher variable debt interest, net of hedges*



Q3 2023 Key Performance Drivers	Δ EPS
Other	\$0.01
Interest expense	(\$0.05)

Weather Impacts

PNM:

- *Q3 and YTD 2023 cooling degree-days above normal and prior year*
- *YTD heating degree-days above normal and prior year*

TNMP:

- *Q3 and YTD 2023 cooling degree-days above normal and prior year*
- *YTD heating degree-days below normal and prior year*

PNM	Q3 2023	Q3 2022	Q3 Normal ⁽¹⁾	Q3 YTD 2023	Q3 YTD 2022	Q3 YTD Normal ⁽¹⁾
Cooling Degree Days	1,312	1,036	965	1,730	1,552	1,472
Heating Degree Days	0	0	1	1,352	1,293	1,187
Net EPS Impact compared to Normal	\$0.15	\$0.03		\$0.14	\$0.04	

TNMP	Q3 2023	Q3 2022	Q3 Normal ⁽¹⁾	Q3 YTD 2023	Q3 YTD 2022	Q3 YTD Normal ⁽¹⁾
Cooling Degree Days	2,050	1,771	1,637	3,346	3,141	2,781
Heating Degree Days	0	0	1	758	1,115	962
Net EPS Impact compared to Normal	\$0.06	\$0.02		\$0.05	\$0.07	

Balance Sheet and Credit Metrics



Liquidity as of October 20, 2023

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity ⁽¹⁾ :	(In millions)			
Revolving credit facilities	\$440.0	\$100.0	\$300.0	\$840.0
As of 10/20/23:				
Short-term debt and LOC balances	161.7	43.6	196.5	401.8
Remaining availability	278.3	56.4	103.5	438.2
Invested cash	-	-	0.9	0.9
Total Available Liquidity	\$278.3	\$56.4	\$104.4	\$439.1

(1) Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec. 31, 2022	Sept. 30, 2023
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$2,000.9	\$2,145.2
TNMP	1,076.9	1,260.9
Corporate/Other	999.6	999.0
Consolidated	\$4,077.4	\$4,405.1
Total Debt (incl. short-term) ^(1,2)		
PNM	\$2,186.8	\$2,312.1
TNMP	1,113.6	1,300.7
Corporate/Other	1,009.0	1,197.8
Consolidated	\$4,309.4	\$4,810.6

⁽¹⁾ Net of unamortized debt issuance costs, premiums and discounts

⁽²⁾ Excludes intercompany debt

Credit Ratings

PNMR Consolidated	S&P	Moody's
Issuer rating	BBB	Baa3
Outlook	Positive	Stable
Senior unsecured rating	BBB-	Baa3

PNM	S&P	Moody's
Issuer rating	BBB	Baa2
Outlook	Positive	Stable
Senior unsecured rating	BBB	Baa2

TNMP	S&P	Moody's
Issuer rating	BBB+	Baa1
Outlook	Positive	Stable
Senior secured rating	A	A2