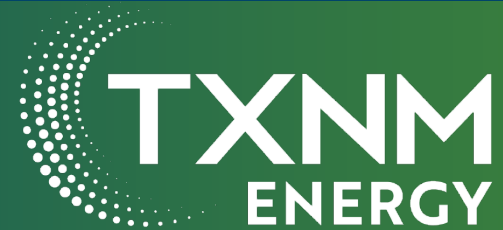


PNM 2025 Rate Request Unopposed Stipulation

November 2024



The information contained herein is intended to describe the financial impacts of the unopposed stipulation filed in PNM's 2025 Rate Request with the New Mexico Public Regulation Commission. Please also refer to the Company's press release issued November 26, 2024, and the Safe Harbor Statement and Non-GAAP Financial Measure Disclosures on page 2.



Contact Information and Safe Harbor Statement

Investor Relations Contact Information

Lisa Goodman Executive Director, Investor Relations and Shareholder Services
1-505-241-2160 Lisa.Goodman@pnmresources.com

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

Statements made in this news release for TXNM Energy, Inc. (“TXNM”), Public Service Company of New Mexico (“PNM”), or Texas-New Mexico Power Company (“TNMP”) (collectively, the “Company”) that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies, including the unaudited financial results and earnings guidance, 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 and apply only as of the date of this report. TXNM, 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, TXNM, PNM, and TNMP caution readers not to place undue reliance on these statements. TXNM'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, Form 10-Q filings and the information included in the Company's Forms 8-K 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 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.txnmenergy.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.

Key Drivers of PNM 2025 Rate Request

Total Revenues	Request	Settlement
Rate base investments	\$430M new investments	\$430M new investments
Equity financing costs (ROE)	10.45%	9.45%
Capital structure	52.5% Equity	51% Equity
Debt financing costs	4.24% debt rate	4.24% debt rate
Energy storage agreement costs	Recovery through fuel clause	Recovery through base rates with deferral
Four Corners depreciable life	2031	Currently authorized rates through 2041
EDFIT amortization	No change	Accelerate unprotected amortization to 2027 from 2028
Settlement adjustment	N/A	(\$18M)
Annualized revenue increase:	\$174.3	\$105.0
Phase in	50% July 2025, 100% Jan 2026	50% July 2025, 100% April 2026

Key Drivers of PNM 2025 Rate Request

Key Settlement Component	Settlement Terms	Ongoing Earnings Per Share Considerations
Rate base investments	\$430M new investments Dec 2024-June 2026	+\$0.22 return on new investments
Equity financing costs (ROE)	9.45%	+\$0.04 vs currently authorized 9.26%
Capital structure	51% Equity	+\$0.03 vs currently authorized 50%
Debt financing costs	4.24% debt rate	No impact, offsetting revenues and expenses
Energy storage agreement costs	Recovery through base rates with deferral	No impact, offsetting revenues and expenses (partial year timing impacts included as part of phase-in below)
Four Corners depreciable life	Currently authorized rates through 2041	No impact, offsetting revenues and expenses
EDFIT amortization	Accelerate unprotected to 2027 (from 2028)	No impact, offsetting revenues and expenses (partial year timing impacts included as part of phase-in below)
Settlement adjustment	\$18M reduction to expense recovery	(\$0.15)-\$0.00 reduction to proposed operating expenses
Phase-in, after timing considerations of EDFIT amortization and battery storage capacity payments	50% July 2025, 100% April 2026	(\$0.11) in 2025 (\$0.05) in 2026

2024 - 2028 Potential Earnings Power

	Allowed Equity Return / Ratio	2024 Guidance Midpoint		2025 Earnings Potential		2026 Earnings Potential		2027 Earnings Potential		2028 Earnings Potential	
		Avg Rate Base	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS
PNM Retail	9.45% / 51% ⁽¹⁾	\$2.8 B	\$1.48	\$3.0 B	\$1.60	\$3.3 B	\$1.77	\$3.7 B	\$1.95	\$3.8 B	\$2.01
Rate Phase-In					(\$0.11)		(\$0.05)				
PNM FERC	10% / ~50%	\$0.8 B	\$0.47	\$0.9 B	\$0.50	\$1.0 B	\$0.54	\$1.1 B	\$0.58	\$1.1 B	\$0.61
Items not in Rates ⁽²⁾			\$0.14		\$0.08-\$0.12		\$0.09-\$0.13		\$0.09-\$0.13		\$0.09-\$0.13
<i>Total PNM</i>		\$3.6 B	\$2.09	\$3.9 B	\$2.06-\$2.10	\$4.3 B	\$2.35-\$2.39	\$4.8 B	\$2.62-\$2.66	\$4.9 B	\$2.71-\$2.75
TNMP ⁽³⁾	9.65% / 45%	\$2.4 B	\$1.20	\$2.8 B	\$1.33	\$3.2 B	\$1.54	\$3.7 B	\$1.77	\$4.1 B	\$1.96
Corporate/Other ⁽⁴⁾			(\$0.56)		(\$0.58)-(\$0.55)		(\$0.69)-(\$0.65)		(\$0.74)-(\$0.70)		(\$0.72)-(\$0.68)
Equity Financing ⁽⁴⁾					(\$0.11)-(\$0.08)		(\$0.26)-(\$0.22)		(\$0.37)-(\$0.32)		(\$0.45)-(\$0.40)
Total TXNM Energy		\$6.0 B	\$2.73	\$6.7 B	\$2.71 - \$2.81	\$7.5 B	\$2.94 - \$3.06	\$8.5 B	\$3.28 - \$3.41	\$9.0 B	\$3.50 - \$3.63

⁽¹⁾ Proposed in the Unopposed Stipulation filed in the PNM 2025 Rate Request on November 26, 2024

⁽²⁾ PNM Items not in Rates consists primarily of decommissioning/reclamation trust costs and income (net of fees/taxes), AFUDC, interest on short term debt, and certain incentive compensation

⁽³⁾ TNMP earnings include additional recovery for Energy Efficiency, along with items excluded from rates (primarily AFUDC and interest on short term debt)

⁽⁴⁾ Corporate/Other includes the earnings impacts associated with debt financing instruments and Equity Financing includes impacts of new equity issued over the period. Actual financings will be optimized based on market conditions to support investment grade credit ratings. Current assumptions:

- Average \$100 million equity issued per year 2024-2028 has been increased by a total of \$70m 2025-2027 to fund \$150 million additional TNMP System Resiliency capital
- Assumed refinancing of \$450 million remaining Corporate term loans in 2025 with new equity-content debt instruments

