



PNM Rate Review Outcome

January 3, 2024



The information contained herein is intended to estimate the ongoing earnings impacts associated with the New Mexico Public Regulation Commission order issued Jan. 3, 2024. Please also refer to the Company's press release issued Jan. 4, 2024, and the Safe Harbor Statement and Non-GAAP Financial Measure Disclosures on page 3.



Impacts of PNM Rate Review

Continued 5% Long-Term EPS Growth Target

	Base Rate Increase (\$m)	Ongoing Earnings Per Share Considerations
Filed request:	\$63.8	
Changes to legacy items:		
Four Corners coal plant \$81m disallowance (\$64m net rate base)	(\$1.5)	(\$0.01) impact compared to current debt-only return on ~\$130m of rate base
Return of, but no return on, portion of Palo Verde leasehold improvements	(\$3.9)	(\$0.02) no return on \$39m net rate base
Refund of Palo Verde lease expense		No ongoing impact, ~\$19m/yr rate rider in 2024-2025
Other changes:		
ROE: Requested increase to 10.25%	(\$12.0)	Decrease to previously authorized ROE of 9.575%
Decrease to 9.26% (from 9.575%)	(\$6.1)	(\$0.05) impact on authorized rate base
Requested increase to 52% equity layer	(\$5.4)	No change to previously authorized capital structure
Rate base deferral of \$55M	(\$6.8)	(\$0.06) timing impact, to be included in next rate review filing
Projected O&M costs	(\$9.2)	Includes proposed programs that will no longer be implemented
Other	(\$3.6)	Includes change in terminal lives of gas plants by 2045, no impact as revenues and expenses to be aligned
Authorized increase:	\$15.3	Base rates effective January 2024

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

Statements made in this presentation for PNM Resources, Inc. (“PNMR”), 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 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. 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. Additionally, there are risks and uncertainties in connection with the proposed acquisition of us by AVANGRID which may adversely affect our business, future opportunities, employees and common stock, including without limitation, (i) the expected timing and likelihood of completion of the pending Merger, including the timing, receipt and terms and conditions of any remaining required governmental and regulatory approvals of the pending Merger that could reduce anticipated benefits or cause the parties to abandon the transaction, (ii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, (iii) the risk that the parties may not be able to satisfy the conditions to the proposed Merger in a timely manner or at all, and (iv) the risk that the proposed transaction could have an adverse effect on the ability of PNMR to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally. 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.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.