BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC., AND TROY PARENTCO LLC FOR APPROVAL OF AN ACQUISITION AND MERGER OF TROY MERGER SUB INC. WITH TXNM ENERGY, INC.; APPROVAL OF A GENERAL DIVERSIFICATION PLAN; AND ALL OTHER AUTHORIZATIONS AND APPROVALS REQUIRED TO CONSUMMATE AND IMPLEMENT THIS TRANSACTION ("JOINT APPLICATION")	)	**Docket No. 25-00060-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC. AND TROY PARENTCO LLC	)	
JOINT APPLICANTS.	)	

JOINT APPLICANTS' SUPPLEMENTAL COMPLIANCE REPORT TO EFFECTUATE THE FINAL ORDER ON THE SHOW CAUSE

Public Service Company of New Mexico ("PNM"), TXNM Energy, Inc. ("TXNM") and Troy ParentCo LLC ("Troy," and together with TXNM, "Joint Applicants") hereby file, on behalf of the Joint Applicants and Troy TopCo LP ("TopCo"), their Supplemental Compliance Report ("Supplemental Compliance Report"). Joint Applicants file this Supplemental Compliance Report pursuant to the Commission's October 16, 2026, Order Granting Joint Applicant's Motion to Revise Merger Application and Supporting Testimony and For Leave to Supplemental Compliance Report.[1] This Supplemental Compliance Report updates Joint Applicants' Compliance Report filed on July 27, 2026 ("Compliance Report"), which was subsequently amended on August 10, 2026 ("Amended Compliance Report" and, together with the Compliance Report, "Compliance

[1] Docket No. 25-00060-UT, Order Granting Joint Applicant's Motion to Revise Merger Application and Supporting Testimony and For Leave to Supplemental Compliance Report, ¶ C (Oct. 16, 2026) ("October 16 Order").

Reports"),[2] and provides additional details and information to address issues Staff and intervenors raised in their responses to the Compliance Reports.[3]

In addition to this Supplemental Compliance Report, in accordance with the Commission's Order Granting Petition for Declaratory Order in Docket No. 26-0000153 on August 27, 2026 ("Declaratory Order"), TXNM filed on September 28, 2026, a report containing additional details regarding TXNM's issued equity ("Equity Issuance") to repay the $400 million 30-month term loan with Wells Fargo Bank, National Association ("Wells Fargo") on July 17, 2026 ("Term Loan") (the "September 28 Report").[4] Thus, this Supplemental Compliance Report does not address issues raised in the responses from the Utility Division Staff ("Staff") or intervenors that pertain to the issuance of equity that were already addressed in the September 28 Report.[5]

[2] Case No. 25-00060-UT, Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause (July 27, 2026); Case No. 25-00060-UT, Notice of Amended Compliance Report and Joint Applicants' Amended Compliance Report to Effectuate the Final Order on the Show Cause (Aug. 10, 2026).

[3] On July 2, 2026, the Commission issued the Final Order on the Show Cause ("Show Cause Final Order"), finding that the Financing Transaction violated Section 62-6-12(A)(3)(c) and declaring the Financing Transaction void and of no effect. The Show Cause Final Order directed the Joint Applicants to file a compliance report within 45 days describing how they effectuated that statutory consequence and documenting the financial and accounting implications of doing so as well as holding customers harmless. The Joint Applicants filed the Compliance Reports as directed by the Commission.

[4] Docket No. 25-00060-UT, TXNM Energy, Inc.'s Report Identifying Equity Issuance Completed Pursuant to Declaratory Order (Sept. 28, 2026).

[5] Staff filed its response to Joint Applicants' Compliance Reports on August 26, 2026 ("Staff Response"). *See* Docket No. 25-00060-UT, Staff's Response to Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause (Aug. 26, 2026). The following intervenors also filed responses to the Compliance Reports on September 9, 2026: Case No. 25-00060-UT, New Mexico Department of Justice's Response to Joint Applicants' Compliance Report and Amended Compliance Report (Sept. 9, 2026) ("NMDOJ") ("NMDOJ Response"); Case No. 25-00060-UT, New Mexico Affordable Reliable Energy Alliance's Response to the Joint Applicants' Initial and Amended Compliance Reports (Sept. 9, 2026) ("NM AREA Response"); Case No. 25-00060-UT, Prosperity Works' Response to Amended Compliance Report (Sept. 9, 2026) ("Prosperity Works ("Prosperity Works Response"); Docket No. 25-00060-UT, NEE and NMCPA Response to Joint Applicants' Initial Compliance Report and Amended Compliance Report (Sept. 9, 2026) ("NEE/NMCPA Response") ("NEE/NMCPA"); Case No. 25-00060-UT, Center for Biological Diversity's Response to Joint Applicants' Compliance Report (Sept. 9, 2026) ("Center Response") (collectively, "Intervenor Responses").

The factual statements in this Supplemental Compliance Report are supported by the affirmation of Henry E. Monroy, attached as JA Supplemental Exhibit A (PNM), and by the transaction documents, accounting entries, and workpapers identified below.

Having generally determined that the Joint Applicants satisfied the requirements of the Commission's Show Cause Final Order, the Staff Response requested additional information to ensure that no harm would result to customers given the Commission's findings in the Show Cause Final Order.[6] The NMDOJ Response and NM AREA Response also sought additional information and evidence to support statements made in the Compliance Reports, all of which have been addressed as detailed below. In contrast, the Prosperity Works Response, NEE/NMCPA Response, NM AREA Response and Center Response raise issues that are beyond the scope of compliance with the Show Cause Final Order. The Commission held that such matters may be considered, if relevant, in determining if Troy's proposed acquisition of TXNM ("Acquisition") is in the public interest.[7] Given the foregoing, this Supplemental Compliance Report addresses some of the issues the Prosperity Works Response, NEE/NMCPA Response, NM AREA Response and Center Response raise but largely defers discussion of these intervenors' arguments, if relevant, to the public interest determination for the Acquisition.[8]

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[6] Staff Response at ¶¶ 7-24 (stating that Joint Applicants substantially complied with Ordering Paragraphs C, D(a), D(b), D(c), D(d) and D(e), but with regarding Ordering Paragraph E, "requests that the Joint Applicants' supplemental compliance filing identify and quantify, to the extent then known, all direct and indirect financial consequences associated with the Financing Transaction and unwinding.").

[7] *See* Docket No. 25-00060-UT, *Order Denying Prosperity Works' Second Motion for Order to Show Cause*, at Ordering Paragraph B ("Second Motion Order"). The Joint Applicants maintain that matters that seek to evaluate the business or management decisions that do not impact customers are outside the scope of this proceeding and the Commission's purview.

[8] The Second Motion Order states that issues Prosperity Works raised regarding TXNM's decision not to pursue the $350 million termination fee may be addressed "to the extent such matters are relevant to the Commission's determination whether the proposed acquisition is lawful and consistent with the public interest." Second Motion Order at Ordering ¶ B. Thus, this issue will not be addressed herein.

I. Background and Procedural History

On August 25, 2025, the Joint Applicants filed the initial application with the Commission for approval of the Acquisition ("Original Application"). On February 6, 2026, Prosperity Works filed a motion requesting the Hearing Examiners order Joint Applicants to show cause why TopCo's purchase of 8,000,000 shares of TXNM common stock, no par value, for $400 million (the "Financing Transaction") was not void and of no effect under NMSA 1978, Section 62-6-12 ("Show Cause") and to address the implications of that Financing Transaction on the Original Application. On March 11, 2026, the Hearing Examiners issued an Order Directing Joint Applicants to Show Cause.[9] The Commission issued its Show Cause Final Order on July 2, 2026, finding that the Financing Transaction was void and of no effect.

To effectuate the Show Cause Final Order's direction to repay TopCo for the voided Financing Transaction, TXNM entered into the Term Loan with Wells Fargo on July 17, 2026 ("Term Loan"), and to avoid any concern regarding a violation of Section 62-6-12, TXNM sought a declaratory order that TXNM was not required to receive Commission approval before making the Equity Issuance. The Commission issued its Declaratory Order on August 27, 2026, permitting TXNM to issue equity based on a defined set of criteria. After the issuance of this Declaratory Order, TXNM completed the Equity Issuance consistent with the Declaratory Order and repaid the Term Loan in full on September 4, 2026.

On September 15, 2026, Joint Applicants filed a motion seeking leave to submit a revised application and supporting testimonies ("Revised Application") as well as to supplement the

[9] Case No. 25-00060-UT, Order Directing Joint Applicants to Show Cause (Mar. 11, 2026).

Compliance Reports given the responses made to the Compliance Reports ("Motion for Leave").[10] In the Motion for Leave, Joint Applicants stated that the Revised Application intended to bring the Original Application current by incorporating the Show Cause Final Order and its effects, by updating certain facts given the passage of time, and by updating and enhancing certain benefits and regulatory commitments. Additionally, the Revised Application proposes to address some of the macro issues raised in the Staff Response and Intervenor Responses, including the Term Loan's impact on credit metrics or credit ratings. The Motion for Leave also stated that the Supplemental Compliance Report would address more detailed and factual information as requested in the Staff Response and Intervenor Responses as well as some of the legal arguments raised in response to the Compliance Reports. Additionally, as part of this Supplemental Compliance Report, the Joint Applicants are providing a roadmap to show how the Joint Applicants addressed the various issues raised in the responses to the Compliance Reports.[11]

On September 25, 2026, the Hearing Examiners issued the Second Motion Order, wherein the Commission denied Prosperity Works' second request for a show cause and determined that parties may present:

> relevant evidence concerning TXNM's July 17, 2026 Letter Agreement and Waiver, the circumstances surrounding TXNM's decision to enter into that agreement, the potential effects of that decision on PNM and its customers . . .to the extent such matters are relevant to the Commission's determination whether the proposed acquisition is lawful and consistent with the public interest.[12]

[10] The Joint Applicants attached the Revised Application to its Motion for Leave. Case No. 25-00060-UT, Joint Applicants' Motion to Revise Merger Application and Supporting Testimony, for Leave to Supplement Compliance Report and Request for Subsequent Status Conference (Sept. 15, 2026) ("Motion for Leave").

[11] Revised Testimony of Henry E. Monroy at 13. The referenced roadmap is an exhibit to the Affirmation of Henry E. Monroy in Support of Supplemental Compliance Report.

[12] Second Motion Order at Ordering Paragraph B.

The Commission subsequently issued the October 16 Order, pursuant to which the Joint Applicants submit this Supplemental Compliance Report.

Finally, to comply with the Declaratory Order, TXNM filed the September 28 Report that provided additional details regarding the Equity Issuance to repay the Term Loan. As already discussed, this Supplemental Compliance Report will not re-address the issues that were already covered in the September 28 Report.

II. Scope of Supplemental Compliance Report

This Supplemental Compliance Report organizes the concerns of Staff, NMDOJ, NM AREA, Staff, Prosperity Works, NEE/NMPCA and the Center into broader/general topics:

- The terms and costs of the Term Loan, as well as evidence of the return of the dividends to TopCo;
- The impact of the Term Loan and subsequent Equity Issuance on the credit metrics for TXNM;[13] and
- Other matters as identified below.

[13] Because the Term Loan and Equity Issuance occurred at the holding company level, they had no effect on the credit metrics for PNM.

All material documents referenced in this report are summarized as follows.

Exhibits	Description
JA Supplemental Exhibit A (PNM)	Affirmation of Henry E. Monroy in Support of Supplemental Compliance Report ("Supplemental Affirmation") and Roadmap
CONFIDENTIAL JA Supplemental Exhibit B (PNM)	Updating Financing Transaction costs for Term Loan and journal entries recorded at TXNM
CONFIDENTIAL JA Supplemental Exhibit C (PNM)	Loan Settlement and Closing Statement for Term Loan
CONFIDENTIAL JA Supplemental Exhibit D (PNM)	Evidence of payment of fees owed to Wells Fargo for Term Loan
JA Supplemental Exhibit E (PNM)	Notice from Wells Fargo of first month's interest payment for Term Loan
JA Supplemental Exhibit F (PNM)	Evidence of payment of first month's interest to Wells Fargo
JA Supplemental Exhibit G (PNM)	Notice from Wells Fargo of second interest payment, principal payment and unutilized fee for Term Loan
JA Supplemental Exhibit H (PNM)	Evidence of payment of second month's interest and unutilized fee to Wells Fargo
JA Supplemental Exhibit I (PNM)	Evidence of principal payment for Term Loan to Wells Fargo
JA Supplemental Exhibit J (PNM)	Notice from Wells Fargo of commitment decrease to $0 for the Term Loan
CONFIDENTIAL JA Supplemental Exhibit K (PNM)	TXNM debt to capitalization calculation for Term Loan financial covenant, as of 6/30/2026, 7/31/2026, 8/31/2026
JA Supplemental Exhibit L (PNM)	Evidence of return of $13.28 million in dividends to TXNM
JA Supplemental Exhibit M (PNM)	Pro forma calculations of TXNM's Funds from Operations ("FFO") to Debt, demonstrating the impact of the Term Loan and subsequent repayment through the Equity Issuance
JA Supplemental Exhibit N (PNM)	Tear Sheet from S&P that discusses the effect of the Show Cause Final Order
JA Supplemental Exhibit O (PNM)	Moody's Credit Opinion issued June 30, 2026, noting the potential effects of the Show Cause Final Order

A. The Terms and Costs Associated with Term Loan and Repayment to TXNM of Dividends Issued to TopCo

The Staff Response and Intervenor Responses requested additional information and documentation concerning the Term Loan, the Equity Issuance,[14] and TopCo's repayment to TXNM of dividends. Subsection 1 below affirms that no Term Loan costs will be recovered from PNM's customers and that the Term Loan reflected a market-based competitive rate. Subsection 1 also confirms TXNM's repayment of the Term Loan and addresses the Term Loan's details, including its interest rate, covenants, associated fees, and other terms. Subsection 2 below addresses the repayment of $13.28 million of dividends to TXNM.

1. Term Loan Details

The NMDOJ Response, NM AREA Response and Prosperity Works Response sought additional documentation or information about the Term Loan, including the type of loan (base rate or SOFR), the ultimate interest rate TXNM paid,[15] as well as other details (e.g., covenants) about the Term Loan.[16] The Prosperity Works Response also sought an affirmation that PNM will not seek any costs, direct or indirect, associated with voiding the Financing Transaction from PNM customers.[17] PNM's filed Compliance Reports already provided this affirmation,[18] but TXNM affirms again herein and in the Supplemental Affirmation that no direct or indirect costs will be recovered from PNM's customers.

The Term Loan was a SOFR CME Term Option 1 Month, meaning the loan's interest rate resets monthly based on the Secured Overnight Financing Rate ("SOFR") set by CME Group. Since the Term Loan was in place for approximately 1.5 months, the interest rate changed once.

[14] These issues have already been addressed in the filed September 28 Report.

[15] NMDOJ Response at 7, 9; Prosperity Works Response at 9.

[16] NM AREA Response at 16-18.

[17] Prosperity Works Response at 9.

[18] Amended Compliance Report at Exh. 1, pp. 15-17; Amended JA Exh. A (PNM) (Affirmation of Henry E. Monroy in Support of Amended Compliance Report) at ¶¶ 5-6.

TXNM was assessed $1.84 million on an interest rate of 5.017380% as of August 27, 2026, and approximately $0.6 million on an interest rate of 5.008720% on September 4, 2026, when the loan was closed out. More detailed information on the Term Loan, including the bank and legal fees as well as other fees associated with the Term Loan, is included in CONFIDENTIAL JA Supplemental Exhibit B (PNM).

Additional documentation included as exhibits on the Term Loan is as follows:

- The recorded journal entries for TXNM associated with the Term Loan and Equity Issuance are also included in CONFIDENTIAL JA Supplemental Exhibit B (PNM). No journal entries were recorded at PNM in relation to either the Term Loan or Equity Issuance.
- The Loan Settlement and Closing Statement for the Term Loan from Wells Fargo for fees associated with settlement and closing of the Term Loan. *See* CONFIDENTIAL JA Supplemental Exhibit C (PNM).
- Evidence of payment of the fees owed to Wells Fargo regarding settlement and closing of the Term Loan. *See* CONFIDENTIAL JA Supplemental Exhibit D (PNM).
- Notice of the $1.84 million of interest owed to Wells Fargo at a rate of 5.017380% as of August 27, 2026. *See* JA Supplemental Exhibit E (PNM).
- Evidence of the payment to Wells Fargo of the $1.84 million reflected in JA Supplemental Exhibit E. *See* JA Supplemental Exhibit F (PNM).
- Notice of the $612,177 of interest owed to Wells Fargo at a rate of 5.008720% as of September 1, 2026, as well as the $12,500 fee owed to Wells Fargo for reserving $400 million in funds for TXNM from when the loan closed on July 17, 2026, to

when TXNM drew on the loan and interest began accruing on July 22, 2026, with this interest and fee totaling $624,677. *See* JA Supplemental Exhibit G (PNM).

- Evidence of the payment to Wells Fargo of $624,677, the total amount from the notice in JA Supplemental Exhibit G, as of September 4, 2026. *See* JA Supplemental Exhibit H (PNM).
- Evidence of the payment to Wells Fargo of the $400 million Term Loan amount as of September 4, 2026. *See* JA Supplemental Exhibit I (PNM).
- Notice from Wells Fargo that the $400 million Term Loan was repaid as of September 4, 2026. *See* JA Supplemental Exhibit J (PNM).
- To determine TXNM's position under the Term Loan's financial covenant as requested in the NM AREA Response at pages 16-18, TXNM has provided the calculated ratio of consolidated indebtedness as compared to total capitalization, as calculated under the definitions of these terms in the Term Loan, as of June 30, 2026, July 31, 2026 and August 31, 2026. *See* CONFIDENTIAL JA Supplemental Exhibit K (PNM). TXNM was required to meet this covenant at all times to be in compliance with the Term Loan covenant. The referenced exhibit demonstrates TXNM's compliance with the covenant.

In addition, the NMDOJ Response asked for confirmation that the Term Loan represented the best deal that TXNM could have reasonably obtained.[19] The pricing on the Term Loan is the variable SOFR rate at the time of the borrowing plus a fixed spread of 1.35%. This pricing is more competitive than the rate TXNM pays for borrowings on its $300 million revolving credit facility,

[19] NMDOJ Response at 9.

which is SOFR plus 1.50%. Pricing on the Term Loan is similarly more competitive than the rate for borrowings under the $910 million, one-year credit agreement TXNM entered into in May 2025, which was also SOFR plus 1.50%. These data points represent recent market precedents for pricing on credit extended by TXNM's lenders. That the Term Loan had better pricing than these two credit agreements demonstrates that TXNM negotiated a competitive rate for the Term Loan. Additionally, as discussed previously in the Compliance Reports, none of the costs associated with the Term Loan will be recovered from PNM's customers.

2. Return of Dividends to TXNM

As discussed in the Amended Compliance Report, TopCo returned $13.28 million of dividends to TXNM. Staff requested that Joint Applicants include in their supplement to their Compliance Reports documentation that the dividends were returned to TXNM.[20] Evidence of the return of the $13.28 million of dividends is reflected in JA Supplemental Exhibit L (PNM).

3. Equity Issuance Details

The NM AREA Response and Staff Response requested additional details as to the cost of the Equity Issuance, including the costs associated with seeking additional equity to repay the Term Loan.[21] While most of the questions regarding the Equity Issuance were addressed in the September 28 Report, some additional detail on the Equity Issuance is as follows:

- No costs associated with the equity financing were allocated to PNM, and PNM did not execute the $400 million repayment of the Term Loan. There were no incremental costs for Shared Service employees' internal labor associated with

[20] Staff Response at 5.

[21] Staff Response at 3, 5; NM AREA Response at 16.

repayment of the Term Loan or the Equity Issuance because any such work was performed in the normal course of business.

- Because TXNM held the Term Loan debt and issued the equity to repay the Term Loan debt, there is neither an intercompany tax sharing agreement nor a change in the tax expense allocated to PNM as a result of substituting $400 million of debt for $400 million of equity.

B. Credit Metric Impacts of Term Loan and Subsequent Equity Issuance

In terms of the impacts of the Term Loan, the NM AREA Response asked for additional detail, including workpapers to support the change in credit metrics as a result of the Term Loan,[22] whether the change in credit metrics caused customer harm,[23] and any workpapers or reports from the credit rating agencies.[24]

The Revised Testimony of Witness Henry E. Monroy, as affirmed in the Supplemental Affirmation, explains that because TXNM replaced the Term Loan with the Equity Issuance so quickly, TXNM was able to avoid potential adverse credit rating actions.[25] As Witness Monroy explained, the concern of unknown impacts when the Compliance Reports were filed was largely driven by uncertainty around how long the Term Loan would remain outstanding. These concerns were resolved with the timely Equity Issuance and repayment of the Term Loan.

Additional detail as to TXNM's credit metrics is attached as follows:

[22] NM AREA Response at 4-5, 20-22.

[23] NM AREA Response at 4-5, 20-22.

[24] NM AREA Response at 20-22. The NM AREA Response also sought credit rating agency reports and future projections for TXNM's credit rating. *Id.* However, as explained below, since there were no credit rating actions resulting from unwinding the Financing Transaction, there is no need for TXNM to project its credit ratings, rating-sensitive covenants, pricing grids, and collateral or letter-letter-credit triggers into the future. Also, the most recent credit agency reports are attached as exhibits to the Revised Testimony of Witness Ellen Lapson. Finally, prior credit rating agency reports have already been produced in discovery in this proceeding.

[25] Revised Testimony of Witness Monroy at 14-16.

- In accordance with the NM AREA Response at pages 4-5, 20-22, PNM has provided the workpaper demonstrating the impact of the Term Loan on TXNM's FFO/Debt metric, specifically PNM's pro forma calculation of the 80 and 100 basis point impact of the Term Loan and the 10-basis point impact of four months of Term Loan interest expense referenced in the Compliance Report. *See* JA Supplemental Exhibit M (PNM). JA Supplemental Exhibit M (PNM) also shows PNM's pro forma calculation of TXNM's FFO/Debt metrics reflecting the Equity Issuance and the actual amount of Term Loan interest expense. This exhibit demonstrates that with the Term Loan, TXNM's FFO/Debt metrics fall below the downgrade thresholds established by each rating agency, and further that the Equity Issuance restores TXNM's FFO/Debt ratios to acceptable levels.
- For S&P, an FFO/Debt ratio of below 14% puts TXNM at risk of a credit rating downgrade. *See* JA Supplemental Exhibit N (PNM), a Tear Sheet from S&P that discusses the effect of the Show Cause Final Order.
- For Moody's, an FFO/Debt ratio of below 13% puts TXNM at risk of a credit rating downgrade. *See* JA Supplemental Exhibit O (PNM), a Moody's Credit Opinion issued June 30, 2026, noting the potential effects of the Show Cause Final Order as a result of changes in the FFO/Debt credit metric.

III. Matters Outside the Scope of the Show Cause Proceeding.

In addition to asking for the Joint Applicants to provide additional supporting factual information as discussed above, the Prosperity Works Response, NEE/NMCPA Response, Center Response and NM AREA Response sought further information on matters that are not relevant to compliance with the Show Cause Final Order and, if relevant, may be considered as part of the

determination whether the Acquisition as a whole is lawful and in the public interest. However, to provide a framework for consideration, should the Commission require additional information, Joint Applicants respond to some of the issues raised.

A. Waivers and Consents Discussed in Compliance Reports.

The Prosperity Works Response urged that the Commission decline to approve the waivers, agreements and other matters presented in the Amended Compliance Report in JA Exhibits C, D and F, which consist of the Letter Agreement, the Waiver, and Board Resolutions.[26] The response argued that the waivers and consents in the documents addressed in the Compliance Reports "go well beyond what was necessary to void the [Financing Transaction] and render it of no effect."[27] The Prosperity Works Response urged the Commission to require Joint Applicants, in a new or amended application, to identify each and every fact, circumstance, or condition that gave rise to a claim that TXNM waived pursuant the Letter Agreement, Waiver and Board Resolutions.[28] In addition, the NEE/NMCPA Response urged that Joint Applicants be required to demonstrate the prudence and public interest consequences of modifications to the Merger Agreement in the waivers and consents, including the $175 million reduction of the $350 million termination fee that could be payable to TXNM if the Acquisition did not move forward.[29] The NM AREA Response sought board and financial advisor materials evaluating waivers and release of claims.[30]

Based on the Hearing Examiners' Second Motion Order, the matters raised in the Prosperity Works Response, NEE/NMCPA Response and NM AREA Response should be

[26] *See* Amended Compliance Report for more detailed information on each exhibit. Troy and TXNM executed a Consent in addition to the Letter Order and the Waiver to which Prosperity Works cites.

[27] Prosperity Works Response at 8.

[28] *See* Amended Compliance Report at 10 for more detailed information on each exhibit.

[29] NEE/NMCPA Response at 20. .

[30] NM AREA Response at 21.

addressed, if relevant, in the determination of whether the Acquisition is lawful and in the public interest and are not relevant to whether Joint Applicants complied with the Show Cause Final Order. The Joint Applicants are not seeking approval of the operational documents (the Letter Agreement, Waiver, Consent, or Board Resolutions) with which the Prosperity Works Response, NEE/NMCPA Response and NM AREA Response take issue—nor is such approval required. In the Original Application, for example, the Joint Applicants did not seek approval of the termination fee and do not seek approval of the termination fee in the Revised Application. The Commission is assessing whether approving the Acquisition is in the public interest, not whether the subsequent private contractual obligations between the parties if the Acquisition is not approved are in the public interest. These operational documents are not related to PNM's utility service or rates nor to the criteria for approving an acquisition and need not be considered by the Commission.[31]

It is well established that the Commission's authority to regulate internal management decisions or business decisions is constrained by its statutory authority and, in particular, the Commission's duty to ensure safe and reliable service and just and reasonable rates.[32] The Letter Agreement, Waiver and Consent described and provided in the Compliance Reports do not affect

[31] The Letter Agreement, Waiver and Consent described and provided in the Compliance Reports do not affect PNM's utility service or rates. Rather, these documents reflect the waivers or consents that were needed—in the business judgment of TXNM and Troy—to continue to pursue approval of the Acquisition. It is well established that the Commission's authority to regulate internal management decisions or business decisions is constrained by its statutory authority and, in particular, the Commission's duty to ensure safe and reliable service and just and reasonable rates. *Socorro Elec. Coop., Inc. v. New Mexico Pub. Regul. Comm'n*, 2024-NMSC-017, ¶¶ 23-24, 557 P.3d 68, 77 (citing *PNM Elec. Servs., Div. of Pub. Serv. Co. of New Mexico*, 1998-NMSC-017, ¶¶ 21, 22) (explaining that while the Commission's authority over the "internal affairs of a utility is limited," *PNM Elec. Servs.* indicates that the Commission may be able to intervene in internal affairs only when the non-utility services could affect a utility's ability to provide the public with fair, just, and reasonable rates).

[32] *Socorro Elec. Coop., Inc. v. New Mexico Pub. Regul. Comm'n*, 2024-NMSC-017, ¶¶ 23-24, 557 P.3d 68, 77 (citing *Application of PNM Elec. Servs., Div. of Pub. Serv. Co. of New Mexico*, 1998-NMSC-017, ¶¶ 21, 22) (explaining that while the Commission's authority over the "internal affairs of a utility is limited"). *PNM Elec. Servs.* indicates that the Commission may be able to intervene in internal affairs only when the non-utility services could affect a utility's ability to provide the public with fair, just, and reasonable rates.

PNM's utility service or rates.[33] Rather, these documents reflect the waivers or consents that were needed—in the business judgment of TXNM and Troy—to continue to pursue approval of the Acquisition. Furthermore, the Prosperity Works Response fails to provide any legal support for its argument that Joint Applicants must justify their business judgement or that the Commission must take some form of regulatory action (e.g., approval) regarding these operational documents.

In this context, it is unnecessary for the Commission to address the demands in the Prosperity Works Response and the NEE/NMCPA Response's demands that TXNM and Troy justify the facts and circumstances that resulted in the waivers and consent and that the Joint Applicants demonstrate the prudence of the reduction of the termination fee.[34]

B. Proxy Statement and Shareholder Vote.

In its response, the Prosperity Works Response asserted that the voided Financing Transaction requires a corrected Proxy Statement and re-submission to shareholders[35] and urged the Commission require Joint Applicants to provide a legal justification for why the Proxy Statement was not corrected and how that comports with making the Financing Transaction "void and of no effect."[36] The Prosperity Works Response argued Joint Applicants should be required to revise the Proxy Statement and re-submit the proposal to shareholders for a vote before the Commission considers the Application.[37]

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[33] Prosperity Works claimed in its Second Show Cause Motion that TXNM's decision to not pursue the $350 million termination fee should result in a rate credit. As addressed in the response to the Second Show Cause Motion, there is no basis in logic or law that a decision to continue to pursue approval of the Acquisition instead of trying to collect a termination fee for which TXNM had no automatic right has any impact on rates or creates a right to a rate credit.

[34] Similarly, the Commission should disregard NM AREA's request for board and financial advisor materials evaluating waivers and release of claims. Any waivers or release of claims represent the business judgement of the Joint Applicants and are not relevant to the Commission's evaluation the public interest benefits of the proposed Acquisition.

[35] Prosperity Works Response at 3-5.

[36] Prosperity Works Response at 9.

[37] Prosperity Works Response at 9.

The Prosperity Works Response urged this Commission to exercise authority beyond the scope of the Public Utility Act ("PUA") by adjudicating matters arising under federal securities law and state corporate law. Specifically, the requests in the Prosperity Works Response requests would have this Commission evaluate the adequacy of disclosures in a proxy statement filed with and reviewed by the SEC pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulation 14A promulgated thereunder, and to assess the enforceability of a shareholder vote governed by state corporate law and subject to the jurisdiction of state courts. The Commission should decline these requests.

First, shareholders did not vote on the Financing Transaction. The Proxy Statement identified the proposals properly presented for shareholder vote at the special shareholders meeting, including the proposal to adopt the Merger Agreement, with each outstanding share of TXNM common stock being converted into the right to receive $61.25 per share in cash, and without interest (the "Merger Proposal").[38] There is no legal support for the argument that the unwinding of the Financing Transaction—a transaction that did not require shareholder approval—necessitates a new shareholder vote on the Merger Proposal.

Second, whether TXNM is required to re-submit the Merger Proposal for a vote of the shareholders is a question of state corporate law. Any right to challenge a shareholder vote belongs to TXNM's shareholders, not Prosperity Works. and is a question for the courts.[39] New Mexico's Business Corporations Act determines when shareholder votes are necessary—a statute

[38] Original Application, Exhibit D, at page 23 of 214 (describing what shareholders are being asked to vote on) and page 212 of 214 (showing the proxy card).

[39] For example, the New Mexico Business Corporation Act confers the relevant voting rights on shareholders. NMSA 1978, §§ 53-11-33(A), 53-14-3(A). New Mexico law requires an action to be prosecuted by the owner of the right being asserted. *See Marchman v. NCNB Tex. Nat'l Bank*, 1995-NMSC-041, ¶ 15, 120 N.M. 74, 80-81, 898 P.2d 709, 715-16. New Mexico courts characterize challenges to the validity of a merger as asserting a direct injury to the shareholders. *Rael v. Page*, 2009-NMCA-123, ¶ 21, 147 N.M. 306, 311, 222 P.3d 678, 683.

that the Commission has no authority under the PUA to implement or enforce.[40] The Prosperity Works Response provides no legal support for its proposition that the Commission take action or make determinations beyond the jurisdiction accorded by the PUA.[41]

Third, any evaluation of whether the Proxy Statement complies with federal securities law disclosure requirements is a matter within the SEC's jurisdiction—not the Commission's. The Proxy Statement is an SEC filing that was made pursuant to Section 14(a) of the Exchange Act of 1934 and was subject to the proxy rules, including SEC Rule 14a-9.[42] The Proxy Statement was filed with the SEC and did not receive any comments from the SEC staff. Any disclosures that followed issuance of the Proxy Statement were likewise made in subsequent SEC filings in accordance with SEC statutes, rules and precedent.[43] The Prosperity Works Response provides no legal basis under SEC regulations or the PUA for the proposition that the validity of the Proxy Statement is legally at issue or properly before the Commission.

Even if, *arguendo*, the Commission were to consider federal securities disclosure requirements, no revision to the Proxy Statement would be required. Under SEC rules, the

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[40] The Commission's jurisdictional scope is set by statute—specifically the New Mexico Public Utility Act. *See PNM Elec. Servs., Div. of Pub. Serv. Co. of New Mexico*, 1998-NMSC-017, ¶ 10; *see El Vadito de los Cerrillos Water Ass'n v. New Mexico Pub. Serv. Comm'n*, 1993-NMSC-041, ¶ 12, 115 N.M. 784, 787, 858 P.2d 1263, 1266. If the Commission is not statutorily authorized to enforce a law, any attempt by the Commission to do so would be an *ultra vires* act.

[41] Prosperity Works' is asking that the Commission adjudicate a case within a case without the benefit of clear precedent or direction. If the Commission were to engage in such a hypothetical exercise, it would need to first determine the claims TXNM shareholders could bring; second, consider the probability of TXNM shareholders actually bringing those claims in a lawsuit (that would be adjudicated in the courts); and third, assess the merits of the claims to determine their probability of success. Because such a request is far afield from the Commission's statutory role and authority, adjudication of such claims should be left to any actual shareholders that decided to bring such claim in the appropriate forum.

[42] The SEC maintains a comprehensive regulatory framework governing the content and disclosure requirements of proxy statements filed by publicly traded companies. *See J.I. Case Co. v. Borak*, 377 U.S. 426, 431 (1964) (recognizing the SEC's comprehensive regulatory framework over proxy solicitations).

[43] For example, TXNM filed with the SEC a number of Current Reports on Form 8-K and made two supplements to the Proxy Statement between the filing of the Proxy Statement on July 21, 2025, and the special shareholders meeting on August 28, 2025. Thus, the Proxy Statement complied with the federal securities laws' disclosure requirements at the time the shareholders meeting occurred on August 28, 2025.

accuracy of a proxy statement is assessed on whether its statements were false or misleading at the time and in light of the circumstances under which they were made. Subsequent events occurring more than a year after the shareholders meeting do not retroactively render a previously accurate proxy statement materially misleading[44] Prosperity Works attempts to conflate a change in the *legal status* of a transaction with a deficiency in *historical disclosure*. By this logic, any post-filing regulatory, judicial, or contractual event that alters the status of a transaction described in a proxy statement for an already completed shareholder meeting would require retroactive revision. That is not the law, and if it were, proxy statements pertaining to completed shareholder meetings would be perpetually subject to revision even after shareholder action was taken, an absurdity that no legal framework contemplates. The phrase "void and of no effect" in Section 62-6-12(B) concerns the legal status of the Financing Transaction itself, not *historical disclosure* of the transaction in the Proxy Statement. Joint Applicants have fully effectuated the statutory consequence of the Commission's directive as discussed and demonstrated in the Compliance Reports. All of these actions were publicly disclosed and included in TXNM's SEC filings. The Commission's ultimate determination relating to the Financing Transaction and the subsequent unwinding of the Financing Transaction does not alter the SEC's authority over, or the legal validity of, the Proxy Statement.

Finally, regardless of the scope of the Commission's jurisdiction regarding the validity of the Proxy Statement, a new shareholder vote is neither necessary nor required by applicable law

[44] 17 C.F.R. § 240.14a-9 (prohibiting statements that are "false or misleading with respect to any material fact" or that omit material facts "necessary in order to make the statements therein not false or misleading"). 17 C.F.R. § 240.14a-9(a) (prohibiting proxy statements containing "any statement which, *at the time and in the light of the circumstances under which it is made*, is false or misleading with respect to any material fact . . ."; *Laborers' Loc. #231 Pension Fund v. Cowan*, 300 F. Supp. 3d 597, 604–05 (D. Del. 2018) ("To be actionable under Rule 14a–9, 'a statement or omission must have been misleading at the time it was made; liability cannot be imposed on the basis of subsequent events.' The filer of a proxy statement is not obligated to predict the future, unless the filer has reason to believe a future event will occur." (quoting *Tracinda Corp. v. DaimlerChrysler AG*, 502 F.3d 212, 228 (3d Cir. 2007))).

because none of the material terms of the Merger Proposal ($61.25 per share in cash, the all-cash structure, and the unanimous recommendation of the Board of Directors) that were overwhelmingly approved by the shareholders at the August 2025 shareholders meeting have changed by voiding the Financing Transaction. The Prosperity Works Response erroneously relies on *TSC Industries, Inc. v. Northway, Inc.*,[45] for the proposition that "[a]n omitted fact is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote."[46] *TSC Industries* establishes the materiality standard for private causes of action brought in federal court under Section 14(a) of the Exchange Act. The case does not—and cannot—establish a basis for state public utility commission jurisdiction over proxy content. Moreover, under the *TSC Industries* materiality standard, the relevant inquiry is whether the alleged omission or misstatement would be important to a "reasonable shareholder" in deciding how to vote. Here, the fundamental economic terms of the Acquisition—the terms that matter to a reasonable shareholder's investment decision (e.g., $61.25 per share; all-cash consideration; unanimous Board recommendation)—did not change; thus, the basis for a reasonable shareholder's determination of how to vote on a premium buy-out of the shareholder's shares of stock would not be impacted by a subsequent voiding of the Financing Transaction and public market reissuance of TXNM shares.

C. Blackstone Infrastructure's Regulatory Conduct

The NEE/NMCPA Response and the Center Response argue that there are ongoing concerns as to whether Blackstone Infrastructure will resist the Commission's oversight and

[45] 426 U.S. 438(1976).

[46] *TSC Industries, Inc.*, 426 U.S. at 449.

authority on a going forward basis.[47] These allegations have no bearing on completeness of the Compliance Reports.

IV. Conclusion.

In accordance with the Commission's October 16 Order, the Joint Applicants have satisfied the Show Cause Final Order's requirements through this Supplemental Compliance Report, the previously filed Compliance Reports, and the September 28 Report and addressed to the extent necessary Staff's and the intervenors' requests and concerns raised in their responses to the Compliance Reports.

[47] NEE Response at 11-18; Center Response at 1-2.

Respectfully submitted this 28th day of October 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO

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GCG#535963

Affirmation of Henry E. Monroy in Support of Supplemental Compliance Report ("Supplemental Affirmation") and Roadmap

JA Supplemental Exhibit A (PNM)

Is contained in the following 19 pages.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC., AND TROY PARENTCO LLC FOR APPROVAL OF AN ACQUISITION AND MERGER OF TROY MERGER SUB INC. WITH TXNM ENERGY, INC.; APPROVAL OF A GENERAL DIVERSIFICATION PLAN; AND ALL OTHER AUTHORIZATIONS AND APPROVALS REQUIRED TO CONSUMMATE AND IMPLEMENT THIS TRANSACTION ("JOINT APPLICATION")	)	**Docket No. 25-00060-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC. AND TROY PARENTCO LLC	)	
JOINT APPLICANTS.	)	

AFFIRMATION OF HENRY E. MONROY IN SUPPORT OF SUPPLEMENTAL COMPLIANCE REPORT

I, Henry E. Monroy, being first duly sworn, depose and state as follows:

1. I am over the age of 18 years and am competent to testify concerning the matters in this Affirmation, which are based on my own personal knowledge and belief.

2. I am the Senior Vice President and Chief Financial Officer for Public Service Company of New Mexico ("PNM"). I am responsible for executive oversight of the financial health of TXNM Energy Inc. ("TXNM") and its subsidiaries. I also oversee the PNM Regulatory and Pricing organization.

3. On July 2, 2026, the New Mexico Public Regulation Commission ("Commission") issued a *Final Order on Show Cause Proceeding* which required PNM to submit a compliance

report documenting all actions taken to unwind and void the Financing Transaction,[1] including supporting transaction documents, financial impacts, cost allocations, and any necessary accounting or regulatory mechanisms. PNM had to certify that no costs associated with the Financing Transaction, its unwinding, this proceeding, or any replacement financing will be charged to New Mexico ratepayers without express Commission authorization and that ratepayers will be held harmless from all related costs and consequences.

4. PNM, TXNM, and Troy ParentCo LLC ("Joint Applicants") filed on behalf of Joint Applicants and Troy TopCo LP their first Compliance Report on July 27, 2026. The Compliance Report was then subsequently amended on August 10, 2026, when Joint Applicants submitted their Amended Compliance Report. Together these are Joint Applicants' Compliance Reports.

5. In addition to this Supplemental Compliance Report, in accordance with the Commission's Order Granting Petition for Declaratory Order in Docket No. 26-0000153 on August 27, 2026 ("Declaratory Order"), TXNM filed on September 28, 2026, a report containing additional details regarding TXNM's issued equity ("Equity Issuance") to repay the $400 million 30-month term loan with Wells Fargo Bank, National Association ("Wells Fargo") on July 17, 2026 ("Term Loan") (the "September 28 Report").[2]

6. The Compliance Reports and the September 28 Report document all the actions taken to unwind the Financing Transaction. They also certify that ratepayers will be held harmless for all of the costs and consequences related to unwinding the Financing Transaction. They also certify that no costs associated with Financing Transaction, the unwinding of the Financing

[1] The term "Financing Transaction" is defined in the Supplemental Compliance Report.
[2] Docket No. 25-00060-UT, TXNM Energy, Inc.'s Report Identifying Equity Issuance Completed Pursuant to Declaratory Order (Sept. 28, 2026).

Transaction, this proceeding, or any of the replacement financing will be charged to New Mexico ratepayers without express Commission authorization.

7. Utility Division Staff ("Staff"), the New Mexico Department of Justice, the New Mexico Affordable Reliable Energy Alliance, Prosperity Works, New Energy Economy and the New Mexico Consumer Protection Alliance, and Center for Biological Diversity filed responses to the Joint Applicants' Compliance Reports.

8. Joint Applicants are filing the Supplemental Compliance Report to update the previously filed Compliance Reports and to provide additional details and information to address the issues raised by Staff and the intervenors in their responses to the Compliance Reports.

9. Because of TXNM's September 28 Report, the Supplemental Compliance Report does not describe the Equity Issuance or the equity transactions that were completed as part of the Equity Issuance. The Supplemental Compliance Report also does not address Staff's or the intervenors' concerns about the Equity Issuance that were already addressed by TXNM in the September 28 Report.

10. By this affirmation, I affirm that the factual information provided in Section II of the Supplemental Compliance Report, including the PNM-sponsored exhibits, is true and correct

11. More specifically, I affirm that the Term Loan[3] was in place for 1.5 months and that the interest rate changed once.

12. I affirm that the Term Loan pricing is the variable SOFR rate at the time of borrowing plus a fixed spread of 1.35% and that this pricing reflects a competitive, market-based rate. I affirm that the borrowing rate for TXNM's $300 million revolving credit facility is a SOFR plus 1.50% and that the rate for borrowings under the $910 million, 1-year credit agreement is

[3] The term "Term Loan" is defined in the Supplemental Compliance Report.

SOFR plus 1.50%. These two credit agreements reflect recent market precedents for credit pricing extended to TXNM, and I affirm that the pricing of the Term Loan is better than the pricing of those two credit agreements.

13. I affirm that TXNM, not PNM, held the Term Loan debt, issued the equity to repay the Term Loan debt, executed the repayment of the Term Loan debt, and that there were no costs associated with the Term Loan or Equity Issuance allocated to PNM.

14. I affirm that the internal labor associated with repaying the Term Loan and the Equity Issuance was performed in the normal course of business, and as such, there were no incremental costs for shared service employees associated with the Term Loan repayment or the Equity Issuance.

15. I affirm that because TXNM held the Term Loan debt, there was no intercompany tax sharing agreement or a change in the tax expense allocated to PNM due to substituting $400 million of debt for $400 million of equity.

16. I affirm that because TXNM was able to replace the Term Loan with the Equity Issuance quickly, there were no adverse credit rating actions against TXNM.

17. Further, in my role as Senior Vice President and Chief Financial Officer, I affirm and certify that no direct or indirect costs arising from the Financing Transaction, the Show Cause,[4] any unwind or restructuring efforts, any replacement financing, penalties, tax effects, accounting effects, transaction costs, financing costs, or other adverse financial consequences will be charged or recovered from PNM's customers. Since all costs are incurred at the holding company (TXNM) level, PNM and PNM's customers are insulated from the impacts of voiding the Financing Transaction.

[4] The term "Show Cause" is defined in the Supplemental Compliance Report.

FURTHER AFFIANT SAYETH NAUGHT.

I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements of fact are true and correct to the best of my knowledge and belief.

DATED: October 28, 2026

/s/ Henry E. Monroy
Henry E. Monroy

GCG#535964

Supplemental Compliance Report Roadmap — Topic Matrix

Issue/Topic	Revised Application	Other Testimony and Exhibits	Compliance Reports - Facts[1]	Supplemental Compliance Report - Legal Arguments	Supplemental Compliance Report - Business Decision
1. Ratepayer hold-harmless and exclusion of costs from rates — identifying, tracking, and excluding direct and indirect costs from PNM customer rates absent Commission authorization. (Staff, pp. 6-8; NEE, pp. 18-19; PW, pp. 5-7; NM AREA Attach. A pp. 5; Center pp. 2, 4-6; NMDOJ, PDF pp. 8, 10, 11)	Revised Regulatory Commitments: Nos. 32, 33 Revised Testimony of H. Monroy, Section III Revised Testimony of H. Boyd, Section IV		**Compliance Report -** Section II.A.1 **Exhibits -** JA Supplemental Exhibit A (PNM) CONFIDENTIAL JA Exhibit B (PNM)		
2. Wells Fargo Term Loan terms and documentation — type of loan, interest rate (base rate or SOFR), and whether the terms were the best TXNM could have			**Compliance Report -**		

[1] This column generally refers to the Supplemental Compliance Report filed contemporaneously with this Roadmap ("Supplemental Compliance Report"), as well as to the Joint Applicants' Compliance Report filed on July 27, 2026 ("Compliance Report"), which was subsequently amended on August 10, 2026 ("Amended Compliance Report" and, together with the Compliance Report, "Compliance Reports"). Case No. 25-00060-UT, Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause (July 27, 2026); Case No. 25-00060-UT, Notice of Amended Compliance Report and Joint Applicants' Amended Compliance Report to Effectuate the Final Order on the Show Cause (Aug. 10, 2026). This column also refers to a report filed on September 28, 2026, in accordance with the Commission's Order Granting Petition for Declaratory Order in Docket No. 26-0000153 regarding TXNM's issued equity to repay the Term Loan (the "September 28 Report"). Docket No. 25-00060-UT, TXNM Energy, Inc.'s Report Identifying Equity Issuance Completed Pursuant to Declaratory Order (Sept. 28, 2026).

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
obtained. (NMDOJ, PDF pp. 6, 7, 8, 9-10; NM AREA Attach. A, pp. 16, 21			Section II.A.1 **Exhibits -** JA Supplemental Exhibit A (PNM) CONFIDENTIAL JA Supplemental Exhibit B (PNM) JA Supplemental Exhibit E (PNM) JA Supplemental Exhibit G (PNM)		
3. Costs of Term Loan — compliance costs with Financial Covenants in the Wells Fargo Term Loan; TXNM's position under Term Loan Covenant as of June 30, 2026 and July 31, 2026. (NM AREA Response, p. 3; NM AREA Attach. A, pp. 4-5, 21; Staff p. 3)			**Compliance Report -** Section II.A.1 **Exhibits -** CONFIDENTIAL JA Supplemental Exhibit B (PNM)		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			CONFIDENTIAL JA Supplemental Exhibit C (PNM) JA Supplemental Exhibit G (PNM) CONFIDENTIAL JA Supplemental Exhibit K (PNM)		
4. Term Loan repayment with Equity Financing — documentation confirming repayment of Term Loan, Term Loan interest, and Term Loan costs; net proceeds from the Equity Financing fall $4 million short of $400 million Term Loan, Joint Applicants should be required to file the actual costs of the Equity Financing by component and the source of the funds for the shortfall, the Underwriting Agreement and certification costs will not be recovered from customers. (NM AREA Attach. A, p. 17-18; Staff, pp. 3, 5, 9; PW, pp. 6-7)			**Compliance Report -** Section II.A.1 **Exhibits -** CONFIDENTIAL JA Supplemental Exhibit B (PNM) CONFIDENTIAL JA Supplemental Exhibit D (PNM) JA Supplemental Exhibit F (PNM)		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			JA Supplemental Exhibit H (PNM) JA Supplemental Exhibit I (PNM) **September 28 Report** *See generally*; n. 13 (describing repayment of Term Loan, including $4 million in borrowings from TXNM's commercial paper program). **Exhibits –** PNM Exhibit B (Declaratory Order Report) PNM Exhibit G (Declaratory Order Report)		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
5. Term Loan covenants and ratings-based pricing grid — the 0.70 leverage covenant, cross-default and change-of-control provisions, and the undisclosed pricing grid. (NM AREA Attach. A, pp. 5, 16)			**Compliance Report -** Section II.A.1 **Exhibit –** CONFIDENTIAL JA Supplemental Exhibit K (PNM)		
6. TXNM's Position Under Term Loan — provision of TXNM's calculation of its position under the Term Loan covenant as of June 30, 2026, as of July 31, 2026, and as of the first quarter end after repayment, with the Term Loan's actual all-in rate for each interest period, all fees paid to Wells Fargo and its affiliates, and the draw and repayment dates and amounts. (NM AREA Attach. A, p. 21.)			**Compliance Report -** Section II.A.1 **Exhibits -** CONFIDENTIAL JA Supplemental Exhibit B (PNM) CONFIDENTIAL JA Supplemental Exhibit C (PNM) CONFIDENTIAL JA Supplemental Exhibit D (PNM)		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			JA Supplemental Exhibit E (PNM) JA Supplemental Exhibit F (PNM) JA Supplemental Exhibit G (PNM) JA Supplemental Exhibit H (PNM) JA Supplemental Exhibit I (PNM) CONFIDENTIAL JA Supplemental Exhibit K (PNM)		
7. Dividend repayment documentation — the $13.28 million dividend-return wire transfer, accounting entries, and tax effects demonstrating that no costs have been included in customer rates. (Staff, pp. 5, 9)			**Compliance Report -** Section II.A.2 **Exhibits -**		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			CONFIDENTIAL JA Supplemental Exhibit B (PNM) JA Supplemental Exhibit L (PNM)		
8. Disposition of the $400 million proceeds — a dated schedule of the $400 million in proceeds from the Financing Transaction; detailing any equity contributions, intercompany loans, and holding-company debt repayment. (NM AREA Attach. A, pp. 19-20, 21)		Show Cause, Joint Applicants' Exhibit Number 1 at pp. 23-24			
9. Holding-company consequences and intercompany dividends — potential pressure for additional dividends from PNM to TXNM and review of the two-year dividend record. (NMDOJ, PDF pp. 9, 11-12)	Revised Regulatory Commitments – 9, 10, 12, 13, 33 Revised Testimony of H. Monroy, Section III Revised Testimony of H. Boyd, Section IV				
10. Superseded cost accounting and internal labor costs — replacement of estimates with the costs charged to PNM, internal labor, and the intercompany tax-sharing effects of substituting debt for equity,	Revised Testimony of H. Monroy, Section III		**Compliance Report -** Section II.A.3		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
including Term Loan interest. (NM AREA Attach. A, pp. 5, 18-19, 21-22; PW pp. 6-7)			**Exhibits –** JA Supplemental Exhibit A (PNM) CONFIDENTIAL JA Supplemental Exhibit B (PNM)		
11. Projected FFO/Debt ratio reduction and supporting workpapers — Workpapers supporting the 80 and 100 basis point FFO/Debt effects and the 10 basis points per four months figure, showing numerator and denominator under each agency's methodology. (NM Area Attach. A, pp. 4, 20)			**Compliance Report -** Section II.B **Exhibit -** JA Supplemental Exhibit M (PNM)		
12. Quantified credit harm and customer protection — the Term Loan can impact TXNM's credit metrics (80-to-100-basis-point FFO/Debt harm growing 10 bps every four months) but there is a lack of any proposed protection for customers; Troy ParentCo LLC's undertaking to bear TXNM's costs applies only if acquisition is approved and closed; deferring potential customer impacts to a future rate case is not sufficient and a baseline must be set now. (NM AREA Attach. A, pp. 4, 6-8, 10)	Revised Testimony of H. Monroy, Section III		**Compliance Report -** Section II.B **Exhibit -** JA Supplemental Exhibit M (PNM)		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			Supplemental Compliance Report - Section II		
13. FFO/Debt ratio reduction and supporting workpapers — Internal workpapers and third-party (Moody's, S&P) analysis justifying that the claimed FFO/Debt metric reduction is below acceptable levels. (NMDOJ, PDF pp. 7, 10)			**Compliance Report -** Section II.B **Exhibits -** *See* JA Supplemental Exhibit M (PNM) *See* JA Supplemental Exhibit N (PNM) *See* JA Supplemental Exhibit O (PNM)		
14. Credit-rating downgrade risk and increased cost of capital — Documents and workpapers that explain risks of credit downgrade. (Staff p. 7; NMDOJ, PDF pp. 8, 10; NM AREA Response p. 2; NM AREA Attach. A p. 3; Center pp. 4-5)	Revised Testimony of H. Monroy, Section III		**Compliance Report -** Section II.B		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
			Exhibits - JA Supplemental Exhibit M (PNM) JA Supplemental Exhibit N (PNM) JA Supplemental Exhibit O (PNM)		
15. Rating-agency reports and ratings baseline — agency reports/correspondence since January 1, 2025 and a July 1, 2026 ratings baseline for TXNM, PNM, and TNMP should be provided. (NM AREA Attach. A p. 20)	Revised Testimony of H. Monroy, Section III		**Compliance Report -** Section II.B **Exhibits -** JA Supplemental Exhibit N (PNM) JA Supplemental Exhibit O (PNM)		
16. TXNM Internal Credit Metric Projections — TXNM's internal credit metric projections for 2025 through 2029, base and downside, under four scenarios: (a) with the Financing Transaction in place, (b) with the Term Loan and no Equity Financing, (c) with the Equity Financing completed, and (d) with the acquisition denied. (NM AREA Attach. A, p. 20)			**Compliance Report -** Section II.B		

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
17. TXNM, PNM, & TNMP Financial Arrangements — Disclosure of PNM and TNMP financing terms and plans (2026-2029) and all rating-sensitive covenants, pricing grids, and collateral or letter-of-credit triggers across TXNM, PNM, and TNMP financing and supply agreements. (NM AREA Attach. A, p. 21)			**Compliance Report -** Section II.B		
18. Known Financial Consequences at time of Filing Supplemental Compliance Report — quantify all direct/indirect consequences of the transaction and its unwinding, including rating actions, financing terms, credit-triggered contracts, PNM cost allocation, and controls excluding costs from rates. (Staff, pp. 6-7, 9; NEE, pp. 19-20; Center 2-5)	Revised Testimony of H. Monroy, Section III		**Compliance Report -** Section II.B **Exhibits -** JA Supplemental Exhibit A (PNM) CONFIDENTIAL JA Supplemental Exhibit K (PNM) JA Supplemental Exhibit M (PNM) JA Supplemental Exhibit N (PNM). JA Supplemental Exhibit O (PNM).	.	

Issue/Topic	Revised Application	Other Testimony and Exhibits	Compliance Reports - Facts[1]	Supplemental Compliance Report - Legal Arguments	Supplemental Compliance Report - Business Decision
19. Future Reporting of Actualized Financial Consequences — disclosure and exclusion from ratepayer recovery of downgrade-driven costs, penalties, and credit events. (Staff, pp. 7, 9)	Revised Testimony of H. Monroy, Section III		**Exhibit -** JA Supplemental Exhibit A (PNM)		
20. Center for Biological Diversity's supplemental indirect-cost filings — two filings accounting for indirect costs and demonstrating none have been rate-based. (Center, p. 5)	Revised Testimony of H. Monroy, Section III		**Exhibit -** JA Supplemental Exhibit A (PNM)		
21. Indirect costs and regulatory liability — the possibility of increased cost of capital passed to PNM and ratepayers, and PNM booking regulatory liability in the next rate case. (NMDOJ, PDF pp. 8-9, 11-12; NM Area Attach. A pp. 8-9)	Revised Testimony of H. Monroy, Section III		**Exhibit -** JA Supplemental Exhibit A (PNM)		
22. The Certification should be broader — the certification that was filed only covers direct costs; it must include cost-of-capital consequences. (NM AREA Attach. A, pp. 4, 9)			**Exhibit -** JA Supplemental Exhibit A (PNM)		
23. Cost-measurement methodology and protective mechanisms — the five-step baseline/affect-period/measurement/attribution/true-up framework, plus regulatory liability, security or escrow, and sworn periodic reporting. (NM AREA Attach. A, pp. 10-15)	Revised Testimony of H. Monroy, Section III		**Exhibit -** JA Supplemental Exhibit A (PNM)		
24. Independent audit of direct and indirect costs — a comprehensive audit and regulatory accounting of all transaction-related costs. (NEE, p. 20)	Revised Testimony of H. Monroy, Section III		**Exhibit -** JA Supplemental Exhibit A (PNM)		
25. Amended Application — Identify/quantify the changes to the Original Application and how those	Revised Testimony of H.				

Issue/Topic	**Revised Application**	**Other Testimony and Exhibits**	**Compliance Reports - Facts**[1]	**Supplemental Compliance Report - Legal Arguments**	**Supplemental Compliance Report - Business Decision**
changes reflect current circumstances and any effects they may have on the proposed acquisition's financial viability, timing, regulatory commitments, and claimed benefits and costs. (Staff, pp. 8,9-10; NEE pp. 16-18, 19-20)	Monroy, Section III *See generally,* Revised Application				
26. Materially different transaction - new/amended application or dismissal — arguments by NEE, the Center, and Prosperity Works that the restructured deal requires a new application or dismissal without prejudice. (NEE, pp. 2, 3, 5, 7-10, 19-20 PW, p. 8; Center, pp. 3-4, 5)	Revised Testimony of H. Monroy, Section III *See generally*, Revised Application			**Compliance Report -** Section III	
27. Waivers and Concessions — whether approval is necessary for the waivers, agreements, and other matters from the Amended Compliance Report consisting of the Letter Agreement, the Waiver, and Board Resolutions. (NM AREA Attach. A pp. 15-16, 21,; NEE pp. 19-20)					**Compliance Report -** Section III.A
28. Proxy statement correction and shareholder re-vote — Prosperity Works' position that the voided stock purchase requires a corrected proxy and re-submission to shareholders. (PW, pp. 3-5)				**Compliance Report -** Section III.B	**Compliance Report -** Section III.B
29. Blackstone's regulatory conduct and prudence of the renegotiation — concerns that Blackstone will resist oversight and demands to prove the renegotiated transaction is prudent and benefits ratepayers. (NEE, pp. 11-18; Center p. 2)	JA Revised Exhibit HEM-4, Rows H.1, H.2, H.3, H.4, H.5, H.6			**Compliance Report -** Section III.C	

***Please note that this Roadmap does not cover all matters that are more appropriately addressed in separate pleadings or other filings. For example, this Roadmap does not address matters of privilege or confidentiality. While this Roadmap is a good-faith effort to summarize arguments raised and where these*

arguments have been addressed, it should not be viewed as definitive and the Joint Applicants are not waiving any arguments or issues pursuant to this Roadmap or otherwise.

Updating Financing Transaction costs for Term Loan and journal entries recorded at TXNM

CONFIDENTIAL JA Supplemental Exhibit B (PNM) (Redacted)

Is contained in the following 3 pages.

CONFIDENTIAL JA Exhibit B (PNM) - Updated Financing Transaction Costs and Journal Entries

Costs associated with Financing Transaction
$ in Millions

Description	Amount
Bank Fees	4.00
Legal Fees	0.18

Costs associated with unwinding the Financing Transaction
$ in Millions

TXNM

Description	Amount	Exhibit Ref
Term Loan Bank Fees[1]	[redacted]	Exhibits C, D
Term Loan Legal Fees[2]	0.12	n/a
Term Loan Interest Expense[3]	2.45	Exhibits E, F, G, H
Term Loan Unutilized Fee[4]	0.01	Exhibits G, H
Legal Fees to Prepare Legal Documents (updated estimate)[5]	0.79	n/a

[1] Amount is confidential

[2] Invoices for legal fees related to TXNM Term Loan are not provided as they are privileged attorney/client work product

[3] Interest expense calculation:

$400M x 5.017380% x 33 days	1,839,706.00	Paid 8/24/26
$400M x 5.008720% x 11 days	612,176.89	Paid 9/4/26
Total	2,451,882.89	

[4] Unutilized fee of 0.225% for the 5-day period from when the loan became effective (7/17/26) until TXNM borrowed the funds (7/22/26)

[5] TXNM is still collecting final invoices for legal work supporting TXNM's entry into the waiver, consent letter, and letter agreement dated 7/17/26

The following journal entries were recorded at TXNM Energy Inc. (Holding Company) in relation to borrowing the $400 million Term Loan. No journal entries were recorded at PNM in relation to the Term Loan.

1 Record entry into the $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Cash	$400 million	
Credit:	Long Term Debt		$400 million

2 Record debt issuance costs related to $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Unamortized Debt Expense	[redacted]	
Credit:	Cash		[redacted]

Note: Debt issuance costs are upfront costs associated with entering into the Tem Loan, including upfront bank fees and legal fees. Debt issuance costs are recorded on the balance sheet in an account called Unamortized Debt Expense. Unamortized Debt Expense is a reduction to long-term debt on the balance sheet. These costs are amortized to interest expense over the life of the debt or fully expensed to interest expense if the debt is paid off early. See journal entry #9.

3 Record unutilized fees related to $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Administrative and General Expense	0.01 million	
Credit:	Cash		0.01 million

4 Record interest expense / interest payments related to $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Interest Expense	2.45 million	
Credit:	Cash		2.45 million

The following journal entries were recorded at TXNM Energy Inc. (Holding Company) in relation unwinding the Financing Transaction. No journal entries were recorded at PNM in relation to unwinding the financing transaction.

5 Record repayment to TopCo to unwind Financing Transaction (8.0 million common shares)

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Common Equity	$400 million	
Credit:	Cash		$400 million

6 Record repayment of dividends from TopCo

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Cash	$13.3 million	
Credit:	Retained Earnings (Equity)		$13.3 million

7 Legal Fees to Prepare Legal Documents

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Administrative and General Expense	0.79 million	
Credit:	Cash		0.79 million

The following journal entries were recorded at TXNM Energy Inc. (Holding Company) to pay off $400 million Term Loan. No journal entries were recorded at PNM in relation to paying off Term Loan.

8 Record pay off of $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Long Term Debt	$400 million	
Credit:	Cash		$400 million

9 Expense unamortized debt issuance costs related to $400 million Term Loan

Debit/Credit	Account	Debit Amount	Credit Amount
Debit:	Interest Expense	[redacted]	
Credit:	Unamortized Debt Expense		[redacted]

Loan Settlement and Closing Statement for Term Loan

CONFIDENTIAL JA Supplemental Exhibit C (PNM) (Redacted)

Is contained in the following 3 pages.

LOAN SETTLEMENT AND CLOSING STATEMENT

TXNM Energy, Inc. | $400,000,000 Credit Facility | Close Date: July 17, 2026

In connection with the closing of the Senior Unsecured Delayed Draw Term Loan dated on or about July 17, 2026 (the "Effective Date") by and among TXNM Energy, Inc. ("TXNM", or the "Borrower"), the Lenders party thereto, and Wells Fargo Bank, National Association ("Wells Fargo"), as Administrative Agent, the undersigned hereby acknowledge the following sources and disbursements on the Effective Date.

Sources of Funds	
Cash wire from TXNM Energy, Inc. to Wells Fargo Bank:	[redacted]
Total Sources	
Uses of Funds	
Payment to Wells Fargo Bank for its own account of the CUSIP Fee:	[redacted]
Payment to Wells Fargo Securities for its own account of the Structuring Fee:	
Total Uses	

Wiring Instructions & Signature page to follow

Page 2 of 3

Wiring Instructions for Wires to be Sent by TXNM Energy, Inc. to Wells Fargo

Wells Fargo Agency Services - Wiring Instructions

Bank:	[redacted]
ABA Routing Number:	
Account Number:	
Account Name:	
Ref:	
Attn:	

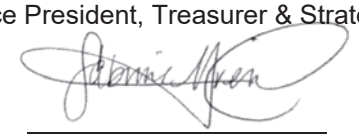
Total: [redacted]

Signature page to follow

The undersigned hereby (i) requests and instructs Wells Fargo Bank, National Association ("Wells Fargo") to initiate the wires and otherwise apply the loan proceeds and other funds as set forth above, and (ii) acknowledges that the undersigned is assuming all broker and tax reporting liability for the purpose of U.S. tax reporting for the payments and other application of funds pursuant to such instructions (it being agreed and acknowledged that (x) Wells Fargo Bank, National Association is not responsible for and does not assume any broker or tax reporting liability in connection therewith, and (y) the undersigned agrees to indemnify, defend and hold Wells Fargo harmless from any loss, claim or expense associated with any such actual or asserted liability).

TXNM Energy, Inc.

Name: Sabrina Greinel
Title: Vice President, Treasurer & Strategy

Signature: 

Wells Fargo Bank, National Association

Name:
Title:

Signature: _____

Wells Fargo Securities, LLC

Name:
Title:

Signature: _____

Evidence of payment of fees owed to Wells Fargo for Term Loan

CONFIDENTIAL JA Supplemental Exhibit D (PNM) (Redacted)

Is contained in the following 2 pages.

WELLS FARGO

Previous Day Composite Report

Custom

As of 07/17/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk

09/17/2026 03:40 PM ET

Commercial Electronic Office® — **Treasury Information Reporting**

Currency: USD
Bank: [redacted]0248
Account: [redacted]1880(NM)

WELLS FARGO BANK, N.A.
Resources General Fund

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	
Total Number Debits	

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	[redacted]	[redacted]
Credit Totals	[redacted]	[redacted]

Type of Debit	Number of Items	Amount
Total ACH Debits	[redacted]	[redacted]
Total Wire Transfer Debits		
Debit Totals	[redacted]	[redacted]

Credit Transactions

[redacted]

Debit Transactions

[redacted]

7/17/2026 506 / BOOK TRANSFER DEBIT **Debit Amount:** [redacted]
Cust Ref: 00000000000 **Bank Ref:** IA009966531397
Unique ID: RG260717457955
WT SEQ457955 WELLS FARGO AGENCY SERV /BNF=WELLS FARGO AGENCY SERVICES SRF# GW00000085891584 TRN#260717457955 RFB# 50607

[redacted]

WELLS FARGO

Previous Day Composite Report

Custom

As of 07/17/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk

09/17/2026 03:40 PM ET

Commercial Electronic Office® | **Treasury Information Reporting**

BOOK TRANSFER DEBIT Total	**Debit Amount**	[redacted]
Debit Total	**Debit Amount**	[redacted]
Account Net Amount		[redacted]

Grand Total For Currency: USD

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	
Total Number Debits	

---- END OF REPORT ----

Notice from Wells Fargo of first month's interest payment for Term Loan

JA Supplemental Exhibit E (PNM)

Is contained in the following 3 pages.

Wells Fargo Bank, National Association
3201 N. 4th Avenue
SIOUX FALLS,South Dakota,57104

Date: 27-Aug-2026
To: TXNM Energy, INC.
ATTN: Sabrina Greinel
Fax:

Re: TXNM ENERGY, INC. 2026

***** Rate Setting *****

Description: USD Loan Repricing for the Deal TXNM ENERGY, INC. 2026.

Effective: 24-Aug-2026

Borrower TXNM Energy, INC. in Facility DELAY DRAW TERM has the following loans repricing:

Description	Global Amount	Current Reprice Date
SOFR CME Term Option 1 Month Loan	400,000,000.00	24-Aug-2026

Look Back days : 2

Base Rate Floor : 0.000000%

Legacy Base Rate Floor : N/A

Accrual Line Item(s) are as follows:

Rate Basis: Actual/360

Start	End	Days	CCY	Balance	Rate	Amount
22-Jul-2026	23-Aug-2026	33	USD	400,000,000.00	5.017380%	1,839,706.00

Borrower TXNM Energy, INC. in Facility DELAY DRAW TERM will make the following interest payments:

Description	Global Amount
SOFR CME Term Option 1 Month	1,839,706.00

Borrower TXNM Energy, INC. in Facility DELAY DRAW TERM will have the following new loans:

Pricing Option	Global Amount	Next Reprice Date	Continuation Date
SOFR CME Term Option 1 Month	400,000,000.00	24-Sep-2026	21-Sep-2026

Borrower TXNM Energy, INC. in Facility DELAY DRAW TERM rates have been set as follows:

Pricing Option	Global Amount	All In Rate	Next Reprice Date
SOFR CME Term Option 1 Month	400,000,000.00	5.008720%	24-Sep-2026

Base Rate: 3.658720%

Spread: 1.350000%

Projected Interest: 1,725,225.78

Projected Interest Due Date: 24-Sep-2026

Look Back days : 2

Base Rate Floor : 0.000000%

Legacy Base Rate Floor : N/A

Deal ISIN: US87334PAC23

Deal CUSIP: 87334PAC2

Facility: DELAY DRAW TERM

Facility ISIN: US87334PAD06

Facility CUSIP: 87334PAD0

Please remit your funds USD 1,839,706.00 to arrive on the effective date.

For: TXNM Energy, INC.

Reference: TXNM ENERGY, INC. 2026,

Thanks and regards,

For ongoing servicing questions, please contact:

AMANDA ALEXANDER

Telephone #:

Fax #:

IF (NOW OR IN THE FUTURE) YOU RECEIVE FUNDS FROM WELLS FARGO BANK, N.A. OR ANY OF ITS AFFILIATES (COLLECTIVELY, "WELLS") IN AN AMOUNT THAT IS DIFFERENT THAN THE AMOUNT SET FORTH IN THE RELATED PAYMENT NOTICE AS THE “REMITTED AMOUNT” (OR SIMILAR

TERM) OR PAID ON ANY DATE OTHER THAN THE DATE SET FORTH IN THE RELATED PAYMENT NOTICE AS THE "EFFECTIVE DATE" (OR SIMILAR TERM) (OR WHICH FUNDS ARE NOT ACCOMPANIED OR PRECEDED BY A RELATED PAYMENT NOTICE), YOU SHALL BE ON NOTICE THAT AN ERROR HAS BEEN MADE AS TO SUCH PAYMENT. UPON RECEIPT OF ANY SUCH FUNDS, PROMPTLY CONTACT THE UNDERSIGNED TO INQUIRE AS TO THE DISCREPANCY, AND IF SO DEMANDED BY WELLS RETURN ALL OR ANY PORTION OF FUNDS AS DEMANDED BY WELLS PROMPTLY, AND IN NO EVENT LATER THAN ONE BUSINESS DAY AFTER SUCH DEMAND. ALL FUNDS SHALL BE RETURNED IN SAME DAY FUNDS, TOGETHER WITH INTEREST THEREON IN RESPECT OF EACH DAY FROM AND INCLUDING THE DATE SUCH FUNDS WERE RECEIVED BY YOU TO THE DATE SUCH FUNDS (OR PORTION THEREOF) ARE REPAID TO WELLS AT THE GREATER OF THE NYFRB RATE AND A RATE DETERMINED BY WELLS IN ACCORDANCE WITH BANKING INDUSTRY RULES ON INTERBANK COMPENSATION FROM TIME TO TIME IN EFFECT.

Message ID: 8c72142b-06ba-4ca4-b571-2737d762c3eb

Evidence of payment of first month's interest to Wells Fargo

JA Supplemental Exhibit F (PNM)

Is contained in the following 2 pages.

Previous Day Composite Report

Custom

As of 08/24/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk

09/17/2026 04:19 PM ET

Commercial Electronic Office® | **Treasury Information Reporting**

Currency: USD
Bank: [redacted]0248
Account: [redacted]1880(NM)

WELLS FARGO BANK, N.A.
Resources General Fund

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	[redacted]
Total Number Debits	

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	[redacted]	[redacted]
Total Wire Transfer Credits		
Credit Totals		

Type of Debit	Number of Items	Amount
Total Wire Transfer Debits	[redacted]	[redacted]
Debit Totals		

Credit Transactions

[redacted]

Credit Total **Credit Amount** [redacted]

Debit Transactions

[redacted]

8/24/2026 506 / BOOK TRANSFER DEBIT **Debit Amount:** 1,839,706.00
Cust Ref: 00000000000 **Bank Ref:** IA009967390899
Unique ID: RG260824452311
WT SEQ452311 WELLS FARGO AGENCY SERV /BNF=WELLS FARGO AGENCY SERVICES SRF# GW00000086713249
TRN#260824452311 RFB# 50805

[redacted]

Previous Day Composite Report

Custom

As of 08/24/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 04:19 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

[redacted]

BOOK TRANSFER DEBIT Total	**Debit Amount**	[redacted]
Debit Total	**Debit Amount**	[redacted]
Account Net Amount		[redacted]

Grand Total For Currency: USD

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	
Total Number Debits	

---- END OF REPORT ----

Notice from Wells Fargo of second interest payment, principal payment and unutilized fee for Term Loan

JA Supplemental Exhibit G (PNM)

Is contained in the following 3 pages.

Wells Fargo Bank, National Association
3201 N. 4th Avenue
SIOUX FALLS,South Dakota,57104

Date: 01-Sep-2026
To: TXNM Energy, INC.
ATTN: Sabrina Greinel
Fax:

Re: Payments against TXNM ENERGY, INC. 2026

On 04-Sep-2026 the following transaction(s) totaling:
USD 400,624,676.89

will be made.

Details:

In Deal: TXNM ENERGY, INC. 2026

In facility DELAY DRAW TERM :

SOTR1 Interest Payment

TXNM Energy, INC. will pay interest on the SOFR CME Term Option 1 Month loan effective

24-Aug-2026, scheduled to reprice on 24-Sep-2026,

totaling USD 612,176.89.

Look Back days : 2

Base Rate Floor :0.000000%

Legacy Base Rate Floor : N/A

SOTR1 Principal Payment

TXNM Energy, INC. will pay principal on the SOFR CME Term Option 1 Month loan effective

24-Aug-2026, scheduled to reprice on 24-Sep-2026,

totaling USD 400,000,000.00.

Unutilized Fee Ongoing Fee Payment

TXNM Energy, INC. will make payment against the Unutilized Fee Fee totaling

USD 12,500.00.

Accrual Line Item(s) are as follows:

Ongoing Fee Payment

Rate Basis: Actual/360

Start	End	Days	CCY	Balance	Rate	Amount
17-Jul-2026	21-Jul-2026	5	USD	400,000,000.00	0.225000%	12,500.00
22-Jul-2026	31-Aug-2026	41	USD	0.00	0.000000%	0.00

Deal ISIN: US87334PAC23

Deal CUSIP: 87334PAC2

Facility ISIN / CUSIP are as follows:

Facility Name	ISIN	CUSIP
DELAY DRAW TERM	US87334PAD06	87334PAD0

We will charge your account for an amount of USD 400,624,676.89 on the effective date.

For: TXNM Energy, INC.

Demand Deposit Account

Account No:

******1880

Name:

Resources General Fund

Routing Number:

121000248

Reference: TXNM ENERGY, INC. 2026,

Thanks and regards,

For ongoing servicing questions, please contact:

AMANDA ALEXANDER

Telephone #:

Fax #:

IF (NOW OR IN THE FUTURE) YOU RECEIVE FUNDS FROM WELLS FARGO BANK, N.A. OR ANY OF ITS AFFILIATES (COLLECTIVELY, "WELLS") IN AN AMOUNT THAT IS DIFFERENT THAN THE AMOUNT SET FORTH IN THE RELATED PAYMENT NOTICE AS THE “REMITTED AMOUNT” (OR SIMILAR

TERM) OR PAID ON ANY DATE OTHER THAN THE DATE SET FORTH IN THE RELATED PAYMENT NOTICE AS THE "EFFECTIVE DATE" (OR SIMILAR TERM) (OR WHICH FUNDS ARE NOT ACCOMPANIED OR PRECEDED BY A RELATED PAYMENT NOTICE), YOU SHALL BE ON NOTICE THAT AN ERROR HAS BEEN MADE AS TO SUCH PAYMENT. UPON RECEIPT OF ANY SUCH FUNDS, PROMPTLY CONTACT THE UNDERSIGNED TO INQUIRE AS TO THE DISCREPANCY, AND IF SO DEMANDED BY WELLS RETURN ALL OR ANY PORTION OF FUNDS AS DEMANDED BY WELLS PROMPTLY, AND IN NO EVENT LATER THAN ONE BUSINESS DAY AFTER SUCH DEMAND. ALL FUNDS SHALL BE RETURNED IN SAME DAY FUNDS, TOGETHER WITH INTEREST THEREON IN RESPECT OF EACH DAY FROM AND INCLUDING THE DATE SUCH FUNDS WERE RECEIVED BY YOU TO THE DATE SUCH FUNDS (OR PORTION THEREOF) ARE REPAID TO WELLS AT THE GREATER OF THE NYFRB RATE AND A RATE DETERMINED BY WELLS IN ACCORDANCE WITH BANKING INDUSTRY RULES ON INTERBANK COMPENSATION FROM TIME TO TIME IN EFFECT.

Message ID: 62679025-83b8-41d9-91f1-24939f58959e

Evidence of payment of second month's interest and unutilized fee to Wells Fargo

JA Supplemental Exhibit H (PNM)

Is contained in the following 3 pages.

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 04:14 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

Currency: USD
Bank: [redacted]0248 **WELLS FARGO BANK, N.A.**
Account: [redacted]1880(NM) **Resources General Fund**

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	
Total Number Debits	

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	[redacted]	[redacted]
Total Deposits		
Total Wire Transfer Credits		
Credit Totals	[redacted]	[redacted]

Type of Debit	Number of Items	Amount
Total Wire Transfer Debits	[redacted]	[redacted]
Debit Totals	[redacted]	[redacted]

Credit Transactions

[redacted]

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 04:14 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

[redacted]

MISCELLANEOUS ACH CREDIT Total **Credit Amount** [redacted]

[redacted]

Credit Total **Credit Amount** [redacted]

Debit Transactions

[redacted]

9/4/2026 506 / BOOK TRANSFER DEBIT **Debit Amount:** 624,676.89
Cust Ref: 00000000000 **Bank Ref:** IA009967702371
Unique ID: RG260904451247
WT SEQ451247 WELLS FARGO AGENCY SERV /BNF=WELLS FARGO AGENCY SERVICES SRF# GW00000087012855 TRN#260904451247 RFB# 50852

BOOK TRANSFER DEBIT Total **Debit Amount** [redacted]

Debit Total **Debit Amount** [redacted]

Account Net Amount [redacted]

Grand Total For Currency: USD

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	

WELLS FARGO

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 04:14 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

Total Number Credits	
Total Number Debits	1

---- END OF REPORT ----

Evidence of principal payment for Term Loan to Wells Fargo

JA Supplemental Exhibit I (PNM)

Is contained in the following 3 pages.

WELLS FARGO

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 03:44 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

Currency: USD
Bank: [redacted]0248
Account: [redacted]1880(NM)

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	
Total Number Debits	

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	[redacted]	[redacted]
Total Deposits		
Total Wire Transfer Credits		
Credit Totals	[redacted]	[redacted]

Type of Debit	Number of Items	Amount
Total Wire Transfer Debits	[redacted]	[redacted]
Debit Totals	[redacted]	[redacted]

Credit Transactions

[redacted]

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 03:44 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

[redacted]

Debit Transactions

9/4/2026	506 / BOOK TRANSFER DEBIT	**Debit Amount:**	400,000,000.00
	Cust Ref: 00000000000	**Bank Ref:** IA009967719715	
	Unique ID: RG260904451269		
	WT SEQ451269 WELLS FARGO AGENCY SERV /BNF=WELLS FARGO AGENCY SERVICES SRF# GW00000087013286 TRN#260904451269 RFB# 50853		

[redacted]

Grand Total For Currency: USD

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	

WELLS FARGO

Previous Day Composite Report

Custom

As of 09/04/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 03:44 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

Total Number Credits	
Total Number Debits	1

---- END OF REPORT ----

Notice from Wells Fargo of commitment decrease to $0 for the Term Loan

JA Supplemental Exhibit J (PNM)

Is contained in the following 2 pages.

Wells Fargo Bank, National Association
3201 N. 4th Avenue
SIOUX FALLS,South Dakota,57104

Date: 04-Sep-2026
To: TXNM Energy, INC.
ATTN: Sabrina Greinel
Fax:

Re: TXNM ENERGY, INC. 2026, DELAY DRAW TERM

Description: Scheduled Commitment Decrease

BORROWER: TXNM Energy, INC.

DEAL NAME: TXNM ENERGY, INC. 2026

COMMITMENT DECREASE

Effective 04-Sep-2026, the commitment for TXNM Energy, INC. will be reduced from USD 400,000,000.00 to USD 0.00.

Deal ISIN: US87334PAC23

Deal CUSIP: 87334PAC2

Facility ISIN: US87334PAD06

Facility CUSIP: 87334PAD0

If you have any questions, please call the undersigned.

Thanks and regards,

For ongoing servicing questions, please contact:

AMANDA ALEXANDER

Telephone #:

Fax #:

IF (NOW OR IN THE FUTURE) YOU RECEIVE FUNDS FROM WELLS FARGO BANK, N.A. OR ANY OF ITS AFFILIATES (COLLECTIVELY, "WELLS") IN AN AMOUNT THAT IS DIFFERENT THAN THE AMOUNT SET FORTH IN THE RELATED PAYMENT NOTICE AS THE “REMITTED AMOUNT” (OR SIMILAR TERM) OR PAID ON ANY DATE OTHER THAN THE DATE SET FORTH IN THE RELATED PAYMENT NOTICE AS THE “EFFECTIVE DATE” (OR SIMILAR TERM) (OR WHICH FUNDS ARE NOT ACCOMPANIED OR PRECEDED BY A RELATED PAYMENT NOTICE), YOU SHALL BE ON NOTICE THAT AN ERROR HAS BEEN MADE AS TO SUCH PAYMENT. UPON RECEIPT OF ANY SUCH FUNDS, PROMPTLY CONTACT THE UNDERSIGNED TO INQUIRE AS TO THE

DISCREPANCY, AND IF SO DEMANDED BY WELLS RETURN ALL OR ANY PORTION OF FUNDS AS DEMANDED BY WELLS PROMPTLY, AND IN NO EVENT LATER THAN ONE BUSINESS DAY AFTER SUCH DEMAND. ALL FUNDS SHALL BE RETURNED IN SAME DAY FUNDS, TOGETHER WITH INTEREST THEREON IN RESPECT OF EACH DAY FROM AND INCLUDING THE DATE SUCH FUNDS WERE RECEIVED BY YOU TO THE DATE SUCH FUNDS (OR PORTION THEREOF) ARE REPAID TO WELLS AT THE GREATER OF THE NYFRB RATE AND A RATE DETERMINED BY WELLS IN ACCORDANCE WITH BANKING INDUSTRY RULES ON INTERBANK COMPENSATION FROM TIME TO TIME IN EFFECT.

Message ID: d414c46d-52c9-438e-a6e2-edf62012270f

TXNM debt to capitalization calculation for Term Loan financial covenant, as of 6/30/2026, 7/31/2026, 8/31/2026

CONFIDENTIAL JA Supplemental Exhibit K (PNM) (Redacted)

Is contained in the following 1 page.

TXNM Energy, Inc. - Debt to Capitalization
For TXNM $400 Million Term Loan

FINANCIAL COVENANT CALCULATIONS

TOTAL DEBT TO TOTAL CAPITALIZATION:
($ in thousands)

TOTAL DEBT :		6/30/2026		7/31/2026	8/31/2026
Short-term debt	$	483,000	$	[redacted]	
Current installments of long-term debt (less current installments of securitization debt)	$	220,308	$		
Long-term debt (less securitization debt)	$	4,867,117	$		
Minus Outstanding Principal Amount of Hybrid Securities	$	(900,000)	$		
Letters of Credit	$	22,350	$		
Surety Bonds	$	61,685	$		
Contingent obligation	$	2,255	$		
Termination obligation of hedge transactions					
(net derivative instrument liabilities)	$	-	$		
Subtotal:	$	4,756,715	$		
CONSOLIDATED INDEBTEDNESS AS DEFINED:	**$**	**4,756,715**	**$**		
TOTAL CAPITALIZATION:					
Consolidated Indebtedness	$	4,756,715	$		
Plus					
Common Equity	$	3,602,408	$		
Outstanding Principal Amount of Hybrid Securities	$	900,000	$		
Outstanding Principal of Preferred Stock	$	11,529	$		
Subtotal:	$	4,513,937	$		
TOTAL CAPITALIZATION AS DEFINED:	**$**	**9,270,652**	**$**		
RATIO:		**0.51**			

Evidence of return of $13.28 million in dividends to TXNM

JA Supplemental Exhibit L (PNM)

Is contained in the following 2 pages.

Previous Day Composite Report

Custom

As of 08/07/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk

09/17/2026 03:53 PM ET

Commercial Electronic Office® — **Treasury Information Reporting**

Currency: USD
Bank: [redacted]0248
Account: [redacted]1880(NM)

WELLS FARGO BANK, N.A.
Resources General Fund

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	[redacted]
Total Number Debits	

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	[redacted]	[redacted]
Total Wire Transfer Credits		
Credit Totals	[redacted]	[redacted]

Type of Debit	Number of Items	Amount
Total ACH Debits	[redacted]	[redacted]
Total Wire Transfer Debits		
Debit Totals	[redacted]	[redacted]

Credit Transactions

[redacted]

8/7/2026 195 / INCOMING MONEY TRANSFER **Credit Amount:** 13,280,000.00
Cust Ref: 00000000000 **Bank Ref:** IA009915460678
Unique ID: RG260807133128
WT 2026080700496286 TROY TOPCO LP /ORG=1/Troy Topco LP SRF# 2026080700496286 TRN#260807133128
RFB# 260807004810

[redacted]

Credit Total **Credit Amount** [redacted]

Debit Transactions

[redacted]

Previous Day Composite Report

Custom

As of 08/07/2026

Company: PUBLIC SERVICE CO. OF NEW MEXICO
User: Cash Desk 09/17/2026 03:53 PM ET

Commercial Electronic Office® **Treasury Information Reporting**

[redacted]

TRN#260807453947 RFB# 50714

Debit Total **Debit Amount** [redacted]

Account Net Amount [redacted]

Grand Total For Currency: USD

Balances

Closing Ledger Balance	[redacted]
Closing Collected Balance	
Opening Available Balance	
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	[redacted]
MTD Average Closing Collected Balance	
Total Credits	[redacted]
Total Debits	
Total Number Credits	[redacted]
Total Number Debits	

---- END OF REPORT ----

Pro forma calculations of TXNM's Funds from Operations ("FFO") to Debt, demonstrating the impact of the Term Loan and subsequent repayment through the Equity Issuance

JA Supplemental Exhibit M (PNM)

Is contained in the following 1 page.

JA Supplemental Exhibit M (PNM)
TXNM FFO/Debt (proforma)

Projected 2026 FFO/Debt as of 3/31/26, without $400M Term Loan:

	S&P	Moody's
FFO	834,334	790,669
Debt	5,849,725	5,842,422
FFO/Debt	14.3%	13.5%

Proforma calculation, showing effect of $400M Term Loan:

	S&P	Moody's
FFO	834,334	790,669
Debt	5,849,725	5,842,422
Term Loan Debt	400,000	400,000
Proforma Debt	6,249,725	6,242,422
FFO/Debt	13.3%	12.7%

Proforma calculation, showing effect of four months of Term Loan interest expense:

	S&P	Moody's
FFO	834,334	790,669
Term Loan Interest*	6,667	6,667
Proforma FFO	827,668	784,002
Proforma Debt	6,249,725	6,242,422
FFO/Debt	13.2%	12.6%

* Assumes 4 months of interest on $400M balance at rate of 5%

Proforma calculation, showing effect of actual Term Loan interest expense and repayment of Term Loan after equity issuance:

	S&P	Moody's
FFO	834,334	790,669
Actual Term Loan Interest	2,452	2,452
Proforma FFO	831,882	788,217
Debt	5,849,725	5,842,422
FFO/Debt	14.2%	13.5%

Tear Sheet from S&P that discusses the effect of the Show Cause Final Order

JA Supplemental Exhibit N (PNM)

Is contained in the following 5 pages.

S&P Global
Ratings

RatingsDirect®

Tear Sheet:

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

July 10, 2026

This report does not constitute a rating action.

What's new: The New Mexico Public Regulation Commission (NMPRC) has issued a final order in its show-cause proceeding, requiring TXNM Energy Inc. (TXNM) to unwind its $400 million equity sale to Blackstone Infrastructure (BI) during 2025. The transaction--an all-equity deal signed in 2025--involved the sale of 8 million shares to BI. The commission alleges that this sale violated state statutes by occurring without prior commission approval.

Why it matters: TXNM exited fiscal year 2025 with funds from operation (FFO) to debt of 14.1%, just above our downside trigger. Unwinding the $400 million equity issuance would have affected the ratio by about 100 basis points, breaching the 14% threshold. In addition, we expect the compliance filing and subsequent proceedings will push the transaction's closing into 2027. This delay introduces uncertainty, particularly given the precedent of Avangrid Inc.'s abandonment of its $8.3 billion bid to acquire TXNM in 2024.

While we view this development will be negative, our ratings are not immediately affected. The merger has already received approvals from the FERC, Federal Communications Commission, and the Public Utility Commission of Texas. Consequently, we still expect the transaction to close, albeit in 2027 and subject to approval from NMPRC. We also view the impact on credit measures as temporary and assume management will take necessary steps to maintain FFO to debt above the 14% threshold. We also anticipate that upon closing, BI will provide equity and/or maintain dividend flexibility to maintain credit measures above our downside threshold.

Our base-case scenario continues to incorporate cash flow growth from PNM's 2025 rate case order and continued cost recovery through riders for fuel costs, energy efficiency programs, and grid modernization plans. We expect subsidiary Texas-New Mexico Power (TNMP) to maintain cost recovery through mechanisms such as transmission and distribution cost recovery, as well as capital recovery under the system resiliency plan.

Our forecasts include one-time transaction costs associated with the merger with BI to incur in 2027, alongside elevated capital spending averaging approximately $2 billion annually through 2028. This primarily reflects rising capital needs in Texas and investments in transmission and distribution infrastructure to support the energy transition. Accordingly, we expect FFO to debt to recover to above 14% in 2027 and 2028, albeit with a minimal cushion.

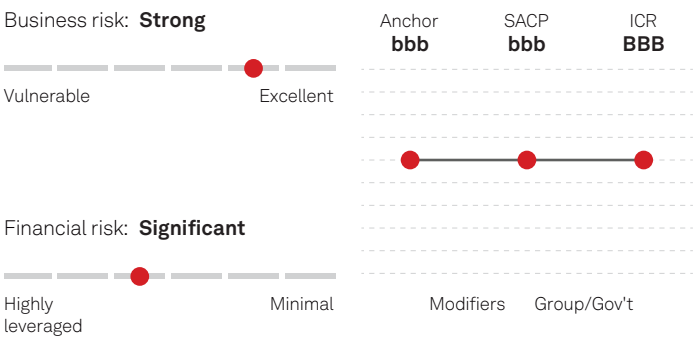
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Ratings Score Snapshot



Issuer credit rating
BBB/Stable/A-2

ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

- **TXNM Energy Inc. Assigned 'A-2' Short-Term Rating; $300 Million Commercial Paper Program Rated 'A-2', May 1, 2026**
- TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable, May 19, 2025

Company Description

TXNM is a publicly traded utility holding company that wholly owns subsidiaries PNM and TNMP. PNM is a regulated utility in New Mexico with operations primarily engaged in the generation, transmission, and distribution of electricity. TNMP is a regulated transmission and distribution utility operating, providing electric service to customers on behalf of competitive retail providers within the Electric Reliability Council of Texas power system.

On a consolidated basis, TXNM provides electricity to about 800,000 customers in New Mexico and Texas. The company owns, contracts, and leases generation capacity of about 4,268 megawatts.

Outlook

The stable outlook on TXNM reflects our expectation of FFO to debt of about 14%, with minimal downside cushion. This assumes BI acquires TXNM in 2027 and maintains a prudent financial policy while TXNM continues to manage its regulatory risk in a constructive manner.

Downside scenario

We could lower our ratings on TXNM within the next 24 months if TXNM's financial measures were consistently below our downgrade threshold of FFO to debt of 14%. This could occur if the transaction does not close, and the company is unable to fund its cash flow deficits in a credit-supportive manner or receives unfavorable rate outcomes. We could also lower our ratings if BI pursues aggressive financial policies or if the company were the cause of a catastrophic wildfire.

Upside scenario

Although unlikely, we could raise our ratings on TXNM over the next 24 months if it materially improves consolidated financial measures, including FFO to debt of consistently above 21%.

Key Metrics

TXNM Energy Inc--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
	2022a	2023a	2024a	2025a	2026e	2027f	2028f
Adjusted ratios							
Debt/EBITDA (x)	5.6	7.4	5.7	5.2	5.0-5.5	5.0-5.5	5.0-5.5
FFO/debt (%)	14.7	9.4	12.9	14.1	13.0-14.0	13.5-14.5	13.5-14.5
FFO cash interest coverage (x)	5.8	3.3	3.8	3.7	3.5-4.0	3.5-4.0	3.5-4.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Financial Summary

TXNM Energy Inc--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	$	$	$	$	$	$
Revenues	1,523	1,780	2,250	1,937	1,945	2,139
EBITDA	646	673	780	615	892	948
Funds from operations (FFO)	534	566	647	429	659	690
Interest expense	131	115	149	220	245	280
Cash interest paid	112	107	134	185	234	256
Operating cash flow (OCF)	508	559	578	534	477	566
Capital expenditure	679	930	905	1,061	1,226	1,174
Free operating cash flow (FOCF)	(171)	(371)	(328)	(526)	(749)	(608)
Discretionary cash flow (DCF)	(282)	(494)	(455)	(662)	(907)	(800)
Cash and short-term investments	48	1	4	2	4	18
Gross available cash	48	1	4	2	4	18
Debt	3,434	3,871	4,405	4,583	5,099	4,911
Common equity	2,114	2,229	2,251	2,405	2,864	3,904
Adjusted ratios						
EBITDA margin (%)	42.4	37.8	34.7	31.8	45.9	44.3
Return on capital (%)	6.0	5.9	6.8	4.1	6.5	5.7
EBITDA interest coverage (x)	4.9	5.8	5.2	2.8	3.6	3.4
FFO cash interest coverage (x)	5.8	6.3	5.8	3.3	3.8	3.7
Debt/EBITDA (x)	5.3	5.7	5.6	7.4	5.7	5.2
FFO/debt (%)	15.5	14.6	14.7	9.4	12.9	14.1
OCF/debt (%)	14.8	14.4	13.1	11.7	9.4	11.5
FOCF/debt (%)	(5.0)	(9.6)	(7.4)	(11.5)	(14.7)	(12.4)

TXNM Energy Inc--Financial Summary						
DCF/debt (%)	(8.2)	(12.8)	(10.3)	(14.4)	(17.8)	(16.3)

Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Stable/A-2**
Local currency issuer credit rating	**BBB/Stable/A-2**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

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Moody's Credit Opinion issued June 30, 2026, noting the potential effects of the Show Cause Final Order

JA Supplemental Exhibit O (PNM)

Is contained in the following 16 pages.

MOODY'S RATINGS

CREDIT OPINION
30 June 2026

Update

Send Your Feedback

RATINGS

TXNM Energy, Inc.

Domicile	Albuquerque, New Mexico, United States
Long Term Rating	Baa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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» Contacts continued on last page

TXNM Energy, Inc.

Update to credit analysis

Summary

TXNM Energy, Inc.'s (TXNM, Baa3 stable) credit profile is primarily driven by the credit quality of its regulated utility subsidiaries, Public Service Company of New Mexico (PNM, Baa2 stable) and Texas New Mexico Power Company (TNMP, Baa1 stable). PNM remains the largest contributor to consolidated earnings and cash flow and operates as a vertically integrated electric utility in New Mexico, a regulatory environment that we continue to view as more challenging than most US jurisdictions. TNMP is a smaller but faster growing subsidiary and operates as a wires only electric transmission and distribution utility in Texas under a generally more supportive regulatory framework. The combination of these two jurisdictions provides some diversification at the holding company level, although TXNM's credit profile remains more closely linked to outcomes at PNM.

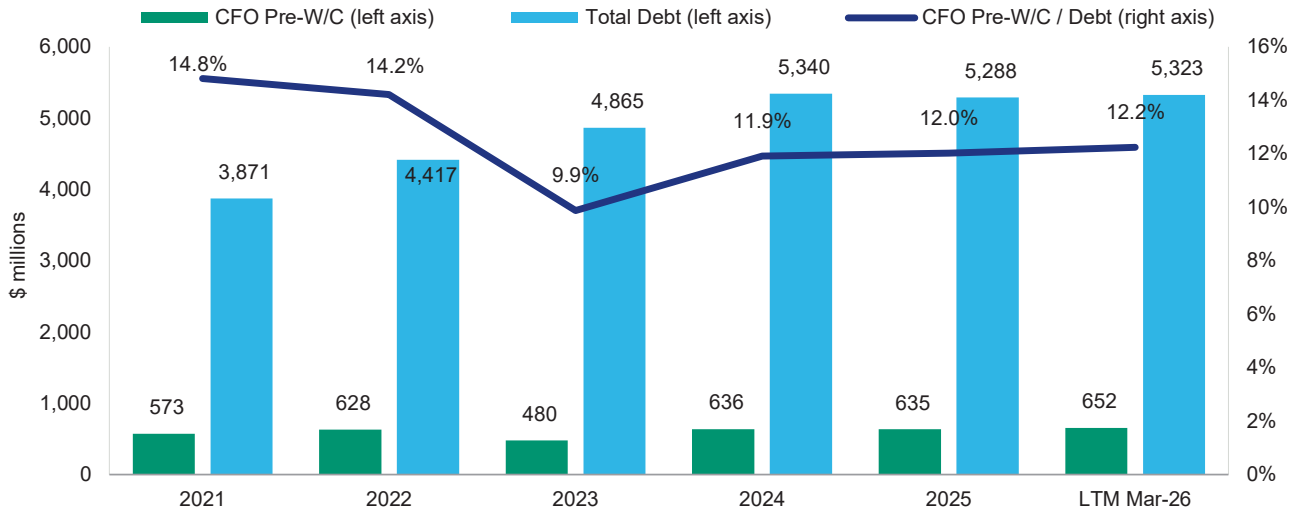
TXNM's credit quality also reflects the company's weak but relatively stable consolidated financial profile including a ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt in the 12%-13% range. As of 31 March 2026, the ratio of CFO pre-W/C to debt was approximately 13.4% excluding the impact of one-time rate refunds at PNM and the utility's securitization debt. We expect TXNM's financial policies will enable the company to sustain a ratio of CFO pre-W/C to debt in the low-to-mid-teens. The credit profile also incorporates our view that external capital needs will be financed in a balanced manner with holding company debt of no more than roughly 20% of consolidated debt, and our expectation that management will continue to maintain a focus on regulated operations.

Recent developments

In June 2026, New Mexico Public Regulation Commission (NMPRC) hearing examiners issued a recommendation in the show cause proceeding related to the proposed Blackstone acquisition, finding that a prior equity investment required Commission approval. TXNM is responding and awaiting a final order, which may affect the timing and structure of the transaction. More information can be found below.

On 1 May, 2026, Moody's assigned a Prime-2 (P-2) short-term rating to TXNM's new $300 million commercial paper (CP) program. The CP program is intended to support working capital needs and funding of capital expenditures at subsidiaries. Borrowings under the program are fully backstopped by TXNM's existing $300 million revolving credit facility, which matures in March 2030 (not rated). The stable outlook on TXNM's long-term rating is unchanged.

Exhibit 1
Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Credit strengths

» Modest diversity of regulatory jurisdictions and geography with New Mexico, Texas and FERC regulated rate base

» Growing contribution from TNMP, a low-risk T&D utility operating in a supportive regulatory jurisdiction

» Relatively stable financial profile

» Blackstone acquisition financing plans should not adversely impact credit ratings

Credit challenges

» Historically challenging New Mexico regulatory environment

» Weak consolidated financial metrics at about 13% CFO pre-W/C to debt after adjustments

» Capital expenditures remain elevated which may require additional debt financing

Rating outlook

TXNM's stable outlook primarily reflects the stable outlooks of its utility subsidiaries and our expectation that TXNM's financial profile will be consistently maintained, including external capital needs financed in a balanced manner to maintain a ratio of CFO pre-W/C to debt in the low-to-mid-teens percent range. The stable outlook also incorporates our view that parent debt will be no more than roughly 20% of consolidated debt and will gradually decline over time. It also reflects our view that the equity funding and lack of incremental debt in the financing plans of the Blackstone acquisition will not adversely affect credit quality.

Factors that could lead to an upgrade

TXNM could be upgraded if its principal subsidiary PNM is upgraded, which would be largely driven by a sustained period of more supportive regulatory outcomes in New Mexico. Moreover, the rating could be upgraded if financial metrics improve as a result of lower parent leverage or additional equity such that TXNM's ratio of CFO pre-W/C to debt is sustained above 17%.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to a downgrade

TXNM would likely be downgraded if PNM is downgraded. Moreover, TXNM's rating could be downgraded if parent level debt increases substantially and approaches 30% of consolidated debt on a sustained basis or if financial metrics decline such that TXNM's ratio of CFO pre- W/C to debt falls below 13% for an extended period of time. A downgrade could also occur if there are material changes to the financing plans related to the Blackstone acquisition that would entail higher leverage.

Key indicators

Exhibit 2

TXNM Energy, Inc.

	2021	2022	2023	2024	2025	LTM Mar-26
CFO Pre-W/C + Interest / Interest	6.7x	5.8x	3.5x	4.0x	3.4x	3.4x
CFO Pre-W/C / Debt	14.8%	14.2%	9.9%	11.9%	12.0%	12.2%
CFO Pre-W/C – Dividends / Debt	11.9%	11.5%	7.3%	9.0%	8.6%	8.7%
Debt / Capitalization	56.3%	58.9%	59.9%	58.7%	52.1%	51.9%

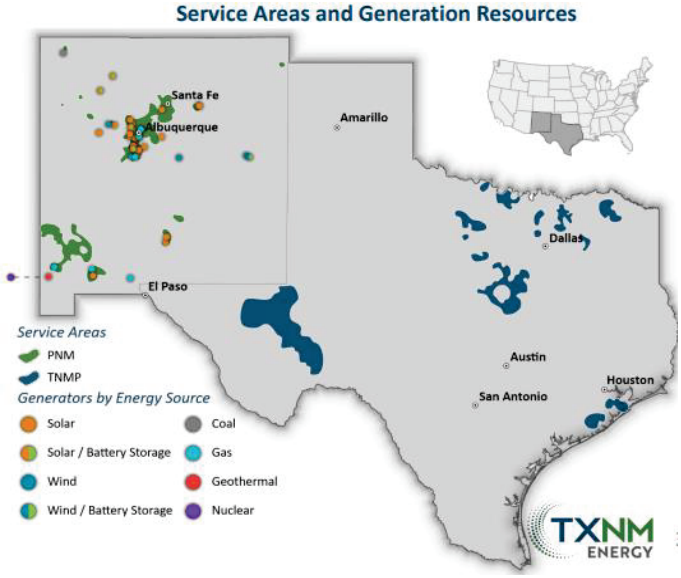
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Profile

TXNM Energy, Inc. is a regulated electric utility holding company headquartered in Albuquerque, NM, whose principal subsidiary is Public Service Company of New Mexico (Baa2 stable), a vertically integrated electric utility in New Mexico regulated by the New Mexico Public Regulation Commission (NMPRC). TXNM's other utility subsidiary is the smaller but faster growing Texas-New Mexico Power Company (Baa1 stable), which is an electric transmission and distribution utility regulated by the Public Utility Commission of Texas (PUCT) in the Electric Reliability Council of Texas (ERCOT) system. Combined, TXNM serves approximately 834,000 customers in New Mexico and Texas with over 25,000 miles of T&D lines and approximately 4,300 MW of generating capacity.

Exhibit 3

Service territories and generation resources



Source: Company filings

Detailed credit considerations

Proposed acquisition remains subject to New Mexico regulatory approval

TXNM Energy has agreed to be acquired by an entity affiliated with Blackstone Infrastructure in an all cash transaction valued at $61.25 per share, implying a total enterprise value of approximately $11.5 billion, including the assumption of existing debt (excluding

securitization debt) and preferred stock. The transaction is structured to be funded with no incremental debt solely related to the acquisition. In connection with the proposed acquisition, Blackstone made a $400 million equity investment in TXNM in June 2025, and the company has since issued additional equity prior to the acquisition closing. The acquisition has received TXNM shareholder approval and all required regulatory approvals outside the Nuclear Regulatory Commission (NRC) and New Mexico, leaving approval by the NRC and NMPRC as the principal remaining conditions to closing.

The NMPRC review has become more protracted than initially anticipated and remains subject to additional procedural and regulatory uncertainty. In June 2026, hearing examiners issued a recommendation in the show cause proceeding related to the proposed Blackstone acquisition, concluding that the $400 million equity investment by a Blackstone affiliate required prior Commission approval. The examiners recommended remedial actions, including unwinding or curing the transaction, and indicated that the applicants may need to withdraw and refile the merger application. TXNM and the other joint applicants have filed responses and are awaiting a final Commission order. While the core evidentiary hearing for the acquisition remains scheduled for August 2026, the outcome of the show cause proceeding could delay or alter the review process. As a result, timing for regulatory approval and closing, which had been targeted for the second half of 2026, is increasingly uncertain, and approval is not assured given New Mexico's historical skepticism toward utility mergers. A previous attempt by TXNM to be acquired by Avangrid (Baa2 positive) in 2021 was not approved by New Mexico regulators, underscoring execution risk for the current transaction.

The proposed transaction is neutral to modestly supportive if completed as planned. The all equity financing plan, together with Blackstone's prior equity investment and the expectation of additional equity issuance, limits incremental leverage and supports funding of TXNM's elevated capital spending program. Until the NMPRC review is concluded, however, uncertainty around the timing and outcome of the transaction remains, and TXNM will need to manage group funding, dividend policy, and capital program on a standalone basis.

New Mexico's regulatory framework has shown greater consistency amid rising investment needs

Historically, New Mexico's regulatory environment has been less predictable and transparent than many other US jurisdictions, reflecting inconsistent outcomes and heightened scrutiny of utility investment programs. Structural changes beginning in late 2022, including the shift from an elected five-member commission to a governor appointed three member NMPRC, have the potential to support greater consistency in decision making. While there have been subsequent commissioner changes, the governance structure remains intact, and recent actions provide additional data points for assessing the evolving credit supportiveness of the framework.

PNM's most recent general rate case provides a clearer indication of the commission's current posture. In May 2025, the commission approved a settlement that resulted in an authorized return on equity (ROE) of 9.45% and a 51% equity layer, with rate implementation phased over 2025 and 2026. This compares with a 9.26% authorized ROE and 50% equity later approved previously. At the same time, certain settlement provisions reflect continued customer affordability sensitivity, including the recovery of energy storage costs through base rates rather than a dedicated rider and the extension of depreciation lives for legacy assets. As a result, while the outcome represents incremental improvement, it continues to embed timing risk in cost recovery.

Beyond base rates, the commission has shown a greater willingness to rely on targeted mechanisms to support rising investment needs. These include approval of PNM's grid modernization plan and associated recovery rider in 2023, as well as accounting authorization to defer costs related to participation in organized western power markets. Together, these mechanisms support earnings stability as investment increases, although they generally do not provide immediate cash recovery, leaving interim cash flow metrics sensitive during construction and before assets are placed into service.

The commission has also demonstrated alignment with PNM's long term decarbonization strategy. It accepted PNM's 2023 integrated resource plan, which outlines a pathway to a fully carbon free portfolio by 2040 and has approved multiple near term solar and battery storage additions consistent with that plan. These approvals, together with enhanced regulatory oversight of procurement activity, indicate acceptance of the need for sustained investment in generation, storage, and supporting transmission infrastructure as legacy resources retire and operational flexibility requirements increase.

TNMP, a low risk T&D utility, operates in a generally credit supportive regulatory jurisdiction

TNMP's low risk electric T&D operations are regulated by the PUCT, which we view as providing a generally transparent and credit supportive regulatory framework for T&D utilities. TNMP operates exclusively as a wires company within ERCOT and does not have

provider of last resort obligations, limiting its exposure to power supply risk. While allowed returns and equity layers in Texas are lower than in many other US jurisdictions, the framework supports timely recovery of prudently incurred costs, particularly through trackers and riders.

TNMP's most recent fully litigated rate case was resolved through a settlement approved by the PUCT in December 2018, which established an authorized return on equity of 9.65% and a 45% equity layer. Since that time, TNMP's regulatory construct has evolved, with increased reliance on riders and periodic filings to address rising capital investment and operating costs.

In November 2025, TNMP filed a new general rate case based on a historical test year ending June 30, 2025, seeking recovery of higher transmission and distribution investment and rising operating expenses, including vegetation management. In May 2026, TNMP filed a comprehensive rate case settlement. Under the terms of the filing, TNMP would recover a rate base of approximately $2.8 billion as of June 30, 2025, while maintaining its currently authorized return on equity of 9.65% and a 45% equity ratio. The agreement reflects increased operations and maintenance costs and changes in deferred federal income tax amortizations, partially offset by adjustments to depreciation rates. In addition, TNMP would implement approximately $20.5 million of rider recovery related to Hurricane Beryl restoration costs over a five-year period. The settlement is subject to approval by the PUCT, with any final rates expected to be applied retroactively from May 22, 2026. Assuming approval, the outcome would support continued recovery of incremental transmission and distribution investment over time within TNMP's regulatory framework.

Exhibit 4

Historical rate case outcomes have been generally predictable, but have reduced allowed returns over time

Increase Requested					Increased Authorized							Rate Case Duration (Months)
Date	Rate Increase ($M)	Return on Equity (%)	Common Equity to Total Capital (%)	Rate Base ($M)	Date	Decision Type	Rate Increase ($M)	Interim Authorized?	Return on Equity (%)	Equity to Total Capital (%)	Rate Base ($M)	
5/30/2018	25.9	10.5	50.0	522.4	12/20/2018	Settled	10.0	No	9.7	45.0	520.3	6
8/26/2010	20.1	11.5	50.0	332.2	1/20/2011	Settled	10.3	No	10.1	45.0	332.1	4
8/29/2008	24.1	11.3	40.0	430.1	8/21/2009	Settled	12.7	No	10.3	40.0	430.2	11

Source: SPGMI

The Texas regulatory framework provides multiple mechanisms for the recovery of transmission and distribution investments, which we view as supportive of the company's credit profile given its elevated and growing capital spending. A recent addition to this framework is the Unified Tracker Mechanism (UTM), an alternative annual recovery mechanism available to utilities serving high-growth regions such as the Permian Basin. The UTM allows qualifying transmission and distribution capital expenditures to be deferred as regulatory assets and amortized over a defined period, reducing regulatory lag during periods of accelerated investment. TNMP expects to make its first UTM filing in 2026, with the mechanism intended to complement existing recovery pathways. From a credit perspective, the availability of the UTM provides additional flexibility around the timing of cost recovery as capital spending increases.

Alongside the UTM, TNMP has ability to recover transmission investments through a formula-based Transmission Cost of Service (TCOS) rider and distribution investments through the Distribution Cost Recovery Factor (DCRF). These mechanisms allow for periodic updates to reflect new plant additions, retirements, depreciation, taxes, and an approved rate of return. Legislative changes enacted in recent years permit TCOS and DCRF updates on a semi-annual basis, which helps limit the lag between investment and recovery. While these mechanisms remain relevant, the overall recovery framework has evolved to accommodate higher and more sustained levels of infrastructure investment.

Recent wildfire-related legislation has also modified the regulatory landscape by establishing formal requirements for wildfire mitigation planning and associated review timelines. House Bill 3402 requires the Public Utility Commission of Texas to review wildfire mitigation plans within a defined period and limits utility liability for wildfire damages if the utility is materially compliant with an approved plan, absent intentional, reckless, or negligent conduct. This framework provides greater clarity around operating requirements and potential exposure as utilities expand vegetation management and resiliency efforts.

TNMP's System Resiliency Plan (SRP) represents a significant component of its near-term capital and operating program. In December 2024, TNMP reached an unopposed settlement related to its 2025–2027 SRP, which was approved by the PUCT in March 2025. The approved SRP includes the majority of TNMP's proposed capital investments and program spending focused on vegetation management and wildfire mitigation. Certain eligible program costs may be deferred on the balance sheet and recovered in future filings, including through the DCRF mechanism prior to the introduction of UTM filings. In addition, TNMP recovers the costs of its

energy efficiency programs through the Energy Efficiency Cost Recovery Factor (EECRF), which allows for the recovery of current year program costs, reconciliation of prior-year balances, and performance based incentives.

Exhibit 5
Authorized cost and investment recovery mechanisms provide timely recovery of key costs

Adjustment clauses and riders	TNMP
Conserv. Program expense	✓
Decoupling	✗
Renewables adjustment clause	✗
Environmental compliance adjustment clause	✗
Advanced metering rider	✓
Transmission cost of service mechanism (TCOS)	✓
Distribution cost of service mechanism (DCOS)	✓
Transmission cost recovery factor (TCRF)	✓
Distribution cost recovery factor (DCRF)*	✓
Unified Tracking Mechanism (UTM)	✓
Municipal franchise fee adjustment clause	✓

*Can only be used when earned ROE is below allowed ROE
Source: Company filings

Elevated capital investment plans continue for both utilities

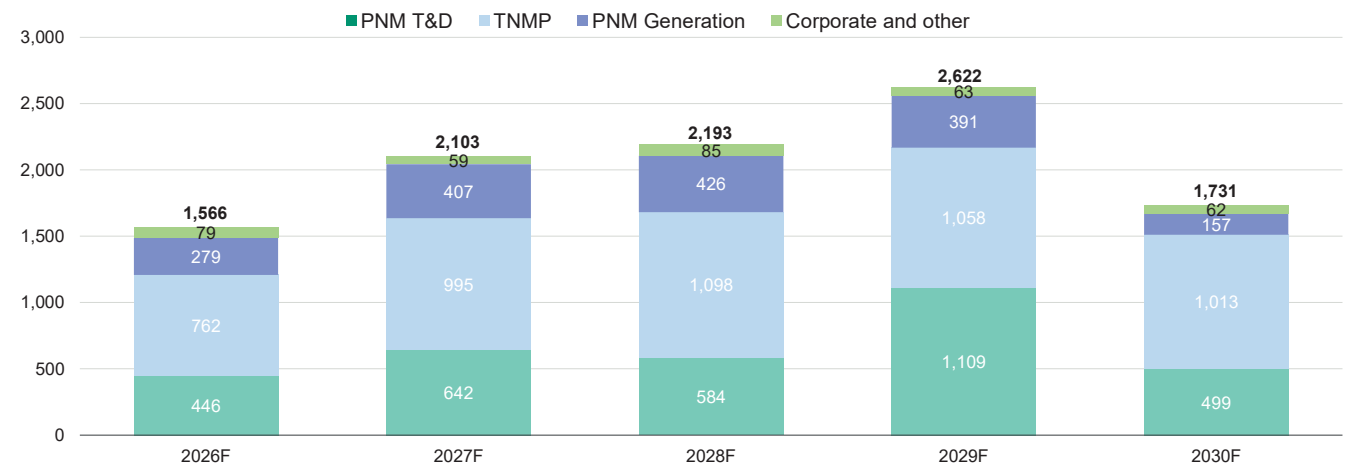
TXNM Energy is undertaking a materially expanded capital investment program reflecting the combined demands of the clean energy transition, system resiliency, and customer and load growth across its regulated utilities. The company's latest multi-year capital plan totals approximately $10.2 billion, an increase from about $7.8 billion under the prior plan, reflecting higher and more sustained investment in generation, transmission, and distribution infrastructure.

PNM continues to transition its generation portfolio toward carbon-free resources in line with New Mexico's Energy Transition Act, with a majority of its installed and contracted capacity already carbon-free. The company's strategy has been advanced through successive IRPs and resource filings, including its approved 2023 IRP and recently filed additions of wind, solar, storage, and limited dispatchable generation to meet reliability needs. These efforts are designed to support a forecasted roughly 40% increase in demand by 2032 while facilitating PNM's planned exit from its 13% ownership interest in the Four Corners coal plant by 2031 and replacing legacy coal generation with a mix of renewable and storage resources. Achieving the remaining transition will require continued investment in utility-owned and contracted renewables, battery storage, supporting transmission infrastructure, and incremental dispatchable resources to maintain system reliability.

At the same time, expanding data center demand and the addition of new commercial and industrial customers are necessitating further investment in substations, transmission facilities, and related system infrastructure, much of which must be constructed in advance of load taking service. Recent New Mexico legislation (SB 169 and SB 170) establishes a framework for accelerated site-readiness and approval framework intended to facilitate large load development. SB 169 identifies and funds strategic development sites, while SB 170 allows utilities to seek expedited regulatory approval and defer recovery of prudently incurred costs associated with investments made ahead of load. However, SB 170 does not provide immediate cash recovery, and capital expenditures tied to both clean energy transition and large load growth continue to be funded in advance of rate recognition.

At TNMP, capital investment levels also remain elevated, reflecting continued efforts to bolster distribution system reliability, address wildfire mitigation and system resiliency needs, and connect new customers in a service territory experiencing steady population and economic growth. TNMP's capital spending is focused on transmission and distribution expansion, vegetation management, and infrastructure hardening, supported by a regulatory framework that emphasizes formula based and rider driven recovery mechanisms intended to reduce regulatory lag during periods of higher capital intensity.

Exhibit 6
TXNM historical and projected annual capital expenditures show step in investment



Source: Company filings

Holding company debt decreasing, driven by elevated capital expenditures at the utilities funded with hybrids

The table below shows the trend in holding company debt and the relative contribution of TXNM's subsidiaries. As of 31 December 2025, TXNM had roughly $442 million of holding company debt, net of equity treatment for junior subordinated notes (JSN), or about 8.4% of consolidated debt. The decline in holding company leverage is viewed as credit positive. If the holding company leverage increases it could have adverse implications across the whole family including potential wider notching between the parent and utility ratings.

Exhibit 7
Total reported debt for TXNM and subsidiaries

(in $ millions)	2021	2022	2023	2024	2025
TXNM Energy, Inc.	3,762	4,309	4,784	5,340	5,288
PNM	1,889	2,187	2,399	2,823	3,058
TNMP	918	1,114	1,316	1,616	1,691
Holding Company Debt (net of equity portion of JSNs)	955	1,009	1,068	726	442
% Holdco Debt	25.4%	23.4%	22.3%	13.6%	8.4%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™ and Company filings

As TXNM continues to invest heavily at TNMP and grow its rate base faster than PNM's, TNMP's contributions to TXNM's consolidated cash flows are becoming a larger share. This trend is a credit positive because we view the ERCOT regulatory environment as more supportive than New Mexico.

Exhibit 8
Subsidiary contributions to consolidated cash flow show a growing contribution from TNMP

	2023	2024	2025	3 yr avg. (2023-25)
PNM cash flow from operations as a % of TXNM Energy, Inc. consolidated	61.2%	59.3%	57.7%	59.4%
TNMP cash flow from operations as a % of TXNM Energy, Inc. consolidated	37.3%	38.9%	42.7%	39.6%
TXNM Energy, Inc. others cash flow from operations as a % of TXNM Energy, Inc. consolidated	1.4%	1.8%	-0.4%*	1.6%

*TXNM Energy Inc. Cash Flow from Operation was negative in 2025 due to one-time acquisition related transaction cost
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Financial profile expected to improve and support credit quality

TXNM's consolidated financial profile is weaker than that of its regulated utility subsidiaries due to parent level leverage and structural subordination, but has remained relatively stable and consistent with the current rating category. Consolidated cash flow from operations before working capital changes is generated from its subsidiaries, with the contribution from TNMP increasing compared with recent years as rate base growth in Texas outpaces that of New Mexico.

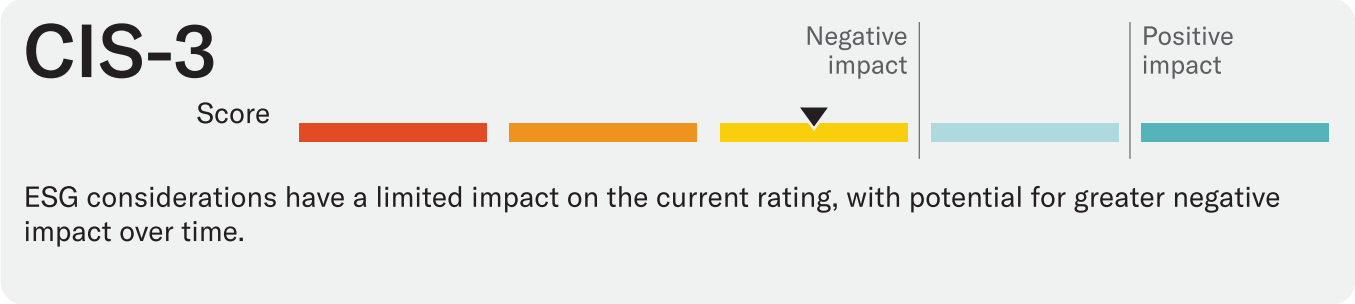
As of 31 March 2026, TXNM's ratio CFO pre W/C to debt was approximately 12.2% or 13.4% on an adjusted basis excluding one time items and securitization related debt. Recent consolidated metrics have reflected the effects of elevated investment at the utility level, timing differences between capital deployment and regulatory recovery, and interest costs associated with holding company debt.

Looking forward, we expect TXNM's financial policies to remain oriented toward sustaining investment grade credit quality. We expect consolidated CFO pre WC to debt to remain in the low to mid teens percent range, broadly consistent with the current rating level, although metrics will remain sensitive to the timing of regulatory recovery and the level of holding company debt over the near to medium term.

ESG considerations

TXNM Energy, Inc.'s ESG credit impact score is CIS-3

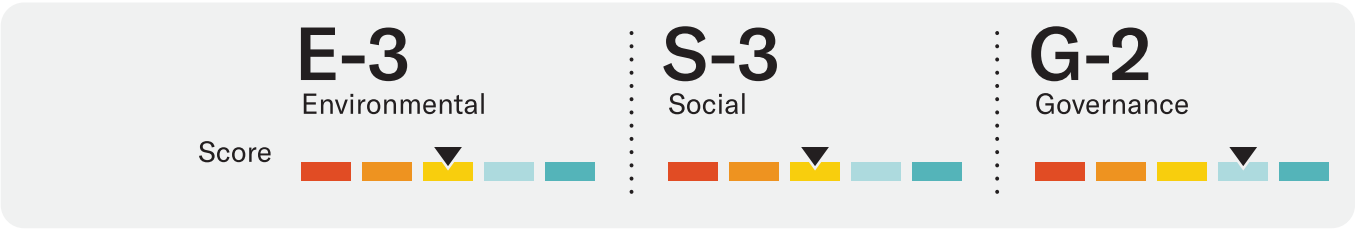
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

TXNM's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

TXNM's **E-3** issuer profile score is driven primarily by its exposure to physical climate risks, mostly in the form of extreme weather patterns including excessive heat. The company is managing its carbon transition risk as it evaluates its ability to exit its only remaining coal plant prior to its 2031 ownership expiration and continues to add renewable energy to its generation portfolio. Operating nuclear generation also exposes the company to waste and pollution risks.

Social

TXNM's **S-3** issuer profile score primarily reflects customer relations and demographic and societal trends that may increase public concern over environmental, reputational, or affordability issues and lead to adverse regulatory or political intervention, particularly in a New Mexico regulatory environment that has historically been inconsistent and unpredictable.

Governance

TXNM's **G-2** issuer profile primarily reflects governance that is considered broadly in line with other utilities and does not pose a particular risk. It reflects the company's financial policy to maintain its utilities' capital structure authorized by regulators with any dividends distributed to TXNM, offset by sufficient equity injections from the parent to maintain their target capital structures.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

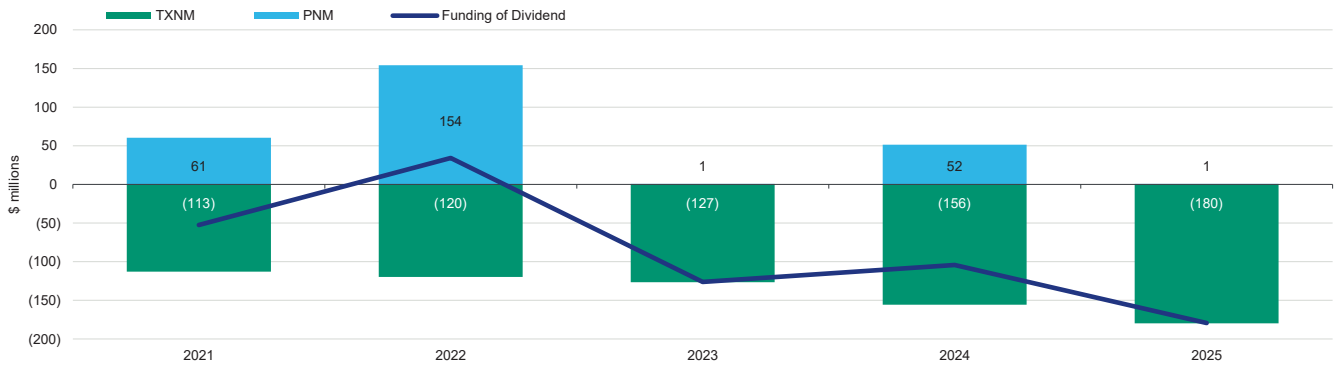
TXNM has an adequate liquidity profile supported by dividend distributions from PNM and TNMP as well as availability on TXNM's external credit facilities and typically minimal cash on hand.

For the last 12-months ending 31 March 2026, TXNM's regulated subsidiaries distributed no dividends to the parent. Dividends received from its subsidiaries can vary year-to-year, depending on the subsidiaries' capital needs, their actual (compared to regulatory approved) capital structures, short-term borrowing needs or any limitation on dividends.

TXNM paid common shareholder dividend distributions of $172 million as of the LTM ending 31 March 2026, equating to a payout ratio of roughly 54%. Consistent with management's historical targeted range, we expect TXNM will maintain a run-rate dividend payout ratio of 50-60% (adjusted) in 2026. In addition, we expect TXNM will continue to make capital contributions to PNM and TNMP, as needed, to maintain their debt to capitalization ratios of around 50% to 55%.

Exhibit 11

Dividends paid to shareholders and received from subsidiaries



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

TXNM, like other regulated utility holding companies, continues to generate negative free cash flow, roughly in the $600-$800 million range. We expect TXNM's utilities will incur additional long-term debt as well as receive capital contributions from the parent to fund these investments. Short-term borrowings will supplement these long term sources to fund external capital needs while maintaining each utility's targeted capital structure.

TXNM has a $300 million revolving credit facility. The facility was recently extended to March 2030; however, one lender did not consent to the extension, resulting in available facility capacity reducing to $265.4 million effective March 30, 2029. A second one year extension option, if exercised and approved by a majority of lenders, would extend the maturity to March 2031. Under the terms of the CP program, TXNM is required to maintain unused revolving credit facility capacity at all times in an amount not less than CP borrowings outstanding. As a result, TXNM's effective CP borrowing capacity will be limited to $265.4 million following the step down, unless the departing lender is replaced or the facility is otherwise amended. As of 31 March 2026, TXNM had $80.1 million of borrowings outstanding under its revolving credit facility along with $5.6 million of cash on hand at the parent. The revolver's only financial maintenance covenant requires a maximum debt to capital ratio of 70%. As of 31 March 2026, TXNM and its subsidiaries were all in compliance with their debt covenants.

TXNM's subsidiaries can also borrow from the parent under a one-year loan arrangement of up to $100 million for PNM and $150 million for TNMP. As of 31 March 2026, TXNM had no intercompany borrowings from either of its subsidiaries.

TXNM has no near term debt maturities. PNM's next near-term maturity is $3.7 million in scheduled principal payments due for the ETBC I Securitized Bonds in August 2026. PNM also has a $195 million of term loan due in July 2026 and $100.3 million of 0.875% PCRBs with a mandatory tender due date of October 1, 2026.

Methodology and scorecard

We use our global Regulated Electric and Gas Networks rating methodology as the primary methodology for analyzing TXNM Energy, Inc.

Exhibit 12

Rating factors

TXNM Energy, Inc.

Regulated Electric and Gas Utilities Industry	Current LTM 3/31/2026		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	Baa	Baa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Ba	Ba	Ba	Ba
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	A	A	A	A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.5x	Baa	3x - 4x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	11.0%	Ba	10% - 12%	Ba
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	8.0%	Ba	7% - 9%	Ba
d) Debt / Capitalization (3 Year Avg)	57.2%	Ba	50% - 55%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa3		Baa3
HoldCo Structural Subordination Notching		-1		-1
a) Scorecard-Indicated Outcome		Ba1		Ba1
b) Actual Rating Assigned				Baa3

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 13

Peer comparison

TXNM Energy, Inc.

	TXNM Energy, Inc. Baa3 Stable			Black Hills Corporation Baa2 Stable			CMS Energy Corporation Baa2 Stable			Evergy, Inc. Baa2 Stable		
(in $ millions)	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-24	FY Dec-25	LTM Mar-26
e en e	1 971	2 166	2 188	2 128	2 310	2 286	7 515	8 539	8 822	5 847	5 962	6 031
CFO Pre-W/C	636	635	652	704	700	650	2 355	2 311	2 339	1 970	2 053	2 097
Total Debt	5 340	5 288	5 323	4 475	4 794	4 748	15 802	17 631	17 811	14 331	15 415	15 959
CFO Pre-W/C + Interest / Interest	4.0x	3.4x	3.4x	4.5x	4.1x	3.9x	4.5x	4.2x	4.2x	4.2x	4.1x	4.1x
CFO Pre-W/C / Debt	11.9%	12.0%	12.2%	15.7%	14.6%	13.7%	14.9%	13.1%	13.1%	13.7%	13.3%	13.1%
CFO Pre-W/C – Dividends / Debt	9.0%	8.6%	8.7%	11.3%	10.3%	9.2%	10.6%	8.8%	8.8%	9.6%	9.3%	9.3%
Debt / Capitalization	58.7%	52.1%	51.9%	51.5%	51.1%	50.0%	55.7%	55.1%	54.7%	53.9%	55.2%	56.2%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 14

Moody's–adjusted cash flow reconciliation

TXNM Energy, Inc.

(in $ millions)	2021	2022	2023	2024	2025	LTM Mar-26
FFO	**571.8**	**650.4**	**501.3**	**719.8**	**696.3**	**708.2**
+/- Other	1.5	(22.9)	(20.9)	(83.5)	(60.9)	(56.4)
CFO Pre-WC	**573.4**	**627.5**	**480.4**	**636.3**	**635.4**	**651.8**
+/- ΔWC	(2.5)	(36.2)	79.3	(106.4)	(32.7)	(37.1)
CFO	**570.9**	**591.3**	**559.7**	**529.9**	**602.7**	**614.6**
- Div	113.0	119.8	126.7	156.2	179.9	188.3
- Capex	959.3	938.3	1,086.9	1,255.7	1,200.8	1,170.9
FCF	**(501.4)**	**(466.8)**	**(653.9)**	**(881.9)**	**(777.9)**	**(744.5)**
(CFO Pre-W/C) / Debt	14.8%	14.2%	9.9%	11.9%	12.0%	12.2%
(CFO Pre-W/C - Dividends) / Debt	11.9%	11.5%	7.3%	9.0%	8.6%	8.7%
Debt / Capitalization	56.3%	58.9%	59.9%	58.7%	52.1%	51.9%
(FFO + Interest) / Interest	6.7x	6.0x	3.6x	4.3x	3.7x	3.7x
Revenue	1,779.9	2,249.6	1,939.2	1,971.2	2,165.6	2,187.8
Interest Expense	101.1	130.8	194.0	215.0	261.5	266.3
Net Income	201.1	174.3	91.5	259.0	217.6	212.5
Total Assets	8,666.9	9,257.4	10,252.6	11,211.7	12,059.3	12,138.4
Total Liabilities	6,487.8	7,053.9	7,892.0	8,394.2	8,201.5	8,219.7
Total Equity	2,179.1	2,203.5	2,360.6	2,817.5	3,857.7	3,918.7

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Ratings

Exhibit 15

Category	Moody's Rating
TXNM ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa3
Jr Subordinate	Ba1
Commercial Paper	P-3
TEXAS-NEW MEXICO POWER COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Sr Sec Bank Credit Facility	A2
First Mortgage Bonds	A2
Commercial Paper	P-2
PUBLIC SERVICE COMPANY OF NEW MEXICO	
Outlook	Stable
Issuer Rating	Baa2
LT IRB/PC	Baa2
Commercial Paper	P-2

Source: Moody's Ratings

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR APPROVAL OF AN ACQUISITION AND MERGER OF TROY MERGER SUB INC. WITH TXNM ENERGY, INC.; APPROVAL OF A GENERAL DIVERSIFICATION PLAN; AND ALL OTHER AUTHORIZATIONS AND APPROVALS REQUIRED TO CONSUMMATE AND IMPLEMENT THIS TRANSACTION	)	**Case No. 25-00060-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC. AND TROY PARENTCO LLC,	)	
JOINT APPLICANTS.	)	

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **Joint Applicants' Supplemental Compliance Report To Effectuate the Final Order on the Show Case** was emailed to parties listed below on October 28, 2026:

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