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**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

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| **IN THE MATTER OF TXNM ENERGY, INC.'S PETITION FOR A DECLARATORY ORDER THAT PROPOSED ISSUANCES OF SHARES OF STOCK TO RAISE $400 MILLION IN EQUITY TO REPAY A TXNM TERM LOAN DO NOT REQUIRE COMMISSION PRIOR APPROVAL** | ) | **Docket No. 26-0000153** |
| **TXNM ENERGY, INC.,** | ) | |
| **Petitioner.** | ) | |

**ORDER GRANTING PETITION FOR DECLARATORY ORDER**

**THIS MATTER** comes before the New Mexico Public Regulation Commission ("Commission") on TXNM Energy, Inc.'s ("TXNM") Petition for Declaratory Order ("Petition"), filed July 31, 2026. TXNM asks the Commission to declare that, under the specific facts and circumstances described in the Petition, TXNM is not required to obtain prior Commission approval under NMSA 1978, Section 62-6-12(A) before issuing shares of TXNM stock to raise up to $400 million in equity for the exclusive purpose of repaying a $400 million term loan with Wells Fargo Bank, National Association ("Term Loan").

Having reviewed the Petition, TXNM's Brief in Support, the affirmations submitted with the Petition, the responses filed by Commission Utility Division Staff ("Staff"), Prosperity Works, New Energy Economy ("NEE"), and the Center for Biological Diversity ("CBD"), TXNM's Reply, and the applicable law, the Commission GRANTS the Petition as set forth below.

## I. BACKGROUND

1. TXNM filed its Petition and Brief for Declaratory Order on July 31, 2026 in which it requested a declaratory order from the Commission that TXNM is not required to obtain prior

Commission approval under NMSA 1978, Section 62-6-12(A) before issuing shares of TXNM stock to raise up to $400 million in equity for the exclusive purpose of repaying the Term Loan.[1]

2. TXNM is the public utility holding company of Public Service Company of New Mexico ("PNM").[2]

3. On August 25, 2025, PNM, TXNM, and Troy ParentCo LLC ("Troy") filed the Joint Application presently pending in Docket No. 25-00060-UT, seeking Commission approval of a proposed acquisition and merger pursuant to which PNM and TXNM would become wholly owned subsidiaries of Troy (the "Acquisition").[3]

4. On May 18, 2025, in connection with the proposed Acquisition, TXNM and Troy TopCo LP ("TopCo") entered into a Stock Purchase Agreement under which TXNM issued 8,000,000 shares of common stock to TopCo in exchange for $400 million (the "Financing Transaction").[4]

5. In its July 2, 2026 Final Order on Show Cause Proceeding in Docket No. 25-00060-UT ("Final Order"), the Commission determined that the Financing Transaction was undertaken "for the purposes of" the pending Acquisition within the meaning of Section 62-6-12(A)(3)(c), required prior Commission authorization, and, because no such authorization had been obtained, was void and of no effect.[5]

6. The Final Order directed the Joint Applicants to effectuate the statutory consequence of Section 62-6-12(B) and to demonstrate their compliance with that directive.[6]

[1] TXNM Petition for Declaratory Order (July 31, 2026).
[2] *Id.* at 1.
[3] *Id.* at 2.
[4] *Id.* at 2-3.
[5] *Id.* at 3.
[6] *Id.* at 5.

7. To unwind the Financing Transaction, TXNM entered into the $400 million Term Loan with Wells Fargo. TXNM used the proceeds of that loan to repay the $400 million received from TopCo and canceled the 8,000,000 shares previously issued to TopCo.[7]

8. TXNM now proposes to raise up to $400 million in replacement equity through one or more transactions involving the issuance of TXNM common stock ("Equity Transactions") and to use the proceeds exclusively to repay the Term Loan.[8]

9. TXNM represents that the Equity Transactions may consist of publicly registered offerings of TXNM shares through a bank, sales under TXNM's At-the-Market ("ATM") program; and/or private placements, commonly referred to as private investments in public equity or "PIPE" transactions, with third-party investors other than Blackstone Infrastructure.[9]

10. TXNM affirms that it will not enter into a PIPE transaction with Blackstone Infrastructure or its affiliated entities, public utilities or public utility holding companies. Moreover, TXNM represents that, for a registered offering through a bank, TXNM will seek assurance that the bank has made reasonable efforts to ensure that participating investors are not Blackstone Infrastructure or its affiliates and are not public utilities or public utility holding companies. Regarding the ATM program, TXNM states that it has no involvement or oversight associated with such sales. However, it states that Blackstone Infrastructure has affirmed that it will not, will cause its controlled affiliates not to, and will use reasonable best efforts to cause Blackstone and its affiliates not to, acquire TXNM common stock through a public offering, including an underwritten offering or TXNM's ATM program. Additionally, TXNM represents

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[7] *Id.* at 3. Joint Applicants filed a Compliance Report in Docket No. 25-00060-UT on July 27, 2026, describing the steps taken to unwind the Financing Transaction. *Id.* at 6.
[8] *Id.* at 1-2.
[9] *Id.* at 2.

that Troy will have no role in the Equity Transactions apart from the consent required under the parties' existing Merger Agreement; and to the extent a PIPE transaction requires a stock purchase agreement with a counterparty[10]

11. Finally, TXNM represents that maintaining the Term Loan for an extended period would adversely affect its credit metrics and could adversely affect its credit rating and place PNM's credit rating at risk.[11] As a result, TXNM explains that it plans to repay the Term Loan as quickly as possible and requests expedited approval of the Petition within 30 days to maintain its credit rating.[12]

12. On August 5, 2026, the Commission issued an Order Setting Intervention and Response Deadlines.

13. Staff, Prosperity Works, NEE, and CBD filed responses to the Petition.

14. Staff supports issuance of a declaratory order. Staff concludes that the Equity Transactions, as defined and limited by the representations in the Petition, are not undertaken "for the purposes of" the Acquisition under Section 62-6-12(A)(3)(c) and do not require prior Commission authorization. Staff recommends that relief be limited to transactions conforming to TXNM's and Blackstone Infrastructure's representations and that completed Equity Transactions be identified through the ongoing compliance process in Docket No. 25-00060-UT.[13]

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[10] *Id.* at 6-7.

[11] According to TXNM, the $400 million of Term Loan debt incurred weakens one of TXNM's key credit metrics, Funds from Operations to Debt ("FFO/Debt"), reducing the metric to below acceptable levels as measured by credit rating agencies. TXNM explains that interest expense on the Term Loan, which grows the longer the Term Loan remains outstanding, will further weaken TXNM's credit metrics, with every four months of interest expense lowering the FFO/Debt credit metric by approximately 10 basis points. *Id*. at 4.

[12] Petition at 2-5.

[13] Commission Utility Staff's Response to TXNM Energy, Inc.'s Petition for Declaratory Order (August 13, 2026).

15. Prosperity Works does not oppose permitting TXNM to undertake the Equity Transactions described in the Petition, but it opposes resolving broader questions concerning the applicability of Section 62-6-12 through a declaratory order in these circumstances. Prosperity Works also asks the Commission to reserve its ratemaking authority concerning any future effects of the transactions.[14]

16. NEE likewise does not oppose TXNM proceeding with the proposed replacement financing under the limitations stated in the Petition, but it urges the Commission not to issue a broad interpretation of Section 62-6-12(A) governing future transactions whose facts are not presently known. NEE states that the Commission can authorize the requested financing without issuing a broad interpretation of Section 62-6-12 that extends beyond the facts presently before the Commission. NEE argues that, instead, the Commission can provide TXNM the practical relief it seeks by issuing a narrowly tailored order authorizing the proposed replacement financing under the specific representations contained in the Petition.[15]

17. CBD argues that the Commission lacks sufficient information to determine categorically that every future Equity Transaction will fall outside Section 62-6-12(A). CBD further requests that any declaratory relief be conditioned on the absence of voting restrictions similar to those contained in the prior TopCo transaction.[16]

18. TXNM filed its Reply on August 19, 2026. TXNM reiterates that it seeks relief based upon the specific facts and commitments stated in the Petition and the supporting affirmations.[17]

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[14] Prosperity Works' Response to Petition for Declaratory Order (August 13, 2026).
[15] New Energy Economy's Response to TXNM's Petition for Declaratory Order (August 13, 2026).
[16] Center for Biological Diversity's Response to TXNM's Petition for Declaratory Order (August 13, 2026).
[17] TXNM Reply.

19. No evidentiary hearing was held. The Commission concludes that no evidentiary hearing is necessary to resolve the narrow legal question presented. The material facts upon which the Commission relies are established by TXNM's Petition, supporting affirmations, and express representations and commitments. The Commission's declaration is expressly conditioned upon those facts and commitments remaining true.

## III. DISCUSSION

### A. A Declaratory Order Is Appropriate.

20. Under 1.2.2.21(A) NMAC, a person may petition the Commission for a declaratory order to terminate a controversy or remove uncertainty concerning the applicability of a statute or Commission rule to that person.[18]

21. The Commission has discretion to entertain such a petition.[19]

22. The Commission exercises that discretion here. Its July 2, 2026 Final Order required the Financing Transaction to be unwound. TXNM used the Term Loan to carry out that directive and now seeks to retire that debt through replacement equity. Because the Acquisition remains pending, uncertainty exists concerning whether Section 62-6-12(A) independently requires prior Commission approval of that replacement financing.

23. Resolving that uncertainty is an appropriate use of the Commission's declaratory-order authority.

### B. The Equity Transactions Described in the Petition Are Materially Different From the Financing Transaction Addressed in the Final Order.

24. Section 62-6-12(A)(3)(c), as interpreted and applied in the Final Order on Show Cause Proceedings, requires prior Commission authorization when: (1) stock of a public utility or

[18] 1.2.2.21(A) NMAC.
[19] 1.2.2.21(C) NMAC.

public utility holding company is acquired; (2) the acquiring person is associated, affiliated, or acting in concert with a person subject to regulation or classified as a public utility or public utility holding company in any jurisdiction; and (3) the acquisition is undertaken for the purposes of an acquisition, merger, or consolidation subject to Section 62-6-12.[20]

25. In that Final Order, the Commission determined that the TopCo Financing Transaction satisfied those requirements. That determination rested on the particular facts surrounding that transaction and the role the transaction played in the broader Acquisition.[21]

26. The proposed Equity Transactions presently before the Commission are materially different. Most importantly, their stated purpose is limited: it is to repay the Term Loan that TXNM incurred to unwind the void Financing Transaction and thereby comply with the Commission's Final Order. The proposed Equity Transactions do not provide financing to Troy, TopCo, or Blackstone Infrastructure and do not finance the purchase of TXNM or PNM. The obligation represented by the Term Loan exists regardless of whether the pending Acquisition is ultimately approved or consummated.

27. The proposed Equity Transactions therefore do not play the same role within the Acquisition structure as the Financing Transaction addressed in the Final Order. The Term Loan arose as a result of the Commission's directive to unwind the transaction associated with the Acquisition and are not intended to facilitate any acquisition. Accordingly, the proceeds from the Equity Transactions that will be used exclusively to retire the Term Loan are not the result of a transaction undertaken "for the purposes of" the Acquisition.

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[20] Docket No 25-00060-UT, Final Order on Show Cause Proceedings (July 2, 2026).
[21] *Id.*

28. The structure of the proposed Equity Transactions further distinguishes them from the prior Financing Transaction. TXNM has committed to exclude Blackstone Infrastructure and its affiliates, public utilities, and public utility holding companies from PIPE transactions and to seek comparable assurances in registered bank offerings that Blackstone Infrastructure and its affiliates are not participating investors. Moreover, TXNM represents that Blackstone Infrastructure has separately committed that it and its controlled affiliates will not acquire shares through TXNM's public offerings and that it will use reasonable best efforts to cause its other affiliates to refrain from doing so.

29. In addition, TXNM affirms that Troy will have no role in the Equity Transactions apart from the consent required by the existing Merger Agreement. Finally, TXNM has represented that any stock-purchase agreement associated with a PIPE transaction will not contain voting restrictions of the kind that could link the transaction to the pending Acquisition.[22]

30. On these facts, the Commission concludes that the Equity Transactions described in the Petition are not undertaken "for the purposes of" the Acquisition within the meaning of Section 62-6-12(A)(3)(c).

31. Consequently, Section 62-6-12(A)(3)(c) does not require TXNM to obtain prior Commission approval before undertaking the Equity Transactions described in this Order.

### C. The Commission's Declaration Is Narrowly Limited to the Facts Presented.

33. The Commission agrees with NEE, CBD, and Prosperity Works to the extent they caution against extending the determination in this proceeding beyond the facts presented.

[22] TXNM Reply to Responses to Petition for Declaratory Order (August 20, 2026) at 5 n. 16.

34. The Commission does not hold that TXNM equity issuances categorically fall outside Section 62-6-12(A), nor does it establish a general rule governing future securities transactions by TXNM or any other public utility holding company.

35. Instead, the Commission determines only that prior authorization under Section 62-6-12(A) is not required for the defined Equity Transactions described in this Order: issuances undertaken to raise no more than $400 million, the proceeds of which are used exclusively to repay the Wells Fargo Term Loan incurred to unwind the Financing Transaction pursuant to the July 2, 2026 Final Order, and which otherwise conform to the representations and commitments described above.

36. A transaction materially departing from those facts is outside the scope of this Declaratory Order.

37. Nothing in this Order relieves TXNM of its obligation to evaluate whether a materially different transaction independently requires Commission approval under applicable law.

38. This Order likewise does not determine the treatment of any costs, benefits, losses, expenses, financing consequences, or other effects of the Term Loan or Equity Transactions for ratemaking purposes. The Commission retains all authority otherwise provided by law to consider such matters in an appropriate proceeding.

## IV. FINDINGS AND CONCLUSIONS

39. The Commission has jurisdiction over the subject matter of this proceeding and authority to issue a declaratory order pursuant to 1.2.2.21 NMAC.

40. TXNM's Petition presents a concrete uncertainty concerning the applicability of Section 62-6-12(A) to the specific Equity Transactions described in the Petition.

41. The Term Loan was incurred to provide the funds necessary to unwind the Financing Transaction in compliance with the Commission's July 2, 2026 Final Order in Docket No. 25-00060-UT.

42. The proceeds of the Equity Transactions addressed by this Order will be used exclusively to repay the Term Loan.

43. Under the specific facts and commitments described in the Petition, the supporting affirmations, TXNM's Reply, and this Order, the Equity Transactions are not undertaken "for the purposes of" the pending Acquisition within the meaning of Section 62-6-12(A)(3)(c).

44. Prior Commission approval under Section 62-6-12(A) is therefore not required for TXNM to undertake the Equity Transactions described and expressly limited by this Order.

45. The Commission makes no determination concerning whether prior approval would be required for any transaction that materially differs from the transactions described in this Order.

46. No evidentiary hearing is necessary to resolve the Petition because the Commission's declaration is based upon the specific facts, sworn representations, and commitments presented by TXNM and is expressly limited to transactions conforming to those facts, representations, and commitments.

**IT IS THEREFORE ORDERED:**

A. TXNM Energy, Inc.'s Petition for Declaratory Order is GRANTED, subject to the limitations stated herein.

B. The Commission DECLARES that TXNM is not required to obtain prior Commission approval under NMSA 1978, Section 62-6-12(A), to issue shares of TXNM common stock through publicly registered bank offerings, TXNM's ATM program, and/or PIPE transactions for the purpose of raising up to $400 million to repay the Wells Fargo Term Loan, provided that the transactions conform to the facts, representations, commitments, and limitations stated in the Petition, supporting affirmations, Reply, and this Order.

C. The declaration in Paragraph B applies only where:

i The proceeds of the Equity Transactions are used exclusively to repay the $400 million Wells Fargo Term Loan incurred to unwind the Financing Transaction pursuant to the Commission's July 2, 2026 Final Order in Docket No. 25-00060-UT;

ii TXNM does not enter into a PIPE transaction with Blackstone Infrastructure or its affiliated entities, public utilities or public utility holding companies.;

iii For a publicly registered offering through a bank, TXNM seeks assurance that the bank has made reasonable efforts to ensure participating investors are not Blackstone Infrastructure or its affiliates and are not public utilities or public utility holding companies;

iv Blackstone Infrastructure complies with the commitments made in its affirmation concerning purchases through publicly registered offerings and TXNM's ATM program;

v Troy and its affiliates have no role in the Equity Transactions beyond the consent described in the Petition; and

vi Any stock purchase agreement associated with a PIPE transaction does not contain voting restrictions or other provisions materially connecting that transaction to the pending Acquisition.

D. TXNM shall identify the Equity Transactions completed pursuant to this Declaratory Order and file a report describing them in Docket No. 25-00060-UT.

E. This Order does not constitute a determination that Section 62-6-12(A) is inapplicable to equity transactions generally. Any transaction materially different from the facts and circumstances described herein is outside the scope of this Declaratory Order and remains subject to independently applicable statutory and regulatory requirements.

F. Nothing in this Order limits or prejudges the Commission's authority in any future proceeding to determine the ratemaking or prudence consequences, if any, associated with the Term Loan, the Equity Transactions, or the transactions undertaken to unwind the Financing Transaction.

G. Any argument, issue, or request for relief not specifically addressed herein is resolved consistently with the determinations and conclusions of this Order.

H. This Order is effective when signed.

I. In computing time in accordance with statute, regulation, or Commission order, the computation shall begin on the date that this Order is filed.

**SIGNED under the Seal of the Commission at Santa Fe, New Mexico, this 27th day of August, 2026.**

**NEW MEXICO PUBLIC REGULATION COMMISSION**

***/s/ Gabriel Aguilera, electronically signed***
**GABRIEL AGUILERA, COMMISSIONER**

***Voted No***
**GREG NIBERT, COMMISSIONER**

***/s/ Patrick J. O'Connell, electronically signed***
**PATRICK J. O'CONNELL, COMMISSIONER**