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.	)	

REVISED TESTIMONY AND EXHIBITS

OF

ELLEN LAPSON, CFA

IN SUPPORT OF THE REVISED APPLICATION

September 15, 2026

NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
ELLEN LAPSON, CFA

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REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Defined Term or Acronym	Meaning
Acquisition	Proposed acquisition of TXNM by Troy
Blackstone or Blackstone Inc.	A publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX). Blackstone indirectly controls Blackstone Infrastructure.
Blackstone Infrastructure	An umbrella term used to refer collectively to Blackstone Infrastructure Management and the investment funds and accounts directly or indirectly controlled by them.
Blackstone Infrastructure Funds	Blackstone Infrastructure Partners L.P. and its parallel funds and accounts and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts.
Blackstone Infrastructure Management	Collectively, BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C., which are the four entities that will retain control over Troy.
Cash Flow Credit Metrics	Key financial ratios used by credit rating agencies to assess debt leverage by comparison of the level of debt and debt-like liabilities with a measure of operating cash flow.
Commission	New Mexico Public Regulation Commission
Company or PNM	Public Service Company of New Mexico
Joint Applicants	PNM, TXNM, and Troy
Moody's	Moody's Investors Service
PNMR or PNM Resources	Former name of the parent of PNM; renamed TXNM Energy on August 2, 2024
S&P	S&P Global Ratings, also Standard & Poor's

Show Cause Final Order	Show Cause Final Order issued by the New Mexico Public Regulation Commission ("NMPRC" or the "Commission") on July 2, 2026
TNMP	Texas New Mexico Power, a utility subsidiary of TXNM and affiliate of PNM
Troy Entities	Troy ParentCo LLC, Troy IntermediateCo LLC, Troy TopCo LP, Troy GP LLC, Troy Aggregator LP.
Troy	Troy ParentCo LLC, a Joint Applicant, that will be the new direct parent of TXNM.
TXNM or TXNM Energy	Parent of PNM and TNMP, and a Joint Applicant in this proceeding

REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name, position and business address.

A. My name is Ellen Lapson. My business address is 370 Riverside Drive, New York, NY 10025.

Q. By whom are you employed and in what capacity?

A. I am the founder and principal of Lapson Advisory, a division of Trade Resources Analytics, LLC. Through Lapson Advisory, I provide independent consulting services relating to the financial strength of utilities and infrastructure companies. I advise client companies on access to capital and debt markets. I frequently testify as an expert witness relating to utility finance, financial strength, and utility capital markets matters. Also, I develop and teach executive seminars about utility investment analysis, credit evaluation, and corporate finance.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on behalf of Troy ParentCo, LLC ("Troy") and TXNM Energy, Inc. ("TXNM" or "TXNM Energy"), the parent holding company for Public Service Company of New Mexico ("PNM") (together, the "Joint Applicants") regarding the Revised Joint Application ("Revised Application") for the proposed acquisition of TXNM by Troy (the "Acquisition").

Q. Please briefly describe your educational and professional experience.

A. I am a Chartered Financial Analyst and earned a Master of Business Administration from New York University Stern School of Business with a specialization in financial

accounting. I have worked in the capital markets space with particular focus on financing or analyzing the finances of regulated public utilities for over 50 years. I began my career as a securities analyst at Argus Research Corporation analyzing utility company equity securities. For the next 20 years, I held several posts at a predecessor of J.P. Morgan as a corporate banker and investment banker, structuring and executing financing transactions for utility and infrastructure companies. Thereafter, I worked for 17 years, first as a senior director, and then as a managing director at Fitch Ratings, a major credit rating agency, where I managed analysts who rated credits in the sectors of electricity, natural gas and project finance, and chaired rating committees. After leaving Fitch Ratings 14 years ago, I founded Lapson Advisory. The list of my professional qualifications appears as JA Revised Exhibit EL-1.

Q. Have you testified previously before this Commission or in other jurisdictions?

A. Yes. I have submitted testimony or appeared before this Commission in three prior proceedings:

Case No. 20-00222-UT, Joint Application of Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., Public Service Company of New Mexico, and PNM Resources, Inc., regarding merger and financial strength.

Case No. 19-00234-UT, Joint Application of El Paso Electric Company, Sun Jupiter Holdings, and IIF US Holdings 2 for Merger, on behalf of the Applicants, regarding ring-fencing and financial strength.

Case No. 17-00255-UT, Application of Southwestern Public Service Co. for Retail

Rates, on behalf of SPS Co., regarding ADIT-related cash flow impacts.

JA Revised Exhibit EL-1 includes a list of my expert witness assignments in a number of jurisdictions.

Q. Have you previously testified as an expert witness in utility acquisition proceedings?

A. Yes, I have testified in acquisition proceedings involving the acquisition of ALLETE, Inc.; PNM Resources / Texas-New Mexico Power ("TNMP"); El Paso Electric Company; South Carolina Electric & Gas; WGL Holdings; Hawaiian Electric Industries, Inc.; Pepco Holdings; and Southwest Water and Corix Infrastructure, as detailed in JA Revised Exhibit EL-1.

Q. What is the purpose of your Revised Testimony in support of the Revised Application?

A. I am appearing as an expert financial witness on behalf of the Joint Applicants. The purpose of my Revised Testimony and Exhibits ("Revised Testimony") is to support the Revised Application that Joint Applicants are filing to update the original Application filed in this proceeding on August 25, 2025 ("Original Application"). This Revised Testimony reflects changes to account for the Commission's findings in the Show Cause Final Order issued on July 2, 2026 as well as to account for the Joint Applicants' enhanced regulatory

commitments ("Revised Regulatory Commitments").[1] This Revised Testimony is intended to completely replace my Direct Testimony.

My testimony assesses the impact of the Acquisition, including updates in this Revised Application, on the ongoing financial well-being of PNM and its future access to debt and equity capital, including an assessment of the corporate separateness of TXNM and PNM under the Acquisition structure.

Q. How is the balance of your testimony organized?

A. The remainder of my testimony is comprised of the following sections:

II. Executive Summary
III. The Acquisition
  Role of Troy in the Acquisition; role of private equity in the utility equity market; and proposed corporate structure
IV. Financial Status of TXNM and PNM and Acquisition Impacts
  TXNM and PNM's current financial condition; financial impacts of the Acquisition on PNM and TXNM; and future access to capital
V. Anticipated benefits of the Acquisition
VI. Separateness and Regulatory Commitments
VII. Conclusions and Recommendations

[1] Docket No. 25-00060-UT, *Final Order on Show Cause Proceeding*, (July 2, 2026) ("Show Cause Final Order"). Witness Tarry provides further context to why the Joint Applicants are submitting the Revised Application at this time, and Witnesses Monroy and Boyd explain the Revised Regulatory Commitments.

II. EXECUTIVE SUMMARY

Q. Please provide an overview of your Revised Testimony.

A. I have performed a financial review of the business combination agreed to by TXNM, Troy, and Troy Merger Sub Inc. Troy Merger Sub Inc. is indirectly owned by Troy. Troy is owned and controlled by Blackstone Infrastructure.[2] My review focuses on the future financial strength and viability of PNM after the Acquisition and its financial capability to serve its customers. This includes a review of any impacts on my assessment post Commission issuance of the Show Cause Final Order. The conclusions of my review are as follows:

First, PNM is currently solvent and in sound financial condition, and the Acquisition as proposed will fully preserve PNM's current financial standing. I expect that PNM and TXNM will retain their current long-term credit ratings from Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P"). Both credit rating agencies affirmed the current ratings and stable credit outlook after their preliminary review of the proposed Acquisition and since then have maintained the companies' ratings without change on their public websites and in credit update reports published by S&P in December 2025[3] and July 2026[4] and by Moody's on June 30, 2026.[5]

[2] Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Revised Application Exhibit F, the Revised 2026 General Diversification Plan filed in this matter.
[3] S&P Global Ratings, "Public Service Co. of New Mexico," Dec. 12, 2025, JA Revised Exhibit EL-6
[4] S&P Global Ratings, "TXNM Energy Ratings Not Immediately Affected by the Final Show-Cause Order", July 20, 2026. JA Revised Exhibit EL-7.
[5] Moody's Ratings, Credit Opinion, "Public Service Company of New Mexico", June 30, 2026. JA Revised Exhibit EL-8.

Second, Troy is an appropriate indirect owner for TXNM and PNM. The Blackstone Infrastructure Funds are long-term oriented private investment funds that invest capital provided predominantly by institutional investors (such as pension funds, family offices, sovereign wealth funds, and insurers) into infrastructure companies, including utilities, in developed countries. I expect that ownership by Troy will promote the ongoing stability of TXNM and PNM.

Third, PNM will have superior access to equity capital via Troy relative to the access that it now has as a subsidiary of TXNM, currently a publicly traded company listed on the New York Stock Exchange ("NYSE"). Troy and its partners can provide common equity capital to meet PNM's future capital needs with greater convenience and assurance than TXNM's current access to equity capital as a public company with shares listed on a national stock exchange. It is likely to be an advantage to TXNM and its utility customers that Blackstone Infrastructure's equity investor base, via ownership by Troy, will take a longer-term investment perspective relative to typical public equity market investors.

Fourth, PNM will continue to have access to debt funding from the debt capital markets and bank credit facilities that are at least equal to its current situation. Given the size of Blackstone Infrastructure and its strong relationships with the lending community, it is probable that PNM will increase its access to credit facilities relative to the current status because PNM will attract greater attention from the major lenders that do business with Blackstone Infrastructure and its portfolio companies. That should result in a larger pool

of potential lenders and buyers of PNM's debt, resulting in better terms of lending for PNM and its customers.

Finally, I analyze in detail the aspects of the Acquisition that will separate and insulate PNM and TXNM from exposure to the liabilities and business affairs of Troy and its affiliates. These protective features include not only the structure of the Acquisition but also a set of Revised Regulatory Commitments and separate undertakings by the Joint Applicants. In addition, the parties to the Acquisition propose to enhance the protective provisions separating TXNM and PNM and those between TXNM and TNMP. These commitments will protect PNM from credit contagion in the event of any adverse developments at TXNM or TNMP as well as Blackstone Infrastructure, Troy, and the Troy Entities.

I also analyze the protective features of the Acquisition by comparing them to a systematic and comprehensive set of standards for intercompany separation, a framework that is based upon the standards applied by major credit rating agencies and grounded in historical experience in past credit defaults in the utility industry and other corporate sectors. The Joint Applicants' proposed protective provisions satisfy every aspect of the framework. Joint Applicants, in the Revised Application, have proposed additional or more detailed protective provisions in Revised Regulatory Commitments that only serve to reinforce the fact that the Acquisition satisfies criteria in the framework. Taken together, the planned protective provisions and the Acquisition structure will provide strong separation for PNM from the risk of involuntary bankruptcy consolidation with Troy or any of Troy's affiliates.

Equally important, the protective commitments and undertakings will assure that the Commission retains its full regulatory oversight and that PNM will retain access to its own financial and physical assets and cash flow so that it can properly conduct its business and serve its customers, even in the case of financial distress of any affiliated entities.

In summary, for the reasons enumerated above, I find that the Acquisition will preserve and improve the financial viability of PNM and will enhance the Company's ability to serve its customers. Therefore, I recommend that the Commission approve the Acquisition, including the Revised Regulatory Commitments and ring-fencing mechanisms as outlined in the Revised Application.

III. THE ACQUISITION

Q. What is the purpose of this section of your testimony?

A. In this section, I will discuss the nature of Blackstone Inc., Blackstone Infrastructure, and Troy, their roles in the Acquisition, and the expected effects of the Acquisition upon the corporate structure of TXNM and PNM.

Q. What is the business of Blackstone Inc.?

A. Blackstone Inc., which controls Blackstone Infrastructure, is the largest alternative asset manager in the world, with over $1 trillion in Assets Under Management ("AUM").

Q. What is an alternative asset manager?

A. An alternative asset manager is a firm that directs investors' investments in asset classes outside of traditional stocks, bonds, and cash; typical alternative types of investments include real estate, private equity investments in enterprises, investments in private infrastructure companies, and privately negotiated loans between borrowers and non-bank lenders.

Q. What is Blackstone Infrastructure?

A. Blackstone Infrastructure makes up the specialized infrastructure business within Blackstone Inc. that concentrates on private investments in mission-critical energy and infrastructure companies and assets. Blackstone Infrastructure, which has over $90 billion in AUM, aims to provide stable, long-term capital appreciation for its investors. Blackstone Infrastructure focuses on large-scale assets or enterprises in the fields of energy, transportation, digital infrastructure, water and waste.

Q. How are Blackstone Inc. and Blackstone Infrastructure regarded in the financial market?

A. In my professional experience, both Blackstone Inc. and Blackstone Infrastructure are esteemed in the investment community for their large-scale, wide diversification and geographical diversity, high level of professionalism, and strong investor relationships with major institutional investors and qualified investors.

Q. What is the role of Blackstone Infrastructure in the Acquisition?

A. Troy is owned and controlled by Blackstone Infrastructure. Troy formed a special purpose subsidiary, Troy Merger Sub, Inc., to purchase all outstanding common shares of TXNM other than treasury shares and dissenting shares at the time of the closing and merge with TXNM, with TXNM remaining as the surviving entity. After that, the shares of TXNM will no longer be publicly traded on any exchange, and Troy will own 100 percent of the shares.

Q. Please explain the corporate structure above Troy in the Acquisition structure.

A. As explained in the revised testimony of Witness Sherman, the Acquisition places a multi-level ownership structure above TXNM. In addition to Troy, which will be the direct parent of TXNM, new holding companies will include Troy IntermediateCo LLC and Troy TopCo LP ("TopCo" and Troy Aggregator LP, collectively, the "Troy Entities"). None of these entities will conduct any activities or business other than to facilitate the investors' investment in TXNM.

Q. What is the purpose of a multi-level corporate structure?

A. Such a multi-level corporate structure is common in mergers and acquisitions. It will segregate TXNM's two utility subsidiaries and TXNM from the affairs of Troy and its partners and affiliates. It is highly likely to shield PNM from adverse effects if any companies above PNM in the corporate structure suffer credit rating downgrades, become insolvent, or file for bankruptcy protection. The protective provisions would also reduce or eliminate the risk that PNM's assets or cash resources would be invaded by a parent or affiliated company. The protective structure will also shield TXNM from harmful

exposure to Troy and Troy's investors and affiliates, and it protects the equity owners from exposure to the obligations of TXNM and the utilities.

Q. Will Troy or any of the intermediate companies engage in any other business, apart from the direct or indirect ownership of TXNM?

A. No. They will have no other activities other than to facilitate the investors' investment in TXNM.

Q. Will there be any debt at Troy or the Troy Entities?

A. The Troy Entities will not incur any debt to fund the transaction consideration. According to Witness Boyd, Blackstone Infrastructure intends to take actions to manage the financial affairs of TXNM and Troy through prudent financial policies in a manner that is supportive of the current credit ratings of TXNM, TNMP, and PNM.

Q. What is your understanding of prudent financial policies that will tend to support the current credit ratings of TXNM and TNMP?

A. I expect that the shareholder will generally manage the debt leverage of TXNM, Troy, and the Troy Entities to avoid excessive aggregate leverage at those entities, consistent with the standards of the rating agencies that rate TXNM's obligations.

Q. Will TXNM continue to exist after the Acquisition and the change in ownership?

A. Yes. TXNM will exist and will continue to own all of the shares of PNM and TNMP, as is the current structure. Further, the existing corporate functions will continue to be performed by TXNM.

Q. Why is private equity ownership particularly well-suited to the utility and infrastructure sector?

A. The multi-year investment horizon related to the construction of utility networks and infrastructure and the 20 to 40 year-long economic lives of the assets after construction conform better to private investors, who are able to take a long view. By contrast, most public market investors focus on quarterly earnings results and short-term fluctuations in the market valuation of the shares.

In turn, with the public equity market focused on quarterly financial results, management also has to turn much of its attention to managing quarterly outcomes. Indeed, in the trading public market, activist investors can take advantage of dips in the price of the stock to buy up shares with the intention to pressure management into taking near-term actions to enhance shareholder returns immediately, possibly compromising long-term objectives. Without the necessity to mark their holdings to market frequently, investors in private securities are able to maximize longer-term value, and management can concentrate on the long-term well-being of the company.

Q. What is the typical reaction of public shareholders to a corporation that proposes to issue equity securities to fund business growth?

A. When it is known in the market that a company plans to fund incremental capital investment by issuing new common shares, the market value of the company's shares generally declines. That occurs because issuing additional shares will reduce earnings per share in the near term. The short-term focus in the public equity market on quarterly earnings per share puts pressure on public companies to avoid issuing shares and instead to divest assets. Private owners with a long investment horizon are not constrained by daily or quarterly mark-to-market and thus are better suited to the funding of PNM's projected long-term infrastructure plans.

Q. Do all private equity investors and alternative asset managers pursue identical investment strategies?

A. No, not all private equity owners employ the same strategies; there are different styles of investment management and types of involvement by private equity investors. However, in my experience, the highly regulated environment of rate-regulated public utilities is unlikely to attract private equity investors seeking near-term gain. Investors such as pension funds, insurers, family offices, and sovereign wealth funds may focus on private ownership in the regulated utility and infrastructure sector for a combination of stability and growth over an extended period. It is significant that Troy commits to maintain its controlling interest in PNM for a period of at least ten years following the consummation of the Acquisition.

Q. Can you give an example of a private equity acquisition in the utility sector that has demonstrated a long-term investment horizon?

A. Yes. An early go-private equity transaction involving the acquisition of a U.S. publicly traded utility was the acquisition of Duquesne Light Holdings in March 2007 by a consortium of private equity investors led by Macquarie Infrastructure Investors and The DUET Group. In the intervening 19 years, Duquesne Light Holdings has remained stable and financially sound under private equity ownership. In March 2010, GIC Private Limited acquired a 29% stake from the original investor DUET Group, but that change has had no ill effect on the credit standing of Duquesne Light Company; in fact, the utility company's ratings of A3 by Moody's and BBB+ by S&P Global are higher today than they were in 2007. This type of stability is well suited to the very long lives of utility assets and the multi-year commitments utilities must make in their network and infrastructure.

IV. FINANCIAL STATUS OF PNM AND TXNM

Q. Is PNM's current financial condition sound?

A. Yes, PNM is in sound financial condition.

Q. What are PNM's current sources of capital, prior to the proposed Acquisition?

A. PNM's common equity is provided by its parent, TXNM Energy. TXNM shares are listed on the NYSE, and TXNM periodically issues new shares to investors. In turn, TXNM may invest equity in PNM if needed. PNM issues its own individual long-term debt to capital market investors in the form of unsecured senior notes. Its debt obligations are rated by two credit rating agencies, Moody's and S&P. As of May 1, 2026, PNM has its own $400 million revolving credit facility under which it can draw down loans to meet its liquidity

needs for capital expenditure projects and seasonal operations or available as back-up to PNM's commercial paper issuance. The revolving credit agreement will mature on March 29, 2030.[6] In addition, PNM has a $40 million credit facility with New Mexico lenders maturing May 31, 2030.

Q. How did credit rating agencies assess the financial condition of PNM and TXNM prior to the Acquisition announcement?

A. Both Moody's and S&P viewed the financial status of PNM and TXNM to be stable before the announcement of the Acquisition.

Q. Please provide more information about Moody's views before the Acquisition was announced.

A. Moody's published a credit opinion on PNM in June 2024 in which it commented on PNM's sound and stable financial profile. Moody's analyst stated:

> PNM's credit also reflects the company's relatively strong financial profile including a ratio of CFO pre-W/C to debt consistently in the 18-20% range. For the 12-months ended 31 March 2024, PNM's ratio of CFO pre-W/C to debt was approximately 18.2% excluding the impact of one-time rate refunds resulting from last September's settlement agreement and securitization bonds.[7]

In a June 2024 credit opinion on TXNM (using the company's former name of PNM Resources), Moody's analyst commented that the company's financial condition was stable. The Moody's report also noted that debt at the parent level was unfavorably high

[6] One lender's commitment in PNM's revolving credit facility, totaling $45.9 million, matures on March 30, 2029. The remaining commitments of $354.1 million mature on March 29, 2030.
[7] Moody's Credit Opinion, "Public Service Company of New Mexico, Update to Credit Analysis", June 27, 2024, at 1.

as a proportion of consolidated debt and that elevated capital expenditures at its utility subsidiaries would require additional debt financing. Moody's concluded that limiting parent-level debt at or below 20 percent of consolidated debt could improve TXNM's rating, while increasing parent debt leverage (approaching 30 percent of consolidated debt) could result in a downgrade.[8] That Credit Opinion listed the following credit challenges: weak consolidated financial metrics; high holding company debt; and elevated capital expenditures, which may require additional debt financing.[9]

Q. Please provide more information about S&P's views before the Acquisition was announced.

A. In an update report on PNM on August 15, 2024, S&P found PNM to be in stable condition but identified several areas of risk, including: a challenging state regulatory environment with inconsistent decisions on expense recovery and above average regulatory lag; high capital spending that will produce external funding needs; and physical risks due to a wildfire-prone service territory.[10]

Regarding TXNM (using its former name of PNM Resources), S&P's analyst commented in January 2024:

> PNMR's financial measures are weak for the current rating… Furthermore, we expect that financial measures will remain pressured, incorporating the company's robust capital spending program. Recently, the company increased its three-year capital spending plan to about $3.5 billion from about $2.8 billion. This reflects rising capital spending in Texas and transmission and distribution spending necessary to support the company's energy transition. Accordingly, we expect that

[8] Moody's Credit Opinion, "PNM Resources, Inc Update to Credit Analysis", June 27, 2024, at 1-2.
[9] Moody's Credit Opinion, "PNM Resources, Inc Update to Credit Analysis", June 27, 2024, at 2.
[10] S&P Global Ratings, Research, Public Service Company of New Mexico, Aug. 15, 2024, at 1, 4.

the company will consistently operate with cash flow deficits, requiring consistent access to capital markets.[11]

Q. Do utility capital spending commitments affect PNM's credit ratings and financial status?

A. Yes. For example, Moody's states: "PNM's capital investment plan remains elevated and will require additional debt issuances. The utility continues to invest heavily in T&D infrastructure to integrate additional renewable resources, grid modernization and the deployment of advanced technologies under its current capital program."[12]

Q. In your view, what was the shared theme of the two credit rating agencies?

A. Both Moody's and S&P viewed PNM's need for additional capital as a major concern.

V. CURRENT AND FUTURE ACCESS TO CAPITAL

Q. Given the need for equity capital to fund ongoing utility capital investment, does TXNM have an assured source of equity capital in its current status?

A. No, the company's access to new equity capital is feasible but not assured. TXNM's shares are listed on the NYSE, and TXNM can issue its shares through public or private offerings. TXNM is considered a small mid-cap company within the U.S. utility sector; that is, it is considerably smaller than the largest holding companies in its sector, amid a long-term trend of industry consolidation.[13]

[11] S&P Global Ratings, Research Update, "PNM Resources, Inc. and Subsidiaries Outlook Revised to Stable from Positive on Termination of Merger with Avangrid, Inc.," Jan. 15, 2024, at 2.
[12] S&P Global Ratings, Research, Public Service Company of New Mexico, Aug. 15, 2024, at 5.
[13] A mid-cap issuer is generally considered to be one with equity market cap between $2 billion and $10 billion. TXNM's market cap is approximately $5.2 billion.

Q. Does being a small mid-cap company affect TXNM's access to equity capital?

A. Yes. In general, mid-cap companies lack the name recognition or market dominance that the large cap companies enjoy. According to Capital Group, an important investment management company, "Mid-cap companies often have fewer Wall Street analysts covering their businesses than larger companies or may not have any sell-side research coverage."[14] Their report shows that the amount of analyst coverage for the largest large-cap public companies is greater than the average of large-cap public companies, which in turn is significantly greater than the number of analysts covering mid-cap companies.[15] The lesser analyst coverage for mid-cap companies as well as the smaller volume of shares outstanding and smaller volume of trade combine to reduce market liquidity for the shares of mid-cap public companies, and investors require higher returns to compensate for the risk of illiquidity.

Among 48 North American utilities with publicly traded equity, TXNM is in 33rd position ranked by market cap. The 32 companies with larger market caps than TXNM together account for 95% of the aggregate market value. As a member of the bottom 5% of the sector's market capital, it is difficult for TXNM to command investor attention in the equity market comparable to its larger competitors.

[14] Capital Group, US Equities, "Sizing Up Small- and Mid-Cap Stocks in Concentrated U.S. Markets," R. Hongsaranagon, M. Hochstetler, K. Chan, Feb. 10, 2025, https://www.capitalgroup.com/advisor/insights/articles/sizing-up-small-mid-cap-stocks.html.

[15] Capital Group, US Equities, "Sizing Up Small- and Mid-Cap Stocks in Concentrated U.S. Markets," R. Hongsaranagon, M. Hochstetler, K. Chan, Feb. 10, 2025, https://www.capitalgroup.com/advisor/insights/articles/sizing-up-small-mid-cap-stocks.html.

Table EL-1 below illustrates the major disparity in size and scale among equity issuers in the North American utility sector. JA Revised Exhibit EL-3 provides greater detail, ranking the equity market capitalization of individual companies within the sector.

Table EL-1

Equity Market Cap* of the North American Utility Sector

	Number of companies	Market Cap ($ Billion)	% of Sector Market Cap
Top Half	24	1,207	87.2%
Bottom Half **	24	177	12.8%
Total Companies	48	1,384	100.0%

Notes
*Market Cap: Value of traded equity securities as of September 4, 2026.
**TXNM is ranked 33rd among 48 companies and comprises 0.5% of the sector's total market cap.
The number of companies is reduced from 49 to 48 because ALLETE, Inc. is no longer a public company.

Q. Has there been any period when TXNM or PNM experienced difficulty raising either equity or debt capital?

A. Yes. In the second quarter of 2022, TXNM (under its former name of PNM Resources) contemplated issuing three-year senior unsecured notes in the public debt market. Before announcement of a specific offering of notes, the company met with over 50 investors in a series of group meetings to provide information on the company and why it was an attractive investment, and to gauge interest from the fixed income investor community. TXNM received feedback after the meetings indicating that because TXNM was a relatively small utility and a non-frequent issuer in the public debt market, its bonds would

be less liquid than those of larger issuers, and many investors would either opt not to participate in a debt offering from TXNM or would require a substantial premium to invest. Based on this feedback, TXNM did not proceed with a public debt offering at that time.

Q. Prior to the announcement of the Acquisition, what were the credit ratings of PNM and its parent TXNM?

A. Moody's and S&P issuer credit ratings of TXNM and PNM are shown in Table EL-2 below. The two agencies use different rating symbols, but the ratings by both agencies have a reasonably close correspondence.[16] S&P's issuer credit rating of TXNM Energy of BBB is the middle of the BBB category, a low rating but still within the investment grade rating category. Moody's issuer rating for TXNM Energy of Baa3 is equivalent to one notch lower than S&P's rating and is at the very lowest rung within the investment grade category. In the case of PNM, the issuer credit ratings of both S&P and Moody's correspond exactly at BBB (S&P) and Baa2 (Moody's).

Table EL-2: Credit Ratings and Outlooks of TXNM and PNM
Before and After Acquisition Announcement

	TXNM Energy	
	S&P	Moody's
Issuer Credit Rating	BBB	Baa3
Senior Unsecured Notes	NR	Baa3
Junior Subordinated Bonds	BB+	Ba1
Short-term debt	NR	NR
Outlook pre-announcement	Stable	Stable
Outlook after announcement (a)	Stable	Stable
Issuer Credit Rating, Sept. 4, 2026	BBB	Baa3

[16] A table showing the correspondence of credit rating agencies' rating symbols appears as JA Exhibit EL-2.

Outlook, September 4, 2026	Stable	Stable

	Public Service Co. of New Mexico	
	S&P	Moody's
Issuer Rating	BBB	Baa2
Senior Unsecured Notes	BBB	Baa2
Short-term debt	NR	NR
Outlook pre-announcement	Stable	Stable
Outlook after announcement (b)	Stable	Stable
Issuer Credit Rating, Sept. 4, 2026	BBB	Baa2
Outlook, September 4, 2026	Stable	Stable

(a) May 19, 2025; (b) June 24, 2025
NR - Not rated

Q. How did the two rating agencies respond after the Acquisition announcement?

A. In the second quarter of 2025, both agencies reaffirmed their existing credit ratings and stable rating outlooks for TXNM and PNM after reviewing preliminary information about the Acquisition. S&P published its commentary with the affirmation of the ratings on May 19, 2025.[17] Moody's published its response in a credit update a month later.[18]

Q. Please summarize S&P's response to the announced Acquisition.

A. S&P affirmed its ratings of TXNM and PNM and identified key points of the Acquisition from a credit viewpoint, including:

1. The Acquisition will be entirely equity-funded;

[17] S&P Research Update, "TXNM Energy Inc. 'BBB" Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable," May 19, 2025.
[18] Moody's Credit Opinion, "TXNM Energy, Inc., Update Following Acquisition Announcement," June 24, 2025, at 2.

2. No additional debt leverage will result from the Acquisition; and
3. S&P expects the Acquisition to facilitate a strengthening of TXNM's credit measures.

In May 2025, S&P expected that Blackstone Infrastructure would invest $400 million to purchase TXNM common shares in the near term, but that transaction has subsequently been voided.[19] S&P also expected that TXNM would sell additional common stock prior to the closing of the Acquisition. I understand that TXNM sold $200 million of common stock through a direct sale in June 2025 and approximately $200 million of common stock through its at-the-market ("ATM") program in August 2025.

On May 19, 2025, S&P concluded by affirming the ratings of TXNM, PNM, and TNMP. The rating outlook was affirmed as "stable", with the expectation that TXNM will maintain a satisfactory leverage ratio of Funds From Operations ("FFO") divided by debt of over 14 percent.[20] S&P's favorable opinion of the Acquisition and of Troy, as part of Blackstone Infrastructure, as the purchaser is evident in its Rating Rationale expressed as follows:

> We view the acquisition by BI to be credit supportive. BI is an investment vehicle of the global alternative asset manager Blackstone Inc. We assess BI as a long-term infrastructure fund investor and believe its experience in the sector (minority interest ownership in Northern Indiana Public Service Co. [NIPSCO] and an equity investment in FirstEnergy Corp.) and financial strength will support TXNM's

[19] On July 2, 2026, the Commission ordered that the private equity Financing Transaction was void and of no effect ("Show Cause Final Order"). To comply with the Show Cause Final Order, TXNM borrowed $400 million via a 30-month term loan on July 17, 2026 and used the proceeds to repay TopCo for the voided shares ("Term Loan"). On August 31, 2026, TXNM Energy launched a private issue of shares to unrelated parties, receiving net proceeds of $396 million on September 4, 2026, which proceeds were used to pay off borrowings under the term loan and retire the term loan.

[20] S&P Research Update, "TXNM Energy Inc. 'BBB" Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable," May 19, 2025, at 1.

growth in a credit-supportive manner. In addition, because the transaction will be fully financed with equity, we expect TXNM's financial measures will improve.[21]

Q. What credit comment did Moody's make regarding the announced Acquisition?

A. Moody's published a full Credit Opinion on TXNM on June 24, 2025 in which it affirmed the credit ratings of TXNM and PNM. Moody's described the Acquisition and pointed out that the purchase of TXNM will be funded entirely through equity and the assumption of existing debt, with no incremental debt to be issued. Moody's concluded: "Based on the announced terms and proposed financing plans for the transaction, we do not expect the transaction to adversely affect the ratings or outlooks of TXNM or either of its two utility subsidiaries."[22]

Q. Did either S&P or Moody's alter their ratings or rating outlook in response to the Commission's Show Cause Final Order, the voiding of the $400 million TopCo investment ("Financing Transaction"), or TXNM's borrowing under a term loan facility to repay TopCo for the voided Financing Transaction?

A. No, neither agency took any negative credit action or revised its rating outlook on either TXNM or PNM as a result of the Show Cause Final Order or the transactions that TXNM undertook to comply with that order. TXNM also requested and received a declaratory order from the Commission to ensure that the subsequent equity transactions necessary to repay the debt incurred by TXNM to unwind the Financing Transaction did not require Commission approval under Section 62-6-12. Due to the Commission's prompt action in

[21] Id., at 1-2.
[22] Moody's Credit Opinion, "TXNM Energy, Inc., Update Following Acquisition Announcement," June 24, 2025, at 2.

issuing the declaratory order, TXNM was able to execute the equity issue and repayment of the Term Loan far more rapidly than might otherwise have been the case. Apart from the Commission's timely issuance of the declaratory order, another factor that facilitated the equity offering was that investors perceived an opportunity to purchase shares at a material discount relative to the price of $61.25 per share offered by Blackstone Infrastructure at closing of the Acquisition.

On July 10, 2026, S&P published a commentary noting that the Show Cause proceeding would create uncertainty and extend the possible closing date into 2027.[23] S&P indicated that the development was negative, but they viewed any impact on TXNM's credit metrics as temporary and expected Blackstone Infrastructure to supply additional equity after the closing of the Acquisition. Therefore, S&P concluded that the S&P ratings are not immediately affected. It would seem that the successful issuance of new shares with net proceeds approximately equal to the $400 million to repay the $400 million Term Loan justifies S&P's confidence that any adverse effect was of very short duration.

Moody's latest comment was published on June 30, 2026, prior to the issuance of the Show Cause Final Order.[24] Moody's analyst asserted that the proposed Acquisition is neutral to modestly supportive, but Moody's has a more cautious view than S&P about the chances for closing the Acquisition:

> In June 2026, hearing examiners issued a recommendation in the show cause proceeding related to the proposed Blackstone acquisition, concluding that the $400

[23] S&P Global Ratings, *Tear Sheet: TXNM Energy Inc. Ratings Not Immediately Affected by the Final Show-Cause Order* (July 10, 2026).
[24] Moody's "Credit Opinion: Public Service Company of New Mexico", June 30, 2026, JA Revised Exhibit EL-8.

> 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. …
>
> 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 stand-alone basis.
> [emphasis added].

Moody's continues to evaluate TXNM and PNM on an independent basis (not reflecting the Acquisition), and in that context, Moody's expresses concern about the magnitude of PNM's capital expenditure plan and the related cash flow impacts in a high capex cycle. As Moody's expressed in the foregoing passage, the availability of capital infusions from Blackstone Infrastructure will limit incremental leverage and mitigate the agency's concerns about funding the capital program.

Neither S&P nor Moody's has published a commentary on PNM or TXNM subsequent to the successful issuance of new shares by TXNM and retirement of the Term Loan on September 4, 2026, but it is likely that they view the ultimate outcome (approximately $400 million of equity issued by TXNM and extinguishment of interim debt) to be consistent with maintaining "Stable" rating outlooks on both TXNM and PNM.

Q. If TXNM was able to repay its Term Loan by issuing approximately $400 million in equity so quickly after the issuance of the Show Cause Final Order, do you believe that there is any real concern that TXNM has risks in the market with getting sufficient equity to fund its capital needs?

A. In the event that the Acquisition fails, I believe the future challenges of raising equity capital that TXNM faces remain as strong today as they were when the Original Application was filed. As noted above, as a small mid-cap company, TXNM faces a higher degree of challenge raising capital, as TXNM does not have the name recognition or market dominance that the large cap companies enjoy. The stock sale that TXNM just completed to pay off the Term Loan was easy to complete because investors have an unusual incentive to buy TXNM stock—an incentive that will not be present if the Acquisition fails. A little over 7 million shares were sold with gross proceeds totaling $400 million, meaning that investors acquired the shares at approximately $56.50 per share. As detailed in this Revised Application, all of TXNM's common stock outstanding at the closing of the Acquisition will be cancelled and converted to the right to receive $61.25 per share in cash, an 8.4% premium over the price of the offering. Thus, while it appears raising equity to repay the Term Loan occurred with relative ease—and it did—these same circumstances that provide an incentive to equity investors to buy TXNM's shares will not exist if the Acquisition fails. In summary, I do not see the relative ease of the latest equity issuance as an indication that TXNM will have similar ease in raising equity in the future as a small mid-cap company should this Acquisition not be completed.

Q. After complying with the Show Cause Final Order, what is your opinion of how the Acquisition affects TXNM's future access to equity capital?

A. Blackstone Infrastructure is capable of supplying equity capital to TXNM in significantly larger quantities than TXNM can do so as an independent small mid-cap entity. Prior to the announcement of the Acquisition, over the course of 10 years, TXNM raised $592 million in new equity, as cited by Witness Tarry in his revised testimony.

Q. Do you foresee any change in the credit ratings of PNM as a result of the Acquisition?

A. No, I do not. Neither Moody's nor S&P has signaled a potential upgrade, but both credit rating agencies seem to view the new ownership as credit-neutral. Future ratings improvements could result, dependent upon regulatory developments in New Mexico and Texas and the demonstration of improving key cash flow credit metrics at the individual utilities and TXNM.

Q. Will the Acquisition introduce incremental debt leverage at TXNM or PNM?

A. No. PNM will continue to maintain its equity capitalization ratio at least equal to the authorized regulatory capital structure in New Mexico. Troy does not anticipate increasing debt leverage at PNM, TXNM or at the Troy Entities to fund the Acquisition and plans to maintain leverage consistent with or below historic levels. Some debt will have to be repaid concurrent with the Acquisition.

VI. SEPARATENESS AND REGULATORY COMMITMENTS

Q. Please provide an overview of this section of your Revised Testimony.

A. In this section, I will introduce a systematic framework for protecting one corporation from potential harm due to its affiliation with a related company (typically an owner, a subsidiary, or an affiliate.)

Q. What do you mean by corporate separateness?

A. I use this terminology to describe a suite of methods used to insulate and protect one enterprise or business activity from invasion, contagion, or harm caused by related entities. A more colloquial term is "ring-fencing."

Q. When and why are ring-fencing protections necessary?

A. Protective ring-fencing methods typically serve one of two purposes. First, in the context of corporate finance and corporate structure, ring-fencing mechanisms are used to protect a company and its stakeholders from financial risks associated with the company's parent, affiliated companies, or subsidiaries.[25] Another very important context for ring-fencing is when a financial sponsor (the seller) bundles together a portfolio of loans or mortgages (the assets) and sells them to a shell entity (the purchaser) that finances the purchase by issuing loans or securities backed solely by the value and cash flows of the portfolio assets. In the context of banking, leasing, and real estate ownership, such mechanisms separate the purchaser and its assets from exposure to the bankruptcy risk of the sponsor or seller of the assets. This allows the funding of the assets based solely upon the quality of the asset portfolio, unaffected by the credit of the sponsor or seller.

[25] In this testimony, the term "corporate" in the context of "corporate structure," "intercorporate separation," or "corporate group" refers not only to entities structured as corporations but also to partnerships, limited partnerships, limited liability companies ("LLCs"), and related forms of enterprise ownership.

In either of these contexts, the purpose of implementing a set of ring-fencing mechanisms is to safeguard a "protected company" (a business or an asset portfolio) so that the protected company can sustain its viability without interruption or adverse effects from invasion of its assets by its parent or affiliates or contagion from the potential financial distress of another entity in its affiliated group.

Q. What is the purpose of ring-fencing in the utility sector?

A. A utility typically bears a legal obligation to operate reliably, maintain its systems for existing customers, and expand its facilities and systems to accommodate growth of demand and new customers. Some utility capital expenditures are not discretionary but are required to enable the utility to fulfill its franchise obligations and satisfy the requirements of the regulatory authority. Making such capital investments typically requires access to funding from internal and external sources. Thus, it is important for the utility to retain access to its own resources including its bank accounts, accounts receivable, and the ability to draw under its credit arrangements, even if its parent or an affiliate is in financial distress. If internal sources of cash flow are not sufficient, utilities need to access funding from the debt market. Without adequate protection, the utility's credit worthiness and access to debt capital could be impaired if its owner is in financial distress, in default, or bankrupt. Ring-fencing mechanisms have been successfully used to protect utilities from risky parents or affiliated companies and have proven effective in allowing the protected companies to carry out their mandate to serve present and future customers.

Q. What is the purpose of ring-fencing in this Acquisition and which are the protected companies?

A. In this Acquisition, the protected companies are TNMP and PNM, each separately insulated from any possible impacts from the Troy Entities, Blackstone Infrastructure, Blackstone Inc., and those companies' affiliates, as well as from one another.

Q. Do you have an established framework or set of standards for evaluating the effectiveness of intercorporate separation provisions?

A. Yes. Over the years, attorneys and credit rating agencies have amassed substantial experience based upon actual case studies of insolvencies. Law firms that work on securities issuances and render non-consolidation opinions have in-house standards that they apply to determine the adequacy of protective ring-fencing, but law firms generally do not publish their internal standards. Likewise, credit rating agencies have developed their own criteria, drawn from the standards of their legal advisors as well as their own experiences of corporate defaults, to develop lists of corporate policies and practices that they apply to determine if two affiliated companies should be rated with the same rating, or if the ratings of the two entities may be separated due to the presence of protective mechanisms.[26]

[26] Since credit rating agencies must make public their rating methodologies and criteria, they publish their ring-fencing policies and standards. The standards published by leading rating agencies are useful as general guidelines, even for companies that are unrated or have ratings from a different credit rating agency. I have found the following sources to be especially useful; Fitch Ratings, "Parent and Subsidiary Rating Linkage Criteria," June 27, 2025, https://www.fitchratings.com/research/corporate-finance/parent-subsidiary-linkage-rating-criteria-27-06-2025; S&P Global Ratings, "General Criteria: Group Rating Methodology", July 1, 2019, republished Oct. 31, 2023, https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/10999747; Moody's Investors Service, "Rating Methodology, Regulated Electric and Gas Utilities," Aug. 6, 2024, at Appendix A,

Law firms' standards are more narrowly focused on the avoidance of involuntary consolidation of one company in the bankruptcy of another company, but the rating agencies display a much broader interest in preserving the integrity and financial well-being of a company from erosion by the involvement of another affiliated company even in situations that are less dire than bankruptcy. This is very consistent with the interest of a utility regulatory authority in preserving the viability of the utility. I incorporated lists of standards published by rating agencies to develop a framework for the systematic evaluation of provisions that protect an individual company within a corporate group of companies. By combining and harmonizing the elements that major rating agencies employ in their separate guidelines, I distilled a master list of standards for evaluating the adequacy of intercorporate separation. The result is the set of protective ring-fencing practices and policies provided as JA Exhibit EL-4.

Q. Are you applying the same framework to analyze this Acquisition that you applied to other utility sector merger proceedings in which you testified as an expert witness?

A. Yes. It is the same analytical framework that I applied in the past. The standards of protection are the same whether the transaction involves the merger of an investor-owned utility with another investor-owned company or in a "go-private" transaction such as this one.

https://www.moodys.com/research/Rating-Methodology-Regulated-Electric-and-Gas-Utilities-Rating-Methodology--PBC_1394267#5d113f2038d289f391614c39043629e8.

Q. Please explain the standards that make up this framework.

A. The master checklist is based on the concept that two types of protection are likely to safeguard the viability of a protected company from adverse financial consequences stemming from its parents and affiliates. The two types of protection are divided into Track I and Track II as follows:

I. Practices that allow the protected company to maintain access to its own physical and financial assets and sources of funding, shielded from invasion by a parent or affiliate and even despite the financial distress of its parent or affiliate; and

II. Practices that eliminate or reduce the risk that the protected company will be drawn into the bankruptcy of its parent or affiliate.

Therefore, the framework has two tracks: Track I contains practices that allow an entity (the protected company) to preserve its own identity, remain viable, fund itself, resist incurring liabilities unrelated to its own business, and to defend its own assets and liabilities even if its parent or an affiliate of the parent is in distress; and Track II contains practices that protect a company from involuntary consolidation by a bankruptcy court with its parent or affiliate in the parent or affiliate's bankruptcy proceeding. There is some overlap because some practices that appear in Track I are also components in Track II. That is, there are some practices that do double duty, serving to achieve the objectives of both tracks.

Q. Please explain the elements that make up Track I.

A. Track I includes mechanisms that allow a protected company within an ownership group to preserve its independent viability in the event of the financial distress of its parent or other companies in its group. Within Track I, there are four types of measures utilized by the rating agencies. These are:

I-A. The protected company's assets are protected from diversion by having a separate legal identity, separate bank accounts and asset accounts, with no commingling of assets. Fixed assets needed to carry out the business should be in the protected company's own name. Transfers of goods, services, and supplies with other members of the group should be conducted on an arm's-length basis.

I-B. The protected company can maintain its own access to funding and to sources of liquidity. The protected company should have access to a liquidity credit arrangement that is available for drawing even despite the default of the company's parent or affiliated companies. The default by a parent or affiliate should not trigger a cross default or cross acceleration of the protected company's debt. Maintaining a credit rating in its own name also helps to assure ongoing sources of funding.

I-C. The protected company is insulated from the liabilities of its parent and affiliates of the parent (sister companies). It does not guarantee the debt or obligations of other members of its group, and the other members of the group never represent to the public or to

counterparties that the protected company is responsible for the obligations of other group members.

I-D. The protected company can further protect its viability by limiting its financial leverage and preserving its individual solvency. This is not a requirement for ring-fencing, but it is another protective element.

Q. Please explain the elements of Track II.

A. Track II involves steps to avoid the involuntary consolidation of the protected company in the bankruptcy of its parent or an affiliate. As I have mentioned already, several of the practices that are important in Track I to maintain the company's separate financial viability also do double duty by helping to avoid involuntary consolidation due to the doctrine of substantive consolidation.

Q. What do you mean by substantive consolidation?

A. A solvent company within a corporate group might be vulnerable to substantive consolidation along with its bankrupt parent or affiliate if the resources, assets, and liabilities of the companies are so commingled and poorly documented that it is difficult for the bankruptcy court to untangle them. Another possible cause for substantive consolidation is if any of the companies in the past represented to creditors that the assets or cash flow of one company (now solvent) was available to satisfy the debts of the other company (now insolvent). When the court finds either of those patterns, then creditors of

the bankrupt company would seek as a remedy the consolidation of the solvent company in the bankruptcy proceeding to enhance recovery by the bankrupt entity's creditors.

Q. What protections does a company have against substantive consolidation with a parent or another affiliate of the parent?

A. Forms of protection against substantive consolidation include: establishing separate corporate entities; keeping good books and records; maintaining separate books of account; and not commingling funds or assets. The protected company should not own shares of the parent or parents' affiliates, nor guarantee the parent's or parents' affiliates' debt. Also, neither the protected company nor its parents or affiliates should represent to creditors of the parent or affiliates that the protected company is responsible for the obligations of its parent or its parent's affiliates.

Q. How did you apply the ring-fencing and separateness framework to analyze the Acquisition?

A. Using the framework presented in JA Exhibit EL-4, I analyzed the proposed regulatory commitments in relationship to the ring-fencing standards. In addition, I considered certain important protections that exist because of the utility statutes and Commission regulations with which PNM must comply in the normal course of business. Examples include the requirements that the Commission must approve PNM's debt incurrence and transfers of property as well as the Commission' regulations concerning arm's-length transactions with affiliated parties.

Q. Please summarize the most important aspects of the proposed protective commitments.

A. Among the strong protective commitments that will separate PNM from liabilities and risks of the Troy Entities and from Blackstone Infrastructure and its investment partners are:

1. Separate books and record keeping, and separate financial accounts.
2. No commingling of cash with Troy or any other Troy Entities and no intercompany lending by PNM, except with the Commission's approval.
3. Debt and credit facilities of PNM and TXNM shall not contain any cross defaults, cross acceleration, credit guarantees, or credit rating triggers linking PNM with TXNM, Troy or any Troy Entities, or with any of Blackstone Infrastructure or its co-investors or subsidiaries.
4. PNM will maintain access to its own assets and properties, accounts receivable and other accounts, not affected by the bankruptcy or distress of any Troy Entities or Blackstone Infrastructure or Blackstone Infrastructure's affiliates.
5. PNM will maintain liquidity facilities and sources in its own name permitting borrowing without regard to the credit ratings or default or bankruptcy of Troy or any Troy Entities, Blackstone Infrastructure, or Blackstone Infrastructure's affiliates.
6. PNM'S capital structure will be maintained consistent with or stronger than the Commission's authorized capital structure, further assuring that there will not be excessive leverage introduced due to the Acquisition.

7. No upstream dividends or distributions can be paid by PNM unless PNM's corporate credit rating is at least an investment grade rating, except with prior approval by the Commission.
8. TXNM and the Troy Entities will be structured and will conduct business such that in the event of a bankruptcy of Troy or any Troy Entities or affiliates (other than TXNM and PNM), (a) a bankruptcy court will be highly unlikely to consolidate the assets and liabilities of PNM with those of TXNM, Troy or any Troy Entity; and (b) except as may be required by law, no costs or obligations of a bankruptcy of TXNM, Troy or any Troy Entity can be sought from PNM. For additional assurance, the Joint Applicants commit that Troy will obtain a non-consolidation legal opinion that, in the event of a bankruptcy of Troy, Blackstone Infrastructure or any of their affiliates or subsidiaries (other than PNM or subsidiaries of PNM), a bankruptcy court will not consolidate the assets and liabilities of PNM with Troy, Blackstone Infrastructure or any of their affiliates or subsidiaries (other than PNM or subsidiaries of PNM).

Q. What was the result of your review of the protective provisions that are proposed for this Acquisition?

A. Using the framework as a checklist, I found that the proposed ring-fencing provisions conform with the requirements of the framework and will provide robust separation of PNM from risks associated with affiliation with the Troy Entities and Black Infrastructure and any other companies under its ownership or control. The analysis is presented in JA Revised Exhibit EL-5.

Q. Are there additional Revised Regulatory Commitments proposed in the Revised Application aside from the protective ring-fencing provisions that you have discussed above?

A. Yes, the Revised Application includes some proposed commitments that do not relate to the future solvency or financial protection of PNM or bankruptcy remoteness from TXNM, Troy or any Troy Entities or affiliates. Instead, several proposed commitments are designed to preserve the Commission's regulatory jurisdiction, for example, by assuring that the Commission will continue to receive all the information and accounting reports it needs to carry out its regulatory functions. Some commitments aim to protect the interests of the state and the community, such as a commitment to keep PNM's headquarters in New Mexico, to maintain its current union labor contracts, and to maintain employment of non-union employees for three years post-closing. These are not part of the ring-fencing framework that is set forth in JA Exhibit EL-4, but they will be meaningful to many interested parties, to the Commission, and to the communities served by PNM.

Q. What differences do you observe in the Revised Regulatory Commitments related to separateness proposed in September 2026 versus those included in the Joint Applicants' Original Application in August 2025?

A. I compared the current September 2026 commitments with the corresponding commitments of August 2025 and noted any differences I found in JA Revised Exhibit EL-5 in a column headed "Nature of Revision." In each case, the current commitment is either the same as the corresponding August 2025 commitment or more detailed. In particular, the current commitments regarding dealings with affiliates on an arm's-length basis are

expanded and more detailed. Key financial decisions such as those regarding dividends and distributions and the capital plan now are subject to a Board of Directors that include five disinterested directors out of nine. Also, there is a new commitment to engage a law firm to provide a non-consolidation opinion. Finally, the Joint Applicants make several new commitments regarding financial reporting and compliance reporting to the Commission. Overall, the September 2026 commitments are quite ample and provide appropriate protections for PNM, its customers, and its communities.

VII. CONCLUSIONS AND RECOMMENDATIONS

Q. In summary, do you foresee any financial injury to PNM as a result of the proposed Acquisition?

A. No, I do not. On the contrary, I see the Acquisition providing PNM with greater financial strength and resilience.

Q. Do you foresee any financial benefits to PNM and its customers as a result of the proposed Acquisition?

A. Yes. Due to its great size and scale, Blackstone Infrastructure has a substantially broader investor base than TXNM, and Blackstone Infrastructure benefits from greater diversification of risk. As a result, Blackstone Infrastructure has a broader range of sources from which to raise equity capital should the Company require capital infusions. Through its ownership by Blackstone Infrastructure, TXNM and PNM will gain a more assured and readily available stream of equity investment when that is needed. The favorable

perception of Blackstone Infrastructure and Blackstone Inc. in the financial community, combined with their larger base of financial counterparties and relationships, will expand PNM's opportunities in the debt and credit in financial markets. As a consequence of these factors, I expect that PNM will have greater financial resilience and ability to attract capital during periods of adverse capital market conditions. The full suite of ring-fencing protections at PNM will be viewed favorably by credit rating agencies and fixed income investors and will be a benefit to PNM's customers.

Q. What are your conclusions?

A. Based upon my financial analysis, I conclude that there are no downside financial risks for PNM as a result of the Acquisition, and the Acquisition structure and regulatory commitments will provide robust insulation to PNM from liabilities or exposures related to Blackstone Infrastructure and the Troy Entities. I anticipate benefits for PNM and its customers from joining PNM with Blackstone Infrastructure and its broad base of investors. Therefore, I recommend that the Commission approve the proposed Acquisition.

Q. Does this conclude your Revised Testimony?

A. Yes.

GCG#535796

Lapson Experience and Credentials

JA Revised Exhibit EL-1

Is contained in the following 7 pages.

EXPERIENCE AND QUALIFICATIONS

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LAPSON ADVISORY: Financial Consulting. Expert Testimony. Financial Training.

SUMMARY

Expert on financing utilities and infrastructure projects, with over 50 years of professional MBA Accounting and finance, NYU Stern School of Business; Chartered Financial Analyst

EMPLOYMENT HISTORY

Lapson Advisory, Trade Resources Analytics	Financial consulting services to utilities and infrastructure project developers. Financial strategy and credit advisory; expert financial witness.	2012 to present
Fitch Ratings Utilities, Power & Gas Managing Director; Senior Director	Manager or primary analyst on credit ratings of over 200 utility, pipeline, and power generation companies and utility tariff securitizations. Chaired rating committees for energy, utility, and project finance committees. Liaison with major fixed income investors.	1994 - 2011
JP Morgan Chase (formerly Chemical NY Corp.) Vice President, 1975-94 Asst. Vice President, 1974-75	Managed financial advisory transactions, structured debt placements, syndicated credit facilities for utilities, mining and metals, project finance. First of its kind stranded cost securitization for Puget Sound P&L, 1992-94. Led financings for utilities in bankruptcy or reorganizations. Divisional controller, 1981-86.	1974-1994
Argus Research Corp. Equity Analyst, Utilities	Equity analysis of U.S. electric and gas utilities, natural gas pipelines, regulated telephone companies. Research coverage and reports; forecasts and models.	1969-1974

EDUCATION & PROFESSIONAL ORGANIZATIONS

Stern School of Business, New York University, MBA. Accounting major; Finance minor	1975
Barnard College, Columbia University, BA. Earned CFA Institute Charter, 1978	1969
Institute of Chartered Financial Analysts	Since 1978
Wall Street Utility Group	Since 1996

ADVISORY COUNCILS AND BOARD SERVICE

Electric Power Research Institute, Advisory Council, 2004-2011; Chair, 2009 and 2010.

MIT Energy Institute, External Advisory Council, The Future of Solar Energy, 2012-2014.

Represented U.S. fixed income investors in responding to proposed financial accounting rules for rate-regulated utilities by the International Accounting Standards Board (IASB) at a panel sponsored by Edison Electric Institute and American Gas Assoc., December, 2014.

EXPERT TESTIMONY

Jurisdiction	Proceeding	Topic
Arkansas Public Service Commission	Docket No. 26-001-U, Application of Entergy Arkansas, LLC to change rates, on behalf of Utility (2026)	Financial strength and appropriate capital structure.
Public Utilities Commission of Texas	Docket No. 58964, Application of Texas-New Mexico Power to change rates, on behalf of Utility (2025)	Financial strength and appropriate capital structure.
Public Utilities Commission of Texas	Docket No. 57131, Rebuttal on behalf of Brazos Electric Power Coop, Inc. (2025)	Coop transmission provider's financial integrity.
Public Utilities Commission Texas	Docket No. 58536, Joint Application of Texas-New Mexico Power Co. and Troy ParentCo, on behalf of Applicants (2025)	Adequate financial strength and appropriate structural and ring-fencing protections.
New Mexico Public Regulation Commission	Docket No. 25-00060-UT, Joint Application of Public Service Co of NM, TXNM Energy, and Troy ParentCo to Merge, on behalf of Applicants (2025)	Adequate financial strength and appropriate ring-fencing protections.
Public Utilities Commission Texas	Docket No.58306, Application of Oncor Electric Delivery Co. to change rates, on behalf of Oncor (2025)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 56851, Application for Authority to Change Rates, on behalf of El Paso Electric Co. (2025)	Capital structure and cash flow measures of financial strength
Minnesota Public Utilities Commission	Docket No. E-015/ PA-24-198, Minnesota Power Petition for Acquisition of ALLETE Inc., on behalf of the purchasers and Minnesota Power/ ALLETE Inc. (2025)	Merger application: adequate financial strength and appropriate ring-fencing mechanisms
Federal Energy Regulatory Commission	Docket No.EL 24-80, MISO Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-81, PJM Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-82, Southwest Power Pool Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-83, ISO-New England Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Public Utilities Commission of Nevada	Dockets 24-02026 and 24-02027, Applications of Sierra Pacific Power Company to change rates (2024)	Capital structure and financial strength.
Public Utilities Commission Texas	Docket No. 55867, Application of LCRA Transmission Services Corp. to change rates, on behalf of LCRA TSC (2024)	Financial strength and access to capital for a public power transmission service provider.
Public Utilities Commission of Colorado	Proceeding No. 22AL-0530E, electric rate case on behalf of Xcel Public Service Colorado (2023)	Financial strength and appropriate capital structure.
California Public Utilities Commission	Docket No.A2211010, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and Suburban. (2022-23)	Merger application: adequate financial strength
Illinois Commerce Commission	Docket No. 22-0670, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength

Jurisdiction	Proceeding	Topic
Kentucky Public Service Commission	Docket No.2022-00396, Joint Application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength
Public Utilities Commission of Nevada	Docket No. 22-11030, Application of Great Basin Water Co…. for Approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp... (2022-23)	Merger application: adequate financial strength
New Jersey Board of Public Utilities	Docket No. WM22110690, Joint Petition for change of control, Corix Infrastructure (US) and SW Merger Acquisition Corp.(2022-23)	Merger application: adequate financial strength
North Carolina Utilities Commission	Docket No. W-354, Sub 412, Application for approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp (2022-23)	Merger application: adequate financial strength
Pennsylvania Public Utility Commission	Docket No. A-2022- 3036744, Joint Application of CUPA Water Systems for Approval of a Business Combination (2022-23)	Merger application: adequate financial strength
Public Utilities Commission Texas	Docket No. 54316, Joint Application of Corix Infrastructure (US), SW Merger Acquisition Corp and Monarch Utilities I LP (2022-23)	Merger application: adequate financial strength
Federal Energy Regulatory Commission	Docket No.ER22-2379, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022-23)	Application by a transmission owner to fund investment in Network Upgrades
Federal Energy Regulatory Commission	Docket No.ER22-2274, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022)	Application by a transmission owner to fund investment in Network Upgrades
Massachusetts Department of Public Utilities	DPU Docket No. 22-70, 22-71, 22-72; Long-term purchase contracts for offshore wind energy, on behalf of three MA electric distribution utilities (2022)	Remuneration to distribution utilities for entering into long-term supply contracts
New Jersey Board of Public Utilities	BPU Docket No. GM 2204, Merger Application of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc. on behalf of Joint Applicants (2022)	Financial strength in the context of merger proceeding and appropriate corporate commitments.
Public Utilities Commission Texas	Docket No. 53601, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2022)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 52487, Application of Entergy Texas to Alter its CCN for Orange County Advanced Power Station, on behalf of Entergy Texas, Inc. (2022)	Impact of a power purchase contract on the balance sheet, financial ratios, and credit ratings of the utility purchaser.
Federal Energy Regulatory Commission	Docket No. ER21-2282, Application re Open Access Trans. Tariff, on behalf of PJM Transmission Owners (2022)	Application by Transmission Owners to invest in Network Upgrades
Federal Energy Regulatory Commission	Docket No. EL-20-72, LA Public Service Comm. et al. vs. System Energy Resources, Inc. on behalf of SERI (2022)	Financial impact of the termination of a support agreement; capital structure.
Federal Energy Regulatory Commission	Docket No. RM20-10-000, Electric Transmission Incentive Policy, on behalf of PJM Transmission Owners (2021)	In support of financial incentives for RTO membership

Jurisdiction	Proceeding	Topic
Public Utilities Commission of Colorado	Proceeding No. No. 21R-0314G, NOPR on Purchased Gas Cost Adjustment on behalf of Public Service Company of CO (2021)	Investor and credit rating impact of proposed gas cost recovery rules
New Mexico Public Regulation Commission	Docket No 20-00222-UT, Application of Public Service Co. of NM, PNM Resources, Avangrid Inc., and NM Green Resources on behalf of Applicants (2020-21)	Financial strength and resilience in the context of a merger proceeding
Public Utilities Commission Texas	Docket No 51547, Application of Texas-New Mexico Power Co., Avangrid Inc., and NM Green Resources on behalf of Applicants	Financial strength and resilience in the context of a merger proceeding
Massachusetts Department of Public Utilities	DPU 20-16, 20-17, and 20-18, Long-term purchase contract for offshore wind energy, Eversource, National Grid, Unitil (2020)	Remuneration to utilities for entering into long-term contracts
Public Utilities Commission Texas	Docket No. 49849, Joint Application of El Paso Electric, Sun Jupiter Holdings and IIF US Holding 2 to acquire utility (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
New Mexico Public Regulation Commission	Docket No. 19-00234 UT, Joint Application of El Paso Electric, Sun Jupiter Holdings, and IIF US Holding 2 to acquire El Paso Electric (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
Public Utilities Commission of Colorado	Proceeding No. 19AL-0268E, Filing to Revise Electric Tariff filing, on behalf of Xcel Public Service Co. of Colorado (2019)	Capital structure and cash flow measures
Public Utilities Commission Texas	Docket No. 49421, Application of CenterPoint Energy Houston to change rates, on behalf of CEHE (2019)	Separateness commitments in the context of a rate proceeding; financial strength
Public Utilities Commission Texas	Docket No. 48929, Application of Oncor Electric Delivery Co. LLC, Sharyland Utilities LP, and Sempra Energy, on behalf of Sharyland Utilities (2019)	Appropriate governance conditions and commitments for partner ownership of an electric transmission utility
Public Utilities Commission of Colorado	Proceeding No. 17AL-0363G, Filing to Revise Gas Tariff, on behalf of Xcel Public Service Co. of Colorado (2018)	Cash flow and credit impacts of tax reform; capital structure
South Carolina Public Service Commission	Docket No. 2017-370-E; Joint Application for Merger and for Prudency Determination, on behalf of South Carolina Elec & Gas (2018)	Benefits of merger and proposed rate plan; impact on cash flow and access to capital.
U.S. Federal District Court, District of SC	Civil Action No.: 3:18-cv-01795-JMC, Motion for Preliminary Injunction, on behalf of South Carolina Electric & Gas	Financial harm of rate cut compliant with Act
Public Utilities Commission Texas	Docket No. 48401, Texas-New Mexico Power Co. Application to Change Retail Rates, on behalf of TNMP (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 48371, Entergy Texas Inc., Application to Change Retail Rates, on behalf of ETI (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 47527, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. (2018)	Adverse cash flow and credit impacts of tax reform; cap structure
New Mexico Public Regulation Commission	Case No. 17-00255-UT, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. 2018)	Adverse cash flow and credit impacts of tax reform; cap structure

Jurisdiction	Proceeding	Topic
South Carolina Public Service Commission	Docket No. 2017-305-E, Response to ORS Request for Rate Relief, on behalf of S. Carolina Electric and Gas (2017)	Adverse financial implications of rate reduction sought by ORS
DC Public Service Commission	Formal Case No. 1142, Merger Application of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Service Commission of Maryland	Docket No. 9449, In the Matter of the Merger of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Utilities Commission Texas	Docket No. 46957, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2017)	Appropriate capital structure. Financial strength.
Public Utilities Commission Texas	Docket No. 46416, Application of Entergy Texas, Inc. for a CCN, on behalf of Entergy Texas (2016-2017)	Debt equivalence and capital cost associated with capacity purchase obligations (PPA)
U.S. Federal Energy Regulatory Commission	Dockets No. EL16-29 and EL16-30, on behalf of Duke Energy Carolinas and Duke Energy Progress, (2016)	Capital market environment affecting the determination of the cost of equity capital
Hawaii Public Utilities Commission	Docket No. 2015-0022, Merger Application on behalf of NextEra Energy and Hawaiian Electric Inc. (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Dockets No. EL14-12 and EL15-45, ABATE, vs MISO, Inc. et al., on behalf of MISO Transmission Owners (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL12-59 and 13-78, Golden Spread Electric Coop., on behalf of South-western Public Service Co. (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL13-33 and EL14-86, on behalf of New England Transmission Owners.	Capital market environment affecting the cost of equity capital
U.S. Federal Energy Regulatory Commission	Dockets No. ER13-1508 et alia, Entergy Arkansas, Inc. and other Entergy utility subsidiaries, on behalf of Entergy (2014)	Capital market environment affecting the measurement of the cost of equity capital
Delaware Public Service Commission	DE Case 14-193, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
Maryland Public Service Commission	Case No. 9361, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
New Jersey Board of Public Utilities	BPU Docket No. EM 14060581, Merger of Exelon Corp. and Pepco Holdings, Inc., on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Docket ER15-572 Application of New York Transco, LLC, on behalf of NY Transmission Owners (2015)	Incentive compensation for electric transmission; capital market access
U.S. Federal Energy Regulatory Commission	Docket EL 14-90-000 Seminole Electric Cooperative, Inc. and Florida Municipal Power Agency vs. Duke Energy FL on behalf of Duke Energy (2014)	Capital market environment affecting the determination of the cost of equity capital
DC Public Service Commission	Formal Case No. 1119 Merger of Exelon Corp. and Pepco Holdings Inc., on behalf of the Joint Applicants (2014-2015)	Financial strength and conditions & commitments in merger context

Jurisdiction	Proceeding	Topic
U.S. Federal Energy Regulatory Commission	Docket EL14-86-000 Attorney General of Massachusetts et. al. vs. Bangor Hydro-Electric Company, et. al., on behalf of New England Transmission Owners (2014)	Return on Equity; capital market environment
Arkansas Public Service Commission	Docket No. 13-028-U. Rehearing on behalf of Entergy Arkansas. (2014)	Investor and rating agency reactions to ROE set by Order.
Illinois Commerce Commission	Docket No. 12-0560 Rock Island Clean Line LLC, on behalf of Commonwealth Edison Company, an intervenor (2013)	Access to capital for a merchant electric transmission line.
U.S. Federal Energy Regulatory Commission	Docket EL13-48-000 Delaware Public Advocate, et. al. vs. Baltimore Gas and Electric Company and PEPCO Holdings et al., on behalf of utilities (2013)	Return on Equity; capital market view of transmission investment
U.S. Federal Energy Regulatory Commission	Docket EL11-66-000 Martha Coakley et. al. vs. Bangor Hydro-Electric Company, et. al. on behalf of New England Transmission Owners (2012-13)	Return on Equity; capital market view of transmission investment
New York Public Service Commission	Cases 13-E-0030; 13-G-0031; and 13-S-0032 on behalf of Consolidated Edison Company of New York. (2013)	Cash flow and financial strength; regulatory mechanisms
Public Service Commission of Maryland	Case. 9214 re "New Generating Facilities To Meet Long-Term Demand For Standard Offer Service", on behalf of Baltimore Gas and Electric Co., Potomac Electric Power Co., and Delmarva Power & Light (2012)	Effect of proposed power contracts on the credit and financial strength of MD utility counterparties

CONSULTING & ADVISORY ASSIGNMENTS (1)

Client	Assignment	Objective
Eversource Energy	Strategic advice on credit ratings impacts of utility recovery cost securitization and other tactics to improve affordability. 2026	Analyze feasibility and financial impacts of regulatory proposals.
Entergy Louisiana, LLC.	Strategic advice and white paper on a regulatory petition on the benefits of accelerating storm cost securiti-zation. 2025	Improve utility cash flow and reduce long-term cost to customers.
City (undisclosed)	Advisory on credit ratings of municipal utilities and the related cities. 2025	Strategic review of regulatory strategy.
Corix Infrastructure and SouthWest Water	Ratings advisory in the context of merger of unrated companies. 2022	Understand financial status pre- and post-merger.
SouthWest Water Company	Review of proposed debt funding plan. 2022	Appropriate mix of long-term and short-term debt.
Xcel Energy/ Public Service Co. of CO	Studied likely investor and credit impact of the PSC's proposed changes in the recovery of purchased gas cost (Docket 21R-0314G). 2021	Analyze financial impacts of regulatory proposal.
Eversource Energy Inc./Public Service Co. of New Hampshire	Prepared white paper analyzing the financial implications of two methods for recovering costs of energy efficiency programs (related to Docket DE 20-092). 2020	Analyze feasibility and financial impacts of regulatory proposal.
Washington Gas Light Co.	Quantified the effect of merger upon the cost of long-term and short-term debt. 2019	Comply with regulatory requirement
Cravath, Swaine & Moore LLP	Evaluated factors that influenced utility spending decisions on operations, maintenance, and capital projects. 2019	Support litigation strategy in bankruptcy proceedings.
NJ American Water Co.	Analyzed impacts of tax reform on water utility's cash flow and ratings. 2018	Support regulatory strategy
AltaGas Ltd.	Credit advisory on ratings under merger and no- merger cases. 2017	Compare strategic alternatives

Jurisdiction	Proceeding	Topic
Entergy Texas, Inc.	Research study on debt equivalence and capital cost associated with capacity purchase obligations. Impact of new GAAP lease accounting standard on PPAs. 2016	Economic comparison of power purchase obligations and self-build options.
Eversource Energy	Evaluated debt equivalence of power purchase obligations. 2014	Clarify credit impact of various contract obligations.
International Money Center Bank (Undisclosed)	Research study and recommendations on estimating Loss Given Default and historical experience of default and recovery in regulated utility sector. 2014	Efficient capital allocation for loan portfolio.
GenOn Energy Inc.	White Paper on appropriate industry peers for a competitive power generation and energy company. 2012	Appropriate peer comparisons in SEC filings and shareholder communications, compensation studies
Transmission utility (Undisclosed)	Recommended the appropriate capital structure and debt leverage during a period of high capital spending. 2012	Efficient book equity during multi-year capex project; preserve existing credit ratings
Toll Highway (Undisclosed)	Advised on adding debt while minimizing risk of downgrade. Recommended strategy for added leverage and rating agency communications. 2012	Free up equity for alternate growth investments via increased leverage while preserving credit ratings

1.Confidential assignments are omitted or client's identity is masked, at client request.

Professional and Executive Training

Southern California Edison Co., Rosemead CA	Designed and delivered in-house training program on evaluation of the credit of energy market counterparties. 2016
Financial Institution, NYC (Undisclosed)	In-house training. Developed corporate credit case for internal credit training program and coordinated use in training exercise. 2016
CoBank, Denver CO	Designed and delivered “Midstream Gas and MLPs: Advanced Credit Training”. 2014
Empire District Electric Co., Joppa MO	Designed and delivered in-house executive training session Utility Sector Financial Evaluation. 2014
PPL Energy Corp, Allentown PA	Designed and delivered in-house Financial Training. 2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses “Credit Analysis for the Power & Gas Sector”, 2011-2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses “Analyst Training in the Power & Gas Sectors: Financial Statement Analysis. 2013 -2014
EEI Transmission and Wholesale Markets	Designed and delivered “Financing and Access to Capital”. 2012
National Rural Utilities Coop Finance Corp.	Designed and delivered in-house training “Credit Analysis for the Power Sector”. 2012
Judicial Institute of Maryland	Designed and delivered “Impact of Court Decisions on Financial Markets and Credit”, section of continuing education seminar for MD judges: "Utility Regulation and the Courts", Annapolis MD. 2007
Edison Electric Institute, New York, NY	“New Analyst Training Institute: Fixed Income Analysis and Credit Ratings”, 2008; 2004

Correspondence of Rating Agency Symbols

JA Exhibit EL-2

Is contained in the following 1 page.

JA Exhibit EL-2

Correspondence of Rating Agency Symbols

Long-Term Credit Ratings

	Moody's	S&P Global	Fitch Ratings
Investment Grade Ratings	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Sub-Investment Grade (Speculative Grade)	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
	Ca	CC	CC
	C	C	C
	D*	D*	D*
		SD*	SD*

*D= In default; SD denotes a selective default on specific debt instruments rather than a general default on all obligations.

Equity Market Capitalization of Investor-Owned North American Electric and Gas Companies

JA Revised Exhibit EL-3

Is contained in the following 1 page.

JA REVISED EXHIBIT EL-3

Equity Market Capitalization of Investor-Owned North American Electric and Gas Utilities

Size Rank	Ticker Symbol	Name	Equity Market Cap. (US $ millions)*	*0.72* *Traded TSX, Canadian Dollars*	Percent of Total Market Capital	Percent of Aggregate Market Cap
1	NEE	NextEra Energy, Inc.	174,033.20		12.6%	12.6%
2	AEP	American Electric Power Company, Inc.	122,174.50		8.8%	21.4%
3	SO	Southern Company	101,358.50		7.3%	28.7%
4	DUK	Duke Energy Corporation	93,735.80		6.8%	35.5%
5	D	Dominion Energy Inc	57,908.00		4.2%	39.7%
6	SRE	Sempra Energy	54,953.80		4.0%	43.6%
7	AEE	Ameren Corporation	51,400.50		3.7%	47.4%
8	ETR	Entergy Corporation	51,251.20		3.7%	51.1%
9	XEL	Xcel Energy Inc.	47,297.30		3.4%	54.5%
10	EXC	Exelon Corporation	45,047.60		3.3%	57.7%
11	ED	Consolidated Edison, Inc.	39,678.90		2.9%	60.6%
12	PEG	Public Service Enterprise Group Inc	36,733.60		2.7%	63.3%
13	WEC	WEC Energy Group Inc	34,520.50		2.5%	65.7%
14	PCG	PG&E Corp.	31,491.80		2.3%	68.0%
15	LNT	Alliant Energy Corp	29,716.60		2.1%	70.2%
16	DTE	DTE Energy Company	28,316.60		2.0%	72.2%
17	ATO	Atmos Energy Corporation	28,315.70		2.0%	74.3%
18	FTS	Fortis Inc.	28,032.05	*38,933.40*	2.0%	76.3%
19	FE	FirstEnergy Corp.	27,063.00		2.0%	78.2%
20	ES	Eversource Energy	26,762.70		1.9%	80.2%
21	PPL	PPL Corporation	26,421.80		1.9%	82.1%
22	CNP	CenterPoint Energy, Inc.	26,131.40		1.9%	84.0%
23	H-CA	Hydro One Limited	22,947.19	*31,871.10*	1.7%	85.6%
24	EIX	Edison International	21,845.90		1.6%	87.2%
25	CMS	CMS Energy Corporation	21,467.50		1.6%	88.8%
26	NI	NiSource Inc	19,849.00		1.4%	90.2%
27	EMA-CA	Emera Incorporated	15,423.19	*21,421.10*	1.1%	91.3%
28	PNW	Pinnacle West Capital Corporation	11,819.20		0.9%	92.2%
29	ALA-CA	AltaGas Ltd.	11,802.82	*16,392.80*	0.9%	93.0%
30	CU-CA	Canadian Utilities Limited Class A	9,982.37	*13,864.40*	0.7%	93.7%
31	OGE	OGE Energy Corp.	9,692.80		0.7%	94.4%
32	IDA	IDACORP, Inc.	7,849.20		0.6%	95.0%
33	**TXNM**	**TXNM Energy, Inc.**	**6,387.30**		**0.5%**	**95.5%**
34	SWX	Southwest Gas Holdings, Inc.	6,379.60		0.5%	95.9%
35	POR	Portland General Electric Company	5,734.60		0.4%	96.3%
36	BKH	Black Hills Corporation	5,582.50		0.4%	96.7%
37	NJR	New Jersey Resources Corporation	5,418.40		0.4%	97.1%
38	OGS	ONE Gas, Inc.	5,019.70		0.4%	97.5%
39	SR	Spire Inc.	4,887.40		0.4%	97.8%
40	NWE	NorthWestern Corporation	4,354.20		0.3%	98.2%
41	AQN-CA	Algonquin Power & Utilities Corp.	4,351.46	*6,043.70*	0.3%	98.5%
42	MDU	MDU Resources Group Inc	4,116.50		0.3%	98.8%
43	OTTR	Otter Tail Corporation	3,769.90		0.3%	99.0%
44	CPK	Chesapeake Utilities Corporation	3,198.00		0.2%	99.3%
45	AVA	Avista Corporation	3,144.90		0.2%	99.5%
46	MGEE	MGE Energy, Inc.	2,923.30		0.2%	99.7%
47	NWN	Northwest Natural Holding Co.	2,070.60		0.1%	99.9%
48	HE	Hawaiian Electric Industries, Inc.	1,915.60		0.1%	100.0%
	SUM		$ 1,384,278.2			

Source: S&P Global Market Intelligence. *Data as of September 4, 2026.

Conversion Rate, Canadian Dollars to US Dollars — Sept. 4, 2026 — *0.72*

ALLETE, Inc. removed because its shares are no longer publicly traded

Framework for Corporate Separateness

JA Exhibit EL-4

Is contained in the following 2 pages.

JA Exhibit EL-4: Framework for Corporate Separateness

Protective Policies and Practices (1)

TRACK I: Preserves Indivdual Viability

I. Viability: Maintain Separate Assets and Solvency

I-A Prevent the diversion of Protected Co. assets

a. Is a separate legal entity; maintains its separate name and identity
b. Maintains separate financial accounts in its own name; no commingling of assets.
c. Protected Company owns all of its physical assets in its own name.
d. Has policy/procedures to control dividends from Protected Co.
e. Has policy/procedures to control asset transfers and asset diversion from the Protected Company to parent or sister companies.
f. Assets are not pledged for the benefit of parent or sister companies.
g. Transfers of assets, services, and supplies between the Protected Company and its parent or sister companies are subject to an arm's length standard.
h. Protected Co. does not lend to parent or affiliates

I-B Access to funding

i. Protected Company has separate 3rd party borrowing sources; has credit ratings in its own name.
j. Protected Company's ability to borrow is not contingent on financial condition of parent or affiliates.
j 1. .. No Cross default / cross acceleration with parent or affiliates
j 2. .. No covenants tied to ratings of parent or affiliates

I-C Avoid extraneous liabilities

k. Protected Co. does not guarantee the liabilities of affiliates
l. Parent and affiliates do not represent to the public or creditors that the Protected Co. is liable for parent or affiliate obligations
m. Not subject to joint tax liability, other than as required by law

I-D

n. Avoids excessive debt leverage

1. A provision may appear in more than one category if appropriate. Source: Lapson Advisory.

Protective Policies and Practices, continued (1)

Protective Policies and Practices (1)

TRACK II: Avoids Consolidation in Bankruptcy of Parent or Affiliates

II-A Has barriers to involuntary consolidation

Is a separate legal entity; separate name and identity
[Same as 'a' above]
Maintains separate financial accounts. No commingling of assets.
[Same as 'b' above]
Arm's length standard for transfers of assets, services and supplies
[Same as 'e' and 'g' above]
Protected Co. does not represent that it is responsible for obligations of parent or affilliates.
[Same as 'l' above.]

o. Protected Co. has separate accounting books & records.
p. Protected Co. maintains all legal formalities to preserve its existence.
q. Protected Co. does not own shares of parents or affiliiates

1. A provision may appear in more than one category if appropriate. Source: Lapson Advisory.

Analysis and Evaluation of PNM Regulatory Commitments

JA Revised Exhibit EL-5

Is contained in the following 12 pages.

JA Exhibit EL-5: Analysis and Evaluation of PNM Regulatory Commitments

NOTE: A commitment may be cited more than once if it satisfies multiple criteria.

	Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
I. Viability: Able to Maintain Its Assets and Solvency				
I-A	**Prevent the diversion of Protected Co. assets**			
a.	Is a separate legal entity; maintains its separate name and identity	21. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.	21 SAME as old 18.	Meets Standard
b.	Maintains separate financial accounts in its own name; no commingling of assets	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities. 24. PNM will not share credit facilities with Troy or its affiliates (other than PNM or subsidiaries of PNM), except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.	28 SAME as old 24. 24 SAME as old 21 with added detail.	Meets Standard
c.	Protected Company owns all of its physical assets in its own name.	**STATUTE or ADMINISTRATIVE CODE** Various New Mexico statutes (NMSA 1978) require that any transfer of utility property may only occur with the Commission's approval, §62-6-12 and 13 and §62-6-19.	SAME	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
d. Has policy/procedures to control dividends from Protected Co.	9. The PNM Board will have decision-making authority as provided by applicable New Mexico law over PNM dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared services fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the PNM Board cannot be overruled by Troy, or any affiliate that controls Troy; provided, that the PNM Board will not take any of the following actions without prior written consent of the holders of a majority of the shares of common stock of PNM: a. hire or terminate any officer; or b.adopt, amend, or deviate from the annual budget or business plan or dividend policy of PNM. 10. A vote of a majority of the disinterested directors can prevent PNM from making any dividends other than tax distributions, if determined in good faith to be required to meet its debt-to-equity commitment. Any amendments or changes to the dividend policy shall be approved by a majority vote of the PNM Board, including the affirmative vote of a majority of the disinterested directors. A vote of majority of the disinterested directors of the PNM Board may prevent PNM from making any dividends at any time during the term of the five-year capex budget that is subject to Regulatory Commitment 14 if the PNM Board reduces PNM's capital expenditures below the 2026-2030 five-year plan based on	9 is SAME with added detail. In 10, "Independent" is changed to "Disinterested "and applicable dates are moved forward to 2026-2030. 12 is expanded to include prohibiting a dividend if its payment would cause a credit downgrade. 13 is SAME.	Meets Standard

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
		12. PNM will not pay dividends, except for tax distributions, if either: (i) its credit rating is belowinvestment grade [or (ii) paying dividends would cause its credit rating to be below investment grade, in each case,] unless otherwise permitted by the Commission; PNM will notify the Commission promptly of any change in its credit rating. 13. PNM will limit its payment of dividends, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP, unless otherwise approved by the Commission.		
e.	Has policy/procedures to control asset transfers and asset diversion from the Protected Company to parent or sister companies	42. PNM, TXNM, and Troy will abide by Commission affiliate standards as they apply to PNM and maintain an arm's-length relationship with TXNM and Troy and its affiliates, consistent with any variance approved by the Commission. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone. 45: In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.	42 same as old 28, but expanded greatly. New 43, 44, 45 greatly expand upon old 28.	Meets Standard

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
f.	Assets are not pledged for the benefit of parent or sister companies	22. PNM will not pledge its assets, stock, or revenues for the benefit of any entity other than PNM or subsidiaries of PNM nor use such assets, stock or revenues as a guarantee or collateral against any debt issued or liability incurred by any entity other than PNM or subsidiaries of PNM. No debt of Troy or its affiliates will be recourse to PNM.	22 replaces old 19; more detailed	Meets Standard
g.	Transfers of assets, services, and supplies between the Protected Company and its parent or sister companies are subject to an arm's length standard	42. PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM's subsidiaries in accordance with PNM's Commission approved Cost Allocation Manual, as annually updated. PNM's annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM's corporate policies for procurement. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.	New 42, 43, 44 , and 45 greatly expand on old 28.	Meets Standard

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
		45. In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.		
h.	Protected Co. does not lend to parent or affiliates (Permissible exception - with formal documentation, as in an authorized Money Pool)	23. Aside from PNM's arrangements with TXNM, PNM will not engage in intercompany debt or lending with Troy, or any affiliate that controls Troy, unless authorized by the Commission. Notwithstanding the foregoing, PNM may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the disinterested directors of the PNM Board, and provided further that nothing herein obligates Troy or any of its affiliates to lend money to PNM or any of its affiliates at any time. 24. PNM will not share credit facilities with Troy or its affiliates (other than PNM or subsidiaries of PNM), except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.	23 same as old 20 (independent directors changed to disinterested directors). 24 replaces old 21 with small clarification.	Meets Standard
I-B	**Maintains Protected Company's access to its own liquidity**			
i.	Protected Company has separate 3rd party borrowing sources...	**CONTINUATION OF CURRENT PRACTICES** PNM has long issued bonds in its own name and has an individual revolving credit facility. The Application intends that these individual arrangements will continue.	SAME	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)		**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
	and has credit ratings in its own name.	29. PNM will maintain standalone credit ratings, registered with at least 2 Nationally Recognized Statistical Ratings Organizations.	29 SAME as old 25.	Meets Standard
j.	Protected Company's ability to borrow [i.e., conditions of drawing] is not contingent on financial condition of parent or affiliates	26. ...Further, PNM's ability to draw under its credit arrangements will not be contingent on the financial or credit status or default of TXNM, Troy, or any of their affiliates or subsidiaries.	26 SAME as old 23.	Meets Standard
j 1.	No Cross default / cross acceleration with parent or affiliates	26. PNM will not include in any of its debt or credit agreements cross-default provisions tied to affiliates. Under no circumstances will debt of PNM become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries.	26 SAME as old 23.	Meets Standard
j 2.	No covenants tied to ratings of parent or affiliates	See no. 26 above.	26 SAME as old 23.	Meets Standard
I-C	**Is insulated from liabilities of parent and affiliates**			

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
l.	Parent and affiliates do not represent to the public or creditors that the Protected Co. is liable for parent or affiliate obligations	**STATUTE or ADMINISTRATIVE CODE** NM Administrative Code 17.6.450.10(C)(5): "the public utility will not without prior approval of the Commission: (a) loan its funds or securities or transfer similar assets to any affiliated interest, or (b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests." Also NMSA 62	SAME	Meets Standard
m.	Protected Company is not subject to joint tax liability, other than as required by law	**STATUTE** US Internal Revenue Act and Internal Revenue Code. PNM is a party to a consolidated tax return with the TXNM companies, and is subject to an intercompany tax sharing agreement. Several liability of parties to consolidated returns is unavoidable.	SAME	Acceptable
I-D	**Enhances financial viability by controlling financial leverage**			
n.	Avoids excessive debt leverage	30. PNM will not take on any new debt in conjunction with the Acquisition. 31. PNM will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.	30 SAME as old 26; 31 SAME as old 27.	Meets Standard
II. Avoids Consolidation in Bankruptcy of Parent or Affiliates				
II-A	**Has barriers to involuntary consolidation**			
Same as I-A (a)	Is a separate legal entity; separate name and identity	21. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.	21 SAME as old 18.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)		**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
Same as I-A (b)	Maintains separate financial accounts. No commingling of assets	28. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes. 25. PNM will not commingle funds, assets, or cash flows with affiliates (other than PNM or subsidiaries of PNM), except as authorized by the Commission.	28 SAME as old 24. 25 SAME as old 22 with clarification.	Meets Standard
Same as I-A (g)	Arm's length standard for transfers of assets, services and supplies	42. PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM's subsidiaries in accordance with PNM's Commission approved Cost Allocation Manual, as annually updated. PNM's annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM's corporate policies for procurement. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.	42 replaces and greatly expands upon old 28, expanded further by adding 43, 44, 45.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)		**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
		45. In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.		
Same as I-C (l)	Protected Co. does not represent that it is responsible for obligations of parent or affiliates	**STATUTE or ADMINISTRATIVE CODE** NM Administrative Code 17.6.450.10(C)(5): "the public utility will not without prior approval of the Commission: (a) loan its funds or securities or transfer similar assets to any affiliated interest, or (b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests." Also NMSA 62	SAME	Meets Standard
o.	Protected Co. has separate accounting books & records	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities	28 SAME as old 24	Meets Standard
p.	Protected Co. maintains all legal formalities to preserve its existence	**CONTINUATION OF CURRENT PRACTICES** PNM is a long-established entity with procedures and policies that preserve its legal status.	SAME	Meets Standard
q.	Protected Co. does not own shares of parents or affiliates	**STATUTE or ADMINISTRATIVE CODE** Pursuant to NM Administrative Code 17.6.450.10, doing so would require prior consent of the Commission.	SAME	Meets Standard

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
NEW	Independent review of all bankruptcy remoteness provisions and practices	19. Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM), a bankruptcy court will not consolidate the assets and liabilities of PNM with TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM).	New 19: added commitment	Adds Independent Review

1. A provision may appear in more than one category if appropriate. Source: Lapson Advisory.

III.	**Additional Regulatory Conditions–-** Not required for non-consolidation or rating agency standards, but significant to regulators and stakeholders.			
	Maintain authority of the Commission, acknowledge Commission's jurisdiction	15. Commission jurisdiction over PNM remains and will not be adversely affected by the Acquisition. PNM will continue to abide and be bound by existing applicable Commission rules, regulations, orders. 16. Joint Applicants and Blackstone Infrastructure acknowledge the Commission's jurisdiction and authority to initiate a future proceeding to modify any or all these Regulatory Commitments adopted as part of the final order in this proceeding.	15 and 16 are SAME.	*
	Sole business is electric utility service	20. Sole authorized purpose of PNM will be the provision of electric utility service and ownership of any subsidiaries.	20 SAME as old 17, adds "ownership of subsidiaries".	*
	Maintain-headquarters in jurisdiction	34. TXNM and PNM headquarters will remain in NM as long as owned by Troy ParentCo.	34 SAME as old 31.	*

	Standard of Protection from Framework (Exhibit EL-4)	**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
	No recovery of acquisition premium.	33. PNM will not seek recovery in rates of any transaction acquisition premium. Any goodwill associated with the Acquisition will not be included in rates, rate base, cost of capital, or operating expenses in future PNM ratemaking proceedings. Neither PNM, TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition and the goodwill as a result of the Acquisition will have no accounting impact on PNM's assets. Furthermore, no incremental goodwill will be allocated to or recognized in PNM's financial statements. Write-downs or write-offs of goodwill associated with the Acquisition will not be included in the calculation of net income of PNM for dividend or other distribution payment purposes.	33 Replaces old 30, expanded with added detail.	*
	No recovery of transaction or transition costs	32. PNM will not seek recovery of transaction or transition costs from customers in PNM's rates; transition costs shall not include employee time and labor.	29 SAME as old 29.	*
	Books and records/reporting transparency	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities	28 SAME as old 24.	*
NEW	Compliance Reporting	17. For all Regulatory Commitments that have an ongoing obligation or have not yet been completed, PNM will file annual updates as part of the established reporting process for Annual Reports pursuant to 17.3.510 NMAC. Such annual updates will include a list of the directors currently comprising the PNM Board, including identification of the directors currently satisfying the disinterested, utility executive experience and New Mexico residency requirements contemplated by Regulatory Commitment 6.	New compliance reporting commitment.	*

Standard of Protection from Framework (Exhibit EL-4)		**Regulatory Commitments or Statutory Basis**	**Notes on Revision**	**Fulfills Standard as Revised**
NEW	Financial Reportiing	18. If PNM is not filing or the subject of reports with the United States Securities and Exchange Commission, PNM will file with the Commission financial statements (that are compliant with US GAAP) on the cadence required by the United States Securities and Exchange Commission, including the notes thereto, and Management Discussion and Analysis (substantially consistent with that included in Form 10-K and 10-Q filed with the United States Securities and Exchange Commission).	New financial reporting commitment.	*
	Parent officers and directors	35. PNM President and CEO and senior management will continue to have day-to-day control over operations.	35 SAME as old 32.	*
	Maintain union labor contracts and other labor arrangements	37. For at least three years post-closing, PNM will not implement any involuntary workforce reductions (other than for cause or performance) or reductions in wages or benefits. 38. TXNM will continue to honor PNM's labor contracts with the International Brotherhood of Electrical Workers.	37 SAME as old 34; 38 SAME as old 35.	*
	Continued Ownership	36. Troy will maintain controlling interest in PNM for a period of at least 10 years after the closing of the Acquisition.	36 SAME as old 33.	*
	Assure funding of the capex program	14. PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 2026-2030 capital budget of $4.9 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM's control, including, without limitation, siting delays, cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.	Moves the dates forward to 2026-2030and expands amount of capital budget.	*

* These additional regulatory conditions exceed the standards of protection in the Framework, Exhibit EL-4.

S&P Global Ratings, “Public Service Co. of New Mexico”, December 12, 2025

JA Revised Exhibit EL-6

Is contained in the following 9 pages.

S&P Global
Ratings

Research

Public Service Co. Of New Mexico

December 12, 2025

This report does not constitute a rating action.

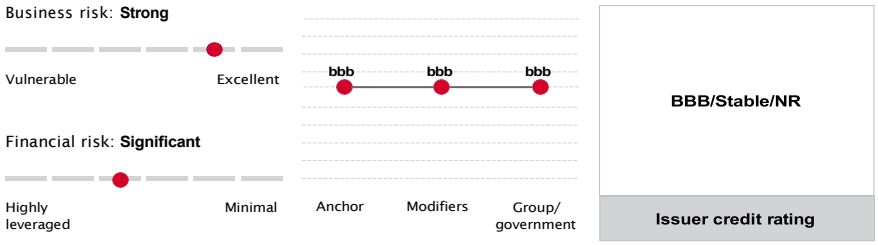
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Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Low-risk, rate-regulated, and vertically integrated electric utility with a diverse fuel mix.	Historically challenging regulatory environment in New Mexico.
Steady revenue from residential customer base supports credit quality.	Robust capital spending and continued negative discretionary cash flow indicate external funding needs.
	Elevated physical risks due to wildfire-prone service territory.

We continue to monitor the announced acquisition of the company's parent by Blackstone Infrastructure (BI). Earlier this year, TXNM Energy Inc.--the parent of Public Service Co. of New Mexico (PNM)--entered into a definitive agreement to be acquired by BI through an all-equity transaction. We view the acquisition favorably because we believe BI's experience in the sector and financial strength will support TXNM's expansion. Specifically, we believe the parent's funds from operations (FFO) to debt will increase above 14% following the close of the transaction,

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which is a level we view as supportive of our 'BBB' issuer credit rating. We expect the transaction, which remains subject to regulatory approvals, will close in 2026.

The transaction does not affect our ratings on TXNM's subsidiary PNM, which we continue to view as core to its parent. Therefore, we continue to align our rating on PNM with our rating on its parent.

We assess PNM's business risk as strong. This reflects the company's vertically integrated and fully rate-regulated utility business, which is partially offset by the challenging, albeit improving, regulatory environment in New Mexico. Our assessment of PNM's business risk also incorporates its role as an essential service provider in its service territory. Given the material barriers to entry, PNM--and the regulated utility industry as a whole--are effectively insulated from competitive market challenges. This underlines our view of regulated utilities' very low industry risk. Furthermore, our assessment incorporates the company's about 4,268 megawatts (MW) of owned and contracted generation capacity, which it derives from a diverse fuel mix, including about 50% from renewables, about 23% from natural gas, 15% from energy storage, 7% from nuclear, and about 5% from coal.

However, our assessment is constrained by PNM's operation in what we view as one of the most challenging regulatory jurisdictions in the U.S. This reflects the New Mexico Public Regulation Commission's (NMPRC) historical regulatory decisions, including disallowances, which have challenged the consistency of the regulatory construct in New Mexico and led to volatile profit measures for PNM in recent years, despite its stable customer base. That said, we believe recent developments, including the transition to the gubernatorial-appointed commissioners in 2023, PNM's recent credit-supportive rate-case order, and the approval of its 2028 resource plan, are indicative of a potentially improving regulatory environment. That said, the NMPRC will need to demonstrate a longer track record of supportive regulatory decisions before we revise our view of its regulatory construct. PNM's transmission business (about 25% of its rate base) is regulated by the Federal Energy Regulatory Commission (FERC), under which it benefits from the use of forward-looking formula rates.

Our ratings also incorporate the company's exposure to wildfire risks in its service territory. PNM continues to invest in vegetation management and wildfire prevention plans, including its implementation of a Public Safety Power Shutoff (PSPS) in 2024. We view the PSPS as a critical means for utilities to reduce their wildfire risk.

We expect PNM's funds from operations (FFO) to debt will be in the 13%-14% range through 2027. We expect elevated capital spending of roughly $2.1 billion from 2025-2027, reflecting the company's investments in grid modernization and new resources to support demand. PNM's 2028 resource stipulation filing was approved earlier this year--which allows for the addition of system resources, including battery storage, power purchase agreements, and solar projects--to meet its customers' needs. In addition, the company has filed an update to its first grid modernization plan, under which it requested an approximately $23 million increase in its investments (to $367 million over the first six years). PNM will also continue providing service to Meta for a data center, though it will pass the costs for these resources through to Meta under a rate rider, proposed revisions to which are pending approval from the NMPRC. While the company is increasing its capital spending, we believe the recent rate-case order and periodic rate increases for its FERC-regulated assets will support its credit quality. In May 2025, PNM received authorization to increase its revenue by about $105.0 million based on a 9.45% return on equity and a 51% equity ratio.

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We forecast that the company will consistently generate negative discretionary cash flow, which we anticipate it will fund with a combination of debt and capital contributions from its parent. Furthermore, we expect PNM's financial measures will remain at the lower end of our expected range for its financial risk profile category, primarily due to its robust capital spending. Our base-case forecast assumes the company's S&P Global Ratings-adjusted FFO to debt remains in the 13%-14% range through 2027.

We assess PNM’s financial risk profile using our medial volatility financial benchmarks, which reflects its steady cash flow and rate-regulated utility operations. These benchmarks are more relaxed than those we use for typical corporate issuers.

Outlook

The stable outlook on PNM reflects our stable outlook on its parent, TXNM. The stable outlook on TXNM reflects our expectation it will improve its financial measures such that it maintains FFO to debt of more than 14%, albeit with a minimal downside cushion. This assumes BI successfully acquires TXNM in 2026, maintains a prudent financial policy, and that TXNM continues to manage its regulatory risk in a constructive manner.

Downside scenario

We could lower our rating on PNM if we lower our rating on TXNM. We could lower our ratings on TXNM in the next 24 months if its FFO to debt remains consistently below 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 it receives unfavorable rate outcomes. We could also lower our ratings if BI pursues aggressive financial policies or the company is the cause of a catastrophic wildfire.

Upside scenario

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

Our Base-Case Scenario

Assumptions

- The continued use of regulatory mechanisms, including general rate case fillings, to manage its regulatory risk;
- Capital spending of about $2.1 billion through 2027;
- Consistent negative discretionary cash flow generation; and
- All debt maturities are refinanced.

Key metrics

Public Service Co. of New Mexico--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027

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Public Service Co. of New Mexico--Forecast summary

	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Adjusted ratios							
Debt/EBITDA (x)	4.3	4.4	6.9	4.8	5.0-6.0	5.0-6.0	5.0-6.0
FFO/debt (%)	21.6	19.5	10.6	17.2	13.0-13.5	13.0-13.5	13.5-14.5
FFO cash interest coverage (x)	8.4	7.9	3.6	5.8	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. FFO--Funds from operations.

Company Description

PNM is a vertically integrated utility company that generates, transmits, and distributes electricity to about 550,000 customers in New Mexico. The company is a wholly owned subsidiary of TXNM and accounts for about 60% of its parent's EBITDA.

Peer Comparison

Public Service Co. of New Mexico--Peer Comparisons

	Public Service Co. of New Mexico	Arizona Public Service Co.	Tucson Electric Power Co.	Nevada Power Co.	Entergy Texas Inc.
Foreign currency issuer credit rating	BBB/Stable/NR	BBB+/Stable/A-2	A-/Stable/NR	A-/Stable/NR	BBB+/Stable/--
Local currency issuer credit rating	BBB/Stable/NR	BBB+/Stable/A-2	A-/Stable/NR	A-/Stable/NR	BBB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	$	$	$	$	$
Revenue	1,357	5,125	1,805	2,873	2,024
EBITDA	547	2,222	663	930	768
Funds from operations (FFO)	456	1,624	565	533	582
Interest	123	488	111	237	145
Cash interest paid	96	419	98	220	152
Operating cash flow (OCF)	310	1,660	650	973	801
Capital expenditure	670	2,249	783	1,086	1,276
Free operating cash flow (FOCF)	(360)	(589)	(133)	(112)	(475)
Discretionary cash flow (DCF)	(411)	(1,012)	(218)	(187)	(546)
Cash and short-term investments	3	4	14	23	185
Gross available cash	3	4	14	23	185
Debt	2,653	8,292	2,738	4,300	3,483
Equity	2,190	8,376	3,103	4,448	3,341
EBITDA margin (%)	40.3	43.4	36.7	32.4	38.0
Return on capital (%)	7.1	7.3	7.7	7.6	7.1
EBITDA interest coverage (x)	4.4	4.6	6.0	3.9	5.3
FFO cash interest coverage (x)	5.8	4.9	6.8	3.4	4.8
Debt/EBITDA (x)	4.8	3.7	4.1	4.6	4.5

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Public Service Co. of New Mexico--Peer Comparisons

FFO/debt (%)	17.2	19.6	20.6	12.4	16.7
OCF/debt (%)	11.7	20.0	23.7	22.6	23.0
FOCF/debt (%)	(13.6)	(7.1)	(4.9)	(2.6)	(13.6)
DCF/debt (%)	(15.5)	(12.2)	(8.0)	(4.4)	(15.7)

Liquidity

As of September 2025, we assess PNM's liquidity as adequate. We expect the company's sources of cash will be more than 1.1x its uses over the coming 12 months and anticipate that its net sources will remain positive even if its forecast consolidated EBITDA declines by 10%. We believe PNM's predictable regulatory framework provides it with a manageable level of cash flow stability, even in times of economic stress, which supports our use of slightly lower thresholds to assess its liquidity. In addition, we believe the company is able to absorb high-impact, low-probability events, which reflects its about $400 million of committed credit facilities through March 2029. PNM also has a $40 million New Mexico facility available through May 2030. Additionally, we believe the company can reduce its high capital spending, if needed, to support its credit measures. Furthermore, our assessment reflects PNM's generally prudent risk management and sound relationships with its banking group. Overall, we believe the company could withstand adverse market circumstances over the next 12 months while maintaining sufficient liquidity to meet its obligations. We expect PNM will proactively address its debt maturities well in advance of their scheduled due dates.

Principal liquidity sources	Principal liquidity uses
• Credit facility availability of about $282 million as of Sept. 30,2025; • Cash FFO of about $440 million; • New $120 million term loan; and • Ongoing group support.	• Debt maturities of about $560 million, including long term and short-term debt; and • Maintenance capital spending of about $325 million.

Covenant Analysis

Requirements

The company is subject to a debt to capitalization ratio of less than 65%.

Compliance expectations

We expect the company will maintain a sufficient cushion under this covenant over our forecast period.

Environmental, Social, And Governance

Environmental and social factors are a negative consideration in our credit rating analysis of PNM, given that it derives about 5% of its generation capacity from coal, 23% from natural gas,

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7% from nuclear, 15% from energy storage, and 50% from renewables. The company's environmental risks include the ongoing cost of operating fossil units and the potential for changing environmental regulations, which could require significant capital investments. The company's nuclear power generation also exposes it to potential waste, health, and safety risks. In addition, our assessment considers PNM's exposure to wildfire risk in New Mexico. We are monitoring the lawsuits against the company related to the McBride wildfire in Ruidoso, N.M., which the plaintiffs allege was caused by the utility. The company continues to invest in vegetation management and implemented its PSPS plan in New Mexico in May 2024.

Group Influence

PNM is a wholly owned subsidiary of TXNM. We consider the company to be core to its parent, which reflects our view that it is highly unlikely to be sold, operates in a line of business integral to the group's overall strategy, benefits from a strong long-term commitment from TXNM's senior management, and is closely linked to its parent's name and reputation. Therefore, our issuer credit rating on PNM reflects our 'bbb' group credit profile on TXNM.

Issue Ratings--Subordination Risk Analysis

Capital structure

- As of September 2025, PNM's capital structure compromised about $3.1 billion of long- and short-term debt, the majority of which was senior unsecured.

Analytical conclusions

- We rate PNM's senior unsecured debt 'BBB', the same level as our issuer credit rating, because we view this instrument to be the unsecured debt of a qualifying investment-grade utility.
- We rate PNM's preferred stock 'BB+', two notches below our issuer credit rating, to reflect the deferability and subordination of the hybrid security.

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Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Stable/NR**
Local currency issuer credit rating	**BBB/Stable/NR**
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**
Group credit profile	**bbb**
Entity status within group	**Core**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- 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
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

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Related Research

- TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable, May 19, 2025

Ratings Detail (as of December 12, 2025)*	
Public Service Co. of New Mexico	
Issuer Credit Rating	BBB/Stable/NR
Preferred Stock	BB+
Issuer Credit Ratings History	
15-Jan-2024	BBB/Stable/NR
21-Sep-2021	BBB/Positive/NR
21-Oct-2020	BBB/Positive/A-2
Related Entities	
Texas-New Mexico Power Co.	
Issuer Credit Rating	BBB+/Stable/--
Senior Secured	A
TXNM Energy Inc	
Issuer Credit Rating	BBB/Stable/NR
Junior Subordinated	BB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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Public Service Co. Of New Mexico

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S&P Global Ratings, "TXNM Energy Ratings Not Immediately Affected by the Final Show-Cause Order", July 10, 2026.

JA Revised Exhibit EL-7

Is contained in the following 5 pages.

S&P Global
Ratings

Research

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.

Primary Contact

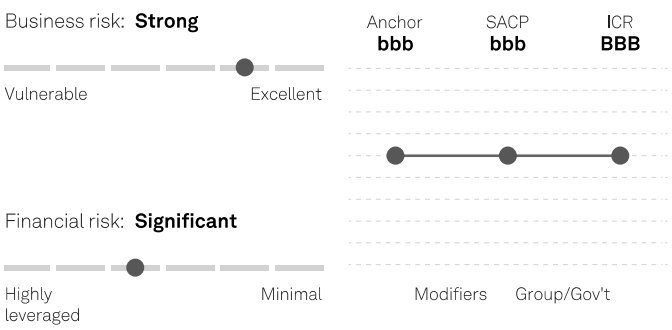
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Ratings Score Snapshot



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

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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)

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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
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- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

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Moody's Ratings, "Public Service Company of New Mexico, June 30, 2026.

JA Revised Exhibit EL-8

Is contained in the following 15 pages.

MOODY'S RATINGS

CREDIT OPINION
30 June 2026

Update

Send Your Feedback

RATINGS

Public Service Company of New Mexico

Domicile	Albuquerque, New Mexico, United States
Long Term Rating	Baa2
Type	LT Issuer Rating
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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Public Service Company of New Mexico

Update to credit analysis

Summary

Public Service Company of New Mexico's (PNM, Baa2 stable) credit profile reflects its business risk as a regulated, vertically integrated electric utility operating in the New Mexico regulatory environment, which we continue to view as more challenging than most US jurisdictions. While recent actions provide evidence of improvement, including more constructive rate case outcomes, regulatory approval of energy transition related investments, and greater use of targeted cost recovery mechanisms, whether this more constructive regulatory trajectory is sustained over time remains a key consideration, particularly as the scale of PNM's capital program increases.

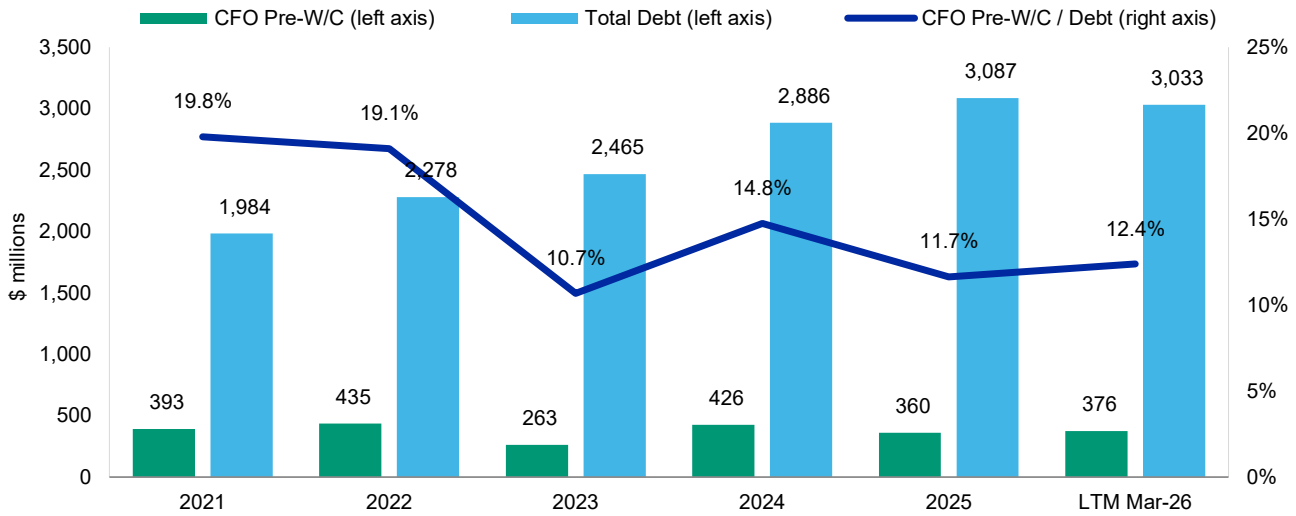
PNM's credit profile also incorporates its financial performance, which has historically supported the current rating level but softened in 2025. This resulted from adverse weather impacts, timing effects related to regulatory lag, and the initial phase of a higher capital investment cycle. As of 31 March 2026, PNM's ratio of CFO pre WC to debt was 12.4%, or approximately 13.9% on an adjusted basis excluding one time items and securitization related debt. Looking ahead, PNM is expected to account for a significant portion of TXNM's incremental capital spending as investment remains elevated to support the energy transition and load growth. As a result, credit metrics are expected to remain somewhat weaker during the current investment cycle, with CFO pre working capital to debt in the mid-teens, subject to variation depending on the pace of project approvals, execution, and recovery.

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 May 1st, 2026, Moody's assigned a Prime-2 (P-2) short-term rating to PNM's new $400 million commercial paper (CP) program. The program will be used to fund working capital and growing capital expenditure needs in the service territory. The CP program is back-stopped by PNM's existing $400 million revolving credit facility which expires in March 2030 (not rated).

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

» Financial profile expected to continue to support credit quality

» Complete overhaul of the regulatory commission has the potential to lead to a more stable and predictable regulatory regime over time

» New Mexico's Energy Transition Act (NM ETA) should provide construct for PNM to transition its generation portfolio toward clean energy

» Cost recovery mechanisms like securitization are available through legislation to recover stranded costs, although regulatory approval has not always been straightforward

Credit challenges

» Regulatory environment in New Mexico has historically been more challenging than most US jurisdictions mainly due to inconsistent and unpredictable regulatory decisions

» Approval to abandon Four Corners coal-fired power plant and cost recovery through securitization had been denied, although PNM has the option to request again

» Capital investments increasingly elevated which will require additional debt financing

Rating outlook

PNM's stable outlook reflects our expectation the company is able to maintain financial metrics that support credit quality including a ratio of CFO pre-W/C to debt in the mid-teens range. The stable outlook incorporates our expectation that the regulatory environment will remain generally supportive and the company's elevated capital expenditures will be financed in a balanced manner that is consistent with PNM's targeted capital structure.

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 an upgrade

PNM could be upgraded if the New Mexico regulatory environment was to exhibit a sustained improvement through credit supportive regulatory decisions that reduce the utility's business and financial risks, and enhance PNM's ability to consistently recover prudently incurred costs and investments and earn its allowed return. Moreover, if financial metrics improve such that PNM's ratio of CFO pre-W/C to debt is sustained above 20%, the rating could be upgraded.

Factors that could lead to a downgrade

PNM could be downgraded if the New Mexico regulatory environment becomes more contentious such that the company's ability to earn its allowed return becomes more challenging or its business risk profile becomes elevated because of material cost recovery disallowances. Moreover, if financial metrics decline such that PNM's ratio of CFO pre-W/C to debt is sustained below 16% on an adjusted basis, the rating could be downgraded.

Key indicators

Exhibit 2

Public Service Company of New Mexico

	2021	2022	2023	2024	2025	LTM Mar-26
CFO Pre-W/C + Interest / Interest	7.8x	7.4x	3.6x	4.5x	3.5x	3.5x
CFO Pre-W/C / Debt	19.8%	19.1%	10.7%	14.8%	11.7%	12.4%
CFO Pre-W/C – Dividends / Debt	16.7%	12.3%	10.7%	13.0%	11.6%	12.4%
Debt / Capitalization	42.8%	46.2%	47.8%	49.5%	48.7%	47.5%

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

PNM is the principal operating subsidiary of TXNM Energy, Inc. (TXNM, Baa3 stable), a regulated utility holding company that also owns Texas-New Mexico Power Company (Baa1 stable). PNM is a regulated vertically integrated electric utility with over 550,000 electricity customers in north central New Mexico, including the cities of Albuquerque, Rio Rancho, and Santa Fe, and certain areas of southern New Mexico. PNM also provides electricity to wholesale customers in New Mexico and has approximately 4,700 MWs of generation capacity.

Exhibit 3
PNM's service territory



Source: Company website

Detailed credit considerations

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

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 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.

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.

Ongoing energy transition and load growth continue to drive elevated capital investment

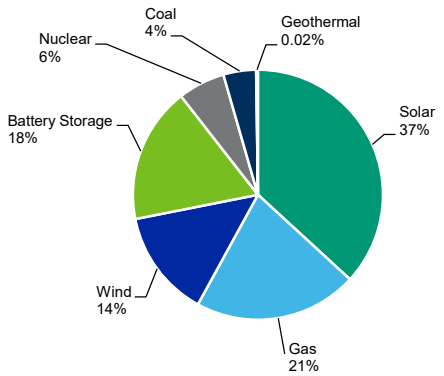
TXNM is undertaking a materially expanded capital program reflecting the combined demands of the clean energy transition and accelerating load growth across its regulated utilities. The company's updated 2026–2030 capital investment plan totals approximately $10.2 billion, up from approximately $7.8 billion prior. PNM accounts for approximately 48% of the consolidated plan, with annual

capital spending ranging from approximately $655 million to $1.5 billion over the period, weighted toward the later years as generation replacements, transmission buildout, and large-load infrastructure development accelerate.

PNM continues to execute a multiyear transition of its generation portfolio toward carbon free resources in line with New Mexico's Energy Transition Act, which targets 100% carbon free electricity by 2045. As of 2026, the company's installed and contracted capacity is already majority carbon free, with renewables and energy storage representing roughly two thirds of total capacity, supplemented by nuclear generation and a declining share of natural gas. Achieving the remaining transition requires continued investment in utility owned and contracted renewables, battery storage, and supporting transmission infrastructure, as well as incremental dispatchable resources to maintain system reliability as legacy thermal generation retires.

PNM's transition strategy has advanced through a series of Integrated Resource Plans (IRP) and resource specific filings with the NMPRC. The company's approved 2023 IRP established a long term pathway for decarbonization while accounting for reliability, cost, and system flexibility. More recently, PNM has obtained NMPRC approval for multiple near term resource additions, including solar generation and battery storage under its 2026 and 2028 resource plans, as well as approval of utility owned distribution level batteries. In addition, PNM has filed for renewable and storage resources selected through its 2029–2032 request for proposals, alongside related transmission projects intended to integrate new wind and solar resources into the system. The resource filings are intended to address a forecasted increase in demand of approximately 40% by 2032. Further, PNM is looking to exit its 13% ownership interest or 200 MWs in the Four Corners coal-fired power plant by no later than its 2031 ownership agreement expiration date. The IRP incorporates replacing the power from San Juan and Four Corners with a combination of carbon-free resources such as renewables and energy storage. The next IRP is scheduled to be filed in September 2026.

Exhibit 4
Generation capacity by fuel type, owned, leased and PPAs as of 31 December 2025



Source: Company filings

At the same time, expansion of existing data center demand and the entry of new large commercial and industrial customers are necessitating additional investment in substations, transmission lines, and, in some cases, incremental generation and storage capacity. These growth related investments often must be undertaken in advance of load taking service, adding to the overlap between policy driven transition spending and customer driven system expansion.

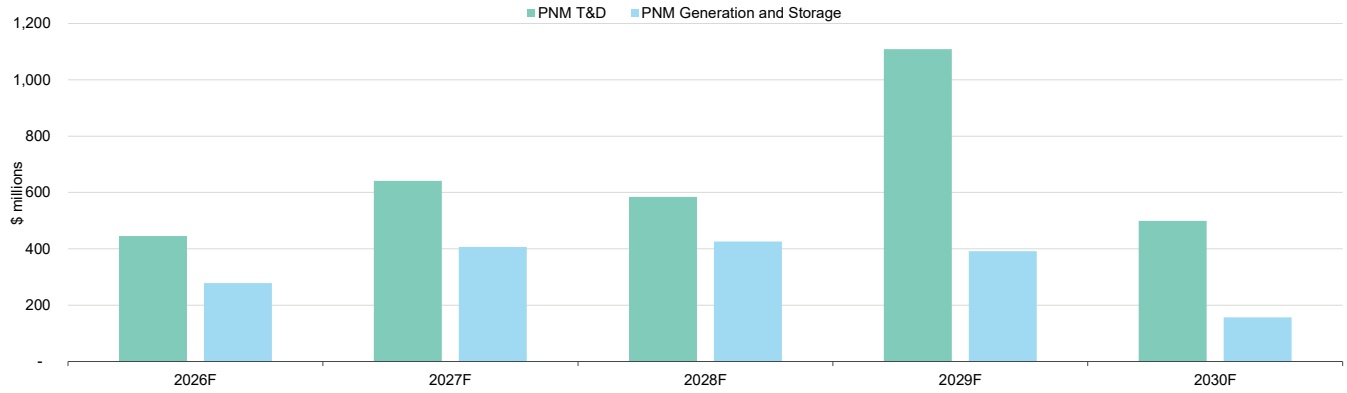
Recent New Mexico legislation (SB 169 and SB 170) establishes a framework for accelerated site-readiness and approval intended to facilitate large load development. SB 169 identifies and funds strategic development sites, while SB 170 allows utilities to seek expedited regulatory approval and defer recovery 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. As a result, PNM's sustained investment in renewables, storage, transmission, and growth related infrastructure could result in interim pressure on cash flow metrics, until assets are placed in service and recovery mechanisms are reflected in customer rates.

Financial profile expected to remain stable and continue to support credit quality

PNM has generally maintained a financial profile consistent with its current rating level. Recent financial metrics have weakened relative to historical averages, largely reflecting adverse weather conditions in the service territory, incremental capital spend, phased rate implementation, and other non recurring items. As of 31 March 2026, PNM's ratio of CFO pre WC to debt was 12.4%, or approximately 13.9% when excluding the impact of securitization debt.

Looking forward, PNM's capital investment program remains elevated as the utility continues to invest in T&D infrastructure, renewable generation, energy storage, and grid modernization to support the clean energy transition and accommodate incremental load growth. The degree to which credit metrics will be affected over the investment cycle remains uncertain, as it will depend on the pace and timing of project approvals, execution, regulatory recovery, and the extent to which rate mechanisms keep pace with capital deployment. A meaningful portion of planned capital spending remains subject to additional approvals from the NMPRC, which could influence the ultimate pacing of expenditures.

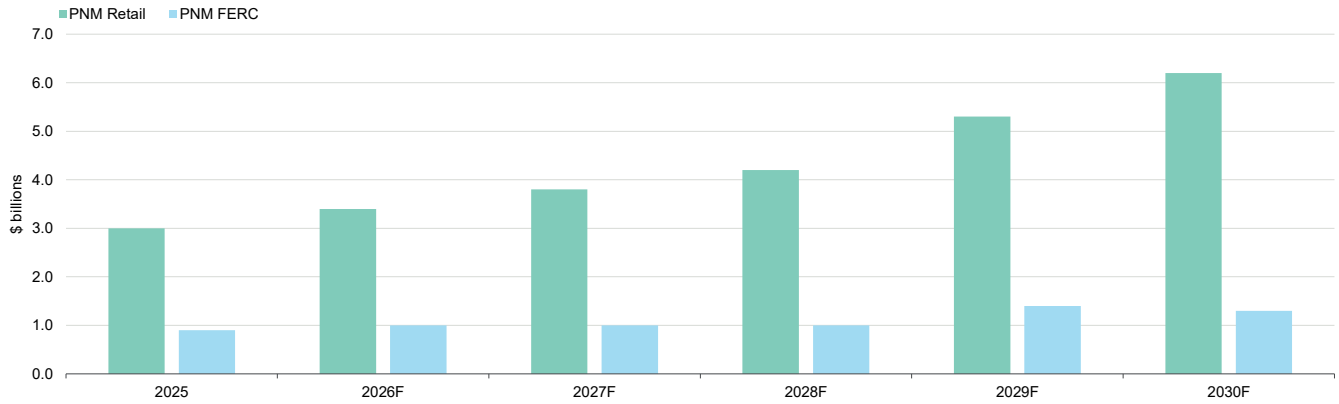
Exhibit 5
PNM projected capital investments



Source: Company filings

We expect PNM's credit metrics to face pressure in the short to medium term as capital spending accelerates, with CFO pre WC to debt expected in the mid-teens percent with potential for further compression during peak investment years. Over time, the placement of new assets into service and associated cost recovery should alleviate some of this pressure, although the timing and magnitude of improvement are difficult to predict given the scope and duration of the current investment cycle.

Exhibit 6
PNM's current and projected rate base

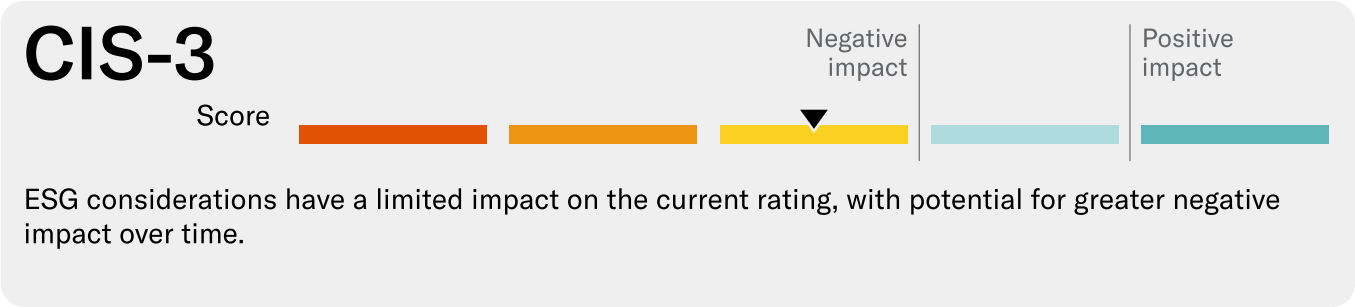


Includes FERC Rate Base
Source: Company filings

ESG considerations

Public Service Company of New Mexico's ESG credit impact score is CIS-3

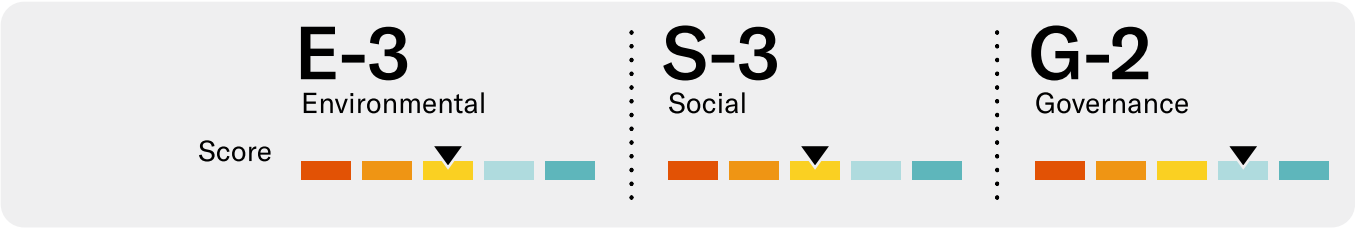
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

PNM'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 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

PNM'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

PNM'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

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

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

PNM has an adequate liquidity profile driven by relatively stable cash flow generation, availability on external credit facilities and typically minimal cash on hand.

For last twelve months ending 31 March 2026, PNM generated cash flow from operations of $389 million, had capital expenditures of $616 million and paid $1 million in dividends, resulting in negative free cash flow of $227 million. The shortfall was largely supplemented with long-term debt issuance. Going forward, we expect the company will use short and long-term debt borrowings, as well as parent capital contributions, to help finance its elevated capital investment program and dividend distributions. We expect any financings will be made in a balanced manner that will maintain its regulated capital structure of around 50% debt and equity.

PNM has a $400 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 $354.1 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, PNM is required to always maintain unused revolving credit facility capacity in an amount not less than CP borrowings outstanding. As a result, PNM's effective CP borrowing capacity will be limited to $354.1 million following the step down, unless the departing lender is replaced or the facility is otherwise amended. PNM also has an additional $40 million facility with local New Mexico banks, which expires in May 2030. As of 31 March 2026, PNM had $88.1 million of borrowings outstanding under the $400 million revolving credit facility and $40 million of borrowings outstanding on the $40 million local bank credit facility. The credit facilities do not contain a material adverse change clause for new borrowings and have only one financial maintenance covenant limiting debt to total capitalization to 65%. As of 31 March 2026, PNM was well in compliance with this debt covenant.

PNM can also borrow up to $100 million from its parent as part of an intercompany borrowing arrangement. As of 31 March 2026, PNM had no intercompany borrowings from TXNM.

PNM's next near-term debt maturity is a $195 million unsecured term loan due in July 2026.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for Public Service Company of New Mexico.

Exhibit 9

Rating factors

Public Service Company of New Mexico

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)	3.7x	Baa	3.5x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	11.9%	Ba	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.3%	Baa	11% - 13%	Baa
d) Debt / Capitalization (3 Year Avg)	48.7%	Baa	45% - 50%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa2		Baa2
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				(P)Baa2

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 10

Peer comparison

Public Service Company of New Mexico

	Public Service Company of New Mexico (P)Baa2 Stable			Tucson Electric Power Company A3 Stable			Evergy Metro, Inc. Baa1 Stable			El Paso Electric Company Baa2 Stable			Southwestern Public Service Company 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	FY Dec-24	FY Dec-25	LTM Mar-26
Revenue	1,379	1,484	1,481	1,805	1,689	1,661	1,894	1,916	1,934	1,121	1,139	1,121	1939	2180	2189
CFO Pre-W/C	426	360	376	592	634	606	724	739	742	333	310	297	914	833	892
Total Debt	2,886	3,087	3,033	2,599	2,824	2,899	3,702	3,802	3,883	2,245	2,451	2,684	3751	4369	4143
CFO Pre-W/C + Interest / Interest	4.5x	3.5x	3.5x	6.5x	6.2x	6.0x	5.3x	5.7x	5.7x	3.3x	3.1x	3.0x	6.6x	5.2x	5.5x
CFO Pre-W/C / Debt	14.8%	11.7%	12.4%	22.8%	22.5%	20.9%	19.6%	19.4%	19.1%	14.8%	12.6%	11.1%	24.4%	19.1%	21.5%
CFO Pre-W/C – Dividends / Debt	13.0%	11.6%	12.4%	19.5%	22.5%	15.7%	15.7%	13.1%	14.2%	8.2%	6.7%	6.0%	13.0%	10.6%	12.7%
Debt / Capitalization	49.5%	48.7%	47.5%	40.7%	40.6%	41.4%	47.3%	47.6%	47.9%	47.3%	45.8%	47.9%	42.9%	43.7%	40.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted cash flow reconciliation

Public Service Company of New Mexico

(in $ millions)	2021	2022	2023	2024	2025	LTM Mar-26
FFO	**399.2**	**454.9**	**209.0**	**457.5**	**401.9**	**396.8**
+/- Other	(6.5)	(19.7)	54.4	(31.7)	(42.2)	(21.2)
CFO Pre-WC	**392.7**	**435.2**	**263.4**	**425.8**	**359.7**	**375.6**
+/- ΔWC	19.1	(60.2)	79.4	(111.5)	(11.6)	5.8
CFO	**411.8**	**375.0**	**342.8**	**314.3**	**348.1**	**381.4**
- Div	60.5	154.0	0.5	51.5	0.5	0.5
- Capex	622.4	454.7	565.7	676.9	578.9	609.5
FCF	**(271.1)**	**(233.7)**	**(223.4)**	**(414.1)**	**(231.4)**	**(228.6)**
(CFO Pre-W/C) / Debt	19.8%	19.1%	10.7%	14.8%	11.7%	12.4%
(CFO Pre-W/C - Dividends) / Debt	16.7%	12.3%	10.7%	13.0%	11.6%	12.4%
Debt / Capitalization	42.8%	46.2%	47.8%	49.5%	48.7%	47.5%
(FFO + Interest) / Interest	7.9x	7.7x	3.1x	4.8x	3.8x	3.7x
Revenue	1,362.0	1,766.8	1,403.9	1,379.1	1,484.3	1,480.9
Interest Expense	57.9	67.7	99.5	121.5	145.5	148.4
Net Income	158.1	103.7	31.8	182.6	125.9	109.0
Total Assets	6,056.7	6,268.5	6,803.6	7,394.4	7,674.2	7,674.1
Total Liabilities	4,088.3	4,352.8	4,848.7	5,255.7	5,276.0	5,186.2
Total Equity	1,968.5	1,915.7	1,954.8	2,138.6	2,398.2	2,487.9

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™

Ratings

Exhibit 12

Category	Moody's Rating
PUBLIC SERVICE COMPANY OF NEW MEXICO	
Outlook	Stable
Issuer Rating	Baa2
LT IRB/PC	Baa2
Commercial Paper	P-2
PARENT: TXNM ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa3
Jr Subordinate	Ba1
Commercial Paper	P-3

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	)	
PUBLIC SERVICE COMPANY OF NEW MEXICO, TXNM ENERGY, INC. AND TROY PARENTCO LLC,	)	
JOINT APPLICANTS.	)	

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **Ellen Lapson, CFA, founder and principal of Lapson Advisory, a division of Trade Resources Analytics, LLC.,** upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibits of Ellen Lapson, CFA in Support of the Revised Application** and it is true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ *Ellen Lapson*
ELLEN LAPSON

GCG #534049

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' Motion to Revise Merger Application and Supporting Testimony and for Leave to Supplement Compliance Report and Request for Subsequent Status Conference** was emailed to parties listed below on September 15, 2026:

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