

DOCKET NO. 58536

JOINT REPORT AND APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY AND TROY PARENTCO LLC FOR REGULATORY APPROVALS UNDER PURA §§ 14.101, 39.262, AND 39.915	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS

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TEXAS-NEW MEXICO POWER COMPANY AND TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

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Texas-New Mexico Power Company (“TNMP” or the “Company”) and Troy ParentCo LLC (“Troy” and, together with TNMP, the “Applicants”), file this Joint Report and Application for Regulatory Approvals (the “Application”) with the Public Utility Commission of Texas (the “Commission”) under Sections 14.101, 39.262(*l*)-(m), and 39.915 of the Public Utility Regulatory Act (“PURA”).¹

I. Introduction and Summary

On May 18, 2025, TNMP’s parent company, TXNM Energy, Inc. (“TXNM”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Troy and its subsidiary, Troy Merger Sub, Inc. (“Merger Sub”). Under the terms of the Merger Agreement, Merger Sub will merge with and into TXNM, with TXNM surviving the merger as a direct subsidiary of Troy. Upon completion of the merger and satisfaction of all required regulatory approvals and closing conditions, the separate corporate existence of Merger Sub will cease, and TXNM will continue as the surviving corporation. As a result of the merger, all outstanding shares of TXNM common stock (other than certain excluded shares, such as those held by TXNM in treasury or by Troy or its affiliates) will be converted into the right to receive cash consideration as set forth in the Merger Agreement (these steps are referred to as the “Acquisition”).

Following the closing, TXNM will become a wholly owned subsidiary of Troy. The Acquisition is structured to ensure continuity of operations, with TXNM’s business, assets, and obligations continuing unaffected by the merger, except as specifically provided in the Merger Agreement. The Acquisition is subject to approval by TXNM’s shareholders, as well as receipt of all necessary regulatory approvals and the satisfaction of other customary closing conditions. As part of the Acquisition, Troy proposes to have TXNM’s subsidiary, TNP

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

Enterprises, Inc. (“TNPE”), transfer its 100% ownership interest in TNMP to a newly created special purpose entity TNPE 1, LLC (“TNPE 1”), that will be owned by TNPE, so that there would be an entity interposed between TNMP and TNPE. After closing, TNMP and Public Service Company of New Mexico (“PNM”) will continue to be subsidiaries of TXNM and will be indirect subsidiaries of Troy and Blackstone Infrastructure (defined below).

This application is submitted to seek the regulatory approval by the Commission required to complete the merger. The Acquisition provides significant benefits to TNMP customers and the communities TNMP serves.

II. The Applicants

A. TNMP

TNMP is a transmission and distribution utility serving four areas of Texas, all within the Electric Reliability Council of Texas, Inc. (“ERCOT”) footprint. TNMP serves more than 270,000 homes and businesses across a service territory totaling approximately 13,613 square miles. Headquartered in Lewisville, Texas, TNMP employs about 400 people in more than 70 municipalities throughout the state. TNMP is currently a wholly owned subsidiary of TXNM and receives support services from affiliates located in both Texas and New Mexico.

B. Troy

Troy is the buyer in the Acquisition, and Troy’s indirect controlling owner, Blackstone Infrastructure, will provide Troy with the equity necessary to complete the purchase of TXNM and, indirectly, TNMP. Upon the closing of the Acquisition (the “Closing”), TXNM will be a portfolio company of Blackstone Infrastructure, which will be the controlling investor in Troy. Troy is a new holding company formed for the sole purpose of entering into the Merger Agreement, completing the Acquisition, and thereafter owning 100% of the equity interests in TXNM. Troy conducts no business activities other than its ownership of Merger Sub and will become the sole owner of TXNM at the Closing.

III. Other Entities

A. Merger Sub

Merger Sub is a direct subsidiary of Troy and is newly formed for the sole purpose of entering into the Merger Agreement and completing the Acquisition. Merger Sub has not engaged in any business except for activities incidental to its formation and as contemplated by the Merger Agreement. Subject to the terms of the Merger Agreement, upon completion of the Acquisition, Merger Sub will cease to exist

and TXNM will continue as the surviving corporation.

B. Blackstone Infrastructure

“Blackstone Infrastructure” is an umbrella term used to refer collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. (collectively, “Blackstone Infrastructure Management”) and the investment funds and accounts directly or indirectly controlled by them, including Blackstone Infrastructure Partners L.P. and its parallel funds and accounts (collectively, “BIP”) and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts (“BXINFRA” and, together with BIP, the “Blackstone Infrastructure Funds”). The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone Inc. (“Blackstone”). Blackstone employs nearly 700,000 people across over 250 portfolio companies with approximately 15,000 employed in Texas.

Blackstone is a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX). While the Blackstone Infrastructure Funds have the financial capacity to consummate the Acquisition, as is customary in similar transactions, a minority portion of the total investment has been, and the Applicants anticipate that at the closing of the Acquisition (the “Closing”) a minority portion of the total investment will be, syndicated to passive co-investors that are aligned with the Blackstone Infrastructure Funds’ long-term goals for TXNM through investment funds or accounts controlled by Blackstone Infrastructure Management (the “Blackstone Infrastructure TXNM Co-Investment Funds”).² The investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds are invested, and at the Closing will all be invested indirectly in Troy with no right to appoint directors or otherwise control TNMP. Upon the Closing, the Blackstone Infrastructure Funds will be the indirect majority investors in TNMP, the Blackstone Infrastructure TXNM Co-Investment Funds will be indirect minority investors in TNMP, and Blackstone Infrastructure Management will retain control over all of the indirect investment in TNMP.

² No more than 45% of TXNM would be held, indirectly through the Blackstone Infrastructure TXNM Co-Investment Funds with the balance (approximately 55%) held, indirectly, by the Blackstone Infrastructure Funds at the closing of the Acquisition. For the avoidance of doubt, Blackstone Infrastructure, as defined herein, includes Blackstone Infrastructure Management, the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds. At the Closing, all indirect investments in TXNM, including the investments of the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds, will be controlled by Blackstone Infrastructure Management. At the Closing, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will only hold passive rights in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds intended to protect them against fundamental changes to the investment they are making. Therefore, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will lack the ability to manage or control TXNM at the Closing.

C. Blackstone Infrastructure Funds

BIP is Blackstone’s dedicated infrastructure equity platform. BIP has an open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach that fosters responsible stewardship and stakeholder engagement, creating value for its investors and the communities in which it invests. BIP invests behind leading infrastructure companies and platforms in sectors with long-term growth, including utilities, energy, transportation, digital infrastructure, and water and waste sectors, among others.

BXINFRA is a private fund that primarily invests in infrastructure equity, credit, and secondaries strategies. Like BIP, BXINFRA is structured as a perpetual-life fund, with monthly, fully funded subscriptions and periodic repurchase offers. BXINFRA is exempt from registration under Section 3(c)(7) of the 1940 Act. With an objective to deliver long-term capital appreciation, BXINFRA invests, and seeks to identify, acquire, and operate a diversified portfolio of high-quality, long-duration infrastructure investments that offer the opportunity for risk-adjusted capital appreciation alongside one or more vehicles with substantially similar investment objectives and strategies.

The Blackstone Infrastructure Funds have more than \$64 billion in assets under management and own interests in 18 portfolio companies, two of which are minority investments in investor-owned utilities—Northern Indiana Public Service Company LLC, an Indiana limited liability company, which is a transmission, distribution and generation-owning electric utility, and FirstEnergy Corp., an Ohio corporation, which is a transmission, distribution, and generation-owning electric utility. The Blackstone Infrastructure Funds and their portfolio companies employ approximately 29,000 employees in the United States.

IV. Supporting Information

Applicants provide the following information in support of this Application:

- Direct testimony of the following witnesses: James Neal Walker, Stacy R. Whitehurst, and Emmanuel J. Lopez on behalf of TNMP; Sebastien Sherman and Heidi Boyd on behalf of Troy; Ellen Lapson on behalf of Applicants;
- Merger Agreement (attached to Ms. Boyd’s direct testimony as Exhibit HB-1);
- Organizational Charts Before and After Closing of Acquisition (attached to Ms. Boyd’s direct testimony as Exhibit HB-3);
- Regulatory Commitments (attached to Ms. Boyd’s direct testimony as Exhibit HB-4) (the “Regulatory Commitments”);

- Completed Commission Application for Sale, Transfer or Merger Form, attached as Exhibit A to this Application;
- Proposed Form of Notice, attached as Exhibit B to this Application; and
- Proposed Protective Order, attached as Exhibit C to this Application.

V. The Acquisition

Pursuant to the Merger Agreement, Merger Sub, a direct and wholly owned subsidiary of Troy will merge with and into TXNM, with TXNM being the surviving entity of the merger. Upon the consummation of the Merger Agreement, TXNM will be a direct subsidiary of Troy, and TXNM's subsidiaries, TNMP and PNM, will become indirect and wholly owned subsidiaries of Troy. TNMP would become a direct subsidiary of the newly created special purpose entity, TNPE 1, interposed between TNMP and TNPE and an indirect subsidiary of Troy. The merger will have no effect on TNMP's operations, assets, and regulatory obligations.

Applicants seek approval of the Acquisition as soon as reasonably possible so that they can close the Acquisition expeditiously, following receipt of regulatory approvals and satisfaction of other closing conditions. In addition to approval by this Commission, reviews and approvals will be sought from the New Mexico Public Regulation Commission, Federal Energy Regulatory Commission, Department of Justice (Hart-Scott-Rodino Clearance), Nuclear Regulatory Commission, and Federal Communications Commission.

VI. Standards for Commission Review of the Acquisition

The standards for Commission review of the Acquisition are set out in PURA §§ 14.101, 39.262(*l*)-(m), and 39.915. Under PURA §§ 39.262(*l*)-(m) and 39.915, the Acquisition cannot close unless the Commission finds that it is in the public interest. If the Commission finds that the Acquisition is in the public interest, the Commission shall approve the Acquisition. Under these provisions, the Commission must consider whether the Acquisition will adversely affect the reliability, availability, or cost of service of the electric utility.

Under PURA § 14.101, the Commission must consider whether the Acquisition is consistent with the public interest. In making this determination, the Commission must consider: whether the Acquisition will result in the transfer of jobs to workers outside of Texas, adversely affect the health or safety of the utility's customers or employees, or result in a decline in service; the reasonable value of the property, facilities, or securities to be acquired; and whether the utility will receive consideration equal to the reasonable value of the assets when it sells, leases, or transfers assets.

VII. The Acquisition is in the Public Interest

The Acquisition meets all applicable statutory standards and provides substantial, tangible benefits to TNMP customers and the State of Texas. These benefits are directly attributable to the commitments made by TNMP and Troy in connection with this merger and would not be available absent the Acquisition.

The Regulatory Commitments fall into eight categories:

- Tangible and quantifiable benefits;
- Governance and board structure;
- Financial protections and ring-fencing;
- Local control and management;
- Accounting and ratemaking;
- Regulatory jurisdiction and oversight;
- Corporate governance documents; and
- Code of conduct and affiliate standards.

A. Tangible and Quantifiable Benefits

The Acquisition is in the public interest, because it will provide substantial, tangible, and quantifiable benefits to TNMP's customers and the broader Texas community, including:

- **Rate Credit:** TNMP will provide a direct financial benefit to customers in the form of a rate credit of \$35 million to be paid over 48 months following the closing of the Acquisition.
- **Economic Development:** Troy will contribute \$10 million in Economic Development funds over a period of 10 years to fund one or more of the following: job training, apprenticeships, or scholarships in utility-related areas of industry.
- **Charitable Giving:** TNMP will maintain its historical level of charitable contributions, and it will make additional charitable contributions within TNMP's service territory in the amount of \$500,000 per year for a period of 10 years after the closing of the Acquisition, for a total commitment of \$5 million.

These commitments provide both immediate and long-term benefits to customers and communities, including direct rate credits, workforce development, and enhanced support for local charitable and economic development efforts.

B. Governance and Board Structure

Troy is committed to implementing numerous governance measures for TNMP. The Acquisition is structured to ensure that TNMP remains a Texas-focused utility, with robust local oversight and management. The following governance and board provisions are designed to preserve local control and protect the interests of Texas customers:

- **Board Composition:** TNMP will have a seven-member board of directors (“TNMP Board”), including (A) three independent directors (i) who meet NYSE independence standards and (ii) at least two of which will be Texas residents; (B) one director with utility executive experience; and (C) the President and CEO of TNMP.
- **Best Interest of Utility:** The TNMP Board shall have the duty to act, subject to applicable Texas law, in the best interests of TNMP.
- **Board Authority:** The TNMP Board will have decision-making authority over dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared service fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the TNMP Board cannot be overruled by Troy, or any affiliate that controls Troy.
- **Net Income and Dividend Policy:** Unless approved by the Commission, dividends, or distributions (other than tax distributions) may only be paid if TNMP’s credit rating is investment grade, and TNMP will limit its payment of dividends or distributions, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP. TNMP will notify the Commission if its credit rating falls below the rating TNMP was given on May 18, 2025. A vote of the majority of the independent directors of the TNMP Board may prevent TNMP from making any dividends at any time during the first five years if the TNMP Board reduces capital expenditures below the current five-year plan based on limited equity financing availability. A vote of a majority of the independent directors can also prevent TNMP from making any dividends other than tax distributions, if determined in good faith to be required to meet debt-to-equity commitment.
- **Director Independence:** No member of the TNMP Board may be an employee or board member of a competitive affiliate or have direct responsibility for management or strategy of a competitive affiliate.
- **Director Compensation:** The compensation for being a TNMP director will not be tied to, reflect, or be related to the financial, operating, or other performance of any entity or interest other than TNMP. The TNMP Board shall have the power to set the compensation and benefits for being a TNMP director, in the form and manner it directs, subject to the approval of Troy.
- **Independent Director Appointment:** Independent directors will be identified in a compliance filing within 90 days after closing. All independent directors will have equal terms (with initial terms staggered). Removal of an independent director prior to expiration of any such term

requires the affirmative vote of a majority of the TNMP Board, which shall include the votes of both remaining independent directors.

- **Director Eligibility:** To be eligible, a director must be a United States citizen.
- **Variances in Budget:** If TNMP management seeks approval of a capital project or a series of projects that would be in excess of the approved annual budget by more than 10%, such projects or series of projects shall be approved by a majority of the TNMP Board, including a majority of the independent directors. Any budget or forecast outside this threshold will also be identified in an annual report to the Commission and TNMP will provide the reasons for the variance.

These governance commitments are designed to ensure that TNMP's board remains focused on the needs of Texas customers, with strong local oversight.

C. Financial Protections and Ring-Fencing

The Acquisition includes a robust suite of financial protections designed to insulate TNMP and its customers from risks associated with bankruptcy, affiliate activities, and other potential financial exposures. The following commitments ensure that TNMP remains financially independent, maintains investment grade credit ratings, and is protected from adverse impacts arising from its ownership structure or the activities of its affiliates. The following financial protections will—because of the Acquisition—become enforceable by the Commission's Order, if the Commission approves the Acquisition:

- **Sole Authorized Purpose:** TNMP's sole purpose is to provide transmission and distribution utility service and the performance of activities reasonably necessary and appropriate thereto. TNPE 1, a special purpose entity for bankruptcy remote purposes under the state laws of Texas and direct subsidiary of TNPE, will exist only to directly own TNMP.
- **Separate Name and Logo:** TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos associated with Blackstone and any Texas competitive affiliate of TNMP provided that the Blackstone name and logo can be added to the TNMP name and logo for branding purposes.
- **No Pledging of Assets:** TNMP's assets, stock, or revenues will not be pledged for the benefit of any entity other than TNMP.
- **No Acquisition-Related Debt:** TNMP, TNPE 1, and TXNM will not take on any new debt in conjunction with the Acquisition, provided further that any increased costs due to refinancing of existing TNMP debt caused by the Acquisition will not be borne by customers.
- **No Additional Intercompany Lending:** Aside from TNMP's arrangements with TXNM, TNMP will not engage in intercompany debt or lending with Troy or any affiliate that controls Troy, nor guarantee the obligations or liabilities of TXNM or any of its affiliates or

subsidiaries, unless authorized by the Commission. Notwithstanding the foregoing, TNMP may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the independent directors of the TNMP Board, provided further that nothing herein obligates Troy or any of its affiliates to lend money to TNMP or any of its affiliates at any time.

- **No Shared Credit Facilities:** TNMP and TNPE 1 will not share credit facilities with Troy or its affiliates, except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.
- **No Cross-Defaults:** TNMP's credit or debt agreements will not include cross-default provisions tied to affiliates. Under no circumstances will debt of TNMP 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 agreement of TNPE 1, TXNM, or any of their affiliates or subsidiaries. Further, TNMP'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.
- **No Affiliate Asset Transfers:** TNMP will not transfer material assets (over \$1 million) to affiliates except at arm's length and consistent with the Commission's standards as they are applicable to TNMP.
- **Separate Books and Records:** TNMP 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 those of any other entity.
- **No Commingling of Funds:** TNMP will not commingle its funds, assets, or cash flows with those of affiliates, except as authorized by the Commission.
- **Credit Ratings:** TNMP will maintain standalone credit ratings from at least two major agencies, reflecting the ring-fence provisions.
- **Non-Consolidation Opinion:** Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Troy or any affiliate of Troy, a bankruptcy court will not consolidate the assets and liabilities of TNMP with Troy or any affiliate of Troy.
- **Debt-to-Equity Ratio:** TNMP will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.
- **No Recovery of Affiliate Retail Electric Provider ("REP") Bad Debt:** To the extent that any retail electric provider is affiliated with TNMP, TNMP will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliate.

These financial protections establish a strong ring-fence around TNMP, ensuring that its assets, credit, and operations are insulated from the risks and obligations of its parent companies and affiliates. The

structure is designed to protect TNMP's customers, maintain regulatory oversight, and preserve the utility's financial health and independence.

D. Local Control and Management

The Commission's approval of the Acquisition is in the public interest because it preserves local control and management of TNMP within the communities it serves, providing for continued responsiveness to ratepayer needs and regulatory oversight. Applicants understand the importance of TNMP remaining a Texas-focused utility, with meaningful local oversight, management, and investment in its service territory. Applicants' commitments provide robust protections for local control and continued investment in the infrastructure and people that serve Texas communities, including:

- **Minimum Capital Spending Commitment:** TNMP will continue to make minimum capital expenditures at a level equal to its current five-year budget for the five-year period beginning January 1, 2025. TNMP may reduce capital spending if necessary due to factors outside its control, such as siting delays, project cancellations, economic conditions, or if a particular expenditure would not be prudent. Any such reductions over 10% will be reported annually to the Commission.
- **Headquarters:** TNMP's headquarters will remain in Texas within its service territory as long as Troy or its affiliates own TNMP.
- **TNMP Management Control:** TNMP's President and CEO and officers will have day-to-day control over operations.
- **Workforce Protections:** For at least three years post-closing, TNMP will not implement involuntary workforce reductions or reduce wages or benefits, except for cause or performance. In addition, TNMP will continue to honor its existing labor contracts with International Brotherhood of Electrical Workers Local 66.
- **Continued Ownership:** Troy, through TNPE 1, will maintain a controlling interest in TNMP for at least 10 years after the closing of the Acquisition.

These commitments ensure that TNMP will continue to be managed and operated as a Texas utility. Local leadership, a stable and protected workforce, and a sustained focus on infrastructure investment are all addressed through these enforceable commitments, preserving TNMP's local character and operational independence while providing the financial resources and oversight needed to support the utility's long-term success in Texas.

E. Accounting and Ratemaking

Applicants recognize that accounting and ratemaking commitments are essential to protect customers from bearing any costs associated with the Acquisition, including acquisition premiums,

transaction costs, or transition costs. Consistent with the Commission's established precedent in similar transactions, the Applicants have made the following enforceable Regulatory Commitments:

- **No Goodwill Recovery:** TNMP will not seek to recover any transaction-related goodwill or acquisition premium in rates, rate base, cost of capital, or operating expenses. Goodwill write-downs will not affect net income for dividend purposes.
- **No Pushdown Accounting:** Neither TNPE 1 nor TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition (*i.e.*, the Acquisition will have no accounting impact on TNMP's assets). Furthermore, no incremental goodwill will be allocated to or recognized in TNMP's financial statements.
- **No Recovery of Transaction or Transition Costs:** TNMP will not seek recovery of transaction or transition costs related to the Acquisition from customers in TNMP's rates provided that the transition costs shall not include employee time and labor.

These commitments ensure that the financial consequences of the Acquisition are not borne by TNMP's customers. They also provide transparency and certainty regarding the treatment of transaction-related costs, consistent with the Commission's prior orders in similar proceedings.

F. Regulatory Jurisdiction and Oversight

Preservation of the Commission's regulatory jurisdiction over TNMP is a fundamental commitment. The Applicants have made the following enforceable Regulatory Commitments to ensure the Commission's continued authority and oversight, as well as to demonstrate ongoing compliance:

- **Commission Jurisdiction:** TNMP will not build assets outside ERCOT, or take actions that impair the Commission's jurisdiction without prior approval.
- **No FERC Preemption Claims:** TNMP and its affiliates will not argue that the Commission is preempted by the Federal Power Act from determining cost recovery of affiliate costs.
- **Compliance Reporting:** TNMP will file annual compliance reports with the Commission for five years after the closing of the Acquisition.
- **Access to Books and Records:** The Commission will have access to TNMP's, and relevant affiliates', books and records as needed to review affiliate transactions.
- **Amendments:** Any changes to these Regulatory Commitments require prior Commission approval.

These commitments safeguard the Commission's jurisdiction, provide for ongoing transparency and accountability, and ensure that TNMP remains fully subject to Texas regulatory authority following the closing of the Acquisition.

G. Corporate Governance Documents

Applicants recognize that amending TNMP's and TNPE 1's governing agreements and corporate bylaws to incorporate the applicable Regulatory Commitments will provide additional certainty regarding compliance. Accordingly, the Applicants commit that TNMP and TNPE 1 will amend their governing agreements and corporate bylaws within 90 days of closing to reflect these Regulatory Commitments and will file the amendments with the Commission. Any future changes to these documents that affect the Regulatory Commitments will require Commission approval.

H. Code of Conduct and Affiliate Standards

Applicants are committed to compliance with PURA and the Commission rules governing affiliate relationships. To provide additional assurance of these standards, Applicants have made the following Regulatory Commitments:

- **Competitive Affiliate Commitment:** TNMP will comply with all the requirements of the Public Utility Regulatory Act and the Commission's rules governing aspects of any relationship and dealings between TNMP and all competitive affiliates.
- **Code of Conduct:** TNMP will file with the Commission for authority to amend and update its code of conduct to incorporate all applicable conditions and limitations on affiliate transactions required by these Regulatory Commitments.
- **Arm's-Length Transactions:** TNMP will maintain arm's-length relationships with all affiliates and comply with all Commission affiliate standards when negotiating and entering into contracts with affiliates.

I. Summary

As required by the relevant statutes, the Acquisition will not adversely affect the reliability, availability, or cost of TNMP's service under PURA §§ 39.262(l)-(m) and 39.915. Customers will experience no changes in the day-to-day operations of the Company, and TNMP's workforce pay and staffing levels will be maintained. Necessary and prudent capital expenditures will be maintained consistent with TNMP's current five-year budget, subject to customary exceptions such as siting delays, project cancellations by third parties, or other conditions outside TNMP's control. As a result, the reliability and availability of TNMP's service will not be adversely affected.

The Acquisition also satisfies the standards in PURA § 14.101. It is in the public interest and will not result in the transfer of jobs to workers outside of Texas, will not adversely affect the safety of TNMP's customers or employees, and will not result in a decline of service. The Acquisition is reasonable in light of the value of the property, facilities, or securities to be acquired. TNMP is not selling, leasing, or

transferring assets as a result of the Acquisition.

Accordingly, because the Acquisition satisfies all relevant statutory standards and provides significant benefits to customers, it is in the public interest and should be approved.

VIII. Jurisdiction

The Commission has jurisdiction over this proceeding under PURA §§ 14.101, 39.262(l)–(m), and 39.915.

IX. Notice and Potentially Affected Persons

Persons potentially affected by the Acquisition include retail end-use customers who are connected to TNMP's electric system, REPs that take electric delivery service from TNMP, and other electric service providers and wholesale market participants in ERCOT. In compliance with 16 Texas Administrative Code ("TAC") § 22.55, Applicants propose to provide notice of this filing by emailing³ or mailing a notice substantially in the form attached as Exhibit B to this Application to: (1) all affected counties and municipalities in TNMP's service area; (2) all entities listed in the Commission's transmission matrix in Docket No. 57491, *Commission Staff's Petition to Set 2025 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas, Inc.*; (3) all neighboring utilities and electric cooperatives of TNMP; (4) all REPs serving TNMP's service territory; and (5) all authorized representatives for parties in Docket No. 48401, *Application of Texas-New Mexico Power Company for Authority to Change Rates*.

X. Request for Protective Order

Applicants request that the Commission issue the standard Protective Order attached as Exhibit C, pursuant to 16 TAC § 22.142(c).

XI. Request for Commission Hearing

Applicants request that the Commissioners conduct the hearing in this case themselves if a hearing is necessary.

³ Pursuant to the PUC's Second Order Suspending Rules in Docket 50664, service via electronic mail is appropriate.

XII. Designated Representatives

TNMP's business address is:

577 N. Garden Ridge Blvd.
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TNMP's authorized legal representatives are:

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XIII. Conclusion

Consistent with this Application and the supporting evidence, Applicants respectfully request that the Commission find the Acquisition is in the public interest under PURA §§ 14.101, 39.262(l)–(m), and 39.915, and grant Applicants all other relief to which they are entitled.

Respectfully submitted,



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APPLICATION FOR SALE, TRANSFER, OR MERGER

This form should be used by public utilities for:

- 1) seeking authority to sell assign, or lease a Certificate of Convenience and Necessity or any rights obtained under a certificate;
- 2) reporting the sale, acquisition, lease or rental by or to any public utility of any plant as an operating system or unit for a total consideration in excess of \$10,000,000;
- 3) reporting the merger or consolidation of two or more public utilities; and
- 4) reporting the purchase by one public utility of voting stock in another public utility.

See Sections 59, 63, and 64 of the Public Utility Regulatory Act, Art. 1446c V.A.C.S.

1. Proposed action or subject of report:

- ☐ Sale, transfer, or lease of an entire Certificate of Convenience and Necessity
- ☐ Sale, transfer or lease of a portion of Applicant's service area or facilities to which it is certificated (including certificate rights)
- ☐ Sale, transfer or lease of a utility plant as an operating system or unit for more than \$10,000,000 (including certificate rights)
- ☐ Merger or consolidation of public utilities
- ☐ Purchase by a public utility of voting stock in another public utility
- ☒ Other

This is a change-in-control application under PURA §§ 14.101, 39.262, and 39.915. Effective May 18, 2025, Texas-New Mexico Power Company's ("TNMP") parent company, TXNM Energy, Inc. ("TXNM"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Troy ParentCo LLC ("Troy") and its subsidiary, Troy Merger Sub Inc. ("Merger Sub"). Under the Merger Agreement, and following receipt of regulatory approvals and satisfaction of other closing conditions, Merger Sub will merge with and into TXNM, with TXNM as the surviving corporation and a direct subsidiary of Troy (the "Acquisition"). TNMP and Public Service Company of New Mexico ("PNM") will remain subsidiaries of TXNM and will become indirect subsidiaries of Troy.

For a more detailed description of the proposed transaction, please refer to the direct testimony of Troy witness Heidi Boyd.

List all counties in which the utility's service area will be affected by this transaction:

The counties in Texas served by TNMP are: Archer, Bosque, Brazoria, Clay, Collin, Comanche, Cooke, Coryell, Dallas, Denton, Erath, Fannin, Franklin, Galveston, Grayson, Hamilton, Hill, Hood, Hunt, Jack, Johnson, Lamar, Matagorda, McLennan, Montague, Palo Pinto, Pecos, Raines, Red River, Reeves, Somervell, Stephens, Terrell, Titus, Van Zandt, Ward, Winkler, and Young.

2. Applicants: **TNMP and Troy**

Mark one:

 X TNMP holds Certificate of Convenience and Necessity No. 30038.

 X Troy does not hold a certificate from the Public Utility Commission.

The Applicants are the:

 Seller (transferor or lessor)

 Purchaser (transferee or lessor)

 One of the merging or consolidating utilities

 X Other (please explain)

Please see description of the Acquisition in the response to Question No. 1.

Business Address: **Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, TX 75067
214-222-4142 (phone)
214-222-4136 (fax)**

**Troy ParentCo LLC
345 Park Avenue
New York, NY 10154**

3. Applicants are:

TNMP is a Texas corporation and an indirect wholly owned subsidiary of TXNM, a New Mexico Corporation. Troy is a Delaware limited liability company.

4. If applicable, list the names, addresses and office of all partners or all officers of Applicants:

Officers of TNMP:

Name	Position	Address
Joseph D. Tarry	Chief Executive Officer	414 Silver Ave. SW, Albuquerque, NM 87102
James N. Walker	President	577 N. Garden Ridge Blvd Lewisville, TX 75067
Christopher L. Gerety	Vice President, Engineering and Technical Services	702 36th Street North, Texas City, TX 77590
Keith C. Nix	Vice President, Operations	577 N. Garden Ridge Blvd Lewisville, TX 75067
Stacy R. Whitehurst	Vice President, Regulatory Affairs	577 N. Garden Ridge Blvd Lewisville, TX 75067
Gerald R. Bischoff	Vice President and Corporate Controller	414 Silver Ave. SW, Albuquerque, NM 87102
Sabrina G. Greinel	Vice President, Treasurer and Strategy	414 Silver Ave. SW, Albuquerque, NM 87102
Henry E. Monroy	Senior Vice President and Chief Financial Officer	414 Silver Ave. SW, Albuquerque, NM 87102
Monique M. Jacobson	Senior Vice President, Corporate Services	414 Silver Ave. SW, Albuquerque, NM 87102
Brian G. Iverson	General Counsel, Senior Vice President Regulatory and Public Policy, and Corporate Secretary	414 Silver Ave. SW, Albuquerque, NM 87102
Sheila M. Mendez	Vice President and Chief Information Officer	414 Silver Ave. SW, Albuquerque, NM 87102
Becky R. Teague	Vice President, Human Relations	414 Silver Ave. SW, Albuquerque, NM 87102

Officers of Troy:

Name	Position	Address
Sean Klimczak	Chief Executive Officer	345 Park Avenue, New York, NY 10154
Sebastien Sherman	Vice President	345 Park Avenue, New York, NY 10154
Heidi Boyd	Vice President	345 Park Avenue, New York, NY 10154

5. If applicable, list names, addresses and positions of Applicant's five largest shareholders.

TNMP is indirectly wholly owned by TXNM.

Troy: Troy is wholly owned by Troy Intermediate Co LLC.

6. Applicants designate the following persons to be contacted with respect to any questions regarding the filing:

TNMP

**Stacy Whitehurst
Vice President of Regulatory Affairs
Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, TX 75067
Tel: (214) 222-4143
Stacy.Whitehurst@tnmp.com**

Troy

**Max A. Wade
Senior Vice President
Blackstone, Inc.
345 Park Avenue
New York, NY 10154
Tel: (646) 482-8830
Max.Wade@Blackstone.com**

7. If Applicants are represented by an attorney:

TNMP

**Scott Seamster
State Bar No. 00784939
Associate General Counsel
Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, TX 75067
Tel: (214) 222-4143
Scott.seamster@txnmenergy.com**

Troy

**Ron Moss
State Bar No. 14591025
Elliot Clark
State Bar No. 24012428
Winstead P.C.
600 W. 5th Street, Suite 900
Austin, Texas 78701
Tel: (512) 370-2800
rhmos@winstead.com
eclark@winstead.com**

**Meghan E. Griffiths
State Bar No. 24045983
Catherine E. Garza
State Bar No. 24086581
Henrik S. Strand
State Bar No. 24097151
Jackson Walker
100 Congress Ave., Suite 1100
Austin, TX 78701
Tel: (512) 236-2000
Fax: (512) 391-2120
mgriffiths@jw.com
cegarza@jw.com
hstrand@jw.com**

8. Do Applicants presently have a tariff on file with the Commission?

 X Yes.

If yes, date of filing: **TNMP's current base rates were approved by the Commission in Docket No. 48401 and the compliance tariff for those approved base rates was filed in that docket on January 4, 2019. Wholesale Transmission rates approved in Docket No. 57578 on March 25, 2025. Energy Efficiency Cost Recovery Factor approved in Docket No. 56657 on October 24, 2024. Distribution Cost Recovery Factor approved in Docket No. 57816 on May 15, 2025. Transmission Cost Recovery Factor approved in Docket No. 58161 on July 3, 2025.**

Troy does not have tariffs on file with the Commission.

 No. If no, attach a written schedule of present rates and services.

9. Please indicate the proposed effect of this transaction on rates to be charged affected customers:

 X All customers will be charged the same rates as they were charged before the transaction.

 (Some) (all) customers will be charged different rates than they were charged before the transaction. If so, please explain.

 Applicant intends to file with the Commission an application to change rates of (some) (all) of its customers as a result of this transaction. If so, please explain.

 X Other: Please explain. **Applicants have committed to provide a credit on customer electric bills in the amount of \$35 million on a total company basis over 48 months.**

10. Other party to this transaction: **Not Applicable.**

 The other party holds Certificate of Convenience and Necessity No.

 The other party does not hold a Certificate of Convenience and Necessity.

The other party is the:

 Seller (transferor or lessor)

 Purchaser (transferee or lessee)

 One of the merging or consolidating utilities

 Other:

Business Address

Telephone

If there are more than two parties to this transaction, please attach sheets providing the information required in Question No. 9 through 16 for each party.

11. Other parties are:

Not Applicable. Please see response to Question No. 10.

12. If applicable, list the names, addresses and office of all partners or all officers of the other parties.

Not Applicable. Please see response to Question No. 10.

13. If applicable, list the names and addresses of the other party's five (5) largest shareholders.

Not Applicable. Please see response to Question No. 10.

14. The other party designates the following person to be contacted with respect to any question regarding the filing: **Not Applicable. Please see response to Question No. 10.**

15. If the other party has retained an engineer: **Not Applicable. Please see response to Question No. 10.**

The Public Utility Commission should be informed of any change of engineer prior to the completion of a project in process.

16. If the other party is represented by an attorney:

Not Applicable. Please see response to Question No. 10.

17. List all neighboring utilities, cities, political subdivisions, or other parties directly affected by this application.

TNMP's neighboring electric utilities within Texas are Oncor, CenterPoint, AEP Texas North Company, Lonestar Transmission, Tri-County Electric Cooperative, Brazos Electric Cooperative, Bowie Cass Electric Cooperative, Comanche Electric Cooperative, Cooke County Electric Cooperative, CoServ Electric Cooperative, Erath County Electric Cooperative, Fannin County Electric Cooperative, FEC Electric Cooperative, Fort Belknap Electric Cooperative, Grayson Electric Cooperative, Hamilton County Electric Cooperative, Hill County Electric Cooperative, Jackson County Electric Cooperative, J-A-C Electric Cooperative, Johnson County Electric Cooperative, Lamar County Electric Cooperative, McLennan County Electric Cooperative, Rio Grande Electric Cooperative, Southwest Texas Electric Cooperative, Trinity Valley Electric Cooperative, and Wise County Electric Cooperative.

Cities in TNMP's Texas service area include:

Alvin	Fullbright	Pattonville
Angleton	Gatesville	Pearland
Aubrey	Glen Rose	Pecos
Bagwell	Gordon	Petrolia
Bailey	Gustine	Pilot Point
Bailey's Prairie	Hamilton	Point
Barstow	Hico	Princeton
Belcherville	Hillcrest Village	Randolph
Bells	Holiday Lakes	Ringgold
Blossom	Iredell	Rio Vista
Blue Ridge	Jean	Saint Jo
Bluffdale	Jermyn	Sanderson
Blum	Kermit	Santo
Bogata	Kopperl	Strawn
Brazoria	Krugerville	Sweeny
Bryson	La Marque	Sylvan
Byers	Lamkin	Talco
Carlton	League City	Texas City
Celeste	Leonard	Thurber
Clifton	Lewisville	Tiogo
Coppell	Lone Oak	Tolar
Covington	Loving	Tom Bean
Crawford	Lowry Crossing	Toyah
Dean	Megargel	Trenton
Deport	Meridian	Valley Mills
Detroit	Mingus	Walnut Springs
Dickinson	Montague	West Columbia
Eliasville	Morgan	Westminister
Emory	Newcastle	Whitewright
Farmersville	Nocona	Whitney
Fort Stockton	Old Ocean	Wickett
Friendswood	Olney	Wink

Counties included in TNMP's service area are identified in the response to Question 1 above.

Applicants represent to the Public Utility Commission that each of the above parties and all other parties to this transaction were notified of the nature of this application and its filing with the Commission, and each of the above parties by that notification has an opportunity to protest that the application (See page 9). Other parties to this transaction have been furnished copies of this application.

18. Please describe the nature of the transaction. Indicate if it involves the transfer of certificated facilities and/or service area.

For a description of the Acquisition, see the response to Question No. 1. The Acquisition does not involve the transfer of certificated facilities and/or service area.

19. If the transaction involves the transfer of certificated facilities and/or service area please describe the qualifications of the purchaser (or transferee) to provide adequate utility service. **Not Applicable.**

20. State the purchase price and/or the other consideration for the transaction:

Please see the direct testimony of Troy witness Heidi Boyd.

21. If applicable, state the original cost of plant to be sold or merged, as recorded - on books of Seller (or merging companies): **Not Applicable.**

22. If applicable, state the amount of accumulated depreciation and the date of acquisition:
\$ _____ as of _____, 20____. **Not Applicable.**

23. If applicable, state the amount recorded as plant acquisition adjustment on books of selling company(ies): \$ _____. **Not Applicable.**

24. Complete the following proposed entries in books of purchasing (or surviving) company to record purchase (or merger): **Not Applicable.**

Utility plant in service
Plant acquisition adjustment
Extraordinary loss on purchase
Accumulated depreciation plant
Cash
Notes payable
Mortgage payable
Other list

25. If utility plant in service is traded for utility plant in service, give details of original cost - accumulated depreciation, and reasons for or justification of the trade: **Not Applicable.**
26. Provide analysis of tax consequences in transaction and recognition given in books to parties concerned: **Not Applicable.**
27. Describe type of plant facilities, and number of connections affected by this application. **Not Applicable.**
28. Describe the location of plant facilities involved in this application with respect to streets, highways, cities, known landmarks, water courses, coordinates of transmitter sites, etc.: **Not Applicable.**
29. Regarding the utility being sold, provide details of the following: **Not Applicable.**
 - a. Planned or needed capital improvements;
 - b. Estimated cost of such improvements;
 - c. Whether required to make such improvements by a federal or state agency;
 - d. Any time limits imposed for such improvements.
30. Please describe anticipated impact of this transaction on the quality of utility service. Please explain anticipated changes in quality of service.

Applicants do not anticipate any adverse impact on the quality of utility service due to the Acquisition. Please see the direct testimony of TNMP witness James Neal Walker and Troy witness Heidi Boyd.
31. If a merger or combination is sought by this application, please provide the following: **Not Applicable.**
 - a. A balance sheet for each entity;
 - b. An income statement for each entity;
 - c. Articles of Incorporation of a newly created entity;
 - d. A preliminary prospectus if stock of a newly created entity is to be publicly held.

If the Affiant(s) to this form is any person other than the sole owner, partner, or officer of the applicant or its attorney, a properly verified Power of Attorney must be enclosed.

OATH

STATE OF TEXAS

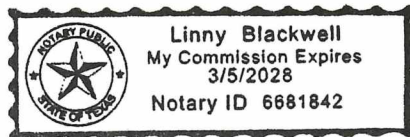
COUNTY OF DENTON

I, Stacy R. Whitehurst, Vice President of Regulatory Affairs of Texas-New Mexico Power Company, being duly sworn and authorized as a representative of the Applicants, file this Application and affirm that in such capacities, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this Application, and have complied with all the requirements contained in the Application; and, that all such statements made and matters set forth therein with respect to the Applicants are true and correct. Statements about other parties are made on information and belief. I further state that the Application is made in good faith, that notice of its filing was given to all necessary parties, and that this Application does not duplicate any filing presently before the Commission.

Stacy R. Whitehurst



SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this 22 day of August 2025.



NOTARY PUBLIC in and for the
State of Texas

Printed Name: LINNY BLACKWELL

My Commission expires: 3-5-28

**NOTICE OF APPLICATION FILED WITH
THE PUBLIC UTILITY COMMISSION OF TEXAS**

Texas-New Mexico Power Company (“TNMP”), a regulated electric transmission and distribution company and indirect subsidiary of TXNM Energy, Inc. (“TXNM”), wishes to inform you that on August 25, 2025, TNMP and Troy ParentCo LLC (“Troy”) filed an Application for Sale, Transfer or Merger (the “Application”) with the Public Utility Commission of Texas (“PUC” or “Commission”), a copy of which is kept at TNMP’s office at 577 N. Garden Ridge, Lewisville, Texas 75067. The Application seeks regulatory approval of a proposed change of control pursuant to the Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 14.101, 39.262(l)-(m), and 39.915.

The purpose of the Application is to seek approval of a proposed acquisition under which TXNM, the parent company of TNMP, would be acquired by Troy (the “Acquisition”). Under the terms of the proposed merger, Troy Merger Sub Inc., a direct subsidiary of Troy, will merge with and into TXNM, with TXNM surviving as a wholly owned subsidiary of Troy. As a result of the Acquisition, the ultimate ownership and control of TNMP will transfer to Troy. The Acquisition is structured to maintain TNMP’s local management, operations, and commitments to customers, employees, and communities in Texas. The Application does not propose any changes to TNMP’s current rates or the services provided to customers.

Any person wishing to intervene in this proceeding must file a written request with the Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326, as soon as possible. Further information may also be obtained by calling the Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (“TTY”) may contact the PUC’s Customer Assistance Hotline at (512) 936-7136 or toll free at (800) 735-2989. The deadline for intervention in the proceeding is October 9, 2025. This case has been assigned PUC Docket No. 58536.

PUC DOCKET NO. 58536

JOINT REPORT AND APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY AND TROY PARENTCO LLC FOR REGULATORY APPROVALS UNDER PURA §§ 14.101, 39.262, AND 39.915	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS

PROTECTIVE ORDER

This Protective Order governs the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 58536” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials must not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also must not include documents or information which at the time of or prior to disclosure in, a proceeding is or was public

¹ Tex. Gov’t. Code § 552.001-.376.

knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party is required to file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff must be informed of the existence and coverage of this Protective Order and will observe the restrictions of the Protective Order.
6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to

unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party must bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 58536” (or words to this effect) and must be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party is required to maintain a record of all copies made of Highly Sensitive Protected Material and must send a duplicate of the record to the producing party when the copy or copies are made. The record must specify the location and the person possessing the copy. Highly Sensitive Protected Material must be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes must themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party must limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, must consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party is required to provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC, and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party is required to also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.

13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC, and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials must, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. 58536 acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein must not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order must, before inspection of such

material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party is required to provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification must be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person must be terminated and all notes, memoranda, or other information derived from the protected material must either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification is required to continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.
17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which must be provided to the Reviewing Parties under Paragraph 9, and voluminous Protected Materials, the producing party is required to provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may

make further copies of Protected Materials for use in this proceeding according to this Protective Order, but a record must be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party is required to provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials.** 16 Texas Administrative Code (TAC) § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which will commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period will reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical, or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical, or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials must be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without

limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.

22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and must not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials must be maintained in a secure place and must not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to ensure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion, or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission must be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents must be marked "PROTECTED MATERIAL" and must be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation, or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) must notify the party which provided the information

within sufficient time so that the producing party may seek a temporary sealing order; and (b) must otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials will nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials must be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials must notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 58536 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party must first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party will at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality must file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period will be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response must include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it must do so no later than five (5) working days after the party challenging confidentiality has made its written filing.
27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure must not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or

presiding officer determination allowing disclosure or a change in designation will have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials must be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court, or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order precludes any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence must be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party

asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph prohibits counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit, or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel will remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

³ Tex. Gov’t Code §§ 551.001–.146.

⁴ Tex. Gov’t Code §§ 4001.001–4008.105.

33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that (a) the Reviewing Party must notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party must notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party must use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of § 552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that

such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33, and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release, including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party must tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party is required to file and serve on all parties its argument, including any supporting affidavits, in support of its position of nondisclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party must serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party’s argument for non-disclosure must do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer will stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to

Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.

38. **Modification of Protective Order.** Each party will have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, will be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party will not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party will be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. 58536. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here will not apply.

Signature

Party Represented

Printed Name

Date

Email Address

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY AND EXHIBITS
OF
JAMES NEAL WALKER**

**ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY**

AUGUST 25, 2025

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EXHIBITS

- EXHIBIT JNW-1 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**
- EXHIBIT JNW-2 MAP OF TNMP SERVICE TERRITORY**

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is James Neal Walker. I am the President of Texas-New Mexico Power Company (“TNMP”). My business address is 577 N. Garden Ridge Blvd., Lewisville, Texas, 75067.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of TNMP.

Q. PLEASE PROVIDE A SUMMARY OF YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. Exhibit JNW-1 describes my background and experience.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE PRESIDENT OF TNMP.

A. As the President, I oversee all activities related to the planning, design, construction, operation and maintenance of the TNMP electric transmission and distribution system. I also oversee TNMP’s regulatory and legislative activities, Retail Electric Provider (“REP”) relations, and community and media relations.

Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS (“COMMISSION” OR “PUC”)?

A. Yes. Since 2005, I have sponsored testimony before the Commission in Docket Nos. 35460,¹ 36025,² 38480,³ 48401,⁴ and 51547.⁵

¹ *Petition of PNM Resources, Inc. and Cap Rock Energy Corporation Regarding Proposed Merger and Acquisition of Stock*, Docket No. 35460 (Jul. 23, 2008).

² *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 36025 (Aug. 21, 2009).

³ *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 38480 (Jan. 27, 2011).

⁴ *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401 (Dec. 20, 2018).

⁵ *Joint Report and Application of Texas-New Mexico Power Company, NM Green Holdings, Inc., and Avangrid, Inc. for Regulatory Approvals under PURA §§ 14.101, 39.262, and 39.915*, Docket No. 51547 (May 13, 2021).

II. PURPOSE AND OVERVIEW OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to support the joint report and application of TNMP and Troy ParentCo LLC for regulatory approvals under Public Utility Regulatory Act (“PURA”)⁶ §§ 14.101, 39.262, and 39.915 (the “Application”) filed in this docket.

Q. PLEASE DESCRIBE THE ACQUISITION.

A. Effective May 18, 2025, TNMP’s parent, TXNM Energy Inc. (“TXNM”), entered into an Agreement and Plan of Merger (“Merger Agreement”) with Troy ParentCo LLC (“Troy”) and Troy Merger Sub Inc. (“Merger Sub”), under which, following receipt of regulatory approvals and satisfaction of other closing conditions, Merger Sub will be merged with and into TXNM with TXNM as the surviving corporation and a direct subsidiary of Troy (the “Acquisition”). Troy will remain an affiliate subsidiary of Blackstone Infrastructure.⁷

For purposes of my testimony, “Applicants” refers collectively to TNMP and Troy.

Q. WHAT SPECIFIC AREAS WILL YOUR DIRECT TESTIMONY COVER?

A. My testimony addresses TNMP’s operations and reliability, as well as the anticipated impact of the Acquisition on those operations. That impact is expected to be positive but limited due to Troy’s commitments to retain existing management, employees, headquarters, and forecasted capital expenditures. Specifically, I address the following subjects:

- Overview of the filing package;
- Overview of the Acquisition;
- Overview of TNMP’s system and operations;
- How the Acquisition will affect TNMP’s operations; and
- How the Acquisition will affect the availability and reliability of TNMP’s service.

⁶ PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

⁷ As further described in Mr. Sherman’s testimony, “Blackstone Infrastructure” is an umbrella term used to refer collectively to four management entities, BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C., and the investment funds and accounts directly or indirectly controlled by those entities.

Q. DO YOU SPONSOR ANY EXHIBITS INCLUDED WITH THIS FILING?

A. Yes. I sponsor Exhibits JNW-1 and JNW-2, which are attached to this testimony.

Q. WERE THESE EXHIBITS AND TESTIMONY PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, these exhibits and testimony were prepared by me or under my direction and control. The information contained in these exhibits and testimony is true and correct to the best of my knowledge and belief.

III. OVERVIEW OF FILING PACKAGE

Q. PLEASE DESCRIBE THE APPLICATION FILING.

A. The filing includes the Application, which requests Commission approval of the Acquisition under PURA §§ 14.101, 39.262, and 39.915. In support of the Application, Applicants also provide:

1. The direct testimony of the following witnesses: Myself, Emmanuel J. Lopez, Stacy R. Whitehurst, Ellen Lapson, Sebastien Sherman, and Heidi Boyd.
2. Regulatory commitments (attached to the Direct Testimony of Ms. Boyd).
3. Completed Commission Application for Sale, Transfer, or Merger form (attached to the Application as Exhibit A).

Q. PLEASE SUMMARIZE THE SUBJECTS APPLICANTS' WITNESSES ADDRESS.

A. The table below identifies each witness who is filing direct testimony in support of the Application, the party they represent, and the topics they cover.

WITNESS	PARTY	SUBJECT MATTER
Neal Walker, <i>TNMP, President</i>	TNMP	• Overview of the filing package; • Overview of the Acquisition; • Overview of TNMP's system and operations, including TNMP's five-year capital budget; • Acquisition's effect on TNMP's operations; and

		Acquisition's effect on TNMP's reliability and availability of service.
Stacy R. Whitehurst <i>TNMP, Vice President of Regulatory Affairs</i>	TNMP	- Summary of necessary regulatory requirements required for approval of the Acquisition; - How TNMP and Troy will meet the regulatory requirements and demonstrate that the Acquisition will not adversely affect TNMP's cost of service; - Effect of the Acquisition on Commission jurisdiction. - Changes to TNMP's tariff to implement the regulatory commitments proposed by the Applicants; and - Changes to TNMP's Code of Conduct to address new affiliates within ERCOT and corporate owners resulting from the Acquisition.
Emmanuel J. Lopez <i>PNMR Services Company, Assistant Controller</i>	TNMP	- Overview of current ownership of TNMP; - Regulatory commitments related to capital expenditures, accounting, and ratemaking, including TNMP's commitment not to recover transaction costs from customers in its rates; - Tax and debt implications of the Acquisition; and - Other regulatory approvals required for the Acquisition.
Ellen Lapson <i>Consultant</i>	TNMP and Troy	- Impact of the Acquisition on TNMP's financial health; and - Financial and ring-fencing regulatory commitments.
Sebastien Sherman <i>Blackstone, Senior Managing Director</i>	Troy	- Overview of Blackstone and Troy; - Description of the Acquisition; - Blackstone's investment principles for utilities; and - Reasons for Blackstone's investment in TXNM and TNMP.
Heidi Boyd, <i>Blackstone,</i>	Troy	- Description of the Acquisition; - Benefits and regulatory commitments offered by the Applicants; and

<i>Senior Managing Director</i>		Statutory factors for approval of a utility acquisition in Texas.

IV. OVERVIEW OF ACQUISITION

Q. WHAT IS THIS CASE ABOUT?

A. This case is about a proposed merger transaction whereby TNMP and TXNM's other subsidiaries will come under the indirect ownership of Blackstone Infrastructure. Blackstone Infrastructure, with approximately \$64 billion of assets under management, invests in North American infrastructure platforms and leverages its scale and expertise to support the growth of its portfolio companies. Blackstone Infrastructure is an experienced North American utility investor and recognizes the value of long-term investments in critical infrastructure that help communities thrive. Blackstone Infrastructure's long-term and perpetual capital allows it to invest in TNMP for decades to come. This case is also about the benefits to TNMP's customers, employees, and communities that will result from TNMP having the added support of a well-qualified, financially strong parent company with greater access to capital markets.

Q. WHAT APPROVALS ARE THE APPLICANTS SEEKING IN THIS CASE?

A. Applicants request that the Commission approve the Acquisition as in the public interest. As will be described below and in the testimony of Applicants' other witnesses, the Acquisition contains meaningful commitments that serve the public interest.

V. OVERVIEW OF TNMP'S SYSTEM AND OPERATIONS

Q. PLEASE DESCRIBE TNMP.

A. TNMP's service territory consists of four non-contiguous areas within the State of Texas that comprise approximately 13,613 square miles. One portion of this territory extends from Lewisville, which is approximately 10 miles northeast of the Dallas-Fort Worth International Airport, eastward to municipalities located near the Red River, and to communities north and west of Lewisville. The second portion is south and west of the Dallas-Fort Worth Metroplex in the area surrounding Clifton. The third portion of the service territory includes the area along the Texas Gulf Coast between Houston and

Galveston and extending west into Brazoria County, and the fourth portion of the service territory includes areas of far west Texas between Midland and El Paso. TNMP's Texas operations lie entirely within the Electric Reliability Council of Texas ("ERCOT") region. Attached as Exhibit JNW-2 is a map of TNMP's service territory.

Q. PLEASE DESCRIBE THE NATURE OF THE TNMP SERVICE TERRITORY.

A. The TNMP service territory is very diverse, consisting of different types of population centers, weather conditions, industrial facilities, and geographical locations. Most of TNMP's service territory consists of small communities and rural areas. However, TNMP serves the largely metropolitan area of Lewisville, a number of the suburban communities south of Houston, and the industrial load of the Texas City Industrial Park, which includes large refineries and chemical plants, as well as substantial customer-owned generation. TNMP's west Texas service area is sparsely populated and covers a large geographic area, with a large number of oil and gas-related customers. TNMP has faced increasing demands from the high level of activity and development among oil and gas exploration, production, and associated processing businesses in this area.

Q. WHAT IS THE PRIMARY NATURE OF THE SERVICES THAT TNMP PROVIDES?

A. TNMP provides transmission and distribution delivery services at regulated rates to various REPs that, in turn, provide retail electric service within TNMP's service territory. TNMP operates 1,022 miles of transmission lines and delivers power along 13,954 miles of distribution. TNMP's facilities include 117 load serving stations and 54 switching stations. Ultimately, as of June 30, 2025, TNMP serves 281,829 end-use ESI IDs. A peak load of 3,158 MW occurred in February 2025.

Q. PLEASE DESCRIBE HOW TNMP'S TRANSMISSION AND DISTRIBUTION SYSTEM IS OPERATED.

A. The people responsible for day-to-day executive management and operation of TNMP reside in Texas and report to the President of TNMP. TNMP's Operations employees report to the Vice President of Operations and are strategically placed throughout TNMP's service territory to ensure safe and reliable electric service to end-use customers. TNMP's

1 engineering support functions are directed by TNMP's Vice President Technical Service
2 & System Reliability. The people responsible for providing these functions are located
3 within TNMP's service territory as well. PNMR Services Company ("PNMR Services")
4 supports TNMP with general and administrative functions, and TNMP utilizes the call
5 center and after hours call center from its affiliate, Public Service Company of New Mexico
6 ("PNM").

7 **Q. PLEASE DESCRIBE HOW TNMP MANAGES AND PROVIDES ITS**
8 **OPERATIONS AND RELIABILITY FUNCTIONS.**

9 **A.** Most of TNMP's day-to-day operations and reliability functions are provided directly by
10 Texas-based, local personnel. TNMP Operations is organized along geographic lines into
11 three business units: Lewisville/North Texas, Central/West Texas, and the Gulf Coast.
12 TNMP Operations is responsible for transmission and distribution line operation and
13 maintenance; construction functions; service installation; and community liaison functions,
14 all of which are provided at the local level by local personnel in each business unit. Line
15 operation and maintenance includes distribution construction activities, outage restoration,
16 and service orders related to meters, street lighting, and line spotting.

17 Each TNMP Operations business unit is headed by an experienced Director that
18 reports to the Vice President of Operations. Directors are responsible for overall
19 management of operations in their areas. In addition to field and craft personnel doing the
20 construction and service work, each area has Project Managers and Field Supervisors, as
21 well as a Community Liaison to coordinate relations and communications with local
22 governmental entities.

23 Technical Service & System Reliability is TNMP's engineering organization,
24 providing activities related to the planning, design, construction, operation and
25 maintenance of the TNMP transmission and distribution system from an engineering
26 perspective. This includes transmission/distribution line engineering and major
27 construction, substation construction and maintenance, transmission/distribution planning,
28 protection and controls, and various support personnel that provide services such as
29 drafting, new customer service design, Geographic Information Services, clerical and other

1 various engineering support-type services. This organization also includes TNMP's
2 System Operation Control Center personnel that monitor and operate the system on a 24-
3 hour, seven day a week basis. These departments also have support technicians that are
4 responsible for the operations, maintenance, and emergency response for TNMP's
5 substation, protection, controls, real-time communications monitoring equipment, and
6 substation/transmission customer metering functions.

7 **VI. ACQUISITION'S IMPACT ON OPERATIONS**

8 **Q. WILL ANY TNMP PROPERTY OR FACILITIES BE TRANSFERRED AS A**
9 **RESULT OF THE ACQUISITION?**

10 **A.** No TNMP property or facilities will be sold, leased, or transferred as part of the
11 Acquisition. The Acquisition is simply a change in upstream ownership of TNMP and
12 does not involve the transfer of TNMP assets.

13 **Q. WILL TNMP'S OPERATIONS CHANGE AS A RESULT OF THE**
14 **ACQUISITION?**

15 **A.** No. As discussed in the testimony of Ms. Boyd, TNMP's current management team and
16 employees will continue to be in charge of day-to-day operations after the Acquisition
17 closes. Further, Applicants have committed to: (1) no involuntary layoffs of TNMP
18 employees (except for cause or performance issues) and no cuts to wages or benefits for at
19 least three years after closing; (2) maintaining TNMP's headquarters and senior
20 management in TNMP's service territory; and (3) continuing to invest in TNMP's
21 infrastructure according to its five-year capital plan, subject to factors outside its control.
22 In addition, a vote of a majority of the independent directors of the Board of Directors may
23 prevent TNMP from making any dividends at any time during the first five years post-
24 closing if the Board reduces the capital expenditures below the current five-year plan of
25 \$4.2 billion, 2025-2029, based on limited equity financing availability.

26 In sum, the Acquisition will not have an adverse impact on service to customers or
27 the health and safety of customers and employees. Nor will any Texas jobs transfer to
28 workers outside the state. As a result, the Acquisition will not result in a decline in the

1 reliability, availability, and quality of TNMP's service. In fact, sharing best practices is
2 likely to have a beneficial effect on that service.

3 **Q. WHAT REGULATORY COMMITMENTS ACCOMPANY THE APPLICATION?**

4 **A.** Troy witness Ms. Boyd sets out Applicants' regulatory commitments. Those commitments
5 fall broadly into a number of categories: tangible and quantifiable benefits; governance and
6 board structure; financial protections and ring-fencing; local control and management;
7 accounting and ratemaking; regulatory jurisdiction and oversight; corporate governance
8 documents; and code of conduct and affiliate standards.

9 **Q. WHAT BENEFITS DOES THE ACQUISITION PROVIDE TO TNMP'S**
10 **STAKEHOLDERS?**

11 **A.** For current customers, the Acquisition provides \$35 million of rate credits to wholesale
12 and retail customers over 48 months. Troy will contribute \$10 in economic development
13 funds over a period of 10 years to fund one or more of the following: job training,
14 apprenticeships, or scholarships in utility-related areas of industry. TNMP will maintain
15 its historical level of charitable contributions, and it will make additional charitable
16 contributions within TNMP's service territory in the amount of \$500,000 per year for a
17 period of 10 years after the closing of the Acquisition, for a total commitment of \$5 million.

18 In addition, customers will benefit from Applicants' regulatory commitments to
19 have TNMP maintain capital expenditure levels, to maintain local management and
20 headquarters, and to preserve and enhance TNMP's financial standing. No TNMP assets
21 will transfer as a result of the Acquisition, nor will the Acquisition result in any adverse
22 change in TNMP's rates and services. TNMP's customers will not experience any change
23 from the reliable service they currently receive, and TNMP will have increased access to
24 capital to further enhance its investment in safe, sustainable, reliable, and affordable service
25 to customers, as further described by Mr. Sherman. Overall, the Acquisition allows TNMP
26 to enhance its long-standing commitment to the communities it serves via good corporate
27 citizenship.

28 TNMP's employees will benefit from the regulatory commitment that, as a result
29 of the Acquisition, there will be no involuntary workforce reductions (other than for cause

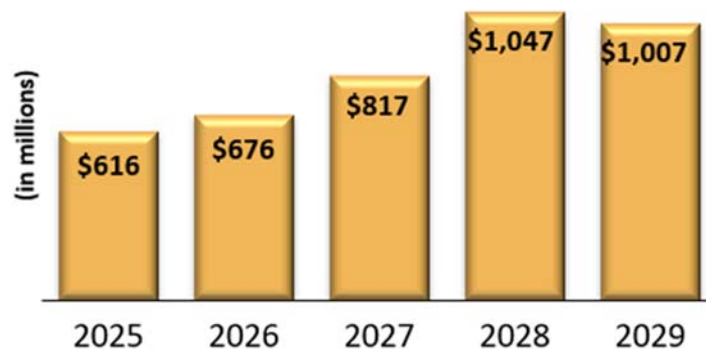
or performance) or reductions to wages or benefits for at least three years after the Acquisition closes. This commitment provides continuity and certainty for employees—protections that would not exist absent the Acquisition—and help ensure TNMP’s continued ability to provide safe and reliable service.

Finally, TNMP’s state regulators and the municipalities it serves will see no change, as the local management presence and control will be maintained, and commitments designed to protect TNMP’s financial strength and the Commission’s regulatory authority will be in place and will become enforceable by the PUC solely because of this Acquisition (and the resulting approval order once issued).

Q. HAVE APPLICANTS COMMITTED TO HAVE TNMP MAINTAIN ITS FIVE-YEAR CAPITAL EXPENDITURE BUDGET AFTER THE ACQUISITION CLOSES?

A. Yes. As described in Ms. Boyd’s testimony, TNMP will continue to make utility capital expenditures at the current budgeted level for the five-year period from January 1, 2025, through December 31, 2029, subject to standard adjustments and limitations commonly included in Commission orders. TNMP’s 4.2 billion capital budget is set out below:

Table 1 – TNMP Capital Investment Plan



1 **Q. HOW DOES THIS CAPITAL PLAN COMPARE TO TNMP'S PAST CAPITAL**
2 **NEEDS?**

3 **A.** Over the past 10 years, TNMP has received \$465.9 million through equity from TXNM,
4 or an average of \$46.6 million per year. To fund the \$4.2 billion capital plan for the next
5 five years, TNMP projects it will need at a minimum \$745.0 million in additional equity,
6 or about \$149.0 million per year on average.

7 **Q. IF THE ACQUISITION CLOSES, WILL TNMP HAVE THE ACCESS TO**
8 **CAPITAL THAT IT NEEDS TO MEET ITS CAPITAL INVESTMENT PLAN?**

9 **A.** Yes. As Mr. Sherman explains, Blackstone Infrastructure has the financial resources to
10 meet TNMP's growing capital needs for its current five-year capital plan and any follow-
11 on investments. Ms. Lapson further addresses how the Acquisition will enhance TXNM's
12 access to capital, benefiting both TNMP and its customers.

13 **Q. WHAT IMPACT WILL THE ACQUISITION HAVE ON THE FINANCIAL**
14 **HEALTH OF TNMP?**

15 **A.** Ms. Lapson addresses the impact of the Acquisition on TNMP's financial health in her
16 testimony.

17 **VII. EFFECT OF THE ACQUISITION ON TNMP'S RELIABILITY AND**
18 **AVAILABILITY OF SERVICE**

19 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP'S RELIABILITY AND**
20 **AVAILABILITY OF SERVICE?**

21 **A.** No. TNMP's electric system has provided a level of service quality that is comparable to,
22 or better than, most other investor-owned utilities providing electric service in the State of
23 Texas. The reliability and availability of TNMP's service will be maintained or enhanced
24 as a result of the Acquisition.

25 TNMP will continue to be fully regulated by the Commission and will continue to
26 provide the same level of quality of service to customers that it has historically provided.
27 Specifically, TNMP currently complies with and will continue to comply with PURA §
28 38.005 and the Commission's reliability standards under 16 Texas Administrative Code
29 ("TAC") § 25.52. Pursuant to 16 TAC § 25.81, TNMP must file annual service quality

1 reports relating to reliability metrics and outages, which allow the Commission to monitor
2 any changes in the quality of service. This Acquisition does not change any of these
3 reporting or monitoring requirements.

4 Under Regulatory Commitment Nos. 27–30, Troy has committed to keeping
5 TNMP’s headquarters, management, workforce, and capital expenditure plans in place. In
6 fact, as a portfolio company of Blackstone Infrastructure, TNMP will have access to
7 additional resources to ensure continued quality of service.

8 Provisions in the governance and financial protections sections of the regulatory
9 commitments ensure TNMP will have the financial resources necessary to meet appropriate
10 service metrics. Blackstone Infrastructure has committed to ensuring TNMP’s five-year
11 \$4.2 billion capital budget will be funded, and the TNMP Board will have the authority to
12 set and approve both capital expenditure and operations and maintenance budgets.
13 Retaining ongoing oversight over spending at the TNMP Board level helps ensure that
14 reliability and service quality remain at the forefront of TNMP’s goals and performance.
15 These commitments support TNMP’s continued provision of quality service to our
16 customers. Mr. Whitehurst further explains that the Acquisition will not negatively affect
17 TNMP’s cost of service.

18 **VIII. CONCLUSION**

19 **Q. PLEASE SUMMARIZE TNMP’S REQUEST IN THIS CASE.**

20 **A.** TNMP requests that the Commission approve the Acquisition as being in the public
21 interest. As described above and in other testimony, the Applicants have made meaningful
22 commitments that serve the public interest. Customers will benefit from \$35 million in
23 rate credits on electric bills over a 48-month period and a continued commitment to safe,
24 affordable, and reliable energy with strong service levels.

25 The Acquisition does not adversely affect TNMP’s cost of service, nor change any
26 of TNMP’s obligations to comply with all applicable laws and regulations. TNMP will
27 continue to provide safe and reliable service at fair, just, and reasonable rates.

1 **Q. IS THE ACQUISITION IN THE PUBLIC INTEREST?**

2 **A.** Yes. The Acquisition will provide continuity for TNMP while providing significant
3 benefits to stakeholders that would not otherwise occur. There are also meaningful
4 protections to avert financial and related risks. Such commitments are described in more
5 detail by Ms. Boyd and Mr. Lopez. Taken together, these attributes advance the public
6 interest. I conclude that the Acquisition is in the public interest and should be approved.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes, it does.

AFFIDAVIT

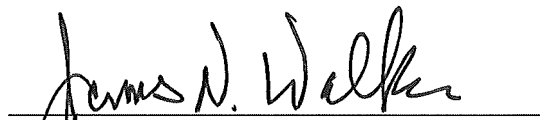
STATE OF TEXAS

COUNTY OF DENTON

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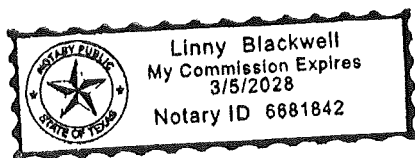
BEFORE ME, the undersigned authority, on this day personally appeared James N. Walker who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

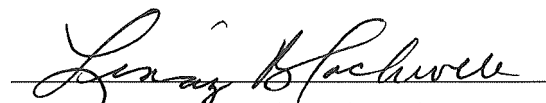
“My name is James N. Walker. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this 19th day of August 2025, to certify which witness my hand and seal of office.





NOTARY PUBLIC in and for the
State of Texas

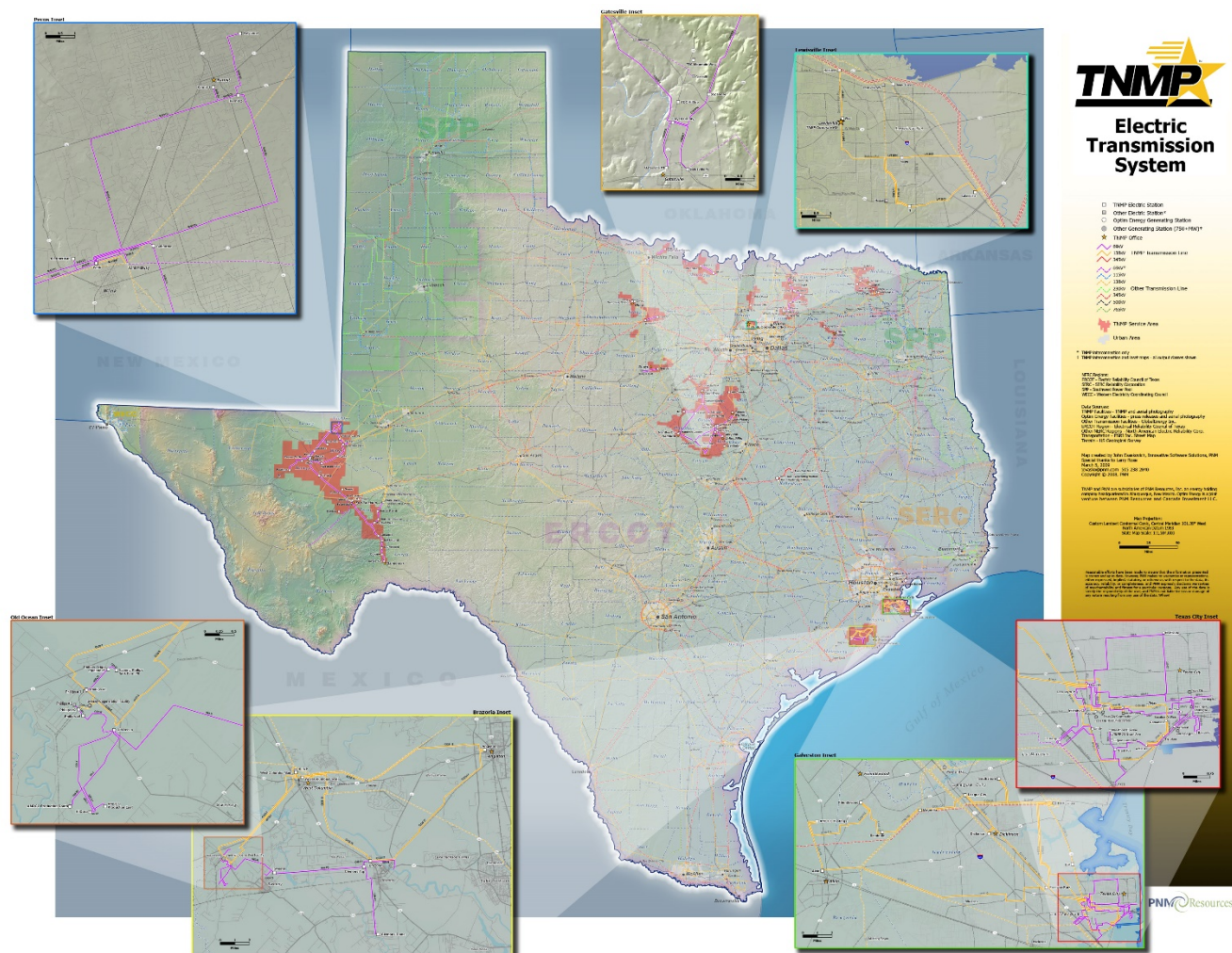
Printed Name: LINNY BLACKWELL

My Commission expires: 3-5-28

J. NEAL WALKER

EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Neal Walker is currently the President of Texas-New Mexico Power Company (TNMP). Mr. Walker graduated from Texas Christian University in 1989 with a Bachelor's Degree in Business Administration. He graduated from LeTourneau University in 1995 with a Master's Degree in Business Administration. He has also completed executive education courses at Darden Graduate School, at University of Virginia, and Neeley School of Business at Texas Christian University. Mr. Walker has been employed by TNMP since 1990. He has worked at TNMP as a Contracts and Regulatory Projects Analyst, Pricing Analyst, Regulatory Affairs Specialist, Area Manager, Business Unit Manager, Director of Customer Operations, and Vice President of Operations. In 2011, Mr. Walker was promoted to President. In this capacity he directs all activities related to the planning, design, construction, operation and maintenance of the TNMP electric transmission and distribution system, as well as TNMP's regulatory and legislative activities, Retail Electric Provider ("REP") relations, community and media relations.



PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY AND EXHIBITS
OF
STACY R. WHITEHURST**

**ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY**

AUGUST 25, 2025

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EXHIBITS

EXHIBIT SRW-1	EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE
EXHIBIT SRW-2	RETAIL RATE ALLOCATION
EXHIBIT SRW-3	RETAIL RATE CREDIT CALCULATION
EXHIBIT SRW-4	2024 RETAIL REVENUE SUMMARY
EXHIBIT SRW-5	RIDER MRC – MERGER RATE CREDIT
EXHIBIT SRW-6	TNMP’S TEXAS CODE OF CONDUCT

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is Stacy R. Whitehurst. I serve as Vice President of Regulatory Affairs at Texas-New Mexico Power Company ("TNMP"). My business address is 577 N. Garden Ridge Blvd., Lewisville, Texas 75067.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of TNMP.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. Exhibit SRW-1 describes my background and experience, including proceedings for which I have provided testimony.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE VICE PRESIDENT OF REGULATORY AFFAIRS.

A. As the Vice President of Regulatory Affairs, I report directly to the President of TNMP. I oversee certain aspects of TNMP's advanced metering system, billing, Retail Electric Provider ("REP") relations, energy efficiency, and all regulatory activities for TNMP, which include certificate of convenience and necessity applications, compliance filings, complaints, rulemakings, and contested cases.

Q. HAVE YOU PREPARED ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits SRW-1 through SRW-6, which are attached to my testimony. Each of these exhibits was prepared by me or under my direction and control. The information contained in these exhibits is true and correct to the best of my knowledge and belief. I also sponsor the Public Utility Commission of Texas' ("Commission" or "PUC") Application for Sale, Transfer, or Merger form attached to the Application as Exhibit A.

II. PURPOSE OF DIRECT TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my direct testimony is to support the joint report and application of TNMP and Troy ParentCo LLC (“Troy”) for regulatory approvals under PURA §§ 14.101, 39.262, and 39.915 (the “Application”) filed in this docket. If approved, TNMP will continue to be an indirect subsidiary of TXNM Energy, Inc. (“TXNM”), which will become a subsidiary of Troy at closing. Collectively, these steps are referred to as the “Acquisition.” Blackstone Infrastructure Partners L.P.¹ has committed to provide funding to Troy for the merger. As part of the transaction, Applicants also propose to create a new special purpose entity, TNPE 1, LLC (“TNPE 1”), which will be interposed between TNMP and TNP Enterprises, Inc. (“TNPE”).²

For purposes of my testimony, “Applicants” refers to both TNMP and Troy.

Q. WHAT SPECIFIC AREAS WILL YOUR DIRECT TESTIMONY COVER?

A. My direct testimony will address:

1. The Texas regulatory requirements required for approval;
2. How Applicants will meet the regulatory requirements;
3. Changes to TNMP's tariff to implement the regulatory commitments proposed by Applicants; and
4. Changes to TNMP's Code of Conduct to address new affiliates within the Electric Reliability Council of Texas, Inc. ("ERCOT") region and corporate owners resulting from the Acquisition.

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in the Application.

² The creation of TNPE 1 is addressed in more detail in the direct testimonies of Troy witness Heidi Boyd and TNMP witness Emmanuel J. Lopez.

III. REGULATORY REQUIREMENTS

Q. ARE THERE ANY STATUTORY REQUIREMENTS THAT APPLY TO THIS ACQUISITION?

A. Yes. The Public Utility Regulatory Act³ (“PURA”) contains three separate provisions that govern sale and merger transactions, PURA §§ 14.101, 39.262, and 39.915.

First, PURA § 14.101 states:

(a) Unless a public utility reports the transaction to the commission within a reasonable time, the public utility may not:

(1) sell, acquire, or lease a plant as an operating unit or system in this state for a total consideration of more than \$10 million; or

(2) merge or consolidate with another public utility operating in this state.

(b) A public utility shall report to the commission within a reasonable time each transaction that involves the sale of at least 50 percent of the stock of the utility. On the filing of a report with the commission, the commission shall investigate the transaction, with or without a public hearing, to determine whether the action is consistent with the public interest. In reaching its determination, the commission shall consider:

(1) the reasonable value of the property, facilities, or securities to be acquired, disposed of, merged, transferred, or consolidated;

(2) whether the transaction will:

(A) adversely affect the health or safety of customers or employees;

(B) result in the transfer of jobs of citizens of this state to workers domiciled outside this state; or

(C) result in the decline of service;

³ PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

1 (3) whether the public utility will receive consideration equal to the
2 reasonable value of the assets when it sells, leases, or transfers assets; and

3 (4) whether the transaction is consistent with the public interest.

4 (c) If the commission finds that a transaction is not in the public interest, the
5 commission shall take the effect of the transaction into consideration in ratemaking
6 proceedings and disallow the effect of the transaction if the transaction will
7 unreasonably affect rates or service.

8 (d) This section does not apply to:

9 (1) the purchase of a unit of property for replacement;

10 (2) an addition to the facilities of a public utility by construction; or

11 (3) transactions that facilitate unbundling, asset valuation, minimization of
12 ownership or control of generation assets, or other purposes consistent with
13 Chapter 39.

14 PURA § 39.262(l)-(m) states:

15 (l) To protect retail customers in this state, and ensure the appropriateness of the
16 nonbypassable rates of electric utilities and transmission and distribution utilities,
17 notwithstanding any other provision of this title, an electric utility or transmission
18 and distribution utility must report to and obtain approval of the commission before
19 closing any transaction in which:

20 (1) the electric utility or transmission and distribution utility will be merged
21 or consolidated with another electric utility or transmission and distribution
22 utility;

23 (2) at least 50 percent of the stock of the electric utility or transmission and
24 distribution utility will be transferred or sold; or

25 (3) a controlling interest or operational control of the electric utility or
26 transmission and distribution utility will be transferred.

1 (m) The commission shall approve a transaction under Subsection (l) if the
2 commission finds that the transaction is in the public interest. In making its
3 determination, the commission shall consider whether the transaction will
4 adversely affect the reliability of service, availability of service, or cost of service
5 of the electric utility or transmission and distribution utility. The commission shall
6 make the determination concerning a transaction under this subsection not later than
7 the 180th day after the date the commission receives the relevant report. The
8 commission may extend the deadline provided by this subsection for not more than
9 60 days if the commission determines the extension is needed to evaluate additional
10 information, to consider actions taken by other jurisdictions concerning the
11 transaction, to provide for administrative efficiency, or for other good cause. If the
12 commission has not made a determination before the expiration of the deadline
13 provided by or extended under this subsection, the transaction is considered
14 approved.

15 The third provision of PURA that governs this proceeding is PURA § 39.915, which states:

16 (a) To protect retail customers in this state, and to ensure the continuation of cost-
17 effective energy efficiency measures and delivery systems, notwithstanding any
18 other provision of this title, an electric utility or transmission and distribution utility
19 must report to and obtain approval of the commission before closing any transaction
20 in which:

21 (1) the electric utility or transmission and distribution utility will be merged
22 or consolidated with another electric utility or transmission and distribution
23 utility;

24 (2) at least 50 percent of the stock of the electric utility or transmission and
25 distribution utility will be transferred or sold; or

26 (3) a controlling interest or operational control of the electric utility or
27 transmission and distribution utility will be transferred.

28 (b) The commission shall approve a transaction under Subsection (a) if the
29 commission finds that the transaction is in the public interest. In making its

determination, the commission shall consider whether the transaction will adversely affect the reliability of service, availability of service, or cost of service of the electric utility or transmission and distribution utility. The commission shall make the determination concerning a transaction under this subsection not later than the 180th day after the date the commission receives the relevant report. The commission may extend the deadline provided by this subsection for not more than 60 days if the commission determines the extension is needed to evaluate additional information, to consider actions taken by other jurisdictions concerning the transaction, to provide for administrative efficiency, or for other good cause. If the commission has not made a determination before the expiration of the deadline provided by or extended under this subsection, the transaction is considered approved.

Q. HAS THE COMMISSION ESTABLISHED ANY SUBSTANTIVE RULES THAT AFFECT THIS ACQUISITION?

A. Yes, this proceeding falls under 16 Tex. Admin. Code (“TAC”) § 25.74, which states:

(a) Pursuant to Public Utility Regulatory Act (PURA) §39.262(l)-(m) and §39.915, an electric utility must report to and obtain approval of the commission before closing any transaction in which:

(1) the electric utility will be merged or consolidated with another electric utility;

(2) at least 50% of the stock of the electric utility will be transferred or sold;
or

(3) a controlling interest or operational control of the electric utility will be transferred.

(b) Pursuant to PURA §14.101(a)(1), an electric utility shall not sell, acquire, or lease a plant as an operating unit or system in the State of Texas for a total consideration of more than \$10 million unless the electric utility reports such transaction to the commission at least one commission working day before the transaction closes. Pursuant to PURA §37.154, if the transaction involves the sale,

1 assignment, or lease of a certificate of convenience and necessity (CCN) or a right
2 obtained under a CCN, the electric utility must obtain commission approval of such
3 CCN transfer.

4 (c) An electric utility shall not purchase voting stock in another public utility doing
5 business in the State of Texas unless the electric utility reports such purchase to the
6 commission at least one commission working day before the transaction closes.

7 (d) An electric utility shall not loan money, stocks, bonds, notes, or other evidence
8 of indebtedness to any person who directly or indirectly owns or holds 5% or more
9 of the stock of the electric utility unless the electric utility reports such transaction
10 to the commission at least one commission working day before the transaction
11 closes. A properly filed tariff or energy efficiency plan with respect to energy
12 conservation loans available to customers will be considered adequate reporting to
13 the commission.

14 (e) This section does not apply to activities addressed by PURA §14.101(d) and
15 §39.452(e).

16 (f) This section applies to any transaction addressed by this section that has not
17 closed, except for a transaction addressed by PURA §39.262(n) or §39.915(c).

18 **Q. DOES TNMP HAVE COMMON STOCK OUTSTANDING THAT WOULD BE**
19 **SUBJECT TO PURA § 14.101?**

20 **A.** Yes. As shown in TXNM's first quarter 10Q, the total number of shares of common stock
21 of TNMP, \$10 par value per share, outstanding as of April 25, 2025, was 6,358, all held
22 indirectly by TXNM (and none held by non-affiliates).

23 **Q. WILL THE OWNERSHIP OF THIS STOCK CHANGE?**

24 **A.** Ownership of the stock will indirectly change. The stock is owned by TNPE. TNPE is
25 owned by TXNM, and TXNM is a publicly traded company on the New York Stock
26 Exchange ("NYSE"). After the close of the Acquisition, TXNM will be delisted from the
27 NYSE, TNPE will remain in place, and TNPE 1 will be interposed between TNPE and

1 TNMP. Mr. Lopez describes the ownership structure of TNMP in more detail in his direct
2 testimony.

3 **Q. HOW WILL APPLICANTS DEMONSTRATE THAT THE ACQUISITION**
4 **MEETS THE REQUIREMENTS OF PURA §§ 14.101, 39.262(L)–(M), 39.915, AND**
5 **16 TAC § 25.74?**

6 **A.** The Acquisition is in the public interest because it will provide net tangible and quantifiable
7 benefits to TNMP customers, establish enforceable financial and corporate governance
8 protections for TNMP, and comply with PURA and the Commission's rules. Specifically:

- 9 1. The Acquisition will not adversely affect the health or safety of TNMP's
10 customers or employees;
- 11 2. The Acquisition will not result in the transfer of TNMP jobs of citizens of Texas
12 to workers domiciled outside Texas;
- 13 3. The Acquisition will not result in the decline of TNMP's service;
- 14 4. The Acquisition will not adversely affect TNMP's reliability of service;
- 15 5. The Acquisition will not adversely affect TNMP's availability of service;
- 16 6. The Acquisition will not adversely affect TNMP's cost of service; and
- 17 7. The Acquisition will not impact the Commission's jurisdiction over TNMP.

18 **Q. DOES THE ACQUISITION MEET EACH OF THOSE REQUIREMENTS?**

19 **A.** Yes. The Acquisition meets each of the requirements set forth by PURA and the
20 Commission's substantive rules. This is demonstrated through my testimony, the
21 testimony of TNMP witnesses James Neal Walker and Emmanuel J. (EJ) Lopez, as well
22 as TNMP and Troy witness Ellen Lapson, and Troy witnesses Sebastien Sherman and
23 Heidi Boyd. Mr. Walker's testimony includes a summary table that identifies the specific
24 subject matter addressed by each of these witnesses.

1 **Q. ARE YOU AWARE OF THE REGULATORY COMMITMENTS BEING**
2 **PRESENTED BY MS. BOYD?**

3 **A.** Yes. The regulatory commitments, which are memorialized as Exhibit HB-4 to Ms. Boyd's
4 testimony, can be classified as tangible and quantifiable benefits; governance and board
5 structure; financial protections and ring-fencing; local control and management;
6 accounting and ratemaking; regulatory jurisdiction and oversight; corporate governance
7 documents; and code of conduct and affiliate standards. These regulatory commitments
8 address certain considerations the Commission will use to approve the Acquisition. The
9 regulatory commitments demonstrate that the Acquisition is in the public interest because
10 it provides net tangible and quantifiable benefits to TNMP customers and establishes
11 enforceable financial and corporate governance protections for TNMP.

12 **Q. WHO WILL ADDRESS EACH OF THE REGULATORY COMMITMENTS?**

13 **A.** Ms. Boyd will address each of the regulatory commitments, but some are also discussed in
14 the testimonies of other witnesses.

15 **Q. WILL THE ACQUISITION ADVERSELY AFFECT THE HEALTH OR SAFETY**
16 **OF CUSTOMERS OR EMPLOYEES?**

17 **A.** No. As Ms. Boyd and Mr. Walker discuss in further detail, the Acquisition will not have
18 an adverse impact on the daily operations of TNMP, and TNMP will continue to invest in
19 infrastructure and operate its system using the same employees and processes. Regulatory
20 Commitment No. 27 addresses the minimum capital expenditure commitment for the five-
21 year period beginning January 1, 2025. TNMP's five-year capital plan and Troy's capital
22 support is discussed by Mr. Walker, Mr. Sherman, and Ms. Lapson in their testimonies.
23 As a result, the health and safety of customers and employees will not be adversely
24 affected.

25 **Q. WILL THE ACQUISITION RESULT IN THE TRANSFER OF JOBS OF**
26 **CITIZENS OF TEXAS TO WORKERS DOMICILED IN OTHER STATES?**

27 **A.** No. As included in Regulatory Commitment No. 30, there will not be any involuntary
28 reductions to TNMP's workforce (other than for cause or performance) and there will not
29 be any reductions to wages or benefits for at least three years as a result of the Acquisition.

1 This level of job security exceeds what TNMP employees currently have, as they do not
2 work under annual contracts. In addition, Regulatory Commitment Nos. 28–29 require
3 Applicants to maintain TNMP’s headquarters and local management in TNMP’s service
4 territory in Texas. Consequently, no Texas jobs will be transferred to workers outside the
5 state.

6 **Q. WHAT ARE THE REGULATORY COMMITMENTS WITH RESPECT TO**
7 **UNION-REPRESENTED EMPLOYEES?**

8 **A.** Regulatory Commitment No. 30 makes clear that TNMP will continue to fully honor its
9 existing labor contracts with the International Brotherhood of Electrical Workers Local 66.

10 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP’S RELIABILITY OR**
11 **AVAILABILITY OF SERVICE OR RESULT IN THE DECLINE OF SERVICE?**

12 **A.** No. The Acquisition will not have a negative effect on TNMP’s operations, and thus, will
13 not result in a decline of service. As noted in Regulatory Commitment No. 27, Applicants
14 have committed that TNMP will maintain minimum capital expenditures. Mr. Walker
15 discusses TNMP’s operations and the Acquisition’s non-impacts further in his direct
16 testimony.

17 The testimonies of Mr. Walker and Mr. Lopez discuss TNMP’s five-year capital
18 budget and demonstrate the ongoing support for the reliability of service and availability
19 of service, and the commitment to safe and reliable service.

20 In addition, Troy commits that it will maintain its indirect controlling ownership
21 interest in TNMP for at least ten years after the closing of the Acquisition.

22 **Q. WHO ADDRESSES WHETHER TNMP WILL HAVE SUFFICIENT ACCESS TO**
23 **FINANCIAL MEANS AND SUPPORT TO PROVIDE RELIABLE ELECTRIC**
24 **SERVICE AND ENSURE THE AVAILABILITY OF SERVICE AFTER**
25 **CLOSING?**

26 **A.** Mr. Sherman and Ms. Boyd discuss this topic. Ms. Lapson also addresses these
27 requirements.

1 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP'S COST OF**
2 **SERVICE?**

3 **A.** No. As Mr. Lopez explains, when the merger agreement was signed, TNMP's existing
4 First Mortgage Bonds ("FMBs") required TNMP to offer to prepay bondholders. The new
5 FMBs were issued at higher interest rates due to current market conditions. To hold
6 ratepayers harmless from this future rate impact, TNMP proposes to provide a refinance
7 adjustment to customers that offsets the increased cost of debt to customers that would be
8 included in future rate filings. Mr. Lopez addresses the calculation of this refinance
9 adjustment, and the allocation of the adjustment will be addressed in TNMP's next general
10 rate review. TNMP is required to file its next general rate review by December 2025.

11 For the reasons I previously discussed, the Acquisition will not have any adverse
12 impact on TNMP's cost of service. TNMP's capital expenditure plan and operations
13 remain intact and unchanged. In addition, as part of the regulatory commitments, goodwill,
14 transaction costs, and transition costs will not be included in rate base or amortized as a
15 component of cost of service in any TNMP proceedings before the PUC.

16 **Q. IN ADDITION TO THE STATUTORY FACTORS DISCUSSED ABOVE, DO YOU**
17 **ADDRESS OTHER RATE-RELATED FACTORS THE COMMISSION HAS**
18 **CONSIDERED IN CHANGE-IN-CONTROL PROCEEDINGS?**

19 **A.** Yes. In conducting the public interest determination, the Commission has historically
20 considered whether the transaction provides net tangible and quantifiable benefits to
21 ratepayers.

22 **Q. HOW HAS THE COMMISSION HISTORICALLY ADDRESSED THIS ISSUE?**

23 **A.** The Commission has historically considered the impact of the transaction on the rates
24 charged to customers and the impact on local communities. This is to ensure customers
25 are adequately protected and that they will realize the benefits of any transaction. For
26 transmission and distribution utilities, customer benefits may consist of a range of factors
27 including rate credits, savings from the transaction, and/or commitments that the utility
28 will not impose transaction-related costs on customers.

1 **Q. DOES THE ACQUISITION PROVIDE TANGIBLE AND QUANTIFIABLE**
2 **BENEFITS TO TNMP'S CUSTOMERS ON A TIMELY BASIS?**

3 **A.** Yes. In support of the Acquisition, TNMP will issue a rate credit to its Texas customers
4 of \$35 million. This is a firm, quantifiable commitment, not a promise of future savings.
5 After the Acquisition closes, TNMP will distribute the rate credits to current customers
6 over 48 months. I will discuss the implementation of this regulatory commitment later in
7 my testimony. In addition, TNMP will not impose transaction costs or transition costs on
8 customers.

9 **Q. WILL THE ACQUISITION IMPACT THE COMMISSION'S JURISDICTION**
10 **OVER TNMP?**

11 **A.** No. The Applicants have made regulatory commitments to preserve the PUC's jurisdiction
12 over TNMP. Specifically, TNMP will not build assets outside ERCOT or take actions that
13 impair the Commission's jurisdiction without prior approval.

14 **Q. WILL THIS ACQUISITION BE A "MEANS TO EVADE REGULATION"?**

15 **A.** No. After the Acquisition closes, TNMP will remain regulated by the PUC. In fact, the
16 regulatory commitments provide specific provisions to protect the Commission's
17 jurisdiction. TNMP and its affiliates will not argue that the Commission is preempted by
18 the Federal Power Act from determining cost recovery of affiliate costs. Furthermore,
19 Applicants expressly acknowledge that any changes to the regulatory commitments require
20 prior PUC approval.

21 **IV. TARIFF CHANGES**

22 **Q. WILL TNMP BE MAKING ANY RATE CHANGES IN CONJUNCTION WITH**
23 **THE ACQUISITION?**

24 **A.** No rate changes are being proposed as part of the Acquisition, but Applicants are proposing
25 a rate credit back to customers in the amount of \$35 million over 48 months. For the retail
26 customers, the credit can be passed through directly to end-use customers by REPs, and
27 TNMP commits to working in good faith with affected REPs to determine an acceptable
28 method to implement this commitment.

1 **Q. HOW DOES TNMP PROPOSE TO PASS THIS RATE CREDIT ON TO THE**
2 **CUSTOMER CLASSES?**

3 **A.** As shown in Exhibit SRW-2, TNMP plans to provide rate credits to TNMP retail
4 customers. Exhibits SRW-3 and SRW-4 contain the calculations for the retail credit.
5 Exhibit SRW-5 sets forth TNMP's Rider MRC – Merger Rate Credit. TNMP commits to
6 working in good faith with affected REPs to ensure that this approach—or another mutually
7 acceptable method—is used to implement the rate credit commitment.

8 **Q. HOW WERE THE CREDITS FOR EACH CUSTOMER CLASS DETERMINED?**

9 **A.** The credits are allocated between retail delivery rate classes based on the revenue
10 percentages for the 12 months ending December 31, 2024. The allocation among retail
11 rate classes is based on 2024 base revenue, and includes Transmission Cost Recovery
12 Factors ("TCRF") revenues and Energy Efficiency Cost Recovery Factor ("EECRF")
13 revenues.

14 This credit to retail customers will be implemented by REPs in accordance with the
15 customer's terms of service, and TNMP commits to working in good faith with affected
16 REPs to determine an acceptable method for implementation of such electric delivery rate
17 credits to implement this commitment. All customer classes will receive the retail rate
18 credit on a kilowatt-hour ("kWh") or on a per ESI ID basis using an existing SAC04 code
19 in the standard electronic transaction for each ESI ID. The effective date of the retail rate
20 credit is proposed to coincide with the effective date of the next adjustment to TNMP's
21 TCRF after the Acquisition closes.

22 **Q. ARE THE CREDITS PER RATE CLASS CAPPED?**

23 **A.** Yes. The following table shows the retail rate class maximum credit over four years. The
24 rate credits will terminate for each class when the cap is reached. TNMP proposes to make
25 an annual adjustment to the rates, which would become effective on either March 1 or
26 September 1 each year. TNMP would provide REPs at least 45 days' notice of the change.

Table 1 – Four Year Cap on Retail Rate Credit Amount

		Total Amount		\$ 35,000,000
		Number of Years		4
		Annual Amount		\$ 8,750,000
Line No.	Rate Type	Percent	Annual Credit	Total Amount
1	Residential	49.30%	\$ 4,313,317	\$ 17,253,270
2	Secondary Service < 5 kW	1.06%	\$ 92,774	\$ 371,097
3	Secondary Service > 5 kW	28.91%	\$ 2,529,600	\$ 10,118,400
4	Primary Service	11.61%	\$ 1,016,165	\$ 4,064,659
5	Transmission	7.87%	\$ 688,335	\$ 2,753,342
6	Lighting	1.25%	\$ 109,808	\$ 439,232
7				
8	Total	100%	\$ 8,750,000	\$ 35,000,000
9				

Q. BASED ON THE TOTAL NUMBER OF RETAIL CUSTOMERS REFLECTED IN DOCKET NO. 57816,⁴ WHAT IS THE AVERAGE CREDIT PER RETAIL CUSTOMER?

A. In Docket No. 57816, TNMP's total retail customer count as of December 31, 2024, was 279,530. The average retail credit per year for each retail customer would be approximately \$31.30 (\$8,750,000/ 279,530) or \$125.21 over four years. The actual amount per customer would be based on their allocation percentage of the annual credit and their monthly kWh.

Q. WHAT AMOUNT OF RATE CREDITS DID TNMP, AVANGRID, INTERVENORS AND STAFF AGREE TO IN DOCKET NO. 51547?⁵

A. As part of the settlement, TNMP, Avangrid, intervenors and staff agreed to a \$16.2 million rate credit over three years.

⁴ *Application of Texas-New Mexico Power Company to Amend Its Distribution Cost Recovery Factor*, Docket No. 57816, WP II-H-1.1, Application (Mar. 14, 2025).

⁵ *Joint Report and Application of Texas-New Mexico Power Company, NM Green Holdings, Inc., and Avangrid, Inc. for Regulatory Approvals under Pura §§ 14.101, 39.262, and 39.915*, Docket No. 51547, Finding of Fact No. 64(a) (May 13, 2021).

1 **Q. BASED ON THE TOTAL NUMBER OF RETAIL CUSTOMERS REFLECTED IN**
2 **DOCKET NO. 51547, WHAT IS THE AVERAGE CREDIT PER RETAIL**
3 **CUSTOMER?**

4 **A.** In Docket No. 51547, TNMP's total retail customer count was 259,663. The average retail
5 credit per year for each retail customer would be approximately \$14.54 (\$3,774,600 /
6 259,663), or \$43.61 over three years.⁶ The actual amount per customer would be based on
7 their allocation percentage of the annual credit and their monthly kWh or demand. The
8 \$3,774,600 is the annual credit allocated to the retail class; the remaining is allocated to
9 the wholesale class.

10 **Q. ARE CUSTOMERS RECEIVING A GREATER RATE CREDIT BENEFIT BY**
11 **THE MERGER WITH TROY THAN AVANGRID?**

12 **A.** Yes. On average, retail customers will see nearly a 187% increase in rate credits over 48
13 months based on the proposed methodology. The actual amount will differ for each
14 customer based on their allocation percentage of the annual credit and their monthly billing
15 determinants.

16 **Q. HOW WILL TNMP COMMIT TO WORKING IN GOOD FAITH WITH**
17 **AFFECTED REPS TO DETERMINE IF THE ABOVE EXAMPLE IS AN**
18 **ACCEPTABLE METHOD FOR IMPLEMENTING RATE CREDITS?**

19 **A.** If this methodology is acceptable and included in a Commission order, there will be time
20 between when a final order is issued in this case and when the Acquisition will close to
21 work with REPs in good faith to implement this approach. TNMP will work through the
22 Texas Standard Electronic Transaction ("SET") Working Group at ERCOT to reach an
23 acceptable method for implementation.

24 **Q. WILL TNMP GIVE REPS AT LEAST 45 DAYS NOTICE BEFORE**
25 **IMPLEMENTATION?**

26 **A.** Yes. TNMP will send a market notice through the ERCOT Listserv at least 45 days before
27 the implementation of any rate credit.

⁶ The settlement agreement allocated the rate credits to both retail and wholesale customers; approximately 70% of the credits went to the retail class.

1 **V. CODE OF CONDUCT**

2 **Q. DOES TNMP CURRENTLY HAVE A CODE OF CONDUCT?**

3 **A.** Yes. A copy of the Code of Conduct is attached to my testimony as Exhibit SRW-6.

4 **Q. DOES THE CODE OF CONDUCT REQUIRE AMENDMENT AS A RESULT OF**
5 **THE ACQUISITION?**

6 **A.** Yes. If the Commission finds that the Acquisition is consistent with the public interest,
7 TNMP will file a new Code of Conduct with the Commission that incorporates the
8 Commission-approved regulatory commitments.

9 **Q. HOW WILL TNMP ASSURE THE COMMISSION THAT THE AMENDED CODE**
10 **OF CONDUCT WILL BE FOLLOWED AFTER THE ACQUISITION IS**
11 **CONSUMMATED?**

12 **A.** TNMP will ensure that all employees of TNMP and any TNMP affiliates who are subject
13 to the amended Code of Conduct receive clear communication about its requirements. In
14 addition, Troy will communicate the substance of the amended Code of Conduct to those
15 employees of Troy and its affiliates who are impacted by its provisions.

16 **Q. HAVE YOU IDENTIFIED WHICH COMPETITIVE AFFILIATES WILL BE**
17 **SUBJECT TO TNMP'S CODE OF CONDUCT?**

18 **A.** Yes. The entities that would likely be considered to be competitive affiliates of TNMP are
19 listed in Exhibit HB-5 to Ms. Boyd's direct testimony.

20 **Q. PLEASE DESCRIBE THE REP THAT WOULD BECOME A COMPETITIVE**
21 **AFFILIATE OF TNMP.**

22 **A.** As identified in Ms. Boyd's Exhibit HB-5, Lancium QSE I LLC ("Lancium") is an
23 Option 2 REP certified under No. 10329. As an Option 2 REP, Lancium must limit its
24 service offerings to specifically identified customers, each of whom contracts for one
25 megawatt or more of capacity. While in the past Lancium provided services in TNMP
26 service territory, as of June 30, 2025, Lancium is not serving any customers in TNMP's
27 service territory.

1 **Q. DOES THE FACT THAT TROY HAS A REP NEGATIVELY IMPACT THE**
2 **COMPETITIVE MARKET?**

3 **A.** No. Since Lancium is an Option 2 REP, Lancium is prohibited from making service
4 offerings to any customer class in TNMP's service territory. Lancium can only contract
5 with customers for one megawatt or more of capacity, which is an extremely limited
6 number of customers eligible in TNMP's service territory. In addition, TNMP's Code of
7 Conduct has specific provisions that protect the competitive market with TNMP having an
8 affiliated competitive REP.

9 **Q. PLEASE DESCRIBE THE POWER GENERATION COMPANIES ("PGCS")**
10 **THAT WOULD BECOME COMPETITIVE AFFILIATES OF TNMP AS A**
11 **RESULT OF THE ACQUISITION.**

12 **A.** As identified in Ms. Boyd's Exhibit HB-5, Blackstone Infrastructure has investments in
13 multiple PGCs, including wind, solar, and battery storage. Invenergy Samson Solar
14 Energy II LLC is served by TNMP.

15 **Q. DOES THE FACT THAT TROY WOULD HAVE A COMPETITIVELY**
16 **AFFILIATED PGC NEGATIVELY IMPACT THE COMPETITIVE MARKET?**

17 **A.** No. Any new generation resource that could be interconnected to TNMP's transmission
18 system must still go through the ERCOT generation interconnection process. ERCOT's
19 interconnection process is designed to be non-discriminatory, and all generators—whether
20 affiliated with a transmission service provider or independent—must follow the same
21 procedural steps and meet the same technical requirements.

22 **Q. PLEASE IDENTIFY THE PROVISIONS IN TNMP'S CODE OF CONDUCT THAT**
23 **PROVIDE PROTECTIONS TO THE COMPETITIVE MARKET.**

24 **A.** While not exhaustive, below are some key provisions that provide protection to the
25 competitive market.

- 26 • Transactions between TNMP and its Competitive Affiliates shall be at arm's
27 length, except that transactions governed by tariffs shall be in accordance with
28 the applicable tariffs.
- 29 • All sales of products or services by TNMP to any affiliate will be governed by
30 a tariff approved by the PUCT, unless the sales are otherwise approved by the
31

1 PUCT. TNMP shall make available products and services to unaffiliated
2 entities on the same terms and conditions as to its affiliates.
3

- 4 • TNMP may not enter into a transaction with a competitive affiliate that has a
5 per unit value of \$75,000 or more, or a total value of \$1 million or more, unless
6 the transaction is the result of the bidding process described in Section G of this
7 Texas Code of Conduct and the transaction is formalized in a written contract.
8
- 9 • TNMP may not transfer to a Competitive Affiliate assets having a per unit value
10 of \$75,000 or more, or a total value of \$1 million or more, unless the transaction
11 is the result of the bidding process described in Section G of this Texas Code
12 of Conduct and the transaction is formalized in a written contract.
13
- 14 • TNMP may not engage in any anticompetitive practice that could harm
15 competition in any market for competitive services. TNMP may not provide
16 any Competitive Affiliate any preference over a non-affiliated company
17 providing competitive services or its customers. All regulated services offered
18 by TNMP must be available to all eligible customers and non-affiliated
19 competitive suppliers in a nondiscriminatory manner.
20
- 21 • TNMP will make products and services that it makes available to Competitive
22 Affiliates available to all similarly situated entities, contemporaneously and in
23 the same manner. TNMP will:
 - 24 ○ apply its tariffs, prices, terms, conditions and discounts for its
25 products and services in the same manner to all similarly situated
26 entities;
 - 27 ○ process all requests for a product or service on a non-discriminatory
28 basis; and,
 - 29 ○ apply tariff provisions that permit discretion in their application in
30 the same manner to all similarly situated competitors.
- 31 • TNMP will not use customer-specific contracts to circumvent these
32 requirements or create a product or service arrangement with a Competitive
33 Affiliate that is so unique that no competitor could be similarly situated to
34 utilize the product or service.
- 35 • Unless otherwise allowed by the PUCT through a rule or tariff, TNMP will
36 not condition the provision of any product, service, pricing benefit, or
37 alternative terms or conditions upon the purchase of any other good or
38 service from it or any of its Competitive Affiliates.
- 39 • TNMP will not permit Competitive Affiliates to have access to information
40 in a manner that would result in preferential treatment of the Competitive
41 Affiliates.
42

- TNMP will not allow preferential access by Competitive Affiliates to information about its transmission and distribution systems.
- TNMP will not conduct activities intended to promote the business of the Competitive Affiliates at the expense of non-affiliated competitors. TNMP will not:
 - Provide or acquire leads on behalf of Competitive Affiliates;
 - Solicit business or acquire information on behalf of Competitive Affiliates;
 - Share market analysis reports, market forecasts, planning or strategic reports, or other types of proprietary or non-publicly available reports with its Competitive Affiliates;
 - Represent to customers or potential customers that it can offer competitive retail services bundled with its tariffed services;
 - Request authorization from its customers to pass on information exclusively to its Competitive Affiliates; or
 - Engage in the following activities: joint marketing, joint advertising or sales calls, joint proposals, joint promotional communications or correspondence (other than billing inserts pursuant to a PUCT-approved tariff that are also available to non-affiliated competitors on the same terms and conditions), joint presentations at trade shows, conferences or marketing events in Texas; or provide links from its Internet web site to the Competitive Affiliate's Internet web site.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Commission should find that Troy's proposed acquisition of TNMP, through TXNM, TNPE, and TNPE 1, is in the public interest. The Acquisition will not negatively impact the Commission's regulatory authority in Texas or negatively affect the competitive market.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

AFFIDAVIT

STATE OF TEXAS

§

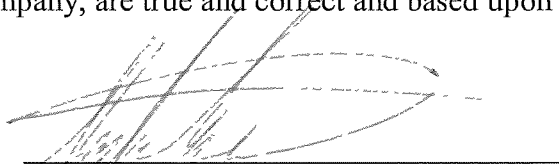
COUNTY OF DENTON

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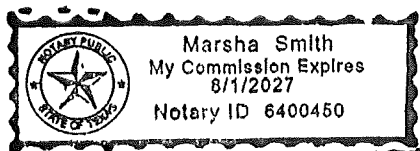
BEFORE ME, the undersigned authority, on this day personally appeared Stacy R. Whitehurst who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

“My name is Stacy R. Whitehurst. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this 17th day of August 2025, to certify which witness my hand and seal of office.





NOTARY PUBLIC in and for the
State of Texas

Printed Name: Marsha Smith

My Commission expires: 8/1/27

STACY R. WHITEHURST**Educational Background and Business Experience**

Stacy R. Whitehurst is the Vice President of Regulatory Affairs for TNMP. Mr. Whitehurst has been employed in the electric utility industry since 2000, when he accepted a position as a senior analyst with Texas-New Mexico Power Company. In this capacity, he was responsible for creation of and modifications to TNPE's customer information and billing systems to support the deregulation of electricity.

In August 2003, Mr. Whitehurst accepted the position of Senior Analyst in the Regulatory Affairs department. Following the acquisition of TNP Enterprises by PNM Resources on June 6, 2005, Mr. Whitehurst was promoted to Supervisor of Texas Regulatory Policy. Mr. Whitehurst was promoted to his current position in June 2011.

Mr. Whitehurst holds a Bachelor's Degree from Texas A&M University.

PROCEEDINGS IN WHICH STACY R. WHITEHURST FILED TESTIMONY

<u>JURISDICTION</u>	<u>DOCKET NO.</u>	<u>DESCRIPTION</u>
Texas	29206	Application of Texas-New Mexico Power Company, First Choice Power, Inc. and Texas Generating Company, L.P. to Finalize Stranded Costs under PURA § 39.262
Texas	31825	Application of First Choice Power Special Purpose, LP to Increase its Price to Beat Fuel Factors
Texas	31994	Application of Texas-New Mexico Power Company to Adjust the Competition of Transition Charge Pursuant to PURA § 39.262(g)
Texas	32109	Application of First Choice Power Special Purpose, L.P. to Adjust its Price to Beat Base Rates Pursuant to PURA § 39.202 and PUC Subst. R. § 25.41(g)(3)
Texas	32795	Staff's Petition to Initiate a Generic Proceeding to Re-Allocate Stranded Costs Pursuant to PURA § 39.533(f)
Texas	35460	Petition of PNM Resources, Inc. and Cap Rock Energy Corporation Regarding Proposed Merger and Acquisition of Stock
Texas	36025	Application of Texas-New Mexico Power Company for Authority to Change Rates
Texas	37613	Application of Texas-New Mexico Power Company for Approval of an Energy Efficiency Cost Recovery Factor
Texas	38211	Application of Texas-New Mexico Power Company for Approval of an Energy Efficiency Cost Recovery Factor
Texas	38306	Texas-New Mexico Power Company's Request for Approval of Advance Metering System (AMS) Deployment and AMS Surcharge
Texas	38480	Application of Texas-New Mexico Power Company for Authority to Change Rates
Texas	38880	Application of Texas-New Mexico Power Company for Rate Case Expense Severed from PUC Docket No. 38480; SOAH Docket No. 473-10-6053
Texas	39362	Application of Texas-New Mexico Power Company for Approval of an Energy Efficiency Cost Recovery Factor

PROCEEDINGS IN WHICH STACY R. WHITEHURST FILED TESTIMONY

<u>JURISDICTION</u>	<u>DOCKET NO.</u>	<u>DESCRIPTION</u>
Texas	40348	Application of Texas-New Mexico Power Company for Approval of An Energy Efficiency Cost Recovery Factor
Texas	40516	Annual Compliance of Texas-New Mexico Power Company to Reduce Certain Discretionary Charges
Texas	41496	Application of Texas-New Mexico Power Company for Approval to Adjust Its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	41629	Annual Compliance of Texas-New Mexico Power Company to Reduce Certain Discretionary Charges
Texas	41756	Application of Texas-New Mexico Power Company to Amend its Certificate of Convenience and Necessity for the Proposed Westminster 138-kV Transmission Line in Collin County
Texas	41901	Compliance Tariff of Texas-New Mexico Power Company Related to Non-Standard Metering Service Pursuant PUC Subst. R. § 25.133
Texas	42566	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	42638	Annual Compliance of Texas-New Mexico Power Company to Reduce Certain Discretionary Charges
Texas	44340	Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates Pursuant to Subst. R. § 25.192(h)
Texas	44778	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	44900	Annual Compliance Filing of Texas-New Mexico Power Company to Reduce Certain Discretionary Charges
Texas	45216	Application of Texas-New Mexico Power Company to Reconcile Advanced Metering System Costs
Texas	46002	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief

PROCEEDINGS IN WHICH STACY R. WHITEHURST FILED TESTIMONY

<u>JURISDICTION</u>	<u>DOCKET NO.</u>	<u>DESCRIPTION</u>
Texas	46119	Annual Compliance Filing of Texas-New Mexico Power Company to Reduce Certain Discretionary Charges
Texas	47217	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	48401	Application of Texas-New Mexico Power Company for Authority to Change Rates
Texas	48404	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	48591	Review of Rate Case Expenses Incurred by Texas-New Mexico Power Company and Municipalities in Docket Nos. 48401, 35038, and 41901
Texas	49586	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	50731	Application of Texas-New Mexico Power Company for a Distribution Cost Recovery Factor
Texas	50894	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	51387	Application of Texas-New Mexico Power Company for Change in Deployed Advanced Meter Technology
Texas	51547	Joint Report and Application of Texas-New Mexico Power Company, NM Green Holdings, Inc., and Avangrid, Inc. for Regulatory Approvals Under PURA § 14.101, 39.262, and 39.915
Texas	51959	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	52153	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	52314	Application of Texas-New Mexico Power Company to Reconcile Advanced Metering System Costs

PROCEEDINGS IN WHICH STACY R. WHITEHURST FILED TESTIMONY

<u>JURISDICTION</u>	<u>DOCKET NO.</u>	<u>DESCRIPTION</u>
Texas	53436	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	53637	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	54807	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	55034	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	56428	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	56657	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief
Texas	56887	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	57816	Application of Texas-New Mexico Power Company to Amend its Distribution Cost Recovery Factor
Texas	58140	Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief

Exhibits
SRW-2 through SRW-4
will be provided
in Native Excel format

TEXAS-NEW MEXICO POWER COMPANY TARIFF FOR RETAIL DELIVERY SERVICE

6.1. Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: TBD

Page No.: TBD

Revision: Original

6.1.1.6.7 RIDER MRC – MERGER RATE CREDIT

AVAILABILITY

This rider is applicable to delivery service provided under Section 6.1.1.1.1 Residential Service, Section 6.1.1.1.2 Secondary Service (Less Than or Equal to 5 kW), Section 6.1.1.1.3 Secondary Service (Greater Than 5 kW), Section 6.1.1.1.4 Primary Service, Section 6.1.1.1.5 Transmission Service and Section 6.1.1.1.6 Lighting Service in the Company's Tariff for Retail Delivery Service. The rider will expire forty-eight months after the effective date of the rider or when the \$35 million credit has been issued. Rider MRC will be updated annually to reflect updated kWh sales. The table below reflects the annual credit amount and total credit amount by rate class.

<u>Rate Type</u>	<u>Percent</u>	<u>Annual Credit</u>	<u>Total Amount</u>
Residential	49.30%	\$ 4,313,317	\$ 17,253,270
Secondary Service < 5 kW	1.06%	\$ 92,774	\$ 371,097
Secondary Service > 5 kW	28.91%	\$ 2,529,600	\$ 10,118,400
Primary Service	11.61%	\$ 1,016,165	\$ 4,064,659
Transmission	7.87%	\$ 688,335	\$ 2,753,342
Lighting	1.25%	\$ 109,808	\$ 439,232
Total	100%	\$ 8,750,000	\$ 35,000,000

MONTHLY RATE

Residential Service	\$0.001342	kWh
Secondary Service (Less Than or Equal to 5 kW)	\$0.001935	kWh
Secondary Service (Greater Than 5 kW)	\$0.001064	kWh
Primary Service	\$0.000295	kWh
Transmission Service	\$0.000070	kWh

NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

TEXAS-NEW MEXICO POWER COMPANY**TXNM ENERGY, INC.****TEXAS CODE OF CONDUCT****Introduction**

Texas-New Mexico Power Company (TNMP) and TXNM Energy, Inc¹ (TXNM) have adopted this Texas Code of Conduct as part of their program to comply with the affiliate transaction rules adopted by the Public Utilities Commission of Texas (the PUCT).

This Texas Code of Conduct applies to transactions involving TNMP and TXNM and their Competitive Affiliates beginning on June 6, 2005, the date on which TXNM acquired the outstanding common stock of TNP Enterprises, Inc.

It is important that all employees of TNMP, TXNM, and PNMR Services Company understand and comply with this Texas Code of Conduct in their interactions with TXNM's Competitive Affiliates.

This Texas Code of Conduct is divided into the following general areas:

- Transactions between TNMP and its Competitive Affiliates;
- Safeguards relating to the provision of products and services;
- Information Safeguards;
- Separation of TNMP and its affiliates;
- Shared Officer and Director Compliance;
- Safeguards Relating to Joint Marketing and Advertising;
- Contracts between TNMP and its Competitive Affiliates;
- Implementation; and
- PUCT Filing Requirements.

Questions regarding the Texas Code of Conduct should be directed to Stacy Whitehurst at 214-222-4142.

Definitions. The following terms apply throughout this Texas Code of Conduct:

Arm's Length Transactions: The standard of conduct under which unrelated parties, each acting in its own best interest, would carry out a particular transaction. Applied to related parties, a transaction is at arm's length if the transaction could have been made on the same terms to a disinterested third party in a bargained transaction.

¹ Formerly known as PNM Resources, Inc

Competitive Affiliates: TNMP or TXNM affiliates that provide a service or sell products in competitive, energy-related markets in Texas.

Confidential information: Any information not intended for public disclosure and considered confidential or proprietary by persons privy to such information. Confidential information includes, but is not limited to, information relating to the interconnection of customers to TNMP's Texas transmission or distribution systems, proprietary customer information, trade secrets, competitive information relating to internal manufacturing process, and information about TNMP's Texas transmission or distribution system, operations, or plans for expansion.

Central Corporate Services: Services shared by TNMP and its affiliates and generally provided by PNMR Services Co. These include: human resources, procurement, information technology, regulatory services, administrative services, real estate services, legal services, accounting, environmental services, internal audit, community relations, corporate communications, financial services, financial planning and management support, corporate services, corporate secretary, lobbying, risk management, and corporate planning.

Proprietary customer information: Any information compiled by TNMP on a customer in the normal course of providing electric service that makes possible the identification of any individual customer by matching such information with the customer's name, address, account number, type or classification of service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing records, or any other information that the customer has expressly requested not be disclosed. Information that is redacted or organized in such a way as to make it impossible to identify the customer to whom the information relates does not constitute proprietary customer information.

PUCT: The Public Utility Commission of Texas

REP: Retail Electric Provider.

T&D Operations: Transmission and distribution operations conducted by TNMP in Texas.

Transaction: Transaction means the provision of any good, property, service, privilege, or act between any two parties for which compensation normally would be provided if each party was independent of the other and acting in its best financial interest. In the application of the definition of transaction, TNMP, TXNM, and their affiliates will be inclusive rather than exclusive.

A. TRANSACTIONS BETWEEN TNMP AND ITS AFFILIATES

1. **Separate Books and Records.** TNMP, TXNM and each of their competitive affiliates will maintain separate accounts and records.

2. **Allocation of Costs.** PNMR Services Co. will fully assign costs directly to the affiliate by whom or on whose behalf such costs are incurred, wherever possible. Costs shared among different affiliates will be fully allocated among such affiliates by using a methodology based on cost causation, wherever possible. Cost allocation will be consistent with the PNMR Services Co. Cost Allocation Manual in effect from time to time. To the extent that TNMP provides incidental services to its affiliates, TNMP will allocate costs in the same manner as PNMR Services Co.
3. **Transactions among TNMP and its Competitive Affiliates.** Transactions between TNMP and its Competitive Affiliates shall be at arm's length, except that transactions governed by tariffs shall be in accordance with the applicable tariffs. TNMP will maintain for three years a contemporaneous record of all transactions with Competitive Affiliates other than transactions governed by tariffs. Central Corporate Services provided by PNMR Services Co. are not transactions with a Competitive Affiliate.

TNMP personnel will submit reports of such transactions to the Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067 or by fax to #214-222-4156 within 24 hours after such transactions occur. The report will be in the form set out as Appendix A to this Texas Code of Conduct, or other form that may replace it.
4. **Sale of Products or Services.** All sales of products or services by TNMP to any affiliate will be governed by a tariff approved by the PUCT, unless the sales are otherwise approved by the PUCT. TNMP shall make available products and services to unaffiliated entities on the same terms and conditions as to its affiliates.
5. **Purchase by TNMP of Products or Services from its Affiliates.**
 - a. **Purchases from all affiliates.** TNMP's purchase of products, services, or assets from an affiliate shall be at prices that are fair and reasonable to utility customers and that reflect the market value of the product, service, or asset.
 - b. **Purchases from Competitive Affiliates.** TNMP may not enter into a transaction with a competitive affiliate that has a per unit value of \$75,000 or more, or a total value of \$1 million or more, unless the transaction is the result of the bidding process described in Section G of this Texas Code of Conduct and the transaction is formalized in a written contract.
6. **Transfers of Assets to Competitive Affiliates.** TNMP may not transfer to a Competitive Affiliate assets having a per unit value of \$75,000 or more, or a total value of \$1 million or more, unless the transaction is the result of the bidding process described in Section G of this Texas Code of Conduct and the transaction is formalized in a written contract.
7. **Anticompetitive Practices.** TNMP may not engage in any anticompetitive practice that could harm competition in any market for competitive services. TNMP may not provide any Competitive Affiliate any preference over a non-affiliated company providing competitive services or its customers. All regulated

services offered by TNMP must be available to all eligible customers and non-affiliated competitive suppliers in a nondiscriminatory manner.

8. **Sharing of property, equipment, computer systems, information systems, and corporate support services.** TNMP and TXNM, Inc. and their Competitive Affiliates may share common property, equipment, computer systems, information systems, and corporate support services, if TNMP implements safeguards included in this Texas Code of Conduct to preclude employees of a competitive affiliate from gaining access to information in a manner that would allow or provide a means to transfer confidential information from TNMP to an affiliate, create an opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates.

B. SAFEGUARDS RELATING TO THE PROVISION OF PRODUCTS AND SERVICES.

1. **Products and Services available on a Non-Discriminatory Basis.** TNMP will make products and services that it makes available to Competitive Affiliates available to all similarly situated entities, contemporaneously and in the same manner. TNMP will:
 - apply its tariffs, prices, terms, conditions and discounts for its products and services in the same manner to all similarly situated entities;
 - process all requests for a product or service on a non-discriminatory basis; and,
 - apply tariff provisions that permit discretion in their application in the same manner to all similarly situated competitors.

TNMP will not use customer-specific contracts to circumvent these requirements or create a product or service arrangement with a Competitive Affiliate that is so unique that no competitor could be similarly situated to utilize the product or service.

2. **Tying Arrangements Restricted.** Unless otherwise allowed by the PUCT through a rule or tariff, TNMP will not condition the provision of any product, service, pricing benefit, or alternative terms or conditions upon the purchase of any other good or service from it or any of its Competitive Affiliates.

C. INFORMATION SAFEGUARDS

1. **Nondiscriminatory availability of information.**
 - a. TNMP will not permit Competitive Affiliates to have access to information in a manner that would result in preferential treatment of the Competitive Affiliates.
 - b. Anyone, including Competitive Affiliates, who possesses customer information that was obtained in a manner contrary to this Texas Code of Conduct shall not make any commercial use of such information and shall destroy the information or return it to TNMP.

- c. TNMP will not allow preferential access by Competitive Affiliates to information about its transmission and distribution systems.

2. **Proprietary customer information.**

- a. TNMP will provide a customer with the customer's proprietary customer information, upon the customer's request.
- b. Unless TNMP obtains from the customer prior affirmative written consent or other verifiable authorization, it shall not release any proprietary customer information to any other entity, other than:
 - the customer,
 - an independent system operator,
 - Central Corporate Services for the sole purpose of providing its services,
 - where authorized or requested to do so by the PUCT or where required to do so by law, regulation or legal process, or
 - to a provider of last resort.
- c. TNMP will not disclose any aggregated customer information to a Competitive Affiliate, other than Central Corporate Services, unless it makes the same information available in a timely manner and on the same basis to any non-affiliates. Disclosure of information to Central Corporate Services is not disclosure to a Competitive Affiliate.

If TNMP makes aggregate customer information available to a Competitive Affiliate, TNMP will report the transaction to the Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067, or by fax to #214-222-4156, on the form attached as Attachment A to this Texas Code of Conduct by no later than 8:00 am on the following calendar day. Within 24 hours of providing the information, and for at least 30 days, TNMP will post a conspicuous notice on its Internet web site providing the following information:

- The name of the Competitive Affiliate to which the information was provided,
- The rate charged for the information,
- A meaningful description of the information provided, and
- Procedures by which non-affiliates may obtain records of such information under the same terms and conditions.

3. **Safeguards against disclosure by officers, directors, shared employees and Central Corporate Services.** To ensure that its officers, directors, shared employees, and Central Corporate Services do not use their access to TNMP operations information as a means to create opportunities for preferential treatment of TNMP's Competitive Affiliates, each officer, director, and Central Corporate Services employee will be required to execute the *Employee Acknowledgment Of Understanding* form in which such person will agree that he

or she will comply with all written policies regarding limitations on the use and distribution of Confidential Information. .

4. **Restrictions on access to T&D information.** Only TNMP employees and Central Corporate Services employees who require such information in connection with providing Central Corporate Services shall have access to transmission and distribution information. TNMP will restrict Competitive Affiliates' access to information about T&D operations, through appropriate security devices, firewalls and procedures.

D. SEPARATION OF TNMP AND ITS AFFILIATES

1. **Sharing of facilities, employees and other resources.** TNMP and its Competitive Affiliates may share employees, facilities, and resources as provided by the safeguards described in this Texas Code of Conduct if such sharing has been approved in advance by the PUCT. Any questions concerning such sharing or requests to share shall be submitted to Stacy Whitehurst, TNMP, Regulatory Policy.
2. **Employee transfers.**
 - a. TNMP will not assign, for less than one year, utility employees engaged in T&D operations to a Competitive Affiliate unless that employee has no knowledge of Confidential Information.
 - b. Employees engaged in T&D system operations who transfer to Competitive Affiliates will not remove or otherwise provide or use Confidential Information or property gained from the T&D operations in a discriminatory or exclusive fashion, to the benefit of the Competitive Affiliate or to the detriment of non-affiliated competitors.
 - c. Transferring employees will sign a statement indicating that they are aware of and understand the restrictions set forth in this Texas Code of Conduct.
 - d. TNMP will notify the Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067, or by fax to #214-222-4156, of any transfer of an employee to a Competitive Affiliate by the close of business on the business day prior to the effective date of the transfer. Such notice shall be in writing or via e-mail. TNMP will post on its internet site notice of any transfer within 24 hours of the transfer and will leave the notice posted for at least 30 days.
3. **Physical separation.** TNMP will not permit Competitive Affiliates' personnel to have access to T&D facilities, except as permitted by law, rule, or PUCT order.

E. SHARED OFFICER AND DIRECTOR COMPLIANCE

1. Shared officers and directors are those individuals who are officers and directors of both the TNMP regulated utility company and TXNM, Inc. or any of its non-regulated affiliates.

2. Shared officers and directors shall not include any officers of TNMP or TXNM, Inc. or its non-regulated affiliates assigned to supervision of day-to-day facility operations in any particular TNMP region. Any officers of TNMP responsible for daily supervision and operation of transmission and distribution systems in any particular region shall not be shared with non-regulated affiliates of TXNM, Inc.
3. Officers and directors will not be shared if doing so would result in the violation of any of the information sharing or other provisions of the Texas Code of Conduct.
4. Shared officers and directors will not, with the intent of giving a Competitive Affiliate an unfair competitive advantage, participate in decisions as a Competitive Affiliate officer or director, or attempt to influence decisions of other Competitive Affiliate officers and directors, while relying on confidential utility information pursuant to 16 Tex. Admin Code § 25.272(c)(3).
5. During any meetings of the Board of Directors or any committees, officers and directors shared between TNMP and TXNM or any of their Competitive Affiliates shall not disclose to Competitive Affiliate employees, or officers or directors who are not shared with TNMP any confidential utility information pursuant to 16 Tex. Admin Code § 25.272(c)(3). The TXNM Chief Compliance Officer, or designee, will review the agenda for any such meeting and will ensure that no inappropriate disclosure occurs. Officers and directors will recuse themselves from any such meetings during which prohibited topics are discussed.

F. SAFEGUARDS RELATING TO JOINT MARKETING AND ADVERTISING

1. **Joint Marketing and Promotion.**
 - a. TNMP will not conduct activities intended to promote the business of the Competitive Affiliates at the expense of non-affiliated competitors. TNMP will not:
 - Provide or acquire leads on behalf of Competitive Affiliates;
 - Solicit business or acquire information on behalf of Competitive Affiliates;
 - Share market analysis reports, market forecasts, planning or strategic reports, or other types of proprietary or non-publicly available reports with its Competitive Affiliates;
 - Represent to customers or potential customers that it can offer competitive retail services bundled with its tariffed services;
 - Request authorization from its customers to pass on information exclusively to its Competitive Affiliates; or
 - Engage in the following activities: joint marketing, joint advertising or sales calls, joint proposals, joint promotional communications or correspondence (other than billing inserts pursuant to a PUCT-approved tariff that are also available to non-affiliated competitors on

the same terms and conditions), joint presentations at trade shows, conferences or marketing events in Texas; or provide links from its Internet web site to the Competitive Affiliate's Internet web site.

2. **Provision of Technical Assistance.**

- a. At a customer's unsolicited request, TNMP may participate in meetings with a Competitive Affiliate to discuss technical or operational subjects regarding TNMP's provision of transmission or distribution services to the customer. TNMP may, however, participate in such meetings only in the same manner and to the same extent that it participates in such meetings with unaffiliated electric or energy services suppliers or their customers.
- b. TNMP will not listen to, view, or otherwise participate in any way in a sales discussion between a customer and a Competitive Affiliate or an unaffiliated electric or energy services supplier.

3. **Customer Requests**

- a. **Customer Requests for information.**
 - (i) **Requests for general information about products or services offered by Competitive Affiliates and their competitors.** If a customer or potential customer requests general information about products or services to be provided by TNMP's Competitive Affiliates or its affiliate's competitors, TNMP personnel shall not:
 - promote its Competitive Affiliate's products or services, or
 - offer any opinion regarding the service of the Competitive Affiliate or any other service provider; or
 - refer the customer or potential customer to the Competitive Affiliate except as provided in subsection (ii), below.
 - (ii) **Requests for specific Competitive Affiliate information.** If a customer or potential customer makes an unsolicited request for information specifically about any of TNMP's Competitive Affiliates, TNMP personnel may refer the customer or potential customer to the Competitive Affiliate for more information. The only information that TNMP may provide to the customer or potential customer is the address and telephone number of the Competitive Affiliate. TNMP will not transfer the customer directly to the Competitive Affiliate's customer service office via telephone or provide any other electronic link whereby the customer could contact the Competitive Affiliate.
- b. **No Expression of Opinions by TNMP Personnel.** TNMP personnel will not state or otherwise provide to any customer or potential customer any opinion regarding the reliability, experience, qualifications, financial capability, managerial capability, operations capability, customer service record, consumer practices or market share of its Competitive Affiliates or any competitor providing competitive services.

G. CONTRACTS BETWEEN TNMP AND ITS COMPETITIVE AFFILIATES

1. Competitive Bidding Requirements. When:

- procuring products and services, other than Central Corporate Services, that are offered by a Competitive Affiliate, or
- selling to any Competitive Affiliate assets that have a per unit value of more than \$75,000, or a total value of more than \$1,000,000,

TNMP will follow the following procedures:

- a. **Notice Requirements:** TNMP will provide the following notice of any request for proposals:
 - Publication of notices in trade journals or newspapers, as appropriate, that may be reasonably expected to provide notice to competitors of the Competitive Affiliate;
 - Mailing of notice to persons who previously requested to be notified of the requests for proposals; and
 - Conspicuous notice on TNMP's Internet site or other public electronic bulletin board.
- b. **Independent Evaluator:** If a Competitive Affiliate submits a bid to be evaluated, TNMP will use an independent evaluator. The independent evaluator will identify in writing the bids that are most advantageous and warrant negotiation and contract execution, in accordance with the criteria set forth in the request for proposals. TNMP retains responsibility for final selection of products or services. TNMP will maintain a record of all communications with the independent evaluator.
- c. **Competitive Bidding Procedures:** TNMP will make a request for proposals available to interested persons by conspicuously posting the request on its Internet site or other electronic bulletin board.
 - The request for proposals will clearly set forth the eligibility and selection criteria and will specify the weight to be given to any non-cost selection criteria.
 - TNMP will strictly enforce the criteria specified in the request for proposals.
- d. **Evaluation of Bids.** TNMP or the independent evaluator (if an independent evaluator is used) will evaluate each bid submitted in accordance with the criteria specified in the request for proposals. TNMP or the independent evaluator will not give preferential treatment or consideration to any bid.
- e. **Rejection of Bids.** TNMP is not required to accept a bid and may reject any or all bids in accordance with the selection criteria specified in the request for proposals.

2. Contract Requirements. A contract will include, at a minimum, the following provisions:

- The effective date of the agreement;

- The parties to the agreement;
 - The term of the agreement;
 - A narrative describing the products or services provided to TNMP, including a list by specific service of all the affiliated companies who provide or receive these services, or a narrative describing the assets being sold by TNMP to the Competitive Affiliate;
 - The obligations of the parties;
 - The price for those products, services, or assets governed by the contract; and
 - Billing and payment procedures.
3. **PUCT Filing Requirement.** TNMP will file with the PUCT a signed copy of any contracts entered into with its Competitive Affiliates. These contracts shall be filed by June 1 of each year as attachments to the utility's annual Report of Affiliate Activities filed with the PUCT.

H. IMPLEMENTATION

1. **Code of Conduct Implementation Responsibilities.** All officers, managers, and supervisors employed by TXNM or any of its affiliates are responsible for monitoring and enforcing this Texas Code of Conduct to the extent it is applicable to their specific areas of supervisory responsibility. Every employee of TXNM or any of its affiliates is responsible for monitoring compliance with this Texas Code of Conduct. Any officer or employee of TXNM or any of its affiliates who discovers any event which may be in violation of this Texas Code of Conduct will report immediately to the Ethics and Compliance Hotline at 1-888- 840- 4158 and to the General Counsel of TXNM.
2. **Informal Dispute Resolution.** TNMP and TXNM will investigate complaints and disputes concerning violations of statutes, regulations and this Texas Code of Conduct governing TNMP affiliate transactions. Complaints concerning violations will be directed to the Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067 or by fax to # 214-222-4156. TNMP and TXNM will communicate the results of the investigation to the complainant in writing within 30 days after they have received the complaint, including a description of any action taken and the complainant's right to file a complaint with the appropriate regulatory authority.
3. **Corrective Action.** Corrective action will be taken to ensure compliance with statutes, regulations and the Texas Code of Conduct. Any employee violating statutes, regulations, or this Texas Code of Conduct will face appropriate disciplinary action up to and including termination depending on the nature of the circumstances, seriousness, and/or frequency of the conduct or behavior. Management may choose to begin the steps of progressive discipline at any point, and may immediately terminate an employee who has violated statutes, regulations, or this Texas Code of Conduct.

I. PUCT FILING REQUIREMENTS

1. **Annual report of affiliate activities.** TNMP will file with the PUCT a "Report of Affiliate Activities" by June 1 of each year. This report shall be in a form approved by the PUCT and
 - encompass the prior calendar year;
 - report activities among TNMP and its affiliates;
 - reflect any updates or changes to the code of conduct compliance plan resulting from the formation of new affiliates;
 - include copies of new or revised contracts or agreements between TNMP and its affiliates, or (if there are not significant changes to the contract) an amendment sheet;
 - include information on the movement of TNMP employees among TNMP and its Competitive Affiliates; and
 - include a summary of information concerning deviations from the Texas Code of Conduct during the reporting period.
2. **Copies of contracts or agreements.** TNMP will file copies of the contracts and agreements with its Competitive Affiliates with the PUCT as attachments to the Annual Report of Affiliate Activities (a) in the first year it is in effect and (b) when significant changes have been made to it. In cases where there are no significant changes to a contract or agreement, TNMP will file an amendment sheet summarizing any changes in lieu of refileing the entire contract.
3. **Tracking migration of employees.** In addition to following the procedures described in the section entitled "Separation of the Utility and its Affiliates – Employee Transfers," TNMP will include employee migration information in its annual Report of Affiliate Activities. The tracking information will include an identification code for the migrating employee, the respective titles held while employed at each entity, and the effective dates of the migration.
4. **Annual reporting of informal complaint resolution.** TNMP will report in its annual Report of Affiliate Activities:
 - information regarding the nature and status of informal complaints handled in accordance with its informal complaint procedures, and,
 - information on all informal complaints that were initiated or remained unresolved during the reporting period.

The information reported will include the name of the complainant and a summary report of the complaint, including all relevant dates, companies involved, employees involved, the specific claim, and any actions taken to address the complaint.

ATTACHMENT A**AFFILIATE TRANSACTION* TIME AND ACTIVITY DAILY REPORT**

(Transaction is defined on the Reverse Side, along with Instructions for completing the Report)

Note: This form is for transactions between Texas-New Mexico Power Company and its affiliates, not including transactions governed by tariffs or with Central Corporate Services.

General Employee Information

Employee Name	Date	E-Mail
Location	Phone Number	Business Unit

Specific Transaction Information

Time Involved	_____ Hours	
Individuals Involved	Department	Company
1.		
2.		
3.		
4.		
5.		

Describe Transaction or Information Exchanged (attach a separate sheet if more space is needed.)

Form of Communication for Transaction				Nature of Transaction	
Phone Call	☐	Meeting	☐	Tariffed	☐
E-Mail	☐	Other	☐	Non-Tariffed	☐
Letter	☐			Discount	☐
				Other (specify)	☐
Hardcopy of Information to be Forwarded to _____				☐ Yes	☐ No
Please Attach.					

Employees must send the completed form to Stacy Whitehurst no later than noon of the day following any transaction with an affiliate. If the employee is uncertain as to whether or not an affiliate transaction has occurred they can call Stacy Whitehurst at 214-222-4142 and request assistance.

AFFILIATE TRANSACTION TIME AND ACTIVITY DAILY REPORT

OBJECTIVE: To Provide Documentation of "Transactions" on a Daily Basis between TNMP and Affiliates.

TRANSACTION DEFINITION: Transaction means the provision of any good, property, service, privilege, or act between any two parties for which compensation normally would be provided if each party was independent of the other and acting in its best financial interest. In the application of the definition of transaction, employees should be inclusive rather than exclusive.

INSTRUCTIONS for Completing Form

1. This report will address all transactions between TNMP and Affiliates.

Examples include:

- Providing a competitive affiliate with TNMP customer billing information after receiving written authorization from the customer.
- Signing a contract for purchase of goods or services if that contract includes both TNMP and an Affiliate.
- Advising or providing a service to an Affiliate.

2. This report will be completed daily.

Provide copy of hard copy or electronic information exchanged, if any, to the Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067.

3. File this report with Vice President of Regulatory Affairs, TNMP, 577 N. Garden Ridge Blvd, TX 75067 or fax # 214-222-4156 by noon the day following the transaction.

- ☐ Hard copy to: Vice President of Regulatory Affairs, 577 N. Garden Ridge Blvd., Lewisville, Texas 75067.
- ☐ Fax copy to: 214-222-4156
- ☐ E-mail to: stacy.whitehurst@tnmp.com

4. Please contact Stacy Whitehurst at stacy.whitehurst@tnmp.com or 214-222-4142 with any questions.

PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY AND EXHIBITS
OF
EMMANUEL J. LOPEZ**

**ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY**

AUGUST 25, 2025

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EXHIBITS

EXHIBIT EJL-1	EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE
EXHIBIT EJL-2	REFINANCE ADJUSTMENT CALCULATION

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF**
3 **EMPLOYMENT.**

4 **A.** My name is Emmanuel J. Lopez, and I am employed by PNMR Services Company
5 ("PNMR Services"), a wholly owned subsidiary of TXNM Energy, Inc. ("TXNM") that
6 provides back-office services to PNMR Services' affiliated utilities, including Texas-New
7 Mexico Power Company ("TNMP"). My business address is 414 Silver Ave SW,
8 Albuquerque, New Mexico 87102. My title is Assistant Controller, Corporate Accounting.
9 I am responsible for Corporate Accounting, Securities and Exchange Commission ("SEC")
10 reporting, Generally Accepted Accounting Principles ("GAAP") analysis, Payroll,
11 Accounts Payable, and General Ledger Systems for TXNM, TNMP, and Public Service
12 Company of New Mexico ("PNM"). Corporate Accounting includes debt, equity, lease,
13 and employee benefit related transactions.

14 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

15 **A.** I am testifying on behalf of TNMP.

16 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
17 **PROFESSIONAL EXPERIENCE.**

18 **A.** My educational background and professional experience are summarized in Exhibit
19 EJL- 1, which includes a list of cases in which I have testified before the Public Utility
20 Commission of Texas ("Commission" or "PUC") and the New Mexico Public Regulation
21 Commission ("NMPRC").

22 **Q. HAVE YOU EVER FILED TESTIMONY BEFORE THE COMMISSION?**

23 **A.** Yes, I submitted pre-filed testimony in PUC Docket Nos. 45213¹ and 48401.²

¹ *Application of Texas-New Mexico Power Company to Reconcile Advanced Metering System Costs*, Docket No. 45213 (Mar. 25, 2016).

² *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401 (Dec. 20, 2018).

1 **Q. HAVE YOU PREPARED ANY EXHIBITS?**

2 **A.** Yes. I am sponsoring Exhibits EJL-1 and EJL-2, which are attached to my testimony.
3 These exhibits were prepared by me or under my direction and control. The information
4 contained in these exhibits is true and correct to the best of my knowledge and belief.

5 **II. PURPOSE OF TESTIMONY**

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A.** The purpose of my testimony is to:

- 8 • provide an overview of the current ownership of TNMP;
- 9 • address key financial topics related to Troy ParentCo LLC's ("Troy")
10 proposed acquisition of TNMP's parent company, TXNM (the
11 "Acquisition") including capital expenditures, financial protections, and
12 accounting and ratemaking regulatory commitments; and
- 13 • describe the other regulatory approvals that are required before the
14 Acquisition between TXNM and Troy can be completed.

15 **III. OVERVIEW OF CURRENT OWNERSHIP OF TNMP**

16 **Q. WHO CURRENTLY OWNS TNMP?**

17 **A.** TNMP is indirectly owned by TXNM. TXNM is an energy holding company based in
18 Albuquerque, New Mexico, with 2024 consolidated operating revenues of \$2.0 billion.
19 TXNM is publicly traded on the New York Stock Exchange ("NYSE").

20 **Q. IS TXNM THE SAME ENTITY AS PNM RESOURCES, INC.?**

21 **A.** Yes, TXNM Energy, Inc. (NYSE: TXNM) completed its holding company name change,
22 effective as of 5:00 pm ET on August 2, 2024. TXNM was previously named PNM
23 Resources, Inc. ("PNMR") with common stock traded under the ticker designation "PNM".
24 There were no significant structural or organizational impacts to the company associated
25 with the name change. All outstanding shares of PNMR became TXNM shares, and
26 shareholders were not required to take any action as a result of the name change.

1 **Q. CAN YOU PROVIDE SOME BACKGROUND OF THE OWNERSHIP OF TNMP**
2 **BY TXNM?**

3 **A.** Yes. TNMP is owned 100% by TNP Enterprises, Inc., a Texas corporation (“TNPE”).
4 TXNM owns 100% of the stock associated with TNPE. Under its prior name, TXNM
5 acquired ownership of TNPE in 2005, as approved by the Commission in Docket No.
6 30172.³

7 **IV. OVERVIEW OF THE ACQUISITION AND CERTAIN ACCOUNTING-**
8 **RELATED REGULATORY COMMITMENTS**

9 **Q. PLEASE DESCRIBE THE ACQUISITION.**

10 **A.** Effective May 18, 2025, TNMP’s parent, TXNM, entered into an Agreement and Plan of
11 Merger (“Merger Agreement”) with Troy and Troy Merger Sub Inc. (“Merger Sub”), under
12 which, following receipt of regulatory approvals and satisfaction of other closing
13 conditions, Merger Sub will be merged with and into TXNM with TXNM as the surviving
14 corporation and a direct subsidiary of Troy. Troy will remain an affiliate subsidiary of
15 Blackstone Infrastructure.⁴ Troy witness Heidi Boyd describes the Acquisition in more
16 detail.

17 For purposes of my testimony, “Applicants” refers to both TNMP and Troy.

18 **Q. PLEASE SUMMARIZE THE PROPOSED OWNERSHIP STRUCTURE OF TNMP**
19 **FOLLOWING THE CLOSING OF THE ACQUISITION.**

20 **A.** After the closing of the Acquisition, TNPE will remain in existence and will form a new
21 Delaware LLC special purpose entity named TNPE 1, LLC (“TNPE 1”) for purposes of
22 bankruptcy remoteness. TNPE will contribute 100% of the stock of TNMP to TNPE 1 so
23 that TNPE 1 owns 100% of the stock of TNMP after closing. After the Acquisition closes,
24 TNMP and its affiliate utility, PNM, will continue to be subsidiaries of TXNM and will be
25 indirectly owned and controlled by Blackstone Infrastructure. As such, TNMP’s business
26 structure will continue to reflect a traditional utility ownership model. Table 1 below

³ *Application of PNM Resources, Inc. and Texas-New Mexico Power Company regarding Proposed Acquisition of Stock*, Docket No. 30172 (Apr. 22, 2005).

⁴ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in the Application..

shows the current simplified organizational structure, while Table 2 shows the simplified proposed organizational structure after the closing of the Acquisition.

Table 1 – Current Organizational Structure

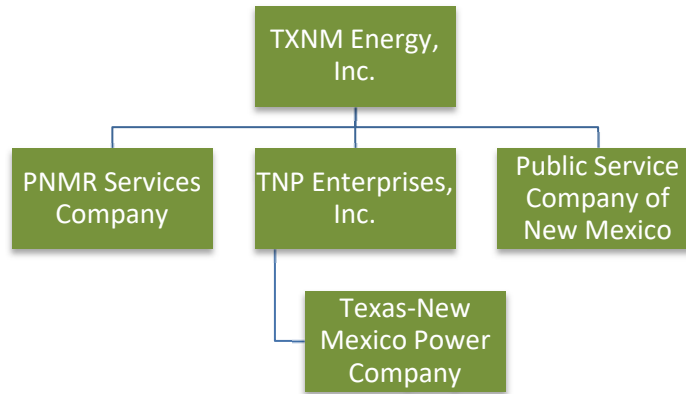
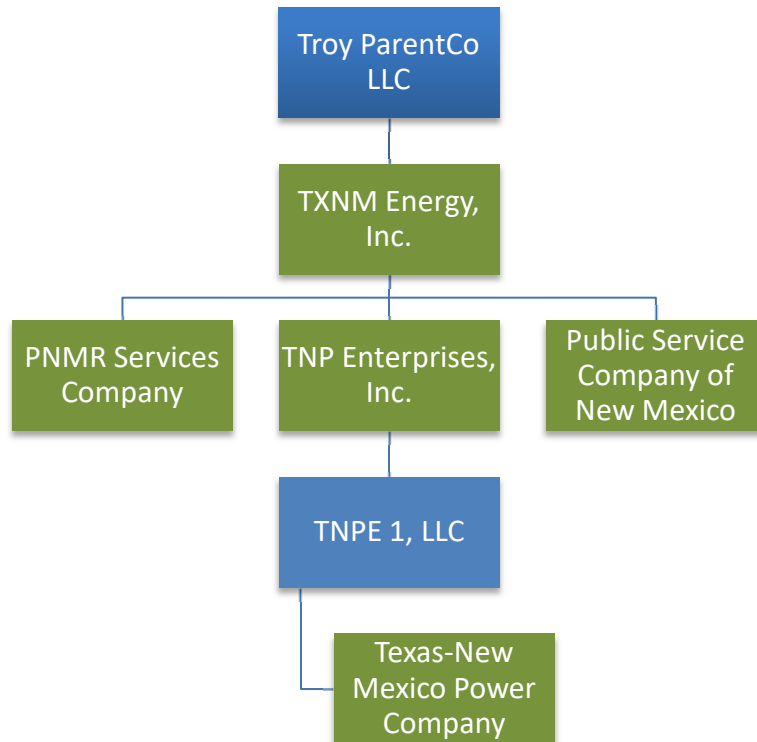


Table 2 - Proposed Organizational Structure



1 Q. WHAT REGULATORY COMMITMENTS ACCOMPANY THE ACQUISITION?

2 A. Ms. Boyd addresses Applicants' regulatory commitments in her testimony. I specifically
3 address capital expenditures and certain accounting regulatory commitments below in my
4 testimony. These include commitments regarding the continuation of TNMP's current
5 capital expenditure plan, the maintenance of separate and accurate books and records for
6 TNMP, the exclusion of goodwill and its amortization from rates, the commitment not to
7 apply push-down accounting related to the Acquisition, and the calculation of income taxes
8 on a stand-alone basis for regulatory ratemaking purposes. A key regulatory commitment
9 is that customers will not bear any transaction costs associated with the Acquisition,
10 including costs from refinancing a portion of TNMP's first mortgage bonds ("FMBs"). To
11 ensure customers are not affected by the higher cost of debt from the refinancing, TNMP
12 will provide a refinance adjustment to customers as part of its next general rate review.
13 This is described in more detail below.

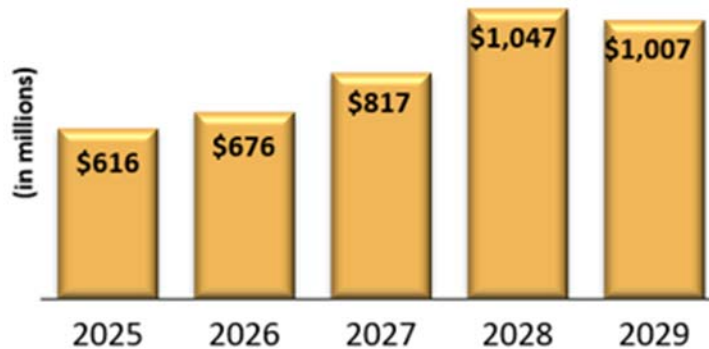
**14 Q. WILL ANY TNMP PROPERTY, FACILITIES, OR SECURITIES BE
15 TRANSFERRED AS A RESULT OF THE ACQUISITION?**

16 A. No assets of TNMP will be sold, leased, or transferred as part of the Acquisition. The
17 Acquisition is simply a change in upstream ownership of TNMP and does not involve a
18 transfer of TNMP assets.

19 Q. WILL TNMP'S CURRENT CAPITAL EXPENDITURE PLAN BE CONTINUED?

20 A. Yes. As shown in Table 3 - TNMP Capital Investment Plan below, TNMP's capital budget
21 is approximately \$4.2 billion over the next five years. Under Regulatory Commitment No.
22 27, TNMP will continue to make minimum capital expenditures at a level equal to its
23 current five-year budget for the five year period beginning January 1, 2025. TNMP may
24 reduce capital spending if necessary due to factors outside its control, such as siting delays,
25 project cancellations, economic conditions, or if a particular expenditure would not be
26 prudent. Any such reductions over 10% will be reported annually to the Commission.

Table 3 - TNMP Capital Investment Plan



Q. UNDER THE REGULATORY COMMITMENTS, WILL MATERIAL CHANGES TO TNMP'S CAPITAL BUDGET REQUIRE APPROVAL BY THE TNMP BOARD?

A. Yes. Under Regulatory Commitment No. 12, TNMP's board has the authority to approve modifications to TNMP's annual or multi-year budget under certain conditions. If TNMP management seeks approval of a capital project or a series of projects that would be in excess of the approved annual budget by more than 10%, such projects or series of projects shall be approved by a majority of the TNMP Board of Directors, including a majority of the independent directors. Additionally, any budget or forecast outside this threshold will be identified in an annual report to the Commission, and TNMP will provide the reasons for the variance.

Q. WILL TXNM CONTINUE TO PROVIDE FINANCING AND OTHER SERVICES TO TNMP AND ITS OTHER SUBSIDIARY, PNM?

A. Yes. TXNM currently provides financing and liquidity to both TNMP and PNM, and will continue to manage these functions. In addition, PNMR Services, a direct subsidiary of TXNM, will continue to provide services to both TNMP and PNM as described and discussed in PNMR Services' Cost Allocation Manual ("CAM").

TXNM will continue to refinance or issue new debt to help meet the financial needs of both TNMP and PNM, balanced with equity contributions as needed from Blackstone Infrastructure, through Troy. TXNM will not commingle funds, assets, or cash flows with affiliates. TXNM will not include in any of its debt or credit arrangements cross-default

1 provisions tied to upstream affiliates. Under no circumstances will debt of TXNM become
2 due and payable or rendered in default because of any cross-default, financial covenants,
3 rating agency triggers, or similar provisions of any debt or other agreements of Troy or any
4 of their affiliates or subsidiaries. TXNM will maintain separate financial records and
5 accounts, distinct from other entities and will not take on any debt in conjunction with this
6 Acquisition.

7 Further, as explained by Ms. Boyd in her direct testimony, Blackstone
8 Infrastructure intends to take actions supportive of maintaining the existing credit ratings
9 of TXNM and TNMP through prudent financial policies.

10 **Q. HAS A COMMITMENT BEEN MADE REGARDING MAINTAINING TNMP'S**
11 **SEPARATE BOOKS AND RECORDS?**

12 **A.** Yes. Under Regulatory Commitment No. 21, TNMP will maintain accurate, appropriate,
13 and detailed books, financial records and accounts, including checking and other bank
14 accounts, and custodial and other securities separate and distinct from those of any other
15 entity. This is consistent with TNMP's existing practice.

16 **Q. PLEASE COMMENT ON ANY ACCOUNTING IMPACTS OF THE**
17 **ACQUISITION ON TNMP.**

18 **A.** TNMP will remain subject to the U.S. GAAP accounting and reporting requirements.

19 **Q. ARE THERE ANY COMMITMENTS REGARDING THE MANAGEMENT OF**
20 **THE COMPANY'S BOOKS AND RECORDS AFTER CLOSING?**

21 **A.** TNMP's books and records will continue to be kept and managed separately from other
22 affiliated companies. Additionally, the Commission will have access to TNMP's and
23 relevant affiliates' books and records as needed to review affiliate transactions. This is
24 consistent with current practice at TNMP and among its affiliates.

25 **Q. WHAT IS GOODWILL?**

26 **A.** Goodwill in accounting is an intangible asset that may arise when a buyer acquires an
27 existing business. Goodwill represents the excess of the consideration paid for a business
28 over the value of its separately identifiable assets.

1 **Q. WHAT DO APPLICANTS PROPOSE REGARDING THE INCLUSION OF**
2 **GOODWILL IN RATES?**

3 **A.** Under Regulatory Commitment No. 32, TNMP will not seek to recover any transaction-
4 related goodwill or acquisition premium in rates, rate base, cost of capital, or operating
5 expenses. Goodwill write-downs will not affect net income for dividend purposes.
6 Additionally, neither TNPE 1, TXNM, nor any of their affiliates will apply pushdown
7 accounting for the Acquisition.

8 **Q. PLEASE DESCRIBE THE TAX CONSEQUENCES OF THE ACQUISITION, IF**
9 **ANY.**

10 **A.** There are no tax implications for TNMP for regulatory purposes. TNMP will continue to
11 calculate income taxes on a stand-alone basis for regulatory ratemaking purposes. The
12 Acquisition will have no impact on the Commission's authority to determine TNMP's
13 income tax expense for setting rates.

14 **Q. PLEASE DESCRIBE ANY IMPACTS TO TNMP'S DEBT AS A CONSEQUENCE**
15 **OF THE ACQUISITION.**

16 **A.** The execution of the Merger Agreement triggered an obligation in TNMP's bond
17 documents requiring TNMP to offer its bondholders to prepay their bonds at par value. As
18 a result, \$1.084 billion of TNMP's existing FMBs were tendered back to TNMP, and
19 TNMP subsequently issued \$1.084 billion of new FMBs on July 21, 2025. The newly
20 issued FMBs carry higher interest rates due to current market conditions. To offset the
21 increased cost of debt associated with the new FMBs that would be included in future rate
22 filings as a result of the Acquisition, TNMP proposes to provide a separate refinance
23 adjustment to customers in the amount of approximately \$148.2 million. This adjustment
24 is designed to offset the incremental increased cost of debt associated with the new FMBs,
25 ensuring that customers are not adversely impacted by the higher cost of debt resulting
26 from the Acquisition. TNMP will begin providing this refinance adjustment in conjunction
27 with its next general rate review, regardless of whether the Acquisition is ultimately
28 approved. TNMP proposes to provide this to customers as a credit to their bills over a
29 period of ten years. This approach ensures that customers receive the benefit of the

refinance adjustment even if the Acquisition does not close for any reason. TNMP is required to file its next general rate review by December 2025.

Q. PLEASE DESCRIBE HOW THIS REFINANCE ADJUSTMENT WAS CALCULATED.

A. As shown in Exhibit EJL-2, TNMP calculated its weighted average cost of debt before refinancing, which was 4.695%. Applied to its net long-term debt outstanding of \$1.580 billion, this resulted in an annual interest cost of \$74.191 million. After refinancing on July 21, 2025, the weighted average cost of debt increased to 5.598%, resulting in an annual interest cost of \$88.427 million. The refinancing therefore increased annual interest costs by \$14.236 million.

To determine the total refinance adjustment, TNMP multiplied the annual increase by the remaining weighted average life of the tendered FMBs of 10.4 years, starting at the expected implementation of TNMP's new rates. This calculation results in a total refinance adjustment of approximately \$148.2 million to be provided to customers through rates. The refinance adjustment will be included as part of TNMP's rates in TNMP's next general rate review, which is required to be filed by December 2025.

V. NECESSARY REGULATORY APPROVALS

Q. WHAT REGULATORY APPROVALS ARE NECESSARY FOR THE ACQUISITION TO CLOSE?

A. In order for the Acquisition to close, it must be approved by the appropriate regulatory authorities, including this Commission, the NMPRC, and the Federal Energy Regulatory Commission ("FERC") under the Federal Power Act. The Acquisition also involves requisite clearance under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR Act"), 15 U.S.C. § 18A; approval by the Federal Communications Commission ("FCC") to transfer or assign any applicable FCC licenses; and filings with, and consent of, the U.S. Nuclear Regulatory Commission ("NRC") to indirect transfer NRC licenses.

1 **Q. WHAT SPECIFIC REGULATORY APPROVALS ARE APPLICANTS SEEKING**
2 **FROM THE COMMISSION?**

3 **A.** Applicants request that the Commission, upon finding the Acquisition to be in the public
4 interest, approve it under PURA §§ 14.101, 39.262(l)–(m), and 39.915. As discussed
5 above, the Acquisition will provide net tangible and quantifiable benefits to all
6 stakeholders. TNMP witnesses James Neal Walker and Stacy R. Whitehurst support the
7 Texas requirements.

8 **Q. PLEASE DESCRIBE THE APPROVAL THAT MUST BE RECEIVED FROM THE**
9 **NMPRC.**

10 **A.** Pursuant to the New Mexico Public Utility Act and NMPRC Rule 450, approval of the
11 Acquisition by the NMPRC is required for the consummation of the merger.

12 **Q. IS TNMP REQUIRED TO OBTAIN FERC APPROVAL FOR THE**
13 **ACQUISITION?**

14 **A.** While FERC has only limited jurisdiction over transactions involving electric utilities in
15 ERCOT, FERC approval is necessary here in connection with a change of control of FERC
16 jurisdictional assets outside of ERCOT that are owned and operated by PNM.

17 **Q. PLEASE EXPLAIN THE REQUIREMENTS FOR TNMP UNDER THE HSR ACT.**

18 **A.** The Acquisition is subject to the requirements of the HSR Act, which prevents Troy and
19 TXNM from completing the Acquisition until required information and materials are
20 furnished to the Antitrust Division of the Department of Justice and the Federal Trade
21 Commission, and the HSR Act's initial 30-day waiting period is terminated earlier or
22 expires.

23 **Q. PLEASE EXPLAIN WHY NRC APPROVAL IS REQUIRED FOR THE**
24 **ACQUISITION.**

25 **A.** While TNMP owns no generation, an indirect acquisition of PNM requires NRC approval
26 based on PNM's share of the joint ownership of licenses related to ownership and operation
27 of the Palo Verde Nuclear Generating Station.

1

VI. CONCLUSION

2

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3

Yes, it does.

AFFIDAVIT

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

§
§
§

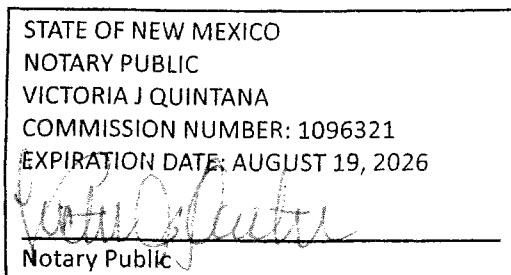
BEFORE ME, the undersigned authority, on this day personally appeared Emmanuel J. Lopez who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

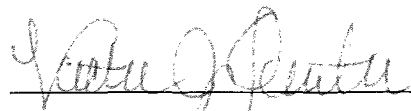
“My name is Emmanuel J. Lopez. I am of legal age, a resident of the State of New Mexico, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this 19th day of August 2025, to certify which witness my hand and seal of office.





NOTARY PUBLIC in and for the
State of New Mexico

Printed Name: Victoria J. Quintana

My Commission expires: 8/19/26

Emmanuel J. Lopez
Educational Background and Professional Experience

Name: Emmanuel J. Lopez

Address: TXNM Energy, Inc.
 MS 1015
 414 Silver SW
 Albuquerque, NM 87102

Position: Assistant Controller, Corporate Accounting

Education: Bachelor Business Administration – Finance, University of New Mexico, 2004
 Certified Public Accountant (CPA) in the State of New Mexico, 2009

Employment: Employed by PNMR Services since 2011.

Prior Positions held with the Company include:

- Assistant Controller, Utility Accounting
- Principal Finance, SEC Reporting and GAAP Analysis
- Director, Financial Planning
- Manager, PNM Utility Accounting
- Manager, TNMP Utility Accounting and Internal Reporting
- Senior Accountant, PNM Utility Accounting

Moss Adams (Public Accounting): 2009 – 2011

- Senior Auditor

Clifton Gunderson (Public Accounting): 2005 – 2009

- Senior Accountant
- Staff Accountant

Professional Affiliations

- NMCPA Society, member

Regulatory Proceeding Testimony

- *Application of Texas-New Mexico Power Company to Reconcile Advanced Metering System Costs*, Docket No. 45213 (Mar. 25, 2016).
- *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401 (Dec. 20, 2018).
- Docket No. 22-00270-UT, Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 595.

Exhibit E JL-2
will be provided
in Native Excel format

PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY
OF
SEBASTIEN SHERMAN**

**ON BEHALF OF
TROY PARENTCO LLC**

AUGUST 25, 2025

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I. WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Sebastien Sherman. My business address is 345 Park Avenue, 16th Floor, New York, NY 10154.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Blackstone Inc. (“Blackstone”), a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX), as a Senior Managing Director. In that role, I lead the team within Blackstone that focuses primarily on investments made by Blackstone Infrastructure (as that term is defined below and in the Application)¹ in the Utilities and Transportation sectors in North America.

Q. PLEASE BRIEFLY DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND YOUR EDUCATIONAL QUALIFICATIONS.

A. Since joining Blackstone, I have been involved in the execution of several Blackstone Infrastructure investments including Northern Indiana Public Service Company LLC (“NIPSCO”) through an investment in NIPSCO Holdings II LLC, FirstEnergy Corp (“FirstEnergy”), TXNM Energy, Inc., Carrix, Inc. and Applegreen Limited. I also serve on the boards of several of Blackstone Infrastructure’s portfolio companies.

Before joining Blackstone, I spent 14 years with OMERS Infrastructure, the infrastructure investment advisor and manager of the Ontario Municipal Employees Retirement System, including most recently as its Head of the Americas region. Over the course of my career, I have led investments in numerous sectors, including utilities, LNG import infrastructure, power generation, high-speed rail infrastructure, airports, ports, toll roads, motorway service areas, land registry and satellites. Prior to OMERS Infrastructure, I spent seven years with Morgan Stanley, RBC Capital Markets and TD Securities, where I advised on transactions and financings, and at the Bank of Canada, Canada’s Central Bank. I have an Honours

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in the Application.

1 BA (Economics) from Queen’s University, and I am a Chartered Financial Analyst
2 Charterholder.

3 **II. OVERVIEW OF PARTIES, WITNESSES AND TESTIMONY**

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
5 **PROCEEDING?**

6 **A.** The purpose of my testimony is to support the request for approval of Troy
7 ParentCo LLC’s (“Troy”) proposed acquisition of TXNM Energy, Inc. (“TXNM”) and its indirect wholly owned subsidiary, Texas New Mexico Power Company
8 (“TNMP”) (the “Acquisition”). In my testimony, I explain that the Acquisition is
9 consistent with the public interest and that it should be approved by the Public
10 Utility Commission of Texas (“Commission”).
11

12 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

13 **A.** I am submitting testimony on behalf of Troy, which is a portfolio company of
14 Blackstone Infrastructure.² In this testimony, I refer to Troy and TNMP together
15 as the “Applicants.”

16 **Q. PLEASE INTRODUCE THE OTHER WITNESSES TESTIFYING IN**
17 **SUPPORT OF THE REQUEST FOR COMMISSION APPROVAL OF THE**
18 **ACQUISITION.**

19 **A.** The other witnesses testifying in support of the request for approval of the
20 Acquisition are:

- 21 • James Neal Walker, the President and CEO of TNMP, who provides an
22 overview of the filing package, TNMP’s operations, and the Acquisition, as
23 well as the effect of the Acquisition on TNMP’s availability of capital,
24 reliability of service, and the health and safety of TNMP’s customers and
25 employees;
- 26 • Stacy R. Whitehurst, Vice President of Regulatory Affairs at TNMP, who
27 discusses the Texas regulatory requirements for approval under PURA and

² I describe the relationship between Blackstone Infrastructure and Troy in Section III of my testimony.

Commission Rules, the changes to TNMP's tariff to implement the regulatory commitments proposed by the Applicants, the changes to TNMP's Code of Conduct to address affiliate issues, and the effect of the Acquisition on TNMP's cost of service and the Commission's jurisdiction;

- Emmanuel J. Lopez, the Assistant Controller, Corporate Services at PNMR Services Company, who discusses the current ownership structure of TNMP, the regulatory commitments related to capital expenditures and certain accounting regulatory commitments, the tax and debt implications of the Acquisition, and the regulatory approvals that the Applicants are seeking;
- Heidi Boyd, a Senior Managing Director of Blackstone, who describes the Acquisition, summarizes the regulatory commitments that the Applicants are proposing in this docket, and explains how the Acquisition satisfies the statutory standards under the Public Utility Regulatory Act ("PURA");
- Ellen Lapson, Founder and Principal of Lapson Advisory, who testifies regarding the likely effects of the Acquisition on TNMP's financial metrics and ring-fencing provisions of the regulatory commitments.

Q. HOW IS THE REST OF YOUR TESTIMONY ORGANIZED?

A. In Section III of my testimony, I provide an overview of Troy and Blackstone Infrastructure. In Section IV, I discuss Blackstone Infrastructure's investment philosophy and its history of investing in utility assets and how it fits with Troy's acquisition of TXNM. In Section V of my testimony, I summarize the benefits that the various stakeholders will realize as a result of the Acquisition. Finally, in Section VI, I summarize the relief that the Applicants are seeking in this case.

Q. ARE THERE ANY OTHER REGULATORY APPROVALS REQUIRED IN CONNECTION WITH THE ACQUISITION?

A. Yes. Concurrently with the filing of this Application, applications are being filed with the New Mexico Public Regulation Commission and with the Federal Energy Regulatory Commission seeking approval of the Acquisition. In addition, filings are being made with the United States Department of Justice, the Nuclear

1 Regulatory Commission, and the Federal Communications Commission to obtain
2 the necessary consents or approvals in connection with the Acquisition.

3 **III. OVERVIEW OF BLACKSTONE INFRASTRUCTURE AND TROY**

4 **Q. PLEASE DESCRIBE WHAT YOU MEAN WHEN YOU REFER TO**
5 **“BLACKSTONE INFRASTRUCTURE.”**

6 **A.** For purposes of this testimony, I use the term “Blackstone Infrastructure” as an
7 umbrella term to refer collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone
8 Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. (collectively,
9 “Blackstone Infrastructure Management”) and the investment funds and accounts
10 directly or indirectly controlled by them, including Blackstone Infrastructure
11 Partners L.P. and its parallel funds and accounts (“BIP”), and Blackstone
12 Infrastructure Strategies L.P. and its parallel funds and accounts (“BXINFRA” and,
13 together with BIP, the “Blackstone Infrastructure Funds”). While I am testifying
14 on behalf of Troy as an applicant in this proceeding, I am authorized to speak on
15 behalf of the other entities and funds comprising Blackstone Infrastructure.

16 **Q. CAN YOU BRIEFLY SUMMARIZE THE HISTORY AND PURPOSE OF**
17 **BLACKSTONE INFRASTRUCTURE?**

18 **A.** Yes. Blackstone Infrastructure was created in 2017 to serve as the vehicle by which
19 Blackstone investors could invest in the utility, energy, transportation, digital
20 infrastructure, water and waste sectors, principally in North America. Blackstone
21 Infrastructure currently has approximately \$64 billion of assets under management.

22 **Q. PLEASE DESCRIBE THE TYPES OF INVESTORS WHOSE FUNDS ARE**
23 **AGGREGATED WITHIN BLACKSTONE INFRASTRUCTURE.**

24 **A.** Blackstone Infrastructure invests on behalf of the world’s largest institutional
25 investors, including endowments, sovereign wealth funds and insurers.
26 Blackstone’s investors include pension funds that provide retirement benefits for
27 over 100 million teachers, firefighters, nurses, union members and others, many of
28 whom invest in Blackstone Infrastructure. In addition, BXINFRA invests on behalf

1 of qualified individual investors, giving them the ability to invest in Blackstone
2 Infrastructure's strategies.

3 **Q. HOW DOES TROY FIT WITHIN THE FAMILY OF ENTITIES THAT YOU**
4 **REFER TO AS "BLACKSTONE INFRASTRUCTURE"?**

5 **A.** Page 2 of Ms. Boyd's Exhibit HB-3 contains a simplified chart showing how
6 Blackstone Infrastructure will be organized above TXNM following the
7 Acquisition. Ultimately, Troy will be a Blackstone Infrastructure portfolio
8 company indirectly controlled by Blackstone Infrastructure Management. As
9 Exhibit HB-3 shows, Troy will become the new direct parent of TXNM. Troy is
10 managed by Troy IntermediateCo LLC, which is managed by Troy TopCo LP,
11 which is managed by Troy GP LLC, which is managed by Troy Aggregator LP
12 (collectively, the "Intermediate Companies"). The Intermediate Companies are
13 indirectly managed by Blackstone Infrastructure Management, which is, in turn,
14 indirectly controlled by Blackstone.

15 **Q. WHY HAS BLACKSTONE INFRASTRUCTURE STRUCTURED THE**
16 **OWNERSHIP OF TROY IN THE MANNER SHOWN ON PAGE 2 OF**
17 **EXHIBIT HB-3?**

18 **A.** Inclusion of the Intermediate Companies as part of the corporate structure allows
19 for flexibility to balance a combination of factors such as financing of the
20 Acquisition and tax considerations. None of the Intermediate Companies has or is
21 expected to have any employees, and the day-to-day management of TNMP will
22 not be impacted by the existence of the Intermediate Companies following the
23 Acquisition.

IV. BLACKSTONE INFRASTRUCTURE’S INVESTMENT PRINCIPLES AND HISTORY

Q. WHAT TOPIC DO YOU DISCUSS IN THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this part of my testimony, I describe the principles that guide Blackstone Infrastructure’s investments in utilities.³ I also summarize the utility investments in which Blackstone Infrastructure has implemented those principles, and I explain how TNMP can leverage Blackstone Infrastructure’s experience to benefit TNMP and its customers.

Q. WHAT PRINCIPLES UNDERLIE BLACKSTONE INFRASTRUCTURE’S DECISIONS REGARDING INVESTMENTS IN UTILITIES?

A. There are three main principles that guide Blackstone Infrastructure when deciding how to invest its capital. First, Blackstone Infrastructure funds its utility investments with funds that are long-term and open-ended, so it does not need to resell the acquired utility within a few years or at all. Second, Blackstone Infrastructure uses a “perpetual capital” structure designed to provide the follow-on capital that the acquired utility needs to meet its capital and operational needs over the long-term. Third, Blackstone Infrastructure seeks to foster continuity by maintaining the existing utility leadership team, thereby leveraging the knowledge and relationships that utility leaders have developed over time. I discuss each of these principles in more detail below.

Q. WHAT IS AN OPEN-ENDED FUND AND HOW DOES IT RELATE TO LONG-TERM OWNERSHIP OF THE ACQUIRED UTILITY?

A. Blackstone Infrastructure applies a long-term buy-and-hold strategy to large-scale infrastructure assets with a focus on delivering stable, long-term capital appreciation. One of the key attributes of our infrastructure funds is that we have no obligation to sell our investments after a certain period of time; this is what we

³ Although Blackstone Infrastructure is not an applicant in this proceeding, its investment through Troy is the culmination of years of experience investing in utilities and large energy infrastructure projects.

1 mean by “open-ended.” We are also able to provide ongoing equity support
2 because we can continuously raise and invest money. This flexibility enables us to
3 continue investing in businesses indefinitely. In the capital-intensive utility sector,
4 this is critical for addressing challenges like demand growth and aging
5 infrastructure with confidence and without subjecting the utility to the volatility of
6 capital markets or a need to demonstrate short-term returns in order to support
7 continued access to capital. This stability allows our portfolio companies to focus
8 on their core operations without worrying about short-term financial reporting
9 pressures.

10 **Q. PLEASE TURN NOW TO THE SECOND PRINCIPLE YOU DISCUSSED**
11 **EARLIER, THE INFUSION OF ADDITIONAL EQUITY AFTER THE**
12 **INITIAL ACQUISITION, AND EXPLAIN HOW BLACKSTONE**
13 **INFRASTRUCTURE APPROACHES THAT ISSUE.**

14 **A.** At Blackstone Infrastructure, we believe that it is important for our utility
15 companies to have access to the capital they need to serve their customers. We are
16 investing significantly in TXNM through the Acquisition to provide the capital and
17 resources necessary to execute TXNM’s long-term plans, including TNMP’s
18 current 5-year capital plan. This is where it is helpful that Blackstone Infrastructure
19 operates through “perpetual life” funds, which are funds that continue to raise
20 capital for ongoing investment, instead of raising capital once and then closing the
21 fund. Because the Blackstone Infrastructure Funds use this perpetual capital
22 approach, we have more flexibility to invest follow-on capital in our portfolio
23 companies.

24 When follow-on investments become necessary, we have a dedicated
25 investment committee of long-time Blackstone employees that consider requests
26 for deployment of additional capital when needed. The investment committee does
27 not manage the regular quarterly or annual budgets of TXNM or TNMP, but instead
28 considers new or follow-on investments when the need arises for significant
29 additional equity investments from Blackstone Infrastructure (in the range of \$100
30 million or more). The investment committee ensures that every investment,

1 whether new or follow-on, is thoroughly evaluated for value creation and growth
2 potential. This approach has led to significant follow-on investments,
3 demonstrating our commitment to long-term growth rather than short-term gains.
4 For example, Blackstone Infrastructure has invested around \$15 billion in follow-
5 on equity into its portfolio companies to date, from 2018 through Q2 2025. In 2023
6 and 2024, about 54% of our total equity investments, or \$5.5 billion, went into
7 existing companies rather than new investments.

8 **Q. YOUR THIRD PRINCIPLE INVOLVES THE CONTINUITY AND**
9 **STABILITY ACHIEVED BY RETAINING THE ACQUIRED UTILITY'S**
10 **LEADERSHIP TEAM. PLEASE ELABORATE ON BLACKSTONE**
11 **INFRASTRUCTURE'S VIEWS ON MANAGEMENT CONTINUITY.**

12 **A.** One thing we have learned is the importance of keeping the day-to-day operations
13 in the hands of local management. They are the ones who truly know the
14 community and its needs, so we are committed to seeing the TNMP leadership team
15 continue in their roles.

16 Further, we understand that utility investments are a public-facing asset
17 class, with significant public responsibility; that TNMP is a regulated entity subject
18 to the jurisdiction of the Commission; and that TNMP has a responsibility to
19 ratepayers. That is why we prioritize building strong relationships with local
20 stakeholders and communities, and why we have taken proactive steps to engage
21 with stakeholders throughout the Acquisition process. We believe that open,
22 ongoing dialogue with both regulators and stakeholders is crucial to the success of
23 this kind of investment, and we bring this focus to all our regulated companies.

24 **Q. CAN YOU PROVIDE EXAMPLES IN WHICH BLACKSTONE**
25 **INFRASTRUCTURE HAS APPLIED THESE THREE PRINCIPLES TO**
26 **UTILITY AND ENERGY-RELATED ACQUISITIONS?**

27 **A.** Yes. The Blackstone Infrastructure Funds own interests in 18 portfolio companies,
28 two of which involve minority investments in investor-owned utilities—NIPSCO
29 and FirstEnergy, both of which are engaged in the generation, transmission, and
30 distribution of energy at wholesale and retail. As a vertically integrated utility

1 headquartered in Merrillville, Indiana, NIPSCO owns or controls approximately
2 3,025 megawatts of installed generating capacity and approximately 3,000 miles of
3 electric transmission lines. It distributes electricity to approximately 5000,000
4 retail customers and provides natural gas distribution services to approximately
5 900,000 retail customers across Northern Indiana.

6 Based in Akron, Ohio, FirstEnergy is a public utility holding company
7 whose shares are publicly traded on the New York Stock Exchange. Through its
8 subsidiaries, FirstEnergy has access to approximately 3,600 megawatts of
9 generating capacity and approximately 24,000 miles of electric transmission lines,
10 serving more than 6 million retail customers in Ohio, Pennsylvania, New Jersey,
11 West Virginia, Maryland, and New York. Additionally, we have a significant
12 minority, non-controlling investment in Invenergy, which develops and operates
13 electric generation, storage, and transmission resources throughout the country.
14 Blackstone Infrastructure calls these our portfolio companies, and each is staffed
15 with a management team empowered to make decisions tailored to their specific
16 company. This structure allows Blackstone Infrastructure to leverage its expertise
17 while supporting the unique needs of each investment. If this Acquisition is
18 approved, TNMP and TXNM would easily fit within this model.

19 In addition to these utility investments, Blackstone Infrastructure recently
20 announced a partnership with PPL Corporation (“PPL”) to pursue the development
21 of new generation projects in Pennsylvania. This joint venture does not involve
22 PPL Electric Utilities or PPL’s other regulated subsidiaries, and it is still in the very
23 early stages of identifying development opportunities. However, we look forward
24 to exploring opportunities through this partnership to develop much needed new
25 generation in Pennsylvania.

26 **Q. PLEASE SUMMARIZE HOW BLACKSTONE INFRASTRUCTURE’S**
27 **GUIDING PRINCIPLES AND ITS UTILITY EXPERIENCE INFLUENCED**
28 **ITS PROPOSAL TO ACQUIRE TXNM AND TNMP.**

29 **A.** Blackstone Infrastructure has a track record of investing significant capital into its
30 portfolio companies, and our open-ended “perpetual capital” fund structure will

1 allow us to satisfy the reliability and growth needs of TNMP for the 10-year
2 minimum-hold commitment that we will make and beyond. As a result of the
3 Acquisition, TNMP will have the resources to maintain or improve its strong
4 business and financial risk profile. In addition, following the Acquisition, TNMP
5 will maintain local control of its operations, which will benefit customers by having
6 continued local accountability for the utility service TNMP provides.

7 **Q. DO BLACKSTONE INFRASTRUCTURE’S VALUES AND GOALS ALIGN**
8 **WITH THOSE OF TNMP?**

9 **A.** Yes. Both Blackstone Infrastructure and TXNM share the goals of providing safe,
10 reliable electric service to serve the needs of existing TNMP customers and to
11 attract new customers to the TNMP service area. We understand that access to
12 reliable and affordable electricity are important considerations for businesses
13 deciding where to locate, and Troy can help provide TNMP with the financial
14 resources it needs to meet the demand in its service area.

15 **Q. PLEASE BRIEFLY DISCUSS THE TRENDS IMPACTING TNMP’S**
16 **CAPITAL NEEDS.**

17 **A.** Texas has one of the fastest growing state economies in the country with an annual
18 Gross Domestic Product growth of approximately 54% above the U.S. average
19 from 2018 to 2024. This growth is driven by trends such as population growth and
20 other load growth, including electrification of vehicles and oil and gas loads in the
21 Permian Basin, as well as data center growth. According to the Electric Reliability
22 Council of Texas, Inc. (“ERCOT”), Texas needs more than 3,000 new line-miles
23 of long-haul transmission to meet this increasing demand. That is longer than a
24 drive across the entire United States. TNMP’s service territory is experiencing
25 growth well above the national averages, as evidenced by its peak demand
26 increasing by approximately 66% from 2020-2024.

27 In addition, extreme weather events are leading to a need for increased
28 resiliency investment. In response to this challenge, TNMP’s first-ever system
29 resiliency plan was approved in March 2025. These trends are leading to
30 unprecedented capital needs at TNMP.

1 **Q. DO YOU BELIEVE TROY IS THE RIGHT PARTNER FOR TNMP?**

2 **A.** Yes, I do. I have spent considerable time with the members of the TNMP
3 management team and have gotten a chance to learn how they operate. I have been
4 impressed with their vision, and we see the opportunity to create a constructive and
5 strategic relationship. TNMP projects that it will need approximately \$4.2 billion
6 of capital expenditures to meet accelerating customer demand over the next several
7 years. By providing the equity required by TNMP, Troy will help TNMP meet the
8 growth needs of its customers and will help support continued reliability for
9 residential and business customers in the TNMP service area. With Troy's support
10 and its long-term commitment to the community, TNMP will be well-positioned to
11 continue providing safe, affordable, and reliable electric service and support to the
12 local community for the long term.

13 **V. BENEFITS OF THE ACQUISITION**

14 **Q. HOW DO YOU THINK APPROVAL OF THE ACQUISITION WILL**
15 **AFFECT TNMP, ITS CUSTOMERS, AND OTHER STAKEHOLDERS?**

16 **A.** I believe that approval of the Acquisition will benefit everyone affected by it,
17 including not only the Applicants, but also other stakeholders such as TNMP
18 customers and TNMP employees.

19 **Q. PLEASE DESCRIBE HOW THE ACQUISITION WILL BENEFIT TNMP.**

20 **A.** The Acquisition will benefit TNMP in a number of ways. First, if the Acquisition
21 closes, Troy will provide the capital TNMP needs to serve existing customers and
22 to build out its transmission and distribution system. Ready access to capital is
23 always important for utilities, but it is likely to become even more critical as the
24 demand for electricity grows, as it is projected to do over the next few years in
25 Texas. Facing roughly \$4.2 billion in projected capital expenditures over the next
26 five years, TNMP needs the right support to modernize infrastructure, to strengthen
27 the grid against wildfire and other risks, and to meet surging electricity demand in
28 Texas. Troy's investment will help keep TNMP's balance sheet healthy and
29 position TNMP for long-term resilience.

1 Second, approval of the Acquisition will provide TNMP with long-term
2 stability. One of the regulatory commitments proposed by the Applicants is that
3 Troy will maintain a controlling interest in TXNM and TNMP for at least ten years
4 if the Acquisition is approved. This type of long-horizon investment is consistent
5 with Blackstone Infrastructure's investment philosophy.

6 Third, Troy and its affiliates have access to a network of former CEOs and
7 executives with knowledge and insight in areas critical for utility operation. Access
8 to this breadth of executive-level strategic knowledge will benefit TNMP by
9 providing information about best practices in the industry.

10 **Q. WILL APPROVAL OF THE ACQUISITION BENEFIT TROY AS WELL?**

11 **A.** Yes. Troy, as a subsidiary of Blackstone Infrastructure, is seeking to invest in
12 TNMP because we believe that the Texas electric market provides an opportunity
13 for strong growth and stable returns. We also believe that TNMP is a well-run
14 utility whose management team is capable of guiding the utility through a period
15 of rapid growth while maintaining safe and reliable electric service.

16 In addition, TNMP operates under a relatively constructive regulatory
17 regime in Texas, which allows interim recovery of infrastructure costs. This
18 predictable framework, combined with rising power demand, creates the ideal
19 backdrop for long-horizon, stable investment. That's precisely what we are looking
20 for: the investment of long-term perpetual capital into assets that generate steady
21 income and grow over decades, aligning both with community needs and investor
22 expectations.

23 **Q. HOW DO YOU EXPECT THE ACQUISITION TO BENEFIT TNMP**
24 **CUSTOMERS?**

25 **A.** The Acquisition will benefit TNMP customers in several ways. First, the
26 \$35 million rate credit proposed by the Applicants will cause TNMP customers'
27 transmission-and-distribution rates to be lower than they otherwise would have
28 been for a period of four years after the Acquisition closes. Second, Applicants
29 propose a \$10 million contribution in Economic Development funds over a period

1 of 10 years to fund programs such as job training, apprenticeships, and scholarships
2 in utility-related areas of industry, further supporting the local community that we
3 aim to be a part of for the long term. Third, TNMP's headquarters will remain in
4 Texas, and TNMP's current leadership will remain in place after the Acquisition
5 closes. Maintaining local control and continuity in leadership enables TNMP to
6 remain aware of and responsive to its customers' needs. Fourth, the Applicants
7 have committed to continue investing in the success of the communities in TNMP's
8 service territory in the form of additional charitable contributions. Ms. Boyd's
9 testimony discusses the regulatory commitments benefitting TNMP's customers in
10 more detail.

11 **Q. YOU TESTIFIED EARLIER THAT THE ACQUISITION WILL ALSO**
12 **BENEFIT TNMP EMPLOYEES. PLEASE EXPLAIN WHAT YOU**
13 **MEANT.**

14 **A.** One of the Applicants' proposed regulatory commitments provides that "for at least
15 three years post-closing, TNMP will not implement involuntary workforce
16 reductions or reduce wages or benefits, except for cause or performance." In
17 addition, the Applicants commit that TNMP will continue to honor its existing labor
18 contracts with International Brotherhood of Electrical Workers Local 66. These
19 regulatory commitments provide more job security for TNMP's employees than
20 they would have absent the Acquisition. And as I noted earlier, the headquarters of
21 TNMP will remain in Texas after the Acquisition closes, so that current employees
22 do not have to relocate in order to continue their employment with TNMP.

23 **Q. DOES THE ACQUISITION CONFER ANY BENEFITS ON THE ERCOT**
24 **MARKET AS A WHOLE?**

25 **A.** Yes. Currently, TNMP is not subject to any of the financial and ring-fencing
26 provisions that the Commission has approved for most other utilities in Texas. The
27 Applicants are proposing the adoption of financial and ring-fencing protections that
28 will insulate TNMP from the activities of its affiliates if the Acquisition is
29 approved. Having a strong, well-insulated utility serving the TNMP service area

1 provides much-needed stability for the retail electric providers operating in that
2 service area and for the ERCOT market as a whole.

3 **VI. RELIEF REQUESTED**

4 **Q. PLEASE SUMMARIZE THE RELIEF THAT TROY IS SEEKING FROM**
5 **THE COMMISSION IN THIS DOCKET.**

6 **A.** Troy requests that the Commission issue an order finding that the Acquisition is in
7 the public interest and therefore approved in accordance with PURA §§ 14.101,
8 39.262, and 39.915.

9 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 **A.** Yes.

AFFIDAVIT

STATE OF NEW YORK

§

COUNTY OF NEW YORK

§

§

BEFORE ME, the undersigned authority, on this day personally appeared Sebastien Sherman who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

“My name is Sebastien Sherman. I am of legal age, a resident of the State of New York, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Troy ParentCo, LLC, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this 20th day of August 2025, to certify which witness my hand and seal of office.



NOTARY PUBLIC in and for the
State of New York

Printed Name: Gina Santanastasio

My Commission expires: 10/15/27

GINA SANTANASTASIO
Notary Public, State of New York
Reg. No. 01SA6175572
Qualified in Westchester County
My Commission Expires 10/15/20 27

PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY AND EXHIBITS
OF
HEIDI BOYD**

**ON BEHALF OF
TROY PARENT CO LLC**

AUGUST 25, 2025

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EXHIBITS

EXHIBIT HB-1	AGREEMENT AND PLAN OF MERGER, DATED AS OF MAY 18, 2025, BY AND AMONG TROY PARENTCO LLC, TROY MERGER SUB INC. AND TXNM ENERGY, INC.
EXHIBIT HB-2	STOCK PURCHASE AGREEMENT, DATED AS OF MAY 18, 2025, BY AND BETWEEN TXNM ENERGY, INC. AND TROY TOPCO LP
EXHIBIT HB-3	ORGANIZATIONAL CHARTS BEFORE AND AFTER CLOSING OF ACQUISITION
EXHIBIT HB-4	LIST OF BENEFITS AND REGULATORY COMMITMENTS
EXHIBIT HB-5	TNMP COMPETITIVE AFFILIATE LIST

I. WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Heidi Boyd. My business address is 100 Wilshire Boulevard, Suite 200, Santa Monica, California 90401.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by Blackstone Inc. (“Blackstone”), a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX), as a Senior Managing Director. I am a member of the team within Blackstone that focuses primarily on investments made by Blackstone Infrastructure¹ in the utilities and transportation sectors.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND YOUR EDUCATIONAL QUALIFICATIONS.

A. Since joining Blackstone in 2018, I have been involved in transactions involving key Blackstone Infrastructure investments, including Northern Indiana Public Service Company (“NIPSCO,” via investment NIPSCO Holdings II LLC), FirstEnergy Corp. (“FirstEnergy”), Carrix, Inc. (SSA Marine), and Safe Harbor Marinas. Before joining Blackstone, I worked at Macquarie Infrastructure and Real Assets, where I was involved in transactions across the utility, energy, waste, and transportation sectors. Prior to that, I was a Consultant for the Boston Consulting Group.

I received a Bachelor of Arts degree in Science, Technology and Society from Stanford University. In addition, I received a Master of Business Administration degree from Harvard Business School.

II. OVERVIEW OF TESTIMONY AND EXHIBITS

Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A. I am submitting testimony on behalf of Troy ParentCo LLC (“Troy”), and I am familiar with and will provide information about Blackstone Infrastructure and the role that it will play in the future ownership structure of Texas-New Mexico Power Company (“TNMP”).

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in the Application.

1 Troy is a portfolio company of Blackstone Infrastructure. In this testimony, I refer to Troy
2 and TNMP together as the “Applicants.”

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

4 **A.** The purpose of my testimony is to support Troy’s proposed acquisition of TNMP’s parent
5 company, TXNM Energy, Inc. (“TXNM”). I explain in my testimony that the proposed
6 acquisition is consistent with the public interest and should be approved by the Public
7 Utility Commission of Texas (“Commission”). In the remainder of this testimony, I refer
8 to Troy’s proposed acquisition of TXNM and TNMP as the “Acquisition.”

9 **Q. HOW IS THE REST OF YOUR TESTIMONY ORGANIZED?**

10 **A.** In Section III of my testimony, I describe not only the terms of the Acquisition, but also
11 the corporate structure that will result from the Acquisition if the Applicants receive the
12 necessary regulatory approvals.

13 In Section IV, I describe the tangible and quantifiable benefits that will accrue to
14 TNMP and the customers in the TNMP service area as a result of the Acquisition. I also
15 describe the regulatory commitments that the Applicants are willing to undertake in order
16 to ensure that TNMP is ring-fenced in a way that protects customers. Those regulatory
17 commitments will ensure not only that TNMP remains responsive to the Commission and
18 to the needs of its customers, but also that TNMP, Troy and their affiliates comply with the
19 Commission’s affiliate rules.

20 In Section V, I describe my understanding of the statutory factors that govern this
21 Application proceeding, and I explain that the Acquisition satisfies those statutory
22 standards.

23 **Q. ARE YOU SPONSORING ANY EXHIBITS IN YOUR TESTIMONY?**

24 **A.** Yes. I sponsor Exhibits HB-1 through HB-5, which are attached to my testimony. Each
25 of these exhibits was prepared by me or under my direction and control.

1 Q. ARE EXHIBITS HB-1 THROUGH HB-5 TRUE AND CORRECT COPIES OF THE
2 DOCUMENTS YOU REPRESENT THEM TO BE?

3 A. Yes.

4 Q. IS ANY OTHER TROY WITNESS TESTIFYING IN SUPPORT OF THE
5 APPLICATION?

6 A. Yes. Sebastien Sherman, who is employed by Blackstone as a Senior Managing Director
7 is also providing testimony in support of the Application.

8 **III. OVERVIEW OF THE ACQUISITION**

9 Q. WHAT TOPIC DO YOU DISCUSS IN THIS SECTION OF YOUR TESTIMONY?

10 A. In this section of my testimony, I outline the terms of the Acquisition and describe how the
11 Acquisition will be executed if the required regulatory approvals are obtained.

12 Q. DO YOU HAVE PERSONAL KNOWLEDGE OF THE EVENTS THAT LED TO
13 THE AGREEMENTS UNDERLYING THE ACQUISITION?

14 A. Yes. I was personally involved in the preparation and submission of the bid that Blackstone
15 Infrastructure made for the acquisition of TXNM. I was also involved in the subsequent
16 negotiations that culminated in the execution of the “Agreement and Plan of Merger, dated
17 as of May 18, 2025, by and among Troy ParentCo LLC, Troy Merger Sub Inc., and TXNM
18 Energy, Inc.” (the “Merger Agreement”). The Merger Agreement is Exhibit HB-1 to my
19 direct testimony.

20 Q. PLEASE DESCRIBE THE ACQUISITION.

21 A. Under the terms of the Merger Agreement, Troy will acquire TXNM for \$61.25 per share
22 in cash, which represents a 23% premium over TXNM’s unaffected 30-day volume
23 weighted average price as of March 5, 2025, the day before the press reported the potential
24 for an acquisition of TXNM. That share price reflects a net enterprise value of
25 approximately \$11.5 billion, including debt and preferred stock. The specific details of the
26 transaction structure are described further below in my testimony.

1 **Q. HOW DOES TROY INTEND TO FINANCE THE ACQUISITION?**

2 **A.** Troy intends to finance the acquisition with only equity and the assumption or refinancing
3 of existing debt. The Acquisition will not cause TXNM or TNMP to incur any incremental
4 debt.²

5 **Q. HOW WILL TROY'S FINANCING PLANS SUPPORT THE CREDIT QUALITY**
6 **AND FINANCIAL STRENGTH OF TXNM AND ITS UTILITY SUBSIDIARIES?**

7 **A.** In fact, through Troy, Blackstone Infrastructure has already taken actions that will be
8 supportive of maintaining the existing credit ratings of TXNM and TNMP through prudent
9 financial policies. Blackstone Infrastructure fully funded a \$400 million equity issuance
10 by TXNM on June 2, 2025, supported TXNM's issuance of \$200 million of common equity
11 to investors unaffiliated with Blackstone Infrastructure on June 27, 2025, and has entered
12 into agreements with TXNM that support TXNM's issuance of an incremental \$325
13 million of common equity by December 31, 2026. These three equity issuances by TXNM
14 could cumulatively raise \$925 million of equity to reduce indebtedness, fund investments
15 that benefit customers and are likely to increase TXNM's share count by approximately
16 18%. The equity issued by TXNM will increase the number of shares outstanding that
17 Blackstone Infrastructure has committed to acquire upon close of the Acquisition, without
18 any incremental indebtedness, and therefore the equity that Blackstone Infrastructure needs
19 to fund at closing including paying a premium over the price at which the shares that
20 TXNM is issuing to parties other than Blackstone Infrastructure between today's date and
21 closing of the Acquisition. These equity issuances and the plan to use only equity to fund
22 the Acquisition clearly demonstrate Blackstone Infrastructure's commitment to
23 strengthening TXNM's balance sheet, reducing financial risk and supporting TXNM and
24 TNMP's existing credit ratings.

² TNMP will refinance some existing debt in connection with the Acquisition, but it will not incur any incremental debt. Mr. Lopez's testimony addresses how TNMP will hold ratepayers harmless from any incremental costs associated with refinancing of existing debt in connection with the Acquisition.

1 **Q. PLEASE DESCRIBE HOW THE ACQUISITION WILL OCCUR IF THE**
2 **APPLICANTS RECEIVE THE NECESSARY APPROVALS FROM THIS**
3 **COMMISSION AND OTHER REGULATORY BODIES.**

4 **A.** The Merger Agreement, which is Exhibit HB-1, reflects a plan of merger involving TXNM,
5 Troy, and a third entity called Troy Merger Sub (“Merger Sub”). Upon receipt of the last
6 of the necessary governmental approvals, Merger Sub, which is wholly owned by Troy,
7 will be merged with and into TXNM, and the separate corporate existence of Merger Sub
8 will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy and
9 thus indirectly owned and controlled by Blackstone Infrastructure. At that time, all persons
10 and entities that were TXNM shareholders as of May 18, 2025, will be able to redeem their
11 stock at the price of \$61.25 per share.

12 **Q. HAVE YOU PREPARED AN ORGANIZATIONAL CHART SHOWING THE**
13 **CORPORATE STRUCTURE OF TXNM AND TNMP BEFORE AND AFTER THE**
14 **CLOSING OF THE ACQUISITION?**

15 **A.** Yes. Page 1 of Exhibit HB-3 reflects the corporate organizational structure of TXNM and
16 TNMP before the closing of the Acquisition. Page 2 of Exhibit HB-3 reflects the corporate
17 organizational structure of TXNM and TNMP after the closing of the Acquisition. We
18 have simplified both corporate organizational structures for readability.

19 **Q. BOTH PAGE 1 AND PAGE 2 OF EXHIBIT HB-3 REFLECT A CORPORATE**
20 **ENTITY CALLED “TNP ENTERPRISES, INC.” THAT SITS BETWEEN TXNM**
21 **AND TNMP. PLEASE EXPLAIN WHAT THAT ENTITY IS AND WHY IT IS**
22 **NECESSARY.**

23 **A.** TXNM currently has a wholly owned subsidiary called TNP Enterprises, Inc. (“TNPE”),
24 which owns 100% of the shares of TNMP. After the closing of the Acquisition, TNPE will
25 remain in existence and will form a new special purpose entity, TNPE 1, LLC (“TNPE 1”),
26 which is intended to shield TNMP from any adverse effects of a bankruptcy of TXNM or
27 other affiliated companies. TNPE will contribute 100% of the stock of TNMP to TNPE 1
28 so that TNPE 1 owns 100% of the stock of TNMP after closing. I will discuss that ring-
29 fencing protection in more detail later in my testimony.

1 **Q. DOES TROY OR ONE OF ITS AFFILIATES CURRENTLY HAVE AN**
2 **OWNERSHIP INTEREST IN TXNM?**

3 **A.** Yes. As I mentioned earlier, after the announcement of the Acquisition, Blackstone
4 Infrastructure invested \$400 million of equity to help TXNM retire existing debt.
5 Blackstone Infrastructure effectuated that investment by causing Troy TopCo LP, an
6 indirect wholly owned subsidiary of Blackstone Infrastructure, to purchase 8 million newly
7 issued TXNM shares at \$50 per share by way of a private placement agreement. The
8 document governing that issuance, which occurred in June 2025, is Exhibit HB-2 to my
9 direct testimony.

10 **Q. IS IT POSSIBLE THAT TROY WILL HAVE CO-INVESTORS IN TXNM AT**
11 **SOME POINT IN THE FUTURE?**

12 **A.** Yes. Although the Blackstone Infrastructure Funds have the financial capacity to
13 consummate the Acquisition, we anticipate that before closing a minority portion of the
14 total investment will be syndicated to passive co-investors that are aligned with the
15 Blackstone Infrastructure Funds' long-term goals for TXNM. This type of syndication is
16 common in the industry. These minority passive co-investors (the "Blackstone
17 Infrastructure TXNM Co-Investment Funds") will participate in the Acquisition through
18 funds or accounts controlled by Blackstone Infrastructure Management. It is important to
19 note, however, that even if there are passive co-investors, Troy will continue to wholly own
20 and control TXNM and TNMP, and the passive co-investors will not have any right to
21 appoint directors or otherwise control TNMP.

22 **IV. BENEFITS AND REGULATORY COMMITMENTS**

23 **Q. WHAT TOPICS DO YOU DISCUSS IN THIS SECTION OF YOUR TESTIMONY?**

24 **A.** I discuss the tangible and quantifiable benefits that the Acquisition will provide to TNMP
25 customers and the TNMP service area if the Commission approves the Acquisition. I also
26 describe a host of regulatory commitments that the Applicants are offering with respect to:

- 27 • Governance and Board Structure;
- 28 • Financial Protections and Ring-Fencing;
- 29 • Local Control and Management;

- Accounting and Ratemaking;
- Regulatory Jurisdiction and Oversight; and
- Code of Conduct and Affiliate Standards.

Exhibit HB-4 to my testimony contains a list of the benefits and regulatory commitments that the Applicants are offering to undertake if the Commission approves the Acquisition.

A. Tangible and Quantifiable Benefits

Q. PLEASE DESCRIBE THE QUANTIFIABLE AND TANGIBLE BENEFITS TO TNMP'S CUSTOMERS IF THIS ACQUISITION IS APPROVED.

A. The Applicants are offering a number of tangible and quantifiable benefits for TNMP's customers and its service area. First, the Applicants will provide a direct financial benefit to customers in the form of a rate credit of \$35 million to be paid over four years following the closing of the Acquisition.³

Q. HOW DOES THAT PROPOSED RATE CREDIT COMPARE TO THE RATE CREDIT APPROVED BY THE COMMISSION IN DOCKET NO. 51547, TNMP'S EARLIER ACQUISITION APPROVAL PROCEEDING?

A. In Docket No. 51547, the parties agreed upon, and the Commission approved, a rate credit of \$16.2 million payable over three years following the closing of the Acquisition at issue in that case.⁴ Thus, the rate credit—and the resulting benefit to customers—offered by the Applicants in this case is significantly larger than the one approved by the Commission in Docket No. 51547.

Q. ARE THE APPLICANTS OFFERING ANY OTHER TANGIBLE AND QUANTIFIABLE BENEFITS TO TNMP'S CUSTOMERS?

A. Yes. Troy is offering to contribute \$10 million in economic development funds over a period of 10 years to fund one or more of the following: job training, apprenticeships, and

³ Exhibit HB-4, Regulatory Commitment No. 1.

⁴ *Joint Report and Application of Texas-New Mexico Power Company, NM Green Holdings, Inc. and Avangrid, Inc. for Regulatory Approvals under PURA §§ 14.101, 39.262, and 39.915*, Docket No. 51547, Order at 19, Finding of Fact No. 64(a) (May 13, 2021). The proposed acquisition of TNMP by Avangrid did not close because Avangrid did not receive the necessary approval from the NMPRC.

1 scholarships in utility-related areas of industry.⁵ That contribution will help ensure that
2 TNMP has access to a workforce with the skills to continue developing and maintaining
3 the TNMP electric grid.

4 **Q. ARE THE APPLICANTS PROVIDING ANY TANGIBLE AND QUANTIFIABLE**
5 **BENEFITS WITH RESPECT TO CHARITABLE CONTRIBUTIONS?**

6 **A.** Yes. TNMP will maintain its historical level of charitable contributions, and it will make
7 additional charitable contributions within TNMP's service territory in the amount of
8 \$500,000 per year for a period of 10 years after the closing of the Acquisition, for a total
9 commitment of \$5 million.⁶ Those incremental charitable contributions will provide a
10 significant benefit to residents and organizations in the TNMP service area.

11 **B. Governance and Board Structure**

12 **Q. ARE THE APPLICANTS OFFERING ANY REGULATORY COMMITMENTS**
13 **REGARDING CORPORATE GOVERNANCE AND BOARD STRUCTURE?**

14 **A.** Yes. The Applicants are proposing a number of regulatory commitments that prescribe the
15 forms of corporate governance and board structure going forward. For example,
16 Regulatory Commitment No. 4 provides that TNMP will have a seven-member board (the
17 "TNMP Board"), including three independent directors who meet New York Stock
18 Exchange ("NYSE") independence standards.⁷ The President and CEO of TNMP will also
19 be a member of the TNMP Board.⁸

20 **Q. DOES REGULATORY COMMITMENT NO. 4 ESTABLISH ANY STANDARDS**
21 **FOR TNMP BOARD MEMBERSHIP OTHER THAN THE NYSE STANDARDS?**

22 **A.** Yes. Regulatory Commitment No. 4 states that at least two of the independent board
23 members will be residents of Texas, and one director will have utility executive experience.

⁵ Exhibit HB-4, Regulatory Commitment No. 2.

⁶ *Id.*, Regulatory Commitment No. 3.

⁷ *Id.*, Regulatory Commitment No. 4.

⁸ *Id.*

1 **Q. DO THE REGULATORY COMMITMENTS REQUIRE THAT CERTAIN TYPES**
2 **OF DECISIONS BE THE SOLE PROVINCE OF THE TNMP BOARD?**

3 **A.** Yes. Regulatory Commitment No. 6 provides that “[t]he TNMP Board will have decision-
4 making authority over dividend policy, debt issuance, issuance of dividends or other
5 distributions (other than tax distributions), capital expenditures, shared service fees,
6 operation and maintenance expenditures, and appointment or removal of officers.”⁹ It
7 further provides that decisions made by the TNMP Board cannot be overruled by Troy or
8 any affiliate that controls Troy.¹⁰ These provisions help ensure that important decisions
9 regarding TNMP’s day-to-day operations will be made by the TNMP Board, not by other
10 entities.

11 **Q. DO THE REGULATORY COMMITMENTS IMPOSE ANY LIMITS ON**
12 **DIVIDEND DISTRIBUTION BY THE TNMP BOARD?**

13 **A.** Yes. Regulatory Commitment No. 7 lays out several restrictions:

- 14 • Unless approved by the Commission, dividends or distributions (other than tax
15 distributions) may only be paid if TNMP’s credit rating is investment grade, and
16 TNMP will limit its payment of dividends or distributions, except for tax
17 distributions, to an amount not to exceed its net income as determined in accordance
18 with GAAP. TNMP will notify the Commission if its credit rating falls below the
19 rating TNMP was given on May 18, 2025.
- 20 • A vote of the majority of the independent directors of the TNMP Board may prevent
21 TNMP from making any dividends at any time during the first five years if the
22 TNMP Board reduces capital expenditures below the current five-year plan based
23 on limited equity financing availability.
- 24 • A vote of a majority of the independent directors can also prevent TNMP from
25 making any dividends other than tax distributions, if determined in good faith to be
26 required to meet debt-to-equity commitment.¹¹

⁹ *Id.*, Regulatory Commitment No. 6.

¹⁰ *Id.*

¹¹ *Id.*, Regulatory Commitment No. 7.

1 This commitment addresses the need for TNMP to retain sufficient earnings to maintain its
2 credit quality, to meet operating expenses, to fund (with Troy's support) the current five-
3 year capital expenditures plan and to maintain debt-to-equity requirements.

4 **Q. PLEASE SUMMARIZE THE REMAINING REGULATORY COMMITMENTS**
5 **REGARDING GOVERNANCE AND BOARD STRUCTURE.**

6 **A.** In addition to the regulatory commitments that I have already discussed, the Applicants are
7 proposing the following regulatory commitments to define the TNMP Board's rights and
8 responsibilities:

- 9 • The TNMP Board shall have the duty to act, subject to applicable Texas law, in the
10 best interests of TNMP.¹²
- 11 • No member of the TNMP Board may be an employee or board member of a
12 competitive affiliate or have direct responsibility for management or strategy of a
13 competitive affiliate.¹³
- 14 • The compensation for being a TNMP director will not be tied to, reflect, or be
15 related to the financial, operating, or other performance of any entity or interest
16 other than TNMP. The TNMP Board shall have the power to set the compensation
17 and benefits for being a TNMP director, in the form and manner it directs, subject
18 to the approval of Troy.¹⁴
- 19 • Independent directors will be identified in a compliance filing within 90 days after
20 closing. All independent directors will have equal terms (with initial terms
21 staggered). Removal of an independent director prior to expiration of any such
22 term requires the affirmative vote of a majority of the TNMP Board, which shall
23 include the votes of both remaining independent directors.¹⁵
- 24 • To be eligible, a director must be a United States citizen.¹⁶

¹² *Id.*, Regulatory Commitment No. 5.

¹³ *Id.*, Regulatory Commitment No. 8.

¹⁴ *Id.*, Regulatory Commitment No. 9.

¹⁵ *Id.*, Regulatory Commitment No. 10.

¹⁶ *Id.*, Regulatory Commitment No. 11.

- 1 • If TNMP management seeks approval of a capital project or a series of projects that
2 would be in excess of the approved annual budget by more than 10%, such projects
3 or series of projects shall be approved by a majority of the TNMP Board, including
4 a majority of the independent directors. Any budget or forecast outside this
5 threshold will also be identified in an annual report to the Commission and TNMP
6 will provide the reasons for the variance.¹⁷

7 Collectively, these regulatory commitments provide that the TNMP Board will have the
8 freedom and the responsibility to act in ways that best serve the needs of TNMP and the
9 customers it serves.

10 **Q. WILL THE DOCUMENTS REFLECTING THESE CHANGES IN CORPORATE**
11 **GOVERNANCE BE FILED WITH THE COMMISSION?**

12 **A.** Yes. TNMP and TNPE 1 will amend their governing agreements and corporate bylaws
13 within 90 days of closing to reflect these regulatory commitments and file the amendments
14 with the Commission.¹⁸ TNMP and TNPE 1 also acknowledge that any future changes to
15 these documents that affect regulatory commitments require Commission approval.¹⁹

16 **C. Financial Protections and Ring-Fencing**

17 **Q. PLEASE TURN NOW TO THE FINANCIAL AND RING-FENCING**
18 **PROTECTIONS THAT THE APPLICANTS ARE PROPOSING IN THIS CASE.**
19 **WHAT TYPES OF PROTECTIONS ARE THE APPLICANTS PROPOSING?**

20 **A.** The Applicants are proposing fourteen financial and ring-fencing commitments that are
21 designed to ensure that TNMP operates largely as a standalone entity, thereby avoiding
22 entanglements that could threaten its financial stability. The financial and ring-fencing
23 regulatory commitments proposed by the Applicants are designed to provide the same or
24 similar protections to those approved by the Commission in prior acquisition approval
25 proceedings.

¹⁷ *Id.*, Regulatory Commitment No. 12.

¹⁸ *Id.*, Regulatory Commitment No. 40.

¹⁹ *Id.*

1 **Q. PLEASE DESCRIBE THE SPECIFIC FINANCIAL AND RING-FENCING**
2 **REGULATORY COMMITMENTS THAT THE APPLICANTS ARE PROPOSING.**

3 **A.** The Applicants are proposing the following financial and ring-fencing regulatory
4 commitments:

- 5 • TNMP's sole purpose is to provide transmission and distribution utility service and
6 the performance of activities reasonably necessary and appropriate thereto. TNPE
7 1 will exist only to directly own TNMP.²⁰
- 8 • TNMP will maintain an identity, name, and logo that is separate and distinct from
9 the identity, name, and logos associated with Blackstone and any Texas competitive
10 affiliate of TNMP provided that the Blackstone name and logo can be added to the
11 TNMP name and logo for branding purposes.²¹
- 12 • TNMP's assets, stock, or revenues will not be pledged for the benefit of any entity
13 other than TNMP.²²
- 14 • TNMP, TNPE 1, and TXNM will not take on any new debt in conjunction with the
15 Acquisition, provided further that any increased costs due to refinancing of existing
16 TNMP debt caused by the Acquisition will not be borne by customers.²³
- 17 • Aside from TNMP's arrangements with TXNM, TNMP will not engage in
18 intercompany debt or lending with Troy or any affiliate that controls Troy, nor
19 guarantee the obligations or liabilities of TXNM or any of its affiliates or
20 subsidiaries, unless authorized by the Commission. Notwithstanding the foregoing,
21 TNMP may borrow from Troy or its affiliates on an arm's-length basis if approved
22 by a majority of the independent directors of the TNMP Board, provided further
23 that nothing herein obligates Troy or any of its affiliates to lend money to TNMP
24 or any of its affiliates at any time.²⁴

²⁰ *Id.*, Regulatory Commitment No. 13.

²¹ *Id.*, Regulatory Commitment No. 14.

²² *Id.*, Regulatory Commitment No. 15.

²³ *Id.*, Regulatory Commitment No. 16.

²⁴ *Id.*, Regulatory Commitment No. 17.

- 1 • TNMP and TNPE 1 will not share credit facilities with Troy or its affiliates, except
2 for joint revolvers where liability is several, not joint, and there are no cross-default
3 provisions applicable to any utility borrower.²⁵
- 4 • TNMP's credit or debt agreements will not include cross-default provisions tied to
5 affiliates. Under no circumstances will debt of TNMP become due and payable or
6 rendered in default because of any cross-default, financial covenants, rating agency
7 triggers or similar provisions of any debt or other agreement of TNPE 1, TXNM,
8 or any of their affiliates or subsidiaries. Further, TNMP's ability to utilize its credit
9 facility will not be contingent on the financial status, default, or credit rating of
10 TXNM, Troy or any of their affiliates or subsidiaries.²⁶
- 11 • TNMP will not transfer material assets (over \$1 million) to affiliates except at arm's
12 length and consistent with the Commission's standards as they are applicable to
13 TNMP.²⁷
- 14 • TNMP will maintain accurate, appropriate, and detailed books, financial records
15 and accounts, including checking and other bank accounts, and custodial and other
16 securities separate and distinct from those of any other entity.²⁸
- 17 • TNMP will not commingle its funds, assets, or cash flows with those of affiliates,
18 except as authorized by the Commission.²⁹
- 19 • TNMP will maintain standalone credit ratings from at least two major agencies,
20 reflecting the ring-fence provisions.³⁰
- 21 • Troy will obtain a non-consolidation legal opinion that provides that, in the event
22 of a bankruptcy of Troy or any affiliate of Troy, a bankruptcy court will not
23 consolidate the assets and liabilities of TNMP with Troy or any affiliate of Troy.³¹

²⁵ *Id.*, Regulatory Commitment No. 18.

²⁶ *Id.*, Regulatory Commitment No. 19.

²⁷ *Id.*, Regulatory Commitment No. 20.

²⁸ *Id.*, Regulatory Commitment No. 21.

²⁹ *Id.*, Regulatory Commitment No. 22.

³⁰ *Id.*, Regulatory Commitment No. 23.

³¹ *Id.*, Regulatory Commitment No. 24.

- 1 • TNMP will maintain a minimum equity ratio as set by the Commission in its general
- 2 rate case filings based on a 13-month rolling average.³²
- 3 • To the extent that any retail electric provider is affiliated with TNMP, TNMP will
- 4 not seek to recover from its customers any costs incurred as a result of a bankruptcy
- 5 of any such affiliate.³³

6 **Q. WILL TXNM CONTINUE TO PROVIDE FINANCING AND OTHER SERVICES**
7 **TO TNMP?**

8 **A.** Yes. TXNM currently provides financing and liquidity to both TNMP and the Public
9 Service Company of New Mexico (“PNM”) and it will continue to manage these
10 functions. In addition, PNMR Shared Services, a direct subsidiary of TXNM, will continue
11 to provide services to TNMP and PNM as described and discussed in PNMR Shared
12 Services’ Cost Allocation Manual. TXNM will continue to refinance or issue new debt to
13 help meet the financial needs of both TNMP and PNM, balanced with equity contributions
14 as needed from Blackstone Infrastructure, through Troy. TXNM will not commingle
15 funds, assets or cash flows with affiliates. TXNM will not include in any of its debt or
16 credit arrangements cross-default provisions tied to upstream affiliates, and under no
17 circumstances will debt of TXNM become due and payable or rendered in default because
18 of any cross-default, financial covenants, rating agency triggers or similar provisions of
19 any debt or other agreements of Troy or any of their affiliates or subsidiaries. TXNM will
20 maintain separate financial records and accounts distinct from other entities and will not
21 take on any debt in conjunction with this Acquisition.

22 Taken as a whole, these financial and ring-fencing provisions allow TNMP to
23 maintain a standalone credit profile and insulate it from any financial setbacks that its
24 affiliate companies may experience.

³² *Id.*, Regulatory Commitment No. 25.

³³ *Id.*, Regulatory Commitment No. 26.

1 **D. Local Control and Management**

2 **Q. WHY ARE THE APPLICANTS PROPOSING REGULATORY COMMITMENTS**
3 **THAT MAINTAIN LOCAL CONTROL OVER TNMP?**

4 **A.** Troy understands that experienced utility managers best understand how to run their own
5 businesses and how to serve their communities. It is also important that utility customers
6 feel utility management is responsive to customers' needs. To address those objectives,
7 Troy commits that TNMP's headquarters will remain in Texas within its service territory
8 as long as Troy or its affiliates own TNMP.³⁴ Troy further commits that TNMP's President
9 and CEO, and other officers, will continue to have day-to-day control over operations of
10 TNMP.³⁵

11 **Q. WILL TNMP CONTINUE TO FUND CAPITAL IMPROVEMENTS AT THE**
12 **LEVELS THAT TNMP'S MANAGEMENT HAS BUDGETED TO PROVIDE SAFE**
13 **AND RELIABLE SERVICE?**

14 **A.** Yes. Regulatory Commitment No. 27 states as follows:

15 TNMP will continue to make minimum capital expenditures at a level equal
16 to its current five-year budget for the five-year period beginning January 1,
17 2025. TNMP may reduce capital spending if necessary due to factors
18 outside its control, such as siting delays, project cancellations, economic
19 conditions, or if a particular expenditure would not be prudent. Any such
20 reductions over 10% will be reported annually to the Commission.

21 This regulatory commitment addresses the need to fund the capital necessary to
22 meet the growing demand in TNMP's service area. And as mentioned earlier in my
23 testimony, the TNMP Board may prevent TNMP from making any dividends at any time
24 during the first five years if funding is reduced below the current five-year plan based on
25 limited equity financing availability.

³⁴ *Id.*, Regulatory Commitment No. 28.

³⁵ *Id.*, Regulatory Commitment No. 29.

1 **Q. ARE THERE ANY OTHER PROPOSED REGULATORY COMMITMENTS**
2 **THAT PRESERVE OR ENHANCE LOCAL MANAGEMENT AND CONTROL?**

3 **A.** Yes. Regulatory Commitment No. 30 provides that “[f]or at least three years post-closing,
4 TNMP will not implement involuntary workforce reductions or reduce wages or benefits,
5 except for cause or performance. In addition, TNMP will continue to honor its existing
6 labor contracts with International Brotherhood of Electrical Workers Local 66.” These
7 commitments allow TNMP management to maintain continuity in current operations and
8 to retain the employees needed to provide safe and reliable electric service.

9 **Q. IS TROY OFFERING ANY OTHER COMMITMENTS THAT PROMOTE**
10 **CONTINUITY AND CERTAINTY?**

11 **A.** Yes. Regulatory Commitment No. 31 commits that “Troy, through TNPE 1, will maintain
12 a controlling interest in TNMP for at least 10 years after the closing of the Acquisition.”
13 This commitment provides TNMP with the certainty it needs to plan and execute the capital
14 improvements needed to serve new and existing customers.

15 **E. Accounting and Ratemaking**

16 **Q. YOU TESTIFIED EARLIER THAT THE APPLICANTS ARE PROPOSING**
17 **ACCOUNTING AND RATEMAKING REGULATORY COMMITMENTS.**
18 **PLEASE DESCRIBE THOSE COMMITMENTS.**

19 **A.** Regulatory Commitment No. 32 provides that “TNMP will not seek to recover any
20 transaction-related goodwill or acquisition premium in rates, rate base, cost of capital, or
21 operating expenses. Goodwill write-downs will not affect net income for dividend
22 purposes.” In addition, Regulatory Commitment No. 33 states that “[n]either TNPE 1 nor
23 TXNM nor any of their affiliates will elect to apply pushdown accounting for the
24 Acquisition (*i.e.*, the Acquisition will have no accounting impact on TNMP’s assets).
25 Furthermore, no incremental goodwill will be allocated to or recognized in TNMP’s
26 financial statements.” Finally, Regulatory Commitment No. 34 states that “TNMP will not
27 seek recovery of transaction or transition costs related to the Acquisition from customers
28 in TNMP’s rates provided that the transition costs shall not include employee time and

labor.” All of these provisions are designed to prevent TNMP’s rates from being affected by the Acquisition, except insofar as the rates are reduced by the proposed rate credit.

E. Regulatory Jurisdiction and Oversight

Q. PLEASE DESCRIBE THE RATIONALE FOR INCLUDING REGULATORY COMMITMENTS RELATED TO REGULATORY JURISDICTION AND OVERSIGHT.

A. The Applicants are keenly aware that the Commission exercises exclusive jurisdiction over electric utility rates and services within the Electric Reliability Council of Texas, Inc. (“ERCOT”) footprint, and the Applicants understand the importance of preserving that jurisdiction. Accordingly, the Applicants agree that TNMP will not build assets outside of ERCOT or take actions that impair the Commission’s jurisdiction without prior approval.³⁶ Nor will TNMP and its affiliates argue that the Commission is preempted by the Federal Power Act from determining cost recovery of affiliate costs.³⁷

Q. ARE THE APPLICANTS PROPOSING ANY OTHER REGULATORY COMMITMENTS THAT PRESERVE THE COMMISSION’S ABILITY TO OVERSEE THE OPERATIONS OF TNMP?

A. Yes. TNMP agrees to file annual compliance reports with the Commission for five years after closing of the Acquisition.³⁸ In addition, the Commission will continue to have access to TNMP’s and relevant affiliates’ books and records as needed to review affiliate transactions.³⁹

³⁶ *Id.*, Regulatory Commitment No. 35.

³⁷ *Id.*, Regulatory Commitment No. 36.

³⁸ *Id.*, Regulatory Commitment No. 37.

³⁹ *Id.*, Regulatory Commitment No. 38.

1 **F. Code of Conduct and Affiliate Standards**

2 **Q. ARE THE APPLICANTS OFFERING ANY REGULATORY COMMITMENTS**
3 **DESIGNED TO PREVENT PREFERENTIAL TREATMENT OF AFFILIATES?**

4 **A.** Yes. The Applicants are offering the following regulatory commitments regarding the
5 affiliate code of conduct and affiliate standards:

- 6 • TNMP will comply with all the requirements of the Public Utility Regulatory Act
7 and the Commission's rules governing aspects of any relationship and dealings
8 between TNMP and all competitive affiliates.⁴⁰
- 9 • TNMP will file with the Commission for authority to amend and update its code of
10 conduct to incorporate all applicable conditions and limitations on affiliate
11 transactions required by these regulatory commitments.⁴¹
- 12 • TNMP will maintain arm's-length relationships with all affiliates and comply with
13 all Commission affiliate standards when negotiating and entering into contracts
14 with affiliates.⁴²

15 **Q. IF THE ACQUISITION CLOSES, WILL TNMP HAVE ANY AFFILIATED**
16 **ENTITIES THAT OPERATE IN THE TEXAS ELECTRIC MARKET?**

17 **A.** Yes. Certain entities that may be considered Troy affiliates under Texas law participate in
18 the Texas market in one form or another, but both Troy and TNMP are committed to
19 complying with the affiliate code of conduct and other provisions that prohibit preferential
20 treatment of affiliates.

21 **Q. PLEASE DESCRIBE THE ENTITIES THAT POTENTIALLY WOULD BE**
22 **CONSIDERED AFFILIATES OF TROY AND TNMP FOR PURPOSES OF THE**
23 **AFFILIATE CODE OF CONDUCT.**

24 **A.** As shown in Exhibit HB-5, Troy affiliates hold ownership interests in the following
25 entities:

- 26 • Invenergy Renewables Holdings LLC ("Invenergy");

⁴⁰ *Id.*, Regulatory Commitment No. 41.

⁴¹ *Id.*, Regulatory Commitment No. 42.

⁴² *Id.*, Regulatory Commitment No. 43.

- Nitro Renewable Holdings LLC (a joint venture with NextEra Energy) (“Nitro”);
- Lancium LLC (“Lancium”);
- Aypa Power Holdings LP (“Aypa”); and
- ClearLight Solar Inc. (“ClearLight”).

Each of the above entities has one or more affiliates that compete in the ERCOT electric market. Those affiliates are also listed in Exhibit HB-5.

Q. PLEASE DESCRIBE HOW THE AFFILIATES OF INVENERGY PARTICIPATE IN THE TEXAS ELECTRIC MARKET.

A. Invenergy owns all or part of 17 registered power generation companies (“PGCs”) that produce either wind or solar energy for the wholesale electric market. In addition, Invenergy affiliate Invenergy Services LLC serves as the Qualified Scheduling Entity for the 17 Invenergy PGCs.

Q. PLEASE DESCRIBE HOW THE AFFILIATES OF NITRO PARTICIPATE IN THE TEXAS ELECTRIC MARKET.

A. Nitro is a joint venture between a Troy affiliate and NextEra Energy. Nitro owns two PGCs that provide wind power, one PGC that provides solar power, and one PGC that provides battery storage.

Q. PLEASE DESCRIBE HOW THE AFFILIATES OF LANCIUM PARTICIPATE IN THE TEXAS ELECTRIC MARKET.

A. A Lancium subsidiary, Lancium QSE I LLC, is a registered option II retail electric provider in ERCOT. Lancium purchases or will purchase power at wholesale to resell to its affiliate.

Q. PLEASE DESCRIBE HOW THE AFFILIATES OF AYPa PARTICIPATE IN THE TEXAS ELECTRIC MARKET.

A. Aypa owns two PGCs that provide battery storage for the ERCOT market.

Q. FINALLY, PLEASE DESCRIBE HOW CLEARLIGHT PARTICIPATES IN THE TEXAS ELECTRIC MARKET.

A. ClearLight has several affiliated PGCs that provide wind energy, solar energy, or battery storage to the ERCOT market.

1 **Q. SHOULD THE COMMISSION BE CONCERNED ABOUT TROY'S AND TNMP'S**
2 **AFFILIATIONS WITH THESE ERCOT MARKET PARTICIPANTS?**

3 **A.** No. As I noted earlier, both Troy and TNMP are familiar with the code of conduct that
4 governs relationships between utilities and their affiliates, and both Troy and TNMP intend
5 to comply with that code of conduct. To the extent TNMP interacts with Troy affiliates,
6 Troy understands that those interactions must be on an arm's-length basis, and that TNMP
7 cannot provide the Troy affiliates with any preferential treatment.

8 **V. APPLICATION OF STATUTORY FACTORS**

9 **Q. ARE YOU FAMILIAR WITH THE STATUTORY FACTORS THAT THE**
10 **COMMISSION IS REQUIRED TO CONSIDER IN EVALUATING THE**
11 **ACQUISITION?**

12 **A.** Yes. Although I am not an attorney and do not intend to offer legal opinions in this
13 testimony, I am generally aware that the Commission must evaluate the Acquisition in
14 accordance with the standards set forth in Public Utility Regulatory Act ("PURA")
15 §§ 14.101, 39.262, and 39.915.

16 **Q. PLEASE BRIEFLY DESCRIBE YOUR UNDERSTANDING OF THE FACTORS**
17 **THE COMMISSION MUST CONSIDER UNDER PURA § 14.101(B) AND (C).**

18 **A.** I understand that PURA § 14.101 requires the Commission to consider whether the
19 Acquisition will (1) adversely affect the health or safety of customers or employees; (2)
20 result in the transfer of jobs of citizens of the State of Texas to workers domiciled outside
21 this state; or (3) result in the decline of service. PURA § 14.101 also requires the
22 Commission to consider the reasonable value of the property, facilities, or securities to be
23 acquired, disposed of, merged, transferred, or consolidated, and whether the utility will
24 receive consideration equal to the reasonable value of the assets when it sells, leases, or
25 transfers assets.

1 **Q. WILL THE ACQUISITION ADVERSELY AFFECT THE HEALTH OR SAFETY**
2 **OF TNMP'S CUSTOMERS OR EMPLOYEES?**

3 **A.** No. As I noted earlier, the day-to-day operations of TNMP will remain unchanged. The
4 Acquisition will not have any effect on the health or safety of TNMP's customers or
5 employees.

6 **Q. WILL THE ACQUISITION RESULT IN THE TRANSFER OF JOBS OF TEXAS**
7 **CITIZENS TO WORKERS DOMICILED OUTSIDE OF THE STATE?**

8 **A.** No. In the regulatory commitments, the Applicants have committed to retaining TNMP
9 employees and to upholding the collective bargaining agreements that are currently in
10 place.

11 **Q. WILL THE ACQUISITION RESULT IN THE DECLINE OF SERVICE?**

12 **A.** No. As I discussed earlier, the Acquisition will have little or no effect on the day-to-day
13 operations of TNMP. In fact, to the extent the Acquisition affects the quality of service, it
14 should improve that quality of service because TNMP will have ready access to capital on
15 reasonable terms if the Acquisition closes.

16 **Q. CONSIDERING THE REASONABLE VALUE OF THE PROPERTY,**
17 **FACILITIES, OR SECURITIES TO BE ACQUIRED, DISPOSED OF, MERGED,**
18 **TRANSFERRED, OR CONSOLIDATED, WILL TXNM RECEIVE**
19 **CONSIDERATION EQUAL TO THE REASONABLE VALUE OF THE ASSETS?**

20 **A.** Yes. As I noted earlier, the price agreed to by the Applicants represents a 23% premium
21 over TXNM's stock price and will be paid to TXNM shareholders at closing of the
22 Acquisition.

23 **Q. PLEASE BRIEFLY DESCRIBE YOUR UNDERSTANDING OF THE FACTORS**
24 **THE COMMISSION MUST CONSIDER UNDER PURA §§ 39.262 AND 39.915.**

25 **A.** I understand that PURA §§ 39.262 and 39.915 require an electric utility to report and obtain
26 the Commission's approval before closing a transaction in which: (1) the electric utility
27 will be merged or consolidated with another electric utility; (2) at least 50% of the stock of
28 the electric utility will be transferred or sold; or (3) a controlling interest or operational
29 control of the electric utility will be transferred. Similar to PURA § 14.101, to approve a

1 transaction, the Commission must find that the proposed transaction is in the “public
2 interest.” In making its public interest determination under these provisions, the
3 Commission must consider whether the transaction:

- 4 • Will adversely affect the reliability of service of the electric utility;
- 5 • Will adversely affect the availability of service of the electric utility; or
- 6 • Will adversely affect the cost of service of the electric utility.

7 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP’S RELIABILITY OF**
8 **SERVICE?**

9 **A.** No, for the reasons I discussed earlier.

10 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP’S AVAILABILITY OF**
11 **SERVICE?**

12 **A.** No. To the contrary, the Acquisition is likely to enhance the availability of service because
13 TNMP will have access to the capital it needs to interconnect new customers to the grid.

14 **Q. WILL THE ACQUISITION ADVERSELY AFFECT TNMP’S COST OF**
15 **SERVICE?**

16 **A.** No. If the Acquisition is approved by the Commission, it will actually reduce TNMP’s
17 cost of service because of the rate credit being offered as part of the regulatory
18 commitments. Moreover, helping TNMP maintain investment-grade credit ratings will
19 have a positive impact on TNMP’s cost of service.

20 **Q. WILL THE ACQUISITION RESULT IN TANGIBLE AND QUANTIFIABLE**
21 **BENEFITS TO TEXAS CUSTOMERS ON A TIMELY BASIS?**

22 **A.** Yes. If the Application is approved with the regulatory commitments that Applicants are
23 proposing, customers will experience rate reductions totaling \$35 million over the next
24 four years, in addition to the economic development and charitable contributions I
25 discussed earlier.

1 **Q. WILL THE ACQUISITION CAUSE TEXAS CUSTOMERS TO BEAR**
2 **TRANSACTION COSTS UNRELATED TO CORRESPONDING BENEFITS TO**
3 **TEXAS CUSTOMERS?**

4 **A.** No. In Regulatory Commitment No. 34, the Applicants pledge that no transaction costs
5 arising from the Acquisition will be passed through to Texas customers.

6 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

7 **A.** Yes.

AFFIDAVIT

STATE OF CALIFORNIA

§

COUNTY OF LOS ANGELES

§

§

BEFORE ME, the undersigned authority, on this day personally appeared Heidi Boyd who, upon proving her identity to me and by me being duly sworn, deposes and states the following:

“My name is Heidi Boyd. I am of legal age, a resident of the State of California, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Troy ParentCo, LLC, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this ____ day of August 2025, to certify which witness my hand and seal of office.

NOTARY PUBLIC in and for the
State of California

Printed Name: _____

My Commission expires: _____

See Attached Certificate

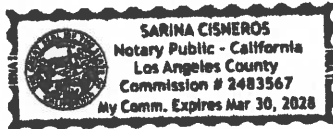
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me on this 21st
day of AUGUST, 2025, by HEIDI BOYO

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature Sarina Cisneros

AGREEMENT AND PLAN OF MERGER

among

TROY PARENTCO LLC,

TROY MERGER SUB INC.,

and

TXNM ENERGY, INC.

Dated as of May 18, 2025

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 18, 2025 (this “Agreement”), is entered into among Troy ParentCo LLC, a Delaware limited liability company (“Parent”), Troy Merger Sub Inc., a New Mexico corporation and a direct subsidiary of Parent (“Merger Sub”), and TXNM Energy, Inc., a New Mexico corporation (the “Company” and, together with Parent and Merger Sub, the “Parties” and each, a “Party”).

RECITALS

WHEREAS, the board of directors of the Company (the “Company Board of Directors”), at a meeting duly called and held, has unanimously (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the merger of Merger Sub with and into the Company (the “Merger”), are fair to, and in the best interests of, the Company and its shareholders, (b) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (c) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (d) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company, and (e) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval;

WHEREAS, the manager of Parent has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (b) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the board of directors of Merger Sub has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (b) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (c) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA;

WHEREAS, Parent has approved this Agreement and the transactions contemplated hereby, including the Merger, by written consent in its capacity as the sole shareholder of Merger Sub;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Company to enter into this Agreement, Blackstone Infrastructure Partners L.P., a Delaware limited partnership and an Affiliate of Parent and Merger Sub (“Sponsor”), has entered

into (a) that certain Equity Commitment Letter, dated as of the date hereof (the “Equity Commitment Letter”), pursuant to which Sponsor has agreed to provide funding to Parent in the amount and circumstances set forth therein (the “Equity Financing”) and (b) that certain Limited Guarantee in favor of the Company (the “Guarantee”) with respect to certain obligations of Parent and Merger Sub under this Agreement;

WHEREAS, the Company and Troy TopCo LP, a Delaware limited partnership (“Purchaser”) that, directly or indirectly, wholly owns Parent, simultaneously with the execution of this Agreement, are entering into a Stock Purchase Agreement (the “Stock Purchase Agreement”), pursuant to which the Company will issue and sell, and Purchaser will purchase, subject to the terms and conditions set forth therein, 8,000,000 shares of Company Common Stock (as hereinafter defined) for aggregate consideration to the Company of \$400,000,000; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

THE MERGER

SECTION 1.1 Definitions. The following terms have the meanings set forth in the following sections of this Agreement:

2014 PEP	Section 3.3(b)(iii)
2023 PEP	Section 3.3(b)(iii)
Acceptable Confidentiality Agreement	Section 9.3(a)
Acquisition Proposal	Section 6.1(e)(i)
Affiliate	Section 9.3(b)
Agreement	Preamble
Anti-Corruption Laws	Section 9.3(c)
Antitrust Authorities	Section 6.4(c)(i)
Applicable Date	Section 3.6
Articles of Merger	Section 1.4
Backstop Facilities	Section 3.24
Bankruptcy and Equity Exception	Section 3.4(a)
Book-Entry Share	Section 2.1(a)
Business Day	Section 9.3(d)
Cancelled Shares	Section 2.1(a)
Certificate	Section 2.1(a)
Closing	Section 1.3
Closing Date	Section 1.3
Code	Section 9.3(e)

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Company Board of Directors	Recitals
Company Bylaws	Section 3.2
Company Capitalization Date	Section 3.3(b)
Company Change of Recommendation	Section 6.1(c)
Company Collective Bargaining Agreements	Section 3.12(a)
Company Common Stock	Section 3.3(a)
Company Contact	Section 6.15(b)
Company Cure Period	Section 8.1(e)(i)
Company Disclosure Schedule	Article III
Company Employees	Section 3.11(a)
Company Financial Advisor	Section 3.18
Company Material Adverse Effect	Section 9.3(f)
Company Material Contract	Section 3.8(a)(viii)
Company Material Real Property	Section 3.14(a)
Company Notice	Section 6.1(d)
Company Parties	Section 9.3(g)
Company Plan	Section 3.11(a)
Company Preferred Stock	Section 3.3(a)
Company Recommendation	Section 3.4(b)
Company Regulatory Approvals	Section 7.1(c)
Company Requisite Vote	Section 3.4(a)
Company Risk Management Guidelines	Section 3.22
Company SEC Reports	Section 3.7(a)
Company Securities	Section 3.3(c)
Company Share	Section 2.1(a)
Company Shareholders Meeting	Section 6.3
Company Stock Plans	Section 3.3(b)(iii)
Company Termination Fee	Section 8.2(b)(i)
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Consent Solicitations	Section 6.17(d)
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Controlled Group Liability	Section 3.11(d)
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Convertible Notes Indenture	Section 6.17(i)
Credit Facilities	Section 9.3(j)
Definitive Agreement	Section 6.18(d)
Derivative Product	Section 9.3(k)
Designated Person	Section 9.3(l)
Direct Plan	Section 2.2(c)
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Dissenting Shares	Section 2.3

D&O Insurance	Section 6.10(d)
Earned Performance Shares	Section 2.2(b)
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End Date	Section 8.1(c)
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Equity Financing	Recitals
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ERISA Affiliate.....	Section 9.3(n)
ESP II	Section 9.3(o)
Ex-Im Laws	Section 9.3(p)
Exchange Act	Section 9.3(q)
Exchange Agent.....	Section 2.4(a)
Exchange Fund	Section 2.4(a)
Existing Credit Facility.....	Section 6.17(a)
Existing Lenders.....	Section 6.17(a)
Existing Loan Consent	Section 6.17(a)
Existing Loan Notice.....	Section 6.17(a)
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NMPRC	Section 6.6(a)
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Parent Contact	Section 6.15(b)
Parent Cure Period.....	Section 8.1(d)(i)
Parent Debt Commitment Letter	Section 4.12(d)
Parent Debt Financing.....	Section 4.12(d)
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Parent Disclosure Schedule	Article IV
Parent Material Adverse Effect.....	Section 9.3(mm)
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Permitted Liens.....	Section 3.14(a)
Permitted Permanent Bond Replacement Financing.....	Section 9.3(nn)
Permitted Replacement Backstop Facility	Section 9.3(oo)
Person	Section 9.3(pp)
Personal Information	Section 9.3(qq)
PNM	Section 3.7(a)
Privacy Rules and Policies	Section 9.3(rr)
Proceeding	Section 6.10(a)
Prohibited Modifications	Section 6.18(f)
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TNMP Bonds	Section 9.3(eee)
TNMP Mortgage Indenture.....	Section 9.3(fff)
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Transition Committee.....	Section 6.15(b)
Treasury Regulations.....	Section 9.3(ggg)
TXNM Backstop Facility.....	Section 3.24
WARN Act.....	Section 3.12(b)
Willful Breach	Section 9.3(hhh)

SECTION 1.2 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company and the separate corporate existence of Merger Sub shall thereupon cease. The Company shall be the surviving entity in the Merger (sometimes hereinafter referred to as the “Surviving Corporation”) and a direct subsidiary of Parent, and the separate corporate existence of the Company, with all of its properties, rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger, subject to Article II. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all of the properties, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Company as the Surviving Corporation and all claims, obligations, debts, liabilities and duties of the Company and Merger Sub shall become the claims, obligations, debts, liabilities and duties of the Company

as the Surviving Corporation. The Merger shall have the effects set forth in this Agreement and specified in the NMBCA.

SECTION 1.3 Closing. The closing for the Merger (the “Closing”) shall take place at the offices of Troutman Pepper Locke LLP, 875 Third Avenue, New York, New York 10022, at 9:00 a.m., New York City time, on the tenth (10th) Business Day following the day on which the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or (to the extent permitted by applicable Law) waiver of those conditions at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement or at such other time and place as the Company and Parent may agree in writing. The date on which the Closing occurs is referred to herein as the “Closing Date”.

SECTION 1.4 Effective Time. At the Closing, the Company and Merger Sub will cause the Merger to be consummated by filing with the Secretary of State of the State of New Mexico (the “New Mexico Secretary of State”) articles of merger (the “Articles of Merger”), to be executed, acknowledged and filed with the New Mexico Secretary of State as provided in Section 53-14-4 of the NMBCA. The Merger shall become effective at the time when the Articles of Merger have been duly filed with the New Mexico Secretary of State or at such later time as may be agreed by the Parties in writing and specified in the Articles of Merger (the “Effective Time”).

SECTION 1.5 Articles of Incorporation; Bylaws.

- (a) The name of the Surviving Corporation shall be the name of the Company.
- (b) The articles of incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Charter”), until thereafter amended as provided therein or by applicable Law, in each case, subject to the obligations set forth in Section 6.10.
- (c) The bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Bylaws”), until thereafter amended as provided therein or by applicable Law, in each case subject to the obligations set forth in Section 6.10.

SECTION 1.6 Directors and Officers.

- (a) The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.
- (b) The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been

duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

SECTION 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the holders of any shares of Company Common Stock or the capital stock of Merger Sub or limited liability company interests of Parent:

(a) Merger Consideration. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (each, a “Company Share”) (other than (i) Company Shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and (ii) Company Shares owned by the Company or any of its wholly-owned subsidiaries as treasury stock or otherwise, and in each case, not held on behalf of third parties (collectively, the “Cancelled Shares”), which shall be treated in accordance with Section 2.1(b), and the Dissenting Shares, which shall be treated in accordance with Section 2.3), shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive an amount equal to \$61.25 per Company Share in cash, without interest (the “Per Share Merger Consideration”). At the Effective Time, all of the Company Shares shall cease to be outstanding, shall be cancelled and shall cease to exist, and each certificate (a “Certificate”) formerly representing any of the Company Shares (other than Cancelled Shares and Dissenting Shares) and each non-certificated Company Share represented by book-entry (a “Book-Entry Share”) (other than Cancelled Shares and Dissenting Shares) shall, in each case, thereafter represent only the right to receive the Per Share Merger Consideration, in each case without interest and subject to compliance with the procedures for surrender as set forth in Section 2.4.

(b) Cancellation of Cancelled Shares. Each Cancelled Share shall automatically, and without any action on the part of the Company, Parent or Merger Sub, cease to be outstanding, shall be cancelled without payment of any consideration therefor and shall cease to exist.

(c) Surviving Corporation Shares. Each share of common stock, no par value per share, of Merger Sub, issued and outstanding immediately prior to the Effective Time, shall be converted into one (1) share of common stock, no par value per share, of the Surviving Corporation.

SECTION 2.2 Treatment of Restricted Stock Rights and Performance Shares.

(a) Treatment of Restricted Stock Rights. Immediately prior to the Effective Time, each outstanding award of restricted stock rights (“Restricted Stock Rights”) granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted, immediately prior to the Effective Time, into the right of the holder

of such Restricted Stock Right to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of Company Common Stock subject to such Restricted Stock Right immediately prior to the Effective Time multiplied by (ii) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same terms and conditions as were applicable to the corresponding converted Restricted Stock Rights, including any applicable vesting, acceleration and payment timing provisions and subject to any prior deferral election by the holder with respect to the corresponding converted Restricted Stock Rights, as adjusted hereby, but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company's regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the same time as) the corresponding Restricted Stock Right would have vested and been paid in accordance with the terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amount only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Restricted Stock Right such that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Restricted Stock Right.

(b) Treatment of Performance Shares. Immediately prior to the Effective Time, each outstanding award of performance shares ("Performance Shares") granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, be deemed to have been earned at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis, as of the last day of the last month ending at least thirty (30) days before the Effective Time, with such actual level of performance determined in the good faith judgment of the Company's compensation committee as constituted immediately prior to the Effective Time in accordance with the applicable Company Stock Plan (the "Earned Performance Shares"). Immediately thereafter, each Earned Performance Share shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted into the right of the holder of such Earned Performance Share to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash equal to the product of (A) the number of shares of Company Common Stock subject to such Earned Performance Share immediately prior to the Effective Time multiplied by (B) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same service-based vesting terms and conditions as were applicable to the corresponding converted Earned Performance Share, including any applicable service-based vesting, acceleration and payment timing provisions but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company's regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the

same time as) the corresponding cancelled Earned Performance Share would have vested and been paid in accordance with the service-based terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amounts only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Earned Performance Share, so that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Performance Share.

(c) Direct Plan. In accordance with the terms of the Third Amended and Restated PNM Resources, Inc. Direct Plan (as amended, the “Direct Plan”), the Company shall take all actions reasonably necessary to ensure that the Direct Plan shall terminate immediately following the Effective Time; provided, that such termination shall be contingent upon the occurrence of the Effective Time. The Company shall provide timely notice to participants of the termination of the Direct Plan in accordance with the Direct Plan.

(d) Director Deferred Restricted Stock Rights Program. As of the Effective Time, in accordance with the terms of the Company’s Director Deferred Restricted Stock Rights Program, effective as of December 1, 2017 and amended as of February 28, 2025 (the “Directors Deferred Plan”), the Company shall take all actions reasonably necessary and in accordance with the Directors Deferred Plan to ensure that (i) the Directors Deferred Plan is terminated as of the Effective Time, (ii) no Nonemployee Director (as defined in the Directors Deferred Plan) will be eligible to participate in the Directors Deferred Plan after the Effective Time, except with respect to any outstanding Restricted Stock Rights granted to a Nonemployee Director with respect to which the Nonemployee Director, prior to the Effective Time, has made a deferral election pursuant to the Directors Deferred Plan, which Restricted Stock Rights shall be deferred into the Directors Deferred Plan in accordance with the applicable deferral election, (iii) each share of Company Common Stock distributable under the Directors Deferred Plan shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive the Per Share Merger Consideration, and (iv) the Company will distribute to each participant the amounts credited to his or her account in the Directors Deferred Plan as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time to the extent permitted by Section 409A of the Code (any amounts credited to the director’s account in the Directors Deferred Plan after the Effective Time shall be distributed to the participant as soon as administratively practicable (and no later than thirty (30) days) after the amounts are credited to the director’s account in the Directors Deferred Plan and in no event later than one (1) year after the Effective Time); provided, however, that such termination and all of the related foregoing actions shall be contingent upon the occurrence of the Effective Time, and provided, further, that nothing herein shall preclude a Nonemployee Director whose account in the Directors Deferred Plan is not paid as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time from directing the deemed investment in such account to investments other than Company Common Stock pursuant to the terms of the Directors Deferred Plan.

(e) Treatment of Company Stock Plans. As of the Effective Time, no further Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock shall be granted under the Company Stock Plans or otherwise, and the Company Stock Plans, other than the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, shall terminate automatically upon the occurrence of the Effective Time such that, following the

Effective Time, there shall be no outstanding Restricted Stock Rights or Performance Shares (in each case, whether vested or unvested) or any Company Common Stock or stock-based awards of the Company, the Surviving Corporation or any of their respective subsidiaries, under the terminated Company Stock Plans; provided, however, that the converted Restricted Stock Rights and the converted Earned Performance Shares shall remain subject to the applicable terms and conditions of the Company Stock Plans and the treatment described in this Section 2.2.

(f) No Right to Acquire Shares. The Company shall take all actions reasonably necessary to ensure that, from and after the Effective Time, neither Parent nor the Surviving Corporation will be required to deliver shares of Company Common Stock or other capital stock of the Company to any Person pursuant to or in settlement of Restricted Stock Rights or Performance Shares that are subject to the provisions set forth in this Section 2.2 or any other rights with respect to shares of Company Common Stock granted under the Company Stock Plans.

(g) Corporate Actions. At or prior to the Effective Time, the Company, the Company Board of Directors or the compensation committee of the Company Board of Directors, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 2.2 (including the satisfaction of the requirements of Rule 16b-3(e) promulgated under the Exchange Act); provided, that such actions shall expressly be conditioned upon the consummation of the Merger and shall be of no effect if this Agreement is terminated without consummation of the Merger. The Company and the Company Board of Directors shall not take any action to apply the provisions of Section 11.5 of the 2014 PEP or Section 10.5 of the 2023 PEP to the transactions contemplated by this Agreement.

SECTION 2.3 Dissenting Shares. Notwithstanding Section 2.1, Company Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing who is entitled to, and who has demanded, payment for fair value of such Company Shares (“Dissenting Shares”) in accordance with Section 53-15-4 of the NMBCA (“Section 53-15-4”) shall not be converted into the right to receive the Per Share Merger Consideration for each such Dissenting Share, unless and until such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of fair value for such holder’s Dissenting Shares in accordance with Section 53-15-4. Any such holder shall instead be entitled only to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 less any applicable Taxes required to be withheld in accordance with Section 2.4(e) with respect to such payment. At the Effective Time, the Dissenting Shares shall no longer be outstanding, and each holder of a Certificate or Book-Entry Share that immediately prior to the Effective Time represented Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive the fair value of such Dissenting Shares in accordance with the provisions of Section 53-15-4. If, after the Effective Time, such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 (or had not properly demanded payment under Section 53-15-4), then each such Dissenting Share shall be treated as if such Dissenting Share had been converted as of the Effective Time into the right to receive the Per Share Merger Consideration, without interest thereon. The Company will give Parent (a) prompt written notice of any demand for payment of fair value of any Company Shares in accordance with Section 53-15-4, any withdrawals of such demands, and any other communications received by the Company or any of its Representatives in respect of the demand,

withdrawal, or perfection of any rights under Section 53-15-4 and (b) the opportunity to conduct jointly with the Company all negotiations and proceedings with respect to such demands related to any Company Shares under Section 53-15-4. The Company will not, except with the prior written consent of Parent, voluntarily make any payment with respect to any Dissenting Shares or settle or offer to settle any such demands.

SECTION 2.4 Surrender of Company Shares.

(a) Exchange Agent. Prior to the Effective Time, the Company and Parent shall enter into an agreement in form and substance reasonably acceptable to the Company and Parent with an exchange agent selected by Parent with the Company's prior approval, which approval shall not be unreasonably conditioned, withheld or delayed (the "Exchange Agent"), for the purpose of delivering or causing to be delivered to each holder of Company Shares (other than Cancelled Shares or Dissenting Shares) the aggregate Per Share Merger Consideration to which the shareholders of the Company shall become entitled in respect of their Company Shares pursuant to this Article II. Parent shall deposit, or cause to be deposited, with the Exchange Agent, (i) at or prior to the Effective Time, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary for the Exchange Agent to make payments of the Per Share Merger Consideration under Section 2.1, and (ii) from time to time, to the extent and when needed, additional cash sufficient to pay any dividends or other distributions pursuant to Section 6.14 (such cash deposited with the Exchange Agent being hereinafter referred to as the "Exchange Fund") in trust for the benefit of the holders of the Company Shares. The Exchange Agent shall invest any cash in the Exchange Fund if so directed by Parent; provided, that any such investments shall be in short-term (*i.e.*, maturities of thirty (30) days or less) obligations of or guaranteed by the United States of America and backed by the full faith and credit of the United States of America, in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Services, Inc. or Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., respectively. To the extent that there are losses with respect to such investments, or any cash in the Exchange Fund diminishes for other reasons below the level required to make prompt cash payment of the aggregate Per Share Merger Consideration as contemplated by Section 2.1 and to pay any dividends or other distributions pursuant to Section 6.14, Parent shall promptly replace or restore the cash in the Exchange Fund lost through such investments or other events so as to ensure that the cash in the Exchange Fund is at all times maintained at a level sufficient to make such cash payments. Any interest and other income resulting from such investment shall become a part of the Exchange Fund, and any amounts in excess of the amounts payable under Section 2.1(a) and Section 6.14 shall be promptly returned to Parent or the Surviving Corporation, as requested by Parent. The funds deposited with the Exchange Agent pursuant to this Section 2.4(a) shall not be used for any purpose other than as contemplated by this Section 2.4(a).

(b) Exchange Procedures.

(i) Transmittal Materials. Promptly after the Effective Time (and in any event within three (3) Business Days thereafter), the Surviving Corporation shall cause the Exchange Agent to mail or otherwise provide to each holder of record of Company Shares (other than holders of Cancelled Shares and Dissenting Shares) (A) transmittal materials, including a letter of transmittal in customary form as Parent shall reasonably specify after consultation with the Company, specifying that delivery shall be effected, and risk of loss and title shall pass, with

respect to Book-Entry Shares, only upon delivery of an “agent’s message” regarding the book-entry transfer of Book-Entry Shares (or such other evidence, if any, of the transfer as the Exchange Agent may reasonably request), and with respect to Certificates, only upon delivery of the Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) and delivery of a duly completed and validly executed letter of transmittal to the Exchange Agent, such transmittal materials to be in such form and have such other provisions as Parent shall reasonably determine after consultation with the Company, and (B) instructions for use in effecting the surrender of the Book-Entry Shares or Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) to the Exchange Agent.

(ii) Certificates. Upon surrender of a Certificate (or satisfaction of the replacement requirements in lieu of the Certificate as provided in Section 2.4(f)) to the Exchange Agent in accordance with the terms of such transmittal materials and instructions and delivery with the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, the holder of such Certificate shall be entitled to receive in exchange therefor a cash amount in immediately available funds (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Certificate (or affidavit of loss in lieu of the Certificate as provided in Section 2.4(f)) by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Certificates.

(iii) Book-Entry Shares. Notwithstanding anything to the contrary contained in this Agreement, any holder of Book-Entry Shares shall not be required to deliver a Certificate or an executed letter of transmittal to the Exchange Agent to receive the aggregate Per Share Merger Consideration that such holder is entitled to receive as a result of the Merger pursuant to Section 2.1(a) and any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. In lieu thereof, each holder of record of one or more Book-Entry Shares (other than Cancelled Shares and Dissenting Shares) shall upon receipt by the Exchange Agent of an “agent’s message” in customary form and such other evidence of surrender, if any, as the Exchange Agent may reasonably request (it being understood that the holders of Book-Entry Shares shall be deemed to have surrendered such Company Shares upon receipt by the Exchange Agent of such “agent’s message” or such other evidence of surrender, if any, as the Exchange Agent may reasonably request) be entitled to receive, and Parent shall cause the Exchange Agent to pay and deliver as promptly as reasonably practicable after the Effective Time, a cash amount in immediately available funds (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Book-Entry Shares by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Book-Entry Shares.

(iv) Unrecorded Transfers; Other Payments. In the event of a transfer of ownership of Company Shares that is not registered in the transfer records of the Company or if payment of the applicable Per Share Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate or Book-Entry Share is registered, a check

for any cash to be exchanged upon due surrender of such Certificate or Book-Entry Share may be delivered to such transferee or other Person only if the Certificate or Book-Entry Share formerly representing such Company Shares is properly endorsed or shall be otherwise in proper form for transfer and is presented to the Exchange Agent accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable transfer or other similar Taxes have been paid or are not applicable.

(v) Related Charges and Expenses. Until surrendered as contemplated by this Section 2.4(b), each Certificate and each Book-Entry Share shall represent at any time from and after the Effective Time only the right to receive upon such surrender (together with a letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or an “agent’s message,” and such other documents as may reasonably be required pursuant to such instructions or by the Exchange Agent (as applicable)) the applicable Per Share Merger Consideration and any dividends or other distributions with respect to Company Shares payable pursuant to Section 6.14. The Surviving Corporation shall pay all charges and expenses, including those of the Exchange Agent, in connection with the exchange of Company Shares for the Per Share Merger Consideration and any dividends or other distributions payable pursuant to Section 6.14.

(c) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains unclaimed by the former shareholders of the Company for twelve (12) months after the Effective Time shall, upon the written demand of the Surviving Corporation, be delivered to the Surviving Corporation. Any former holder of Company Shares (other than a holder of Cancelled Shares or Dissenting Shares) who has not theretofore complied with this Article II shall thereafter be entitled to solely look to Parent and the Surviving Corporation, as a general unsecured creditor thereof, for payment of the Per Share Merger Consideration (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 upon due surrender of its Certificates (or affidavits of loss in lieu of the Certificates) or acceptable evidence of the surrender and cancellation of Book-Entry Shares, without any interest thereon in accordance with the provisions set forth in Section 2.4(b), and Parent shall remain liable for (subject to applicable abandoned property, escheat or other similar Laws) payment of their claim for the Per Share Merger Consideration and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 payable upon due surrender of their Certificates or Book-Entry Shares. Notwithstanding the foregoing, none of the Surviving Corporation, Parent, Merger Sub, the Company, the Exchange Agent or any other Person shall be liable to any former holder of Company Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws. Any portion of the Exchange Fund remaining unclaimed by Persons entitled to receive the Per Share Merger Consideration pursuant to this Article II as of a date that is immediately prior to such time as such unclaimed funds would otherwise escheat to or become property of any Governmental Entity will, to the extent permitted by applicable Law, become the property of the Surviving Corporation free and clear of any claims or interest of any Person entitled thereto.

(d) Transfers. From and after the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Company Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificate or acceptable

evidence of a Book-Entry Share is presented (together with the properly delivered and validly executed transmittal materials required by this Section 2.4) to the Surviving Corporation, Parent or the Exchange Agent for transfer, it shall be cancelled and exchanged for the consideration provided for in, and in accordance with the procedures set forth in, this Article II. The Per Share Merger Consideration paid upon the surrender of Certificates together with the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto (or upon receipt by the Exchange Agent of an “agent’s message,” in the case of Book-Entry Shares, or such other evidence, if any, as the Exchange Agent may reasonably request), in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the Company Shares formerly represented by such Certificates or such Book-Entry Shares.

(e) Withholding Rights. Notwithstanding anything in this Agreement to the contrary, each of Parent, Merger Sub, the Surviving Corporation and their respective agents (including the Exchange Agent) shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to this Agreement to any holder of Company Shares, Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock (including any converted awards), or any other Person who is entitled to receive the Per Share Merger Consideration, any amounts as may be required to be deducted and withheld with respect to the making of such payment under the Code, or any other applicable state, local or non-U.S. tax Law. To the extent that amounts are so withheld by Parent, Merger Sub, the Surviving Corporation or any of their respective agents (including the Exchange Agent), such deducted and withheld amounts (i) shall be promptly remitted by Parent, Merger Sub, the Surviving Corporation or their respective agents, as applicable, to the applicable Governmental Entity, and (ii) to the extent so remitted to the applicable Governmental Entity, shall be treated for all purposes of this Agreement as having been paid to the Person(s) in respect of which such deduction and withholding was made. The Parties and their respective agents (including the Exchange Agent) shall reasonably cooperate in good faith (i) to establish or obtain any exemption from or reduction in the amount of any withholding that otherwise would be required and (ii) to coordinate the deduction and withholding of any Taxes required to be deducted and withheld under any applicable Tax Law.

(f) Lost Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if reasonably required by Parent or the Exchange Agent, the posting by such Person of a bond in customary amount and upon such terms as may be required by Parent or the Exchange Agent as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such Certificate, the Exchange Agent will issue a check in the amount (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (i) the product obtained by multiplying (A) the number of Company Shares represented by such lost, stolen or destroyed Certificate by (B) the Per Share Merger Consideration, plus (ii) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. Delivery of such affidavit and the posting of such bond shall be deemed delivery of a Certificate with respect to the relevant Company Shares for purposes of this Article II.

SECTION 2.5 Adjustments. In the event that the number of Company Shares issued and outstanding after the date hereof and prior to the Effective Time or the number of securities convertible or exchangeable into or exercisable for Company Shares shall have been changed into a different number of Company Shares or securities convertible or exchangeable into or

exercisable for Company Shares, as applicable, or securities of a different class as a result, in either case, of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization, merger, issuer tender or exchange offer, or other similar transaction, then, in each case, the Per Share Merger Consideration and any other number or amount contained herein which is based upon the number of Company Shares shall be equitably adjusted to provide to Parent and the holders of Company Shares the same economic effect as contemplated by this Agreement prior to such event; provided, however, that nothing in this Section 2.5 shall be construed to permit the Company, any subsidiary of the Company or any other Person to take any action that is otherwise prohibited by the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub that, except (i) as disclosed in the Company SEC Reports filed with, or furnished to, the SEC from and after January 1, 2021 and prior to the date of this Agreement (other than in any “risk factor” disclosure under the heading “Risk Factors” or any forward-looking statements contained therein) or (ii) as set forth on the corresponding sections or subsections of the disclosure schedules delivered to Parent and Merger Sub by the Company concurrently with entering into this Agreement (the “Company Disclosure Schedule”), it being agreed that disclosure of any item in any section or subsection of the Company Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 3.1 Organization and Qualification; Subsidiaries.

(a) Each Company Party is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or present conduct of its business requires such qualification, except in each case where the failure to be so organized, formed, existing, qualified or, to the extent such concept is applicable, in good standing or to have such power or authority as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 3.1(b) of the Company Disclosure Schedule sets forth a list of all the Company’s subsidiaries and Joint Ventures, including (i) the name of each such entity and its form and jurisdiction of incorporation, (ii) a brief description of the principal line or lines of business conducted by each such entity and (iii) all Equity Securities held by any Person (including the Company) in each such entity. Except (A) as set forth in Section 3.1(b) of the Company Disclosure Schedule or (B) for Equity Securities acquired after the date of this Agreement without violating any covenant or agreement set forth herein, none of the Company nor any of its subsidiaries directly or indirectly owns any Equity Securities in any subsidiaries or Joint Ventures.

SECTION 3.2 Articles of Incorporation and Bylaws. The Company has furnished or otherwise made available to Parent, prior to the date hereof, a correct and complete copy of the Articles of Incorporation, as amended to date (the “Company Articles of Incorporation”), and the Bylaws, as amended to date (the “Company Bylaws”), of the Company as in effect as of the date hereof, and the Organizational Documents of each of the Company’s Significant Subsidiaries, each as in effect as of the date hereof. The Company Articles of Incorporation and the Company Bylaws are in full force and effect. The Company is not in material violation of any provision of the Company Articles of Incorporation or Company Bylaws. The Organizational Documents of the Company’s Significant Subsidiaries are in full force and effect, and no Significant Subsidiary is in material violation of any provision of its Organizational Documents.

SECTION 3.3 Capitalization.

(a) The authorized capital stock of the Company consists of (i) 200,000,000 shares of common stock, no par value (the “Company Common Stock”) and (ii) 10,000,000 shares of preferred stock, no par value (the “Company Preferred Stock”), of which 500,000 shares have been designated Convertible Preferred Shares, Series A.

(b) As of the close of business on May 16, 2025 (the “Company Capitalization Date”), the total issued and outstanding equity of the Company, and the total equity reserved for issuance by the Company, consisted of the following Equity Securities:

(i) 92,659,335 shares of Company Common Stock were issued and outstanding (which number does not include shares of Company Common Stock to which Restricted Stock Rights, Performance Shares or Notional Units relate);

(ii) no shares of Company Preferred Stock were issued or outstanding;
and

(iii) (A) 269,963 shares of Company Common Stock subject to outstanding Restricted Stock Rights, (B) 301,977 shares and 603,971 shares of Company Common Stock subject to outstanding Performance Shares (calculated assuming target and maximum level performance achievement, respectively), in each such case, as granted or provided for under the (1) TXNM Energy, Inc. 2023 Performance Equity Plan, effective as of May 9, 2023 and as amended on August 2, 2024 (the “2023 PEP”), and (2) the TXNM Energy, Inc. 2014 Performance Equity Plan, effective as of May 15, 2014 and as amended on December 14, 2015 and January 1, 2017 (the “2014 PEP”), (and applicable award agreements issued thereunder) (collectively with the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, as amended on December 13, 2022 and August 2, 2024, the “Company Stock Plans”), (C) no shares of Company Common Stock were held by the Company in its treasury, (D) 3,232,991 shares of Company Common Stock were reserved for issuance under the Company Stock Plans, (E) 14,534,850 shares of Company Common Stock were reserved for issuance upon conversion of the Company’s 5.75% Junior Subordinated Convertible Notes due 2054 (the “Convertible Notes”), and (F) 1,104,641 shares of Company Common Stock were reserved for issuance pursuant to forward sales agreements entered into by the Company with third-party forward purchasers under an “at-the-market” offering.

(c) From the close of business on the Company Capitalization Date through the date of this Agreement, no (i) Restricted Stock Rights, (ii) Performance Shares (or awards in respect thereof), (iii) Notional Units or (iv) other rights to acquire Company Common Stock under any Company Stock Plan, have been granted or promised to be granted, and no shares of Company Common Stock have been issued or promised to be issued, except for shares of Company Common Stock issued pursuant to the vesting or settlement of Restricted Stock Rights or Performance Shares, in each case in accordance with the terms of the Company Stock Plans and the applicable award agreements, shares of Company Common Stock purchased and sold in the TXNM Energy, Inc. Retirement Savings Plan, and shares of Company Common Stock issued pursuant to the Stock Purchase Agreement. Except as set forth in Section 3.3(b), as of the Company Capitalization Date, (A) there are no outstanding or authorized (1) shares of capital stock or other voting securities of the Company, (2) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (3) options, warrants, calls, phantom stock, rights (including stock appreciation rights), preemptive rights, other Contracts, commitments, understandings or arrangements, including any right of conversion or exchange under any outstanding security, instrument or Contract or other rights to acquire from any Company Party, or obligations or agreements of any Company Party to issue, transfer or sell, or cause to be issued, transferred or sold, any capital stock, voting securities or securities convertible into, exercisable for, or exchangeable for, or giving any Person a right to subscribe for or acquire, any capital stock or voting securities of any Company Party (collectively, "Company Securities"), and (B) there are no outstanding contractual obligations of any Company Party (1) to repurchase, redeem or otherwise acquire or dispose of, or (2) that contain any right of first refusal with respect to, require the registration for sale of, apply voting restrictions to, grant any preemptive or antidilutive rights with respect to, or otherwise restrict any Person from purchasing, selling, pledging or otherwise disposing of, any Company Securities. All outstanding shares of Company Common Stock, and all shares of the Company reserved for issuance as noted in Section 3.3(b), when issued in accordance with the respective terms thereof, are or will be duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights, purchase options, call, right of first refusal or any similar right. Each of the outstanding shares of capital stock of each of the Company's subsidiaries and Joint Ventures is duly authorized, validly issued, fully paid and nonassessable and, with respect to the Company's subsidiaries, all such shares are owned by the Company or another wholly-owned subsidiary of the Company and are owned free and clear of all Liens. Except as set forth in Section 3.3(b) and on Section 3.3(c) of the Company Disclosure Schedule, no Company Party has any outstanding bonds, debentures, notes or other indebtedness or obligations (or commitment, understanding or obligation to issue, sell or extend any such outstanding bond, debenture, note or other indebtedness or obligation) the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of Company Common Stock on any matter.

(d) There are no voting trusts, proxies or other commitments, understandings, restrictions or arrangements to which the Company or any of its subsidiaries is a party in favor of any Person other than the Company or a subsidiary wholly-owned, directly or indirectly, by the Company with respect to the voting of or the right to participate in dividends or other earnings on any capital stock or other equity interests of the Company or any of its subsidiaries.

(e) No subsidiary or Joint Venture of the Company owns any stock in the Company.

(f) The Company has made available to Parent, as of the Company Capitalization Date, a complete and correct list of all outstanding (i) Restricted Stock Rights, (ii) Performance Shares and (iii) Notional Units, in each case, including the number of shares of Company Common Stock subject to such award (in the case of Performance Shares, based on both the target level and maximum level of performance), the name or employee identification number of the holder thereof, the grant date, the number of shares underlying such award subject to a deferral election (if any), the vesting schedule, including the extent to which any vesting had occurred as of the Company Capitalization Date, whether such award is cash-settled or stock-settled and any performance targets or similar conditions to vesting or settlement thereof, and whether (and to what extent) the vesting of such award may be accelerated in any way by the consummation of the transactions contemplated by the Agreement (alone or in combination with any other event, including the termination of employment or engagement or change in position of any holder thereof following or in connection with the consummation of the transactions contemplated by the Agreement). The Company Stock Plans are the only plans or programs that the Company Parties maintain under which stock options, restricted stock, restricted stock units, stock appreciation rights, profits interests, phantom stock, stock purchase, or other compensatory equity and equity-based awards are outstanding, and no awards other than the Restricted Stock Rights and the Performance Shares have been granted under the Company Stock Plans.

SECTION 3.4 Authority.

(a) The Company has all requisite corporate power and authority, and has taken all corporate action necessary, to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement, including the Merger, subject only to the affirmative vote (in person or by proxy) of the holders of a majority of all of the outstanding shares of Company Common Stock entitled to vote thereon at the Company Shareholders Meeting, or any adjournment or postponement thereof, to approve this Agreement (the “Company Requisite Vote”) and the filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the effects of applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors’ rights generally, and general equitable principles (whether considered in a proceeding in equity or at law) (the “Bankruptcy and Equity Exception”).

(b) The Company Board of Directors, at a meeting duly called and held, has unanimously (i) determined, in good faith, that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of the Company and its shareholders, (ii) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (iii) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (iv) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company (the “Company Recommendation”), and (v) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval. The only vote of the

shareholders of the Company required to approve this Agreement and the transactions contemplated hereby, including the Merger, is the Company Requisite Vote.

SECTION 3.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by the Company do not, and the consummation of the Merger and the other transactions contemplated hereby does not and will not (i) subject to obtaining the Company Requisite Vote, breach or violate the Company Articles of Incorporation or the Company Bylaws or any Organizational Documents of any Company Party, (ii) subject to obtaining the Company Requisite Vote, assuming that all Consents and Filings set forth on Section 3.5(b)(i) and (ii) of the Company Disclosure Schedule have been obtained and made, respectively, and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to any Company Party or by which any Company Party's property is bound or (iii) subject to Section 3.5(a)(iii) of the Company Disclosure Schedule and obtaining the Existing Loan Consents, result in any breach or violation of or constitute a default or result in the loss of a benefit under, or give rise to any right of payment (other than payment of the Per Share Merger Consideration on each Company Share pursuant to the terms, and subject to the conditions of, this Agreement), reimbursement, termination, revocation, cancellation, amendment, modification or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets or properties of any Company Party under, any of the terms, conditions or provisions of (A) subject to receipt of the Company Requisite Vote, any Law, rule, regulation, order, judgment or decree applicable to any Company Party or by which any of them or any of their respective properties are bound or (B) any Company Material Contract or License to which any Company Party is a party or by which any Company Party or any of their respective assets or properties is bound, except, in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by the Company and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, no Licenses, expirations or terminations of waiting periods, non-actions, waivers, qualifications, change of ownership approvals or other authorizations (each, a "Consent") of, or registration, notice, declaration or filing (each, a "Filing") with, any Governmental Entity or third party are required (with or without notice or lapse of time, or both) for or in connection with the execution, delivery and performance of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, including the Merger.

SECTION 3.6 Compliance. (a) No Company Party is, or since January 1, 2023 (the "Applicable Date") has been, in default under or in violation of any Law applicable to any Company Party or any order of any Governmental Entity (including Anti-Corruption Laws), except for any such default or violation, which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, and (b) the Company Parties have all permits, licenses, authorizations, exemptions, orders, consents, approvals, grants, certificates, variances, exceptions, permissions, qualifications, registrations, clearances, notices

and franchises from Governmental Entities required to conduct their respective businesses as being conducted as of the date hereof ("Licenses"), except for any such Licenses the absence of which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company and each Company Party is, and since the Applicable Date has been, in compliance in all respects with the terms of the Licenses, except where the failure to be in compliance has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. No Company Party nor, to the knowledge of the Company, any directors, officers, employees, agents or representatives thereof: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of any Company Party, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions or Ex-Im Laws. Since the Applicable Date, the Company has maintained and implemented policies, procedures and controls designed to ensure compliance with all Anti-Corruption Laws and Sanctions applicable to any Company Party.

SECTION 3.7 SEC Filings; Financial Statements; Undisclosed Liabilities.

(a) Each of the Company, Public Service Company of New Mexico, a New Mexico corporation ("PNM"), Texas-New Mexico Power Company, a Texas corporation ("TNMP"), and each other Company Party (if any) required to make such filings has filed or otherwise transmitted or furnished, on a timely basis, all forms, reports, schedules, statements (including definitive proxy statements), certifications and other documents (including all exhibits and other information incorporated therein, amendments and supplements thereto) in each case required to be filed or furnished by it with the U.S. Securities and Exchange Commission (the "SEC") from the Applicable Date through the date hereof (all such forms, reports, schedules, statements, certificates and other documents filed or furnished with the SEC since the Applicable Date, including those filed or furnished after the date hereof and including all exhibits and other information incorporated therein, amendments and supplements thereto, collectively, the "Company SEC Reports"). As of their respective dates, or, if amended or superseded by a subsequent filing made prior to the date of this Agreement, as of the date of the last such amendment or superseding filing prior to the date of this Agreement, the Company SEC Reports complied as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), as the case may be, and the applicable rules and regulations promulgated thereunder, each as in effect on the date of any such filing. As of the time of filing with the SEC (or, if amended or superseded prior to the date of this Agreement, as of the date of such amendment or superseding filing), none of the Company SEC Reports so filed contained (taking into account all amendments and supplements thereto filed prior to the date hereof) any untrue statement of a material fact or omitted to state any material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that no representation is made as to the accuracy of any financial projections or forward-looking statement.

(b) Since the Applicable Date, each of the principal executive officer and principal financial officer of the Company (or each former principal executive officer and principal

financial officer of the Company, as applicable) has made all certifications required by Rule 13a-14 and 15d-14 under the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the SEC promulgated thereunder with respect to the Company SEC Reports. For purposes of the preceding sentence, “principal executive officer” and “principal financial officer” shall have the meanings given to such terms in the Sarbanes-Oxley Act. Since the Applicable Date, neither the Company nor any of its subsidiaries has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of the Sarbanes-Oxley Act.

(c) The audited consolidated financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (i) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (ii) have been prepared in accordance with GAAP in all material respects applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto); and (iii) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries at the respective dates thereof or the periods covered thereby (taking into account the notes thereto) and the consolidated results of operations, statements of earnings, cash flows and stockholders’ equity for the periods indicated. The unaudited consolidated interim financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (A) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (B) have been prepared in accordance with GAAP in all material respects (except as may be indicated in the notes thereto and except for the absence of footnote disclosures and normal recurring year-end adjustments that were not and are not expected to be, individually or in the aggregate, material); and (C) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries as of the respective dates thereof (taking into account the notes thereto) and the consolidated results of operations, statements of earnings and cash flows for the periods indicated (subject to normal year-end adjustments that were not and are not expected to be, individually or in the aggregate, material).

(d) The Company maintains a system of internal control over financial reporting as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that is effective in providing reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. The Company maintains disclosure controls and procedures as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that are effective in all material respects to ensure that material information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and (ii) is accumulated and communicated to the Company’s management (including the Company’s principal executive and principal financial officers, or persons performing similar functions) as appropriate to allow timely decisions regarding required disclosure. Based on the Company’s most recent evaluation of internal control over financial reporting prior to the date hereof, the Company has disclosed to its outside auditors and the audit committee of the Company Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and

report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(e) Except for matters resolved prior to the date hereof, since the Applicable Date through the date of this Agreement, (i) neither the Company nor any of its subsidiaries nor any of their respective Representatives has received or otherwise obtained knowledge of any material complaint, allegation or claim (whether written or oral) regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that the Company or any of its subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing the Company or any of its subsidiaries, whether or not employed by any such entity, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the Company, any of its subsidiaries or any of their respective directors, officers or employees to the general counsel or chief executive officer of the Company or the Company Board of Directors or any committee thereof.

(f) Except (i) as reflected, accrued or reserved against in the financial statements (including all notes thereto) of the Company and its subsidiaries included in the Company SEC Reports filed prior to the date hereof; (ii) for liabilities or obligations incurred in the ordinary course of business since December 31, 2024; and (iii) for liabilities or obligations incurred pursuant to the transactions contemplated by this Agreement, neither the Company nor any of its subsidiaries has or is subject to any liabilities or obligations of a nature required by GAAP to be reflected in a consolidated balance sheet, other than those which do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(g) Since the Applicable Date, the Company has complied in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder, as amended from time to time. The shares of Company Common Stock are listed on the NYSE, and, since the Applicable Date, the Company has complied in all material respects with the applicable listing and corporate governance requirements of the NYSE.

SECTION 3.8 Contracts.

(a) Except (x) for this Agreement, (y) for the Contracts filed as exhibits to the Company SEC Reports prior to the date hereof or (z) for the Company Plans and Company Stock Plans (and any Restricted Stock Rights or Performance Shares granted under the Company Stock Plan), as of the date hereof, no Company Party is party to or bound by any Contract that:

(i) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC);

(ii) (A) purports to limit in any material respect either the type of business in which the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that purport to so limit Parent or any of its Affiliates after the

Effective Time) or any of their respective Affiliates may engage or the manner or geographic area in which any of them may so engage in any business, (B) would require the disposition of any material assets or line of business of the Company or its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so require Parent or any of its Affiliates after the Effective Time) or any of their respective Affiliates as a result of the consummation of the transactions contemplated by this Agreement, including the Merger, (C) is a material Contract that grants “most favored nation” status that, following the Effective Time, would impose obligations upon Parent or any of its Affiliates (including the Company Parties), (D) prohibits or limits, in any material respect, the right of the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so prohibit or limit Parent or any of its Affiliates after the Effective Time) to make, sell or distribute any products or services or use, transfer, license or enforce any of their respective Intellectual Property rights, (E) is with a Governmental Entity (other than ordinary course Contracts with Governmental Entities), (F) grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries or Joint Ventures (or, after the Effective Time, Parent or any of its Affiliates) to own, operate, lease, provide or receive services, or sell, transfer, pledge, or otherwise dispose of any material amount of its assets or its business, or (G) is approved by FERC as a special or nonconforming Contract or service agreement that deviates from standard tariffs;

(iii) is a partnership, joint venture or similar Contract that, in each case, is material to the Company and its subsidiaries taken as a whole;

(iv) under which the Company or any of its subsidiaries (A) is liable for indebtedness in excess of \$50,000,000 or (B) guarantees any indebtedness of a third party that is not a Company Party;

(v) expressly limits or otherwise restricts the ability of the Company or any of its subsidiaries to pay dividends or make distributions to its shareholders;

(vi) by its terms calls for aggregate payments by or to the Company and its subsidiaries under such Contract of more than \$50,000,000 over the remaining term of such Contract (other than (A) this Agreement, (B) Contracts subject to clause (iv) above, (C) Contracts for the transportation, transmission, processing, storage, purchase, exchange or sale of gas, coal, oil, nuclear fuel or electric energy, the obligations under which are subject to review by Governmental Entities regulating utilities in the jurisdictions in which the Company or its subsidiaries operate and (D) immaterial financial derivative interest rate hedges);

(vii) relates to the pending acquisition or pending disposition of any asset (including any entity or business, whether by merger, sale of stock, sale of assets or otherwise), for consideration in excess of \$50,000,000; or

(viii) is a Company Collective Bargaining Agreement.

Each Contract (x) set forth (or required to be set forth) in Section 3.8 of the Company Disclosure Schedule, (y) filed as an exhibit to the Company SEC Reports as a “material contract” pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act, or (z) disclosed by the Company on a Current Report on Form 8-K as a “material contract” (excluding any Company

Plan), is referred to herein as a “Company Material Contract”. Other than any Company Material Contract filed as an exhibit to the Company SEC Reports prior to the date of this Agreement and other than this Agreement, the Company has made available to Parent a true, complete and correct copy of each Company Material Contract.

(b) Each of the Company Material Contracts is a legal, valid and binding obligation of, and enforceable against, the Company Party that is a party thereto and, to the knowledge of the Company, each other party thereto, and is in full force and effect in accordance with its terms, subject to the Bankruptcy and Equity Exception, except (i) to the extent that any Company Material Contract expires or terminates in accordance with its terms in the ordinary course of business consistent with past practice, and (ii) for such failures to be legal, valid and binding or to be in full force and effect that do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) No event has occurred that, with notice or the passage of time, or both, would constitute a breach or default by the Company or any of its subsidiaries under any such Company Material Contract, and, to the knowledge of the Company, no other party to any Company Material Contract is in breach or default (nor has any event occurred which, with notice or the passage of time, or both, would constitute such a breach or default) under any Company Material Contract, except in each case where such violation, breach, default or event of default does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.9 Absence of Certain Changes or Events.

(a) Since December 31, 2023 through the date of this Agreement, (i) except as expressly contemplated by this Agreement, the Company and its subsidiaries have conducted their business in the ordinary course of business in a manner consistent with past practice, in all material respects, and (ii) there has not occurred any event, development, change, effect or occurrence that, has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Since December 31, 2023 through and including the date of this Agreement, neither the Company nor any subsidiary of the Company has taken any action that, if taken during the period from the date of this Agreement through the Effective Time, would constitute a violation of Section 5.1(c)(i), Section 5.1(c)(ii), Section 5.1(c)(iii), Section 5.1(c)(iv), Section 5.1(c)(vii), Section 5.1(c)(viii) (excluding the declaration and payment of regular quarterly cash dividends on Company Common Stock during such period of time in the ordinary course of business and disclosed in the Company SEC Reports), Section 5.1(c)(xi), Section 5.1(c)(xiv) or Section 5.1(c)(xvii).

SECTION 3.10 Absence of Litigation. There are no (a) civil, criminal, administrative or other suits, claims, actions, proceedings, or arbitrations, by or before any Governmental Entity relating to or affecting any Company Party or any of its or their respective assets or properties pending or, to the knowledge of the Company, threatened against any Company Party or (b) to the knowledge of the Company, Governmental Entity investigations, inquiries or audits pending or threatened against, relating to or affecting, any Company Party or any of its or their respective

properties or assets, other than, with respect to clause (a) or clause (b) of this Section 3.10, as applicable, any such suit, claim, action, proceeding, arbitration, investigation, inquiry or audit that has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its subsidiaries nor any of their respective properties is or are subject to any Judgment, injunction or award except for those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. This Section 3.10 does not relate to environmental matters, which are addressed in Section 3.17.

SECTION 3.11 Employee Benefit Plans.

(a) Section 3.11(a) of the Company Disclosure Schedule contains a true and complete list, as of the date of this Agreement, of each material Company Plan. “Company Plan” means each “employee benefit plan” (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not subject to ERISA), and each other benefit or compensation plan, program, policy, agreement or arrangement, including, but not limited to, vacation or sick pay policy, fringe benefit, stock purchase, phantom equity or other equity or equity-based compensation, retention, transaction or change in control, deferred compensation, incentive compensation, pension, retirement savings, bonus, profit sharing, health, medical or dental, disability, unemployment insurance, life insurance, severance, individual consulting or employment (including offer letter) or other plan, program, policy, agreement or arrangement contributed to, sponsored or maintained by the Company or any of its subsidiaries for the benefit of any current, former or retired employee, director or other individual consultant/service provider of the Company or any of its subsidiaries (collectively, the “Company Employees”) and any such plan, program, agreement or arrangement that is or was subject to Part 3 of Title I of ERISA, Section 412 of the Code or Title IV of ERISA, at any time during the six (6)-year period preceding the date of this Agreement, with respect to which the Company or any of its subsidiaries has or would reasonably be expected to have any present or future actual or contingent liabilities.

(b) With respect to each Company Plan set forth on Section 3.11(a) of the Company Disclosure Schedule, the Company has made available to Parent a true, correct, and complete copy thereof to the extent in writing and, to the extent applicable, all material supporting documents including, but not limited to (i) the plan document or agreement, including any material amendments thereto, and any related trust agreement or other funding instrument or insurance policy, (ii) the most recent determination letter, if any, received from, and all material correspondence with the Internal Revenue Service (the “IRS”) in the three (3)-year period preceding the date of this Agreement, (iii) the most recent summary plan description for each Company Plan for which such summary plan description is required, (iv) for the most recent three (3) years (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports, if any, and (v) all material correspondence with the IRS, Department of Labor and the Pension Benefit Guaranty Corporation in the three (3)-year period preceding the date of this Agreement. No Company Plan is maintained outside the jurisdiction of the United States or covers any Company Employees residing or working outside of the United States.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each Company Plan has been established,

funded and administered in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code, and other applicable Laws, (ii) with respect to each Company Plan, as of the date of this Agreement, no actions, suits, audits, proceedings, investigations or claims (other than routine claims for benefits in the ordinary course), or material administrative proceeding by the IRS, the Department of Labor, or any other Governmental Entity, are pending or, to the knowledge of the Company, threatened, (iii) all contributions, reimbursements, premium payments and other payments required to be made by the Company or any of its subsidiaries to or on behalf of any Company Plan have been made on or before their applicable due dates, and (iv) there has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code, other than a transaction that is exempt under a statutory or administrative exemption), with respect to any Company Plan. Each Company Plan which is intended to be qualified under Section 401(a) of the Code has received a determination letter to that effect from the IRS and, to the knowledge of the Company, no circumstances exist which would reasonably be expected to materially adversely affect such qualification.

(d) No Company Plan is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or a multiple employer welfare arrangement as defined in Section 3(40) of ERISA, and neither the Company nor any ERISA Affiliate has contributed to or been obligated to contribute to any such plan within the six (6) years preceding the date of this Agreement. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any of its subsidiaries has incurred any Controlled Group Liability (as defined below) that has not been satisfied in full nor, to the knowledge of the Company, do any circumstances exist that could reasonably be expected to give rise to any Controlled Group Liability to the Company or any of its subsidiaries (except for the payment of premiums to the Pension Benefit Guaranty Corporation not yet due). For the purposes of this Agreement, “Controlled Group Liability” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412, 430 and 4971 of the Code or (iv) resulting from the failure to comply with the continuation of coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, in each case, arising as a result of an ERISA Affiliate other than the Company or any of its subsidiaries.

(e) None of the execution, delivery and performance of this Agreement, shareholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement (whether alone or in combination with another event, including termination of employment or service) could (i) entitle any current or former Company Employee to severance pay or benefit (or an increase in severance pay or benefit), unemployment compensation or any other payment or benefit (whether in cash or property or the cancellation of indebtedness) or trigger the funding of such payment or benefit, except as contemplated by this Agreement, (ii) accelerate the time of payment or vesting of, lapse the restrictions or repurchase rights relating to, or increase the amount of compensation or benefits due to any current or former Company Employee, except as expressly contemplated by this Agreement, (iii) result in any payment or benefit (whether in cash or property or the vesting of property or the cancellation of indebtedness), individually or together with any other payment or benefit, which would not reasonably be expected to be deductible under Section 280G of the Code or (iv) limit or restrict the right to merge, amend, terminate or transfer the assets of any Company Plan on or following the Effective Time, except as expressly contemplated by this Agreement.

(f) Neither the Company nor any of its subsidiaries is obligated or otherwise required to indemnify, reimburse, make whole, or provide for the gross-up of any Taxes, including Taxes imposed under Section 409A or Section 4999 of the Code.

(g) No Company Plan that is a “welfare benefit plan” within the meaning of ERISA provides benefits in respect of Company Employees beyond their retirement or other termination of service, other than coverage mandated solely by applicable Law. Neither the Company nor any of its subsidiaries has incurred or reasonably expects to incur (whether or not assessed) any penalty or Tax under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(h) Each Company Plan that constitutes in any part a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) subject to Section 409A of the Code has been documented and operated in material compliance with Section 409A of the Code.

SECTION 3.12 Labor and Employment Matters.

(a) Section 3.12(a) of the Company Disclosure Schedule sets forth each collective bargaining agreement or other Contract with a labor union, employee representative or other labor organization to which the Company or any subsidiary thereof is a party or is bound or is presently negotiating, in each case, with respect to any Company Employees (the “Company Collective Bargaining Agreements”). To the knowledge of the Company, there is no unfair labor practice charge or comparable or analogous complaint pending before the National Labor Relations Board (or equivalent regulatory body, tribunal or authority) against the Company which, if adversely decided, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Since the Applicable Date, (i) there have been no actual or, to the knowledge of the Company, threatened material labor arbitrations, strikes, lockouts, work stoppages, slowdowns or other material labor disputes against or involving the Company or any subsidiary thereof, and (ii) to the knowledge of the Company, there have been no labor organizing activities with respect to the Company or any subsidiary thereof. None of the Company or any of its subsidiaries have any notice or consultation obligations to any labor union or labor organization in connection with the execution of this Agreement or consummation of the transactions contemplated by this Agreement.

(b) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, since the Applicable Date, the Company has not engaged in any “plant closing” or “mass layoff,” as defined in the Worker Adjustment Retraining and Notification Act and the regulations promulgated thereunder or any similar state or local Law (collectively, the “WARN Act”), without complying with the notice requirements of such Laws.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect: (i) as of the date of this Agreement, there are no litigations, lawsuits, claims, charges, complaints, arbitrations, actions, investigations or proceedings pending or, to the knowledge of the Company, threatened between or involving the Company and any Company Employees and (ii) the Company is, and since the

Applicable Date has been, in compliance with all applicable Laws, Contracts and policies respecting labor, employment and employment practices, including all legal requirements respecting terms and conditions of employment, equal opportunity, workplace health and safety, wages and hours, child labor, immigration, discrimination, disability rights or benefits, facility closures and layoffs, workers' compensation, labor relations, employee leaves and unemployment insurance.

SECTION 3.13 Insurance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) each of the Company and its subsidiaries has been since the Applicable Date continuously insured with financially responsible insurers or has self-insured, in each case in such amounts and with respect to such risks and losses as are customary for companies in the United States conducting the business conducted by the Company and its subsidiaries, (b) neither the Company nor its subsidiaries has received since the Applicable Date any written notice of any pending or threatened (or is otherwise aware of any fact or occurrence that would trigger) cancellation, nonrenewal, termination or premium increase with respect to any insurance policy of the Company or any of its subsidiaries and all insurance policies of the Company and its subsidiaries are in full force and effect and (c) all premiums due with respect to such insurance policies have been paid in accordance with the terms thereof. Since the Applicable Date, neither the Company nor any of its subsidiaries has been refused any insurance with respect to its respective businesses or assets.

SECTION 3.14 Properties.

(a) Except as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Company Party has (i) good and valid title to all real property that is material to the business of the Company Parties, taken as a whole, and that is owned in fee by such Company Party, (ii) valid rights to lease all real property and interests in real property, in each case, that is material to the business of the Company Parties, taken as a whole, and that is leased or subleased by such Company Party as lessee or sublessee and (iii) valid title to any real property easements that are material to the business of the Company Parties, taken as a whole, and that are owned by such Company Party (together, the "Company Material Real Property"), in each case free and clear of all liens, encumbrances, pledges, hypothecations, charges, mortgages, security interests, options, rights of first offer or last offer, preemptive rights, or other restrictions of similar nature (including any restriction on the transfer of any security or other asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset), claims and defects, and imperfections of title ("Liens") (except in all cases for (A) Liens permissible under any applicable lines of credit or other credit facilities or arrangements, loan agreements and indentures in effect on the date of this Agreement (or any replacement or additional facilities thereto permitted pursuant to this Agreement), (B) statutory liens securing payments not yet due, (C) (1) zoning, building codes and other state and federal land use Laws regulating the use or occupancy of such Company Material Real Property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such Company Material Real Property and (2) such imperfections or irregularities of title, Liens, easements, covenants and other restrictions or encumbrances (including easements, rights of way, options, reservations or other similar matters or restrictions or exclusions which would be shown by a current title report or other similar report; and any condition or other matter, if any, that may be shown or disclosed by a current and accurate survey

or physical inspection), as do not materially and adversely affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties, (D) Liens for current Taxes or other governmental charges not yet due and payable or for Taxes that are being contested in good faith by appropriate proceeding and for which adequate reserves have been established in accordance with GAAP, (E) pledges or deposits made in the ordinary course of business to secure obligations under workers' compensation, unemployment insurance, social security, retirement and similar Laws or similar legislation or to secure public or statutory obligations, (F) mechanics', carriers', workmen's, repairmen's or other like encumbrances arising or incurred in the ordinary course of business relating to obligations which are not overdue or that are being contested in good faith, and (G) mortgages, or deeds of trust, security interests or other encumbrances on title related to (x) indebtedness reflected on the most recent balance sheet included in the Company SEC Reports filed prior to the date hereof or (y) indebtedness incurred after the date hereof, in compliance with Section 5.1(c)(x) (items in clauses (A) through (G) are referred to herein as "Permitted Liens"). This Section 3.14 does not relate to Intellectual Property, which is addressed in Section 3.16 or environmental matters, which are addressed in Section 3.17.

(b) Neither the Company nor any of its subsidiaries is obligated under, or a party to, any option, right of first refusal or other contractual right or obligation to sell, assign or dispose of any Company Material Real Property (or any portion thereof) that, if such sale, assignment or disposition is consummated, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except in any such case as is not, individually or in the aggregate, reasonably expected to have a Company Material Adverse Effect, (i) each easement or subeasement for Company Material Real Property (each, an "Easement") is in full force and effect and is the valid and binding obligation of the Company or its applicable subsidiary, as applicable, enforceable against the Company or its applicable subsidiary, as applicable, in accordance with its terms, and to the knowledge of the Company, the other party or parties thereto, subject to the effects of the Bankruptcy and Equity Exception, (ii) no written notices of default under any Easement have been received by the Company or its subsidiaries that have not been resolved and (iii) to the knowledge of the Company, no event has occurred which, with notice, lapse of time or both, would constitute a breach or default under any Easement by the Company or its subsidiaries.

(d) With respect to the Company Material Real Property, neither the Company nor any of its subsidiaries has received any written notice of, nor to the knowledge of the Company, does there exist as of the date of this Agreement, any pending, threatened or contemplated condemnation (other than condemnations in connection with municipal road improvement projects, state highway improvement projects or other public transportation projects) or similar proceedings, or any sale or other disposition of any Company Material Real Property or any part thereof in lieu of condemnation that, individually or in the aggregate, has had and would reasonably be expected to have a Company Material Adverse Effect. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its subsidiaries have lawful rights of use to all land and other real property rights, subject to Permitted Liens, necessary to conduct their business as presently conducted.

SECTION 3.15 Tax Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) The Company and each of its subsidiaries have timely filed (taking into account extensions of time to file) all Tax Returns required to be filed and all such Tax Returns are true, complete and accurate. The Company and each of its subsidiaries has timely paid (or has had timely paid on its behalf) in full all Taxes due and payable except with respect to matters contested in good faith and for which adequate reserves have been established in accordance with GAAP. There are no Liens with respect to Taxes upon any of the assets or properties of the Company or any of its subsidiaries, other than with respect to Taxes not yet due and payable.

(b) The most recent financial statement contained in the Company SEC Reports filed prior to the date of this Agreement reflects, in accordance with GAAP, an adequate reserve for all Taxes payable by the Company and its subsidiaries for all taxable periods through the date of such financial statements.

(c) No Tax Return filed of the Company or any of its subsidiaries is under any ongoing or pending audit or examination by any Taxing Authority or is the subject of any ongoing or pending administrative or judicial proceeding, and no written notice of assessment, proposed assessment or unpaid tax deficiency has been received by or asserted against the Company or any of its subsidiaries by any Taxing Authority that has not been fully satisfied by payment, finally settled or otherwise finally resolved. During the last three (3) years, no claim has been made in writing by any Taxing Authority in a jurisdiction where any of the Company or its subsidiaries does not file Tax Returns that such entity is or may be subject to taxation by that jurisdiction that has not been finally settled or otherwise resolved. Neither the Company nor any of its subsidiaries has waived or extended in writing any statute of limitations with respect to Taxes that remains in effect.

(d) Neither the Company nor any of its subsidiaries (i) has been a member of a group (other than a group the common parent of which is the Company) filing a consolidated, combined, affiliated, unitary or similar income Tax Return or (ii) has any liability for Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any corresponding provision of state, local or foreign Tax Law), other than the Company and any of its subsidiaries, by reason of filing or being required to file a consolidated, combined, affiliated, unitary or similar income Tax Return, or as a transferee or successor, by contract, or otherwise.

(e) None of the Company or any of its subsidiaries is a party to, is bound by or has any obligation under any Tax sharing, Tax allocation or Tax indemnity agreement or similar contract or arrangement, other than (i) agreements, contracts or arrangements solely between or among the Company and/or any of its subsidiaries or (ii) agreements, contracts or arrangements entered into in the ordinary course that do not relate primarily to Taxes.

(f) None of the Company or any of its subsidiaries has been either a “distributing corporation” or a “controlled corporation” in a distribution occurring during the last two (2) years in which the parties to such distribution treated the distribution as one to which Section 355 of the Code was applicable.

(g) All Taxes required to be deducted, withheld, collected or deposited by or with respect to the Company and each of its subsidiaries have been timely deducted, withheld, collected or deposited as the case may be, and to the extent required by applicable Tax Law, have been timely paid to the relevant Taxing Authority.

(h) Neither the Company nor any of its subsidiaries has participated in any “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or foreign Law).

(i) Neither the Company nor any of its subsidiaries (i) has requested or received any ruling related to Taxes from any Taxing Authority, or signed (or been a party to or bound by) any binding agreement relating to Taxes with any Taxing Authority that reasonably could be expected to have an impact on the Tax liability of the Company or any of its subsidiaries in a taxable period (or portion thereof) ending after the Closing Date, or (ii) is currently the beneficiary of any Tax holiday or other Tax reduction or incentive arrangement with any Taxing Authority.

(j) Neither the Company nor any of its subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) adjustment under Section 481 of the Code (or any similar provision of state, local or non-U.S. tax Law) or any other change in method of accounting occurring prior to Closing, (ii) closing agreement described in Section 7121 of the Code (or any similar provision of state, local or non-U.S. tax Law) entered into prior to Closing, (iii) installment sale or open transaction disposition occurring prior to Closing, (iv) use of an improper method of accounting prior to Closing or (v) prepaid amount received, or deferred revenue accrued, prior to Closing.

Except to the extent that Section 3.11 relates to Taxes, the representations and warranties set forth in this Section 3.15 shall constitute the only representations and warranties by the Company with respect to Tax matters.

SECTION 3.16 Intellectual Property.

(a) Except as has not had since the Applicable Date and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its subsidiaries either own, free and clear of all Liens except Permitted Liens, or have sufficient rights to use, all Intellectual Property used in their business as currently conducted; (ii) to the knowledge of the Company, the conduct of the Company’s business does not, and, has not since the Applicable Date (or earlier if not currently resolved), infringed, misappropriated, or violated the Intellectual Property rights of any Person, and the Company and its subsidiaries have not received any written claim or allegation of same within the past year; (iii) to the knowledge of the Company, no Person is infringing, misappropriating or violating the Intellectual Property rights held exclusively by the Company or its subsidiaries; and (iv) the Company and its subsidiaries take commercially reasonable actions to protect the secrecy of their material trade secrets and confidential information and the security and operation of their material software and systems.

(b) Except as to matters that, individually or in the aggregate, have not had and would not reasonably be expected to result in a Company Material Adverse Effect, to the

knowledge of the Company: (i) the Company and its subsidiaries have implemented and maintain reasonable backup, security and disaster recovery and business continuity technology, policies and plans that are consistent with industry practices; (ii) the Company and its subsidiaries take such industry standard measures and other measures as are required by applicable Law and the policies of the Company and its subsidiaries to ensure the confidentiality of customer financial and other confidential information and to protect against the loss, theft and unauthorized access or disclosure of such information; (iii) the Company and its subsidiaries are in compliance with the Company's and its subsidiaries' Privacy Rules and Policies; (iv) none of the Company or any of its subsidiaries has received any written claims, notices or complaints regarding the Company's or its subsidiaries' information handling or security practices or the disclosure, retention, misuse or security of any Personal Information, or alleging a violation of any Person's privacy, personal or confidentiality rights under any Person's Privacy Rules and Policies, or otherwise by any Person, including the U.S. Federal Trade Commission, any similar foreign bodies, or any other Governmental Entity; and (v) the Company's and its subsidiaries' computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology systems operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by the Company or its subsidiaries in connection with its business as presently conducted, and have not materially malfunctioned or failed since the Applicable Date, and there have been no unauthorized intrusions or breaches of security with respect to the such information technology systems.

SECTION 3.17 Environmental Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) the Company and its subsidiaries are, and have been since the Applicable Date, operating in compliance with all applicable Environmental Laws;

(b) the Company and its subsidiaries have obtained all Licenses required under any applicable Environmental Law for the operation of the business as currently conducted, and all such Licenses are validly issued, in full force and effect, and the Company and its subsidiaries are, and have been since the Applicable Date, in compliance with all terms and conditions of such Licenses;

(c) there has been no spill, release, disposal or discharge of any Hazardous Substances on, at, under, in, or from any Company Material Real Property currently or, to the knowledge of the Company, formerly owned, leased or operated by the Company or its subsidiaries or, to the knowledge of the Company, at any other location that is (i) currently subject to any investigation, remediation, funding, contribution or monitoring obligation of the Company or its subsidiaries or (ii) reasonably likely to result in an investigation, remediation, funding, contribution or monitoring obligation or other liability of the Company or any subsidiary, in either case of the foregoing clause (i) or (ii), under any applicable Environmental Laws;

(d) neither the Company nor any of its subsidiaries is a party to, or has received written notice of, any pending or, to the knowledge of the Company, threatened claim, complaint, suit, or demand alleging that it or any subsidiary is in violation of or has liability under any Environmental Laws;

(e) neither the Company nor any of its subsidiaries is a party or subject to any Judgment, settlement agreement, or similar arrangement imposing on it any obligation under any applicable Environmental Laws that remains unfulfilled; and

(f) neither the Company nor any of its subsidiaries has assumed or retained any liabilities under any applicable Environmental Laws of any other Person by Contract or operation of law, including in any acquisition or divestiture of any property or business.

For purposes of this Agreement, the following terms shall have the meanings assigned below:

“Environmental Law” shall mean any federal, state, local, foreign or international laws (including common law), rules, regulations, statutes, ordinances, codes or Judgments that concern (i) pollution, (ii) protection, preservation or clean-up of the environment, (iii) protection or preservation of human health and safety (to the extent relating to exposure to Hazardous Substances) or (iv) the generation, use, treatment, transportation, storage, disposal, handling or release of Hazardous Substances.

“Hazardous Substance” shall mean (i) any chemical, waste, material or substance defined or designated as toxic, hazardous, or radioactive or regulated as a waste, a pollutant or a contaminant by any applicable Environmental Law and (ii) petroleum and petroleum products, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, perfluorooctanoic acid, perfluorooctane sulfonate and other per- or polyfluoroalkyl substances, and polychlorinated biphenyls.

SECTION 3.18 Opinion of Financial Advisor. Wells Fargo Securities, LLC (the “Company Financial Advisor”) has delivered to the Company Board of Directors its written opinion (or oral opinion that will be confirmed in writing and delivered to the Company Board of Directors promptly, and in no event later than one (1) Business Day, after the date of this Agreement), dated as of the date of this Agreement, that, as of such date and subject to the factors, qualifications and assumptions set forth therein, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of Company Common Stock (other than the Cancelled Shares). Copies of such opinion (including such written confirmation) have been made available to Parent or will be made available to Parent promptly after the date of this Agreement and prior to the Closing Date for informational purposes only.

SECTION 3.19 Regulatory Matters.

(a) The Company is a “holding company,” as such term is defined in the Public Utility Holding Company Act of 2005 and the implementing regulations of FERC in 18 C.F.R. Part 366 (“PUHCA”). Certain subsidiaries of the Company qualify as an “electric utility company” within the meaning of PUHCA, as a “public utility” under the FPA subject to regulation by FERC, as a “public utility” or “utility” subject to the Public Utility Regulatory Act of Texas, or as a “public utility” or “utility” subject to the Public Utility Act of New Mexico (hereinafter the “Regulated Operating Subsidiaries”).

(b) All filings required by all applicable statutes and the rules and regulations thereunder to be made by the Company or any of the Regulated Operating Subsidiaries since

January 1, 2018, with FERC, the Department of Energy and any applicable state utility commissions, as the case may be, have been made, as applicable, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements pertaining thereto, including all rates, tariffs and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations thereunder, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations thereunder do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Each of the Regulated Operating Subsidiaries is legally entitled to provide services in all areas (i) where it currently provides service to its customers, and (ii) as identified in their respective tariffs, franchise agreements, service agreements and other Contracts with its customers, except for failures to be so entitled that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(d) Section 3.19(d) of the Company Disclosure Schedule sets forth, as of the date of this Agreement, (i) all rate filings pending as of the date of this Agreement related to the Company or any Regulated Operating Subsidiary before the FERC and any state energy regulatory body and each other material proceeding pending as of the date of this Agreement before the FERC or any state energy regulatory body relating to the Company or any Regulated Operating Subsidiary (other than those rate filings or other material proceedings of a general or industry-wide nature that also affect other entities engaged in a business similar to that of the Company or any Regulated Operating Subsidiary) and (ii) all tariffs (other than tariffs applicable to utilities generally in any jurisdiction in which the Company or any of the Regulated Operating Subsidiaries operates) filed with respect to, or applicable to, the services provided by the Company or any of the Regulated Operating Subsidiaries, and all agreements to provide service on non-tariff terms (and complete and correct copies of all such tariffs and agreements have been provided to Parent). All charges have been made for service and all related fees have been charged in accordance with the terms and conditions of valid and effective tariffs or valid and enforceable agreements for non-tariff charges and are not subject to refund, except for failures to have made such charges or charged such fees that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.20 Brokers. No broker, finder or investment banker (other than the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule) is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Company or any of its subsidiaries. The Company has heretofore made available to Parent a correct and complete copy of the Company's engagement letters with the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, which letters describe all brokerage, finders' and advisory commissions or fees payable to the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, in connection with the transactions contemplated hereby.

SECTION 3.21 Takeover Statutes. Assuming the accuracy of the representations and warranties set forth in Section 4.9, no "fair price", "moratorium", "control share acquisition",

“affiliate transactions”, “business combination” or other similar antitakeover statute or regulation enacted under state or federal Laws in the United States applies to this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 3.22 Energy Price Risk Management. The Company has established risk parameters, limits and guidelines in compliance with the risk management policy (including commodity risk policies) approved by the Company Board of Directors (the “Company Risk Management Guidelines”) and monitors compliance by the Company and its subsidiaries with such energy price risk parameters, limits and guidelines. The Company has made available the Company Risk Management Guidelines prior to the date of this Agreement. As of the date of this Agreement, except for exceptions approved in accordance with the Company Risk Management Guidelines and other than as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its subsidiaries are operating in compliance with the Company Risk Management Guidelines and all Derivative Products of the Company and any of its subsidiaries were entered into in accordance with the Company Risk Management Guidelines.

SECTION 3.23 Anti-Corruption; Anti-Money Laundering. None of the Company or any of its subsidiaries or Joint Ventures, or any of their respective Representatives, has since January 1, 2020, directly or indirectly, made, offered, promised, authorized, accepted or agreed to accept, directly or indirectly, any gift, payment, or transfer of any money or anything else of value, including any bribe, rebate, kickback, payoff or other similar unlawful payment, or provided any benefit, to or from anyone, intending that, in consequence, a relevant function or activity should be performed improperly or to reward such improper performance, to any Government Official, (a) for the purpose of (i) influencing any act or decision of that Government Official, (ii) inducing that Government Official to do or omit to do any act in violation of his lawful duty, (iii) securing any improper advantage, or (iv) inducing that Government Official to use his or her influence with a Governmental Entity, (A) to affect or influence any act or decision of any Governmental Entity, or (B) to assist the Company or any of its subsidiaries or Joint Ventures in obtaining or retaining business with, or directing business to, any Person, or (b) which would otherwise constitute or have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage. The Company and its subsidiaries and Joint Ventures have maintained complete and accurate books and records with respect to payments to any Government Official and any payment to or other expenses involving agents, consultants, representatives, customers, employees and any other third parties acting on behalf of any Company Party, in each case, in accordance with Anti-Corruption Laws and GAAP. None of the Company or any of its subsidiaries or Joint Ventures has either (x)(1) conducted or initiated any review, audit, or internal investigation, or (y) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing Anti-Corruption Laws, in each case with respect to any alleged act or omission arising under or relating to noncompliance with any Anti-Corruption Laws, or (2) received any inquiry, notice, request or citation from any Person alleging noncompliance with any Anti-Corruption Laws. Each of the Company and its subsidiaries and Joint Ventures is, and has been since January 1, 2020, in compliance with all applicable anti-money laundering legislation, regulations, rules or

orders relating thereto for all other applicable jurisdictions, and maintains adequate internal controls to ensure such compliance.

SECTION 3.24 Company Financing. As of the date hereof, the Company has delivered to Parent true, complete and correct copies of (a) that certain Credit Agreement, dated as of the date hereof, by and among the Company, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TXNM Backstop Facility”) and (b) that certain Term Loan Agreement, dated as of the date hereof, by and among TNMP, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TNMP Backstop Facility”, and together with the TXNM Backstop Facility, the “Backstop Facilities”). As of the date of this Agreement, (i) neither Backstop Facility has been amended, restated or otherwise modified or waived in any respect, (ii) no such amendment, restatement, modification or waiver is currently contemplated (other than, for the avoidance of doubt, amendment to the Backstop Facilities solely to add additional lenders as parties thereto), (iii) the commitments contained in the Backstop Facilities have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated except as set forth in the Backstop Facilities and (iv) the conditions to the closing and effectiveness of the Backstop Facilities have all been satisfied. Except for fees set forth in the Backstop Facilities and fee letters (complete copies of which have been provided to Parent, with only fee amounts redacted) and customary engagement letters in respect of permanent financing to be incurred to refinance the TNMP Backstop Facility (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Backstop Facilities), as of the date hereof, there are no side letters or other Contracts or arrangements (oral or written) related to the Backstop Facilities that could affect the conditionality, enforceability, amount, availability, timing or termination of the Backstop Facilities or modifies, amends or expands the conditions to the funding of the Backstop Facilities or the transaction contemplated thereby other than as expressly set forth in the Backstop Facilities. The Company and TNMP, as applicable, has fully paid (or cause to be paid) any and all commitment fees or other fees in connection with the Backstop Facilities that are payable on or prior to the date hereof and the Company and TNMP, as applicable, will continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date. As of the date hereof, the Backstop Facilities are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of the Company and/or TNMP, as applicable, and, to the knowledge of the Company and/or TNMP, as applicable, each of the other parties thereto. There are no conditions precedent or other contingencies relating to the funding of the amounts contemplated under the Backstop Facilities other than as expressly set forth in the Backstop Facilities. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (A) constitute a default or breach under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP, as applicable, any other party to the Backstop Facilities, (B) constitute a failure to satisfy a condition precedent under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP as applicable,

any other party to the applicable Backstop Facilities or (C) to the knowledge of the Company and/or TNMP, as applicable, result in any portion of the Backstop Facilities being unavailable when such facilities are contemplated to be funded. As of the date hereof, the Company and/or TNMP, as applicable, has no reason to believe that any of the conditions to the funding of the Backstop Facilities will not be satisfied at the time such portion of the facilities are contemplated to be funded.

SECTION 3.25 No Other Representations or Warranties. Except for the representations and warranties contained in Article IV (as modified by the Parent Disclosure Schedule), the Company acknowledges that none of Parent, Merger Sub or any other Person on behalf of Parent or Merger Sub makes, or has made, any other express or implied representation or warranty with respect to Parent or Merger Sub or their respective subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to the Company. The Company hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by Parent, Merger Sub or any of their Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to the Company or its Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). None of Parent, Merger Sub nor any other Person will have or be subject to any liability or indemnification obligation to the Company or any other Person resulting from the distribution to the Company, or the Company's use of, any such information, including any information, documents, projections, forecasts or other material made available to the Company in certain "data rooms" or management presentations in expectation of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING PARENT AND MERGER SUB

Parent and Merger Sub hereby represent and warrant to the Company that, except as set forth on the corresponding sections or subsections of the disclosure schedules delivered to the Company by Parent concurrently with entering into this Agreement (the "Parent Disclosure Schedule"), it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 4.1 Organization and Qualification. Each of Parent and Merger Sub is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has the requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its

business requires such qualification, except where the failure to be so organized, qualified or, to the extent such concept is applicable, in such good standing, or to have such power or authority has not had and would not reasonably be expected to have not, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.2 Organizational Documents of Parent and Merger Sub. Parent has furnished or otherwise made available to the Company, prior to the date hereof, correct and complete copies of the Organizational Documents of each of Parent and Merger Sub, each as amended to date, and each as so delivered in full force and effect. Neither of Parent nor Merger Sub is in material violation of any provision of its Organizational Documents.

SECTION 4.3 Operations and Ownership of Merger Sub. As of the date hereof, the authorized capital stock of Merger Sub consists solely of 100 shares of common stock no par value, 100 of which shares are validly issued and outstanding as of the date hereof. All of the issued and outstanding shares of capital stock of Merger Sub are, and at and immediately prior to the Effective Time will be, owned by Parent. Merger Sub has been formed solely for the purpose of engaging in the transactions contemplated hereby and, prior to the Effective Time, will have engaged in no other business activities and will have no assets, liabilities or obligations of any nature other than as expressly contemplated herein or in furtherance of the transactions contemplated hereby.

SECTION 4.4 Authority.

(a) Each of Parent and Merger Sub has all requisite corporate or similar power and authority, and has taken all corporate or similar action necessary, in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated hereby, subject only to filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly and validly executed and delivered by each of Parent and Merger Sub and, assuming the due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The manager of Parent has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (ii) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act.

(c) The board of directors of Merger Sub has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (ii) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger, and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (iii) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the

transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA.

(d) Parent has approved and adopted this Agreement and the transactions contemplated hereby, including the Merger, in its capacity as sole shareholder of Merger Sub.

SECTION 4.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by Parent and Merger Sub do not, and the consummation of the Merger and the other transactions contemplated hereby, including the ownership and operation of the Company and its subsidiaries following the Effective Time, will not (with or without notice or lapse of time or both) (i) breach or violate the Organizational Documents of Parent or Merger Sub, (ii) assuming that all Consents and Filings set forth on Section 4.5(b)(i) and (ii) of the Parent Disclosure Schedule have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to Parent or Merger Sub or by which either of them or any of their respective properties are bound or (iii) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, or give rise to any right of termination, cancellation, amendment or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets of Parent or Merger Sub pursuant to, any Contract to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any of their respective properties are bound, except in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by Parent and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, no Consent or Filing with, any Governmental Entity or third party is required for or in connection with the execution, delivery and performance of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated hereby, including the Merger.

SECTION 4.6 Compliance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) Parent and Merger Sub are in compliance with all applicable Laws and all Licenses applicable to the business and operations of Parent and Merger Sub, and (b) Parent and Merger Sub hold, and are in compliance with, all Licenses required by applicable Laws for the conduct of their business as now being conducted. Neither Parent nor Merger Sub, and, to the knowledge of Parent, none of its or their respective directors, officers, employees, agents or representatives: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of Parent

or Merger Sub, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions.

SECTION 4.7 Absence of Litigation. There are no civil, criminal, administrative or other suits, claims, actions, proceedings or arbitrations pending or, to the knowledge of Parent, threatened against Parent or Merger Sub, other than any such suit, claim, action, proceeding or arbitration that would not or would not reasonably be expected to have, individually or in the aggregate a Parent Material Adverse Effect. Neither Parent nor any of its subsidiaries nor any of their respective material properties is or are subject to any Judgment except for any Judgment that has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.8 Brokers. No broker, finder or investment banker (other than RBC Capital Markets, LLC, whose fees shall be paid by Parent) is entitled to any brokerage, finder's, advisory or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Parent or Merger Sub or any of their respective Affiliates for which the Company could have liability.

SECTION 4.9 Ownership of Shares of Company Common Stock. Other than the shares of Company Common Stock to be acquired by Purchaser as contemplated by the Stock Purchase Agreement, neither Purchaser or any of Parent's Affiliates beneficially owns (as defined in Rule 13d-3 under the Exchange Act) any shares of Company Common Stock or any securities that are convertible into or exchangeable or exercisable for shares of Company Common Stock, or holds any rights to acquire or vote any Company Shares, or any option, warrant, convertible security, stock appreciation right, swap agreement or other security, contract right or derivative position, whether or not presently exercisable, that provides Parent, Merger Sub, or any of their respective subsidiaries with an exercise or conversion privilege or a settlement payment or mechanism at a price related to the value of the shares of Company Common Stock or a value determined in whole or part with reference to, or derived in whole or part from, the value of the shares of Company Common Stock, in any case without regard to whether (a) such derivative conveys any voting rights in such securities to such Person or such Person's subsidiaries, (b) such derivative is required to be, or capable of being, settled through delivery of securities or (c) such Person or such Person's subsidiaries may have entered into other transactions that hedge the economic effect of such derivative.

SECTION 4.10 Vote/Approval Required. No vote or consent of the holders of any class or series of capital stock of Parent or any of its Affiliates is necessary to approve this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 4.11 Solvency. Assuming that the representations and warranties set forth in Section 3.3 are accurate, Parent and Merger Sub, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the Merger and the other transactions contemplated

hereby to occur at the Closing, including the Merger, the funding of the Parent Debt Financing and the Equity Financing, and the payment of the Required Amount, will not be, Insolvent.

SECTION 4.12 Parent Financing.

(a) Assuming that (i) the Equity Financing is funded in accordance with the Equity Commitment Letter, (ii) the Parent Debt Financing is funded in accordance with the Parent Debt Commitment Letter and (iii) the representations and warranties set forth in Section 3.3 are accurate, (A) Parent and Merger Sub will have available at the Closing sufficient funds to consummate the transactions contemplated hereby, including the Merger, and to enable Parent and Merger Sub to pay all of their respective obligations under this Agreement on the Closing Date, including in respect of the (1) payment of the aggregate Per Share Merger Consideration and all other amounts payable pursuant to Article II, (2) repayment, prepayment or discharge of the obligations of the Company and its subsidiaries identified in Section 4.12(a)(A) of the Company Disclosure Schedule that would become due (after giving effect to the Merger) and are intended to be repaid at Closing and (3) payment of all fees and expenses expected to be incurred on the Closing Date in connection therewith and (B) Parent and the Company will have available after the Closing sufficient funds to repay, prepay or discharge the obligations of the Company and its subsidiaries identified in Section 4.12(a)(B) of the Company Disclosure Schedule that would become due at the relevant time after the Closing (such amounts described in clauses (1) and (2), collectively, the “Required Amount”). Each of Parent and Merger Sub acknowledges that its obligations to consummate the transactions contemplated by this Agreement, including the Merger, are not contingent or conditioned in any manner on obtaining the Equity Financing, the Parent Debt Financing or any other financing.

(b) Concurrently with the execution of this Agreement, Sponsor has executed the Equity Commitment Letter. As of the date of this Agreement, the Equity Commitment Letter is in full force and effect and constitutes the legal, valid and binding obligation of each of Parent and Sponsor, subject only to the Bankruptcy and Equity Exception. The Equity Commitment Letter is not subject to any conditions or other contractual contingencies other than the conditions precedent set forth therein (the “Financing Conditions”). Parent has delivered to the Company a true and complete copy of the executed Equity Commitment Letter pursuant to which Sponsor has committed, subject only to the terms and conditions set forth therein, to provide the Equity Financing to Parent.

(c) As of the date of this Agreement, the Equity Commitment Letter has not been amended, restated or otherwise modified or waived in any respect, and no such amendment, restatement, modification or waiver is contemplated. As of the date of this Agreement, the commitments contained in the Equity Commitment Letter have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and to the knowledge of Parent and Merger Sub, no such termination, withdrawal, rescission, reduction or modification is contemplated. As of the date of this Agreement, none of Parent, Merger Sub or Sponsor, as applicable, is in breach or default under the terms and conditions of the Equity Commitment Letter, and no event has occurred that (with or without notice or lapse of time, or both) would constitute a breach or default under the Equity Commitment Letter. As of the date of this Agreement and assuming the accuracy of the representations and warranties of the Company herein and the satisfaction or waiver of the conditions set forth in Section 7.1 and Section 7.2, neither Parent nor

Merger Sub has any actual knowledge of any facts or circumstances that would reasonably be expected to result in any of the Financing Conditions failing to be satisfied on a timely basis or the Equity Financing contemplated by the Equity Commitment Letter not being made available on the Closing Date in accordance with the terms of the Equity Commitment Letter. Parent or Merger Sub has fully paid any and all commitment fees or other fees required by the terms of the Equity Commitment Letter to be paid on or before the date of this Agreement.

(d) As of the date hereof, Parent has delivered to the Company (i) true, complete and correct copies of two executed commitment letters, each dated as of the date hereof, between Merger Sub and the financial institutions and investors party thereto (including all exhibits, schedules, and annexes thereto, and the executed fee letters associated therewith and referenced therein (except that the fee letters are subject to redactions further described below), as may be amended or modified in accordance with the terms hereof, collectively, the “Parent Debt Commitment Letters”), pursuant to which the lenders thereto have committed, subject to the terms and conditions set forth therein, to lend the amounts set forth therein (the “Parent Debt Financing”) for the purposes of funding the transactions contemplated therein, and related fees and expenses. As of the date of this Agreement, the Parent Debt Commitment Letters have not been amended, restated or otherwise modified or waived in any respect, (A) no such amendment, restatement, modification or waiver is contemplated (other than, for the avoidance of doubt, amendment to the Parent Debt Commitment Letters solely to add lenders, lead arrangers, bookrunners, syndication agents or similar entities as parties thereto who had not executed the Parent Debt Commitment Letters as of the date hereof to the extent permitted under the terms of the Parent Debt Commitment Letters as of the date hereof) and (B) the respective commitments contained in the Parent Debt Commitment Letters have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated. Except for fee letters (complete copies of which have been provided to Parent, with only fee amounts, market flex provisions and other customary threshold amounts and “securities demand” related provisions redacted) and customary engagement letters in respect of permanent financing in lieu of all or part of the Parent Debt Financing permitted hereby (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Parent Debt Financing), as of the date hereof there are no side letters or other Contracts or arrangements (oral or written) related to the Parent Debt Financing that could affect the conditionality, enforceability, amount, availability, timing or termination of the Parent Debt Financing or modifies, amends or expands the conditions to the funding of the Parent Debt Financing or the transactions contemplated thereby other than as expressly set forth in the Parent Debt Commitment Letters. Parent or Merger Sub, as applicable, has fully paid (or caused to be paid) any and all commitment fees or other fees in connection with the Parent Debt Commitment Letters that are payable on or prior to the date hereof and Parent or Merger Sub, as applicable, will, directly or indirectly, continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date; provided, that any payment due and payable on the Closing Date shall be funded contemporaneously with the Closing and subject to the satisfaction of the other funding conditions in respect of the Parent Debt Financing on the Closing Date. As of the date hereof, the Parent Debt Commitment Letters are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of, Parent and Merger Sub and, to the knowledge of Parent and Merger Sub, each of the other parties thereto. There are no conditions precedent or other contingencies related to the funding of the full amount of the Parent Debt Financing, other than as expressly set forth in the Parent Debt Commitment

Letters. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (1) constitute a default or breach on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters, (2) constitute a failure to satisfy a condition precedent on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters or (3) to the knowledge of Parent or Merger Sub, result in any portion of the Parent Debt Financing being unavailable on the Closing Date or at the relevant time when such commitments are expected to be funded. As of the date hereof, assuming the conditions in Article VII are satisfied, Parent and Merger Sub have no reason to believe that any of the conditions to the Parent Debt Financing contemplated by the Parent Debt Commitment Letters will not be satisfied on the Closing Date or at the relevant time when such commitments are expected to be funded.

SECTION 4.13 Guarantee. Concurrently with the execution and delivery of this Agreement, Sponsor has delivered to the Company a true, correct and complete copy of a duly executed Guarantee, and assuming the due authorization, execution and delivery by the Company of the Guarantee, the Guarantee constitutes a valid and binding obligation of Sponsor, enforceable against Sponsor in accordance with its terms, subject to the Bankruptcy and Equity Exception. No event has occurred that, with notice or lapse of time or both, would, or would reasonably be expected to, constitute a default on the part of Sponsor pursuant to the Guarantee.

SECTION 4.14 CFIUS Foreign Person Status. Each of Parent and Merger Sub is a United States person (as defined by Section 7701(a)(30) of the Code) and is not a “foreign person” or a “foreign entity,” or controlled by a “foreign person,” (each as defined in Section 721 of the Defense Production Act of 1950, as amended).

SECTION 4.15 No Other Representations or Warranties. Except for the representations and warranties contained in Article III (as modified by the Company Disclosure Schedule), each of Parent and Merger Sub acknowledges that neither the Company nor any other Person on behalf of the Company makes, or has made, any other express or implied representation or warranty with respect to the Company or its subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to Parent or Merger Sub. Each of Parent and Merger Sub hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by the Company or any of its Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to Parent or Merger Sub or their Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). Neither the Company nor any other Person will have or be subject to any liability or indemnification obligation to Parent, Merger Sub or any other Person resulting from the distribution to Parent or Merger Sub, or Parent’s or Merger Sub’s use of, any such information, including any information, documents, projections, forecasts or other material

made available to Parent or Merger Sub in certain “data rooms” or management presentations in expectation of the transactions contemplated by this Agreement.

SECTION 4.16 Access to Information; Disclaimer. Parent and Merger Sub each acknowledges and agrees that it has conducted its own independent investigation and analysis of the Company and its subsidiaries, their respective businesses and the transactions contemplated hereby, and has not relied on any representation, warranty or other statement by any Person on behalf of the Company or any of its subsidiaries, other than the representations and warranties of the Company expressly contained in Article III of this Agreement (including the Company Disclosure Schedule), and that all other representations and warranties are specifically disclaimed. Without limiting the foregoing, each of Parent and Merger Sub further acknowledges and agrees that, none of the Company or any of its shareholders, directors, officers, employees, Affiliates, advisors, agents or other Representatives has made any representation or warranty (express or implied) concerning any estimates, projections, forecasts, business plans or other forward-looking information regarding the Company, its subsidiaries or their respective businesses and operations.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.1 Conduct of Business of the Company Pending the Merger. From the date of this Agreement until the earlier of the Effective Time and the valid termination of this Agreement in accordance with Article VIII (the “Interim Period”), except (v) as otherwise expressly permitted or required by this Agreement, (w) as set forth in Section 5.1 of the Company Disclosure Schedule, (x) as required by applicable Laws or by a Governmental Entity, (y) to address any exigent emergencies that present, or would be reasonably likely to present, an immediate and material threat to the Company or the environment or the health and safety of natural Persons if not addressed by the Company taking immediate action and acting as a reasonable and prudent operator of electric utilities in New Mexico and Texas or (z) as Parent shall otherwise consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) the Company shall, and shall cause each of its subsidiaries to, and the Company shall exercise (and cause its subsidiaries to exercise) any available rights with respect to its (and their respective) Joint Ventures to cause each such Joint Venture to (i) conduct their respective businesses in the ordinary course of business consistent with past practice and in substantially the same manner as heretofore conducted and (ii)(A) preserve substantially intact, in all material respects, the business organization of the Company Parties and (B) use their respective commercially reasonable efforts to maintain their respective relationships with Governmental Entities, customers, suppliers, contractors, distributors, creditors, lessors and other third parties that have material business dealings with the Company Parties and keep available the services of its officers and key employees and consultants, in each case, as is reasonably necessary to preserve substantially intact their respective business organization;

(b) the Company shall not, and it shall cause each of its subsidiaries not to, directly or indirectly, take any action (including any action with respect to a third-party) that would, or would reasonably be expected to, individually or in the aggregate, prevent, materially

delay or materially impede the consummation of the Merger or the other transactions contemplated by this Agreement or their respective ability to satisfy their obligations hereunder; and

(c) without limiting the generality of the foregoing, the Company shall not, and shall cause each subsidiary of the Company not to, do any of the following and shall exercise (and shall cause its subsidiaries to exercise) any available rights with respect to its Joint Ventures to cause each such Joint Venture not to do any of the following:

(i) amend or otherwise change the Company Articles of Incorporation or the Company Bylaws or the equivalent Organizational Documents of any Company Party;

(ii) make any acquisition of (whether by merger, consolidation or acquisition of stock or substantially all of the assets), or make any investment in any interest in, any Person, corporation, partnership or other business organization or division thereof or any assets, in each case, except for (A) purchases of equipment, inventory and other assets or pursuant to construction, operation and/or maintenance contracts, in each case, in the ordinary course of business or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof or (B) acquisitions or investments that do not exceed \$20,000,000 individually or \$60,000,000 in the aggregate;

(iii) issue or authorize the issuance, pledge, transfer, subject to any Lien, sell, or dispose of or commit to the issuance, authorization, pledge, transfer, subjecting to any Lien, or disposition of (in each case, whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), any Equity Securities (including stock appreciation rights, phantom stock or similar instruments), of any Company Party (except (A) for issuance of up to 1,104,641 shares of Company Common Stock pursuant to forward sales agreements previously entered into by the Company with third-party forward purchasers under an “at-the-market” offering, (B) for issuance of up to 14,534,850 shares of Company Common Stock upon conversion of the Convertible Notes, (C) for issuance of shares of Company Common Stock with proceeds to the Company of up to \$400,000,000, including pursuant to an “at-the-market” offering, block sale or other offering to be conducted after the date hereof on the terms set forth on Section 5.1(c)(iii)-Part A of the Company Disclosure Schedule, (D) for shares of Company Common Stock issued pursuant to the Stock Purchase Agreement, (E) for the issuance of shares of Company Common Stock upon the settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof, (F) for any issuance, sale or disposition to the Company or a wholly-owned subsidiary of the Company by any subsidiary of the Company, (G) for the grant of Restricted Stock Rights and/or Performance Shares as permitted by Section 5.1(c)(iii)-Part B of the Company Disclosure Schedule or (H) for pledges or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x));

(iv) reclassify, combine, split, subdivide or amend the terms of, redeem, purchase or otherwise acquire, directly or indirectly, any Equity Securities (except (A) for the acquisition of shares of Company Common Stock tendered by directors or employees or in order to pay Taxes in connection with the exercise, vesting or settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof or (B) in connection with the purchase of Company Common Stock by the Company

in the market in connection with the settlement of shares under the Restricted Stock Rights or Performance Shares);

(v) other than Permitted Liens or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x), create or incur any material Lien on any material assets of the Company or its subsidiaries (other than subsidiaries acquired following the date hereof);

(vi) make any loans or advances to any Person (other than the Company or any of its wholly-owned subsidiaries) other than in the ordinary course of business or not in excess of \$10,000,000 in the aggregate;

(vii) sell or otherwise dispose of (whether by merger, consolidation or disposition of stock or assets or otherwise) any corporation, partnership or other business organization or division thereof or otherwise sell, assign, exclusively license, abandon, allow to expire or lapse, or dispose of any assets, rights or properties, which are material to the Company Parties, taken as a whole (other than sales, dispositions or licensing of equipment or inventory and other assets in the ordinary course of business consistent with past practice or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof as expressly permitted hereunder) as expressly permitted hereunder;

(viii) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its Equity Securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its Equity Securities (except (A) the Company may continue the declaration and payment of regular quarterly cash dividends on Company Common Stock for each quarterly period ended after the date of this Agreement, not to exceed the amount set forth on Section 5.1(c)(viii) of the Company Disclosure Schedule, with usual record and payment dates for such quarterly dividends in accordance with past dividend practice, (B) for any cash dividend or cash distribution by a wholly-owned subsidiary of the Company to the Company or another wholly-owned subsidiary of the Company and (C) a “stub period” dividend to holders of record of Company Shares as of immediately prior to the Effective Time equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by the Company prior to the Effective Time, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the Effective Time by ninety-one (91));

(ix) other than (A) in the ordinary course of business, (B) as required by Law or any Governmental Entity, or (C) to implement the outcome of any regulatory proceeding, enter into, terminate or modify or amend in any material respect any Company Material Contract;

(x) except (i) with respect to any Permitted Permanent Bond Replacement Financing in compliance with Section 6.17, (ii) with respect to entering into, amending and borrowing under the Backstop Facilities or any debt facility required to prepay or refinance any Existing Credit Facility, in each case, in compliance with Section 6.17, (iii) for obtaining any Permitted Replacement Backstop Facility in compliance with Section 6.17, (iv) for borrowings in the ordinary course of business under the Company’s and its subsidiaries’ Credit Facilities, (v) for extensions of the maturity dates of the Credit Facilities (other than the Backstop

Facilities, which are provided for in clause (ii) above) in the ordinary course of business on customary market terms, (vi) for the issuance of an equal aggregate principal amount of the Company's 5.75% Junior Subordinated Notes due 2054 upon any conversion of the Convertible Notes in compliance with the terms thereof, and (vii) for intercompany loans between the Company and any of its wholly-owned subsidiaries or between any wholly-owned subsidiaries of the Company, (A) incur or assume indebtedness for borrowed money or issue any debt securities, other than (1) indebtedness incurred in the ordinary course of business not to exceed \$25,000,000 in the aggregate, (2) pursuant to letters of credit in the ordinary course of business, and (3) any refinancing of short-term debt of the Company or any of its subsidiaries existing as of the date of this Agreement; provided, however, that if such refinancing is completed prior to maturity, it shall be (x) on substantially similar terms or terms that are more favorable to the Company or such subsidiaries in the aggregate, (y) for the same or lesser principal amount and (z) voluntarily prepayable by the Company or such subsidiaries without premium or penalty; provided, further, that any such indebtedness incurred shall not have any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder, (B) modify in any material respect in a manner adverse to the Company or Parent the terms of any such indebtedness for borrowed money; (C) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any Person (other than a wholly-owned subsidiary of the Company); (D) make any loans, advances or capital contributions to or investments in any other Person (other than the Company or any of its subsidiaries), except for business expense advancements in the ordinary course of business consistent with past practice to employees of the Company or its subsidiaries; (E) mortgage or pledge any of its or its subsidiaries' assets (tangible or intangible); or (F) enter into any commodity, currency, sale or other hedging agreements other than such hedging agreements (i) entered into in the ordinary course of business consistent with past practice or (ii) entered into in connection with the Permitted Permanent Bond Replacement Financing, in each case which can be terminated on ninety (90) days or less notice and which do not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder other than cross defaults to the Existing Credit Facilities, the Backstop Facilities or any Permitted Replacement Backstop Facility;

(xi) except as required by applicable Law or the terms of any Company Plan or Company Collective Bargaining Agreement made available to Parent and in effect on the date hereof, or as contemplated under this Agreement, (A) make any increase or decrease in, or accelerate the funding, payment, or vesting of, the compensation or benefits payable or to become payable to, or grant or announce any new bonus (including any retention, transaction or change in control bonus), equity or equity-based award, severance or termination pay (or rights thereto) to, any current or former Company Employees, (B) establish, adopt, enter into, amend, terminate, or take any action to accelerate rights under any Company Plan or any new plan, agreement, program, policy or other arrangement that would be a Company Plan if in effect on the date hereof, (C) hire or promote any Company officer, or (D) make or forgive any loan to any current or former Company Employees (other than reasonable and normal advances to Company Employees for *bona fide* expenses that are incurred in the ordinary course of business consistent with past practice);

(xii) make any material change in any accounting principles, policies, procedures or practices, except as may be required as a result of a change to conform to statutory or regulatory accounting rules, Regulation S-X promulgated under the Exchange Act, GAAP or, in each case, other regulatory requirements with respect thereto;

(xiii) other than as and to the extent required by applicable Law or GAAP, (A) make, revoke, rescind or change any material Tax election, (B) adopt or change an annual Tax accounting period, (C) adopt or change a material Tax accounting method, (D) surrender any material claim for a refund of Taxes, (E) settle or compromise any material liability or refund for Taxes or any Tax audit, claim or other proceeding relating to a material amount of Taxes or otherwise enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local or non-U.S. Tax Law) affecting any material Tax liability or refund, or (F) amend in a material respect any material Tax Return;

(xiv) other than in the ordinary course of business or as required by applicable Law, enter into any collective bargaining agreement with any labor organization representing any Company Employees or extend or amend in any material respect any Company Collective Bargaining Agreement;

(xv) waive, release, discharge, settle, satisfy or compromise any Proceeding, other than the waiver, release, assignment, discharge, settlement, satisfaction or compromises of a Proceeding where the amount paid does not exceed \$5,000,000 individually or \$15,000,000 in the aggregate, except that (A) the foregoing shall not restrict the Company's ability to enter into settlements or compromises in the ordinary course of business consistent with past practice (other than in respect of any Regulatory Proceedings (including appeals), which shall be addressed exclusively in Section 5.2 and shall not be subject to this Section 5.1(c)(xv)), and (B) any amount that is reflected or reserved against in the Company's audited consolidated financial statements included in the Company SEC Reports in respect of such legal proceeding, or that is offset by insurance proceeds received (or reimbursed) in respect of such legal proceeding, shall in each case not be counted towards the \$5,000,000 or \$15,000,000 limitations set forth above;

(xvi) merge or consolidate with any Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restricting, recapitalization or other reorganization;

(xvii) authorize or make any capital expenditures that are, in the aggregate, greater than one hundred and twenty-five percent (125%) of the aggregate amount of capital expenditures scheduled to be made in the Company's capital expenditure budget as disclosed in Section 5.1(c)(xvii) of the Company Disclosure Schedule for the relevant periods indicated therein; provided, however, that notwithstanding the foregoing, the Company and its subsidiaries shall be permitted to make emergency capital expenditures in any amount (A) as required by a Governmental Entity or (B) that the Company determines is incurred in connection with the repair or replacement of facilities or equipment destroyed or damaged due to casualty or accident or natural disaster or other force majeure event necessary or advisable to maintain or restore safe, adequate and reliable electric transmission service or to prevent any threat to health and safety of natural Persons; provided, further, that the Company shall use commercially reasonable efforts to

consult with Parent prior to making or agreeing to make any such expenditure described in clauses (A) or (B) above;

(xviii) enter into any agreement with respect to the voting of its capital stock;

(xix) other than in the ordinary course of business consistent with past practice, (A) enter into any Contract for the lease or purchase of real property if, as a result thereof, such real property would be considered Company Material Real Property or (B) modify the material terms of any lease for any Company Material Real Property;

(xx) fail to use its commercially reasonable efforts to maintain, in full force without interruption, its present insurance policies or comparable insurance coverage;

(xxi) enter into, amend, waive or modify any engagement letter or similar arrangement (including those set forth in Section 3.20 of the Company Disclosure Schedule) between any Company Party and any professional advisor thereof (including the Company Financial Advisor and outside legal counsel) relating to the transactions contemplated by this Agreement, in each case, where a Company Party would reasonably be expected to pay \$1,000,000 or more to such advisor in connection therewith (together with any other engagement letters or similar arrangements entered into between any Company Party and such advisor), other than any customary engagement letters or similar arrangements entered into in respect of the issuance of any indebtedness or debt securities permitted in Section 5.1(c)(x) or the issuance of Company Common Stock permitted in Section 5.1(c)(iii); or

(xxii) agree, authorize or commit to do any of the foregoing actions described in Section 5.1(c)(i) through Section 5.1(c)(xx).

(d) The Company shall give (or shall cause its subsidiaries to give) any notices to third parties, and the Company and Parent shall each use, and cause their respective subsidiaries to use, their reasonable best efforts to obtain any third party consents, in each case (i) necessary, proper or advisable to consummate the Merger and the other transactions contemplated by this Agreement or (ii) disclosed in the Company Disclosure Schedule; provided, however, that the Company and Parent shall coordinate and cooperate in determining whether any actions, consents, approvals or waivers are required to be obtained from parties to any Company Material Contracts in connection with consummation of the Merger; provided, further, in seeking any such actions, consents, approvals or waivers, the Company shall not be required to pay any consent or similar fee to obtain such consents other than de minimis amounts or amounts that are advanced or reimbursed by Parent.

SECTION 5.2 Regulatory Proceedings. During the Interim Period, the Company and any subsidiary thereof may (a) initiate or settle, in the ordinary course of business, any Regulatory Proceeding that is not material in nature and not related to the transactions contemplated by this Agreement, or (b) enter into any settlement or stipulation in respect of any Regulatory Proceeding, in any case, (i) in the ordinary course and not related to the transactions contemplated by this Agreement; provided, that such Regulatory Proceeding is not material in nature, (ii) as set forth on Section 5.2 of the Company Disclosure Schedule or (iii) otherwise with prior consultation with

Parent; provided, however, that with respect to any Regulatory Proceeding for which Parent's consultation is required under this Section 5.2, no later than five (5) Business Days prior to the Company's initiation and settlement of any such Regulatory Proceeding, the Company shall (i) deliver to Parent any documents or filings in connection therewith, (ii) make reasonably available one or more authorized persons of the Company, which may be an officer of the Company or the Company Contact, to discuss any such documents or filings with one or more authorized persons of Parent, which may be the Parent Contact, (iii) consider in good faith any comments made by Parent or any one or more authorized persons thereof with respect to such documents or filings, and (iv) to the extent the Company reasonably agrees to any such comments, incorporate the same into such documents or filings; provided, further, that any Regulatory Proceeding that constitutes ordinary course compliance reporting shall not require notice to, or consultation with, Parent. Notwithstanding anything in this Agreement to the contrary, the terms of Section 6.4 shall control with respect to any Regulatory Proceeding under Section 6.4, including any Filing made in connection therewith. In the event that the Company or any subsidiary thereof would be prohibited from taking any action by reason of this Section 5.2 without prior consultation with Parent, such action may nevertheless be taken without such consultation if the Company requests Parent's consultation (provided that such request is made via email and delivered to each of the Parent Contacts) and Parent fails to respond in writing (including response made via email) to such request within ten (10) Business Days after the date such request is delivered. Notwithstanding anything to the contrary in this Section 5.2, the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned) shall be required to initiate or enter into any settlement or stipulation with respect to any Regulatory Proceeding related to any rate case of the Company or any of its subsidiaries.

SECTION 5.3 No Control of the Company's Business. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's or its subsidiaries' operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its subsidiaries' operations.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.1 Company No Solicitation.

(a) During the Interim Period, the Company shall not, and shall cause its subsidiaries and its and their respective directors, officers, and employees not to, and shall use its reasonable best efforts to cause its and their respective consultants, attorneys, accountants, financial advisors, agents, investment bankers or other representatives (collectively, "Representatives") not to (and shall not authorize or permit their respective Representatives to), (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries with respect to or that could reasonably be expected to lead to, or the making, submission or announcement of, any Acquisition Proposal, (ii) participate or engage in any negotiations or discussions concerning, or furnish or provide access to the Company's or any of its subsidiaries' properties, books and records or any confidential information or data to any Person relating to or in connection with, an Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any

Acquisition Proposal, (iii) approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any Acquisition Proposal or (iv) execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement for any Acquisition Proposal; provided, that (x) it is understood and agreed that any determination or action by the Company Board of Directors permitted under Section 6.1(b) or Section 6.1(d) shall not be deemed to be a breach or violation of this Section 6.1(a) or, in the case of Section 6.1(b)(i) — (iii), give Parent a right to terminate this Agreement pursuant to Section 8.1(e)(ii), and (y) the Company shall be permitted to enter into an Acceptable Confidentiality Agreement as contemplated by and in accordance with Section 6.1(b). The Company shall, and shall cause its subsidiaries and its and their respective directors, officers and employees to, and shall use its reasonable best efforts to cause their respective other Representatives to, immediately cease and cause to be terminated any solicitations, discussions or negotiations with any Person (other than Parent and its Affiliates) relating to or in connection with an Acquisition Proposal that exist as of the date hereof. The Company shall promptly, and in no event later than twenty-four (24) hours after its or any of its subsidiaries receipt (including receipt by any of their respective directors, officers or Representatives) of any Acquisition Proposal, or any request for nonpublic information relating to the Company or any of its subsidiaries in connection with or relating to an Acquisition Proposal, advise Parent orally and in writing of such Acquisition Proposal or request (including providing the identity of the Person making or submitting such Acquisition Proposal or request), and (A) if it is in writing, provide Parent a copy of such Acquisition Proposal and any related draft agreements or other documentation or materials delivered in connection therewith, or (B) if it is oral, provide Parent a reasonably detailed summary, including all material terms, thereof. The Company shall keep Parent informed in all material respects on a reasonably prompt basis of the current status and material terms of any such Acquisition Proposal including any material changes in respect of any such Acquisition Proposal and shall promptly (and in no event later than twenty-four (24) hours following any such change) deliver to Parent a summary of any material changes to any such Acquisition Proposal. Notwithstanding anything to the contrary herein, the Company may grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow for a confidential Acquisition Proposal to be made to the Company or the Company Board of Directors or to allow for the engagement in discussions regarding an Acquisition Proposal or a proposal that would reasonably be expected to lead to an Acquisition Proposal so long as, in each case, such Acquisition Proposal or proposal that would reasonably be expected to lead to an Acquisition Proposal was not obtained or made as a result of a violation of the terms of this Agreement, if (y) the Company Board of Directors determines in good faith, after consultation with its financial advisors and outside legal counsel, that the failure to take such action could be reasonably likely to result in a breach of its fiduciary duties under applicable Law and so long as (z) the Company notifies Parent thereof (including the identity of such counterparty) at least twenty-four (24) hours prior to granting any such waiver, amendment or release and, if requested by Parent, grants Parent a waiver, amendment or release of any similar provision under the Confidentiality Agreement. Any breach of this Section 6.1 by any subsidiary of the Company or any officer, director, employee or other Representative of the Company or any subsidiary of the Company shall be deemed to be a breach by the Company for all purposes of this Agreement.

(b) Notwithstanding anything to the contrary in Section 6.1(a) or Section 6.3, nothing contained in this Agreement shall prevent the Company or the Company Board of Directors from:

(i) (x) taking and disclosing to its shareholders a position in accordance with Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act, (y) making any “stop-look-and-listen” communication to the shareholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act or (z) making any disclosure to shareholders of the Company with regard to the transactions contemplated by this Agreement or an Acquisition Proposal made after the date hereof, in each case, if, in the good faith judgment of the Company Board of Directors, after consultation with its outside legal counsel, it determines that it is legally required to do so or failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that neither the Company nor its Company Board of Directors may take an action that would constitute a Company Change of Recommendation in respect of an Acquisition Proposal unless expressly permitted by Section 6.1(d) (it being understood and agreed that any disclosure of a position in connection with a tender offer or exchange offer, other than a “stop, look and listen” or similar communication of the type contemplated by Rule 14d-9(f) promulgated under the Exchange Act or a recommendation on Schedule 14D-9 against such tender offer or exchange offer, made within ten (10) Business Days after the commencement thereof and in any event at least two (2) Business Days prior to the Company Shareholder Meeting, shall be deemed a Company Change of Recommendation, unless the Company Board of Directors expressly and concurrently reaffirms the Company Recommendation);

(ii) prior to obtaining the Company Requisite Vote, providing access to its properties, books and records and providing information or data in response to a request therefor by a Person or group who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors (A) shall have determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal, (B) after consultation with its outside legal counsel, shall have determined in good faith that failing to do so could be reasonably expected to result in a breach of the fiduciary duties of the Company Board of Directors under applicable Law and (C) prior to provision of any material or information, and engagement in any discussions, has received from the Person so requesting such information an executed Acceptable Confidentiality Agreement; or

(iii) prior to obtaining the Company Requisite Vote, participating and engaging in any negotiations or discussions with any Person or group and their respective Representatives who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors shall have determined in good faith, (A) after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal and (B) after consultation with its outside legal counsel, that failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that (1) in the case of Section 6.1(b)(ii) and (iii), (x) such Acquisition Proposal was not initiated, solicited, obtained or encouraged in breach of, or otherwise is not the result of any breach of, Section 6.1(a) and (y) the Company gives Parent the notice required by Section 6.1(a), and (2) in the case of Section 6.1(b)(ii), the Company furnishes any information provided to the maker of the Acquisition Proposal only pursuant to an executed Acceptable Confidentiality Agreement and such furnished information is delivered to Parent at substantially the same time (to the extent such information has not been previously furnished or made available by the Company to Parent).

(c) Except as contemplated by Section 6.1(d), neither the Company Board of Directors nor any committee thereof shall (i) (A) withhold, withdraw, qualify or modify, or resolve to or propose to withhold, withdraw, qualify or modify, the Company Recommendation in a manner adverse to Parent, (B) make any public statement inconsistent with the Company Recommendation, (C) approve, adopt or recommend any Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any Acquisition Proposal, (D) fail to reaffirm or re-publish the Company Recommendation within ten (10) Business Days of being requested by Parent to do so (provided, however, that Parent shall not be entitled to request such a reaffirmation or re-publishing more than one (1) time with respect to any single Acquisition Proposal other than in connection with an amendment to any financial terms of such Acquisition Proposal or any other material amendment to such Acquisition Proposal), (E) fail to include the Company Recommendation in the Proxy Statement, (F) fail to announce publicly, within five (5) Business Days after a tender offer or exchange offer relating to any securities of the Company has been commenced that would constitute an Acquisition Proposal, that the Company Board of Directors recommends rejection of such tender or exchange offer or (G) resolve, publicly propose or agree to do any of the foregoing (each such action set forth in clauses (A) through (G) above being a “Company Change of Recommendation”), (ii) authorize, cause or permit the Company or any of its subsidiaries to enter into a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than the Acceptable Confidentiality Agreement) or recommend any tender offer providing for, with respect to, or in connection with any Acquisition Proposal or requiring the Company to abandon, terminate, delay or fail to consummate the Merger or any other transaction contemplated by this Agreement, or (iii) take any action pursuant to which any Person (other than Parent, Merger Sub or their respective Affiliates) or Acquisition Proposal would become exempt from or not otherwise subject to any take-over statute or articles of incorporation provision relating to an Acquisition Proposal.

(d) Notwithstanding anything in this Section 6.1 to the contrary, at any time prior to obtaining the Company Requisite Vote, (i) the Company Board of Directors may effect a Company Change of Recommendation in response to an Intervening Event or (ii) if the Company Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, in response to an Acquisition Proposal from a third party that did not otherwise result from a breach of Section 6.1(a), that such proposal constitutes a Superior Proposal, and such Acquisition Proposal is not withdrawn, the Company or the Company Board of Directors may (A) make a Company Change of Recommendation and/or (B) terminate this Agreement pursuant to Section 8.1(d)(ii) to enter into a definitive agreement with respect to such Superior Proposal, in each case, if (and only if) (1) in the event the Agreement is terminated pursuant to Section 8.1(d)(ii), the Company pays to Parent any Company Termination Fee required to be paid pursuant to Section 8.2(b)(i) at such time as set forth in Section 8.2(b)(i) and (2) after consultation with its financial advisor and outside legal counsel, the Company Board of Directors determines that the failure to make a Company Change of Recommendation, or to terminate this Agreement pursuant to Section 8.1(d)(ii), would be reasonably expected to result in a breach of its fiduciary duties under applicable Laws; provided, however, that the Company or the Company Board of Directors, as applicable, may only take the actions described in clauses (i) and (ii) if prior to taking any such action (x) the Company delivers to Parent written notice (a “Company Notice”), at least five (5) Business Days’ in advance (the “Notice Period”), advising Parent that the Company Board of Directors proposes to take such action and containing (1) the material details of such Intervening

Event or the material terms and conditions of the Superior Proposal that is the basis of the proposed action by the Company Board of Directors and (2) a copy of the most current draft of any written communication (including any agreement) relating to the Superior Proposal and (y) during the Notice Period (as extended pursuant to the following sentence of this Section 6.1(d)), (i) the Company complies with the following sentence of this Section 6.1(d) and (ii) if Parent shall have delivered to the Company a written, binding, irrevocable offer, capable of being accepted by the Company, to alter the terms of this Agreement, the Company Board of Directors thereafter reaffirms in good faith (after consultation with its outside counsel and financial advisor) that the Acquisition Proposal giving rise to the Company Notice continues to constitute a Superior Proposal. If requested by Parent, the Company will, and will cause its Representatives to, during the Notice Period, engage in good faith negotiations with Parent and its Representatives (including by making the Company's officers and Representatives reasonably available to negotiate) to make such adjustments in the terms and conditions of this Agreement so that (i) in the case of an Acquisition Proposal, such Acquisition Proposal would cease to constitute a Superior Proposal (it being understood and agreed that if Parent has committed to any changes to the terms of this Agreement, each time thereafter that there has been any subsequent amendment to any material term of such Superior Proposal, the Company Board of Directors shall provide a new Company Notice and an additional two (2) Business Day period from the date of such notice and the obligations of the Company during the Notice Period shall continue in effect during such additional period) or (ii) in the case of an Intervening Event, the failure of the Company Board of Directors to make a Company Change of Recommendation could not be reasonably expected to result in a breach of its fiduciary duties under applicable Laws. Any such Company Change of Recommendation shall not change the approval of this Agreement or any other approval of the Company Board of Directors in any respect that would have the effect of causing any corporate takeover statute or other similar statute or any provision of the Company Articles of Incorporation to be applicable to the transactions contemplated hereby, including the Merger.

(e) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) “Acquisition Proposal” means any *bona fide* proposal, inquiry, indication of interest or offer from any Person or group of Persons (other than Parent, Merger Sub or their respective Affiliates) relating to any transaction or series of transactions, involving (A) any direct or indirect acquisition or purchase of (1) a business or assets that constitute twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis, or (2) twenty percent (20%) or more of any class of equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (B) any tender offer, exchange offer or similar transaction that if consummated would result in any Person or group of Persons beneficially owning twenty percent (20%) or more of any class of the equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (C) any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company (or any subsidiary or subsidiaries of the Company whose business

constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), or (D) any combination of the foregoing.

(ii) “Superior Proposal” means a written Acquisition Proposal (with all references to “twenty percent (20%) or more” included in the definition of Acquisition Proposal changed to “more than fifty percent (50%)”) that was not obtained, solicited or received in, or otherwise resulted from, violation of this Section 6.1, in each case, that the Company Board of Directors in good faith determines, after consultation with its outside legal counsel and financial advisors, would, if consummated, result in a transaction that is more favorable to the shareholders of the Company from a financial point of view than the transactions contemplated hereby after taking into account all such factors and matters considered appropriate in good faith by the Company Board of Directors (including, to the extent considered appropriate by the Company Board of Directors, (A) the identity of the Person(s) making such Acquisition Proposal, (B) financial provisions and the payment of the Company Termination Fee, (C) legal and regulatory conditions and other undertakings relating to the Company’s and its subsidiaries’ regulators, lenders or partners, (D) probable timing, (E) conditionality and likelihood of consummation and (F) with respect to which the cash consideration and other amounts (including costs associated with the Acquisition Proposal) payable at Closing are subject to fully committed financing from recognized financial institutions), and after taking into account any changes to the terms of this Agreement committed to in writing by Parent in response to such Superior Proposal pursuant to, and in accordance with, Section 6.1(d) or otherwise.

SECTION 6.2 Proxy Statement.

(a) As promptly as practicable after the date of this Agreement and in any event within forty-five (45) days after the date of this Agreement, the Company shall prepare and provide to Parent and its advisors the proxy statement to be sent to the shareholders of the Company in connection with the Company Shareholders Meeting (such proxy statement, as amended or supplemented, the “Proxy Statement”) in preliminary form, and within sixty (60) days after the date of this Agreement, shall file with the SEC, the Proxy Statement in preliminary form. Parent shall promptly supply to the Company in writing, for inclusion in the Proxy Statement, all information concerning Parent required under the Securities Act and the Exchange Act, and the rules and regulations thereunder, to be included in the Proxy Statement; provided, that the Company shall not use any such information for any other purpose if doing so would violate or cause the violation of applicable securities Laws. Each of Parent and the Company shall notify the other promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information related to the Proxy Statement and will promptly supply the other Party with copies of all correspondence between it and its Affiliates or their respective officers, employees, legal advisors or agents, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. Prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of Parent and the Company shall liaise and cooperate with the other Party and provide it with a reasonable opportunity to review and comment on such document or proposed response or compliance with any such request. If at any time prior to the Company Shareholders Meeting, any information relating to Parent or the Company or any of its respective Affiliates, directors or officers, should be discovered by such Party which should be set forth in an amendment or

supplement to the Proxy Statement, so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the Party that discovers such information shall promptly notify the other Party and an appropriate amendment or supplement describing such information shall be prepared, filed with the SEC and disseminated to the shareholders of the Company to the extent required by Law. After all the comments received from the SEC have been cleared by the SEC staff and all information required to be contained in the Proxy Statement has been included therein by the Company, the Company shall promptly file the definitive Proxy Statement with the SEC and cause the Proxy Statement to be mailed (including by electronic delivery if permitted), as promptly as practicable, to its shareholders of record, as of the record date established by the Company Board of Directors and set forth in the Proxy Statement.

(b) The Company covenants that none of the information supplied or to be supplied by or on behalf of the Company for inclusion or incorporation by reference in the Proxy Statement will, at the time such document is first filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will, at the time of the Company Shareholders Meeting, comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Parent covenants that none of the information supplied by or on behalf of Parent or Merger Sub for inclusion in the Proxy Statement will, at the time such document is filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, Parent makes no representation or warranty with respect to any information supplied in writing for inclusion in the Proxy Statement by or on behalf of the Company which is contained or incorporated by reference in the Proxy Statement.

SECTION 6.3 Company Shareholders Meeting. Notwithstanding any Company Change of Recommendation, the Company, acting through the Company Board of Directors (or a committee thereof), shall promptly following receipt of confirmation from the SEC that the SEC has no further comments on, or will not review, the Proxy Statement, take all reasonable action necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of approving and adopting this Agreement (including any adjournment or postponement thereof, the “Company Shareholders Meeting”); provided, that the Company may postpone, recess or adjourn such meeting for up to thirty (30) days in the aggregate (excluding any adjournment or postponements required by applicable Law) (a) to the extent required by Law or to prevent a breach of fiduciary duty, (b) to allow reasonable additional time to solicit additional proxies to the extent the Company reasonably believes necessary in order to obtain the Company Requisite Vote (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (b)),

(c) if as of the time for which the Company Shareholders Meeting is originally scheduled (as set forth in the Proxy Statement) there are insufficient shares of Company Common Stock represented (either in person or by proxy) and voting to constitute a quorum necessary to conduct the business of the Company Shareholders Meeting (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (c)) or (d) to allow reasonable additional time for the filing and dissemination of any supplemental or amended disclosure which the Company Board of Directors has determined in good faith after consultation with outside counsel is necessary under applicable Law or to prevent a breach of fiduciary duty and for such supplemental or amended disclosure to be disseminated and reviewed by the Company shareholders prior to the Company Shareholders Meeting. The Company, acting through its Company Board of Directors (or a committee thereof), shall subject to Section 6.1(d), (i) include in the Proxy Statement the Company Recommendation and, subject to the consent of the Company Financial Advisor, the written opinion of the Company Financial Advisor, dated as of the date of this Agreement, that, as of such date, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of the Company Common Stock and (ii) use its reasonable best efforts to obtain the Company Requisite Vote. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to hold the Company Shareholders Meeting if this Agreement is terminated.

SECTION 6.4 Regulatory Approvals; Reasonable Best Efforts.

(a) During the Interim Period, each of Parent and the Company shall cooperate and promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions and filings, and shall use reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things in order to, (i) make and obtain the Consents and Filings listed in Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule, (ii) make all registrations and filings, and thereafter, make any other required registrations, filings or submissions, and pay any fees due in connection therewith, with any Governmental Entity necessary in connection with the consummation of the transactions contemplated by this Agreement, (iii) take, or cause to be taken, all reasonable and appropriate action and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the Merger and the other transactions contemplated by this Agreement (including satisfying any of the conditions set forth in Article VII as promptly as practicable other than by means of waiver), (iv) cooperate in good faith with the applicable Governmental Entities or other Persons and provide promptly such other information and communications to such Governmental Entities or other Persons as such Governmental Entities or other Persons may reasonably request in connection therewith, and (v) execute and deliver any additional agreements or instruments reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) During the Interim Period, the Parties will provide prompt notification to each other when any Consent or Filing referred to in Section 6.4(a) is obtained, taken, made, given or denied, as applicable, and will advise each other of any communications with any Governmental Entity or other Person regarding any of the transactions contemplated by this Agreement, including (i) giving the other Parties prompt notice of the making or commencement of any request, inquiry, investigation, action or legal proceeding by or before any Governmental Entity with respect to the

Merger or any of the other transactions contemplated by this Agreement; and (ii) keeping the other Parties informed as to the status of any such request, inquiry, investigation, action or legal proceeding. Parent and the Company shall jointly (A) determine the overall strategy for obtaining all Required Regulatory Approvals and making all filings with respect thereto and (B) unless prohibited by Law or otherwise agreed to by Parent and the Company, schedule and conduct any meetings with any Governmental Entity or intervenor in any proceeding related to a Required Regulatory Approval. Subject to applicable Laws relating to the exchange of information, and unless prohibited by the reasonable request of any Governmental Entity, each of the Company and Parent shall have the right to review and approve (such approval not to be unreasonably withheld, delayed or conditioned) in advance, and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, any filing, analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal (including all of the information relating to Parent or the Company, as the case may be, and any of their respective subsidiaries, that appears in any filing) made with, or written materials submitted to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement. In addition, except as may be prohibited by any Governmental Entity or by any Law, in connection with any such request, inquiry, investigation, action or legal proceeding, each Party will permit authorized representatives of the other Parties to be present at each meeting or conference relating to such request, inquiry, investigation, action or legal proceeding and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Entity or intervenor in connection with such request, inquiry, investigation, action or legal proceeding; provided, however, Parent, after having consulted the Company in good faith, shall have sole control over the strategy for coordinating any filings, obtaining any necessary approvals, and resolving any investigation or other inquiry of any such agency or other Governmental Entity under the HSR Act. Notwithstanding the foregoing, commercially and/or competitively sensitive information and materials of a Party may be provided to the other Party on an outside counsel-only basis.

(c) In furtherance of the foregoing covenants:

(i) Parent, Merger Sub and the Company shall use their reasonable best efforts to make any premerger notification filing required under the HSR Act with respect to the transactions contemplated hereby within twenty-five (25) Business Days after a date to be mutually agreed to by the Parties (which date shall be no more than one (1) year before the reasonably anticipated Closing Date or later than six (6) months prior to the then-applicable End Date). Parent, Merger Sub and the Company shall supply as promptly as reasonably practicable reasonable responses to requests for additional information or documentary material that may be requested pursuant to the HSR Act and shall take all other actions, proper or advisable consistent with this Section 6.4, to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable. Parent, Merger Sub and the Company shall use reasonable best efforts to respond to any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, made by the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (the “Antitrust Authorities”), so as to cause the expiration of any waiting periods or obtain any other clearances from the Antitrust Authorities as soon as practicable. Each of Parent and Merger Sub shall exercise its reasonable best efforts, and the Company shall cooperate with Parent and Merger Sub, to

promptly prevent the entry in any claim brought by an Antitrust Authority of any order that would prohibit, make unlawful or delay the consummation of the transactions contemplated hereby in any material respect.

(ii) Other than with respect to filings under the HSR Act, the Parties will, as soon as reasonably practicable following the execution of this Agreement, prepare and file, and pay any fees due in connection therewith in accordance with Section 8.3, with each applicable Governmental Entity requests for such Consents as may be necessary for the consummation of the transactions contemplated hereby in accordance with the terms of this Agreement and as set forth on Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. The Parties will diligently pursue and use their reasonable best efforts to obtain such Consents and will cooperate with each other in seeking such Consents; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. To such end, the Parties agree to make reasonably available the personnel and other resources of their respective organizations in order to obtain all such Consents. Each Party will promptly inform the other Parties of any material communication received by such Party from, or given by such party to, any Governmental Entity from which any such Consent is required, unless prohibited by applicable Law, and of any material communication received or given in connection with any claim by a private party, in each case regarding any of the transactions contemplated hereby, and will permit the other party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any such Governmental Entity or, in connection with any claim by a private party, with such other Person, and to the extent permitted by applicable Law or otherwise as agreed to by Parent and the Company, give the other party the opportunity to attend and to participate in such meetings and conferences.

(d) Parent shall not, and shall cause its Affiliates not to, enter into any new commercial activities or businesses unrelated to the Merger or the other transactions contemplated by this Agreement or enter into any transaction to acquire any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to materially delay or prevent obtaining any Consent or Filing contemplated by this Section 6.4. In furtherance of and without limiting any of Parent's covenants and agreements under this Section 6.4, Parent shall use its reasonable best efforts to avoid or eliminate each and every impediment that may be asserted by a Governmental Entity so as to enable the Closing to occur as soon as reasonably possible, which such reasonable best efforts shall include the following:

(i) defending through litigation on the merits, including appeals, any Proceeding asserted in any court or other proceeding or claim by any Person, including any Governmental Entity, that seeks to or could reasonably be expected to prevent or prohibit or impede, interfere with or delay the consummation of the Closing (including pursuing appeals following the failure to obtain any Required Regulatory Approval);

(ii) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of any assets or businesses of (A) Parent or (B) the Company, including, in each such case, entering into

customary ancillary agreements on commercially reasonable terms relating to any such sale, divestiture, licensing or disposition;

(iii) agreeing to any limitation on the conduct of Parent or its Affiliates (including, after the Closing, the Surviving Corporation); and

(iv) agreeing to take any other action with respect to the Company or Parent as may be required by a Governmental Entity in order to effect each of the following: (A) obtaining each Consent or Filing contemplated by this Section 6.4 before the End Date, (B) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any Judgment, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or materially impedes, interferes with or delays, the Closing and (C) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or materially impeding, interfering with or delaying the Closing.

(e) Notwithstanding anything to the contrary in this Section 6.4, none of the provisions in this Section 6.4 shall be construed to permit the Company without the prior written consent of Parent to, in connection with any Required Regulatory Approvals, take any action, including proposing, negotiating, committing to, effecting, or accepting any undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures or provisions (including the sale, divestiture, licensing or disposition of assets or businesses of Parent or its subsidiaries or the Company, by consent decree, hold separate order or otherwise), if the taking of such action, individually or in the aggregate, would reasonably be expected to restrict the business or operations of any Company Party from and after the Closing Date.

(f) Notwithstanding anything to the contrary in this Agreement, so long as Parent continues, in good faith, to diligently seek the Required Regulatory Approvals prior to the End Date on terms reasonably acceptable to Parent (including, for the avoidance of doubt, any request for rehearing or similar if any Required Regulatory Approval is obtained on terms not reasonably acceptable to Parent), Parent shall be deemed to have complied with this Section 6.4 in all respects, shall be deemed not to be in breach of this Section 6.4 and the Company shall not have a right to terminate this Agreement (i) pursuant to Section 8.1(d)(i) for any non-compliance with or breach of this Section 6.4 or (ii) pursuant to Section 8.1(d)(iii) for Parent's or Merger Sub's failure to consummate the Closing due primarily to the imposition by a Governmental Entity of a burdensome condition (as reasonably determined by Parent) in connection with a Required Regulatory Approval; provided, however, that nothing in this Section 6.4(f) shall affect or waive the right of the Company to terminate this Agreement pursuant to the other provisions of Section 8.1 and be paid the Parent Termination Fee pursuant to Section 8.2.

SECTION 6.5 Notification of Certain Matters. During the Interim Period, the Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) any notice or other communication received by such Party from any Governmental Entity in connection with the Merger or the other transactions contemplated hereby or from any Person alleging that the Consent of such Person is or may be required in connection with the Merger, if the subject matter of such communication or the failure of such Party to obtain such Consent would reasonably be expected to be material to the Company, the Surviving Corporation or Parent, (b)

any facts or circumstances, or the occurrence or non-occurrence of any event that, individually or in the aggregate, would reasonably be expected to cause any condition to the obligations of any Party hereto to effect the Merger or any of the transactions contemplated by this Agreement not to be satisfied, and (c) any actions, suits, claims or proceedings commenced or, to such Party's knowledge, threatened against, relating to or involving or otherwise affecting such Party or any of its subsidiaries which relate to the Merger or the other transactions contemplated hereby; provided, however, that neither the delivery of any notice pursuant to this Section 6.5 nor the access to any information pursuant to Section 6.6 shall (i) cure any breach of, or non-compliance with, any other provision of this Agreement or (ii) limit the rights or remedies available to the Party receiving such notice.

SECTION 6.6 Access to Information; Confidentiality.

(a) During the Interim Period, upon reasonable prior written notice from Parent, the Company shall, and shall cause its subsidiaries to, and shall use its reasonable best efforts to cause its Representatives to, (i) afford Parent and its Representatives reasonable access, consistent with applicable Law, during normal business hours to its and their respective officers, employees and Representatives and properties, offices, and other facilities and to all books and records, and shall furnish Parent and its Representatives promptly with all financial, operating and other data and information as Parent and its Representatives from time to time reasonably request in writing, (ii) to the extent permitted by Law, furnish promptly each material report, schedule and other document filed or received by the Company or any of the Company's subsidiaries pursuant to the requirements of federal or state securities or regulatory Laws or filed with or sent to the SEC, FERC, the Nuclear Regulatory Commission, the New Mexico Public Regulations Commission ("NMPRC"), the Public Utility Commission of Texas ("PUCT"), the U.S. Department of Justice, the Federal Trade Commission, the Federal Communications Commission or any other Governmental Entity, and (iii) upon written request, as soon as reasonably practicable provide Parent with information relating to any material developments in any audit or similar proceeding related to any material Tax matters of the Company or any of its subsidiaries. Notwithstanding the foregoing, any such investigation or consultation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or its subsidiaries and shall not include any environmental sampling or invasive environmental testing. Neither the Company nor any of its subsidiaries shall be required to provide access or to disclose information where such access or disclosure would violate or prejudice its rights or the rights of any of its officers, directors or employees, give rise to a material risk of waiving any attorney-client privilege of the Company or any of its subsidiaries, or contravene any Law, rule, regulation, Judgment or Contract; provided, however, that the Company shall use its reasonable best efforts to (A) allow for such access or disclosure in a manner that does not result in a loss of attorney-client privilege (including negotiating in good faith with Parent to seek alternative means to disclose such information as nearly as possible without affecting such attorney-client privilege, including entry into a joint defense agreement), (B) obtain the required consent of any third party to provide access to or disclosure of such information with respect to any confidential Contract to which the Company or its subsidiaries is party, or (C) develop an alternative to providing such information so as to address such matters that is reasonably acceptable to Parent and the Company; it being understood and agreed that (1) the Company shall advise Parent in such circumstances that it is unable to comply with Parent's reasonable requests for information as a result of attorney-client privilege, Contract obligation or applicable Law, and the Company shall use its reasonable best efforts to generally

describe the types of information being withheld and (2) Parent shall reimburse the Company for its reasonable, documented, out-of-pocket expenses incurred in connection with the Company's actions described in Section 6.6(a)(iii)(A) - Section 6.6(a)(iii)(C). All requests for information made pursuant to this Section 6.6(a) shall be directed to the Company Contact and all access granted to Parent and its Representatives shall be under the supervision of the Company Contact or other Person as designated by the Company Contact, and Parent and its Representatives seeking access shall use their reasonable best efforts not to directly contact any other officer, director, employee, agent or representative of the Company without the prior approval of the Company Contact. No access, review or notice pursuant to this Section 6.6 shall have any effect for the purpose of determining the accuracy of any representation or warranty given by any of the Parties to any of the other Parties. Except for incidents caused by the Company's or its Affiliates' or Representatives' willful misconduct or gross negligence, Parent shall indemnify the Company and its Affiliates and Representatives from, and hold the Company and its Affiliates and Representatives harmless against, any and all claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs, expenses, including attorneys' fees and disbursements, and the cost of enforcing this indemnity arising out of or resulting from any access provided pursuant to this Section 6.6(a).

(b) Each Party will comply with terms and conditions of that certain Confidentiality Agreement, dated January 9, 2025, between the Company and Blackstone Infrastructure Advisors L.L.C., a Delaware limited liability company (the "Confidentiality Agreement"), and will hold and treat, and will cause their respective officers, employees, auditors and other Representatives to hold and treat, in confidence all documents and information concerning, on the one hand, the Company and its subsidiaries furnished to Parent or Merger Sub, and on the other hand, Parent or Merger Sub and their respective subsidiaries furnished to the Company, in each case in connection with the transactions contemplated by this Agreement in accordance with the Confidentiality Agreement, which Confidentiality Agreement shall remain in full force and effect in accordance with its terms; provided that whether or not the transactions contemplated hereby are consummated, the Parties shall, and shall cause each of their respective Affiliates and Representatives to, keep confidential all information and materials regarding any other Party reasonably designated by such Party as confidential at the time of disclosure thereof; provided, further, that Parent and its Affiliates shall be permitted to disclose the terms and provisions of this Agreement to their respective existing and prospective investors provided they instruct such Persons to observe the confidentiality provisions of this Section 6.6(b).

SECTION 6.7 Stock Exchange Delisting. Prior to the Closing Date, the Company shall cooperate with Parent and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE to enable the delisting by the Surviving Corporation of the Company Shares from the NYSE and the deregistration of the Company Shares under the Exchange Act as promptly as practicable after the Effective Time.

SECTION 6.8 Publicity. The initial press release regarding the Merger shall be a joint press release of the Parties and (except in connection with (a) actions taken pursuant to Section 6.1, including a Company Change of Recommendation or an Acquisition Proposal or (b) a press release or other public statement that is consistent in all material respects with previous press releases, public disclosures or public statements made by a Party in accordance with this

Agreement, including in investor conference calls, the Proxy Statement, the Company SEC Reports, Parent's SEC filings, Q&As or other publicly disclosed documents, in each case, to the extent such disclosure is still accurate) thereafter the Company and Parent shall (i) consult with each other prior to issuing any press releases or otherwise making public announcements with respect to this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) provide to each other for review a copy of any such press release or public statement, (iii) not issue any such press release or public statement prior to providing each other with reasonable period of time to review and comment on such press release or public statement, and (iv) not issue any such press release or public statement or make any filings with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed), except as may be required, on the advice of counsel, by Law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Governmental Entity (or, in the case of the Company, in accordance with Section 6.1(b)(i)); provided, however, that in each such case, the Party required to make such disclosure will, to the extent practicable and not prohibited by applicable Law, promptly inform the other Parties in writing in advance of such compelled disclosure and provide such other Party with a copy of the proposed disclosure and consult with such other Party and consider such other Party's comments in good faith prior to making such disclosure.

SECTION 6.9 Employee Benefits.

(a) For a period of at least twenty-four (24) months following the Effective Time, Parent shall cause the Surviving Corporation or any applicable subsidiary thereof to provide, to each employee of the Company and any of its subsidiaries who continues to be employed by the Company or the Surviving Corporation or any subsidiary thereof (each, a "Continuing Employee" and collectively, the "Continuing Employees") (i) an annual base salary or hourly wage, as applicable, that is no less favorable than the annual base salary or hourly wage, as applicable, that was provided to such Continuing Employee immediately prior to the Effective Time, (ii) an annual cash bonus opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement) and annual long-term incentive opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement and that the annual long-term incentive opportunities provided by Parent to each Continuing Employee will take into account the value of and relative opportunity with respect to previous annual equity or equity-based grants and need not be provided in the form of equity or equity-based grants) that are no less favorable, in the aggregate than the target annual cash bonus opportunity and long-term incentive opportunity provided to such Continuing Employee immediately prior to the Effective Time, (iii) employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions), that are no less favorable in the aggregate than the employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions) that were provided to such Continuing Employee immediately prior to the Effective

Time and (iv) welfare and other employee benefits (other than severance (which is addressed in the following sentence), equity or equity-based and long-term incentives (which are addressed in clause (ii) above), nonqualified deferred compensation (which is addressed in clause (iii) above), post-retirement welfare benefits (which are addressed in Section 6.9(b)), and retention (including the Retention Program), transaction, change in control, or any other one-time or special payments or benefits) that are substantially comparable in the aggregate to the welfare and other employee benefits that were provided to such Continuing Employee immediately prior to the Effective Time; provided, however, that the requirements of the foregoing clauses (i) and (iv) shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining. Notwithstanding the foregoing, for a period of at least twenty-four (24) months following the Effective Time, Parent shall, and shall cause the Surviving Corporation to, provide each Continuing Employee who experiences a termination of employment with the Surviving Corporation severance benefits that are no less favorable than the severance benefits that would have been provided under the Company Plans as of immediately prior to the Effective Time (with credit for service earned after the Effective Time); provided, however, that the requirements of the foregoing clause shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining.

(b) Notwithstanding Section 6.9(a), Parent shall, and shall cause the Surviving Corporation to maintain post-retirement welfare arrangements that are no less favorable than those post-retirement welfare arrangements in place for the Company's current or former employees as of the Effective Time as set forth on Section 6.9(b) of the Company Disclosure Schedule until the later of (i) twenty-four (24) months following the Effective Time or (ii) with respect to any particular trust set forth on Section 6.9(b) of the Company Disclosure Schedule, the date the assets in such trust established by the Company meeting the requirements of Section 501(c)(9) of the Code have been exhausted.

(c) Subject to applicable Law and any obligations under any Company Collective Bargaining Agreement, Parent shall, or shall cause the Surviving Corporation to, honor, in accordance with their terms, the Company Plans set forth on Section 6.9(c) of the Company Disclosure Schedule, including any funding arrangements thereunder in effect as of the date of this Agreement, subject to the amendment and termination provisions thereof applied on a prospective basis. For purposes of any Company Plan containing a definition of "change in control," "change of control" or similar term that relates to a transaction at the level of the Company, the Closing shall be deemed to constitute a "change in control," "change of control" or such similar term. Notwithstanding any other provision of this Agreement, for a period of at least twenty-four (24) months following the Effective Time, in no event may Parent or any of its Affiliates (including the Surviving Corporation) terminate the Company Plans listed on Section 6.9(c) of the Company Disclosure Schedule to provide for payment of any obligations owed thereunder as of and after the Effective Time other than as scheduled as of the Effective Time under the terms of the applicable agreement, plan or arrangement. Additionally, Parent shall, or shall cause the Surviving Corporation to, fund (and continue to fund) any relevant rabbi trust to the extent such funding was required as of the Effective Time pursuant to the terms of the related Company Plans. The Company may establish a retention program to promote retention and to incentivize efforts to consummate the Closing (the "Retention Program") in accordance with the terms set forth in

Section 6.9(c) of the Company Disclosure Schedule. Parent shall cause the Surviving Corporation to honor, in accordance with their terms, the Retention Program.

(d) Parent and the Surviving Corporation, as applicable, shall pay or cause the applicable subsidiary to pay to each eligible current or former employee of the Company or any of its subsidiaries, (i) any accrued but unpaid annual bonus (or other cash incentive award) relating to any completed year (or completed performance period) ending prior to the year (or performance period) in which the Effective Time occurs that has been accrued on the audited consolidated financial statements of the Company and its subsidiaries as of the Effective Time, in the ordinary course and consistent with past practice, including without limitation any applicable service-based vesting, acceleration and payment timing provisions, and (ii) an annual bonus (and other cash incentive award) relating to the year (or other applicable performance period) in which the Effective Time occurs based on the higher, determined as of the end of the year (or other applicable performance period), of (A) the Company's achievement of the applicable performance targets, based on the actual level of performance achieved, determined on a goal-by-goal basis, as of the end of the applicable year or other performance period, as determined by Parent in good faith and consistent with the Company's historical practices and in accordance with the terms and conditions of the applicable Company Plan, and (B) the target-level achievement, payable in the ordinary course, consistent with past practice and in accordance with the terms and conditions of the applicable Company Plan, including without limitation any applicable service-based vesting, acceleration and payment timing provisions.

(e) If Parent determines that an event would trigger obligations under the WARN Act within sixty (60) days following the Effective Time, the Company or the Company's subsidiaries shall, at Parent's reasonable request, distribute WARN Act notices on Parent's behalf to such employees as directed by Parent in a form prepared by Parent in compliance with the WARN Act. The Company shall be responsible for any obligations under the WARN Act with respect to the consummation of the transaction that are the subject of this Agreement and any subsequent events.

(f) At the Effective Time, participants in the Company's cash or deferred savings plan or other Company deferred compensation plan who are invested in Company stock through the Company's cash or deferred savings plan or deferred compensation plans shall be treated in the same manner as other shareholders of the Company. Immediately prior to the Effective Time, each Notional Unit shall be liquidated based on the Per Share Merger Consideration and notionally reinvested in one or more other investment funds as determined by the Company prior to the Effective Time. After such date, participants in the Company's cash or deferred savings plan or deferred compensation plan may not direct any further investments or deemed investments into Company stock through the Company's cash or deferred savings plan or other deferred compensation plans. The Company, the Company Board of Directors, the compensation committee of the Company Board of Directors or other committee of the Company, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 6.9(f).

(g) Nothing in this Agreement shall confer upon any Continuing Employee any right to continue in the employ or service of Parent, the Surviving Corporation or any Affiliate of Parent, or shall interfere with or restrict in any way the rights of Parent, the Surviving Corporation

or any Affiliate of Parent, which rights are hereby expressly reserved, to discharge or terminate the services of any Continuing Employee at any time for any reason with or without cause. Additionally, the Company, Parent and the Surviving Corporation agree that the employment with the Company and its Affiliates of the individuals listed on Section 6.9(g) of the Company Disclosure Schedule shall end as of the Effective Time, and such individuals will be entitled to receive severance and other benefits as if their employment were terminated by the Company without cause as of the Effective Time in connection with a “change in control” of the Company, in accordance with the terms of the applicable Company Plans.

(h) Notwithstanding anything in this Agreement to the contrary, the terms and conditions of employment for any employees covered by a Company Collective Bargaining Agreement shall be governed by the applicable Company Collective Bargaining Agreement until the expiration, modification or termination of such Company Collective Bargaining Agreement in accordance with its terms or applicable Law. From and after the Closing, Parent shall cause the Surviving Corporation and its subsidiaries, as applicable, to honor the terms of each Company Collective Bargaining Agreement until such Company Collective Bargaining Agreement otherwise expires pursuant to its terms or is modified by the parties thereto.

(i) Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 6.9 shall (i) be deemed or construed to be an amendment or other modification of any Company Plan, (ii) prevent Parent, the Surviving Corporation or any Affiliate of Parent from amending or terminating any Company Plans in accordance with their terms, or (iii) create any third-party rights in any current or former Company Employee or service provider of the Company or its Affiliates (or any beneficiaries or dependents thereof) or any collective bargaining representative of the Company or any Affiliate thereof.

SECTION 6.10 Directors’ and Officers’ Indemnification and Insurance. Parent shall, and shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) From and after the Effective Time, Parent and the Surviving Corporation shall indemnify and hold harmless the present and former officers and directors of, and individuals performing equivalent functions for, the Company and its subsidiaries (each, an “Indemnified Party”) in respect of acts or omissions occurring at or prior to the Effective Time or related to this Agreement to the fullest extent permitted by the NMBCA or any other applicable Law or provided under the Company Articles of Incorporation and the Company Bylaws as in effect on the date of this Agreement. From and after the date of this Agreement and prior to the Closing, no Company Party shall enter into or amend any indemnification or similar agreement with or for the benefit of any Indemnified Party without Parent’s prior written consent. Subject to the prior sentences, in the event of any threatened or pending claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative and whether formal or informal (each, a “Proceeding”) to which an Indemnified Party is a party or with respect to which an Indemnified Party is otherwise involved (including as a witness), arising in whole or in part out of or pertaining in whole or in part to the fact that the Indemnified Party is or was an officer or director of, or an individual performing an equivalent function for, the Company or any of its subsidiaries (including any Proceeding arising out of or pertaining to matters occurring or existing or alleged to have occurred or existed, or acts or omissions occurring or alleged to have occurred, at or prior to the Effective

Time, or arising out of or pertaining to this Agreement and the transactions and actions contemplated hereby), (i) Parent shall, or shall cause the Surviving Corporation to, advance fees, costs and expenses (including attorney's fees and disbursements) incurred by each Indemnified Party in connection with and prior to the final disposition of such Proceedings, such fees, costs and expenses (including attorneys' fees and disbursements) to be advanced within thirty (30) Business Days after receipt by Parent from the Indemnified Party of a written request therefor; provided, that any person to whom expenses are advanced provides an undertaking, if not prohibited by the NMBCA, to repay such advances if it is ultimately determined that such person is not entitled to indemnification, (ii) neither Parent nor the Surviving Corporation shall settle, compromise or consent to the entry of any judgment in any civil Proceeding in which indemnification could reasonably be sought by such Indemnified Party hereunder, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all civil liability arising out of such Proceeding or such Indemnified Party otherwise consents (for the avoidance of doubt, this clause (ii) does not apply to criminal or quasi-criminal liabilities from or arising out of any Proceedings), and (iii) the Surviving Corporation shall reasonably cooperate in the defense of any such matter. In the event any claim for indemnification is asserted or made by any Indemnified Party pursuant to this Section 6.10, any determination required to be made with respect to whether such Indemnified Party's conduct complies with the standards under the NMBCA, the Surviving Corporation Charter or other applicable Law shall be made by independent legal counsel selected by the Surviving Corporation. In the event any Proceeding is brought against any Indemnified Party and in which indemnification could be sought by such Indemnified Party under this Section 6.10, (A) the Surviving Corporation shall have the right to control the defense thereof after the Effective Time (it being understood that, by electing to control the defense thereof, the Surviving Corporation will be deemed to have waived any right to object to the Indemnified Party's entitlement to indemnification hereunder with respect thereto), (B) each Indemnified Party shall be entitled to retain his or her own counsel, whether or not the Surviving Corporation shall elect to control the defense of any such Proceeding, and (C) no Indemnified Party shall be liable for any settlement that is effected without his or her prior express written consent (not to be unreasonably withheld, conditioned or delayed) other than settlements only for payment in cash in an amount not to exceed such Indemnified Party's right to indemnification under this Section 6.10.

(b) Any Indemnified Party wishing to claim indemnification under Section 6.10(a), upon learning of any such Proceeding, shall promptly notify Parent thereof, but the failure to so notify shall not relieve Parent or the Surviving Corporation of any liability it may have to such Indemnified Party except to the extent such failure materially prejudices the indemnifying Party.

(c) For six (6) years after the Effective Time, Parent shall cause to be maintained in effect provisions in the Surviving Corporation Charter and Surviving Corporation Bylaws (or in such documents of any successor to the business of the Surviving Corporation) regarding elimination of liability of directors, indemnification of Indemnified Parties and advancement of expenses, solely to the extent affecting the Indemnified Parties (in their capacity as such) that are no less advantageous to the Indemnified Parties than the corresponding provisions in the Company Articles of Incorporation and Company Bylaws in existence on the date of this Agreement.

(d) Prior to the Effective Time, the Company shall or, if the Company is unable to, Parent shall and shall cause the Surviving Corporation as of the Effective Time to, obtain and fully pay the premium for the non-cancellable “tail” insurance policies with respect to the Company’s existing directors’ and officers’ insurance policies and the Company’s existing fiduciary liability insurance policies (collectively, “D&O Insurance”), in each case for a claims reporting or discovery period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company’s existing policies with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of duty or any matter claimed against a director or officer of the Company or any of its subsidiaries by reason of him or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby). If the Company or the Surviving Corporation for any reason fails to obtain such “tail” insurance policies as of the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, continue to maintain in effect, for a period of at least six (6) years from and after the Effective Time, the D&O Insurance in place as of the date hereof with the Company’s current insurance carrier or with an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company’s existing policies as of the date hereof, or the Surviving Corporation shall purchase from the Company’s current insurance carrier, or from an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance, comparable D&O Insurance for such six (6)-year period with benefits and levels of coverage that are no less favorable than as provided in the Company’s existing policies as of the date hereof; provided, however, that in no event shall Parent or the Surviving Corporation be required to expend for such policies pursuant to this sentence an annual premium amount in excess of three hundred percent (300%) of the amount per annum the Company paid in its last full fiscal year, which amount is set forth on Section 6.10(d) of the Company Disclosure Schedule; and provided, further, that if the aggregate premiums of such insurance coverage exceed such amount, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available, with respect to matters occurring prior to the Effective Time, for a cost not exceeding such amount.

(e) Notwithstanding anything herein to the contrary, if an Indemnified Party is a party to or is otherwise involved (including as a witness) in any Proceeding with respect to which such Indemnified Party is entitled to indemnification under this Section 6.10 (whether arising before, at or after the Effective Time) on or prior to the sixth (6th) anniversary of the Effective Time, the provisions of this Section 6.10 shall continue in effect until the final disposition of such Proceeding.

(f) If Parent, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 6.10.

(g) The rights of each Indemnified Party under this Section 6.10 shall be in addition to any rights such Person may have under the Company Articles of Incorporation or Company Bylaws or any the Organizational Documents of any subsidiary of the Company, under the NMBCA or any other applicable Law or under any agreement of any Indemnified Party with the Company or any of its subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party.

SECTION 6.11 Transaction Litigation. In the event that any shareholder litigation related to this Agreement, the Merger or the other transactions contemplated by this Agreement is brought, or to the Company's knowledge, threatened in writing against the Company or any members of the Company Board of Directors after the date of this Agreement and prior to the Effective Time (the "Transaction Litigation"), the Company shall promptly notify Parent of any such Transaction Litigation and shall keep Parent reasonably informed with respect to the status thereof. The Company shall give Parent the opportunity to participate, at Parent's expense, in the defense and settlement of any Transaction Litigation and give due consideration to Parent's views with respect thereto, and the Company shall not settle or agree to settle any Transaction Litigation without Parent's prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned), except if such Transaction Litigation is settled solely for monetary damages entirely paid for with proceeds of insurance (other than the deductible under any insurance policy(ies) in effect as of the date of this Agreement).

SECTION 6.12 Parent and Merger Sub.

(a) Prior to the Effective Time, neither Parent nor Merger Sub shall engage in any activity of any nature except for activities related to or in furtherance of the transactions contemplated by this Agreement.

(b) Parent hereby (i) guarantees the due, prompt and faithful payment performance and discharge by Merger Sub of, and compliance by Merger Sub with, all of the covenants and agreements of Merger Sub under this Agreement and (ii) agrees to take all actions necessary, proper or advisable to ensure such payment, performance and discharge by Merger Sub and the Surviving Corporation hereunder.

SECTION 6.13 Rule 16b-3. Prior to the Effective Time, the Company shall use commercially reasonable efforts to take such steps as may be reasonably necessary or advisable hereto to cause any dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual (including any Person who is deemed to be a "director by deputation" under applicable securities Laws) who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

SECTION 6.14 Dividend. If the Closing Date occurs after the record date for a regular quarterly cash dividend payable to holders of the Company Shares and prior to the payment date of such dividend (the "Final Quarterly Dividend"), then the Surviving Corporation will cause to

be paid, out of the Exchange Fund, the Final Quarterly Dividend following the Closing on the scheduled payment date for such dividend.

SECTION 6.15 Further Assistance.

(a) During the Interim Period, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall use commercially reasonable efforts (subject to, and in accordance with, applicable Law and the terms of this Agreement) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under applicable Law to carry out the intent and purposes of this Agreement, to fulfill and satisfy each condition within the control of such Party and to consummate and make effective the transactions contemplated by this Agreement, including the Merger. Without limiting the generality of the foregoing, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall reasonably cooperate with the other Parties, shall execute and deliver such further documents, certificates, agreements and instruments and shall take such other actions as may be reasonably requested by the other Parties to evidence or reflect the transactions contemplated by this Agreement (including the execution and delivery of all documents, certificates, agreements and instruments reasonably necessary for all filings hereunder).

(b) As promptly as practicable after the date of this Agreement and to the extent not prohibited by applicable Law, the Company and Parent shall establish a transition committee (the “Transition Committee”) consisting of two (2) representatives designated by each of the Company and Parent. The activities of the Transition Committee shall include, to the extent not prohibited by applicable Law, the development of regulatory plans and proposals, the facilitation of the transfer of information between the Parties and other matters as the Transition Committee deems appropriate. Parent shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for the Company at Parent (the “Parent Contact”). The Company shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for Parent at the Company (the “Company Contact”). In the event that the Company elects to request that Parent consent to any action or matter involving the Company or any of its subsidiaries as is contemplated by Section 5.1, as applicable, the Company Contact shall make all such requests to the Parent Contact, and Parent agrees that it will use its commercially reasonable efforts to cause the Parent Contact to respond as promptly as practicable to any such request, taking into account the nature of the request, the circumstances under which the request is made and the timing indicated in the request. The Parent Contact shall initially be the individual set forth on Section 6.15(b) of the Parent Disclosure Schedule (and may be changed by Parent from time to time by written notice from Parent to the Company) and the Company Contact shall initially be the individual set forth on Section 6.15(b) of the Company Disclosure Schedule (and may be changed by the Company from time to time by written notice from the Company to Parent after consultation between Parent and the Company).

SECTION 6.16 State Anti-Takeover Statutes. Without limiting anything contained in this Agreement, each of the Company and Parent shall (a) take all action within its power to ensure that no state anti-takeover statute or similar statute or regulation is or becomes applicable to this Agreement, the Merger or any of the other transactions contemplated by this Agreement, and (b) if any state anti-takeover statute or similar statute or regulation becomes applicable to this

Agreement, the Merger or any of the other transactions contemplated by this Agreement, take all action within its power to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as reasonably practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement.

SECTION 6.17 Company Indebtedness.

(a) Promptly after the date hereof, the Company shall, and shall cause each of its subsidiaries to, execute and deliver to each of the lenders (either directly or through the applicable administrative or other agent for the lenders) with respect to the indebtedness of the Company and its subsidiaries set forth on Section 6.17 of the Company Disclosure Schedule (the “Existing Lenders”) one or more notices (each, an “Existing Loan Notice”) prepared by the Company, in form and substance reasonably acceptable to Parent, notifying each of the Existing Lenders of this Agreement and the contemplated Merger. The Existing Loan Notice with respect to one or more of the Existing Lenders shall include a request for a consent or waiver, in form and substance reasonably acceptable to Parent (an “Existing Loan Consent” and the indebtedness related to each such Existing Loan Consent, the “Existing Credit Facility”), to (i) in the case of the initial Existing Loan Notice to be provided to an Existing Lender immediately following the date hereof, the execution of this Agreement, and (ii) certain modifications of (or waivers under or other changes to) any agreement or documentation relating to the Company’s or its subsidiaries’, as applicable, relationship with such Existing Lender. Parent and Merger Sub acknowledge and agree that the obtaining of any Existing Loan Consent is not a condition to the Closing. Each party shall be responsible for its own fees and other liabilities (including any consent fees or any other fees, costs, expenses or other amounts payable to or on behalf of the Existing Lenders, which shall all be payable by the Company) incurred in connection with this Section 6.17 and the Existing Loan Consents. If any Existing Loan Consent with respect to the related Existing Credit Facility has not been received by the Company within fifteen (15) days from the date hereof, the Company shall, and shall cause the applicable subsidiary that is a borrower under such Existing Credit Facility to, terminate the commitments in respect of such Existing Credit Facility in full and repay all obligations owed thereunder (if any) by borrowing the full payoff amount under the TXNM Backstop Facility, and to the extent any such payoff amount is owed by a subsidiary, the Company shall promptly contribute the proceeds of its borrowing to such subsidiary. Notwithstanding anything set forth above to the contrary, if any Existing Credit Facility is a term loan facility and an Existing Loan Consent is received in respect of such Existing Credit Facility or if the TXNM Backstop Facility is drawn to refinance such Existing Credit Facility, the Company shall use its commercially reasonable efforts to repay or refinance such Existing Credit Facility or such portion of the TXNM Backstop Facility in full on or prior to the maturity thereof. The Company shall keep Parent reasonably informed about such transaction, including by furnishing Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such equity offering promptly upon execution thereof.

(b) Immediately prior to or concurrently with the Effective Time, Parent and Merger Sub shall pay by wire transfer of immediately available funds into the accounts and in the amounts identified in those payoff letters delivered at the request of Parent pursuant to Section 6.19(a)(ix).

(c) With respect to the TNMP Bonds:

(i) If TNMP seeks to incur Permitted Permanent Bond Replacement Financing without any borrowing under the TNMP Backstop Facility, the Company shall (A) promptly notify Parent in writing of such election and provide Parent with reasonable details of such transaction prior to the consummation thereof and (B) furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(ii) If all or any portion of the TNMP Backstop Facility is drawn pursuant to the terms thereof in connection with payments for the Offers to Purchase, the Company shall cause TNMP to use commercially reasonable efforts to incur Permitted Permanent Bond Replacement Financing and use the proceeds thereof to repay the TNMP Backstop Facility. The Company shall, and shall cause TNMP to keep Parent reasonably informed about such transaction, including by furnishing to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(d) Promptly after the date hereof and in accordance with the TNMP Mortgage Indenture, the Company shall, and shall cause its controlled Affiliates and Representatives to use its and their respective reasonable best efforts to commence one or more offers to purchase all of the outstanding TNMP Bonds for cash (the “Offers to Purchase”). On or prior to the applicable repayment date set forth in the Offers to Purchase, the Company shall cause TNMP to borrow under the TNMP Backstop Facility all amounts necessary to complete such purchase on the applicable repayment date and use the proceeds of such borrowing to make such purchase on such repayment date. Not prior to completion of the Offers to Purchase (and, if prior to completion of the Permitted Permanent Bond Replacement Financing, so long as not disruptive to the completion of such Permitted Permanent Bond Replacement Financing, as determined in the reasonable judgment of the Company (after consultation with Parent) and its underwriters, initial purchasers or placement agents, as applicable), at the request of Parent, the Company shall conduct consent solicitations to obtain from the requisite holders thereof consent to certain amendments to the TNMP Mortgage Indenture as set forth on Section 6.17(d) of the Company Disclosure Schedule (the “Consent Solicitations”). Any such Offers to Purchase shall be funded using consideration provided by the Company, and the Company shall be responsible for all other liabilities, fees and expenses incurred in connection with the Offers to Purchase. Except as provided in Section 6.17(d) of the Company Disclosure Schedule, the Company shall be responsible for all liabilities, fees and expenses incurred in connection with the Consent Solicitations. Any Consent Solicitations shall be made on customary terms and conditions as are reasonably proposed by Parent, are reasonably acceptable to the Company and are permitted or required by the terms of the TNMP Mortgage Indenture and applicable Laws, including applicable rules and regulations of the SEC. Subject to the receipt of the requisite consents, in connection with any or all of the Consent Solicitations, the Company shall execute supplemental indentures to the TNMP Mortgage Indenture in accordance with the terms thereof amending the terms and provisions of such indenture in a form as reasonably requested by Parent and reasonably acceptable to the Company; provided that the Company may require any such amendment to become effective only upon consummation of the transactions contemplated by this Agreement. In connection with the Consent Solicitations, except as set forth on Section 6.17(d) of the Company Disclosure Schedule, at the Company’s sole cost and expense,

the Company shall, and shall cause the subsidiaries of the Company to, and shall use reasonable best efforts to cause its and their respective controlled Affiliates and Representatives to, on a timely basis, (A) cause the Company's Representatives to furnish any customary certificates or legal opinions, (B) provide reasonable cooperation to the solicitation agents or similar agents in any Consent Solicitations in connection with their related diligence activities, including providing access to documentation reasonably requested by such persons, and (C) provide reasonable assistance in the preparation of customary documentation, which may incorporate, by reference, periodic and current reports filed by the Company with the SEC. The solicitation agent, information agent, or other agent retained in connection with any Consent Solicitations will be selected by the Company and be reasonably acceptable to Parent and the fees and expenses of such agents will be paid directly by the Company.

(e) The Company shall, and shall cause TNMP to, use their respective reasonable best efforts to maintain in effect the Backstop Facilities and comply with all of their respective obligations thereunder. The Company shall, and shall cause TNMP to, satisfy on a timely basis all of the conditions to borrowings under the applicable Backstop Facility when and if any borrowing thereunder would be required hereunder. The Company shall give Parent prompt notice if the Company receives notice of any breach or default (or alleged or purported breach or default) by any party to the Backstop Facilities of which the Company has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of any Backstop Facility.

(f) The Company shall not, and shall cause TNMP not to, without Parent's prior written consent, permit any amendment, supplement, modification, assignment, termination, replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under the applicable Backstop Facility if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the terms thereof, reduce the commitment amounts thereunder, (ii) impose new or additional conditions to the Backstop Facilities or otherwise expand, amend or modify any of the existing conditions to the applicable Backstop Facilities, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to the applicable Backstop Facilities (iv) otherwise expand, amend, modify or waive any provision of the applicable Backstop Facilities in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely any funding under the Backstop Facilities when such funding is required hereunder or (v) include any provision that would require the Company or TNMP to pay any fee or premium conditioned upon the consummation of the transactions contemplated hereunder or include any modification that is adverse to the Company or Parent in any material respect.

(g) If (i) all or a portion of a Backstop Facility becomes unavailable prior to its termination in full in accordance with the terms thereof or (ii) there are any borrowings under any Backstop Facility, then in each such case, the Company shall, and shall cause TNMP to, as applicable, use their respective commercially reasonable efforts to incur one or more Permitted Replacement Backstop Facilities to replace or refinance such Backstop Facility in full (or to the extent there is any borrowing thereunder, in the amount of such borrowing), other than the portion of such Backstop Facility drawn to refinance a term loan facility (which will be repaid prior to the maturity thereof in accordance with Section 6.17(a)), (x) with respect to clause (i) above, promptly,

and (y) with respect to clause (ii) above, at least 45 days before the scheduled maturity of such Backstop Facility. The Company shall keep Parent reasonably informed of its progress to obtain such Permitted Replacement Backstop Facilities. Upon obtaining any Permitted Replacement Backstop Facility pursuant to this Section 6.17(g), the terms set forth in this Agreement applicable any Backstop Facility shall apply equally to such Permitted Replacement Backstop Facility received in lieu thereof and each reference to a Backstop Facility shall be deemed to include a reference to such Permitted Replacement Backstop Facility.

(h) If the Company or any subsidiary of the Company seeks to incur any indebtedness pursuant to the items listed on Section 5.1(c)(x) of the Company Disclosure Schedule, the Company shall promptly notify Parent of its decision and provide Parent with reasonable details of such transaction prior to the consummation thereof and upon execution thereof, promptly furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such indebtedness.

(i) After the date hereof and prior to the Effective Time, the Company shall promptly provide Parent with notice of (i) its receipt of any Notice of Conversion (as defined in the Indenture governing the Convertible Notes, dated as of June 10, 2024, by and between PNM Resources, Inc. and Computershare Trust Company, N.A. (the “Convertible Notes Indenture”)), (ii) the principal amount of Convertible Notes to be converted pursuant to such Notice of Conversion and amount of the Company’s Conversion Obligation (as defined in the Convertible Notes Indenture), including the number of shares of Company Common Stock and principal amount of junior subordinated non-convertible notes to be issued in connection with such conversion and the amount of cash to be paid in lieu of any fractional shares of Company Common Stock, (iii) the Conversion Rate (as defined in the Convertible Notes Indenture) applicable to such conversion, and (iv) the proposed Conversion Date for such conversion (as defined in the Convertible Notes Indenture). As reasonably requested by Parent, the Company shall provide Parent with the position listing of the Convertible Notes, and notwithstanding anything to the contrary herein or in the Stock Purchase Agreement, Parent shall be permitted to engage or participate in, or otherwise facilitate through its Representatives, discussions with holders of Convertible Notes. The Company shall not make any change to the terms of the Convertible Notes Indenture or otherwise take any action (other than the payment of any dividend permitted under this Agreement) that would result in a change to the Conversion Rate (as defined in the Convertible Notes Indenture) without the prior written consent of Parent.

SECTION 6.18 Parent Financing.

(a) Parent will not permit any amendment or modification to be made to, or any waiver of any provision or remedy pursuant to, the Equity Commitment Letter. Any reference in this Agreement to (i) the “Equity Commitment Letter” will include such document as amended or modified in compliance with this Section 6.18(a) and (ii) the “Equity Financing” will include the financing contemplated by the Equity Commitment Letter, as amended or modified in compliance with this Section 6.18(a).

(b) Each of Parent and Merger Sub acknowledges and agrees that obtaining the Equity Financing and the Parent Debt Financing is not a condition to the Closing or the enforcement of the Guarantee. If the Equity Financing or the Parent Debt Financing has not been

funded, Parent and the Merger Sub will each continue to be obligated, subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Article VII, to consummate the Merger, including by taking the actions required to be taken by Parent and Merger Sub pursuant to Section 6.18(c).

(c) Each of Parent and Merger Sub shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause each of its respective Affiliates and Representatives to, (i) maintain in effect the Equity Commitment Letter in accordance with the terms and subject to the conditions thereof; (ii) comply with its obligations under the Equity Commitment Letter; and (iii) subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Section 7.1 and Section 7.2, consummate the Equity Financing at or prior to the Closing.

(d) Each of Parent and Merger Sub shall use its reasonable best efforts to maintain in effect the Parent Debt Commitment Letters and comply with all of their respective obligations thereunder to the extent required as a condition to the Parent Debt Financing. Solely to the extent any amount remains outstanding under the TNMP Backstop Facility or under any Permitted Replacement Backstop Facility in respect the TNMP Backstop Facility after the Company has complied with its obligations under Section 6.17 applicable thereto, each of Parent and Merger Sub shall use its reasonable best efforts to consummate the portion of the Parent Debt Financing contemplated to refinance such facility on the terms and conditions thereof (as the same may be amended or otherwise modified in accordance with the terms of this Agreement and including any “market flex” provisions thereof) on or prior to the Closing Date, including (i) negotiating, entering into and delivering definitive agreements (the “Definitive Agreements”) with respect to such portion of the Parent Debt Financing reflecting the terms contained in the applicable Parent Debt Commitment Letters (including any “market flex” provisions thereof) (or with other terms agreed by Parent and the Parent Debt Financing Sources, subject to the restrictions on amendments and other modifications of the Parent Debt Commitment Letters set forth below), so that such agreements are in effect no later than the Closing and (ii) satisfying on a timely basis all the conditions to the Parent Debt Financing and the Definitive Agreements related thereto that are applicable to Parent and Merger Sub.

(e) Parent and Merger Sub shall keep the Company reasonably informed on a current and timely basis of the status of Parent’s and Merger Sub’s efforts to obtain the Parent Debt Financing and, if applicable, to satisfy the conditions thereof, including (i) to the extent applicable, advising and updating the Company in a reasonable level of detail, with respect to status, proposed closing date and material terms of the definitive documentation related to the Parent Debt Financing, (ii) to the extent applicable, providing copies of substantially final drafts of the credit agreement and other primary definitive documents, (iii) notifying the Company if for any reason at any time Parent believes that it may not be able to obtain all or any portion of the Parent Debt Financing on the terms, in the manner or from the sources contemplated by the Parent Debt Commitment Letters and (iv) giving the Company prompt notice if Parent receives notice of any breach or default (or alleged or purported breach or default) by any party to the Parent Debt Commitment Letters of which Parent has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of the Parent Debt Commitment Letters.

(f) Neither Parent nor Merger Sub shall, without the Company’s prior written consent: permit any amendment, supplement, modification assignment termination replacement or

waiver to be made to, or consent to any waiver of, any provision of or remedy under any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the Parent Debt Commitment Letters, reduce the aggregate amount of the Parent Debt Financing (including by increasing the amount of fees to be paid or original issue discount) below the Required Amount (when taken together with other sources of funds immediately available to Parent (including additional equity commitments that will be funded in lieu thereof)), (ii) impose new or additional conditions to the Parent Debt Financing or otherwise expand, amend or modify any of the existing conditions to the Parent Debt Financing, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements or (iv) otherwise expand, amend, modify or waive any provision of any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely (A) the funding of the Parent Debt Financing in an amount no less than the Required Amount (or satisfaction of the conditions to the Parent Debt Financing) at the time such Parent Debt Financing is contemplated to be funded or (B) the timely consummation of the Merger and the other transactions contemplated hereby (the effects described in clauses (i) through (iv), the “Prohibited Modifications”); provided that for the avoidance of doubt, Parent and Merger Sub shall be permitted to amend the Parent Debt Commitment Letters to add additional commitment parties thereto. Parent and Merger Sub shall promptly deliver to the Company copies of any termination, amendment, supplement, modification, waiver or replacement of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement and each other agreement entered into in connection therewith (provided that any fee letter may be redacted consistent with the fee letters delivered by Parent and Merger Sub on the date hereof) other than any amendment entered into to add additional commitment parties thereto. In the event that any termination, amendment, replacement, supplement, modification or waiver of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement permitted pursuant to this Section 6.18, references to the “Parent Debt Financing,” “Parent Debt Financing Sources,” “Parent Debt Financing Entities”, “Definitive Agreements” and “Parent Debt Commitment Letters” (and other like terms in this Agreement) shall be deemed to refer to the Parent Debt Financing as so amended, replaced, supplemented, modified or waived.

(g) In the event any portion of the Parent Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the Parent Debt Commitment Letters for any reason other than pursuant to its express terms (i) Parent shall promptly notify the Company in writing and (ii) Parent and Merger Sub shall use their reasonable best efforts to obtain alternative debt financing commitments from alternative debt financing sources (the “Parent Alternative Financing,” which shall also constitute a “Parent Debt Financing”) in an amount, sufficient to replace the amounts contemplated by the portion of the Parent Debt Financing that is unavailable as promptly as practicable following the occurrence of such event and, promptly after execution thereof, deliver to the Company true, complete and correct copies of the new commitment letter(s) and all related fee letter(s) (subject to redaction consistent with those fee letters delivered by the Parent as of the date hereof), which Parent Alternative Financing would not (A) include any terms and conditions that are materially less beneficial to Parent and Merger Sub taken as a whole than those that are set forth in the Parent Debt Commitment Letters as of the date hereof (including any “flex” provisions) (provided that such reasonable best efforts

shall not include requiring Parent and Merger Sub to pay any additional fees or to increase any interest rates applicable to the Parent Debt Financing in excess of the amount set forth in the Parent Debt Commitment Letter (including any “flex” provisions) on the date hereof), (B) including any conditions to funding the Parent Debt Financing that are not contained in the Parent Debt Commitment Letters as of the date hereof and (C) be reasonably expected to prevent, impede or delay the consummation of the Parent Debt Financing or such Parent Alternative Financing or the transactions contemplated by this Agreement.

SECTION 6.19 Parent Debt Financing Cooperation.

(a) During the Interim Period, subject to the limitations set forth in this Section 6.19, and unless otherwise agreed by Parent, the Company will use its reasonable best efforts to, and will use its reasonable best efforts to cause its Representatives to, cooperate with Parent and Merger Sub as reasonably requested by Parent in connection with Parent’s arrangement and obtainment of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing). Such cooperation will include:

(i) using reasonable best efforts to cooperate with the marketing efforts of Parent for all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing), including making appropriate officers reasonably available, with appropriate advance notice, for participation in a reasonable number of lender or investor meetings, due diligence sessions, meetings with ratings agencies and road shows, and reasonable assistance in the preparation of confidential information memoranda, private placement memoranda, prospectuses, lender and investor presentations, and similar documents as may be reasonably requested by Parent with respect to information relating to the Company in connection with such marketing efforts;

(ii) furnishing Parent and the Parent Debt Financing Sources with the Required Financial Information and any other information with respect to the Company as is reasonably requested by Parent or any Parent Debt Financing Source and is customarily (A) required for the marketing, arrangement and syndication of financings similar to the Parent Debt Financing or (B) used in the preparation of customary offering or information documents or rating agency, lender presentations or road shows relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iii) using reasonable best efforts to cooperate with the due diligence of the Parent Debt Financing Sources and their Representatives, to the extent customary and reasonable including the provision of all such information reasonably requested with respect to the property and assets of the Company and by providing to counsel of Parent customary back-up certificates to support any customary legal opinions that such counsel may be required to deliver in connection with any Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iv) requesting the Company’s independent registered accounting firm or other applicable third-party advisor to use reasonable best efforts (A) to provide customary comfort letters (including “negative assurance” comfort) in connection with any capital markets transaction comprising any permanent financing consummated in lieu of any portion of the Parent

Debt Financing or any Parent Alternative Financing, in each case in form and substance customary for offerings of debt securities to the extent applicable, and (B) to provide any necessary consents (including, with respect to the Company's independent registered accounting firm, to the inclusion of its audit report in respect of any financial statements of the Company included or incorporated in any of the applicable financing materials referred to in Section 6.19(a)(i));

(v) (A) providing customary authorization and representation letters related to the Parent Debt Financing and backup certificates set forth in clause (iii) above and (B) obtaining or providing certificates as are customary in financings of such type and other customary documents (other than legal opinions) relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) as reasonably requested by Parent;

(vi) furnishing all documentation and other information required by a Governmental Entity or any Parent Debt Financing Source under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT (Title III of Pub. L. 10756 (signed into law October 26, 2001)), and/or the requirements of 31 C.F.R. § 1010.230 at least three (3) Business Days prior to the anticipated Closing Date to the extent reasonably requested by Parent at least ten (10) Business Days prior to the anticipated Closing Date;

(vii) using reasonable best efforts to assist Parent in obtaining any credit ratings from rating agencies contemplated by any debt commitment letters with Parent Debt Financing Sources;

(viii) taking all reasonable and customary organizational action, subject to the occurrence of the Closing, reasonably requested by Parent and necessary to permit and/or authorize the consummation of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing); and

(ix) using reasonable best efforts to deliver payoff or similar notices with respect to any existing indebtedness of the Company or any subsidiary thereof identified on Section 4.12(a) of the Company Disclosure Schedule requested by Parent at least ten (10) Business Days prior to the Closing Date to the applicable agents, trustees or financing sources thereunder within the time frames required by the terms of such indebtedness.

(b) Notwithstanding anything to the contrary contained in this Agreement (including this Section 6.19) (i) nothing in this Agreement (including this Section 6.19) shall require any such cooperation to the extent that it would (A) require the Company or any subsidiary thereof to pay any commitment or other fees, reimburse any expenses not indemnified hereunder or otherwise incur any liabilities or give any indemnities prior to the Closing, (B) unreasonably interfere with the ongoing business or operations of the Company or any subsidiary thereof, (C) require the Company or any subsidiary thereof to enter into or approve any agreement or other documentation effective prior to the Closing Date except as set forth in Section 6.19(a)(v)(A) above, (D) result in any conflict with the Company Articles of Incorporation, the Company Bylaws or the Organizational Documents of any of the Company's subsidiaries (or obligate the Company or any of Company's subsidiaries to amend the Company Articles of Incorporation, the Company

Bylaws or the Organizational Documents of any of the Company's subsidiaries other than amendments that would not be effective prior to Closing), (E) reasonably be expected to result in a violation or breach of, or a default (with or without notice, lapse of time or both) under, any Company Material Contract to which the Company or any subsidiary thereof is a party including this Agreement, (F) reasonably be expected to result in a violation of applicable Law (including with respect to privacy of employees), (G) reasonably be expected to threaten the loss of any attorney-client privilege or other applicable legal privilege, or (H) obligate the Company or its subsidiaries to breach a contractual obligation of confidentiality or (I) obligate the Company or any of its subsidiaries to deliver (1) legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Parent Debt Financing, other than as contemplated by Section 6.19(a)(v)(A), (2) any pro forma financials or other financial information in a form not customarily prepared by the Company with respect to such period or (3) any financial statements or other financial information other than the Required Financial Information; and (ii) no action, liability or obligation (including any obligation to pay any commitment or other fees or reimburse any expenses) of the Company or any subsidiary thereof or Representatives under any certificate, agreement, arrangement, document or instrument relating to the Parent Debt Financing (other than as contemplated by Section 6.19(a)(v)(A)) shall be effective until the Closing. The Company hereby consents to the use of its logos in connection with the Parent Debt Financing in a form and manner mutually agreed with the Company; provided, however, that such logos are used solely in a manner that is not intended, or reasonably likely, to harm or disparage the Company or the reputation or goodwill of any of the foregoing.

(c) PARENT SHALL (I) PROMPTLY, UPON REQUEST BY THE COMPANY, REIMBURSE THE COMPANY AND ITS SUBSIDIARIES FOR ALL OF THEIR REASONABLE AND DOCUMENTED OUT-OF-POCKET FEES AND EXPENSES (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) INCURRED BY THE COMPANY, ITS SUBSIDIARIES OR ANY OF ITS OR THEIR REPRESENTATIVES IN CONNECTION WITH ANY COOPERATION CONTEMPLATED BY THIS SECTION 6.19 (OTHER THAN ANY SUCH EXPENSE THAT WILL BE INCURRED BY THE COMPANY OR ITS SUBSIDIARIES IN THE ORDINARY COURSE OF BUSINESS REGARDLESS OF WHETHER ANY ASSISTANCE IS REQUESTED UNDER THIS SECTION 6.19) AND (II) INDEMNIFY AND HOLD HARMLESS THE COMPANY, ITS SUBSIDIARIES AND ITS AND THEIR REPRESENTATIVES AGAINST ANY CLAIM, LOSS, DAMAGE, INJURY, LIABILITY, JUDGMENT, AWARD, PENALTY, FINE, COST (INCLUDING COST OF INVESTIGATION), REASONABLE AND DOCUMENTED OUT OF POCKET EXPENSE (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) OR SETTLEMENT PAYMENT INCURRED AS A RESULT OF, OR IN CONNECTION WITH, SUCH COOPERATION OR THE PARENT DEBT FINANCING AND ANY INFORMATION USED IN CONNECTION THEREWITH OTHER THAN THOSE CLAIMS, LOSSES, DAMAGES, INJURIES, LIABILITIES, JUDGMENTS, AWARDS, PENALTIES, FINES, COSTS, EXPENSES AND SETTLEMENT PAYMENT ARISING OUT OF OR RESULTING FROM THE GROSS NEGLIGENCE, FRAUD, BAD FAITH OR WILLFUL MISCONDUCT OF THE COMPANY OR ANY OF ITS SUBSIDIARIES OR ANY OF ITS AND THEIR REPRESENTATIVES.

ARTICLE VII

CONDITIONS OF MERGER

SECTION 7.1 Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the satisfaction or (to the extent permitted by applicable Law) waiver at or prior to the Effective Time of the following conditions:

(a) Company Shareholder Approval. This Agreement shall have been duly adopted and approved by holders of shares of Company Common Stock constituting the Company Requisite Vote;

(b) No Legal Restraint. No Law or Judgment (whether temporary, preliminary or permanent) shall be in effect that prohibits, restrains enjoin, or otherwise prevents the consummation of the Merger (any such Law or Judgment, a “Legal Restraint”), and any agreement between Parent or the Company with the Federal Trade Commission or Antitrust Division of the U.S. Department of Justice to not effect the Merger shall have expired or been terminated; and

(c) Required Regulatory Approvals. The Consents or Filings on Section 3.5(b)(i) of the Company Disclosure Schedule (the “Company Regulatory Approvals”) and Section 4.5(b)(i) of the Parent Disclosure Schedule (the “Parent Regulatory Approvals” and together with the Company Regulatory Approvals, the “Required Regulatory Approvals”), shall have been duly obtained, made or given, and all terminations or expirations of applicable waiting periods imposed by any Governmental Entity with respect to the transactions contemplated thereby (including under the HSR Act) shall have occurred, and all such Required Regulatory Approvals (including under the HSR Act) shall have become Final Orders.

SECTION 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger shall be further subject to the satisfaction (or waiver by Parent and Merger Sub) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in this Agreement (other than the representations and warranties of the Company set forth in Section 3.1 (*Organization and Qualification; Subsidiaries*), Section 3.3 (*Capitalization*), Section 3.4 (*Authority*), Section 3.5(a)(i) (*No Conflict with Organizational Documents*) Section 3.9(b) (*No Company Material Adverse Effect*) and Section 3.20 (*Brokers*)) shall be true and correct in all respects (without giving effect to any “materiality,” “Company Material Adverse Effect” or similar qualifiers contained in any such representations and warranties) as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) the representations and warranties of the Company set forth in (A) Section 3.1 (*Organization and Qualification; Subsidiaries*), Section 3.4 (*Authority*), Section 3.5(a)(i) (*No Conflict with Organizational Documents*) and Section 3.20

(*Brokers*) shall be true and correct in all material respects and (B) Section 3.3 (Capitalization) shall be true and correct in all but *de minimis* respects, in the case of each of Section 7.2(a)(ii)(A) and this Section 7.2(a)(ii)(B), as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date); and (iii) the representation and warranty of the Company set forth in Section 3.9(b) (No Material Adverse Effect) shall be true and correct in all respects as of the Effective Time as though made on and as of the Effective Time;

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by, or complied with by, it under this Agreement at or prior to the Effective Time;

(c) No Company Material Adverse Effect. There shall not have occurred any event, development, change, circumstance, effect or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and

(d) Certificate. Parent shall have received a certificate of an executive officer of the Company, certifying that the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied.

SECTION 7.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger shall be further subject to the satisfaction (or waiver by the Company) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct in all respects (without giving effect to any “materiality,” “Parent Material Adverse Effect” or similar qualifiers contained in any such representations and warranties), in each such case, as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect;

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by or complied with by it under this Agreement at or prior to the Effective Time; and

(c) Certificate. The Company shall have received a certificate of an executive officer of Parent, certifying that the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after receipt of the Company Requisite Vote (other than as expressly indicated below):

(a) by mutual written consent of Parent and the Company;

(b) by Parent or the Company if the condition set forth in Section 7.1(b) (No Legal Restraint) is not satisfied and the Legal Restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that (i) the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party if the Legal Restraint was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(b)), and (ii) the Party seeking to terminate this Agreement under this Section 8.1(b) shall have complied in all material respects with Section 6.4 (Regulatory Approvals; Reasonable Best Efforts) (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) constitutes compliance under this Section 8.1(b)); or

(c) by Parent or the Company if the Effective Time shall not have occurred on or before 5:00 p.m. New York City time on August 18, 2026 (as may be extended pursuant to the following proviso, the “End Date”); provided, however, that if, prior to the End Date, all of the conditions to the Closing set forth in Article VII have been satisfied or waived, as applicable, or for conditions that by their nature are to be satisfied at the Closing, shall then be capable of being satisfied (except for any condition set forth in (i) Section 7.1(b) (No Legal Restraint) or (ii) Section 7.1(c) (Required Regulatory Approvals)), the End Date shall (A) automatically be extended to December 31, 2026 (the “Extended End Date” which shall constitute the End Date if such extension occurs) and (B) following the extension in the foregoing clause (A), be extended to a date that is three (3) months after the Extended End Date (and if so extended, such later date being the End Date) by mutual written agreement of Parent and the Company not less than three (3) Business Days prior to the Extended End Date, which agreement shall not be unreasonably withheld, conditioned or delayed by either Parent or the Company; provided, further, that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available to a Party if the failure of the Effective Time to occur on or before the End Date was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(c));

(d) by written notice from the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Parent or Merger Sub set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.3(a) or Section 7.3(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by Parent or Merger Sub, then, until the earlier of (A) three (3)

Business Days prior to the End Date and (B) thirty (30) days after receipt by Parent of written notice from the Company of such breach or failure to perform, but only as long as Parent or Merger Sub, as applicable, continues to use its reasonable best efforts to cure such breach or failure to perform (the “Parent Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Parent Cure Period; provided, however, that, the Parent Cure Period shall not be applicable to any breach or failure to perform by Parent or Merger Sub that gives rise to a termination right under Section 8.1(d)(iii) (*Parent Failure to Close*); provided, further, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(d)(i) if it is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.2(a) or Section 7.2(b);

(ii) prior to obtaining the Company Requisite Vote, in accordance with, and subject to, and in compliance with, all of the terms and conditions of, Section 6.1(d) in order to enter into a definitive agreement with respect to a Superior Proposal; provided, that the Company shall pay the Company Termination Fee pursuant to Section 8.2(b)(i) at such time as specified in Section 8.2(b)(i); or

(iii) (A) if all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (B) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing, (C) Parent and Merger Sub fail to consummate the Closing on the date that the Closing should have occurred pursuant to Section 1.3, (D) following such failure contemplated by the foregoing clause (C), the Company has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (2) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing if the Closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the Closing, and if Parent and Merger Sub are prepared, willing and able to consummate the Closing, it will proceed with and immediately consummate the Closing as required pursuant to Section 1.3 (the “Satisfaction Notice”), and (E) Parent and Merger Sub fail to consummate the Closing by the close of business on the second (2nd) Business Day following receipt of the Satisfaction Notice.

(e) by written notice from Parent if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by the Company, then, until the earlier of (A) three (3) Business Days prior to the End Date and (B) thirty (30) days after receipt by the Company of written notice from Parent of such breach or failure to perform, but only as long as the Company continues to use its reasonable best efforts to cure such breach or failure to perform (the “Company Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Company

Cure Period; provided, however, that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.1(e)(i) if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.3(a) or Section 7.3(b);

(ii) the Company Board of Directors shall have made, prior to obtaining the Company Requisite Vote and whether or not in compliance with Section 6.1, a Company Change of Recommendation;

(f) by either Parent or the Company if the Company Requisite Vote shall not have been obtained at the Company Shareholders Meeting duly convened therefor or at any adjournment or postponement thereof, at which a vote on the adoption and approval of this Agreement was taken; or

(g) by the Company if the Stock Purchase Agreement is terminated by the Company pursuant Article IX of the Stock Purchase Agreement.

SECTION 8.2 Effect of Termination.

(a) In the event of a termination of this Agreement by either Parent or the Company as provided in Section 8.1, this Agreement shall forthwith become void and have no force or effect, without any liability or obligation on the part of any Party, whether arising before or after such termination, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof (whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity), except for (i) Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.6(b) (*Confidentiality*), Section 6.8 (*Publicity*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), this Section 8.2 (*Effect of Termination*), Section 8.3 (*Expenses*) and Article IX (*General Provisions*), each of which provisions shall survive such termination; (ii) subject to Section 8.2(f), liability of Parent and Merger Sub for any Willful Breach of this Agreement prior to such termination; (iii) subject to Section 8.2(f), liability of the Company for any Willful Breach of this Agreement prior to such termination; or (iv) liability of any Party for damages to another Party for fraud. The liabilities described in the preceding sentence that shall survive any valid termination of this Agreement shall not be limited to reimbursement of expenses or out-of-pocket costs, and in the case of any damages sought by the Company from Parent or Merger Sub, including for any Willful Breach, such damages can be based on the damages incurred by the Company's shareholders in the event such shareholders would not receive the benefit of the bargain negotiated by the Company on their behalf as set forth in this Agreement; provided, however, that notwithstanding anything to the contrary in this Agreement, including this Section 8.2(a), the liability of Parent and Merger Sub in connection with this Agreement and any of the transactions contemplated herein shall not exceed the Liability Limitation; provided, further, that nothing herein shall limit the liability of (A) Guarantor (as defined in the Guarantee) under the Guarantee, (B) Purchaser under the Stock Purchase Agreement or (C) Guarantor (as defined in the SPA Guarantee). The Company acknowledges and agrees that nothing in this Section 8.2 shall be deemed to affect Parent's right to specific performance under Section 9.10. In addition to the foregoing, no termination of this Agreement will affect the rights or obligations of any Party (or Sponsor) pursuant to the Guarantee,

which rights and obligations will survive the termination of this Agreement in accordance with the Guarantee's terms.

(b) In the event that:

(i) this Agreement is terminated (A) by the Company pursuant to Section 8.1(d)(ii) (*Superior Proposal*) or (B) by Parent pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*), then the Company shall pay \$210,000,000 (the "Company Termination Fee") to Parent, on or prior to the date of termination in the case of a termination pursuant to Section 8.1(d)(ii) (*Superior Proposal*) or as promptly as reasonably practicable in the case of a termination pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*) (and, in any event, within two (2) Business Days following such termination pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*)), payable by wire transfer of immediately available funds; or

(ii) (A) this Agreement is terminated by Parent or the Company pursuant to Section 8.1(f) (*No Company Requisite Vote*) or is terminated by Parent pursuant to Section 8.1(e)(i) (*Company Terminable Breach*), (B) at any time after the date of this Agreement and prior to such termination an Acquisition Proposal shall have been made to the Company, or the Company Board of Directors or shareholders, or an Acquisition Proposal shall have otherwise become publicly known, and (C) within twelve (12) months after such termination, the Company shall have entered into a definitive agreement with respect to, or consummated, an Acquisition Proposal, then, in the event that the actions described in clauses (A), (B) and (C) above shall have occurred, the Company shall pay to Parent the Company Termination Fee, such payment to be made within two (2) Business Days following the earlier to occur of (1) the date the Company enters into such a definitive agreement with respect to such Acquisition Proposal or (2) the date of the consummation of such Acquisition Proposal. Such payment shall be made by wire transfer of immediately available funds. For the purpose of this Section 8.2(b)(ii), all references in the definition of the term Acquisition Proposal to "twenty percent (20%) or more" will be deemed to be references to "more than fifty percent (50%)". Any expenses previously paid by the Company to Parent pursuant to Section 8.3 shall be credited toward, and offset against, the payment of the Company Termination Fee.

(c) In the event that this Agreement is terminated (i) (A) by Parent or the Company pursuant to Section 8.1(b) (*No Legal Restraint*) solely in connection with Required Regulatory Approvals, (B) by Parent or the Company pursuant to Section 8.1(c) (*End Date*) or (C) by the Company pursuant to Section 8.1(d)(i) (*Parent Terminable Breach*), and in each case of Section 8.2(c)(i)(A), Section 8.2(c)(i)(B) or Section 8.2(c)(i)(C) above, at the time of such termination, all other conditions to the Closing set forth in Section 7.1 and Section 7.2 (other than Section 7.1(c) (*Required Regulatory Approvals*) or, solely in connection with Required Regulatory Approvals, Section 7.1(b) (*No Legal Restraint*)) shall have been satisfied or waived (except for (1) those conditions that by their nature are to be satisfied at the Closing, but which condition would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination and (2) those conditions that have not been satisfied as a result of a breach of this Agreement by Parent or Merger Sub) or (ii) by the Company pursuant to either (A) Section 8.1(d)(iii) (*Parent Failure to Close*) or (B) Section 8.1(g) (*Stock Purchase Agreement Termination*), then Parent shall pay to the Company \$350,000,000 (the "Parent Termination Fee")

by wire transfer of immediately available funds, such payment to be made within two (2) Business Days of the applicable termination.

(d) The Parties hereto acknowledge and hereby agree that in no event shall either the Company be required to pay the Company Termination Fee or Parent be required to pay the Parent Termination Fee, on more than one (1) occasion.

(e) Each of the Company, Parent and Merger Sub acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Parties would not enter into this Agreement. If the Company fails to promptly pay an amount due pursuant to Section 8.2(b), or Parent fails to promptly pay an amount due pursuant to Section 8.2(c), and, in order to obtain such payment, Parent, on the one hand, or the Company, on the other hand, commences a suit that results in a judgment against the Company for the amount set forth in Section 8.2(b), or any portion thereof, or a judgment against Parent for the amount set forth in Section 8.2(c), or any portion thereof, the Company shall pay to Parent, on the one hand, or Parent shall pay to the Company, on the other hand, its reasonable actual out-of-pocket costs and expenses (including reasonable attorneys' fees and the fees and expenses of any expert or consultant engaged by such party; provided, that no contingent, success, fixed or similar fee shall be payable pursuant to this Section 8.2(e)) in connection with such suit, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the prime rate as published in *The Wall Street Journal*, Eastern Edition, in effect on the date of such payment. Any amount payable pursuant to Section 8.2(b) or Section 8.2(c) shall be paid by the applicable Party by wire transfer of same day funds prior to or on the date such payment is required to be made under Section 8.2(b) or Section 8.2(c).

(f) In any circumstance in which this Agreement is terminated and Parent is entitled to receive the Company Termination Fee from the Company and the Company actually pays the Company Termination Fee or the Company is entitled to receive the Parent Termination Fee from Parent and Parent actually pays the Parent Termination Fee, in each case pursuant to Section 8.2, then (i) the Company Termination Fee or Parent Termination Fee, as applicable, and the costs and expenses of Parent or the Company pursuant to Section 8.2(e) and Section 8.3, and the expense reimbursement and indemnification obligations pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) and Section 8.3 (*Expenses*), as applicable, shall be (A) if Parent is entitled to the Company Termination Fee and actually receives the Company Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of Parent, Merger Sub, and their respective Affiliates against the Company, its subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the one hand, and, (B) if the Company is entitled to the Parent Termination Fee and actually receives the Parent Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of the Company and its Affiliates against Parent, Merger Sub, their respective subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the other hand,

in each case of clause (A) or clause (B) of this Section 8.2(f), for any loss suffered as a result of any breach of any covenant or agreement in this Agreement giving rise to such termination, or in respect of any representation made or alleged to be have been made in connection with this Agreement, and (ii) upon timely payment of the applicable termination fee and other amounts referenced in this Section 8.2(f), such paying Party and its respective subsidiaries or and their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents shall have no further liability or obligation relating to or arising out of this Agreement, including the termination hereof or in respect of representations made or alleged to be made in connection herewith, whether in equity or at law, in contract, in tort or otherwise. The Company acknowledges and agrees that the Parent's right to receive the Company Termination Fee under this Agreement shall not limit or otherwise affect Parent's right to specific performance as provided in Section 9.10, but for the avoidance of doubt, under no circumstances shall Parent, directly or indirectly, be permitted or entitled to receive both a grant of specific performance that results in the Closing, on the one hand, and the payment of the Company Termination Fee, or any other damages, on the other hand.

(g) Notwithstanding anything to the contrary in this Agreement, the maximum aggregate liability of Parent and Merger Sub together under this Agreement, including for any losses, damages, costs or expenses of the Company or its Affiliates related to the failure of the transactions contemplated by this Agreement, or a breach of this Agreement by Parent or Merger Sub or otherwise (including a Willful Breach), shall not exceed the Liability Limitation, and in no event shall the Company, its subsidiaries or its Affiliates seek any amount in excess of the Liability Limitation (including consequential, indirect or punitive damages) in connection with this Agreement or the transactions contemplated by this Agreement or in respect of any other documents (other than the Stock Purchase Agreement or the SPA Guarantee), whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity; provided that, notwithstanding anything to the contrary, the Company, its subsidiaries and any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates shall be deemed to irrevocably waive their right to any amounts due and owing under this Section 8.2 or otherwise (other than the Stock Purchase Agreement or the SPA Guarantee) in excess of the Liability Limitation, and none of Parent, Merger Sub or any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates or Sponsor shall have any payment obligations in excess of the Liability Limitation in connection with this Agreement. In furtherance of the foregoing, notwithstanding anything to the contrary in this Agreement, in no event shall Parent, any of its Affiliates or Representatives or the Parent Debt Financing Sources be required to pay any amount of monetary losses under this Agreement if the Company has received the Parent Termination Fee and its reimbursable costs and expenses as contemplated by Section 8.2(f).

SECTION 8.3 Expenses. Except as otherwise specifically provided herein (including the last sentence of Section 8.2(b)(ii) and this Section 8.3) and the filing fees with respect to any Required Regulatory Approvals, which shall be borne solely by Parent (and Parent shall reimburse the Company to the extent the Company has, pursuant to Section 6.4, incurred any such fees) or as otherwise specifically provided herein, including Section 8.2, each Party shall bear its own expenses in connection with this Agreement and the transactions contemplated hereby. Expenses

incurred in connection with the filing, printing and mailing of the Proxy Statement shall be shared equally by Parent and the Company.

SECTION 8.4 Procedures for Termination, Amendment, Extension or Waiver. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders or other equityholders of any Party. The Party desiring to terminate this Agreement in accordance with Section 8.1 shall give written notice of such termination to the other Parties in accordance with Section 9.2, specifying the provision of this Agreement pursuant to which such termination is effected.

SECTION 8.5 Modification or Amendment. The Parties may modify or amend this Agreement by written agreement, executed and delivered by duly authorized officers of the respective Parties; provided, however, that after receipt of the Company Requisite Vote, there shall be made no amendment that by applicable Law requires further approval by the shareholders of the Company without the further approval of such shareholders.

SECTION 8.6 Waiver. At any time prior to the Effective Time, any Party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other Parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) subject to the requirements of applicable Law, waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the Party or Parties to be bound thereby and specifically referencing this Agreement. The failure of any Party to assert any rights or remedies shall not constitute a waiver of such rights or remedies. No waiver by any Party of any breach or anticipated breach of any provision hereof by any other Party shall be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether similar or not. Except as provided in this Agreement, no action taken pursuant to this Agreement, including investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance by any other Party with any representations, warranties, covenants or agreements contained in this Agreement. All consents given hereunder shall be in writing.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.1 Non-Survival of Representations, Warranties, Covenants and Agreements; Contractual Nature of Representations and Warranties. None of the representations or warranties contained herein or in any instrument delivered pursuant to this Agreement shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect thereto shall terminate at the Effective Time. Except for any covenant or agreement that by its terms contemplates performance after the Effective Time and those covenants and agreements in this Article IX, none of the covenants or agreements of the Parties contained herein shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect to such covenants and agreements shall terminate at, the Effective Time. The Parties hereby acknowledge and agree that

(a) all representations and warranties set forth in this Agreement are contractual in nature only and (b) if any such representation or warranty (as modified by the applicable Company Disclosure Schedule or Parent Disclosure Schedule) should prove untrue, the Parties' only rights, claims or causes of action (other than in the event of Willful Breach, which shall be subject to Section 8.2(a)) shall be to exercise the specific rights set forth in Section 7.2(a), Section 7.3(a), Section 8.1(d)(i) and Section 8.1(e)(i), as and if applicable, and (c) the Parties shall have no other rights, claims or causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) based on, arising out of or related to any such untruth of any such representation or warranty.

SECTION 9.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that delivery by e-mail shall be deemed to have been duly given upon receipt only if confirmed by e-mail or telephone:

(a) if to Parent or Merger Sub:

345 Park Avenue New York, NY 10154
Attn: Sebastien Sherman; Heidi Boyd; Max A. Wade
Email: Sebastien.Sherman@Blackstone.com;
Heidi.Boyd@Blackstone.com;
Max.Wade@Blackstone.com;
BIP-LegalandCompliance@Blackstone.com

with an additional copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
609 Main Street
Houston, TX 77002
Attn: Rhett A. Van Syoc, P.C.; Robert P. Goodin, P.C.; Debbie P. Yee, P.C.
Email: rhett.vansyoc@kirkland.com;
robert.goodin@kirkland.com;
debbie.yee@kirkland.com

(b) if to the Company:

TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, NM 87102-3289
Attn: Brian G. Iverson, Esq. Senior Vice President, General Counsel & Secretary
Email: brian.iverson@txnmenergy.com

with an additional copy (which shall not constitute notice) to:

Troutman Pepper Locke LLP
1001 Haxall Point
15th Floor
Richmond, VA 23219
Attn: R. Mason Bayler, Jr.; Coburn R. Beck; Heather M. Ducat
Email: mason.bayler@troutman.com;
coby.beck@troutman.com;
heather.ducat@troutman.com

SECTION 9.3 Certain Definitions. For purposes of this Agreement, the term:

(a) “Acceptable Confidentiality Agreement” means a confidentiality agreement with counterparty(ies) containing customary provisions that require each counterparty(ies) thereto (and each of its (their) representatives named therein) that receive information of or with respect to the Company or its subsidiaries to keep such information confidential (i) in effect on the date hereof or (ii) entered into on or after the date hereof on terms (A) no less favorable in the aggregate to the Company and (B) no less restrictive in the aggregate to such counterparty(ies) (and each of its (their) representatives) than those contained in the Confidentiality Agreement (except for such changes specifically and expressly permitted pursuant to this Agreement), it being understood that such confidentiality agreement need not prohibit the making or amendment of an Acquisition Proposal.

(b) “Affiliate” means, with respect to any Person, any other Person directly or indirectly, controlling, controlled by, or under common control with, such Person; provided, that for purposes of Section 6.4, Blackstone Inc. and its Affiliates and its and their funds and investment vehicles, and managed accounts and their respective portfolio companies (other than Persons managed or advised by Blackstone Infrastructure Advisors L.L.C., but, for the avoidance of doubt, including the portfolio companies and other investments of Sponsor) shall not be considered an Affiliate of Parent, Merger Sub or any Company Party.

(c) “Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, as amended, and all Laws of any jurisdiction applicable to the Company and its Affiliates concerning or relating to anti-bribery or anti-corruption (governmental or commercial).

(d) “Business Day” means any day other than a Saturday or Sunday or a day on which banks are required or authorized to close in the United States in New York, New York.

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Company Material Adverse Effect” means any event, development, change, circumstance, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, (i) would prevent or materially impair or materially delay the consummation of the Merger or (ii) has a material adverse effect on or with respect to the business, properties, results of operations or condition of the

Company Parties (financial or otherwise), taken as a whole; provided, that with respect to clause (ii) only, no events, developments, changes, circumstances, effects or occurrences relating to, arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Company Material Adverse Effect and no event, development, change, circumstance, effect or occurrence relating to, arising out of or in connection with or resulting from any of the following shall be taken into account when determining whether a Company Material Adverse Effect has occurred or may, would or could occur: (A) general changes or developments in the legislative or political condition, or in the economy or the financial, debt, capital, credit, commodities or securities markets, in each such case, in the United States or elsewhere in the world, including as a result of changes in geopolitical conditions, tariff policies, interest rates or inflation, (B) any change affecting any industry in which the Company Parties operate, including electric and renewable power generating, transmission or distribution industries (including, in each case, any changes in operations thereof) or any change affecting retail markets for electric power, capacity or fuel or related products, (C) any changes in the national, regional, state, provincial or local electric generation, transmission or distribution systems or increases or decreases in planned spending with respect thereto, (D) the entry into this Agreement or the public announcement of the Merger or other transactions contemplated hereby, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, regulators, lenders, partners or employees of the Company Parties, (E) the identity of Parent or any of its Affiliates as the acquiror of the Company, (F) any action taken or omitted to be taken by the Company at the express written request of or with the express written consent of Parent, (G) any actions required to be undertaken by the Company in accordance with, subject to and consistent with Section 6.4 of this Agreement to obtain any Consent or make any Filing required for the consummation of the Merger and the other transactions contemplated herein or, in connection therewith, any written proposal or commitment made by any Party or its Affiliates to any Governmental Entity in accordance with, subject to and consistent with Section 6.4 or imposed by any Governmental Entity, in each case, in order to obtain the Required Regulatory Approvals, (H) changes after the date hereof, in any applicable Laws or applicable binding accounting regulations or principles or interpretation or enforcement thereof by any Governmental Entity, (I) any hurricane, tornado, fire, wildfire, earthquake, flood, tsunami or other natural disaster or weather-related event, act of God, pandemic or epidemic, including the COVID-19 virus, outbreak or escalation of hostilities or war (whether or not declared), military actions or any act of sabotage, cyber attacks, ransomware attacks, terrorism, or national or international political or social conditions, (J) any change in the market price or trading volume of the shares of the Company or the credit rating of the Company Parties, (K) any failure by the Company to meet any published analyst estimates or expectations of the Company's revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself, (L) any litigation or claim threatened or initiated by shareholders, ratepayers, customers or suppliers of the Company Parties (each in their capacity as such) against the Company Parties or any of their respective officers or directors (in each case, in their capacity as such), in each case, arising out of the execution of this Agreement or the transactions contemplated thereby and (M) any increase in interest rates payable arising from the refinancing of the TNMP Bonds, in each case, in accordance with the express terms of this Agreement (it being understood that in the cases of clause (J) and clause (K) of this Section 9.3(f), the facts, events or circumstances giving rise to or contributing to such change or

failure may be deemed to constitute, and may be taken into account in determining whether there has been a Company Material Adverse Effect); except in the cases of clauses (A), (B), (C), (H) or (I) of this Section 9.3(f), to the extent that the Company Parties, taken as a whole, are disproportionately affected thereby as compared with other participants in the industry in which the Company operates in the United States (in which case solely the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect); provided, however, that, notwithstanding anything herein or otherwise to the contrary, the effect of the failure to obtain the consent of the Existing Lenders to the execution of this Agreement prior to the execution and delivery hereof (but not the effect of the failure to obtain consents from Existing Lenders to the Closing that may be required under the Contracts with the Existing Lenders) may be considered, and taken into account, in determining whether a “Company Material Adverse Effect” has occurred or may, would or could occur (without giving effect to, and disregarding, any of the exceptions set forth in each of the preceding clauses (A) through (M)).

(g) “Company Parties” means, collectively, the Company, its subsidiaries and its Joint Ventures, and each of them individually is a “Company Party”.

(h) “Contract” means any legally binding written or oral agreement, contract, subcontract, lease, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature, excluding any License.

(i) “control” (including the terms “controlling”, “controlled”, “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(j) “Credit Facilities” means the agreements (as in effect on the date of this Agreement) listed in Section 9.3(j) of the Company Disclosure Schedule, and any replacements or refinancings thereof entered into after the date hereof in compliance with Section 5.1.

(k) “Derivative Product” means any swap, cap, floor, collar, futures contract, forward contract, option or any other derivative financial instrument or Contract, based on any commodity, security, instrument, rate or index of any kind or nature whatsoever, whether tangible or intangible, including electricity, natural gas, fuel oil, coal, emissions allowances and offsets, and other commodities, currencies, interest rates and indices.

(l) “Designated Person” means any Person listed on a Sanctions List.

(m) “Equity Securities” of any Person means, as applicable (i) any and all of its shares of capital stock, limited liability company interests or other equity interests or share capital, (ii) any warrants, Contracts or other rights or options directly or indirectly to subscribe for or to purchase any capital stock, limited liability company interests or other equity interests or share capital of such Person, (iii) all securities or instruments, directly or indirectly, exchangeable for or convertible or exercisable into, any of the foregoing or with any profit participation features with

respect to such Person, or (iv) any share appreciation rights, phantom share rights or other similar rights with respect to such Person or its business.

(n) “ERISA Affiliate” means each entity, trade or business (whether or not incorporated) that would be treated at any relevant time together with the Person or any of its subsidiaries as a “single employer” within the meaning of Section 414 of the Code or 4001(b) of ERISA.

(o) “ESP II” means the TXNM Energy, Inc. Executive Savings Plan II, effective January 1, 2015 and as amended on January 1, 2016, January 1, 2020, and August 2, 2024.

(p) “Ex-Im Laws” means all U.S. and non-U.S. Laws or orders relating to export, reexport, transfer, and import controls, including the Export Administration Regulations, the customs and import Laws and orders administered by U.S. Customs and Border Protection, and the EU Dual Use Regulation.

(q) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(r) “FERC” means the Federal Energy Regulatory Commission or any successor thereto.

(s) “Final Order” means, with respect to any Governmental Entity, action by such Governmental Entity that has not been reversed, stayed, enjoined, set aside, annulled or suspended and is legally binding and effective.

(t) “FPA” means the Federal Power Act of 1920, 16 U.S.C. §§ 791a, et seq., as amended, and its implementing regulations.

(u) “GAAP” means the generally accepted accounting principles for financial reporting in the United States consistently applied through the periods involved.

(v) “Government Official” means (i) any official, officer, employee or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Entity, (ii) any political party or party official or candidate for political office, or (iii) any official, officer, employee, or any person acting in an official capacity for or on behalf of, any company, business, enterprise or other entity owned (in whole or in substantial part) controlled by or affiliated with a Governmental Entity.

(w) “Governmental Entity” means any governmental, tribal, quasi-governmental or regulatory (including stock exchange) authority (including the North American Electric Reliability Corporation and any regional reliability entity), agency, court, commission or other governmental body, whether foreign or domestic, of any country, nation, republic, federation, sovereign or similar entity or any state, county, parish or municipality, jurisdiction or other political subdivision thereof.

(x) “HSR Act” means Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(y) “Insolvent” means, with respect to any Person, (i) the present fair saleable value of such Person’s assets is less than the amount required to pay such Person’s total liabilities, including contingent liabilities, (ii) the present fair saleable value of such Person’s assets is less than the amount required to pay the probable liability (subordinated, contingent or otherwise) of such Person on its debts, as such debts and liabilities become absolute and matured, (iii) such Person intends to incur or believes that it will incur debts or liabilities that would be beyond its ability to pay such debts and liabilities as they mature, or (iv) such Person has unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.

(z) “Intellectual Property” means all worldwide intellectual property, industrial property and proprietary rights and all rights therein, including all (i) patents, methods, technology, designs, processes, inventions, copyrights, works of authorship, software and systems, trademarks, service marks, trade names, corporate names, domain names, logos, trade dress and other source indicators and the goodwill of the business symbolized thereby, trade secrets, know-how and tangible and intangible proprietary or confidential information and materials, (ii) registrations, applications, provisionals, divisions, continuations, continuations-in-part, re-examinations, extensions, re-issues, renewals and foreign counterparts of or for any of the foregoing and (iii) the right to sue and collect damages for any past infringement of any of the foregoing.

(aa) “Intervening Event” means any event, development, change, effect or occurrence that affects or would reasonably be expected to affect (i) the business, financial condition or continuing results of operation of the Company and its subsidiaries, taken as a whole or (ii) the shareholders of the Company (including the benefits of the Merger to the shareholders of the Company) in either case that (A) is material, (B) was not known to the Company Board of Directors as of the date of this Agreement, (C) becomes known to the Company Board of Directors prior to obtaining the Company Requisite Vote, and (D) does not relate to or involve any Acquisition Proposal; provided, however, that an Intervening Event shall not include (1) any event, development, change, effect or occurrence (i) solely related to Parent or Merger Sub or any of their Affiliates unless such event, development, change, effect or occurrence has had or would reasonably be expected to have a Parent Material Adverse Effect, or (ii) any action taken by any Party hereto pursuant to and in compliance with the affirmative covenants set forth in Section 6.4, or the consequences of any such action, and (2) the receipt, existence or terms of an Acquisition Proposal, or the consequences thereof.

(bb) “Joint Venture” of a Person, means any Person that is not a subsidiary of such first Person, in which such first Person or one or more of its subsidiaries owns directly or indirectly any Equity Securities, other than Equity Securities held for passive investment purposes that are less than five percent (5%) of each class of the outstanding voting securities or voting capital stock of such second Person.

(cc) “Judgment” means any decision, verdict, judgment, order, decree, ruling, writ, subpoena, assessment or arbitration award of a Governmental Entity of competent jurisdiction.

(dd) “knowledge” (i) with respect to the Company means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Company Disclosure Schedule and (ii)

with respect to Parent or Merger Sub means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Parent Disclosure Schedule.

(ee) “Law” means any federal, state, local, municipal, tribal, foreign or other law, statute, act, constitution, principle of common law, ordinance, code, injunction, rule, Judgment, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

(ff) “Liability Limitation” means, collectively, the amount of the Parent Termination Fee, plus the aggregate amount of any cost and expense reimbursement and indemnification obligations described in or pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) and Section 8.3 (*Expenses*).

(gg) “NMBCA” means the Business Corporation Act of the State of New Mexico, as amended.

(hh) “Notional Units” means each notional unit, whether payable in shares of Company Common Stock or in cash, granted under the ESP II.

(ii) “NYSE” means the New York Stock Exchange.

(jj) “Organizational Documents” means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements, certificates of existence and any each document setting forth the designation, amount and relative rights, limitations and preferences of any class or series of that entity’s Equity Securities or of any rights in respect of that entity’s Equity Securities, as applicable.

(kk) “Parent Debt Financing Entities” means the Parent Debt Financing Sources, together with their Affiliates, their Affiliates’ current or future officers, directors, employees, agents, representatives, stockholders, limited partners, managers, members or partners and their successors and assigns.

(ll) “Parent Debt Financing Sources” means each entity (including the lenders and each agent and arranger or any underwriter, purchaser, investor or other entity) that commits to provide or otherwise provides or arranges or has entered into agreements in connection with all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) in connection with the transactions contemplated hereby, including the parties to any joinder agreements, indentures, underwriting agreements, purchase agreements or credit agreements entered into pursuant thereto or relating thereto.

(mm) “Parent Material Adverse Effect” means, with respect to Parent or Merger Sub, any event, development, change, circumstances, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences,

would prevent or materially impair or materially delay the consummation of the Merger by Parent or Merger Sub.

(nn) “Permitted Permanent Bond Replacement Financing” means any debt financing satisfying the Required Debt Terms the proceeds of which will be used to replace or refinance the TNMP Bonds accepting the Offers to Purchase and/or borrowings under the TNMP Backstop Facility.

(oo) “Permitted Replacement Backstop Facility” means (i) any amendment to a Backstop Facility or any then-existing Permitted Replacement Backstop Facility to extend the maturity thereof and/or (ii) any new unsecured (or in the case of TNMP, as may be secured by the TNMP Mortgage Indenture) bridge facility provided by one or more commercial banks that have terms that are consistent with the terms of the applicable Backstop Facility or Permitted Replacement Backstop Facility being replaced and incurred to replace or extend the maturity of such Backstop Facility or Permitted Replacement Backstop Facility, and in each case above, with a maturity term that is no less than the lesser of (A) 364 days and (B) the remaining period through the then-effective End Date and on market economic terms and in consultation with the Parent.

(pp) “Person” means an individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act).

(qq) “Personal Information” means, in addition to any information defined or described by a Person or any of its subsidiaries as “personal information” in any privacy notice or other public-facing statement by or on behalf of such Person or its subsidiaries, all information identifying an individual or regarding an identified or identifiable individual (such as name, address, telephone number, email address, financial account number, government-issued identifier, and any other data used or intended to be used to identify, contact or precisely locate a person).

(rr) “Privacy Rules and Policies” means any privacy policies and any other terms applicable to the collection, retention, use, disclosure and distribution of Personal Information from individuals, and any laws related to the collection, use, access to, transmission, disclosure, alteration or handling of Personal Information.

(ss) “Regulatory Proceeding” means any action, lawsuit, complaint, claim, petition, suit, audit, examination, assessment, arbitration, mediation, or inquiry, or any proceeding or investigation (including any rate case), by or before any Governmental Entity.

(tt) “Required Debt Terms” means: (i) with respect to any indebtedness permitted to be incurred by the Company under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured term loans or other bank debt and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder; (ii) with respect to any indebtedness permitted to be incurred

by PNM under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures or note purchase agreement, the covenants of which shall be consistent with the indenture or note purchase agreement for the most recently issued senior unsecured bonds by PNM or in the form of pollution control refunding bonds consistent with the terms of such existing bonds, as applicable, (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder and (C) not contain any provision that requires PNM to file periodic and other reports with the SEC; and (iii) with respect to any indebtedness permitted to be incurred by TNMP under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of first mortgage bonds, notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures, the covenants of which shall be consistent with the TNMP Mortgage Indenture (except as set forth on Section 9.3(oo) of the Company Disclosure Schedule), and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder (other than any cross default provisions relating to the Existing Credit Facilities) and, in each case of clauses (i) through (iii) above, on market economic terms and in consultation with Parent.

(uu) “Required Financial Information” means the financial information of the Company and its subsidiaries of the type and form that are customarily provided in connection with a financing contemplated by the Parent Debt Financing or included in a prospectus or offering memorandum to consummate an offering of non-convertible, debt securities (including information that would be required under Regulation S-X and Regulation S-K).

(vv) “Sanctioned Country” means a country or territory which is at any time subject to Sanctions.

(ww) “Sanctions” means (i) economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government and administered by the Office of Foreign Assets Control, (ii) economic or financial sanctions imposed, administered or enforced from time to time by the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury, and (iii) economic or financial sanctions imposed, administered or enforced from time to time by the United Nations Security Council, the European Union, or His Majesty’s Treasury.

(xx) “Sanctions List” means any of the lists of specially designated nationals or designated persons or entities (or equivalent) held by the U.S. government and administered by the Office of Foreign Assets Control, the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury or any similar list maintained by any other U.S. government entity, the United Nations Security Council, the European Union, or His Majesty’s Treasury, in each case as the same may be amended, supplemented or substituted from time to time.

(yy) “Significant Subsidiary” means a subsidiary of any Person that would be a “significant subsidiary” within the meaning of Rule 1-02 of Regulation S-X of the SEC.

(zz) “SPA Guarantee” means that certain Limited Guarantee, dated the date hereof, in favor of the Company with respect to certain obligations of Purchaser under the Stock Purchase Agreement.

(aaa) “subsidiary” or “subsidiaries” means, with respect to any Person (i) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which fifty percent (50%) or more of the total voting power of shares of stock or other equity interests of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof and (ii) any partnership, joint venture or limited liability company of which (A) fifty percent (50%) or more of the capital accounts, distribution rights, total equity or voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one (1) or more of the other subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any subsidiary of such Person is a controlling general partner or otherwise controls such entity.

(bbb) “Tax Return” means all returns and reports, including elections, disclosures, schedules, estimates and information returns, and including any amendment thereof and attachment and supplement thereto, required to be supplied to a Taxing Authority.

(ccc) “Taxes” means all federal, state, local and foreign taxes or charges, fees, levies, imposts, duties or other assessments of a similar nature, including income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, license, production, value added, occupancy, escheat or unclaimed property and other taxes, or duties or assessments imposed by any Taxing Authority, together with all interest, penalties and additions imposed with respect to such amounts.

(ddd) “Taxing Authority” means any Governmental Entity exercising any authority to impose, regulate or administer the imposition of Taxes.

(eee) “TNMP Bonds” means the \$1,505,000,000 aggregate principal amount of first mortgage bonds issued by TNMP pursuant to the terms of the TNMP Mortgage Indenture.

(fff) “TNMP Mortgage Indenture” means that certain First Mortgage Indenture, dated as of March 23, 2009, as amended and supplemented by the supplemental indentures thereto, between TNMP and U.S. Bank Trust Company, National Association, as successor trustee.

(ggg) “Treasury Regulations” means the U.S. Department of Treasury regulations promulgated under the Code (as amended).

(hhh) “Willful Breach” means with respect to any Party, any breach of, or failure to perform, any covenant or other agreement contained in this Agreement that is a consequence of

an act or failure to act undertaken by or on behalf of such Party with actual or constructive knowledge that such Party's act or failure to act would, or would reasonably be expected to, result in or constitute a material breach of this Agreement; provided, however, that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by the Company to consummate the Merger and the other transactions contemplated hereby in accordance with Section 1.3 after the applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Closing) shall constitute a Willful Breach of this Agreement.

SECTION 9.4 Severability. If any term or other provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, this Agreement shall be interpreted as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

SECTION 9.5 Entire Agreement; Assignment. This Agreement and the Stock Purchase Agreement are being entered into simultaneously but are separate transactions. Except as expressly set forth in this Agreement, the provisions of the Stock Purchase Agreement are not intended to, and in no way, modify or supplement the terms of this Agreement. This Agreement (including the Exhibits hereto and the Company Disclosure Schedule and the Parent Disclosure Schedule), the Guarantee, the SPA Guarantee, the Equity Commitment Letter, the Parent Debt Commitment Letters and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of each of the other Parties, and any assignment without such consent shall be null and void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

SECTION 9.6 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement, other than (a) with respect to the provisions of Section 6.10 which shall inure to the benefit of the Indemnified Parties benefiting therefrom who are intended to be third-party beneficiaries thereof, (b) at and after the Effective Time, the rights of the holders of Company Shares to receive the Per Share Merger Consideration in accordance with the terms and conditions of this Agreement, (c) at and after the Effective Time, the rights of the holders of Restricted Stock Rights and Performance Shares to receive the payments contemplated by the applicable provisions of Section 2.2 at the Effective Time in accordance with the terms and conditions of this Agreement, (d) prior to the Effective Time, the rights of the holders of Company Common Stock to pursue claims for damages

and other relief, including equitable relief, for Parent's or Merger Sub's breach of this Agreement subject to Section 8.2(a), (e) with respect to the provisions of Section 9.15 which shall inure to the benefit of the Parent Debt Financing Entities benefiting therefrom who are intended to be third-party beneficiaries thereof and (f) the rights of the Non-Recourse Parties under Section 9.16; provided, however, that the rights granted to the holders of Company Common Stock pursuant to the foregoing clause (d) of this Section 9.6 shall only be enforceable on behalf of such holders by the Company in its sole and absolute discretion. The representations and warranties in this Agreement are the product of negotiations among the Parties hereto and are for the sole benefit of the Parties hereto. Any inaccuracies in such representations and warranties are subject to waiver by the Parties in accordance with Section 8.6 without notice or liability to any other Person. In some instances, the representations and warranties in this Agreement may represent an allocation among the Parties hereto of risks associated with particular matters regardless of the knowledge of any of the Parties hereto. Consequently, Persons other than the Parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

SECTION 9.7 Governing Law. This Agreement, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware), except that any matter relating to the (a) fiduciary obligations of the Company Board of Directors shall be governed by the Laws of the State of New Mexico and (b) the mechanics of the Merger shall be governed by the NMBCA.

SECTION 9.8 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.9 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission, ".pdf," or other electronic transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 9.10 Specific Performance.

(a) The Company agrees that irreparable damage for which monetary damages, even if available, may not be an adequate remedy, would occur in the event that the Company does not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder in order to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The Company acknowledges and agrees that Parent shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the Company's obligation to consummate the Merger, subject to the terms and conditions of this Agreement), without any requirement for obtaining, furnishing or posting any bond or other security, this being in addition to any other remedy to which Parent is entitled at law or in equity. The Parties

acknowledge and agree that the Company shall not be entitled to the equitable remedy of specific performance or other equitable relief to prevent or remedy a breach of this Agreement by Parent or Merger Sub and that the Company's sole and exclusive remedy relating to a breach of this Agreement by Parent, Merger Sub or otherwise shall be the termination of this Agreement in accordance with Section 8.1, if applicable, and the collection of the Parent Termination Fee (and other amounts contemplated by) in accordance with Section 8.2(f), if applicable; provided, however, that the Company shall be entitled to specific performance to prevent any breach by Parent or Merger Sub of Section 6.6(b). For the avoidance of doubt, the foregoing shall not limit any right to seek specific performance under the Stock Purchase Agreement.

(b) The Company agrees that it will not raise any objections to the availability of the equitable remedy of specific performance or other equitable relief as provided herein, including objections on the basis that (i) Parent has an adequate remedy at law or equity or (ii) an award of specific performance is not an appropriate remedy for any reason at law or equity. Parent, if seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, shall not be required to provide any bond or other security in connection with any such order or injunction. The Company further agrees that nothing set forth in this Section 9.10 shall require Parent to institute any proceeding for specific performance under this Section 9.10 prior to or as a condition to exercising any termination right under Article VIII (and/or receipt of any amounts due pursuant to Section 8.2), nor shall the commencement of any legal action or legal proceeding pursuant to this Section 9.10 or anything set forth in this Section 9.10 restrict or limit Parent's right to terminate this Agreement in accordance with the terms of Article VIII.

(c) If Parent has the right to terminate this Agreement pursuant to Section 8.1 but instead elects to bring an action for specific performance pursuant to this Section 9.10, then if such action for specific performance is unsuccessful, Parent shall not be deemed to have waived its right to terminate this Agreement pursuant to Section 8.1 and may thereafter terminate this Agreement pursuant to Section 8.1 and the Company shall pay any applicable Company Termination Fee pursuant to Section 8.2.

(d) If, prior to the End Date, Parent brings an action to enforce specifically the performance of the terms and provisions of this Agreement by Company, the End Date shall automatically be extended by (i) the amount of time during which such action is pending, plus twenty (20) Business Days, or (ii) such other time period established by the court presiding over such action.

SECTION 9.11 Jurisdiction. Each of the Parties irrevocably (a) agrees that it shall bring any and all actions or proceedings in respect of any claim arising out of, related to, or in connection with, this Agreement, the Merger or the other transactions contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware or, if such court shall not have or declines to accept jurisdiction over a particular matter, then any federal court within the State of Delaware, (b) submits with regard to any such action or proceeding, generally and unconditionally, to the personal jurisdiction of such courts and agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this

Agreement in any court other than the courts described above, and (d) consents to service being made through the notice procedures set forth in Section 9.2. Each of the Company, Parent and Merger Sub hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 9.2 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby. Each Party hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 9.11, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof or thereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the Party is entitled pursuant to the final judgment of any court having jurisdiction. Each Party expressly acknowledges that the foregoing waiver is intended to be irrevocable under the Laws of the State of Delaware and of the United States of America; provided, that each such Party's consent to jurisdiction and service contained in this Section 9.11 is solely for the purpose referred to in this Section 9.11 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

SECTION 9.12 WAIVER OF JURY TRIAL. EACH OF PARENT, MERGER SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF PARENT OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

SECTION 9.13 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including penalties and interest) incurred in connection with the Merger shall be paid by Parent, Merger Sub or the Surviving Corporation when due.

SECTION 9.14 Interpretation. When reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference shall be to an Article, Section, Exhibit or Schedule of this Agreement, as applicable, unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein," "hereby" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive and has the meaning represented by the phrase "and/or". References to "dollars" or "\$" are to United States of America dollars. When used herein, the word "extent" and the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such word or phrase shall not simply mean "if". Whenever the phrase "ordinary course" or "ordinary course of

business” is used in this Agreement, it shall be deemed to be followed by the words “consistent with past practice” whether or not so specified. The interpretations contemplated by Section 9.14 of the Company Disclosure Schedule shall apply as contemplated therein. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted. Terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References herein to any gender include any other gender. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any dollar or percentage thresholds set forth herein shall not be used as a benchmark for the determination of what is or is not “material”, a “Company Material Adverse Effect” or a “Parent Material Adverse Effect” under this Agreement. Unless otherwise indicated, all references herein to the subsidiaries of a Person shall be deemed to include all direct and indirect subsidiaries of such Person unless otherwise indicated or the context otherwise requires. Each representation or warranty in Article III made by the Company relating to a Joint Venture of the Company or any subsidiary thereof that is neither operated nor managed solely by the Company or any subsidiary thereof, shall be deemed to be made only to the knowledge of the Company. When used in this Agreement, the phrase “made available” shall mean provided by the Company or Parent, as applicable, (i) via email to the other Party or its Representatives, (ii) in a virtual data room accessible by the other Party established in connection with the transactions contemplated by this Agreement, (iii) at the offices of a Party or its Affiliates or (iv) included in, as an exhibit or schedule, the Company SEC Reports, in each cases of clauses (i), (ii), (iii) or (iv) above, as of or prior to 5:00 p.m., Eastern Time, on May 18, 2025.

SECTION 9.15 Parent Debt Financing Sources. Notwithstanding anything in this Agreement to the contrary, the Company hereby (a) agrees that any action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Parent Debt Financing Entities, arising out of or relating to, this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such action to the exclusive jurisdiction of such court, (b) agrees that any such action shall be governed by, construed and enforced in accordance with the laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state), except as otherwise provided in a definitive document relating to the Parent Debt Financing, (c) agrees that service of process upon any such party in any such action or proceeding shall be effective if notice is given in accordance with Section 9.2, (d) irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such action in any such court, (e) waives to the fullest extent permitted by applicable law trial by jury in any action brought against the Parent Debt Financing Entity in any way arising out of or relating to this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (f) agrees that none of the Parent Debt Financing Entities will have any liability to the Company relating to or arising out of this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or in equity, whether in contract or in tort or otherwise, (g) agrees that no Parent Debt Financing

Entity shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature in connection with this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (h) (i) waives any and all rights or claims against the Parent Debt Financing Entities in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or equity, contract, tort or otherwise, and (ii) agrees not to commence (and if commenced agrees to dismiss or otherwise terminate) any proceeding or legal or equitable action against any Parent Debt Financing Source in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder and (provided that, for the avoidance of doubt, and notwithstanding the foregoing, nothing herein shall limit Parent's and its Affiliates' rights under any agreements relating to the Parent Debt Financing) and (i) agrees that the Parent Debt Financing Entities are express third-party beneficiaries of, and may enforce, Section 8.2, Section 9.6 and any of the provisions in this Agreement reflecting the foregoing agreements in this Section 9.15 and that Section 8.2, Section 9.6 and this Section 9.15 (or any other provision of this Agreement the amendment, modification or alteration of which has the effect of modifying such provisions) may not be amended in a manner adversely affecting any Parent Debt Financing Entity without the written consent of such adversely affected Parent Debt Financing Entity. Notwithstanding anything to the contrary herein, nothing in this Agreement shall impact the rights of Parent, Merger Sub and their Affiliates, or the obligations of the Parent Debt Financing Entities, under any definitive agreement relating to the Parent Debt Financing.

SECTION 9.16 No Recourse. Notwithstanding anything to the contrary in this Agreement or in any document, agreement or instrument delivered in connection herewith, (a) the Company covenants, agrees and acknowledges that no Person other than Parent and Merger Sub has any liability, obligation or commitment of any nature, known or unknown, whether due or to become due, absolute, contingent or otherwise, hereunder and that neither the Company nor any other Person has any right of recovery or recourse under this Agreement or under any document, agreement or instrument delivered in connection herewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, this Agreement, such obligations or their creation, the transactions contemplated hereby or thereby or in respect of any oral representations made or alleged to be made in connection herewith or therewith, against, and no personal liability whatsoever shall attach to, be imposed upon or be incurred by, any former, current or future equity holders, controlling persons, incorporators, directors, officers, employees, advisors, agents, representatives, Affiliates, members, managers or general or limited partners of Parent or Merger Sub or any former, current or future equity holder, controlling person, incorporator, director, officer, employee, advisor, general or limited partner, member, manager, Affiliate, financing source, portfolio company, representative or agent of any of the foregoing and their successors or assigns (collectively, but not including Parent or Merger Sub, each, a "Non-Recourse Party"), whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by the enforcement of any assessment or by any Proceeding, by virtue of any statute, regulation or applicable Law, or otherwise, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Recourse Party, as such, for any obligations of Parent, Merger Sub or any of their successors or permitted assignees under this Agreement or any documents, agreements or

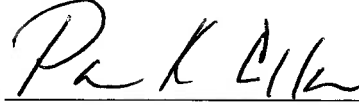
instruments delivered in connection herewith or therewith or for any claim based on, in respect of, or by reason of such obligation or their creation and (b) the provisions of this Section 9.16 are intended to be for the benefit of, and enforceable by, the Non-Recourse Parties and each such Person shall be a third-party beneficiary of this Section 9.16; provided, that notwithstanding the generality of the foregoing, nothing in this Section 9.16 shall prevent the Company from enforcing (i) the Guarantee against the Guarantor (as defined in the Guarantee) in accordance with the terms of the Guarantee, (ii) the Stock Purchase Agreement against Purchaser in accordance with the terms of the Stock Purchase Agreement or (iii) the SPA Guarantee against Guarantor (as defined in the SPA Guarantee) in accordance with the terms of the SPA Guarantee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPANY:

TXNM ENERGY, INC.

By: 

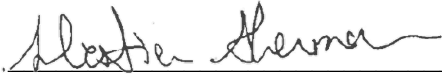
Name: Patricia K. Collawn

Title: Chief Executive Officer

PARENT:

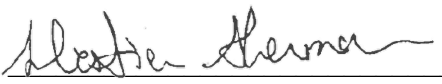
TROY PARENTCO LLC

By: BIP Holdings Manager L.L.C.
Its: Manager

By: 
Name: Sebastien Sherman
Title: Senior Managing Director

MERGER SUB:

TROY MERGER SUB INC.

By: 
Name: Sebastien Sherman
Title: Chief Executive Officer

STOCK PURCHASE AGREEMENT

by and between

TXNM ENERGY, INC.

and

TROY TOPCO LP

Dated as of May 18, 2025

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of May 18, 2025 (this “Agreement”), is entered into by and between TXNM Energy, Inc., a New Mexico corporation (the “Company”), and Troy TopCo LP, a Delaware limited partnership (the “Purchaser”).

RECITALS

WHEREAS, the Company wishes to sell eight million (8,000,000) shares of its common stock, no par value (the “Company Common Stock” and the number of such shares of Company Common Stock, the “Shares”), to the Purchaser, and the Purchaser wishes to purchase the Shares.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

“Affiliate” means, with respect to any Person, any other Person directly or indirectly, controlling, controlled by, or under common control with, such Person; provided, Blackstone Inc. and its Affiliates and its and their funds and investment vehicles and their respective portfolio companies (other than Persons managed or advised by Blackstone Infrastructure Advisors L.L.C., but, for the avoidance of doubt, including the portfolio companies and other investments of Sponsor) shall not be considered an Affiliate of the Purchaser.

“Agreement” has the meaning specified in the Introduction.

“Applicable Date” has the meaning specified in Section 3.14.

“Bankruptcy and Equity Exception” has the meaning specified in the Merger Agreement.

“Blackout Notice” has the meaning specified in Section 2(d) of Exhibit A.

“Blackout Period” has the meaning specified in Section 2(d) of Exhibit A.

“Business Day” means any day other than a Saturday or Sunday or a day on which banks are required or authorized to close in the United States in New York, New York.

“Closing” has the meaning specified in Section 2.3(a).

“Closing Date” has the meaning specified in Section 2.3(a).

“Company” has the meaning specified in the Introduction.

“Company Change of Recommendation” has the meaning specified in the Merger Agreement.

“Company Common Stock” has the meaning specified in the Recitals.

“Company Disclosure Schedule” means the Company Disclosure Schedule as defined in the Merger Agreement.

“Company Material Adverse Effect” means any event, development, change, circumstance, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, has a material adverse effect on or with respect to the business, properties, results of operations or condition of the Company and its subsidiaries (financial or otherwise), taken as a whole; provided, that no events, developments, changes, circumstances, effects or occurrences relating to, arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Company Material Adverse Effect and no event, development, change, circumstance, effect or occurrence relating to, arising out of or in connection with or resulting from any of the following shall be taken into account when determining whether a Company Material Adverse Effect has occurred or may, would or could occur: (A) general changes or developments in the legislative or political condition, or in the economy or the financial, debt, capital, credit, commodities or securities markets, in each such case, in the United States or elsewhere in the world, including as a result of changes in geopolitical conditions, tariff policies, interest rates or inflation, (B) any change affecting any industry in which the Company and its subsidiaries operate, including electric and renewable power generating, transmission or distribution industries (including, in each case, any changes in operations thereof) or any change affecting retail markets for electric power, capacity or fuel or related products, (C) any changes in the national, regional, state, provincial or local electric generation, transmission or distribution systems or increases or decreases in planned spending with respect thereto, (D) the entry into this Agreement or the Merger Agreement or the public announcement of the Merger or other transactions contemplated hereby or thereby, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, regulators, lenders, partners or employees of the Company and its subsidiaries, (E) the identity of Purchaser or any of its Affiliates as the acquirer of the Company, (F) any action taken or omitted to be taken by the Company at the express written request of or with the express written consent of Parent, (G) any actions required to be undertaken by the Company in accordance with, subject to and consistent with Section 6.4 of the Merger Agreement to obtain any Consent or make any Filing required for the consummation of the Merger and the other transactions contemplated therein or, in connection therewith, any written proposal or commitment made by any Merger Agreement Party or its Affiliates to any Governmental Entity in accordance with, subject to and consistent with Section 6.4 of the Merger Agreement or imposed by any Governmental Entity, in each case, in order to obtain the Required Regulatory Approvals, (H) changes after the date hereof, in any applicable Laws or applicable binding accounting regulations or principles or interpretation or enforcement thereof by any Governmental Entity, (I) any hurricane, tornado, fire, wildfire, earthquake, flood, tsunami or other natural disaster or weather-related event, act of God, pandemic or epidemic, including the COVID-19 virus, outbreak or escalation of hostilities or war (whether or not declared), military actions or any act of sabotage, cyber attacks, ransomware attacks, terrorism, or national or international political or social conditions, (J) any change in the market price or trading volume of the shares of the Company or the credit rating of the Company or any of its subsidiaries, (K) any failure by the Company to meet any published analyst estimates or expectations of the Company’s revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself, (L) any litigation or claim threatened or initiated by shareholders, ratepayers, customers or suppliers of the Company or subsidiaries thereof (each in their capacity as such) against the Company, any of its subsidiaries, or any of their respective officers or directors (in each case, in their capacity as such), in each case, arising out of the execution of the Merger Agreement or the transactions contemplated thereby and (M) any increase in interest rates payable arising from the refinancing of the TNMP Bonds, in each case, in accordance with the express terms of the Merger Agreement (it being understood that in the cases of clause (J) and clause (K) of this paragraph, the facts, events or circumstances giving rise to or contributing to such change or failure may be deemed to constitute, and may be taken into

account in determining whether there has been a Company Material Adverse Effect); except in the cases of clauses (A), (B), (C), (H), or (I) of this paragraph, to the extent that the Company and its subsidiaries, taken as a whole, are disproportionately affected thereby as compared with other participants in the industry in which the Company operates in the United States (in which case solely the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect); provided, however, that, notwithstanding anything herein or otherwise to the contrary, the effect of the failure to obtain the consent of the Existing Lenders (as defined in the Merger Agreement) to the execution of the Merger Agreement prior to the execution and delivery hereof may be considered, and taken into account, in determining whether a “Company Material Adverse Effect” has occurred or may, would or could occur (without giving effect to, and disregarding, any of the exceptions set forth in each of the preceding clauses (A) through (M)).

“Company Material Real Property” has the meaning specified in the Merger Agreement.

“Confidentiality Agreement” has the meaning specified in Section 5.8.

“Consent” has the meaning specified in the Merger Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Demand Notice” has the meaning specified in Section 2(b) of Exhibit A.

“Effective Time” has the meaning specified in the Merger Agreement.

“Environmental Laws” has the meaning specified in Section 3.19.

“ERISA” has the meaning specified in Section 3.25.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Act Documents” means (i) the Form 10-K, (ii) the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, filed with the Commission on May 9, 2025, and (iii) the Company’s Current Reports on Form 8-K filed with the Commission on January 22, 2025, February 14, 2025, February 27, 2025, April 23, 2025, May 14, 2025 and May 15, 2025 (in each case, excluding those portions furnished pursuant to Item 2.02 and Item 7.01, if applicable).

“Filing” has the meaning specified in the Merger Agreement.

“Form 10-K” means the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on February 28, 2025.

“Fund” means any unit trust, investment trust, investment company, limited partnership, general partnership or other collective investment scheme, pension fund, insurance company or any body corporate or other entity, in each case, the business, operations or assets of which are managed professionally for investment purpose.

“Government Official” has the meaning specified in the Merger Agreement.

“Governmental Entity” has the meaning specified in the Merger Agreement.

“Guarantee” means that certain Limited Guarantee, dated the date hereof, in favor of the Company with respect to certain obligations of the Purchaser under this Agreement.

“Hazardous Substances” has the meaning specified in the Merger Agreement.

“Holder” has the meaning specified in Section 2 of Exhibit A.

“IT Systems and Data” has the meaning specified in Section 3.29.

“knowledge” has the meaning specified in the Merger Agreement.

“Law” has the meaning specified in the Merger Agreement.

“Lock-Up Period” has the meaning specified in Section 6.1.

“Losses” has the meaning specified in Section 8(a) of Exhibit A.

“Merger” has the meaning specified in the Merger Agreement.

“Merger Agreement” means the Agreement and Plan of Merger, dated as of the date hereof, by and among Parent, Merger Sub and the Company.

“Merger Agreement Party” means each of Parent, Merger Sub and the Company.

“Merger Sub” means Troy Merger Sub Inc., a Delaware corporation.

“Money Laundering Laws” has the meaning specified in Section 3.27.

“Parent” means Troy ParentCo LLC, a Delaware limited liability company.

“Parent Termination Fee” has the meaning specified in the Merger Agreement.

“Per Share Price” has the meaning specified in Section 2.1.

“Person” means an individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act).

“Plan” has the meaning specified in Section 3.25.

“Purchaser” has the meaning specified in the Introduction.

“Registrable Shares” means the Shares, and any Company Common Stock or other securities of the Company or any successor entity which may be issued or distributed in respect of the Registrable Shares by way of stock dividend or stock split or other distribution, recapitalization, merger, conversion or reclassification; provided, that a Share shall cease to be a Registrable Share at such time that its Holder beneficially owns less than 1% of the outstanding Company Common Stock; provided, further, that for purposes of the foregoing proviso, for any Holder that is a partnership, corporation, limited liability company or other entity, the affiliates and Related Funds of any such Holder shall be deemed to be a single “Holder”.

“Registration Rights” has the meaning specified in Section 2.2.

“Related Fund” means, with respect to any Fund, any other Person or Fund or subsidiary of a Fund which is advised by, or the business, operations or assets of which are managed (whether solely or jointly with others) from time to time by or whose parent is managed by, the manager or adviser of the Fund (or a Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, that manager or adviser); provided, however, (i) the term “adviser” shall mean an entity which provides a Person with advice in relation to the management of investments of that Person; and (ii) the term “manager” with respect to any Fund shall mean any general partner, trustee, responsible entity, nominee, manager, adviser or other entity performing a similar function with respect to such Fund.

“Representative” has the meaning specified in the Merger Agreement.

“Required Regulatory Approvals” has the meaning specified in the Merger Agreement.

“Sanctions” has the meaning specified in Section 3.28.

“Sanctioned Person” means an individual or entity that is, or is owned or controlled by any individuals or entities that are, (a) the subject or target of any economic sanctions administered or enforced by the United States government (including, without limitation, those administered by the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”)) or any other applicable sanctions authority; or (b) included on any list of persons subject to sanctions maintained by OFAC, including, without limitation, OFAC’s Specially Designated Nationals and Blocked Persons List.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Shares” has the meaning specified in the Recitals.

“Shelf Registration Statement” has the meaning specified in Section 2(a) of Exhibit A.

“Significant Subsidiaries” has the meaning specified in Section 3.1.

“Sponsor” has the meaning specified in the Merger Agreement.

“Standstill Entity” has the meaning specified in Section 7.1(a).

“Standstill Period” means, the period commencing on the date hereof and ending twelve (12) months after the date of the termination of the Merger Agreement.

“subsidiary” or “subsidiaries” means, with respect to any Person (i) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which 50% or more of the total voting power of shares of stock or other equity interests of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof and (ii) any partnership, joint venture or limited liability company of which (a) 50% or more of the capital accounts, distribution rights, total equity or voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership

interests or otherwise and (b) such Person or any subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“TNMP Bonds” has the meaning specified in the Merger Agreement.

“Transfer” has the meaning specified in Section 6.1.

ARTICLE II. PURCHASE AND SALE OF THE SECURITIES

Section 2.1. Issuance and Sale of Securities. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Company agrees to issue, sell and deliver to the Purchaser, and the Purchaser agrees to purchase from the Company, the Shares for a purchase price of \$50.00 per Share (the “Per Share Price”).

Section 2.2. Registration Rights. The Purchaser shall have the rights to registration under the Securities Act of the Registrable Shares, on the terms and subject to the conditions set forth in Exhibit A (the “Registration Rights”); provided, however, that such Registration Rights may not be exercised prior to the termination of the Lock-Up Period.

Section 2.3. Closing and Delivery.

(a) The consummation of the purchase and sale of the Shares hereunder (the “Closing”) shall take place (i) upon the later of (A) the tenth Business Day following the execution of this Agreement and (B) the date on which the New York Stock Exchange has authorized the listing of the Shares, and (ii) at the offices of Kirkland & Ellis LLP, or such other date, time and place as the Company and the Purchaser shall mutually agree in writing (the date of the Closing being the “Closing Date”).

(b) At the Closing, the Company shall deliver to the Purchaser evidence reasonably satisfactory to Purchaser that the Company has made appropriate book entry notation reflecting the issuance of the Shares, in such denominations and registered in the Purchaser’s name as set forth on Schedule 1, representing the number of Shares which the Purchaser is purchasing from the Company, against delivery to the Company of a wire transfer of immediately available funds in US dollars to the order of the Company in the aggregate amount equal to the Per Share Price times the number of Shares to be purchased by the Purchaser in accordance with Section 2.1, and the Company shall register the Purchaser as the holder of the Shares in the register of holders of the Company Common Stock.

Section 2.4. Restrictive Legend. The Shares shall bear an appropriate notation of the following legend until such time as (i) such Shares are sold pursuant to an effective registration statement under the Securities Act, (ii) the Lock-Up Period has expired and such Shares are eligible for resale in reliance on Rule 144 under the Securities Act without restriction or limitation (including such restrictions or limitations under paragraph (c), (d), (e), (f), (g) and (h) of Rule 144), or (iii) the Lock-Up Period has expired and the Purchaser or any transferee thereof delivers an opinion of counsel reasonably acceptable to the Company to the effect that such legend is no longer required under the Securities Act:

THESE SECURITIES WERE SOLD IN A PRIVATE PLACEMENT, WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AND MAY BE OFFERED, SOLD OR TRANSFERRED ONLY IF REGISTERED UNDER THE SECURITIES ACT OF 1933 OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES ARE SUBJECT TO THE PROVISIONS OF THE STOCK PURCHASE AGREEMENT, DATED AS OF MAY 18, 2025,

BY AND BETWEEN THE COMPANY AND THE PURCHASER NAMED THEREIN AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN ACCORDANCE THEREWITH.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Purchaser that:

Section 3.1. Due Incorporation and Qualification. Each of the Company and the Company's significant subsidiaries (within the meaning of Rule 1-02(w) of Regulation S-X under the Exchange Act, the "Significant Subsidiaries") has been duly incorporated or organized, is validly existing as a corporation or other business entity in good standing under the Laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own, lease and operate its properties and assets, and conduct its business, as described in the Exchange Act Documents. Each of the Company and each Significant Subsidiary is duly qualified to do business as a foreign corporation or other business entity and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified or in good standing would not, in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Section 3.1 of the Company Disclosure Schedule. None of the subsidiaries of the Company is a "significant subsidiary" (within the meaning of Rule 1-02(w) of Regulation S-X under the Act), other than, Public Service Company of New Mexico, Texas-New Mexico Power Company and TNP Enterprises, Inc.

Section 3.2. Capitalization. The Company has an authorized capitalization as set forth in the Form 10-K.

Section 3.3. Shares. The Shares to be issued and sold by the Company pursuant to this Agreement have been duly and validly authorized; such Shares, when issued and delivered in accordance with the terms of this Agreement will be validly issued, fully paid, non-assessable, free and clear of all liens and encumbrances (other than the restrictions on transfer or other encumbrances provided for in this Agreement) and will conform in all material respects to the description of the Company Common Stock in Exhibit 4.1 to the Form 10-K. Shareholders of the Company have no preemptive rights with respect to the issuance of the Shares.

Section 3.4. Listing and Maintenance Requirements. The Company Common Stock has been registered pursuant to Section 12(b) of the Exchange Act, and the Company has not taken any action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Company Common Stock under the Exchange Act (other than as a result of the consummation of the transactions contemplated by the Merger Agreement) nor has the Company received any notification that the SEC is contemplating terminating such registration. The Company has not, in the 12 months preceding the date hereof, received notice from the New York Stock Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements of the New York Stock Exchange.

Section 3.5. WKSI Status. The Company is a "well-known seasoned issuer" and is not an "ineligible issuer" (as such terms are defined in Rule 405 under the Securities Act).

Section 3.6. Investment Company. The Company is not, and after giving effect to the offer and sale of the Shares and the application of the proceeds thereof, will not be, an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended.

Section 3.7. Authority. The Company has all requisite corporate power and authority, and has taken all corporate action necessary, to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly and validly executed and delivered by the Company. Assuming the due authorization, execution and delivery hereof by the Purchaser, this Agreement constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Bankruptcy and Equity Exception.

Section 3.8. No Conflicts. The execution, delivery and performance of this Agreement by the Company, the issue, sale and delivery of the Shares pursuant to this Agreement, the consummation of the transactions contemplated hereby, and the application of the proceeds thereof as described in Section 5.6, does not and will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default or result in the loss of a benefit under, or give rise to any right of payment (other than payment of the Per Share Price on each Share pursuant to the terms, and subject to the conditions of, this Agreement), reimbursement, termination, revocation, cancellation, amendment, creation, modification or acceleration of, or impose any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries, or any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; (ii) result in any breach or violation of the provisions of the charter, by-laws or other organizational documents of the Company or any of its subsidiaries; or (iii) result in any violation of any Law, except, in the case of clauses (i) and (iii), any such conflict, breach or violation which, if it did exist, has not had and would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company has not adopted any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Company Common Stock. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement), or other similar anti-takeover provision under the Company's organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to the Purchaser solely as a result of the transactions contemplated by this Agreement.

Section 3.9. Approvals. No clearances, expirations or terminations of waiting periods, non-actions, waivers, qualifications, consent, approval, authorization or order of, or filing or registration with, any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties is required (with or without notice or lapse of time, or both) to be obtained by the Company for the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby, or the application of the proceeds as described in Section 5.6, except those that the failure of which to obtain, individually or in the aggregate, would not reasonably be expected to result in a Company Material Adverse Effect.

Section 3.10. No Company Material Adverse Effect. Since December 31, 2024, there has not occurred any event, development, change, effect or occurrence that, has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.11. Historical Financial Statements. The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included in the Form 10-K comply as to form in all material respects with the requirements of Regulation S-X under the Exchange Act and present fairly in all material respects the consolidated financial condition of the Company and its consolidated subsidiaries as of the dates indicated therein and the consolidated results of their operations and cash flows for the periods specified therein. Except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis throughout the periods involved.

Section 3.12. Exchange Act Documents. The Exchange Act Documents conformed, and any further Exchange Act Documents filed with the SEC will conform, when filed with the SEC, in all material respects to the requirements of the Exchange Act. The Exchange Act Documents did not, and any further Exchange Act Documents filed with the SEC, when filed with the SEC will not, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the foregoing representation and warranty is given on the basis that any statement contained in an Exchange Act Document shall be deemed not to be contained therein if the statement has been modified or superseded by any statement in a subsequently filed Exchange Act Document.

Section 3.13. Independent Public Accountants. KPMG LLP, which has certified certain financial statements of the Company and its subsidiaries and delivered its report with respect to the audited consolidated financial statements and schedules included in the Form 10-K, is an independent registered public accounting firm with respect to the Company within the meaning of the applicable rules and regulations adopted by the Public Company Accounting Oversight Board (United States) and as required by the Exchange Act.

Section 3.14. Compliance. Except as disclosed in the Exchange Act Documents, the Company and each of its Significant Subsidiaries (i) since January 1, 2023 (the “Applicable Date”), has conducted its business in compliance with all applicable federal, tribal, state and foreign laws, orders, judgments, decrees, rules, regulations, and applicable stock exchange requirements, (ii) owns or leases all such properties as are necessary to the conduct of its operations as presently conducted, (iii) is not in non-compliance with any term or condition of, nor has failed to obtain and maintain in effect, any license, certificate, permit or other governmental authorization required for the ownership or lease of its property or the conduct of its business and (iv) since the Applicable Date, has not received notice of any proceedings relating to the revocation or material modification of any such license, certificate, permit or other authorization, which non-compliance, failure or proceedings, individually or in the aggregate (in the case of clauses (i) through (iv) above), has not had and would not reasonably be expected to have a Company Material Adverse Effect.

Section 3.15. Litigation. Other than as set forth in the Exchange Act Documents, there are no civil, criminal, administrative, or other suits, claims, actions, proceedings, arbitrations, investigations, inquiries or audits pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect. To the knowledge of the Company, no such proceedings are threatened by Governmental Entities or threatened by others.

Section 3.16. Labor Matters. There are no pending labor arbitrations, strikes, lockouts, work stoppages, slowdowns, unfair labor practice charges, or other material disputes against or involving the Company or any of its subsidiaries and, to the knowledge of the Company, none is threatened or is imminent, in each case, that would reasonably be expected to have a Company Material Adverse Effect. To the knowledge of the Company, there are no labor organizing activities with respect to the Company or any of its subsidiaries.

Section 3.17. No Defaults. The Company is not in violation of its charter, bylaws or other organizational documents, nor, except as would not reasonably be likely to have, individually or in the aggregate, a Company Material Adverse Effect, (i) is in breach or default in the performance or observance of any term, obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, (ii) is in default or violation of any statute or any order, rule

or regulation of any court or governmental agency or body having jurisdiction over it or its property nor (iii) has failed to obtain any license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of its property or to the conduct of its business.

Section 3.18. Sarbanes-Oxley. The Company is in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 that are effective and the rules and regulations of the SEC that have been adopted and are effective thereunder.

Section 3.19. Environmental Matters. Except as set forth in or contemplated by the Exchange Act Documents, (i) each of the Company and each of its subsidiaries (A) is operating in compliance with any and all applicable federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“Environmental Laws”), (B) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business, and (C) is in compliance with all terms and conditions of any such permit, license or approval, and (ii) there has been no spill, release, disposal or discharge of any Hazardous Substances on, at, under, in, or from any Company Material Real Property that is currently subject to, or reasonably likely to result in, an investigation, remediation, funding, contribution or monitoring obligation or other liability to the Company or any of its subsidiaries under any applicable Environmental Law, except, in each case, where such non-compliance with Environmental Laws or failure to receive, or comply with the terms and conditions of required permits, licenses or approvals, or spill, release, disposal or discharge of Hazardous Substances, would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, individually or in the aggregate, have a Company Material Adverse Effect, except as set forth in or contemplated in the Exchange Act Documents.

Section 3.20. Accounting Controls and Disclosure Controls. The Company and its subsidiaries maintain (x) systems of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) any interactive data in the eXtensible Business Reporting Language included in the Exchange Act Documents is in compliance with the SEC’s published rules, regulations and guidelines applicable thereto in all material respects; and (y) disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act).

Section 3.21. Anti-Manipulation. The Company has not taken, directly or indirectly, any action intended or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company in a manner which would violate the Securities Act or the Exchange Act.

Section 3.22. Documents Described in or Filed as Exhibit to Exchange Act Documents. There is no franchise, contract or other document of a character required under the Exchange Act to be filed as an exhibit to the Exchange Act Documents, which is not described or filed as required.

Section 3.23. Taxes. The Company and each of its Significant Subsidiaries have filed all tax returns that are required to be filed or have requested extensions thereof, and have paid all taxes required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such tax, assessment, fine or penalty that is currently being contested in good faith and with respect to which adequate reserves are being maintained in conformity with generally accepted accounting principles or where the failure to file such returns or pay such taxes, assessments, fines or penalties (i) would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect or (ii) is set forth in or contemplated in the Exchange Act Documents.

Section 3.24. Insurance. The Company and each of its subsidiaries are insured against such losses and risks and in such amounts as the Company reasonably believes are (i) prudent and customary in the businesses in which they are engaged and (ii) adequate to protect the Company and its subsidiaries and their respective businesses; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected to have a Company Material Adverse Effect.

Section 3.25. ERISA/Employee Matters. None of the following events has occurred or exists which has had or would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect: (i) a failure to fulfill the obligations, if any, under the minimum funding standards of Section 302 of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the regulations and published interpretations thereunder with respect to a Plan, determined without regard to any waiver of such obligations or extension of any amortization period; (ii) an audit or investigation by the Internal Revenue Service, the U.S. Department of Labor, the Pension Benefit Guaranty Corporation or any other federal or state governmental agency or any foreign regulatory agency with respect to the employment, benefits or compensation of current or former employees, officers, directors, or other service providers by any of the Company or any of its subsidiaries; or (iii) any breach of any contractual obligation, or any violation of law or applicable qualification standards, with respect to the employment, benefits or compensation of current or former employees officers, directors, or other service providers by the Company or any of its subsidiaries. None of the following events has occurred or is reasonably likely to occur which has had or would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect: (a) an increase in the aggregate amount of contributions required to be made to all Plans in the current fiscal year of the Company and its subsidiaries compared to the amount of such contributions made in the most recently completed fiscal year of the Company and its subsidiaries; (b) an increase in the “accumulated post-retirement benefit obligations” (within the meaning of Statement of Financial Accounting Standards 106) of the Company and its subsidiaries compared to the amount of such obligations in the most recently completed fiscal year of the Company and its subsidiaries; (c) any event or condition giving rise to a liability under Title IV of ERISA; or (d) the filing of a claim by one or more employees or former employees of the Company or any of its subsidiaries related to their employment. For purposes of this paragraph, the term “Plan” means a plan (within the meaning of Section 3(3) of ERISA) subject to Title IV of ERISA with respect to which the Company or any of its subsidiaries has or may have any liability or obligation.

Section 3.26. No Unlawful Payments. Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made, offered, authorized, or agreed to make any direct or indirect unlawful payment to any foreign or domestic Government Official from corporate funds; (iii) violated or is in violation of any provision of

the Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law; or (iv) made, offered, authorized, or agreed to make any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 3.27. Compliance with Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

Section 3.28. Compliance with OFAC. The Company and its subsidiaries are in compliance with all applicable sanctions laws and regulations (“Sanctions”), including those administered by OFAC. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries (i) is a Sanctioned Person; or (ii) has engaged in, or is engaging in, any dealings or transactions with (a) any person that at the time of the dealing or transaction is a Sanctioned Person or (b) any person located, organized, or resident in, or the governments of, a country or territory that is, or whose government is, the subject of Sanctions. The Company will not, directly or indirectly, use the proceeds from the transactions contemplated by this Agreement to lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other individual or entity in any manner that would result in a violation of any Sanctions by, or could result in any Sanctions against, any individual or entity (including any individual or entity participating in the transactions contemplated hereby, whether as an agent, forward purchaser, advisor, investor or otherwise).

Section 3.29. Cybersecurity. Except as disclosed in the Exchange Act Documents or as would not, individually or in the aggregate, result in a Company Material Adverse Effect: (A) there has been no security breach or incident, unauthorized access or disclosure, or other compromise of or relating to the Company’s or its subsidiaries’ information technology and computer systems, networks, hardware, software, data and databases (including the data and information of their respective customers, employees, suppliers, vendors and any third party data maintained, processed or stored by the Company and its subsidiaries, and any such data processed or stored by third parties on behalf of the Company and its subsidiaries), equipment or technology (collectively, “IT Systems and Data”); and (B) neither the Company nor its subsidiaries have been notified of, and have no knowledge of any event or condition that would result in, any security breach or incident, unauthorized access or disclosure or other compromise to their IT Systems and Data. The Company and its subsidiaries have implemented appropriate controls, policies, procedures, and technological safeguards to maintain and protect the integrity, continuous operation, redundancy and security of their IT Systems and Data reasonably consistent with industry standards and practices, or as required by applicable regulatory standards. The Company and its subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification.

Section 3.30. Brokers and Finders. Except for the Company Financial Advisor (as defined in the Merger Agreement) and any agent, broker, investment banker, financial advisor or other firm or Person set forth in Section 3.20 of the Company Disclosure Schedule, whose fees and expenses will be

paid by the Company in accordance with the Company's agreement with such firm, the Company has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

Section 3.31. Private Placement. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 4.7 of this Agreement, no registration under the Securities Act is required for the offer and sale of the Shares by the Company to the Purchaser under this Agreement.

Section 3.32. No Other Representations of the Purchaser. Except for the representations and warranties contained in ARTICLE IV, the Company acknowledges that neither the Purchaser nor any other Person on behalf of the Purchaser makes, or has made, any other express or implied representation or warranty with respect to the Purchaser or its subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to the Company. The Company hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by the Purchaser or any of its Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to the Company or its Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). The Purchaser nor any other Person will have or be subject to any liability or indemnification obligation to the Company or any other Person resulting from the distribution to the Company, or the Company's use of, any such information, including any information, documents, projections, forecasts or other material made available to the Company in certain "data rooms" or management presentations in expectation of the transactions contemplated by this Agreement.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Company as follows:

Section 4.1. Due Incorporation; Qualification. The Purchaser has been duly incorporated or organized, is validly existing as a corporation or other business entity in good standing under the laws of the jurisdiction in which it is chartered or organized.

Section 4.2. Authority. The Purchaser has all the requisite partnership power and authority to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Purchaser. Assuming the due authorization, execution and delivery hereof by the Company, this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to the Bankruptcy and Equity Exception.

Section 4.3. No Conflicts. The execution, delivery and performance of this Agreement by the Purchaser, and the consummation of the transactions contemplated hereby, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, impose any lien, charge or encumbrance upon any property or assets of the Purchaser, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Purchaser is a party or by which the Purchaser is bound or to which any of the property or assets of the Purchaser is subject; (ii) result in any violation of the provisions of the charter, by-laws or other organizational documents of the Purchaser; or (iii) result in any violation of any Law having jurisdiction over the Purchaser or any of its properties, except, in the case of clauses (i) and (iii), any such conflict, breach or violation which, if it did exist,

would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair the consummation of the transactions contemplated by this Agreement.

Section 4.4. Approvals. No consent, approval, authorization or order of, or filing or registration with, any court or governmental agency or body having jurisdiction over the Purchaser or any of its properties is required to be obtained by the Purchaser for the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, except those that the failure of which to obtain, individually or in the aggregate, would not reasonably be expected to prevent, materially delay or materially impair the consummation of the transactions contemplated by this Agreement.

Section 4.5. Litigation. There are no legal or governmental proceedings pending to which the Purchaser is a party or of which any property of the Purchaser is the subject which individually or in the aggregate would reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of the transactions contemplated hereby. To the Purchaser's knowledge, no such proceedings are threatened or contemplated by Governmental Entities or threatened by others.

Section 4.6. Ownership of Company Stock. As of the date hereof, neither the Purchaser nor any of its Affiliates (excluding for the purposes of this Section 4.6 officers and directors of the Purchaser) beneficially owns (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares of capital stock of the Company.

Section 4.7. Purchase for Investment. It acknowledges that the Shares have not been registered under the Securities Act or under any state securities laws. It (i) is acquiring the Shares pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute any of the Shares to any Person, (ii) will not sell or otherwise dispose of any of the Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities laws and in accordance with the requirements of ARTICLE VI of this Agreement, (iii) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of its investment in the Shares and of making an informed investment decision and (iv) is an institutional "accredited investor" (as that term is defined in Rule 501 promulgated under the Securities Act).

Section 4.8. No Other Representations of the Company. Except for the representations and warranties contained in ARTICLE III, the Purchaser acknowledges that neither the Company nor any other Person on behalf of the Company makes, or has made, any other express or implied representation or warranty with respect to the Company or its subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or the Merger Agreement or with respect to any other information provided to the Purchaser. The Purchaser hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by the Company or any of its Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to the Purchaser or its Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). Neither the Company nor any other Person will have or be subject to any liability or indemnification obligation to the Purchaser or any other Person resulting from the distribution to the Purchaser, or the Purchaser's use of, any such information, including any information, documents, projections, forecasts or other material made available to the Purchaser in certain "data rooms" or management presentations in expectation of the transactions contemplated by this Agreement.

Section 4.9. Guarantee. Concurrently with the execution and delivery of this Agreement, Sponsor has delivered to the Company a true, correct and complete copy of a duly executed Guarantee, and assuming the due authorization, execution and delivery by the Company of the Guarantee, the Guarantee constitutes a valid and binding obligation of Sponsor, enforceable against Sponsor in accordance with its terms, subject to the Bankruptcy and Equity Exception. No event has occurred that, with notice or lapse of time or both, would, or would reasonably be expected to, constitute a default on the part of Sponsor pursuant to the Guarantee.

ARTICLE V. COVENANTS

Section 5.1. Registration Rights. The Company and the Purchaser shall comply with the provisions contained in Exhibit A regarding the Registration Rights.

Section 5.2. Reservation of Company Stock. The Company shall have reserved and keep available out of its authorized but unissued shares of Company Common Stock the Shares to be purchased and sold at the Closing.

Section 5.3. Listing of Shares. The Company shall cause the Shares to be listed on the New York Stock Exchange prior to the Closing Date. The Company shall cooperate with the Purchaser and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under the rules and policies of the New York Stock Exchange to enable the listing of the Shares with the New York Stock Exchange as promptly as practicable following the execution of this Agreement.

Section 5.4. Voting. Prior to the termination of the Merger Agreement and as long as there has not been a Company Change of Recommendation, the Purchaser agrees that it shall vote all shares of Company Common Stock beneficially owned by it (i) with respect to the Merger, for the approval of the Merger Agreement and the transactions contemplated thereby, including the Merger and (ii) for all other matters, (A) as recommended by the board of directors of the Company, if the board of directors has made a recommendation with respect to such matter, so long as such shares of Company Common Stock may be lawfully voted as so provided or (B) if the board of directors has not made a recommendation with respect to a matter or the shares may not be lawfully voted as provided in clause (ii)(A), pro rata in proportion to the votes cast by the holders of shares of Company Common Stock other than the Shares.

Section 5.5. WKSI Status. The Company shall use its reasonable best efforts to maintain its status as a “well-known seasoned issuer,” and shall not become an “ineligible issuer” (as such terms are defined in Rule 405 under the Securities Act).

Section 5.6. Use of Proceeds. The Company shall use the net proceeds from the sale of the Shares for general corporate purposes.

Section 5.7. Expenses. The Company and the Purchaser each shall bear its own expenses and legal fees with respect to this Agreement and the transactions contemplated hereby, except as set forth in Exhibit A hereto.

Section 5.8. Confidentiality. Each party hereto will comply with terms and conditions of the confidentiality agreement, dated January 9, 2025, between the Company and Blackstone Infrastructure Advisors L.L.C. (the “Confidentiality Agreement”), and will hold and treat, and will cause their respective officers, employees, auditors and other Representatives to hold and treat, in confidence all documents and information concerning, on the one hand, the Company and its subsidiaries furnished to

the Purchaser, and on the other hand, the Purchaser and its subsidiaries furnished to the Company, in each case in connection with the transactions contemplated by this Agreement in accordance with the Confidentiality Agreement, which Confidentiality Agreement shall remain in full force and effect in accordance with its terms.

Section 5.9. Public Announcement. The Company and the Purchaser shall (1) consult with each other prior to issuing any press releases or otherwise making public announcements with respect to this Agreement or the transactions contemplated by this Agreement, (2) provide to each other for review a copy of any such press release or public statement, (3) not issue any such press release or public statement prior to providing each other with reasonable period of time to review and comment on such press release or public statement, and (4) not issue any such press release or public statement or make any filings with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto without the prior written consent of the other parties hereto (such consent not to be unreasonably withheld, conditioned or delayed), except as may be required, on the advice of counsel, by law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Governmental Entity (or, in the case of the Company, in accordance with Section 6.1(b)(i) of the Merger Agreement); provided, however, that in each such case, the party required to make such disclosure will, to the extent practicable and not prohibited by applicable law, promptly inform the other parties in writing in advance of such required disclosure and provide such other parties with a copy of the proposed disclosure and consult with such other parties and consider such other parties' comments in good faith prior to making such disclosure.

Section 5.10. Taxes. The Company shall pay any and all transfer, stamp or similar taxes that may be payable with respect to the issuance and delivery of any Shares to the Purchaser made under this Agreement.

Section 5.11. Cooperation. The Company and the Purchaser, including their respective Affiliates, shall use their reasonable best efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transaction contemplated by this Agreement as promptly as practicable. The Company and the Purchaser, including their respective Affiliates, also will coordinate and cooperate with each other in providing such information and assistance as the other party may reasonably request in connection with any notice, registration, update, application or filing due to or required by a Governmental Entity under applicable Law.

ARTICLE VI. TRANSFER RESTRICTIONS

Section 6.1. Lock-Up Period. Except as permitted by Section 6.2, the Purchaser shall not (i) sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares (each, a "Transfer") or (ii) enter into any swap or other arrangement that transfers to another the economic consequences of ownership of the Shares prior to the earlier of (A) the consummation of the transactions contemplated by the Merger Agreement; or (B) the termination of the Merger Agreement (the "Lock-Up Period").

Section 6.2. Permitted Transfers. The restrictions on transfer in Section 6.1 shall not apply to the following Transfers of Shares (each of which exceptions shall be separate and not reduce the scope or availability of any other exception): (i) to the Company, (ii) in connection with the grant and maintenance of a bona fide lien, security interest, pledge, hypothecation or other similar encumbrance of

Shares by the Purchaser to a recognized financial institution in connection with a loan to the Purchaser as collateral or security for any loan, advance, extension of credit or similar financing activity (provided that any transferee that acquires Shares from such institution agrees in writing to the restrictions on further transfers provided in Section 6.1 until the expiration of the Lock-Up Period); and (iii) to any Affiliate or to any Related Fund of the Purchaser; provided, in the case of clause (iii), that the transferee agrees in writing to the covenants applicable to the Purchaser in ARTICLE V, the standstill provisions applicable to the Purchaser in ARTICLE VII and the restrictions on further transfers of such securities to the extent provided in this ARTICLE VI.

ARTICLE VII. STANDSTILL

Section 7.1. Standstill.

(a) During the Standstill Period, except as provided in Section 7.1(b), and except in respect of the transactions contemplated by this Agreement and by the Merger Agreement, the Purchaser individually or as part of a “group” (as defined in the Exchange Act) (collectively, the “Standstill Entity”) agrees that such Standstill Entity will not, directly or indirectly, nor will it authorize or direct any of its officers, employees, agents and other representatives to, in each case, unless specifically consented to by the Board of Directors of the Company:

(i) form, join, or in any way participate as a member of a “group” (as defined in the Exchange Act) with any other Person (other than its Affiliates or any other member of the Standstill Entity) with respect to any of the actions described in clauses (ii) through (vi) of this Section 7.1(a);

(ii) other than with respect to the Shares and as permitted under ARTICLE VI, acquire or agree, offer, seek or propose to acquire, or cause to be acquired, beneficial ownership of, any equity securities or property of the Company or any of its subsidiaries, or any options, warrants or other rights (including, without limitation, any convertible or exchangeable securities) to acquire any such securities (except pursuant to a stock dividend, stock split, reclassification, recapitalization or other similar event by the Company that does not increase the percentage ownership of the outstanding shares of Company Common Stock held by such Standstill Entity);

(iii) seek to propose or propose, whether alone or in concert with others, any tender offer, exchange offer, merger, business combination, restructuring, liquidation, dissolution, recapitalization or similar transaction involving the Company;

(iv) make, or in any way participate in, any “solicitation” of “proxies” (as such terms are used in the proxy rules of the SEC) with respect to the voting of any securities of the Company or seek to advise or influence any Person with respect to the voting of any securities of the Company;

(v) nominate any Person as a director of the Company’s Board of Directors, propose any matter to be voted upon by the shareholders of the Company or seek to call a meeting of the shareholders of the Company that is inconsistent with the terms of this Section 7.1, or otherwise seek to control the management or Board of Directors of the Company; or

(vi) take any action with respect to or publicly announce or disclose any intention, plan or arrangement inconsistent with the foregoing.

(b) Nothing contained in Section 7.1(a) shall be deemed in any way to prohibit or limit any transactions in the ordinary course of business and on arm's length terms between the Company and any of its subsidiaries, on the one hand, and the Purchaser and its Affiliates, on the other hand, or in any way limit the full voting rights or free transferability of the Shares. The restrictions set forth in this Section 7.1 shall terminate and be of no further force and effect if (i) the Merger Agreement is terminated pursuant to Section 8.1(e)(i) [*Company Material Breach*], Section 8.1(e)(ii) [*Company Change in Recommendation*] or Section 8.1(d)(ii) [*Superior Proposal*] of the Merger Agreement, (ii) the Company receives the Parent Termination Fee, (iii) the Company enters into, or publicly announces that it plans to enter into, a definitive agreement with respect to a transaction involving more than 50% of the Company's equity securities or all or substantially all of the Company's assets (whether by merger, consolidation, business combination, tender or exchange offer, recapitalization, restructuring, sale, equity issuance, or otherwise), (iv) the Company files for bankruptcy protection, liquidation or other insolvency proceedings or (v) any third party commences a bona fide takeover bid or tender or exchange offer for not less than a majority of the outstanding voting equity of the Company and the Company, in a formal filing under applicable securities legislation, recommended acceptance, of or, after consideration of the takeover bid or tender or exchange offers, states that it remains neutral with respect to, such takeover bid or tender or exchange offer.

ARTICLE VIII. SPECIFIC PERFORMANCE; LIMITATION ON LIABILITY

Section 8.1. Specific Performance.

(a) The parties to this Agreement agree that irreparable damage for which monetary damages, even if available, may not be an adequate remedy, would occur in the event that the parties hereto do not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder in order to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The parties to this Agreement acknowledge and agree that the parties hereto shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the issuance, sale and delivery to the Purchaser, and the Purchaser's purchase from the Company, of the Shares, and payment by the Purchaser to the Company of the Per Share Price for each Share purchased), without any requirement for obtaining, furnishing or posting any bond or other security, this being in addition to any other remedy to which they are entitled at law or in equity. The parties to this Agreement hereby further acknowledge and agree that prior to the Closing, the Company shall be entitled to seek specific performance to enforce specifically the terms and provisions of, and to prevent or cure breaches of the terms of this Agreement by the Purchaser and to cause the Purchaser to consummate the transactions contemplated hereby, including to effect the Closing in accordance with ARTICLE II, on the terms and subject to the conditions in this Agreement.

(b) Each of the parties hereto agrees that it will not raise any objections to the availability of the equitable remedy of specific performance or other equitable relief as provided herein, including objections on the basis that (i) a party has an adequate remedy at law or equity or (ii) an award of specific performance is not an appropriate remedy for any reason at law or equity. The remedies available to the Company pursuant to this Section 8.1 shall be in addition to any other remedy to which it is entitled at law or in equity.

Section 8.2. Limitation on Liability. No payment of monetary damages shall be due or payable by the Company as a result of any actions or proceedings in respect of any claim arising out of, related to, or in connection with, this Agreement or the transactions contemplated by this Agreement, whether in tort or contract or at law or in equity, (i) if the Merger is consummated, or (ii) unless and until the Merger Agreement has been terminated in accordance with the terms thereof.

ARTICLE IX.
TERMINATION

This Agreement may be terminated by the Company if the Purchaser has failed to consummate the Closing within five (5) Business Days after the date on which it is required to be completed pursuant to Section 2.3(a); provided, that any such termination shall not relieve any party of any liabilities or damages resulting from a breach of this Agreement; and provided, further, that the agreements contained in Section 5.8 and Section 5.9 and ARTICLE X shall survive any such termination.

ARTICLE X.
GENERAL PROVISIONS

Section 10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement shall survive the Closing and the payment for and delivery of the Shares, but shall not survive the Effective Time under the Merger Agreement, if the Merger shall be consummated; provided, that, the Company shall not be liable to the Purchaser for any breach of any representation or warranty unless and until the Merger Agreement has been terminated in accordance with its terms.

Section 10.2. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by like notice); *provided, however*, that delivery by e-mail shall be deemed to have been duly given upon receipt only if confirmed by e-mail or telephone:

- (a) if to the Purchaser, to the addresses set forth on Schedule 1 hereto:

with an additional copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
609 Main Street
Houston, TX 77002
Attn: Rhett A. Van Syoc, P.C.
Robert P. Goodin, P.C.
Debbie P. Yee, P.C.
Email: rhett.vansyoc@kirkland.com
robert.goodin@kirkland.com
debbie.yee@kirkland.com

- (b) if to the Company:

TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, NM 87102-3289
Attn: Brian G. Iverson, Esq.
Senior Vice President, General Counsel & Secretary
Email: brian.iverson@txnmenergy.com

with an additional copy (which shall not constitute notice) to:

Troutman Pepper Locke LLP
1001 Haxall Point
15th Floor
Richmond, VA 23219
Attn: R. Mason Bayler, Jr.
Coburn R. Beck
Heather M. Ducat
Email: mason.bayler@troutman.com
coby.beck@troutman.com
heather.ducat@troutman.com

Section 10.3. Entire Agreement. This Agreement and the Merger Agreement are being entered into simultaneously but are separate transactions. Except as expressly set forth in this Agreement, the provisions of the Merger Agreement are not intended to, and in no way, modify or supplement the terms of this Agreement. This Agreement (including the Exhibits hereto), the Guarantee and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and thereof.

Section 10.4. Severability. If any term or other provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, this Agreement shall be interpreted as to effect the original intent of the parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 10.5. Interpretation. When a reference is made in this Agreement to Sections, Schedules or Exhibits, such reference shall be to a Section, Schedule or Exhibit of this Agreement, respectively, unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” if they are not already followed by such words.

Section 10.6. Counterparts; Effect. This Agreement may be executed and delivered (including by facsimile transmission, “.pdf,” or other electronic transmission) in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 10.7. No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 10.8. Governing Law. This Agreement, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any

other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware).

Section 10.9. Venue. Each of the parties irrevocably (a) agrees that it shall bring any and all actions or proceedings in respect of any claim arising out of, related to, or in connection with, this Agreement or the transactions contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware or, if such court shall not have or declines to accept jurisdiction over a particular matter, then any federal court within the State of Delaware, (b) submits with regard to any such action or proceeding, generally and unconditionally, to the personal jurisdiction of such courts and agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts described above, and (d) consents to service being made through the notice procedures set forth in Section 10.2. The Company hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 10.2 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby. Each party hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 10.9, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof or thereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the party is entitled pursuant to the final judgment of any court having jurisdiction. Each party expressly acknowledges that the foregoing waiver is intended to be irrevocable under the Laws of the State of Delaware and of the United States of America; provided, that each such party's consent to jurisdiction and service contained in this Section 10.9 is solely for the purpose referred to in this Section 10.9 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

Section 10.10. Waiver of Jury Trial and Certain Damages. EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PURCHASER OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

Section 10.11. Assignment. Except as provided in Section 6.2, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto (whether by operation of law or otherwise) without the prior written consent of the other party; provided, however, that the Purchaser may, without the consent of the Company, assign its Registration Rights to any permitted transferee of its Shares or as provided in Annex A.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by a duly authorized officers of each of the parties hereto as of the date first written above.

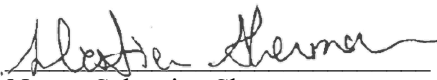
TXNM ENERGY, INC.

By: 
Name: Patricia K. Collawn
Title: Chief Executive Officer

TROY TOPCO LP

By: Troy GP LLC
Its: General Partner

By: BIP Holdings Manager L.L.C.
Its: Manager

By: 
Name: Sebastien Sherman
Title: Senior Managing Director

SCHEDULE 1
PURCHASER AND PURCHASED SHARES;
NAMES AND ADDRESSES OF PURCHASER

Name and Address of Purchaser	Number of Shares of Company Common Stock Purchased	Total Purchase Price
Troy TopCo LP c/o Blackstone Infrastructure Partners L.P. 345 Park Avenue, New York, NY 10154 Attn: Sebastien Sherman Heidi Boyd Max Wade Email: Sebastien.Sherman@Blackstone.com Heidi.Boyd@Blackstone.com Max.Wade@Blackstone.com BIP-LegalandCompliance@Blackstone.com	8,000,000	\$400,000,000

EXHIBIT A

REGISTRATION RIGHTS

Section 1. Effectiveness of Registration Rights. The registration rights pursuant to Sections 2 and 3 hereof shall become effective on the Closing Date. Terms which are used but not defined in this Exhibit A have the meanings ascribed to them in Article I of the Stock Purchase Agreement, dated as of May 18, 2025, by and among the Company and the Purchaser named therein.

Section 2. Registration Rights Generally.

(a) Shelf Registration. Subject to Section 2(d), the Company shall cause to be filed, no later than 15 days after the termination of the Merger Agreement, a registration statement on Form S-3 (or any successor form) for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (the “Shelf Registration Statement”) with respect to resales of Registrable Shares by any holder of Registrable Shares (“Holders”); provided, that if the Company is a “well-known seasoned issuer” on the date of the termination of the Merger Agreement, such Shelf Registration Statement shall be an “automatic” Shelf Registration Statement. Unless such Shelf Registration Statement shall become automatically effective, the Company shall use commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective by the SEC for all of the Registrable Shares covered thereby as promptly as practicable following such filing. The Company shall use commercially reasonable efforts to maintain the Shelf Registration Statement (or a successor registration statement filed with respect to the Registrable Shares) effective (including by filing a new Shelf Registration Statement if the initial Shelf Registration Statement expires) in order to permit the prospectus forming a part thereof to be lawfully delivered and the Shelf Registration Statement to be usable for the resale of the Registrable Shares all Registrable Shares are sold pursuant to such registration statement. The Company shall supplement and amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration Statement or if required by the Securities Act.

(b) Demand Registration. Subject to Section 2(d), one or more Holders shall have the right to make a written demand upon the Company (a “Demand Notice”) to have the Company register under the Securities Act for offer and sale an amount of Registrable Shares which are reasonably expected to have aggregate gross proceeds of at least \$25 million. To the extent that the Company is a “well-known seasoned issuer” at the time that a registration statement pursuant to this Section 2(b) is to be filed, the Company shall cause to be filed an automatically effective registration statement. Upon receipt of a Demand Notice, the Company will use commercially reasonable efforts to file with the SEC as promptly as practicable after receiving the Demand Notice, but in no event more than 30 days after receiving the Demand Notice, a registration statement covering all requested Registrable Shares and will use commercially reasonable efforts to cause such registration statement to be declared effective by the SEC as soon as reasonably practicable following the filing thereof. The Company agrees to use commercially reasonable efforts to keep such registration statement continuously effective until all Registrable Shares registered on such registration statement have been disposed of by their Holders. If a Demand Notice has been made on the Company, no subsequent Demand Notice may be made on the Company for 90 days unless the Company has failed to comply with its obligations with respect to the Demand Notice. The Holders shall have the right to exercise registration rights pursuant to this Section 2(b) up to 3 times per calendar year. A registration shall not be counted as “effected” for purposes of this Section 2(b) until such time as the applicable registration statement has been declared effective by the SEC.

(c) Piggyback Registration. If the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any Company Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other

than in (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive, or similar plan; (ii) a registration relating to a transaction under Rule 145 of the Securities Act; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Shares; (iv) a registration in which the only Company Common Stock being registered is Company Common Stock issuable upon conversion of debt securities that are also being registered), or (v) any registration in which the Company Common Stock will be sold in at-the-market offerings under an agreement substantially similar to the Distribution Agreement, dated May 6, 2024, among the Company and the sales agents and forward purchasers named therein, the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within 10 business days after such notice is given by the Company, the Company shall, subject to the provisions of Section 3, cause to be registered all of the Registrable Shares that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2(c) before the effective date of such registration, whether or not any Holder has elected to include Registrable Shares in such registration. The expenses of such withdrawn registration shall be borne by the Company.

(d) Blackout Period. Notwithstanding Section 2(a) and Section 2(b) above, if the Company shall furnish to the Holders a certificate signed by the Chief Executive Officer or the Chief Financial Officer of the Company (each, a “Blackout Notice”) stating that (i) there is a reasonable likelihood that such disclosure, such registration statement or related prospectus to be filed, amended or supplemented, or any other action to be taken in connection with the prospectus, would materially and adversely affect or interfere with any financing, acquisition, merger, disposition of assets (outside the ordinary course of business), corporate reorganization or other similar transaction involving the Company, or (ii) the Company otherwise is in possession of material non-public information, the Company shall be entitled to suspend the use of the registration statement or delay the delivery or filing, but not the preparation, of any registration statement or any amendment or supplement to the registration statement or otherwise delay the completion of any sale of Registrable Shares pursuant to the registration statement for a reasonable period of time, but not to exceed 60 consecutive days or exceed 105 total days in a year (the “Blackout Period”); provided, however, that any Blackout Period shall only be effective when and for so long as other holders, if any, of registration rights with respect to the Company’s securities are restricted from exercising their registration rights to the same or greater extent as the Holders. Upon receipt of a Blackout Notice, the Holders shall not effect sales of Registrable Shares pursuant to the registration statement. The Company shall promptly deliver written notice to the Holders of the expiration or earlier termination of any Blackout Period.

Section 3. Underwriting and Broad Distribution.

(a) If, in connection with a registration under Section 2(a) or Section 2(b), a Holder or group of Holders intend to distribute the Registrable Shares covered by their request by means of an underwritten offering (including by way of an “overnight” transaction or a “bought deal”), they shall so advise the Company in writing. In connection with any such requested underwritten offering, the Company and such Holder(s) shall enter into an underwriting, agency, placement, subscription or other agreement, in usual and customary form and substance (including but not limited to usual and customary indemnities, the provision by independent counsel to the Company of customary opinions and the provision of customary certificates by officers of the Company and the provision by the Company’s independent accountants of customary comfort letters as reasonably requested by such Holder and the managing underwriters of such offering) with managing underwriters to be selected by such Holder(s) and not disapproved by the Company acting reasonably, and the Company shall perform its obligations in connection therewith; provided, however, that no Holder (or any of their assignees) shall be required to make any representations, warranties, or indemnities except as they relate to such Holder’s ownership of shares and authority to enter into the underwriting agreement and to such Holder’s intended method of distribution.

(b) Notwithstanding any other provision of this Section 3 to the contrary, if the managing underwriter(s) advise(s) the Holders in writing that, in the reasonable opinion of the managing underwriter(s), the total number of Company Common Stock, including Registrable Shares, requested by the Holders and any other holders to be included in the offering exceeds the number of Company Common Stock which can be sold without materially and adversely affecting the price or marketability of the offering, then the number of Company Common Stock that shall be included in the underwriting shall be allocated (i) first, to the Holder or group of Holders requesting such offering, *pro rata* based on the number of Registrable Shares held by them, (ii) second, to any other Holders who have requested participation in such offering, *pro rata* based on the number of Registrable Shares held by them, (iii) third, to other holders of Company Common Stock with registration rights entitling them to participate in such offering, allocated among such other holders *pro rata* on the basis of the number of shares of Company Common Stock held by each applicable other holder or in such manner as they may agree and (iv) fourth, to the Company.

(c) If the total number of Company Common Stock, including Registrable Shares, requested by a Holder or group of Holders to be included in an offering pursuant to Section 2(c) exceeds the number of Company Common Stock which, in the reasonable opinion of the managing underwriter(s), can be sold without materially and adversely affecting the price or marketability of the offering, then the Company shall be required to include in the offering only that number of such Company Common Stock, including Registrable Shares, which the underwriters in their sole discretion determine will not jeopardize the success of the offering. If the managing underwriter(s) determine that less than all of the Registrable Shares requested to be registered can be included in a primary offering, then the number of Company Common Stock that may be included in the underwriting shall be allocated (i) first, to the Company, (ii) second, to the Holder or group of Holders requesting participation, *pro rata* based on the number of Registrable Shares held by them and (iii) third, to other holders of Company Common Stock with registration rights entitling them to participate in such offering, allocated among such other holders *pro rata* on the basis of the number of shares of Company Common Stock held by each applicable other holder or in such manner as they may agree. If the underwriters determine that less than all of the Registrable Shares requested to be registered can be included in a secondary offering on behalf of holders of Company Common Stock which are not Registrable Shares, then the securities that are included in such offering shall be allocated (i) first, to such other holders, allocated among such other holders *pro rata* on the basis of the number of shares of Company Common Stock held by each applicable other holder or in such manner as they may agree, (ii) second, to the Holder or group of Holders requesting participation, *pro rata* based on the number of Registrable Shares held by them, (iii) third, to other holders of Company Common Stock with registration rights entitling them to participate in such offering, allocated among such other holders *pro rata* on the basis of the number of shares of Company Common Stock held by each applicable other holder or in such manner as they may agree and (iv) fourth, to the Company.

Section 4. Registration Mechanics.

(a) **Company Obligations.** In connection with any registration of Registrable Shares pursuant to Section 2, the Company shall:

(i) Notify the Holders (i) of the filing of a registration statement, (ii) promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or an amendment or supplement to the registration statement or any prospectus forming a part of such registration statement has been filed (other than any amendment or supplement resulting from the filing of a document incorporated by reference therein) and (iii) the receipt of any transmittal letters, written comments from or other correspondence with the SEC with respect to any filing referred to in clause (i) and any written request by the SEC for amendments or supplements to such registration statement or any prospectus or prospectus supplement thereto;

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act and the rules promulgated thereunder with respect to the sale or other disposition of all of the securities proposed to be registered by such registration statement;

(iii) furnish to the Holders as far in advance as reasonably practicable before filing such number of copies of any prospectus (including preliminary, amended and supplemental prospectuses and any “issuer free writing prospectuses” (as such term is defined in Rule 433 under the Securities Act)) and conformed copies of the registration statement (including amendments or supplements thereto and, in each case, all exhibits) and such other documents as it may reasonably request, but only while the Company shall be required under the provisions hereof to cause the registration statement to remain effective, and provide such Holders the opportunity to comment on any information pertaining to such Holders and its plan of distribution that is contained therein and make corrections reasonably requested by such Holders with respect to such information;

(iv) after such registration statement becomes effective, notify each selling Holder of any written comments received from the SEC or any request by the SEC that the Company amend or supplement such registration statement or prospectus;

(v) (A) use its best efforts to register or qualify the Registrable Shares covered by such registration statement under such other securities or blue sky laws of such jurisdictions as the Holders or any underwriter shall reasonably request, and do any and all other acts and things which may be necessary or advisable to enable such Holders or any underwriter to consummate the disposition of Registrable Shares in such jurisdictions and (B) keep such registration or qualification in effect for so long as the registration statement remains in effect; provided, however, that the Company shall not be obligated to qualify to do business as a foreign corporation under the laws of any jurisdiction in which it shall not then be qualified or to file any general consent to service of process in any jurisdiction in which such a consent has not been previously filed;

(vi) use commercially reasonable efforts to furnish, or cause to be furnished, to the Holders, addressed to them, (A) an opinion of counsel for the Company, dated the date of the closing under the underwriting agreement relating to any underwritten offering, and (B) a “cold comfort” letter signed by the independent public accountants who have certified the Company’s financial statements included in such registration statement, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants’ letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer’s counsel and in accountants’ letters delivered to underwriters in underwritten public offerings of securities and such other matters as such Holders may reasonably request;

(vii) use its reasonable best efforts to cause all Registrable Shares proposed to be registered by such registration statement to be registered with or approved by such other federal or state government agencies or authorities as may be necessary in the opinion of counsel to the Company to enable the Holders to consummate the disposition of such Registrable Shares;

(viii) make available to the Holders, any underwriter participating in any disposition pursuant to a registration statement, and any attorney, accountant or other agent or representative retained by any selling Holder or underwriter, upon request, all financial and other records, pertinent corporate documents and properties of the Company and any of its subsidiaries, including access to due diligence meetings involving the senior executives of the Company, as shall

be reasonably necessary to enable the Holders, representatives of the Holders and the underwriters to conduct reasonable due diligence and cause the Company's officers, directors and employees to supply all information reasonably requested by any such person in connection with such registration statement subject, in each case, to such confidentiality agreements as the Company shall reasonably request;

(ix) cooperate and assist in any filings required to be made with the Financial Industry Regulatory Authority, Inc. and in the performance of any due diligence investigation by any underwriter in an underwritten offering;

(x) in the case of an offering that includes a provider of advisory services, enter into and perform its obligations under customary agreements (including an advisory services agreement and an indemnification agreement in customary form);

(xi) enter into customary agreements and take such other actions as are reasonably requested by the Holders or the underwriter(s), if any, in order to expedite or facilitate the disposition of Registrable Shares;

(xii) make available executive officers and other members of senior management of the Company (including the principal executive and financial officers of the Company) at "road shows" or other investor presentations conducted in connection with offerings of Registrable Shares;

(xiii) notify the Holders any time (i) a prospectus relating to the offering of Registrable Shares is required to be delivered or filed under the Securities Act upon discovery that, or upon the occurrence of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material facts required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made, and (subject to the good faith determination of the board of directors of the Company as to whether to cease all sales under such registration statement); (ii) the issuance or threat of issuance by the SEC of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for that purpose; or (iii) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Shares for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of such notice, the Company shall prepare and furnish to the Holders as promptly as practicable a reasonable number of copies of a supplement to or an amendment of such prospectus or take other appropriate action as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances under which they were made;

(xiv) if reasonably required by the Company's transfer agent, use reasonable best efforts to promptly deliver any authorizations, certificates and directions required by the transfer agent which authorize and direct the transfer agent to transfer Registrable Shares without legend, in accordance with applicable law, upon sale by Holders of such Registrable Shares;

(xv) if requested by Holders in connection with any transaction involving any Registrable Shares (including any sale or other transfer of such Registrable Shares without registration under the Securities Act, pledges pursuant to margin loans, hedges or other transactions or arrangements (including, without limitation, any put or call option, or combination thereof,

forward, swap or any other derivative transaction or instrument, however described or defined)), provide such Holders with customary and reasonable assistance to facilitate such transaction, including, without limitation such action as such Holders may reasonably request from time to time to enable such Holder to sell Registrable Shares without registration under the Securities Act;

(xvi) if a Holder seeks to effectuate an in-kind distribution of all or part of its Registrable Shares to its direct or indirect equityholders, reasonably cooperate with and assist such Holder, such equityholders and the Company's transfer agent to facilitate such in-kind distribution in the manner reasonably requested by such Holder (including the delivery of instruction letters by the Company or its counsel to the Company's transfer agent, the delivery of customary legal opinions by counsel to the Company following receipt by the Company and such counsel of any certifications and other documentation reasonably requested by each of them, and the delivery of Registrable Shares without restrictive legends to the extent no longer applicable);

(xvii) in connection with any Block Trade (as defined below), use its reasonable best efforts to timely furnish any information or take any actions reasonably requested by the Block Trade Requesting Holders (as defined below) in connection with such a Block Trade, including the delivery of customary comfort letters, customary legal opinions and customary underwriter due diligence, in each case subject to receipt by the Company, its auditors and legal counsel of reasonable representations and documentation by such persons to permit the delivery of such comfort letter and legal opinions;

(xviii) cooperate with and assist any Holder to facilitate the transfer of such Holder's Registrable Shares to a DTC brokerage account as reasonably requested by such Holder (including the delivery of instruction letters by the Company or its counsel to the Company's transfer agent, the delivery of customary legal opinions by counsel to the Company and the delivery of such Registrable Shares without restrictive legends), provided, that the Holder shall (i) deliver such documents and undertakings reasonably requested by the Company, its counsel or its transfer agent in connection with such request and (ii) agree not to sell such shares unless an effective registration statement is on file with the SEC or there is an applicable exemption from registration for such sale under the Securities Act or the rules promulgated thereunder;

(xix) use reasonable efforts to comply with all applicable rules and regulations of the SEC; and

(xx) cause the Registrable Shares covered by such registration statement to be listed on the New York Stock Exchange and on any other principal securities exchange on which Company securities of the same class as the Registrable Shares are then listed.

(b) Holder Obligations. Each Holder agrees that:

(i) it shall be a condition precedent to the obligations of the Company to complete the registration pursuant hereto with respect to any Holder's Registrable Shares that the Holder shall furnish to the Company such information regarding Holder, the Registrable Shares held by Holder and the intended method of disposition of the Registrable Shares held by the Holder as shall be reasonably required to effect the registration of such Registrable Shares and shall execute such documents in connection with such registration as the Company may reasonably request. At least 10 business days prior to the first anticipated filing date of the registration statement, the Company shall notify the Holders of the information the Company requires from each Holder (the "Requested Information") if any of such Holder's Registrable Shares are eligible for inclusion in the registration statement. If at least 2 business days prior to the filing date the Company has not

received the Requested Information from any such Holder (at such time Holder becoming a “Non-Responsive Holder”), then the Company may file the registration statement without including the Non-Responsive Holder’s Shares but shall not be relieved of its obligation to file a registration statement with the SEC relating to the Shares of Non-Responsive Holder promptly after Non-Responsive Holder provides the Requested Information;

(ii) it shall not prepare or use any “free writing prospectus” (as such term is defined in Rule 405 under the Securities Act) unless any and all issuer information included therein has been approved by the Company (such approval not to be unreasonably withheld);

(iii) as promptly as practicable after becoming aware of such event, it shall notify the Company of the occurrence of any event, as a result of which the prospectus included in a registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(iv) upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 4(a)(xiii), it will forthwith discontinue its disposition of Registrable Shares pursuant to the registration statement relating to such Registrable Shares until it receives copies of the supplemented or amended prospectus contemplated by Section 4(a)(xiii) and, if so directed by the Company, it will deliver to the Company all copies then in their possession of the prospectus relating to such Registrable Shares, current at the time of receipt of such notice. If a Holder’s disposition of Registrable Shares in connection with a Demand Notice is discontinued pursuant to the foregoing sentence, unless the Company thereafter extends the effectiveness of the registration statement to permit dispositions of Registrable Shares by any selling Holders at least 60 consecutive days and for an aggregate of 180 days, whether or not consecutive, the registration statement shall not be counted for purposes of determining whether the Holders have exercised a Demand Notice pursuant to Section 2(b).

Section 5. Expenses. The Company shall pay or cause to be paid (i) all of the Company’s fees and expenses in connection with any registration and sale of Registrable Shares pursuant to the Registration Rights (including, without limitation, all registration and filing fees, all printing costs, all fees and expenses of counsel and independent accountants for the Company, all fees and expenses of complying with securities or blue sky laws) and (ii) fees and disbursements for each registration or offering, filing or qualification, of one counsel for the Holders, to be selected by Holders of a majority of the Registrable Shares.

Section 6. Block Trades. If a Holder wishes to engage in an underwritten or other coordinated registered or unregistered offering not involving a “roadshow,” an offer commonly known as a “block trade” (a “Block Trade”), then such Holder (in such capacity, a “Block Trade Requesting Holder”) may notify the Company of the Block Trade not less than three business days prior to the day such offering is first anticipated to commence and the Company shall as expeditiously as possible use its reasonable best efforts to facilitate such Block Trade; provided, that the Block Trade Requesting Holders representing a majority of the Registrable Shares wishing to engage in the Block Trade shall use reasonable best efforts to work with the Company and any underwriters prior to making such request in order to facilitate preparation of the prospectus supplement (as applicable and if required) and other offering documentation related to the Block Trade; provided, further, that if, in connection with a Block Trade, the Company is not required to take any actions to facilitate such Block Trade (other than customary coordination with the Company’s transfer agent to remove any restrictive legends from the Registrable Shares disposed of in such Block Trade but not procuring the delivery of an opinion by the Company’s counsel), then a Block Trade Requesting Holder shall not be required to notify the Company prior to such Block Trade. Prior to the filing

of an applicable “red herring” prospectus supplement used in connection with a Block Trade, the Block Trade Requesting Holder initiating such Block Trade shall have the right to elect to withdraw therefrom by notice to the Company and the managing underwriter(s) thereof. The Block Trade Requesting Holder(s) initiating a Block Trade pursuant to this Section 6 shall have the right to select underwriter(s) for such Block Trade.

Section 7. Opt-Out Notices. Any Holder may deliver written notice (an “Opt-Out Notice”) to the Company requesting that such Holder not receive notice from the Company as provided in this Exhibit A; provided, that such Holder may later revoke any such Opt-Out Notice in writing. Following receipt of an Opt-Out Notice from a Holder (unless subsequently revoked), the Company shall not deliver any notice to such Holder pursuant to this Exhibit A, and such Holder shall no longer be entitled to the rights associated with any such notice.

Section 8. Indemnification and Contribution.

(a) Indemnification by the Company. With respect to any offering and sale registered pursuant to these Registration Rights, the Company agrees to indemnify and hold any selling Holder, each underwriter, if any, of the Registrable Shares under such registration, and each Person who controls any of the foregoing within the meaning of Section 15 of the Securities Act, and any directors and officers of the foregoing, harmless against any and all losses, claims, damages, or liabilities (including reasonable legal fees and other reasonable expenses incurred in the investigation and defense thereof) to which they or any of them may become subject under the Securities Act or otherwise (collectively “Losses”), insofar as any such Losses shall arise out of or shall be based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the registration statement relating to the sale of such Registrable Shares, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the prospectus relating to the sale of such Registrable Shares, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the indemnification contained in this Section 8 shall not apply to such Losses which shall arise out of or shall be based upon any such untrue statement, or any such omission or alleged omission, which shall have been made in reliance upon and in conformity with information furnished in writing to the Company by any selling Holder or any underwriter, as the case may be, specifically for use in connection with the preparation of the registration statement or prospectus contained in the registration statement or any such amendment thereof or supplement therein.

(b) Indemnification by the Holders. In the case of each offering and sale registered pursuant to these Registration Rights, any selling Holder and each underwriter, if any, participating therein shall severally indemnify and hold harmless the Company and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, and the directors and officers of the Company, with respect to any statement in or omission from such registration statement or prospectus contained in such registration statement (as amended or as supplemented, if amended or supplemented as aforesaid) if such statement or omission shall have been made in reliance upon and in conformity with information furnished in writing to the Company by any selling Holder or such underwriter, as the case may be, specifically for use in connection with the preparation of such registration statement or prospectus contained in the registration statement or any such amendment thereof or supplement thereto.

(c) Notice. Each party indemnified under this Section 8 shall promptly after receipt of notice of the commencement of any claim against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnified party in writing of the commencement thereof. The failure of any indemnified party to notify an indemnifying party shall not relieve the indemnifying party from any liability

in respect of such action which it may have to such indemnified party on account of the indemnity contained in this Section 8, unless (and only to the extent) the indemnifying party was prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability which it may have to such indemnified party. In case any action in respect of which indemnification may be sought hereunder shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may desire, jointly with any other indemnifying party similarly notified, to assume the defense thereof through counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to those available to such indemnifying party in which event the indemnifying party shall not be entitled to assume the defense thereof with respect to such defenses). No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any claim or pending or threatened proceeding in respect of which the indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising out of such claim or proceeding.

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an indemnified party or is insufficient to hold such indemnified party harmless from any Losses in respect of which this Section 8 would otherwise apply by its terms (other than by reason of exceptions provided herein), then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the offering to which such contribution relates; provided, however, that the maximum amount of liability in respect of such contribution shall be limited in the case of a Holder to the net proceeds (after deducting underwriters' discounts and commissions) received by such Holder in connection with such offering. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the offering to which such contributions relates as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, each party's relative knowledge and access to information concerning the matter with respect to which the claim was asserted, and the opportunity to correct and prevent any statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any legal or other fees or expenses incurred by such party in connection with any investigation or proceeding to the extent such party would have been indemnified for such expenses if the indemnification provided for in this Section 8 was available to such party. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 9. Exchange Act Reports. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company agrees, subject to the final

paragraph of this Section 9, to use its reasonable best efforts to take such action as any Holder may reasonably request to sell Registrable Shares without registration and to:

- (a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times, and take all action as may be required as a condition to the availability of Rule 144;
- (b) so long as a Holder owns any Registrable Shares, furnish to any Holder upon its reasonable written request a written statement certifying the Company's compliance with the reporting requirements of Rule 144 or any similar rule, and a copy of the most recent annual, periodic or current report of the Company filed pursuant to the Exchange Act and such other reports and documents as reasonably requested by such Holder in availing itself of any rule or regulation of the SEC allowing the sale of the Registrable Shares without registration; and
- (c) facilitate and expedite transfers of Registrable Shares sold pursuant to SEC Rule 144, including providing timely notice to its transfer agent to expedite such transfers.

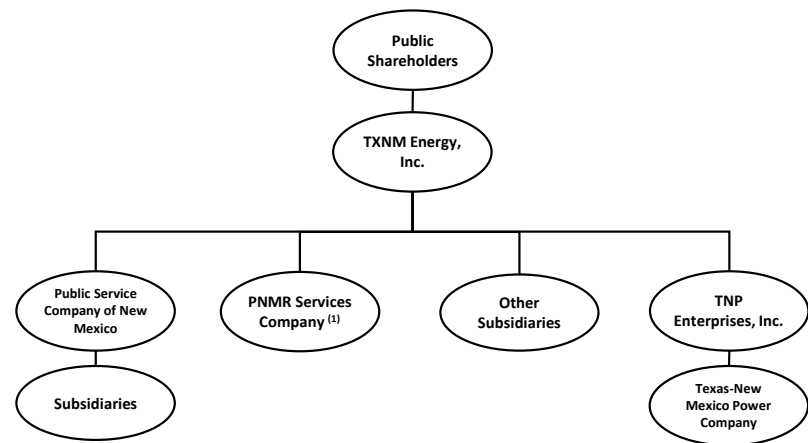
The obligations described in this Section 9 shall not apply during the Lock-Up Period.

Section 10. Other Agreements.

- (a) The Company shall not grant, and has not granted, any other Person rights to register securities of the Company on terms that are superior to or would conflict with the Registration Rights or would be reasonably likely to restrict the ability of the Company fully to perform its obligations to the Holders in connection with the Registration Rights.
- (b) The Company shall not amend any registration rights agreement with any other Person nor shall the Company waive any provision under any registration rights agreement that it would be entitled to waive thereunder if such waiver would be reasonably likely to adversely affect any Holder's Registration Rights.

Section 11. Assignment. Neither the Company nor any Holder shall assign all or any part of the Registration Rights without the prior written consent of the other party; provided, however, that without the prior written consent of the Company, the Holders may assign their Registration Rights in whole or in part to (x) any of their Affiliates and/or (y) any Person who becomes a Holder upon a distribution by any Holder of Registrable Shares to their members, limited partners or stockholders. Except as otherwise provided herein, this Exhibit A will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

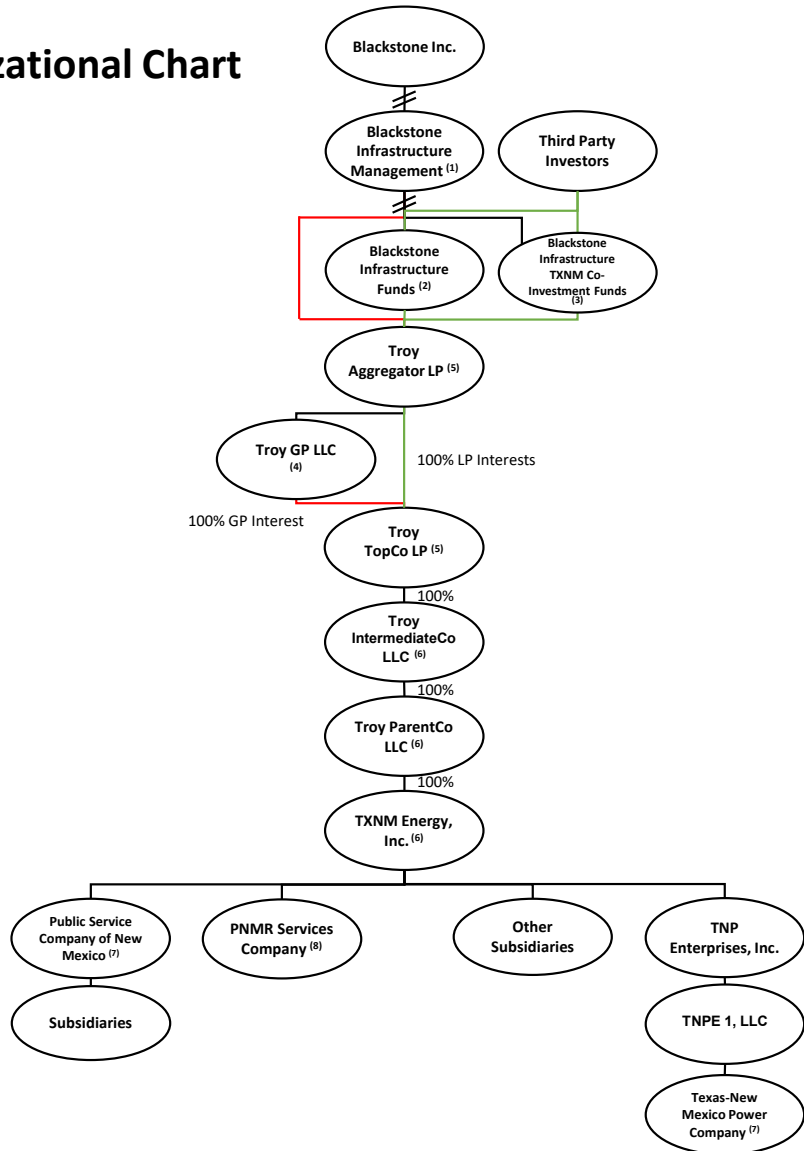
Exhibit HB-3
Pre-Acquisition Simplified Organizational Chart



⁽¹⁾ PNMR Services Company provides corporate services through shared services agreements to TXNM and all of TXNM's business units, including Public Service Company of New Mexico and Texas-New Mexico Power Company. These services are charged and billed at cost on a monthly basis to such business units.

Exhibit HB-3

Post-Acquisition Simplified Organizational Chart



(1) “Blackstone Infrastructure Management” refers collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l. and BXISA L.L.C. The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone Inc.

(2) “Blackstone Infrastructure Funds” refers to the investment funds and accounts directly or indirectly controlled by Blackstone Infrastructure Management, including Blackstone Infrastructure Partners L.P. and its parallel funds and accounts and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts.

(3) “Blackstone Infrastructure TXNM Co-Investment Funds” refers to the investment funds and accounts directly or indirectly controlled by Blackstone Infrastructure Management in which passive co-investors that are aligned with the Blackstone Infrastructure Funds’ long-term goals for TXNM have invested.

(4) This entity serves as a manager and generally does not hold an economic interest in other entities.

(5) This entity aggregates equity contributions and interests held indirectly by one or more entities to facilitate ease of administration of the investment.

⁽⁶⁾ This entity holds equity interests of a subsidiary to provide structural and administrative flexibility.

⁽⁷⁾ This entity has regulated utility operations and business activities.

(8) PNMR Services Company provides corporate services through shared services agreements to TXNM and all of TXNM's business units, including Public Service Company of New Mexico and Texas-New Mexico Power Company. These services are charged and billed at cost on a monthly basis to such business units.

REGULATORY COMMITMENTS

The following Regulatory Commitments are hereby made by Troy ParentCo LLC (“Troy”), a Delaware limited liability company, and Texas-New Mexico Power Company (“TNMP”), a Texas corporation, and backed by TXNM Energy, Inc. (“TXNM”) and Blackstone Infrastructure, to be adopted and made conditions of any Final Order issued by the Public Utility Commission of Texas (“the Commission”) approving the proposed transaction (the “Acquisition”) affecting the public utility holding company of TNMP.

Tangible and Quantifiable Benefits

1. **Rate Credit:** TNMP will provide a direct financial benefit to customers in the form of a rate credit of \$35 million to be paid over 48 months following the closing of the Acquisition.
2. **Economic Development:** Troy will contribute \$10 million in Economic Development funds over a period of 10 years to fund one or more of the following: job training, apprenticeships, or scholarships in utility-related areas of industry.
3. **Charitable Giving:** TNMP will maintain its historical level of charitable contributions, and it will make additional charitable contributions within TNMP’s service territory in the amount of \$500,000 per year for a period of 10 years after the closing of the Acquisition, for a total commitment of \$5 million.

Governance and Board Structure

4. **Board Composition:** TNMP will have a seven-member board of directors (“TNMP Board”), including (A) three independent directors (i) who meet New York Stock Exchange (“NYSE”) independence standards and (ii) at least two of which will be Texas residents; (B) one director with utility executive experience; and (C) the President and CEO of TNMP.
5. **Best Interest of Utility:** The TNMP Board shall have the duty to act, subject to applicable Texas law, in the best interests of TNMP.
6. **Board Authority:** The TNMP Board will have decision-making authority over dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared service fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the TNMP Board cannot be overruled by Troy, or any affiliate that controls Troy.

7. **Net Income and Dividend Policy:** Unless approved by the Public Utility Commission of Texas (“Commission”), dividends or distributions (other than tax distributions) may only be paid if TNMP’s credit rating is investment grade, and TNMP will limit its payment of dividends or distributions, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP. TNMP will notify the Commission if its credit rating falls below the rating TNMP was given on May 18, 2025. A vote of the majority of the independent directors of the TNMP Board may prevent TNMP from making any dividends at any time during the first five years if the TNMP Board reduces capital expenditures below the current five-year plan based on limited equity financing availability. A vote of a majority of the independent directors can also prevent TNMP from making any dividends other than tax distributions, if determined in good faith to be required to meet debt-to-equity commitment.
8. **Director Independence:** No member of the TNMP Board may be an employee or board member of a competitive affiliate or have direct responsibility for management or strategy of a competitive affiliate.
9. **Director Compensation:** The compensation for being a TNMP director will not be tied to, reflect, or be related to the financial, operating, or other performance of any entity or interest other than TNMP. The TNMP Board shall have the power to set the compensation and benefits for being a TNMP director, in the form and manner it directs, subject to the approval of Troy.
10. **Independent Director Appointment:** Independent directors will be identified in a compliance filing within 90 days after closing. All independent directors will have equal terms (with initial terms staggered). Removal of an independent director prior to expiration of any such term requires the affirmative vote of a majority of the TNMP Board, which shall include the votes of both remaining independent directors.
11. **Director Eligibility:** To be eligible, a director must be a United States citizen.
12. **Variances in Budget:** If TNMP management seeks approval of a capital project or a series of projects that would be in excess of the approved annual budget by more than 10%, such projects or series of projects shall be approved by a majority of the TNMP Board, including a majority of the independent directors. Any budget or forecast outside this threshold will also be identified in an annual report to the Commission and TNMP will provide the reasons for the variance.

Financial Protections and Ring-Fencing

13. **Sole Authorized Purpose:** TNMP’s sole purpose is to provide transmission and distribution utility service and the performance of activities reasonably necessary and appropriate thereto. TNPE 1, LLC, a special purpose entity for bankruptcy remote purposes under the state laws of Texas (“TNPE 1”) and direct subsidiary of TNP Enterprises, Inc., will exist only to directly own TNMP.

14. **Separate Name and Logo:** TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos associated with Blackstone, Inc. (“Blackstone”) and any Texas competitive affiliate of TNMP provided that the Blackstone name and logo can be added to the TNMP name and logo for branding purposes.
15. **No Pledging of Assets:** TNMP’s assets, stock, or revenues will not be pledged for the benefit of any entity other than TNMP.
16. **No Acquisition-Related Debt:** TNMP, TNPE 1, and TXNM will not take on any new debt in conjunction with the Acquisition, provided further that any increased costs due to refinancing of existing TNMP debt caused by the Acquisition will not be borne by customers.
17. **No Additional Intercompany Lending:** Aside from TNMP’s arrangements with TXNM, TNMP will not engage in intercompany debt or lending with Troy or any affiliate that controls Troy, nor guarantee the obligations or liabilities of TXNM or any of its affiliates or subsidiaries, unless authorized by the Commission. Notwithstanding the foregoing, TNMP may borrow from Troy or its affiliates on an arm’s-length basis if approved by a majority of the independent directors of the TNMP Board, provided further that nothing herein obligates Troy or any of its affiliates to lend money to TNMP or any of its affiliates at any time.
18. **No Shared Credit Facilities:** TNMP and TNPE 1 will not share credit facilities with Troy or its affiliates, except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.
19. **No Cross-Defaults:** TNMP’s credit or debt agreements will not include cross-default provisions tied to affiliates. Under no circumstances will debt of TNMP 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 agreement of TNPE 1, TXNM, or any of their affiliates or subsidiaries. Further, TNMP’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.
20. **No Affiliate Asset Transfers:** TNMP will not transfer material assets (over \$1 million) to affiliates except at arm’s length and consistent with the Commission’s standards as they are applicable to TNMP.
21. **Separate Books and Records:** TNMP 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 those of any other entity.
22. **No Commingling of Funds:** TNMP will not commingle its funds, assets, or cash flows with those of affiliates, except as authorized by the Commission.

23. **Credit Ratings:** TNMP will maintain standalone credit ratings from at least two major agencies, reflecting the ring-fence provisions.
24. **Non-Consolidation Opinion:** Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Troy or any affiliate of Troy, a bankruptcy court will not consolidate the assets and liabilities of TNMP with Troy or any affiliate of Troy.
25. **Debt-to-Equity Ratio:** TNMP will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.
26. **No Recovery of Affiliate REP Bad Debt:** To the extent that any retail electric provider is affiliated with TNMP, TNMP will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliate.

Local Control and Management

27. **Minimum Capital Spending Commitment:** TNMP will continue to make minimum capital expenditures at a level equal to its current five-year budget for the five-year period beginning January 1, 2025. TNMP may reduce capital spending if necessary due to factors outside its control, such as siting delays, project cancellations, economic conditions, or if a particular expenditure would not be prudent. Any such reductions over 10% will be reported annually to the Commission.
28. **Headquarters:** TNMP's headquarters will remain in Texas within its service territory as long as Troy or its affiliates own TNMP.
29. **TNMP Management Control:** TNMP's President and CEO and officers will have day-to-day control over operations.
30. **Workforce Protections:** For at least three years post-closing, TNMP will not implement involuntary workforce reductions or reduce wages or benefits, except for cause or performance. In addition, TNMP will continue to honor its existing labor contracts with International Brotherhood of Electrical Workers Local 66.
31. **Continued Ownership:** Troy, through TNPE 1, will maintain a controlling interest in TNMP for at least 10 years after the closing of the Acquisition.

Accounting and Ratemaking

32. **No Goodwill Recovery:** TNMP will not seek to recover any transaction-related goodwill or acquisition premium in rates, rate base, cost of capital, or operating expenses. Goodwill write-downs will not affect net income for dividend purposes.
33. **No Pushdown Accounting:** Neither TNPE 1 nor TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition (*i.e.*, the Acquisition will have no

accounting impact on TNMP's assets). Furthermore, no incremental goodwill will be allocated to or recognized in TNMP's financial statements.

34. **No Recovery of Transaction or Transition Costs:** TNMP will not seek recovery of transaction or transition costs related to the Acquisition from customers in TNMP's rates provided that the transition costs shall not include employee time and labor.

Regulatory Jurisdiction and Oversight

35. **Commission Jurisdiction:** TNMP will not build assets outside the Electric Reliability Council of Texas, Inc., or take actions that impair the Commission's jurisdiction without prior approval.
36. **No FERC Preemption Claims:** TNMP and its affiliates will not argue that the Commission is preempted by the Federal Power Act from determining cost recovery of affiliate costs.
37. **Compliance Reporting:** TNMP will file annual compliance reports with the Commission for five years after the closing of the Acquisition.
38. **Access to Books and Records:** The Commission will have access to TNMP's, and relevant affiliates', books and records as needed to review affiliate transactions.
39. **Amendments:** Any changes to these Regulatory Commitments require prior Commission approval.

Corporate Governance Documents

40. **Bylaws and LLC Agreements:** TNMP and TNPE 1 will amend their governing agreements and corporate bylaws within 90 days of closing to reflect these Regulatory Commitments and file the amendments with the Commission. Any future changes to these documents that will affect the Regulatory Commitments will require Commission approval.

Code of Conduct and Affiliate Standards

41. **Competitive Affiliate Commitment:** TNMP will comply with all the requirements of the Public Utility Regulatory Act and the Commission's rules governing aspects of any relationship and dealings between TNMP and all competitive affiliates.
42. **Code of Conduct:** TNMP will file with the Commission for authority to amend and update its code of conduct to incorporate all applicable conditions and limitations on affiliate transactions required by these Regulatory Commitments.

43. **Arm's-Length Transactions:** TNMP will maintain arm's-length relationships with all affiliates and comply with all Commission affiliate standards when negotiating and entering into contracts with affiliates.

TNMP Competitive Affiliate List

Blackstone Infrastructure Competitive Affiliates	Power Generation Company (PGC) / Qualified Scheduling Entity (QSE) / Retail Electric Provider (REP)
Invenergy Renewables Holdings LLC	Invenergy Services LLC: QSE Goldthwaite Wind Energy LLC: PGC Samson Solar Energy LLC: PGC Samson Solar Energy II LLC: PGC Samson Solar Energy III LLC: PGC Delilah Solar Energy LLC: PGC Delilah Solar Energy II LLC: PGC Turkey Track Wind Energy LLC: PGC Trent Wind Farm LLC: PGC Gunsight Mountain Wind Energy LLC: PGC Stanton Wind Energy LLC: PGC Desert Sky Wind Farm LLC: PGC Santa Rita East Wind Energy LLC: PGC Santa Rita Wind Energy LLC: PGC Wake Wind Energy LLC: PGC McAdoo Wind Energy LLC: PGC Rattlesnake Wind I LLC: PGC Bethel Wind Farm LLC: PGC Miami Wind I LLC: PGC
Nitro Renewable Holdings LLC	Shamrock Energy Storage: PGC Shamrock Wind LLC: PGC Waco Solar LLC: PGC Pioneer Hutt Wind Energy LLC: PGC
Lancium LLC	Lancium QSE I LLC: REP (Option II) & QSE
Aypa Power Holdings LP	Wolf Tank Storage LLC: PGC Borden County Battery Energy Storage LLC: PGC
ClearLight Solar Inc.	Senate Wind LLC: PGC Hayhurst Texas Solar LLC: PGC Maverick Creek Wind LLC: PGC Cranell Wind Farm LLC: PGC Stella Wind Farm LLC: PGC Raymond Wind Farm LLC: PGC

PUC DOCKET NO. 58536

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**JOINT REPORT AND APPLICATION
OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC
FOR REGULATORY APPROVALS
UNDER PURA §§ 14.101, 39.262, AND 39.915**

**DIRECT TESTIMONY AND EXHIBITS
OF
ELLEN LAPSON, CFA**

**ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY
AND
TROY PARENTCO LLC**

AUGUST 25, 2025

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EXHIBITS

EXHIBIT EL-1	LAPSON EXPERIENCE AND QUALIFICATIONS
EXHIBIT EL-2	CORRESPONDENCE OF RATING AGENCY SYMBOLS
EXHIBIT EL-3	MOODY’S CREDIT OPINION, <i>TEXAS-NEW MEXICO POWER COMPANY, UPDATE TO CREDIT ANALYSIS</i>, JUN. 27, 2024 (CONFIDENTIAL)
EXHIBIT EL-4	MOODY’S CREDIT OPINION, <i>PNM RESOURCES, INC. UPDATE TO CREDIT ANALYSIS</i>, JUN. 27, 2024 (CONFIDENTIAL)
EXHIBIT EL-5	S&P GLOBAL RATINGS, RESEARCH, <i>TEXAS-NEW MEXICO POWER CO.</i>, OCT. 25, 2024 (CONFIDENTIAL)
EXHIBIT EL-6	S&P GLOBAL RATINGS, RESEARCH UPDATE, <i>PNM RESOURCES, INC. AND SUBSIDIARIES OUTLOOK REVISED TO STABLE FROM POSITIVE ON TERMINATION OF MERGER WITH AVANGRID INC.</i>, JAN. 15, 2024 (CONFIDENTIAL)
EXHIBIT EL-7	EQUITY MARKET CAPITALIZATION OF INVESTOR-OWNED NORTH AMERICAN ELECTRIC AND GAS UTILITIES
EXHIBIT EL-8	S&P GLOBAL RATINGS, RESEARCH UPDATE, <i>TXNM ENERGY INC. "BBB" RATING AFFIRMED ON ACQUISITION BY BLACKSTONE INFRASTRUCTURE, OUTLOOK STABLE</i>, MAY 19, 2025 (CONFIDENTIAL)
EXHIBIT EL-9	MOODY’S CREDIT OPINION, <i>TXNM ENERGY, INC., UPDATE FOLLOWING ACQUISITION ANNOUNCEMENT</i>, JUN. 24, 2025 (CONFIDENTIAL)
EXHIBIT EL-10	FRAMEWORK FOR CORPORATE SEPARATENESS
EXHIBIT EL-11	ANALYSIS OF APPLICANTS’ REGULATORY COMMITMENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym / Defined Term	Meaning
Acquisition	Proposed acquisition of TXNM by Troy
Applicants	TNMP and Troy
AUM	Assets Under Management
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.
CFA	Chartered Financial Analyst
Commission	Public Utility Commission of Texas
Company or TNMP	Texas-New Mexico Power Company
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization (a proxy for Operating Cash Flow)

FFO	Funds From Operations
Fitch	Fitch Ratings
LLC	Limited Liability Company
Merger Sub	Troy Merger Sub Inc.
Moody's	Moody's Investors Service
NYSE	New York Stock Exchange
PNMR or PNM Resources	Former name of the parent of TNMP, renamed TXNM Energy on August 2, 2024
Public Service Company of New Mexico or PNM	A subsidiary of TXNM and sister company to TNMP
S&P or Standard & Poor's	S&P Global Ratings
TNMP	Texas-New Mexico Power Company
TNPE 1, LLC	A special purpose entity that will own 100% of the stock of TNMP after closing.
Troy	Troy ParentCo LLC, an Applicant, that will be the new direct parent of TXNM.
Troy Entities	Troy ParentCo LLC, Troy IntermediateCo LLC, Troy Topco LP, Troy GP LLC, Troy Aggregator LP.
TXNM or TXNM Energy	Parent of TNMP and PNM

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ellen Lapson, CFA. My business address is 370 Riverside Drive, New York, New York 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. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. I am appearing as an expert financial witness for Texas-New Mexico Power Company ("TNMP") and Troy ParentCo LLC ("Troy") (together, the "Applicants") in connection with their application for regulatory approval of Troy's proposed acquisition of TNMP's parent company, TXNM Energy, Inc. ("TXNM") (the "Acquisition"). In my testimony, the "Application" refers to the formal filing submitted by the Applicants to the Public Utility Commission of Texas ("Commission" or "PUC") seeking approval for the acquisition and related corporate steps. My testimony explains how the Acquisition will affect TNMP's financial well-being and its ability to raise money in the future, both through debt and equity capital.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL CREDENTIALS.

A. I am a Chartered Financial Analyst ("CFA") and earned a Master of Business Administration from New York University Stern School of Business with a specialization in accounting. I have worked in the capital markets space with a 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

1 equity securities. For the next 20 years, I held several posts at a predecessor of J.P. Morgan
2 as a corporate banker and investment banker, structuring and executing financing
3 transactions for utility and infrastructure companies. Thereafter, I worked for 17 years,
4 first as a senior director, and then as a managing director at Fitch Ratings (“Fitch”), a major
5 credit rating agency, where I managed analysts who rated credits in the sectors of
6 electricity, natural gas, and project finance, and chaired rating committees. I founded
7 Lapon Advisory in 2012 after leaving Fitch. The list of my professional qualifications
8 appears in Exhibit EL-1.

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED ANY TESTIMONY IN PROCEEDINGS**
10 **BEFORE THIS COMMISSION OR OTHER JURISDICTIONS?**

11 **A.** Yes. I submitted testimony before this Commission in the following fifteen dockets:
12 Docket Nos. 46416, 46957, 47527, 48371, 48401, 48929, 49421, 49849, 51547, 52487,
13 53601, 54316, 55867, 57568, and 58306. Also, I have testified as an expert financial
14 witness in seventeen state jurisdictions and before the Federal Energy Regulatory
15 Commission. Exhibit EL-1 includes a list of my expert witness assignments in various
16 state and federal jurisdictions.

17 **Q. HAVE YOU PREVIOUSLY PARTICIPATED AS AN EXPERT WITNESS IN**
18 **UTILITY ACQUISITION PROCEEDINGS?**

19 **A.** Yes, I testified in proceedings involving: ALLETE, Inc.; PNM Resources/TNMP; El Paso
20 Electric Company; South Carolina Electric & Gas; WGL Holdings, Inc.; Hawaiian
21 Electric Industries Inc.; Pepco Holdings; and water utilities Southwest Water and Corix
22 Infrastructure; as detailed in Exhibit EL-1.

23 **Q. HOW IS THE BALANCE OF YOUR TESTIMONY ORGANIZED?**

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

25 II. Executive Summary

26 III. The Acquisition

27 Troy’s role in the Acquisition; role of private equity in the utility market; and
28 proposed corporate structure

1 IV. Financial Status of TNMP and TXNM

2 TNMP's and TXNM's current financial condition

3 V. Financial Implication of the Acquisition

4 Effects of the Acquisition on TNMP's credit; and current and future access to
5 capital

6 VI. Separateness and Regulatory Commitments

7 VII. Conclusions and Recommendations

8 **II. EXECUTIVE SUMMARY**

9 **Q. PLEASE PROVIDE A SUMMARY OF YOUR TESTIMONY.**

10 **A.** I have reviewed the business combination agreed to by TXNM, Troy, and Troy Merger
11 Sub Inc. ("Merger Sub"). Merger Sub is indirectly owned by Troy and Troy is a portfolio
12 company of Blackstone Infrastructure.¹ My review focuses on the future financial strength
13 and viability of TNMP after the Acquisition and its financial capability to provide service
14 to its customers. The conclusions of my review are as follows:

15 First, TNMP is currently solvent and in sound financial condition, and the
16 Acquisition as proposed will fully preserve TNMP's financial standing. I expect that
17 TNMP and TXNM will retain their current long-term credit ratings from Moody's
18 Investors Service ("Moody's") and S&P Global Ratings ("S&P"). Both credit rating
19 agencies affirmed the current ratings and stable credit outlook after their review of the
20 Acquisition.

21 Second, as a portfolio company of Blackstone Infrastructure, Troy is an appropriate
22 indirect owner for TXNM and TNMP. The Blackstone Infrastructure Funds have a long-
23 term approach that invests capital provided predominantly by institutional investors (such
24 as pension funds, family offices, sovereign wealth funds, and insurers) into infrastructure
25 companies, including utilities, in developed countries. I expect that indirect ownership by
26 Troy will promote the ongoing stability of TXNM and TNMP.

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in the Application.

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

9 Fourth, TNMP will continue to have access to debt funding from the debt capital
10 market and bank credit facilities that are at least equal to its current situation. Given the
11 size of Blackstone Infrastructure and its strong relationships with the lending community,
12 it is probable that TNMP will increase its sources of long-term debt and credit facilities
13 relative to the current status, because TNMP is likely to attract greater attention from the
14 major lenders that do business with Blackstone Infrastructure and its portfolio companies.
15 That should result in a larger pool of potential lenders and buyers of TNMP's debt, resulting
16 in better terms for TNMP and its customers.

17 Finally, my direct testimony analyzes the aspects of the Acquisition that will
18 separate and insulate TNMP from exposure to the liabilities and business affairs of Troy
19 and its affiliates. These protective features include not only the structure of the Acquisition
20 but also a set of regulatory commitments and undertakings by the Applicants. In addition,
21 the Applicants propose to formalize and enhance the protective provisions separating
22 TXNM and TNMP, as well as those between TXNM and Public Service Company of New
23 Mexico ("PNM"). These commitments will protect TNMP from credit contagion in the
24 event of any adverse developments at TXNM or PNM.

25 I also analyze the protective features of the Acquisition by comparing them to a
26 systematic and comprehensive set of standards for intercompany separation, a framework
27 that is based upon the standards applied by major credit rating agencies and grounded in
28 historical experience in past credit defaults in the utility industry and other corporate
29 sectors. The Applicants' proposed protective provisions satisfy every aspect of the
30 framework. Taken together, the planned Acquisition will provide strong separation for
31 TNMP from the risk of involuntary bankruptcy consolidation with Troy or any of Troy's

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

6 In summary, for the reasons enumerated above, I find that the Acquisition will
7 preserve and improve the financial viability of TNMP and will enhance TNMP's ability to
8 serve its customers. Therefore, I recommend that the Commission approve the Acquisition
9 including the proposed ring-fencing mechanisms as outlined in the Application.

10 **III. THE ACQUISITION**

11 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

12 **A.** In this section, I will discuss the nature of Blackstone Inc. ("Blackstone"), Blackstone
13 Infrastructure, and Troy, as well as the role of Troy and its affiliates in the Acquisition. I
14 will also address the expected effects of the Acquisition upon the corporate structure of
15 TXNM and TNMP, and the financial and business affairs of TNMP.

16 **Q. PLEASE DESCRIBE THE BUSINESS OF BLACKSTONE.**

17 **A.** Blackstone, which controls Blackstone Infrastructure, is the largest alternative asset
18 manager in the world, with more than \$1 trillion in Assets Under Management ("AUM").

19 **Q. WHAT IS AN ALTERNATIVE ASSET MANAGER?**

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

25 **Q. WHAT IS BLACKSTONE INFRASTRUCTURE?**

26 **A.** Blackstone Infrastructure makes up the specialized infrastructure business within
27 Blackstone that concentrates on private investments in mission-critical energy and
28 infrastructure companies and assets. Blackstone Infrastructure, which has approximately

1 \$64 billion in AUM, aims to provide stable, long-term capital appreciation. Blackstone
2 Infrastructure focuses on large-scale assets or enterprises in the fields of energy,
3 transportation, digital infrastructure, water and waste.

4 **Q. HOW ARE BLACKSTONE AND BLACKSTONE INFRASTRUCTURE**
5 **REGARDED IN THE FINANCIAL MARKETS?**

6 **A.** Both Blackstone and Blackstone Infrastructure are esteemed in the investment community
7 for their large scale, broad diversification across industries and regions, a high level of
8 professionalism, and strong investor relationships with major institutional investors and
9 qualified investors.

10 **Q. WHAT IS THE ROLE OF BLACKSTONE INFRASTRUCTURE IN THE**
11 **ACQUISITION?**

12 **A.** Troy is a Blackstone Infrastructure portfolio company. Merger Sub, a special purpose
13 subsidiary of Troy, will purchase all outstanding common shares of TXNM other than
14 treasury shares and dissenting shares at the time of the closing and will merge with TXNM,
15 with TXNM to remain as the surviving entity. After that, the shares of TXNM will no
16 longer be publicly traded on any exchange, and Troy will own 100 percent of the shares.

17 **Q. PLEASE DESCRIBE THE CORPORATE ENTITIES ABOVE TROY IN THE**
18 **ACQUISITION STRUCTURE.**

19 **A.** As explained in the Direct Testimony of Sebastien Sherman, the Acquisition places a multi-
20 level ownership structure above TXNM. In addition to Troy, which will be the direct
21 parent of TXNM, the new holding companies will include Troy IntermediateCo LLC, Troy
22 Topco LP, Troy GP LLC, and Troy Aggregator LP (collectively, the "Troy Entities").
23 None of these entities will conduct any activities or business other than to facilitate the
24 investors' investment in TXNM.

25 **Q. WHAT IS THE PURPOSE OF A MULTI-LEVEL CORPORATE STRUCTURE?**

26 **A.** Such a multi-level corporate structure is common in mergers and acquisitions. It will
27 segregate TXNM and the utility subsidiaries from the affairs of Troy and its investment
28 partners and affiliates. It is highly likely to shield TNMP from adverse effects if any
29 companies above TNMP in the corporate structure suffer credit rating downgrades, become

1 insolvent, or file for bankruptcy protection. The protective provisions would also reduce
2 or eliminate the risk that TNMP's assets or cash resources would be invaded by a parent
3 or affiliated company. The protective structure will shield TXNM from harmful exposure
4 to Troy and Troy's investors and affiliates, while also protecting the equity owners from
5 exposure to the obligations of TXNM and the utilities.

6 **Q. WILL THERE BE ANY DEBT AT ANY OF THE TROY ENTITIES?**

7 **A.** The Troy Entities will not incur any debt to fund the Acquisition consideration. According
8 to the witness Ms. Heidi Boyd, Blackstone Infrastructure intends to take actions to manage
9 the financial affairs of TXNM (and Troy) through prudent financial policies in a manner
10 that is supportive of the current credit ratings of TXNM, TNMP, and PNM.

11 **Q. WHAT IS YOUR UNDERSTANDING OF PRUDENT FINANCIAL POLICIES**
12 **THAT WOULD TEND TO SUPPORT THE CREDIT RATINGS OF TXNM AND**
13 **TNMP?**

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

17 **Q. WILL TXNM CONTINUE TO EXIST AFTER THE ACQUISITION AND THE**
18 **CHANGE IN OWNERSHIP?**

19 **A.** Yes. TXNM will continue to exist following the Acquisition and will remain the indirect
20 parent company of TNMP. Under the post-closing structure, TXNM will own 100% of
21 Texas-New Mexico Power Enterprises, Inc. (TNPE). TNPE will in turn own 100% of
22 TNPE 1, a bankruptcy-remote special purpose entity that will hold all of the outstanding
23 shares of TNMP.² Further, the existing shared corporate services will continue to be
24 performed by TXNM.

² See organizational charts included in Exhibit HB-3 to Ms. Boyd's direct testimony.

1 **Q. WHY IS PRIVATE OWNERSHIP WELL SUITED TO THE UTILITY AND**
2 **INFRASTRUCTURE SECTOR?**

3 **A.** The multi-year investment horizon related to the construction of utility networks and
4 infrastructure and the long economic lives of the assets after construction of 20 to 40 years
5 conform better to private investors who are able to take a long view. By contrast, public
6 market investors are more likely to focus on quarterly earnings results and the mark-to-
7 market valuation of their shares.

8 In turn, with the public equity market focused on quarterly financial results,
9 management also has to turn much of its attention to managing quarterly outcomes.
10 Furthermore, in the trading public market, activist investors can take advantage of dips in
11 the price of stock to buy up shares to gain seats on the board of directors to pressure
12 management into taking near-term actions to enhance near-term shareholder returns,
13 generally to the detriment of long-term objectives. Without the necessity to mark their
14 holdings to market frequently, investors in private securities may take a longer perspective
15 on maximizing longer-term value, and management can concentrate on the long-term well-
16 being of the company.

17 **Q. WHAT IS THE TYPICAL REACTION OF PUBLIC SHAREHOLDERS TO A**
18 **CORPORATION THAT PROPOSES TO ISSUE EQUITY SECURITIES TO FUND**
19 **BUSINESS GROWTH?**

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

1 **Q. DO ALL PRIVATE EQUITY INVESTORS AND ALTERNATE ASSET**
2 **MANAGERS PURSUE IDENTICAL INVESTMENT STRATEGIES?**

3 **A.** No, not all private equity owners employ the same strategies—there are different styles of
4 investment management and types of involvement by private equity investors with
5 different time horizons. In my experience, the highly regulated environment of rate-
6 regulated public utilities is less likely to attract private equity investors seeking near-term
7 gain. Investors such as pension funds, insurers, family offices, and sovereign wealth funds
8 may focus on situations of this type for a combination of stability and growth over an
9 extended period. It is significant that Troy, through TNPE 1, LLC (“TNPE 1”), commits
10 to maintain its controlling interest in TNMP for a period of at least ten years following the
11 close of the Acquisition.

12 **Q. CAN YOU GIVE AN EXAMPLE OF A PRIVATE EQUITY ACQUISITION IN**
13 **THE UTILITY SECTOR THAT HAS DEMONSTRATED A LONG-TERM**
14 **INVESTMENT HORIZON?**

15 **A.** Yes. An early go-private equity transaction involving the acquisition of a U.S. publicly
16 traded utility was the acquisition of Duquesne Light Holdings in March 2007 by a
17 consortium of private equity investors led by Macquarie Infrastructure Investors and the
18 DUET Group. In the intervening 18 years, Duquesne Light Holdings has remained stable
19 and financially sound under private equity ownership. In 2010, GIC Private Limited
20 acquired a 29% stake from the original investor DUET Group, but that change has had no
21 ill effect on the credit standing of Duquesne Light Holdings or upon its regulated utility
22 subsidiary Duquesne Light Company. In fact, the utility company’s ratings of A3 by
23 Moody’s and BBB+ by S&P Global are higher today than they were in 2007. This type of
24 stability is well suited to the very long lives of utility assets and the multi-year
25 commitments utilities must make in their network and infrastructure.

26 **IV. FINANCIAL STATUS OF TNMP AND TXNM**

27 **Q. IS TNMP’S CURRENT FINANCIAL CONDITION SOUND?**

28 **A.** Yes, TNMP is in sound financial condition.

1 **Q. WHAT ARE TNMP'S CURRENT SOURCES OF CAPITAL, PRIOR TO THE**
2 **ACQUISITION?**

3 **A.** TNMP's common equity is provided by its parent, TXNM. TXNM shares are listed on the
4 NYSE, and TXNM periodically issues new shares to investors. In turn, TXNM may invest
5 equity in TNMP if needed. TNMP issues its own individual long-term debt to capital
6 market investors, generally in the form of senior secured bonds. Its debt obligations are
7 rated by two credit rating agencies, Moody's and S&P. As of March 31, 2025, TNMP has
8 its own \$200 million revolving credit facility under which it can draw down loans to meet
9 its liquidity needs for capital expenditure projects and seasonal operations. The revolving
10 credit agreement will mature on March 30, 2029. Notes issued under the revolving credit
11 are secured by TNMP's senior secured mortgage bonds.

12 **Q. HOW DID CREDIT RATING AGENCIES ASSESS THE FINANCIAL**
13 **CONDITION OF TNMP AND TXNM BEFORE THE ACQUISITION**
14 **ANNOUNCEMENT?**

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

17 **Q. PLEASE PROVIDE MORE INFORMATION ABOUT MOODY'S VIEWS**
18 **BEFORE THE ACQUISITION WAS ANNOUNCED.**

19 **A.** Moody's published a credit opinion on TNMP in June 2024 in which it commented on
20 TNMP's stable financial profile, its small size and scale, and the elevated capital
21 investment program, which is likely to drive a need for future debt funding.³ In a June
22 2024 credit opinion on TXNM (citing the company's former name of PNM Resources), a
23 Moody's analyst commented that the financial condition was stable. The Moody's report
24 also noted that parent level debt was relatively high as a proportion of consolidated debt,
25 and that elevated capital expenditures at its utility subsidiaries would require additional
26 debt financing. Moody's concluded that limiting parent level debt at or below 20% of

³ Moody's Credit Opinion, *Texas-New Mexico Power Company, Update to Credit Analysis*, Jun. 27, 2024, at 1 –2 (Exhibit EL-3) (Confidential).

1 consolidated debt could improve TXNM's rating, while increasing parent debt leverage
2 (approaching 30% of consolidated debt) could result in downgrade.⁴

3 **Q. WHAT WAS S&P'S VIEW OF TNMP'S AND TXNM'S FINANCIAL CONDITION**
4 **BEFORE THE ACQUISITION WAS ANNOUNCED?**

5 **A.** S&P noted in a credit update report on TNMP published on October 25, 2024 that high
6 capital expenditures for system growth would require heavy external financing. The S&P
7 analyst said:

8 We expect TNMP's financial measures to be pressured at the low end of the
9 financial risk profile. Under our base case, we expect the company's robust
10 capital spending of about \$2.9 billion from 2024 to 2028 to result in
11 consistent cash flow deficits that will require external funding, keeping its
12 financial measures pressured at the low end of its financial risk profile
13 category.⁵

14 In a research update on TXNM (using its former name PNMR) in January 2024, S&P's
15 analyst commented:

16 PNMR's financial measures are weak for the current rating . . . Furthermore,
17 we expect that financial measures will remain pressured, incorporating the
18 company's robust capital spending program. Recently, the company
19 increased its three-year capital spending plan to about \$3.5 billion from
20 about \$2.8 billion. This reflects rising capital spending in Texas and
21 transmission and distribution spending necessary to support the company's
22 energy transition. Accordingly, we expect that the company will
23 consistently operate with cash flow deficits, requiring consistent access to
24 capital markets.⁶

25 **Q. DID MOODY'S COMMENT ON FINANCIAL WEAKNESS AT TXNM?**

26 **A.** Yes. Moody's June 24, 2025 Credit Opinion listed the following credit challenges: weak
27 consolidated financial metrics; high holding company debt; and elevated capital
28 expenditures, which may require additional debt financing.⁷

⁴ Moody's Credit Opinion, *PNM Resources, Inc. Update to Credit Analysis*, Jun. 27, 2024 at 1–2 (Exhibit EL-4) (Confidential).

⁵ S&P Global Ratings, Research, *Texas-New Mexico Power Co.*, Oct. 25, 2024, at 2 (Exhibit EL-5) (Confidential).

⁶ 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 (Exhibit EL-6) (Confidential).

⁷ Moody's Credit Opinion, *TXNM Energy, Inc., Update Following Acquisition Announcement*, Jun. 24, 2025 at 2 (Exhibit EL-9) (Confidential).

1 **Q. DO UTILITY CAPITAL SPENDING COMMITMENTS AFFECT TNMP'S**
2 **CREDIT RATINGS AND FINANCIAL STATUS?**

3 **A.** Yes. For example, Moody's states:

4 TNMP's capital investment program remains high to continue to bolster the
5 reliability of its distribution network and add new connections. . . Capital
6 spending levels are expected to average about \$833 million annually from
7 2025 to 2029, which is more than double the approximately \$321 million
8 annual average from 2021 - 2025.⁸

9 **Q. IN YOUR VIEW, WHAT WAS THE SHARED THEME OF THE TWO CREDIT**
10 **RATING AGENCIES?**

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

12 **A. Access to Equity Capital**

13 **Q. GIVEN ITS NEED FOR EQUITY CAPITAL INVESTMENT, DOES TXNM HAVE**
14 **AN ASSURED SOURCE OF EQUITY CAPITAL IN ITS CURRENT STATUS?**

15 **A.** No, access to additional equity capital is feasible but not assured. TXNM's shares are
16 listed on the NYSE, and TXNM can sell its shares through public or private offerings.
17 TXNM is considered a mid-cap company within the U.S. utility sector; that is, it is
18 considerably smaller than the largest holding companies in its sector, amid a long-term
19 trend of industry consolidation.⁹

20 **Q. DOES BEING A MID-CAP COMPANY AFFECT TXNM'S ACCESS TO EQUITY**
21 **CAPITAL?**

22 **A.** Yes, it does. In general, mid-cap companies lack the name recognition or market
23 dominance that the large cap companies enjoy. According to Capital Group, an important
24 investment management company, "[m]id-cap companies often have fewer Wall Street
25 analysts covering their businesses than larger companies or may not have any sell-side
26 research coverage."¹⁰ Their report shows that the amount of analyst coverage for the

⁸ *Id.* at 6.

⁹ A mid-cap issuer is generally considered to be one with an equity market cap between \$2 billion and \$10 billion. TXNM's market cap is approximately \$5.2 billion.

¹⁰ Roz Hongsaranagon, Matt Hochstetler, and Kent Chan, *Sizing Up Small- and Mid-Cap Stocks in Concentrated U.S. Market*, Capital Group, (Feb. 10, 2025), <https://www.capitalgroup.com/advisor/insights/articles/sizing-up-small-mid-cap-stocks.html>.

largest large-cap public companies is greater than for the average of large-cap public companies, which in turn is significantly greater than the number of analysts covering mid-cap companies.¹¹ 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.

Exhibit EL-7 ranks the equity market capitalization of individual companies within the North American electric and gas utility sector and shows that among 49 North American utilities with publicly traded equity, TXNM is in 34th position ranked by market cap. Table 1 below illustrates the stark disparity in the size of market capitalization between those companies in the top half of the sector and those in the bottom half, and TXNM is mid-way within the bottom half. Thus, it is difficult for TXNM to command investor attention in the equity market comparable to its larger competitors.

Table 1
Equity Market Cap* of the North American Utility Sector

	Number of companies	Market Cap (\$ Billion)	% of Sector Market Cap
Top Half	24	1,015	87%
Bottom Half **	<u>25</u>	<u>153</u>	<u>13%</u>
Total Companies	49	1,168	100%

*Market Cap: Value of traded equity securities

**TXNM is ranked 34th among 49 companies and comprises only 0.4% of the sector's market cap.

Source: Exhibit EL-7

¹¹ *Id.*

1 **Q. HAVE THERE BEEN ANY PERIODS WHEN TXNM OR TNMP HAVE**
2 **EXPERIENCED DIFFICULTY IN RAISING EITHER EQUITY OR DEBT**
3 **CAPITAL?**

4 **A.** Yes. In the second quarter of 2022, TXNM (under its former name of PNM Resources)
5 contemplated issuing three-year senior unsecured notes in the public debt market. Before
6 announcement of a specific offering of notes, the company met with over 50 investors in a
7 series of group meetings to provide information on the company and why it was an
8 attractive investment, and to gauge interest from the fixed income investor community.
9 TXNM received feedback after the meetings indicating that because TXNM was a
10 relatively small utility and an infrequent issuer in the public debt market, its bonds would
11 be less liquid than those of larger issuers, and many investors would either opt not to
12 participate in a debt offering from TXNM or would require a substantial premium to invest.
13 Based on this feedback, TXNM did not proceed with a public debt offering at that time.

14 **V. FINANCIAL IMPLICATIONS OF THE ACQUISITION**

15 **Q. PRIOR TO THE ANNOUNCEMENT OF THE ACQUISITION, WHAT WERE**
16 **THE CREDIT RATINGS OF TNMP AND ITS PARENT TXNM?**

17 **A.** S&P and Moody's issuer credit ratings of TXNM and TNMP are shown in Table 2 below.
18 The two agencies use different rating symbols, but the ratings by both agencies have a
19 reasonably close correspondence.¹² S&P's issuer credit rating of TXNM of BBB is the
20 middle of the BBB category, a low rating but still within the investment grade rating
21 category. Moody's issuer rating for TXNM of Baa3 is equivalent to one notch lower than
22 S&P's rating and is at the very lowest rung within the investment grade category. In the
23 case of TNMP, the issuer credit ratings of both S&P and Moody's correspond exactly at
24 BBB+ (S&P) and Baa1 (Moody's).

¹² A table showing the correspondence of credit rating agencies' rating symbols is provided in Exhibit EL-2.

**Table 2: Credit Ratings and Outlooks
of TXNM and TNMP**
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*	Stable	Stable

	TNMP	
	S&P	Moody's
Issuer Rating	BBB+	Baa1
Senior Secured Bonds	A	A2
Senior Unsecured Notes	--	--
Short-term debt	NR	NR
Outlook pre-announcement	Stable	Stable
Outlook after announcement*	Stable	Stable

* As of May 19, 2025 for S&P and June 24, 2025 for Moody's

NR – Not rated

Q. HOW DID THE TWO RATING AGENCIES RESPOND AFTER THE ACQUISITION ANNOUNCEMENT?

A. Both agencies have reaffirmed their existing credit ratings and stable rating outlooks for TXNM and TNMP after reviewing preliminary information about the Acquisition. S&P published its commentary with the affirmation of the ratings on May 19, 2025.¹³ Moody's published its response in a credit update a month later.

¹³ S&P Global Ratings, Research Update, *TXNM Energy Inc. 'BBB' Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable*, May 19, 2025 (Exhibit EL-8) (Confidential).

1 **Q. PLEASE SUMMARIZE S&P'S RESPONSE TO THE ANNOUNCED**
2 **ACQUISITION.**

3 **A.** S&P affirmed its ratings of TXNM and TNMP and identified what it deems to be the key
4 points of the Acquisition from a credit viewpoint:

5 1. The Acquisition will be entirely equity funded;

6 2. Blackstone Infrastructure will invest \$400 million to purchase TXNM common
7 shares in the near term, and TXNM will later sell an additional \$400 million of
8 common stock prior to the closing of the Acquisition;

9 3. No additional debt leverage will result from the Acquisition; and

10 4. S&P expects the Acquisition to facilitate a strengthening of TXNM's credit
11 measures.

12 S&P concluded by affirming the ratings of TXNM, TNMP, and PNM. The rating
13 outlook was affirmed as "stable," with the expectation that TXNM will maintain a
14 satisfactory leverage ratio of Funds From Operations ("FFO") divided by debt of over
15 14%.¹⁴ S&P's favorable opinion of the Acquisition and of Troy, as part of Blackstone
16 Infrastructure, as the purchaser is evident in its rating rationale expressed as follows:

17 We view the acquisition by [Blackstone Infrastructure] to be credit
18 supportive. [Blackstone Infrastructure] is an investment vehicle of the
19 global alternative asset manager Blackstone Inc. We assess [Blackstone
20 Infrastructure] as a long-term infrastructure fund investor and believe its
21 experience in the sector (minority interest ownership in Northern Indiana
22 Public Service Co. [NIPSCO] and an equity investment in FirstEnergy
23 Corp.) and financial strength will support TXNM's growth in a credit-
24 supportive manner. In addition, because the transaction will be fully
25 financed with equity, we expect TXNM's financial measures will
26 improve.¹⁵

27 **Q. WHAT CREDIT COMMENT HAS MOODY'S MADE REGARDING THE**
28 **ANNOUNCED ACQUISITION?**

29 **A.** Moody's published a full credit opinion on TXNM on June 24, 2025 in which it reaffirmed
30 the credit ratings of TXNM. Moody's described the Acquisition and pointed out that the

¹⁴ *Id.* at 1.

¹⁵ *Id.* at 1–2.

1 purchase of TXNM will be funded entirely through equity and the assumption of existing
2 debt, with no incremental debt to be issued. Moody's concluded: "Based on the announced
3 terms and proposed financing plans for the transaction, we do not expect the transaction to
4 adversely affect the ratings or outlooks of TXNM or either of its two utility subsidiaries."¹⁶

5 **Q. HOW WILL THE ACQUISITION AFFECT TXNM'S AND TNMP'S ACCESS TO**
6 **EQUITY CAPITAL?**

7 **A.** Blackstone Infrastructure is capable of supplying equity capital to TNMP in significantly
8 larger quantities than TNMP can do so as an independent entity. Over the course of ten
9 years, TXNM raised approximately \$590 million in new equity. In contrast, following the
10 announcement of the merger agreement, Blackstone Infrastructure invested \$400 million
11 in new issue and assisted TXNM to place another \$200 million of new equity in two
12 transactions.

13 **Q. WILL TXNM AND TNMP BE ABLE TO COVER THEIR EQUITY CAPITAL**
14 **NEEDS PRIOR TO THE CLOSING OF THE ACQUISITION?**

15 **A.** Yes. As I mentioned above, on June 2, 2025, Blackstone Infrastructure invested \$400
16 million to purchase newly issued common shares of TXNM via a private placement
17 announced concurrently with the merger announcement, followed within the month by
18 another \$200 million private placement of TXNM common equity to investors unaffiliated
19 with Blackstone Infrastructure. Blackstone Infrastructure has also agreed to support
20 TXNM's issuance of another \$325 million of common equity before the end of 2026. The
21 proceeds of these three equity issuances by TXNM, amounting to around \$925 million of
22 new equity, will reduce indebtedness and fund utility investments for the benefit of
23 customers.

24 The effect of these pre-closing equity issues is to assure that TXNM, TNMP, and
25 PNM have the equity capital that they will need to balance their capital structure and avoid
26 excessive leverage while they carry out their capital investment plans during the pendency
27 of this proceeding. Accomplishing so much new equity issuance at this time firmly

¹⁶ Moody's Credit Opinion, *TXNM Energy, Inc., Update Following Acquisition Announcement*, Jun. 24, 2025 at 2 (Exhibit EL-9) (Confidential).

1 addresses the concerns that both Moody's and S&P expressed prior to the announcement
2 of the Acquisition regarding access to equity capital and the Company's large funding
3 needs.

4 **Q. DO YOU FORESEE ANY CHANGE IN THE CREDIT RATINGS OF TNMP OR**
5 **TXNM AS A RESULT OF THE ACQUISITION?**

6 **A.** No, I do not. Neither Moody's nor S&P has signaled a potential upgrade, but both credit
7 rating agencies seem to view the new ownership as credit neutral. The advance funding of
8 the group's equity needs relating to planned capital expenditures will remove a risk that
9 would otherwise threaten to erode the current ratings. Future ratings improvements could
10 result, dependent upon regulatory developments in New Mexico and Texas and the
11 demonstration of improving key cash flow credit metrics at the individual utilities and
12 TXNM.

13 **Q. WILL THE ACQUISITION INTRODUCE INCREMENTAL DEBT LEVERAGE**
14 **AT TXNM OR TNMP?**

15 **A.** No. TNMP will continue to maintain its equity capitalization ratio at least equal to the
16 authorized regulatory capital structure determined by the Commission. Troy does not
17 anticipate increasing debt leverage at TNMP, TXNM, or the Troy Entities to fund the
18 Acquisition and plans to maintain leverage consistent with or below historic levels.

19 **VI. SEPARATENESS AND REGULATORY COMMITMENTS**

20 **Q. PLEASE PROVIDE AN OVERVIEW OF THIS SECTION OF YOUR DIRECT**
21 **TESTIMONY.**

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

25 **Q. WHAT DO YOU MEAN BY CORPORATE SEPARATENESS?**

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

1 **Q. WHEN AND WHY ARE RING-FENCING PROTECTIONS NECESSARY?**

2 **A.** Protective ring-fencing methods typically serve one of two purposes. First, in the context
3 of corporate finance and corporate structure, ring-fencing mechanisms are used to protect
4 a company and its stakeholders from financial risks associated with the company's parent,
5 affiliated companies, or subsidiaries.¹⁷ Another very important context for ring-fencing is
6 when a financial sponsor (the seller) bundles together a portfolio of loans or mortgages (the
7 assets) and sells them to a shell entity (the purchaser) that finances the purchase by issuing
8 loans or securities backed solely by the value and cash flows of the portfolio assets. In the
9 context of banking, leasing, and real estate ownership, such mechanisms separate the
10 purchaser and its assets from exposure to the bankruptcy risk of the sponsor or seller of the
11 assets. This allows the funding of the assets based solely upon the quality of the asset
12 portfolio, unaffected by the credit of the sponsor or seller.

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

18 **Q. WHAT IS THE PURPOSE OF RING-FENCING IN THE UTILITY SECTOR?**

19 **A.** A utility typically bears a legal obligation to operate reliably and maintain its systems for
20 existing customers and expand its facilities and systems to accommodate growth of demand
21 and new customers. Some utility capital expenditures are not discretionary but are required
22 to enable the utility to fulfill its franchise obligations and satisfy the requirements of the
23 regulatory authority. Making such capital investments typically requires access to funding
24 from internal and external sources. Thus, it is important for the utility to retain access to
25 its own resources including its bank accounts, accounts receivable, and the ability to draw
26 under its credit arrangements, even if its parent or an affiliate is in financial distress. If
27 internal sources of cash flow are not sufficient, utilities need to access funding from the

¹⁷ 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, LLCs, and related forms of enterprise ownership.

1 debt market. Without adequate protection, the utility's credit worthiness and access to debt
2 capital could be impaired if its owner is in financial distress, in default, or bankrupt. Ring-
3 fencing mechanisms have been successfully used to protect utilities from risky parents or
4 affiliated companies and have proven effective in allowing the protected companies to
5 carry out their mandate to serve present and future customers.

6 **Q. WHAT IS THE PURPOSE OF RING-FENCING IN THIS ACQUISITION, AND**
7 **WHICH ARE THE PROTECTED COMPANIES?**

8 **A.** In this Acquisition, the protected companies are TNMP and PNM, each separately
9 insulated from any possible impacts from the Troy Entities, Blackstone Infrastructure,
10 Blackstone, and those companies' affiliates, as well as from one another. For purposes of
11 this testimony, I focus on the ring-fencing around TNMP.

12 **Q. DO YOU HAVE AN ESTABLISHED FRAMEWORK OR SET OF STANDARDS**
13 **FOR EVALUATING THE EFFECTIVENESS OF INTERCORPORATE**
14 **SEPARATION PROVISIONS?**

15 **A.** Yes. Over the years, attorneys and credit rating agencies have amassed substantial
16 experience based upon actual case studies of insolvencies. Law firms that work on
17 securities issuances and render non-consolidation opinions have in-house standards that
18 they apply to determine the adequacy of protective ring-fencing, but law firms generally
19 do not publish their internal standards. Likewise, credit rating agencies have developed
20 their own criteria, drawn from the standards of their legal advisors as well as their own
21 experiences of corporate defaults, to develop lists of corporate policies and practices that
22 they apply to determine if two affiliated companies should be rated with the same rating,
23 or if the ratings of the two entities may be separated due to the presence of protective
24 mechanisms.¹⁸

¹⁸ 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* (Jun. 27, 2025), <https://www.fitchratings.com/research/corporate-finance/parent-subsubsidiary-linkage-rating-criteria-27-06-2025>; S&P Global Ratings, *General Criteria: Group Rating Methodology*, (Jul. 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), Appendix A.

1 Law firms' standards are more narrowly focused on the avoidance of involuntary
2 consolidation of one company in the bankruptcy of another company, but the rating
3 agencies display a much broader interest in preserving the integrity and financial well-
4 being of a company from erosion by the involvement of another affiliated company even
5 in situations that are less dire than bankruptcy. This is very consistent with the interest of
6 a utility regulatory authority in preserving the viability of the utility. I incorporated lists
7 of standards published by rating agencies to develop a framework for the systematic
8 evaluation of provisions that protect an individual company within a corporate group of
9 companies. By combining and harmonizing the elements that major rating agencies
10 employ in their separate guidelines, I distilled a master list of standards for evaluating the
11 adequacy of intercorporate separation. The result is the set of protective ring-fencing
12 practices and policies provided as Exhibit EL-10.

13 **Q. ARE YOU APPLYING THE SAME FRAMEWORK TO THIS ACQUISITION**
14 **THAT YOU HAVE APPLIED TO OTHER UTILITY SECTOR MERGER**
15 **PROCEEDINGS IN WHICH YOU TESTIFIED AS AN EXPERT WITNESS?**

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

19 **Q. PLEASE EXPLAIN THE STANDARDS THAT MAKE UP THIS FRAMEWORK.**

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

- 24 I. Practices that allow the protected company to maintain access to its own physical
25 and financial assets and sources of funding, shielded from invasion by a parent or
26 affiliate and even despite the financial distress of its parent or affiliate; and
- 27 II. Practices that eliminate or reduce the risk that the protected company will be drawn
28 into the bankruptcy of its parent or affiliate.

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

1 Therefore, the framework has two tracks: Track I contains practices that allow an
2 entity (the protected company) to preserve its own identity, remain viable, maintain its own
3 funding, resist incurring liabilities unrelated to its own business, and to defend its own
4 assets and liabilities even if its parent or an affiliate of the parent is in financial distress;
5 and Track II contains practices that protect a company from being involuntarily
6 consolidated into a parent or an affiliate's bankruptcy proceeding. Some practices serve
7 both purposes and appear in both tracks, providing overlapping protection to help achieve
8 the objectives of each track.

9 **Q. PLEASE EXPLAIN THE ELEMENTS THAT MAKE UP TRACK I OF THE**
10 **FRAMEWORK.**

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

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

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

29 I-C. The protected company is insulated from the liabilities of its parent
30 and affiliates of the parent (sister companies). It does not guarantee

1 the debt or obligations of other members of its group, and the other
2 members of the group never represent to the public or to
3 counterparties that the protected company is responsible for the
4 obligations of other group members.

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

9 **Q. WHAT ARE THE ELEMENTS THAT MAKE UP TRACK II?**

10 **A.** Track II involves steps to avoid the involuntary consolidation of the protected company in
11 the bankruptcy of its parent or an affiliate. As I have mentioned already, several of the
12 practices that are important in Track I to maintain the company's separate financial
13 viability also serve to avoid involuntary consolidation due to the doctrine of substantive
14 consolidation.

15 **Q. WHAT DO YOU MEAN BY SUBSTANTIVE CONSOLIDATION?**

16 **A.** A solvent company within a corporate group might be vulnerable to substantive
17 consolidation along with its bankrupt parent or affiliate if the resources, assets, and
18 liabilities of the companies are so commingled and poorly documented that it is difficult
19 for the bankruptcy court to untangle them. Another possible cause for substantive
20 consolidation is if any of the companies in the past represented to creditors that the assets
21 or cash flow of one company (now solvent) was available to satisfy the debts of the other
22 company (now insolvent). When the court finds either of those patterns, then creditors of
23 the bankrupt company would seek as a remedy the consolidation of the solvent company
24 in the bankruptcy proceeding to enhance recovery by the bankrupt entity's creditors.

25 **Q. WHAT PROTECTIONS DOES A COMPANY HAVE AGAINST SUBSTANTIVE**
26 **CONSOLIDATION WITH A PARENT OR ANOTHER AFFILIATE OF THE**
27 **PARENT?**

28 **A.** Forms of protection against substantive consolidation include establishing separate
29 corporate entities; keeping good books and records; maintaining separate books of account;

1 and not commingling funds or assets. The protected company should not own shares of
2 the parent or parent's affiliates, nor should it guarantee the debt of the parent or the parent's
3 affiliates. Additionally, neither the protected company nor its parents or affiliates should
4 represent to creditors of the parent or affiliates that the protected company is responsible
5 for the obligations of its parent or its parent's affiliates.

6 **Q. HOW DID YOU APPLY THE RING-FENCING AND SEPARATENESS**
7 **FRAMEWORK TO ANALYZE THE ACQUISITION?**

8 **A.** Using the framework presented in Exhibit EL-10, I analyzed the regulatory commitments
9 proposed by the Applicants, and those important protections that exist because of statutes
10 or Commission regulations with which TNMP must comply in the normal course of
11 business. Examples include the requirement that the Commission must approve transfers
12 of property as well as existing regulations concerning arm's length transactions with
13 affiliated parties.

14 **Q. PLEASE SUMMARIZE THE MOST IMPORTANT ASPECTS OF THE**
15 **PROPOSED PROTECTIVE COMMITMENTS.**

16 **A.** Among the strong protective commitments that will separate TNMP from liabilities and
17 risks of the Troy Entities and from Blackstone Infrastructure and Blackstone
18 Infrastructure's investment partners are:

- 19 1. Separate books and record keeping, and separate financial accounts;
- 20 2. No commingling of cash with Troy or any other Troy Entities and no additional
21 intercompany lending, except TNMP may borrow from Blackstone or any of its
22 affiliates on an arm's length basis if approved by a majority of the independent
23 directors;
- 24 3. Debt and credit facilities of TNMP shall not contain any cross defaults linking
25 TNMP with the Troy Entities or with any of Blackstone Infrastructure or its co-
26 investors or subsidiaries;
- 27 4. TNMP will maintain access to its own assets and properties, accounts receivable
28 and other accounts, not affected by the bankruptcy or distress of any Troy Entities,
29 Blackstone Infrastructure, or Blackstone Infrastructure's affiliates.

1 5. TNMP will maintain liquidity facilities and sources in its own name permitting
2 borrowing without regard to the credit ratings or default or bankruptcy of TXNM,
3 Troy or any Troy Entities, Blackstone Infrastructure, or Blackstone Infrastructure's
4 affiliates.

5 6. TNMP's equity capital will at least be equal to the Commission's authorized capital
6 structure over a thirteen-month rolling average, further assuring that there will not
7 be excessive leverage introduced due to the Acquisition.

8 7. No upstream dividends or distributions can be paid by TNMP unless TNMP's
9 corporate credit rating is at least an investment grade rating, except with prior
10 approval by the Commission.

11 8. TXNM and the Troy Entities will be structured and will conduct business such that
12 in the event of a bankruptcy of Troy or any Troy Entities or affiliates (other than
13 TNMP), (a) a bankruptcy court will not consolidate the assets and liabilities of
14 TNMP with those of TXNM, Troy or any Troy Entity; and (b) except as may be
15 required by law, any costs or obligations of a bankruptcy of TXNM, Troy or any
16 Troy Entity cannot be sought from TNMP.

17 **Q. WHAT WAS THE RESULT OF YOUR REVIEW OF THE PROTECTIVE**
18 **PROVISIONS THAT ARE PROPOSED FOR THIS ACQUISITION?**

19 **A.** Using the framework as a checklist, I found that the proposed ring-fencing provisions
20 conform with the requirements of the framework and will provide an adequate separation
21 of TNMP from risks associated with affiliation with the Troy and Blackstone Infrastructure
22 and any other companies under its ownership or control. The analysis is presented in
23 Exhibit EL-11.

24 **Q. HOW DOES THE ACQUISITION PROPOSE TO ALTER THE CURRENT**
25 **SEPARATION BETWEEN TXNM AND TNMP?**

26 **A.** The Applicants propose to further separate TNMP from TXNM by interposing a sterile
27 special purpose entity, TNPE 1, as the direct owner of TNMP.¹⁹ The effect of structural

¹⁹ The chain of ownership will be as follows: Troy will be the direct parent of TNPE, which will own TNPE 1, which in turn will own the shares of TNMP. Ms. Boyd and Mr. Lopez describe the ownership structure following the close of the Acquisition in further detail in their testimonies.

1 separation and the regulatory ring-fencing commitments that I have already discussed will
2 be to insulate TNMP from credit contagion and bankruptcy risk in the event of adverse
3 financial events affecting TXNM and/or PNM.

4 **Q. ARE THERE ADDITIONAL REGULATORY COMMITMENTS PROPOSED IN**
5 **TNMP'S APPLICATION ASIDE FROM THE PROTECTIVE RING-FENCING**
6 **PROVISIONS THAT YOU HAVE DISCUSSED ABOVE?**

7 **A.** Yes, the Application includes some proposed commitments that do not relate to the future
8 solvency or financial protection of TNMP or bankruptcy remoteness from Troy or any Troy
9 Entities or affiliates. Instead, several proposed commitments are designed to preserve the
10 Commission's regulatory jurisdiction, for example, by assuring that the Commission will
11 continue to receive all the information and accounting reports it needs to carry out its
12 regulatory functions. Some commitments aim to protect the interests of the state and the
13 community, such as a commitment to keep TNMP'S headquarters in Texas, to maintain its
14 current union labor contracts, and to maintain employment of non-union employees for at
15 least three years post-closing. These are not part of the ring-fencing framework, but will
16 be meaningful to many interested parties, the Commission, and the communities served by
17 TNMP.

18 **VII. CONCLUSIONS AND RECOMMENDATIONS**

19 **Q. IN SUMMARY, DO YOU FORESEE ANY FINANCIAL INJURY TO TNMP AS A**
20 **RESULT OF THE ACQUISITION?**

21 **A.** No, I do not. On the contrary, I see the Acquisition providing TNMP with greater financial
22 strength and resilience.

23 **Q. DO YOU FORESEE ANY FINANCIAL BENEFITS TO TNMP AND ITS**
24 **CUSTOMERS AS A RESULT OF THE ACQUISITION?**

25 **A.** Yes. Due to its greater size and scale, Blackstone Infrastructure has a substantially broader
26 investor base than TXNM, and Blackstone Infrastructure benefits from greater
27 diversification of risk. As a result, Troy will have access to a wider range of sources from
28 which to raise equity capital should TNMP require capital infusions. Through its
29 ownership by Troy, both TXNM and TNMP will gain a more assured and readily available

1 stream of equity investment when needed. The favorable perception of Blackstone
2 Infrastructure and Blackstone in the financial community, combined with their larger base
3 of financial counterparties and relationships, will expand TNMP's opportunities in the debt
4 and credit markets. As a consequence of these factors, I expect that TNMP will have
5 greater financial resilience and an enhanced ability to attract capital during periods of
6 adverse capital market conditions. Furthermore, the formalization of the ring-fencing
7 commitments between TXNM and TNMP will be viewed favorably by credit rating
8 agencies and fixed income investors, which will benefit TNMP's customers.

9 **Q. WHAT ARE YOUR CONCLUSIONS?**

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

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 **A.** Yes.

AFFIDAVIT

STATE OF NEW YORK

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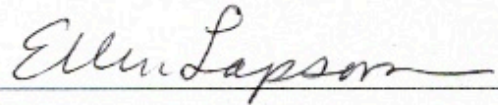
COUNTY OF NEW YORK

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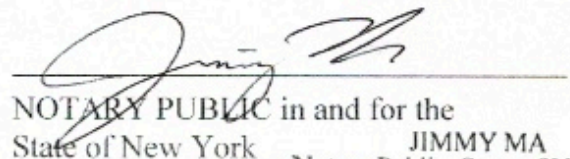
BEFORE ME, the undersigned authority, on this day personally appeared Ellen Lapson who, upon proving her identity to me and by me being duly sworn, deposes and states the following:

“My name is Ellen Lapson. I am of legal age, a resident of the State of New York, and have never been convicted of a felony. I certify that the foregoing testimony and exhibits, offered by me on behalf of Texas-New Mexico Power Company and Troy ParentCo LLC, are true and correct and based upon my personal knowledge and experience.”



Witness

SWORN TO AND SUBSCRIBED before me, a Notary Public, on this 20 day of August 2025, to certify which witness my hand and seal of office.


NOTARY PUBLIC in and for the
State of New York

JIMMY MA
Notary Public, State of New York
No. 01MA6116017
Qualified in New York County
Commission Expires Sept. 20, 2028

Printed Name: Jimmy Ma

My Commission expires: September 20, 2028

EXPERIENCE AND QUALIFICATIONS

ELLEN LAPSON, CFA

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www.lapsonadvisory.com

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.	1975
Accounting major; Finance minor	
Barnard College, Columbia University, BA.	1969
Earned CFA Institute Charter, 1978	
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
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
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

Jurisdiction	Proceeding	Topic
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
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 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 the Joint Applicants (2020-21)	Financial strength and resilience in the context of merger proceeding

Jurisdiction	Proceeding	Topic
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, 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 Semptra 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 Electric & Gas Company (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
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

Jurisdiction	Proceeding	Topic
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, NCEMC, et al. vs Duke Energy Carolinas and Duke Energy Progress, on behalf of the Respondents (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 Southwestern 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. (2015)	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
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.

Jurisdiction	Proceeding	Topic
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 (i)Baltimore Gas and Electric; (ii) PEPCO subsidiaries (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
Entergy Louisiana, LLC.	Strategic advice on a regulatory petition on the benefits of accelerating storm cost securitization. 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
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.

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Jurisdiction	Proceeding	Topic
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
Long-Term Credit Ratings**

	Moody's	S&P Global	Fitch Ratings
<i>Investment Grade Ratings</i>	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-
<i>Sub-Investment Grade (Speculative Grade)</i>	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.

Exhibits EL-3 through EL-6
are **CONFIDENTIAL**
and will be provided in a
separate confidential filing.

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

Size Rank	Ticker Symbol	Name	Equity Market Cap. (US \$ millions)*	Traded TSX, Canadian Dollars	Percent of Total Market Capital	Percent of Aggregate Market Cap
1	NEE	NextEra Energy, Inc.	\$ 152,091.8		13.0%	13.0%
2	SO	Southern Company	\$ 100,574.5		8.6%	21.6%
3	DUK	Duke Energy Corporation	\$ 91,180.0		7.8%	29.4%
4	AEP	American Electric Power Company, Inc.	\$ 55,481.5		4.7%	34.2%
5	SRE	Sempra Energy	\$ 48,991.0		4.2%	38.4%
6	D	Dominion Energy Inc	\$ 48,489.7		4.2%	42.5%
7	EXC	Exelon Corporation	\$ 43,541.3		3.7%	46.3%
8	PEG	Public Service Enterprise Group Inc	\$ 40,503.7		3.5%	49.7%
9	XEL	Xcel Energy Inc.	\$ 39,329.3		3.4%	53.1%
10	ED	Consolidated Edison, Inc.	\$ 36,141.3		3.1%	56.2%
11	ETR	Entergy Corporation	\$ 35,289.0		3.0%	59.2%
12	WEC	WEC Energy Group Inc	\$ 33,298.4		2.9%	62.1%
13	PCG	PG&E Corp.	\$ 30,569.8		2.6%	64.7%
14	DTE	DTE Energy Company	\$ 27,379.6		2.3%	67.0%
15	AEE	Ameren Corporation	\$ 25,952.2		2.2%	69.2%
16	PPL	PPL Corporation	\$ 24,994.5		2.1%	71.4%
17	ATO	Atmos Energy Corporation	\$ 24,187.7		2.1%	73.4%
18	ES	Eversource Energy	\$ 23,714.7		2.0%	75.5%
19	FTS	Fortis Inc.	\$ 23,714.3	32,262.6	2.0%	77.5%
20	CNP	CenterPoint Energy, Inc.	\$ 23,459.1		2.0%	79.5%
21	FE	FirstEnergy Corp.	\$ 23,017.0		2.0%	81.5%
22	H-CA	Hydro One Limited	\$ 21,540.3	29,305.0	1.8%	83.3%
23	CMS	CMS Energy Corporation	\$ 21,079.3		1.8%	85.1%
24	EIX	Edison International	\$ 20,219.3		1.7%	86.9%
25	NI	NiSource Inc	\$ 18,621.0		1.6%	88.5%
26	LNT	Alliant Energy Corp	\$ 15,805.6		1.4%	89.8%
27	EMA-CA	Emera Incorporated	\$ 13,617.6	18,526.4	1.2%	91.0%
28	PNW	Pinnacle West Capital Corporation	\$ 10,796.1		0.9%	91.9%
29	OGE	OGE Energy Corp.	\$ 8,955.2		0.8%	92.7%
30	ALA-CA	AltaGas Ltd.	\$ 8,424.7	11,461.6	0.7%	93.4%
31	CU-CA	Canadian Utilities Limited Class A	\$ 7,514.5	10,223.2	0.6%	94.0%
32	IDA	IDACORP, Inc.	\$ 6,265.9		0.5%	94.6%
33	SWX	Southwest Gas Holdings, Inc.	\$ 5,314.3		0.5%	95.0%
34	TXNM	TXNM Energy, Inc.	\$ 5,218.6		0.4%	95.5%
35	NJR	New Jersey Resources Corporation	\$ 4,554.9		0.4%	95.9%
36	POR	Portland General Electric Company	\$ 4,513.1		0.4%	96.2%
37	AQN-CA	Algonquin Power & Utilities Corp.	\$ 4,437.8	6,037.5	0.4%	96.6%
38	OGS	ONE Gas, Inc.	\$ 4,371.9		0.4%	97.0%
39	SR	Spire Inc.	\$ 4,370.8		0.4%	97.4%
40	BKH	Black Hills Corporation	\$ 4,126.5		0.4%	97.7%
41	ALE	ALLETE, Inc.	\$ 3,759.5		0.3%	98.0%
42	MDU	MDU Resources Group Inc	\$ 3,434.8		0.3%	98.3%
43	OTTR	Otter Tail Corporation	\$ 3,339.4		0.3%	98.6%
44	MGEE	MGE Energy, Inc.	\$ 3,290.4		0.3%	98.9%
45	NWE	NorthWestern Corporation	\$ 3,220.0		0.3%	99.2%
46	AVA	Avista Corporation	\$ 3,090.4		0.3%	99.4%
47	CPK	Chesapeake Utilities Corporation	\$ 2,870.0		0.2%	99.7%
48	HE	Hawaiian Electric Industries, Inc.	\$ 1,894.0		0.2%	99.9%
49	NWN	Northwest Natural Holding Co.	\$ 1,664.0		0.1%	100.0%
	SUM		\$ 1,168,210.3			

Source: S&P Global Market Intelligence. *Data as of July 3, 2025.

* Conversion of Canadian Dollars to US Dollars

0.73504

Exhibits EL-8 through EL-9
are CONFIDENTIAL
and will be provided in a
separate confidential filing.

TNMP Exhibit EL-10: Framework for Corporate Separateness

TRACK I: Preserves Individual 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 Enhances financial viability by controlling financial leverage

- n. Avoids excessive debt leverage.

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

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 affiliates

[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 affiliates

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

Exhibit EL-11: Evaluating the Applicants' Proposed Regulatory Commitments

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

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard

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	14. Separate Name and Logo: TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos associated with Blackstone, Inc. (“Blackstone”) and any Texas competitive affiliate of TNMP provided that the Blackstone name and logo can be added to the TNMP name and logo for branding purposes.	Meets standard
b.	Maintains separate financial accounts in its own name; no commingling of assets	21. Separate Books and Records: TNMP 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 those of any other entity. ALSO: TNMP's Code of Conduct (Exhibit SRW-6): Separate Books and Records. TNMP, TXNM and each of their competitive affiliates will maintain separate accounts and records. ALSO: Commitment 22 (below).	Meets standard
c.	Protected Company owns all of its physical assets in its own name.	22. No Commingling of Funds: TNMP will not commingle its funds, assets, or cash flows with those of affiliates, except as authorized by the Commission.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
d. Has policy/procedures to control dividends from Protected Co.	7.Net Income and Dividend Policy: Unless approved by the Public Utility Commission of Texas (“Commission”), dividends or distributions (other than tax distributions) may only be paid if TNMP’s credit rating is investment grade, and TNMP will limit its payment of dividends or distributions, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP. TNMP will notify the Commission if its credit rating falls below the rating TNMP was given on May 18, 2025. A vote of the majority of the independent directors of the TNMP Board may prevent TNMP from making any dividends at any time during the first five years if the TNMP Board reduces capital expenditures below the current five-year plan based on limited equity financing availability. A vote of a majority of the independent directors can also prevent TNMP from making any dividends other than tax distributions, if determined in good faith to be required to meet debt-to-equity commitment.	Meets standard
e. Has policy/procedures to control asset transfers and asset diversion from the Protected Company to parent or sister companies	20. No Affiliate Asset Transfers: TNMP will not transfer material assets (over \$1 million) to affiliates except at arm’s length and consistent with the Commission’s standards as they are applicable to TNMP.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
f. Assets are not pledged for the benefit of parent or sister companies	15. No Pledging of Assets: TNMP's assets, stock, or revenues will not be pledged for the benefit of any entity other than TNMP. ALSO: PURA § 39.157(d)(17): "[The rules adopted under this section shall ensure that:] (17) a utility does not allow an affiliate to obtain credit under an arrangement that would include a specific pledge of assets in the rate base of the utility or a pledge of cash reasonably necessary for utility operations." 16 Texas Administrative Code § 25.272(d)(7)(B): "The utility shall not allow an affiliate to obtain credit under any arrangement that would include a specific pledge of any assets in the rate base of the utility or a pledge of cash reasonably necessary for utility operations. This subsection does not affect a utility's obligations under other law or regulations, such as the obligations of a public utility holding company under §25.271(c)(2) of this title (relating to Foreign Utility Company Ownership by Exempt Holding Companies)."	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	41. Competitive Affiliate Commitment: TNMP will comply with all the requirements of the Public Utility Regulatory Act and the Commission's rules governing aspects of any relationship and dealings between TNMP and all competitive affiliates. 42. Code of Conduct: TNMP will file with the Commission for authority to amend and update its code of conduct to incorporate all applicable conditions and limitations on affiliate transactions required by these Regulatory Commitments. 43. Arm's-Length Transactions: TNMP will maintain arm's-length relationships with all affiliates and comply with all Commission affiliate standards when negotiating and entering into contracts with affiliates.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
h. Protected Co. does not lend to parent or affiliates (Permissible exception - with formal documentation of loans and appropriate limitations, as in an authorized Money Pool)	17. No Additional Intercompany Lending: Aside from TNMP's arrangements with TXNM, TNMP will not engage in intercompany debt or lending with Troy or any affiliate that controls Troy, nor guarantee the obligations or liabilities of TXNM or any of its affiliates or subsidiaries, unless authorized by the Commission. Notwithstanding the foregoing, TNMP may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the independent directors of the TNMP Board, provided further that nothing herein obligates Troy or any of its affiliates to lend money to TNMP or any of its affiliates at any time. 18. No Shared Credit Facilities: TNMP and TNPE 1 will not share credit facilities with Troy or its affiliates, except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.	Meets standard
I-B Maintains Protected Company's access to its own liquidity		
i. Protected Company has separate 3rd party borrowing sources... and has credit ratings in its own name	CONTINUE CURRENT PRACTICES AND POLICIES. TNMP has outstanding bonds and revolving credit facilities, and the Application to enter into the Acquisition contemplates continuing that form of financing. 23. Credit Ratings: TNMP will maintain standalone credit ratings from at least two major agencies, reflecting the ring-fence provisions.	Meets standard Meets standard
j. Protected Company's ability to borrow [i.e., conditions of drawing] is not contingent on financial condition of parent or affiliates	19: No Cross Defaults: ... TNMP'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.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
j 1. No Cross default / cross acceleration with parent or affiliates	19. No Cross-Defaults: TNMP's credit or debt agreements will not include cross-default provisions tied to affiliates. Under no circumstances will debt of TNMP 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 agreement of TNPE 1, TXNM, or any of their affiliates or subsidiaries. Further, TNMP'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.	Meets standard
j 2. No covenants tied to ratings of parent or affiliates	Included in Commitment No. 19 above.	Meets standard

I-C Is insulated from liabilities of parent and affiliates

k. Protected Co. does not guarantee the liabilities of affiliates	See Commitment No. 17: "... nor guarantee the obligations or liabilities of TXNM or any of its affiliates or subsidiaries, unless authorized by the Commission."	Meets standard
l. Parent and affiliates do not represent to the public or creditors that the Protected Co. is liable for parent or affiliate obligations	STATUTE: PURA § 14.103: "A public utility may not loan money, stocks, bonds, notes, or other evidence of indebtedness to a person who directly or indirectly owns or holds any stock of the public utility unless the public utility reports the transaction to the commission within a reasonable time."	Meets standard
m. Protected Company is not subject to joint tax liability, other than as required by law	STATUTE: U.S. Internal Revenue Act and Internal Revenue Code. TNMP is a party to consolidated tax filing with the TXNM companies, subject to an intercompany tax sharing agreement. Several liability of parties to a consolidated tax return cannot be avoided.	Acceptable

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
I-D Enhances financial viability by controlling financial leverage		
n. Avoids excessive debt leverage	16. No Acquisition-Related Debt: TNMP, TNPE 1 and TXNM will not take on any new debt in conjunction with the Acquisition, provided further that any increased costs due to refinancing of existing TNMP debt caused by the Acquisition will not be borne by customers. 25. Debt-to-Equity Ratio: TNMP will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.	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	14. Separate Name and Logo: TNMP will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos associated with Blackstone and any Texas competitive affiliate of TNMP provided that the Blackstone name and logo can be added to the TNMP name and logo for branding purposes.	Meets standard
Same as I-A (b) Maintains separate financial accounts; no commingling of assets	22. No Commingling of Funds: TNMP will not commingle its funds, assets, or cash flows with those of affiliates, except as authorized by the Commission.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
Same Arm's length standard for transfers of as I-A assets, services, and supplies (e) and (g)	41. Competitive Affiliate Commitment: TNMP will comply with all the requirements of the Public Utility Regulatory Act and the Commission's rules governing aspects of any relationship and dealings between TNMP and all competitive affiliates. 42. Code of Conduct: TNMP will file with the Commission for authority to amend and update its code of conduct to incorporate all applicable conditions and limitations on affiliate transactions required by these Regulatory Commitments. 43. Arm's-Length Transactions: TNMP will maintain arm's-length relationships with all affiliates and comply with all Commission affiliate standards when negotiating and entering into contracts with affiliates.	Meets standard
Same Protected Co. does not represent that it as I-C is responsible for obligations of parent (l) or affiliates	STATUTE: PURA §14.103: "A public utility may not loan money, stocks, bonds, notes, or other evidence of indebtedness to a person who directly or indirectly owns or holds any stock of the public utility unless the public utility reports the transaction to the commission within a reasonable time."	Meets standard
o. Protected Co. has separate accounting books & records	21. Separate Books and Records: TNMP 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 those of any other entity.	Meets standard
p. Protected Co. maintains all legal formalities to preserve its existence	CONTINUE CURRENT PRACTICES AND POLICIES TNMP has long-standing procedures to maintain its legal status and preserve its legal existence, including those contained in the By-Laws.	Meets standard

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
q. Protected Co. does not own shares of parents or affiliates	STATUTE: TNMP is required to file an affiliate report with the Commission on an annual basis. PURA §§ 14.101, 39.262(l)-(m), and 39.915 require regulatory approval for certain transactions, including when at least 50% of the stock of the transmission or distribution utility will be transferred or sold. PURA § 39.157(d)(7): "a utility is a separate, independent entity from any competitive affiliates and, except as provided by Subdivisions (8) and (9), does not share employees, facilities, information, or other resources, other than permissible corporate support services, with those competitive affiliates unless the utility can prove to the commission that the sharing will not compromise the public interest."	Meets standard

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

III. Additional Regulatory Conditions-- NOTE: These are not required for non-consolidation or rating agency standards, but they may be significant to the Commission or to some stakeholders.

Maintain authority of the Commission, acknowledge Commission's jurisdiction	35.Commission Jurisdiction: TNMP will not build assets outside the Electric Reliability Council of Texas, Inc., or take actions that impair the Commission's jurisdiction without prior approval. 36. No FERC Preemption Claims: TNMP and its affiliates will not argue that the Commission is preempted by the Federal Power Act from determining cost recovery of affiliate costs. 39. Amendments: Any changes to these Regulatory Commitments require prior Commission approval.	NA

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
Sole business is electric utility service	13. Sole Authorized Purpose: TNMP's sole purpose is to provide transmission and distribution utility service and the performance of activities reasonably necessary and appropriate thereto. TNPE 1, a special purpose entity for bankruptcy remote purposes under the state laws of Texas and direct subsidiary of TNP Enterprises, Inc., will exist only to directly own TNMP.	NA
Maintain-headquarters in jurisdiction	28. Headquarters: TNMP's headquarters will remain in Texas within its service territory as long as Troy or its affiliates own TNMP.	NA
No recovery of acquisition premium.	32. No Goodwill Recovery: TNMP will not seek to recover any transaction-related goodwill or acquisition premium in rates, rate base, cost of capital, or operating expenses. Goodwill write-downs will not affect net income for dividend purposes.	NA
No recovery of transaction or transition costs	34. No Recovery of Transaction or Transition Costs: TNMP will not seek recovery of transaction or transition costs related to the Acquisition from customers in TNMP's rates provided that transition costs shall not include employee time and labor.	NA
No recovery of Affiliate REP losses from utility customers	26. No Recovery of Affiliate REP Bad Debt: To the extent that any retail electric provider is affiliated with TNMP, TNMP will not seek to recover from its customers any costs incurred as a result of a bankruptcy of any such affiliate.	NA

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
No "push=down accounting"	33. No Pushdown Accounting: Neither TNPE 1 nor TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition (i.e., the Acquisition will have no accounting impact on TNMP's assets). Furthermore, no incremental goodwill will be allocated to or recognized in TNMP's financial statements.	NA
Books and records/reporting transparency	38. Access to Books and Records: The Commission will have access to TNMP's, and relevant affiliates', books and records as needed to review affiliate transactions.	NA
Parent officers and directors	29. TNMP Management Control: TNMP's President and CEO and officers will have day-to-day control over operations.	NA
Maintain union labor contracts and other labor arrangements	30. Workforce Protections: For at least three years post-closing, TNMP will not implement involuntary workforce reductions or reduce wages or benefits, except for cause or performance. In addition, TNMP will continue to honor its existing labor contracts with International Brotherhood of Electrical Workers Local 66.	NA
Continued Ownership	31. Continued Ownership: Troy, through TNPE 1, will maintain a controlling interest in TNMP for at least 10 years after the closing of the Acquisition.	NA
Assure funding of the capex program	27. Minimum Capital Spending Commitment: TNMP will continue to make minimum capital expenditures at a level equal to its current five-year budget for the five-year period beginning January 1, 2025. TNMP may reduce capital spending if necessary due to factors outside its control, such as siting delays, project cancellations, economic conditions, or if a particular expenditure would not be prudent. Any such reductions over 10% will be reported annually to the Commission.	NA

Standards of Protection (Exhibit EL-10)	TNMP Ring-Fencing Commitments	Fulfills Standard
Compliance reporting	37. Compliance Reporting: TNMP will file annual compliance reports with the Commission for five years after the closing of the Acquisition.	NA
Compliance - Amend governing agreements	40. Bylaws and LLC Agreements: TNMP and TNPE 1 will amend their governing agreements and corporate bylaws within 90 days of closing to reflect these Regulatory Commitments and file the amendments with the Commission. Any future changes to these documents that will affect the Regulatory Commitments will require Commission approval.	NA
Non-Consolidation Opinion	24. Non-Consolidation Opinion: Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of Troy or any affiliate of Troy, a bankruptcy court will not consolidate the assets and liabilities of TNMP with Troy or any affiliate of Troy.	NA

NA - Not applicable. These additional regulatory conditions do not correspond to standards in Exhibit EL-10.