BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 667	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant	)	

DIRECT TESTIMONY

OF

ANGELA L. PINO

November 24, 2026

NMPRC DOCKET NO. 26-0000XXX
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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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DIRECT TESTIMONY OF
ANGELA L. PINO
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I. INTRODUCTION AND PURPOSE

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

A. My name is Angela L. Pino. I am Director of Total Rewards for PNMR Services Company, the services company for TXNM Energy, Inc. ("TXNM") and its subsidiaries. A description of my position and background is included in PNM Exhibit ALP-1. The exhibit also includes a list of cases in which I have provided testimony before the New Mexico Public Regulation Commission ("Commission" or "NMPRC"). I am testifying on behalf of Public Service Company of New Mexico ("PNM" or "Company"), a TXNM subsidiary. My business address is 414 Silver Ave. SW, Albuquerque, NM 87102.

Q. What is the purpose of your direct testimony in this case?

A. The purpose of my testimony is to detail TXNM's compensation and benefits philosophy, along with the basis for determining the compensation and benefits program. This philosophy is applied across all of TXNM's subsidiaries, including PNM. Additionally, I discuss how customers benefit from the compensation and benefits employees earn. TXNM uses benchmarking to determine compensation and benefits offerings that align with industry practices. I detail what benchmarking is and how TXNM utilizes objective third-party data to determine employee compensation.

Further, I describe and support the employee compensation and benefits for which PNM seeks cost recovery in this case, including certain incentive plans, employee base salaries, and PNM's employee benefits package for union and non-union employees. I also identify incentive compensation plans for which we are not seeking rate recovery. Lastly, I confirm PNM's cost savings efforts as required in Case No. 2529 relating to Post-Retirement Benefits Other than Pensions ("PBOP").

II. COMPENSATION AND BENEFITS PHILOSOPHY AND POLICY

Q. What is the TXNM's "Total Rewards" approach to compensation and benefits?

A. "Total Rewards" is the combination of all remuneration offered to all employees, including base pay, incentive pay for non-union employees, time off, healthcare, and retirement benefits. A market-based Total Rewards program allows the Company to attract qualified employees who may otherwise seek employment at other organizations. The program also allows the Company to retain its experienced workforce, reducing the cost and time it takes to recruit and train new employees. Further, having a strong Total Rewards program, especially encompassing incentive compensation, will motivate employees, supporting customer service, safety, and reliability.

Q. Why is it important for PNM to maintain a qualified and trained workforce?

A. Attracting and retaining well-qualified employees with expertise in their fields allows the Company to focus on achieving safe and reliable service for our customers. Reducing employee turnover results in our employees developing expertise in their jobs and cuts down on the cost and amount of time needed to recruit, hire, and train new employees to fill vacancies.

Q. What are the principles of TXNM's compensation philosophy?

A. The TXNM compensation philosophy, which encompasses PNM, is designed in accordance with the following principles:

1. Externally competitive;
2. Strategically aligned with business objectives;
3. Internally equitable;
4. Personally motivating;
5. Cost-effective;
6. Legally compliant.

III. BENCHMARKING OF EMPLOYEE COMPENSATION AND BENEFITS

Q. What is compensation benchmarking?

A. Benchmarking is a process that TXNM uses to gather factual data related to employee compensation and benefits to determine where it stands compared to other companies in our industry for specific job duties and skills. Highly qualified, independent, third-party vendors solicit, compile, and prepare survey data that

provides quantifiable and objective compensation data points. Factors that generally influence compensation benchmarking can include the level of job responsibility, industry type, company size (e.g., revenues between $1.0 billion and $3.0 billion), and geographical area (e.g., local market, regional market, or national market).

Q. Why is benchmarking important?

A. Benchmarking is essential to assess the alignment of TXNM's compensation program with the relevant market. Being market-competitive allows PNM to hire and retain highly qualified employees who may otherwise choose employment at other organizations.

Q. What sources does the Company use to obtain benchmarked data?

A. Benchmarking is performed by qualified, third-party vendors and is based on survey participation that is purchased by TXNM from WTW, formerly Willis Towers Watson PLC, and AON, PLC ("AON"). These third-party survey vendors are highly qualified and recognized experts in their fields. WTW is a leading global professional company that, as an independent, third-party firm, conducts regional, national and industry surveys and provides consulting and other services in the areas of benefits, talent management, rewards and risk and capital management. AON is among the world's top global human capital and management consulting firms and also provides human capital and management consulting services,

including compensation survey data. Both of these vendors conduct surveys of other participating companies on an annual basis to gather confidential compensation information.

Q. How often is compensation benchmarking conducted?

A. Benchmarking is conducted on an annual basis, which follows best practices. Additionally, benchmarking may be performed outside of the annual review when any new roles are being created, or an existing job has undergone significant changes.

Q. What is TXNM's benchmarking process for employee compensation and benefits?

A. TXNM determines whether survey data are available for the particular job classification or classifications being evaluated. If survey data are available, the data are used to benchmark a particular job classification or group of job classifications. The appropriate market data are identified by assessing the market in which PNM competes for talent. The appropriate markets may be different for each job classification. By assessing the appropriate market for each job classification, a determination is made whether to use utility and/or general industry survey data and whether to use local, regional or national survey data.

Compensation survey data typically provides a range of compensation, which is generally presented in percentile format. PNM's compensation philosophy is to utilize the market median (or 50th percentile) when benchmarking. If survey data are not available for a job classification or group of job classifications, the job(s) are slotted into a pay grade with other jobs that have a similar scope or similar characteristics.

Q. Does Benchmarking help ensure competitive and reasonable compensation?

A. Yes. Benchmarking is necessary to help ensure that TXNM and its subsidiaries are not only compensating employees competitively, but that the compensation is reasonable.

IV. BASE SALARY AND ANNUAL SALARY ADJUSTMENTS

Q. What are the components of employee salary?

A. Employee salary is broken into two key areas: base salary and incentive compensation. I discuss incentive compensation in Section V below.

Q. What is base salary?

A. Base salary is the fixed pay paid to each employee. It is earned by performing the functions of the job, which are identified by job descriptions.

Q. How are Non-Union employees awarded annual salary increases?

A. Non-union employees may receive annual merit increases based on individual performance. Based on the 2025 WTW Salary Budget Survey, TXNM budgeted a 4% Non-Union merit pool for 2027 and 2028. The 4% accounts for merit-based annual salary increases and does not include any pay-equity adjustments or promotions. PNM witness Reina N. Gutierrez addresses this assumption in her testimony.

Q. How are salaries adjusted for Union employees?

A. Union employees receive annual salary adjustments in accordance with the Collective Bargaining Agreement. Per the terms of the Collective Bargaining Agreement, Union employees received a 5% annual adjustment in 2024, 2025, and 2026.

Q. Why are annual salary adjustments necessary?

A. Annual salary adjustments are necessary in order to stay market-competitive and to attract and retain top talent.

V. TXNM INCENTIVE COMPENSATION PLANS

Q. What is incentive compensation?

A. Incentive compensation is variable and is based on performance factors, both at the Company and at the employee level. Incentive compensation is not guaranteed pay;

it is "at risk" in that performance metrics must be met or exceeded before it is paid to employees.

Q. Are TXNM's incentive compensation plans consistent with industry practice?

A. Yes. Incentive compensation plans are a prominent component of total rewards plans throughout the electric industry. Incentive compensation plans are intended to incentivize employees to meet or exceed specific performance metrics. Incentive compensation is a common component of many organizations' total rewards programs. Incentive compensation undergoes the same benchmarking process as described above. Because incentive compensation is a common component of any total rewards program, it further allows the Company to be market competitive to attract and retain employees.

Q. How does incentive compensation benefit customers?

A. Incentive compensation plan metrics are customer-focused in that they are tied to measurable outcomes that benefit PNM customers, such as increased safety, reliability, or improved customer service. Specific goals include Research & Polling and J.D. Power ratings (customer service), potential and high-energy significant injury and fatality ("P-SIF" and "H-SIF") scores (safety), System Average Interruption Duration Index ("SAIDI") and Customer Average Interruption Duration Index ("CAIDI") metrics (reliability). Incentivizing and motivating employees to meet or exceed these goals therefore supports safety and

reliability for our customers. Please see PNM Exhibit ALP-2 for the GIP performance goals/metrics by business unit.

A. PNM Wholesale Power Marketing Plan ("WPM Plan")

Q. What are the responsibilities of the Wholesale Power Marketing group?

A. The Wholesale Power Marketing ("WPM") group is responsible for all wholesale purchases and sales of electricity and purchases and sales of natural gas used by PNM in electric generation. The group is also responsible for unit commit and economic dispatch strategies, Western Energy Imbalance Market ("WEIM") participation tasks and responsibilities, for acquiring ancillary services for the Balancing Authority, and assistance in complying with all North American Electric Reliability Corporation requirements.

Q. What is the WPM Plan?

A. The WPM Plan is the incentive compensation plan applicable to employees in PNM's WPM group. Awards are only paid to employees if they achieve or exceed the performance metrics identified in the WPM Plan and meet requirements for eligibility within the Plan parameters. The maximum amount that is eligible for payout under the WPM Plan is capped at the market median. Market median is determined using benchmark data. Employee WPM Plan payouts are based on individual employee performance during the WPM Plan year, the WPM Plan cap, and the level of overall pool funding.

Q. What is the purpose of the WPM Plan?

A. The purpose of the WPM Plan is to motivate and reward employees in the WPM group to meet performance metrics that benefit customers. Some of these metrics have included achieving system reliability targets, controlling fuel costs for the customer, maximizing return from optimizing PNM's power resources while complying with carbon emission standards as outlined in the Energy Transition Act, and generating jurisdictional value with participation in the WEIM. The Company anticipates that some or all of these metrics will be included in the WPM Plan in the test year.

The system reliability performance targets include compliance with the Reserve Sharing Group member requirements, compliance with the Disturbance Control Performance Recovery standard, forecasting accuracy performance, minimizing penalties, and encouraging safety. Jurisdictional financial targets include controlling costs and maximizing off-system sales margins for the benefit of customers while ensuring carbon emissions goals are within the threshold standards indicated in the Energy Transition Act. Moreover, the WEIM performance target incentivizes the WPM group to maximize the WEIM gross benefit from WEIM participation, which results in overall savings that benefit customers.

Q. Which employees are eligible to participate in the WPM Plan?

A. As of June 30, 2026, all 30 employees in the WPM group are eligible, including the director, managers, traders, pre-schedulers, project managers, and administrators. Employees eligible for the WPM Plan are not eligible for any other Company incentive plan, and employees outside of the WPM group are not eligible under the WPM Plan.

Q. What is the history of the WPM Plan?

A. Since 2008, incentives under the WPM Plan have been awarded to WPM group employees achieving the incentive performance targets. It is reasonable to anticipate that the WPM Plan will be earned and paid to employees in 2027 and thereafter. Therefore, it is reasonable to include this incentive plan in the Test Period cost of service. Please see PNM Table ALP-1 for historical pools and cost.

PNM Table ALP-1 – Historical WPM Plan Costs

Performance Year	Pool	Actual Cost	% Payout
2022	$834,876	$483,762	58%
2023	$815,796	$535,322	66%
2024	$882,648	$735,315	83%
2025	$890,874	$784,678	88%
2026	$886,765	$735,047[1]	83%[1]

[1] Estimated payout amount for the 2026 WPM Plan.

Q. What is the requested amount for the WPM Plan?

A. The amount requested for the WPM Plan is $843,824 which is based on escalations in the linkage and test periods. Refer PNM witness Gutierrez's Exhibit RNG-4 WP-LA-2 for detail of labor escalations.

Q. Is the WPM Plan necessary, reasonable, and beneficial to customers?

A. The cost of the WPM Plan is reasonable in relation to the experience necessary for the job classifications and the compensation provided for comparable work by other companies. The WPM Plan is necessary to stay competitive with the market pool and helps retain employees with the needed skill set and experience to operate the PNM system and maximize the value for our customers. This plan benefits PNM customers by encouraging employees to meet operational goals primarily related to providing safe, reliable and cost-effective services to customers.

B. Business Unit Group Incentive Plan ("GIP")

Q. What is the GIP?

A. The GIP is designed to motivate and reward eligible Non-Union employees for achieving operational metrics and to promote collaboration and teamwork to achieve specified business area performance metrics. This plan provides benefits to customers by encouraging employees to meet operational, customer-focused goals, such as reliability and customer service, that are primarily related to the provision of safe, reliable, and cost-effective service to customers. The GIP does not have an

earnings per share performance metric. Further, the GIP is a key component of the Total Rewards package that is offered to our employees.

Q. Which employees are eligible to participate in the GIP?

A. Non-Union employees in pay-grade levels generally categorized at a supervisor level and below are eligible for participation in the GIP. A total of 883 employees were eligible to participate on June 30, 2026, and approximately 921 employees will be eligible to participate in the GIP in the Test Period. Employees eligible for the GIP are not eligible for incentive compensation under any other program or plan.

Q. What is the history of the GIP?

A. In Case No. 24-00089-UT, PNM requested $7,224,590 for the GIP. The case was resolved through an unopposed comprehensive stipulation that established an overall revenue requirement and included a generic reduction to operating expenses. The stipulation did not assign that generic reduction to the GIP. Please see PNM Table ALP-2 for historical GIP Costs.

PNM Table ALP-2 – Historical GIP Costs

Year	Pool	Amount Awarded	% of Pool Awarded
2021	$5,467,000	$5,116,933	93.60%
2022	$6,787,457	$6,718,654	98.99%
2023	$5,526,751	$5,491,348	99.36%
2024	$4,949,547	$4,947,778	99.96%
2025	$2,474,774	$2,471,246	99.86%

Q. What amount has been included in this rate request related to the GIP?

A. The anticipated cost of the GIP in the Test Period is calculated by utilizing the actual employee headcount and base salary as of June 30, 2026, (plus the expected increase in headcount in 2027 and 2028 described by PNM witnesses Andrea Sanchez, Wesley W. Gray and Dr. Tobe C. Phelps). Each individual employee's base salary was annually escalated 4% in 2027, and 2028 and then multiplied by the eligible employee award, at the target award level, based on their job grade, as reflected in the following PNM Table ALP-3. Eligible employees will only receive an award at the end of the performance period if the specified performance goals are achieved.

PNM Table ALP-3 – TXNM Test Period GIP Costs

Grade	Employee Count	Target Award Level	Cost
G14	16	5%	$37,204
G13	17	5%	$41,672
G12	24	5%	$67,683
G11	17	6%	$63,429
G10	27	6%	$108,598
G09	70	7%	$370,522
G08	112	7%	$695,442
G07	122	8%	$964,575
G06	236	8%	$2,198,116
G05	280	9%	$3,538,277
Total	**921**	**Total**	**$8,085,517**

At the TXNM level, the available pool of awards for the GIP is proposed to be $8,085,517. The available pool for each business area will be based on eligible

employees and their eligible earnings during the annual performance period, which follows the calendar year.

Q. How was the requested amount of the GIP calculated?

A. The amount of GIP included in the Test Period is based on benchmarked data. The Target Award Level shown in Table ALP-3 above is the market median for the corresponding grade level. The Target Award Level was applied to escalated employee salaries as described above.

Q. What are the performance metrics for the GIP?

A. Performance metrics for the GIP are operational and customer-focused. See PNM Exhibit ALP-2 for 2026 GIP performance goals by business unit.

Q. Is the cost of the GIP necessary and reasonable?

A. Yes. The Company's proposal for the GIP recognizes the need to maintain the incentive plan funding close to market levels. The proposal aligns with market studies and is aligned with PNM's current incentive plans. The cost is reasonable, will assist PNM in attracting, motivating, and retaining qualified employees, and should be included in the determination of the Test Period revenue requirement.

C. TXNM Excluded Incentive Compensation Plans from this Rate Request

Q. Does the Company have any additional incentive compensation plans?

A. Yes, the Company has five additional incentive compensation plans that have been excluded from the rate request:

1. Annual Incentive Plan – The Company offers an Annual Incentive Plan to Non-Union employees in grade levels that generally are categorized as management level. The plan encourages employees to meet operational goals with a focus on reliability, safety, and customer service; however, it includes an earnings per share component and has not been included in PNM's cost of service.
2. Subsidiary Vice President Annual Incentive Plan – The Company offers an Annual Incentive Plan to subsidiary vice presidents. The plan is similar to the AIP and is paid upon the subsidiary vice president meeting operational and customer-focused goals; however, it has an earnings per share component and has not been included in PNM's cost of service.
3. Officer Annual Incentive Plan – The Company offers a short-term Officer Incentive Plan ("OIP") to corporate officers. The OIP is similar to the AIP and is paid upon the officer meeting operational and customer-focused goals; however, it has an earnings per share component and has not been included in PNM's cost of service.
4. Long-Term Incentive Plan – The Company offers a long-term, stock-based incentive plan to corporate officers ("LTIP"). The LTIP is based on a three-year

performance period and focuses on the Company meeting financial goals. It has not been included in PNM's cost of service.

5. Discretionary Non-TXNM Officer Restricted Stock Rights Award Plan – The Company offers a stock-based incentive plan to non-officer, director-level employees. The plan is discretionary and awarded by senior management. Stock awards vest over a three-year period. This plan has not been included in PNM's cost of service.

VI. EXECUTIVE COMPENSATION

Q. What do you address in this section of your direct testimony?

A. I address executive compensation. In past rate cases, PNM was directed to file supplemental testimony on executive compensation. Accordingly, PNM is including this section on executive compensation.

Q. What are the amounts of executive compensation, by position, that PNM includes for recovery in its cost of service?

A. PNM recovers a portion of base salary in its cost of service for its executive officers as shown in PNM Table ALP-4, below. As discussed earlier in this testimony, PNM applied a benchmarked escalation percentage of 4% annually to salaries in the Base Period to estimate base salaries in the Test Period. A portion of the Test Period salaries was allocated to PNM in accordance with the Cost Allocation Manual, as described by PNM witness Gutierrez in her direct testimony. The PNM retail share

of the Test Period salaries was included in the Company's cost of service, as described by PNM witness Gutierrez.

PNM Table ALP-4 – Executive Base Salaries Included in Test Period

Title	Test Period Salary	Test Period Salary (PNM Allocation)	Test Period Salary Included in Cost of Service (PNM Retail Share)
PRESIDENT & CEO	$ 1,085,092	$ 676,663	$ 596,750
SVP & CHIEF FINANCIAL OFFICER	$ 517,140	$ 322,489	$ 284,403
SVP, GEN COUNS, REG & PUB POL	$ 516,313	$ 321,973	$ 283,948
SVP, CORPORATE SERVICES	$ 441,293	$ 275,190	$ 242,690

Q. Why is only a portion of each executive's base salary included in PNM's retail cost of service?

A. Executive costs are assigned or allocated based on the Cost Allocation Manual ("CAM"). For further details on allocations and the CAM, please refer to the testimony of PNM witness Gutierrez.

Q. Is any executive incentive compensation included in PNM's rate request?

A. No amounts under the OIP or LTIP are included in PNM's rate request.

Q. How is the base compensation for executive officers determined?

A. Base salaries for executive officers follow the same process used for all employees, which is included in Section III of my testimony, which addresses compensation benchmarking.

VII. TXNM EMPLOYEE BENEFITS

Q. What employee benefits are offered by TXNM and its subsidiaries?

A. A variety of benefits are available to employees as part of the Total Rewards program. The following benefits are offered to full-time employees:

1. Retirement Savings Plan (401k);
2. Medical plan with a preferred provider (PPO) or high-deductible plan choice;
3. Dental;
4. Vision;
5. Life insurance and Accidental Death & Dismemberment insurance;
6. Short-term disability;
7. Long-term disability;
8. Flexible spending accounts;
9. Health savings accounts;
10. Educational assistance program;
11. Employee assistance program;
12. Paid time off;
13. Holiday pay;
14. Severance pay;
15. Wellness program;
16. PNM Retirement plan – for those employees who were hired before December 31, 1997.

Q. Are the TXNM benefits consistent with relevant benchmarking data and necessary and reasonable?

A. Yes. The TXNM Benefits Department benchmarks the benefits to ensure they are market competitive. As of the last benefits benchmark survey in 2026, the employee benefits portfolio was determined to be within the market median, although TXNM closed the defined benefit plan for employees in 1997 while other utilities continued to provide a defined benefit. The benefits benchmarking survey, completed by AON, determines relative value by comparing TXNM's benefits value to the average benefit value for 24 participating utilities. Key benefits for the TXNM PPO plan relative to the electric utility benchmark include lower deductibles and coinsurance than market medians. It is estimated that TXNM's medical benefit will cover, on average, 89% of an employee's medical claims costs on the PPO, and 82% on the high-deductible plan, which is in line with industry averages.

Overall, the TXNM employee benefit portfolio is within market, thus making it competitive.

A. PNM Medical and Dental Benefits

Q. How are medical and dental premiums split between PNM and the employee?

A. Currently, employee participants pay 24.5% on average toward their overall medical premium, with the Company paying the remaining 75.5%. By comparison, the utility industry trend is for employees to pay 20% on average toward their

overall medical premium. Although slightly more on a percentage basis, single coverage PPO wellness enrollees pay $171 per month, which is in line with the electric utility average of $184 per month. TXNM non-single employee coverage pays $676 per month, which is also in line with the industry average of $573. Participants, on average, pay 50% toward their overall dental premium. The employee dental contribution, as per the utility trend, is considered to be market practice. The medical and dental premiums contributed by employees are both benchmarked.

Q. What are current cost trends for medical and dental benefits?

A. National trends show that medical costs continue to increase year-over-year. On a national level, for mid-sized to large employers, medical costs increased in 2025 and 2026, on average, 8.5% and 9.5%, respectively. For 2027, medical costs are expected to increase again, on average, 9.5% nationally for mid-sized to large employers. Because PNM has implemented cost control measures described below, based on those trends and as shown by PNM witness Gutierrez, the Company is using an escalation factor of 8% for its medical costs from the Base Period to the Test Period. For other benefits, no other significant changes are expected from the end of the Base Period to the end of the Test Period.

Q. Has PNM made any efforts to control or reduce medical and dental costs?

A. Yes. In an effort to reach long-term objectives, effective January 1, 2018, the Company changed medical network providers and claims administrators to help streamline the administration. The design is a two-tier network that is intended to stabilize and reduce claims costs through competitive contracted rates and improved efficiencies in administering healthcare. In addition, in 2019 the Company changed its pharmacy benefit manager. The new manager offers highly competitive rates through its programs, contracted discounts, rebates, and mail order program, including an additional program targeting chronic disease and specialty drugs to manage cost trends that went into effect in 2023.

Additionally, as of 2020, PNM implemented a wellness program available to all employees. The program focuses on bettering the health of all employees, which has a positive impact on the cost of health benefits, as well as on the lives of our workforce. The wellness program offers various seminars on a multitude of health-related items, such as reducing high blood pressure, introducing exercise, and reducing stress. For the 12-month period ended June 30, 2026, 75% of eligible employees participated in the wellness program.

B. Post-Retirement Benefits Other Than Pensions ("PBOP")

Q. What are PBOP benefits?

A. PNM provides medical benefits to the closed group of eligible retirees and eligible active employees hired before December 31, 1997. These are commonly referred to as PBOP benefits. The PBOP benefits were offered to employees during their tenure as active employees, and in conformity with those commitments, PNM has continued to pay for and recover the cost of the PBOP benefits from customers. Employees hired after December 31, 1997, are not eligible for PBOP medical benefits. These PBOP benefits are a reasonable and necessary cost of doing business because they helped attract and retain qualified employees necessary to serve PNM's customers.

Q. Does PNM have any requirements to control PBOP costs?

A. Under the Final Order in Case No. 2529, PNM is required to report on its cost-saving efforts relating to its PBOP plan.

Q. What efforts is the Company taking to control PBOP costs?

A. The following actions have been implemented to reduce PBOP expenses: (1) eligibility for plan participation has been discontinued (i.e., retiree medical benefits do not apply to employees hired after December 31, 1997); (2) for retirees over age 65, the retiree medical programs were modified to utilize medical benefits provided under Medicare Part A & B for retirees not covered under the Hartford Medicare

Supplemental Plan ("The Hartford") which reduces Company costs; (3) Wellness and Disease Management Programs, which focus on prevention and reduce the high dollar claims and long-term plan expense, have been expanded to cover retirees participating in the retiree medical plan; (4) since 2014, all eligible retirees are enrolled in a Medicare supplement insured plan through The Hartford, which has limited the premium increase exposure over the long term; (5) for eligible retirees over age 65, who retired on, or after, January 1, 1988, the Company's contributions toward the premiums under the plan have been capped at $100 per month for medical and $35 per month for prescription drugs; (6) since 2014 all eligible retirees are enrolled in a Part D through Express Scripts; (7) PNM contracted with Benistar Administrative Services, Inc. for the administration of these services to further reduce administration costs; (8) in 2017, the Premium and Value medical plan options provided to retirees collapsed into the Standard plan; (9) PNM implemented a 5% future cost escalation cap for pre-65 retiree medical expenses in 2018; and (10) the Company also implemented the Express Scripts Advanced Utilization Management program, which reduces pharmacy costs through prior authorization, step therapy, and drug quantity limits.

VIII. CONCLUSION

Q. Do you have any concluding remarks?

A. Yes. TXNM's overall Total Rewards program, including employee compensation and benefits, is based on benchmarked data, ensuring they are both competitive and

reasonable in cost. A strong Total Rewards program benefits PNM's customers by allowing the Company to attract and retain a well-qualified workforce that can, in turn, provide safe and reliable service. Additionally, the WPM Plan and GIP provide cost-effective incentives for employees to achieve goals that benefit customers. Although the AIP also includes operational and customer-focused measures, PNM has excluded the AIP, OIP, LTIP, and other identified stock-based or earnings-based incentive plans from its requested cost of service. The Company's compensation and benefits programs are reasonable and in accordance with industry practices. Lastly, PNM has taken appropriate actions to control PBOP costs.

Q. Does this conclude your Direct Testimony?

A. Yes.

GCG#536179

PNM Exhibit ALP – 1

Statement of Qualifications

Is contained in the following 4 pages.

Angela L. Pino, CCP

Summary

Human Resources professional with over 20 years of experience and expertise in Human Resources specializing in Compensation, Incentive Plans, Equity Plans, Job Evaluation and Classification, Salary Administration and Benefits in Regulated and Government organizations. Focus in strategic planning, design, implementation/execution and administration of various compensation and equity programs, HRIS/HR systems, regulatory compliance, and Executive Leadership, Senior Management and Board of Director interaction. Successful record of developing and enhancing programs and communications, implementing cost effective administration, and developing creative solutions in support of the organization's human capital and business objectives. Demonstrated track record in cross-functional team building and collaboration to achieve business objectives.

Professional Experience

Director Total Rewards December 2019-Current

PNM Resources, Inc.

Lead the Compensation, Benefits and HRIS teams responsible for the strategic design and management of enterprise-wide Compensation, Equity Programs, Benefits and HR systems. Provide leadership and strategic direction and serve as an internal consultant to help drive business outcomes, including:

- Review, design, implement, communication and management of the company's general compensation & benefits plans, policies and structures to support business strategy and that are externally competitive and internally equitable, cost-effective and perceived as valuable by employees.
- Review and analyze benefits, compensation and equity competitive markets to determine employee needs, trends, regulations and best practices. Develop recommendations, build stakeholder alignment, and make strategic modifications to programs to meet the changing marketplace and company goals.
- Collaborate with other Human Resources leaders in talent acquisition, learning and leadership development, Employee and Labor Relations and the business to ensure rewards are aligned with desired performance, workforce development and succession planning efforts.
- Manage vendor contracts and service delivery to ensure cost-competitiveness, quality and compliance.
- Advise, consult with and serve as a member of the Human Resources leadership team in the development and execution of short-term and long-term plans and budgets based on broad corporate goals, and strategic planning.
- Collaborate with Finance, Legal, Corporate Tax and other corporate functions to ensure alignment with strategic plans and regulatory compliance.
- Manage benefits and compensation programs to ensure alignment with shareholder and regulatory stakeholder interests.
- Research and prepare Board of Director related materials for presentation to the Compensation Committee.
- Lead the development and execution of the CD&A and proxy disclosures and ensure compliance with all regulatory requirements.
- Prepare annual budgets including financial analysis and cost/benefit analysis.
- Establish and maintain long-term networking relationships through active involvement and participation in business, community and external boards activities.
- Serve as an expert resource to the business, including the company's executive management and HR teams concerning benefits, compensation and equity strategies and the impact of those on the business.
- Served as a company expert in the preparation of direct, rebuttal testimony and interrogatories for public utility commission regulated rate cases.
- Analyze the effectiveness of current programs as to their ability to attract, motivate and retain critical talent in support of the Total Rewards model.

Compensation Manager September 2015-December 2019

PNM Resources, Inc.

Lead a team responsible for the strategic design and management of enterprise-wide compensation, Equity Programs, and HR systems. Provide leadership and strategic direction and serve as an internal consultant to help drive business outcomes, including:

- Review, design, implementation, communication and management of the company's compensation plans, policies and structures to support business strategy and that are externally competitive and internally equitable, cost-effective and perceived as valuable by employees.
- Review and analyze the compensation and equity competitive markets to determine employee needs, trends, regulations and best practices. Develop recommendations, build stakeholder alignment, and make strategic modifications to programs to meet the changing marketplace and company goals.
- Evaluate and analyze the results of programs; report findings to the leadership and develop the business case and rationale for recommended changes.
- Collaborate with other Human Resources leaders in talent acquisition, benefits, learning and leadership development, Employee and Labor Relations and the business to ensure rewards are aligned with desired performance, workforce development and succession planning efforts.
- Manage vendor contracts and service delivery to ensure cost-competitiveness, quality and compliance.
- Advise, consult with and serve as a member of the Human Resources leadership team in the development and execution of short-term and long-term plans and budgets based on broad corporate goals, and strategic planning.
- Collaborate with Finance, Legal, Corporate Tax and other corporate functions to ensure alignment with strategic plans and regulatory compliance.
- Manage compensation programs, including cash compensation, incentive and variable pay programs, merit programs, and equity programs. Ensure alignment with shareholder and regulatory stakeholder interests.
- Research and prepare Board of Director related materials for presentation to the Compensation Committee.
- Lead the compensation related portions of the CD&A and proxy disclosures and ensure compliance with all executive compensation matters and regulatory requirements.
- Prepare annual budgets including financial analysis and cost/benefit analysis.
- Oversee the HR technology infrastructure to ensure the company has the necessary systems in place to meet objectives and operational effectiveness.
- Establish and maintain long-term networking relationships through active involvement and participation in business, community and external boards activities.
- Serve as an expert resource to the business, including the company's executive management and HR teams concerning compensation equity strategies and the impact of those on the business.
- Served as a company expert in the preparation of direct, rebuttal testimony and interrogatories for public utility commission regulated rate cases.
- Analyze the effectiveness of current programs as to their ability to attract, motivate and retain critical talent in support of the Total Rewards model.

Compensation Supervisor October 2011-September 2015

PNM Resources, Inc.

Led a team responsible for the design, strategy and administration of the organization's employee compensation, programs. Provided leadership and strategic direction and served as an internal consultant to help drive business outcomes.

- Designed, implemented and managed compensation plans, policies and structures to support the business strategy and that were competitive and cost-effective to meet current and future business needs.
- Managed the enterprise-wide benchmarking processes, salary structure review and maintenance and job evaluation processes.
- Managed the company's salary administration and annual merit program.
- Managed the annual and long-term incentive programs.
- Partnered with Finance & Accounting, Legal, Corporate Tax, Regulatory and other functions on compensation or other data and information for analysis and reporting purposes.

- Served as a company expert in the preparation of direct, rebuttal testimony and interrogatories for public utility commission regulated rate cases.
- Analyzed the effectiveness of current programs as to their ability to attract, motivate and retain critical talent.
- Managed budgets in compliance with business objectives. Proven experience in the areas of accounting, finance, budget management and audit aspects for compensation programs.

Senior Compensation Analyst August 2004-October 2011
PNM Resources, Inc.

- Responsible for the planning, administration and implementation of organization-wide annual and long-term incentive plans.
- Responsible for the planning and administration of organization-wide annual Merit process.
- Responsible for the review, administration, and implementation of annual salary structure review.
- Responsible for the oversight of day-to-day compensation issues including job evaluation, classification and documentation, market analysis, new hire and internal salary administration, organization structure issues, and policy interpretation.
- Responsible for the implementation, testing, oversight and maintenance of compensation module and tables of PeopleSoft system.
- Represent the compensation function as a member of the company's bargaining team for union negotiations.
- Responsible for day-to-day oversight of lower level permanent and temporary staff.
- Assist in the planning, administration and execution of executive compensation programs, equity plans, and preparation of board materials.
- Assist in the development and implementation of compensation guidelines, policies and procedures.

Compensations Analyst September 2003-August 2004
PNM Resources, Inc.

- Assist in the planning, administration and implementation of organization-wide annual and long-term incentive plans.
- Assist in the planning and administration of organization-wide annual Merit process.
- Assist in the review, administration, and implementation of annual salary structure review.
- Responsible for the oversight of day-to-day compensation issues including job evaluation, classification and documentation, market analysis, new hire and internal salary administration, organization structure issues, and policy interpretation.
- Responsible for the implementation, testing, oversight and maintenance of compensation module and tables of PeopleSoft system.
- Support the compensation analysis and recommendation in support of Labor negotiations.

Senior Compensation/HRIS Analyst July 2003-September 2003
Lovelace Sandia Health System

- Responsible for the administration and implementation of organization-wide incentive plans and annual Merit process.
- Responsible for day-to-day compensation issues including job evaluation, classification and documentation, market analysis, new hire and internal salary administration, organization structure issues, and policy interpretation.
- Responsible for the maintenance of Compensation and Job Classification data in Lawson HRIS system.
- Responsible for day-to-day oversight of lower level permanent and temporary staff. Assist in the development and implementation of compensation guidelines, policies and procedures.

Senior Compensation Analyst July 2001-July 2003
University of New Mexico Hospital

- Responsible for the planning and administration of organization-wide annual Merit process.
- Responsible for the review, administration, and implementation of the annual salary structure review.
- Responsible for the oversight of day-to-day compensation issues including job evaluation, classification and documentation, market analysis, new hire and internal salary administration, organization structure issues, and policy interpretation.
- Responsible for all compensation related issues including representation on the company's bargaining team in annual contract negotiations for local Nurses union.
- Responsible for day-to-day oversight of lower level permanent and temporary staff.
- Assist in the development and implementation of compensation guidelines, policies and procedures.

Senior Compensation Analyst April 1999-July 2001
City of Albuquerque

- Responsible for the oversight of day-to-day compensation issues including job evaluation, classification and documentation, new hire and internal salary administration, organization structure issues, and policy interpretation.
- Responsible for the planning and administration of organization-wide annual review process.
- Responsible for the review, administration, and implementation of the annual salary structure review for multiple salary structures.
- Responsible for day-to-day oversight of lower level permanent and temporary staff.
- Assist in the development and implementation of compensation guidelines, policies and procedures.

Education

Bachelor of Business Administration, Graduated: May1998
Concentration in Accounting and Human Resources
University of New Mexico – Albuquerque, NM

Certified Compensation Professional Completed: May 2008
World at Work

Testimony Filed

In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, NMPRC Case No. 22-00270-UT

PNM Exhibit ALP – 2

2026 GIP Performance Goals/Metrics

Is contained in the following 1 pages.

PNM Exhibit ALP-2

Business Unit	Goals				
Customer Experience	(FINANCIAL) O&M Accuracy	(CUSTOMER SERVICE) Customer Satisfaction Rankings			
NM Operations	(FINANCIAL) O&M Accuracy	(SAFETY) Safety	(RELIABILITY) Reliability	(CUSTOMER SERVICE) Customer Satisfaction Rankings	
Shared Services	(FINANCIAL) O&M Accuracy	(OPERATIONAL) Business Area Support			
TNMP	(FINANCIAL) O&M Accuracy	(FINANCIAL) Capital Clearings Accuracy	(SAFETY) Safety	(RELIABILITY) Reliability	(CUSTOMER SERVICE) Rep Satisfaction

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 667	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

AFFIRMATION

I, Angela L. Pino, submit this unsworn affirmation pursuant to Rule 1.2.2.35(A)(3) and state, upon penalty of perjury under the laws of the State of New Mexico, that I have read the foregoing Direct Testimony and that the statements contained therein are true and correct based on my personal knowledge, information and belief.

Dated: November 24, 2026.

/s/ *Angela L. Pino*
ANGELA L. PINO

GCG#536024