

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No.

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2022)

Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2022)

Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2022)



FERC FINANCIAL REPORT

FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Texas-New Mexico Power Company	End of 2023/Q4

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q) is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

- (a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: <http://www.ferc.gov/docs-filing/forms/form-1/elec-subm-soft.asp>. The software is used to submit the electronic filing to the Commission via the Internet.
- (b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.
- (c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy
Regulatory Commission
888 First Street, NE
Washington, DC 20426

- (d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

- a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

<u>Reference Schedules</u>	<u>Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

- e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of _____, we have also reviewed schedules _____ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at <http://www.ferc.gov/help/how-to.asp>.
- g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from <http://www.ferc.gov/docs-filing/forms/form-1/form-1.pdf> and <http://www.ferc.gov/docs-filing/forms.asp#3Q-gas>.

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

- a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and
- b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The **"Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under

adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

- I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

- (3) 'Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;
- (4) 'Person' means an individual or a corporation;
- (5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;
- (7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power;
- (11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

- (a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; to the extent the Commission may deem necessary or useful for the purposes of this Act."

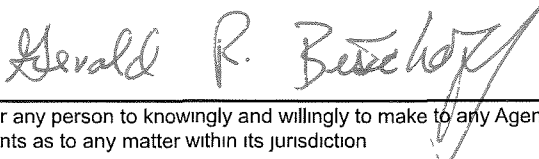
"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

The Commission may assess up to \$1 million per day per violation of its rules and regulations. See FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent Texas-New Mexico Power Company	02 Year/Period of Report End of 2023/Q4	
03 Previous Name and Date of Change (if name changed during year) <p style="text-align: right;">//</p>		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 557 North Garden Ridge Blvd , Lewisville, TX 75067		
05 Name of Contact Person Gerald R Bischoff	06 Title of Contact Person VP, Corporate Controller	
07 Address of Contact Person (Street, City, State, Zip Code) 414 Silver Ave SE, Albuquerque, NM 87102		
08 Telephone of Contact Person, Including Area Code (505) 241-2245	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 03/18/2024
ANNUAL CORPORATE OFFICER CERTIFICATION		
<p>The undersigned officer certifies that</p> <p>I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts</p>		
01 Name Gerald R Bischoff	03 Signature 	04 Date Signed (Mo, Da, Yr) 03/18/2024
02 Title VP, Corporate Controller		
<p>Title 18, U S C 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction</p>		

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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LIST OF SCHEDULES (Electric Utility)			
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".			
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	
4	Officers	104	
5	Directors	105	
6	Information on Formula Rates	106(a)(b)	None
7	Important Changes During the Year	108-109	
8	Comparative Balance Sheet	110-113	
9	Statement of income for the Year	114-117	
10	Statement of Retained Earnings for the Year	118-119	
11	Statement of Cash Flows	120-121	
12	Notes to Financial Statements	122-123	
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	None
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
15	Nuclear Fuel Materials	202-203	None
16	Electric Plant In Service	204-207	
17	Electric Plant Leased to Others	213	None
18	Electric Plant Held for Future Use	214	
19	Construction Work in Progres-Electirc	216	
20	Accumulated Provision for Depreciation of Electric Utility Plant	219	
21	Investment of Subsidiary Companies	224-225	None
22	Materials and Supplies	227	
23	Allowances	228(ab)-229(ab)	None
24	Extraordinary Property Losses	230a	None
25	Unrecovered Plant and Regulatory Study Costs	230b	None
26	Transmission Service and Generation Interconnection Study Costs	231	
27	Other Regulatory Assets	232	
28	Miscellaneous Deferred Debits	233	
29	Accumulated Deferred Income Taxes	234	
30	Capital Stock	250-251	
31	Other Paid-in Capital	253	
32	Capital Stock Expenses	254b	None
33	Long-Term Debt	256-257	
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
35	Taxes Accrued, Prepaid and Charged During the Year	262-263	
36	Accumulated Deferred Investment Tax Credits	266-267	None

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LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Transmission Line Statistics Pages	422-423	
68	Transmission Lines Added During the Year	424-425	
69	Substations	426-427	
70	Transactions with Associated (Affiliated) Companies	429	
	Stockholders' Reports Check appropriate box: <input type="checkbox"/> Two copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared		

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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Gerald R. Bischoff , Vice President, Corporate Controller
414 Silver Ave. SW
Albuquerque, NM 87102-3289

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Texas
April 18, 1963

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Texas
Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes...Enter the date when such independent accountant was initially engaged:

(2) No

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CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

Texas-New Mexico Power Company ("TNMP") is 100% owned by TNP Enterprises, Inc. ("TNP"). TNP was organized as a holding company in 1983. TNP is 100% owned by PNM Resources, Inc. ("PNMR"). PNMR was incorporated in the State of New Mexico in 2000.

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CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Texas Generating Company, LP (TGC)	Inactive	100%	
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3	Texas Generating Company II, LLC (TGC II)	Inactive	100%	
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OFFICERS			
<p>1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.</p> <p>2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.</p>			
Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Senior Vice President, General Council and Secretary	Patrick V. Apodaca	408,445
2			
3	Vice President, Corporate Controller (eff 12/05/2023)	Gerald R. Bischoff	198,023
4			
5	Senior Vice President, Chief Financial Officer, Treasurer	Elisabeth A. Eden	395,192
6			
7	Vice President, Engineering and Technical Services	Christopher L. Gerety	209,954
8			
9	Vice President, Chief Information Officer	Michael P. Mertz	380,664
10			
11	Vice President, Corporate Controller (until 12/05/2023)	Henry E. Monroy	316,731
12			
13	Vice President, Operations	Keith C. Nix	226,131
14			
15	Chief Executive Officer	Joseph D. Tarry	532,192
16			
17	Vice President, Human Resources	Rebecca R. Teague	320,734
18			
19	President, Texas Operations	James N. Walker	273,289
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21	Vice President, Regulatory Affairs	Stacy R. Whitehurst	215,203
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FOOTNOTE DATA

Page 104, Row 1, Column (c)

Officer compensation amounts in column (c) are consolidated amounts for PNM Resources, Inc.

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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Patricia K. Collawn	PNM Resources
2	Chairman of the Board	414 Silver S.W.
3		Albuquerque, NM 87102-3289
4		
5	Elisabeth A. Eden	PNM Resources
6	Senior Vice President, Chief Financial Officer, Treasurer	414 Silver S.W.
7	Director	Albuquerque, NM 87102-3289
8		
9	Michael P. Mertz	PNM Resources
10	Vice President, Chief Information Officer	414 Silver S.W.
11	Director	Albuquerque, NM 87102-3289
12		
13	Joseph D. Tarry	PNM Resources
14	Chief Executive Officer	414 Silver S.W.
15	Director	Albuquerque, NM 87102-3289
16		
17	James N. Walker	Texas-New Mexico Power Company
18	President, Texas Operations	557 North Garden Ridge Blvd.
19	Director	Lewisville, TX 75067
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34	Note: Texas-New Mexico Power Company does not have	
35	an Executive Committee	
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

Item 1 - TNMP holds long-term, non-exclusive franchise agreements for its electric transmission and distribution services. These agreements have varying expiration dates, including some that have expired. TNMP intends to negotiate and execute new or amended franchise agreements with municipalities where the agreements have expired or will be expiring. Since TNMP is the exclusive provider of transmission and distribution services in most areas that it serves, the need to renew or renegotiate franchise agreements should not have a material adverse impact on TNMP's business. TNMP also earns revenues from services provided to facilities in its service area that lie outside the territorial jurisdiction of the municipalities with which TNMP has franchise agreements.

Item 2 - On October 20, 2020, PNMR, Avangrid, and Merger Sub entered into the Merger Agreement pursuant to which Merger Sub would have merged with and into PNMR, with PNMR surviving the Merger as a wholly-owned subsidiary of Avangrid. The Merger Agreement provided that it may be terminated by each of PNMR and Avangrid if the Effective Time shall not have occurred by December 31, 2023 End Date. On December 31, 2023, Avangrid informed PNMR that it was terminating the Merger Agreement effective as of December 31, 2023.

Item 3 - None

Item 4 - Refer to Footnote 8 on page 123.34 for information regarding leases.

Item 5 - None

Item 6 - TNMP exercised the available extension options on its \$100.0 million revolving credit facility. On January 26, 2023, TNMP extended the maturity of the TNMP Revolving Credit Facility from September 23, 2024 to September 23, 2025. On December 8, 2023, TNMP further extended the maturity from September 23, 2025 to September 23, 2026.

On April 28, 2023, TNMP entered into an agreement (the "TNMP 2023 Bond Purchase Agreement") with institutional investors for the sale of \$185.0 million aggregate principal amount of two series of TNMP first mortgage bonds (the "TNMP 2023 Bonds") offered in private placement transactions. TNMP issued the first series of \$130.0 million on April 28, 2023, at a 5.01% interest rate, due April 28, 2033. The second series of \$55.0 million was issued on July 28, 2023, at a 5.47% interest rate, due July 28, 2053. The proceeds were used to repay borrowings under the TNMP Revolving Credit Facility, for funding of capital expenditures, and for other corporate purposes. The TNMP 2023 Bonds are subject to continuing compliance with the representations, warranties and covenants set forth in the supplemental indentures governing the TNMP 2023 Bonds. The terms of the supplemental indentures governing the TNMP 2023 Bonds include the customary covenants discussed above. In the event of a change of control, TNMP will be required to offer to prepay the TNMP 2023 Bonds at par. TNMP has the right to redeem any or all of the TNMP 2023 Bonds prior to their maturity, subject to payment of a customary make-whole premium.

See Note 7 to the Consolidated Financial Statements on page 123.25.

Item 7 - None

Item 8 - TNMP's annual merit award program recognized individual employee performance based on established performance targets for the previous calendar year. The most recent merit awards were effective March 16, 2024, and the average award was 3.90% of base salary.

Item 9 - See notes 16 and 17 to the Consolidated Financial Statements on pages 123.67 and 123.78.

Item 10 - None

Item 11 - (Reserved.)

Item 12 - No annual report is issued.

Item 13 - Effective December 5, 2023: Henry E. Monroy resigned as Vice President, Corporate Controller and Gerald R. Bischoff was appointed to replace him.

Item 14 - Not Applicable

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	3,225,663,731	2,868,455,219
3	Construction Work in Progress (107)	200-201	91,596,056	63,718,469
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,317,259,787	2,932,173,688
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	699,868,577	675,188,982
6	Net Utility Plant (Enter Total of line 4 less 5)		2,617,391,210	2,256,984,706
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	—	—
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		—	—
9	Nuclear Fuel Assemblies in Reactor (120.3)		—	—
10	Spent Nuclear Fuel (120.4)		—	—
11	Nuclear Fuel Under Capital Lease (120.6)		—	—
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	—	—
13	Net Nuclear Fuel (Enter Total of line 7-11 less 12)		—	—
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,617,391,210	2,256,984,706
15	Utility Plant Adjustments (116)		—	—
16	Gas Stored Underground - Noncurrent (117)		—	—
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		2,127,809	2,127,809
19	(Less) Accum. Prov. for Depr. and Amort. (122)		—	—
20	Investments in Associated Companies (123)		—	—
21	Investment in Subsidiary Companies (123.1)	224-225	—	—
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)		—	—
23	Noncurrent Portion of Allowances	228-229	—	—
24	Other Investments (124)		101,812	101,812
25	Sinking Funds (125)		—	—
26	Depreciation Fund (126)		—	—
27	Amortization Fund - Federal (127)		—	—
28	Other Special Funds (128)		—	—
29	Special Funds (Non Major Only) (129)		990,291	942,014
30	Long-Term Portion of Derivative Assets (175)		—	—
31	Long-Term Portion of Derivative Assets - Hedges (176)		—	—
32	TOTAL Other Property and Investments (lines 18-21, 23-31)		3,219,912	3,171,635
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		—	—
35	Cash (131)		—	—
36	Special Deposits (132-134)		5,000	5,000
37	Working Fund (135)		—	—
38	Temporary Cash Investments (136)		—	—
39	Notes Receivable (141)		—	—
40	Customer Accounts Receivable (142)		31,411,436	32,282,972
41	Other Accounts Receivable (143)		26,984,320	8,550,986
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		—	—
43	Notes Receivable from Associated Companies (145)		—	—
44	Accounts Receivable from Assoc. Companies (146)		—	1,010
45	Fuel Stock (151)	227	—	—
46	Fuel Stock Expenses Undistributed (152)	227	—	—
47	Residuals (Elec) and Extracted Products (153)	227	—	—
48	Plant Material and Operating Supplies (154)	227	16,462,296	10,842,771
49	Merchandise (155)	227	—	—
50	Other Materials and Supplies (156)	227	—	—
51	Nuclear Materials Held for Sale (157)	202-203/227	—	—
52	Allowances (158.1 and 158.2)	228-229	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		—	—
54	Stores Expenses Undistributed (163)	227	—	—
55	Gas Stored Underground - Current (164.1)		—	—
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		—	—
57	Prepayments (165)		2,694,980	2,351,984
58	Advances for Gas (166-167)		—	—
59	Interest and Dividends Receivable (171)		(1,668)	—
60	Rents Receivable (172)		—	—
61	Accrued Utility Revenues (173)		17,147,000	18,191,000
62	Miscellaneous Current and Accrued Assets (174)		—	—
63	Derivative Instrument Assets (175)		—	—
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		—	—
65	Derivative Instrument Assets - Hedges (176)		—	—
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		—	—
67	Total Current and Accrued Assets (Lines 34 thru 66)		94,703,364	72,225,723
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		7,539,653	7,318,071
70	Extraordinary Property Losses (182.1)	230a	—	—
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	—	—
72	Other Regulatory Assets (182.3)	232	50,685,790	58,359,635
73	Prelim. Survey and Investigation Charges (Electric) (183)		7,702,363	3,890,164
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		—	—
75	Other Preliminary Survey and Investigation Charges (183.2)		—	—
76	Clearing Accounts (184)		3,593	(11,119)
77	Temporary Facilities (185)		—	—
78	Miscellaneous Deferred Debits (186)	233	226,961,162	226,853,394
79	Def. Losses from Disposition of Utility Plt. (187)		—	—
80	Research, Devel. and Demonstration Expend. (188)	352-353	—	—
81	Unamortized Loss on Reacquired Debt (189)		25,018,985	26,317,211
82	Accumulated Deferred Income Taxes (190)	234	27,673,637	30,371,779
83	Unrecovered Purchased Gas Costs (191)		—	—
84	Total Deferred Debits (lines 69 thru 83)		345,585,183	353,099,135
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,060,899,669	2,685,481,199

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	63,569	63,569
3	Preferred Stock Issued (204)	250-251	—	—
4	Capital Stock Subscribed (202,205)		—	—
5	Stock Liability for Conversion (203, 206)		—	—
6	Premium on Capital Stock (207)		66,224,517	66,224,517
7	Other Paid-In Capital (208-211)	253	779,841,936	738,941,936
8	Installments Received on Capital Stock (212)	252	—	—
9	(Less) Discount on Capital Stock (213)	254	—	—
10	(Less) Capital Stock Expense (214)	254b	—	—
11	Retained Earnings (215, 215.1, 216)	118-119	391,597,557	296,645,763
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	—	—
13	(Less) Reacquired Capital Stock (217)	250-251	—	—
14	Noncorporate Proprietorship (Non-major only) (218)		—	—
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	—	—
16	Total Proprietary Capital (lines 2 thru 15)		1,237,727,579	1,101,875,785
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	1,253,198,000	1,068,198,000
19	(Less) Reacquired Bonds (222)	256-257	—	—
20	Advances from Associated Companies (223)	256-257	—	—
21	Other Long-Term Debt (224)	256-257	—	—
22	Unamortized Premium on Long-Term Debt (225)		14,918,219	15,693,191
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		—	—
24	Total Long-Term Debt (lines 18 through 23)		1,268,116,219	1,083,891,191
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		8,832,761	9,730,847
27	Accumulated Provision for Property Insurance (228.1)		—	—
28	Accumulated Provision for Injuries and Damages (228.2)		1,859,274	887,400
29	Accumulated Provision for Pensions and Benefits (228.3)		1,479,780	792,392
30	Accumulated Miscellaneous Operating Provisions (228.4)		—	—
31	Accumulated Provision for Rate Refunds (229)		—	—
32	Long-Term Portion of Derivative Instrument Liabilities		—	—
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		—	—
34	Asset Retirement Obligations (230)		898,544	828,151
35	Total Other Noncurrent Liabilities (lines 26 through 34)		13,070,359	12,238,790
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		55,100,000	36,700,000
38	Accounts Payable (232)		51,620,278	34,152,459
39	Notes Payable to Associated Companies (233)		—	—
40	Accounts Payable to Associated Companies (234)		6,932,206	6,272,684
41	Customer Deposits (235)		—	—
42	Taxes Accrued (236)	262-263	42,234,570	42,144,604
43	Interest Accrued (237)		15,323,660	12,527,358
44	Dividends Declared (238)		—	—
45	Matured Long-Term Debt (239)		—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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STATEMENT OF INCOME

Quarterly

- Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
- Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
- Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
- Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
- If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

- Do not report fourth quarter data in columns (e) and (f)
- Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Current Year to Date Balance for Quarter/ (c)	Total Prior Year to Date Balance for Quarter/ Year (d)	Months Ended Quarterly Only No 4th (e)	Months Ended Quarterly Only No 4th (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	535,391,735	482,871,878	—	—
3	Operating Expenses					
4	Operating Expenses (401)	320-323	207,761,888	188,428,840	—	—
5	Maintenance Expenses (402)	320-323	22,182,206	21,840,016	—	—
6	Depreciation Expense (403)	336-337	109,408,843	94,741,433	—	—
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	431	431	—	—
8	Amort. & Depl. Of Utility Plant (404-405)	336-337	1,367,345	1,368,131	—	—
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	—	—	—	—
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)		1,628,664	1,628,664	—	—
11	Amort. of Conversion Expenses (407)		—	—	—	—
12	Regulatory Debits (407.3)		—	—	—	—
13	(Less) Regulatory Credits (407.4)		27,153	27,038	—	—
14	Taxes Other Than Income Taxes (408.1)	262-263	41,311,252	38,520,946	—	—
15	Income Taxes - Federal (409.1)	262-263	10,730,617	16,212,904	—	—
16	- Other (409.1)	262-263	3,055,143	2,606,658	—	—
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	27,484,134	22,591,843	—	—
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	24,596,185	27,148,051	—	—
19	Investment Tax Credit Adj. - Net (411.4)	266	—	—	—	—
20	(Less) Gains from Disp. Of Utility Plant (411.6)		—	—	—	—
21	Losses from Disp. Of Utility Plant (411.7)		—	—	—	—
22	(Less) Gains from Disposition of Allowances (411.8)		—	—	—	—
23	Losses from Disposition of Allowances (411.9)		—	—	—	—
24	Accretion Expense (411.10)		70,393	64,878	—	—
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		400,377,578	360,829,655	—	—
26	Net Util Oper Inc (Enter Tot Line 2 less 25), Carry to Pg117, line 27		135,014,157	122,042,223	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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STATEMENT OF INCOME FOR THE YEAR (continued)						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Ended Quarterly Only No (e)	Ended Quarterly Only No (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		135,014,157	122,042,223	—	—
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		1,203,929	1,627,088	—	—
32	(Less) Costs and Exp. Of Merchandising, Job. & Contract Work (416)		1,211,380	1,607,111	—	—
33	Revenues from Nonutility Operations (417)		—	—	—	—
34	(Less) Expenses of Nonutility Operations (417.1)		—	—	—	—
35	Nonoperating Rental Income (418)		—	—	—	—
36	Equity in Earnings of Subsidiary Companies (418.1)	119	—	—	—	—
37	Interest and Dividend Income (419)		1,134,604	1,508,946	—	—
38	Allowance for Other Funds Used During Construction (419.1)		5,146,446	4,476,877	—	—
39	Miscellaneous Nonoperating Income (421)		2,328,473	2,687,374	—	—
40	Gain on Disposition of Property (421.1)		80	—	—	—
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		8,602,152	8,693,174	—	—
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		1,246	—	—	—
44	Miscellaneous Amortization (425)		—	—	—	—
45	Donations (426.1)		124,495	111,252	—	—
46	Life Insurance (426.2)		—	34,103	—	—
47	Penalties (426.3)		72,747	77,523	—	—
48	Exp for Certain Civic, Political & Related Activities (426.4)		266,305	174,592	—	—
49	Other Deductions (426.5)		1,488,103	7,466	—	—
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,952,896	404,936	—	—
51	Taxes Applic. To Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	—	—	—	—
53	Income Taxes - Federal (409.2)	262-263	622,987	841,661	—	—
54	Income Taxes - Other (409.2)	262-263	—	55,721	—	—
55	Provision for Deferred Income Taxes (410.2)	234, 272-277	—	—	—	—
56	(Less) Provision for Deferred Income Taxes-Cr (411.2)	234, 272-277	—	—	—	—
57	Investment Tax Credit Adj. - Net (411.5)		—	—	—	—
58	(Less) Investment Tax Credits (420)		—	—	—	—
59	TOTAL Taxes on Other Income and Deduction (Total of lines 52-58)		622,987	897,382	—	—
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		6,026,269	7,390,856	—	—
61	Interest Charges					
62	Interest on Long-Term Debt (427)		46,808,149	37,790,544	—	—
63	Amort. of Debt Disc. and Expense (428)		804,800	696,472	—	—
64	Amortization of Loss on Reacquired Debt (428.1)		1,298,226	1,298,226	—	—
65	(Less) Amort. of Premium on Debt-Credit (429)		774,972	774,972	—	—
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		—	—	—	—
67	Interest on Debt to Assoc. Companies (430)		128,877	166,395	—	—
68	Other Interest Expense (431)		3,487,508	1,346,392	—	—
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		5,663,956	3,366,044	—	—
70	Net Interest Charges (Total of lines 62 thru 69)		46,088,632	37,157,013	—	—
71	Income Before Extraordinary Items (Total of Lines 27, 60 and 70)		94,951,794	92,276,066	—	—
72	Extraordinary Items					
73	Extraordinary Income (434)		—	—	—	—
74	(Less) Extraordinary Deductions (435)		—	—	—	—
75	Net Extraordinary Items (Total of Line 73 less line 74)		—	—	—	—
76	Income Taxes-Federal and Other (409.3)	262-263	—	—	—	—
77	Extraordinary Items After Taxes (line 75 less line 76)		—	—	—	—
78	Net Income (Total of lines 71 and 77)		94,951,794	92,276,066	—	—

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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/ Year Year to Date Balance (c)	Previous Quarter Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		296,645,763	204,369,697
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)		—	—
10	Dividends to Parent		—	—
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		—	—
16	Balance Transferred from Income (Account 433 less Account 418.1)		94,951,794	92,276,066
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	Total Appropriations of Retained Earnings (Acct. 436)		—	—
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Account 437)		—	—
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Account 438)		—	—
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		—	—
38	Balance - End of Period (Total 1, 9, 15, 16, 22, 29, 36, 37)		391,597,557	296,645,763
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)		—	—
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Account 215.1)		—	—
47	TOTAL Approp. Retained Earnings (Acct 215, 215.1) (Total 45, 46)		—	—
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		391,597,557	296,645,763
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		—	—
50	Equity in Earnings for Year (Credit) (Account 418.1)		—	—
51	(Less) Dividends Received (Debit)		—	—
52				
53	Balance-End of Year (Total Ines 49 thru 52)		—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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STATEMENT OF CASH FLOWS			
<p>1. Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>2. Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.</p> <p>3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.</p> <p>4. Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.</p>			
Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	94,951,794	92,276,066
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	—	—
4.1	Depreciation Expense (A/C 403)	109,408,843	94,741,433
4.2	Depreciation Expense for Asset Retirement Costs (A/C 403.1)	431	431
4.3	Accretion Expense (A/C 411.10)	70,393	64,878
4.4	Amortization & Depletion of Utility Plant (A/C 404, 405)	1,367,345	1,368,131
5	Amortization of Debt Expense & Loss on Recquired Debt	1,475,385	1,367,478
6	Amortization of Regulatory Assets & Liabilities	1,601,512	1,601,512
7			
8	Deferred Income Taxes (Net)	2,887,949	(4,556,208)
9	Investment Tax Credit Adjustment (Net)	—	—
10	Net (Increase) Decrease in Receivables	1,915,536	(12,355,683)
11	Net (Increase) Decrease in Inventory	(5,619,526)	(3,723,334)
12	Net (Increase) Decrease in Allowances Inventory	—	—
13	Net Increase (Decrease) in Payables and Accrued Expenses	6,169,942	18,021,056
14	Net (Increase) Decrease in Other Regulatory Assets	5,565,421	8,027,636
15	Net Increase (Decrease) in Other Regulatory Liabilities	(4,899,486)	9,083,470
16	(Less) Allowance for Other Funds Used During Construction	5,146,446	4,476,877
17	(Less) Undistributed Earnings from Subsidiary Companies	—	—
18	Other: Net (Increase) Decrease in Current Assets	1,966,584	(5,815,707)
19	Other: Net (Increase) Decrease in Deferred Debits	1,277,961	998,657
20	Other: Net Increase (Decrease) in Deferred Credits	2,177,489	(1,165,610)
21	Regulatory Disallowances	1,172,936	—
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	216,344,063	195,457,329
23			
24	Cash Flows from Investment Activities:	—	—
25	Construction and Acquisition of Plant (including land):	—	—
26	Gross Additions to Utility Plant (less nuclear fuel)	(460,923,629)	(445,184,260)
27	Gross Additions to Nuclear Fuel	—	—
28	Gross Additions to Common Utility Plant	—	—
29	Gross Additions to Nonutility Plant	—	—
30	(Less) Allowance for Other Funds Used During Construction	5,146,446	4,476,877
31	Capitalized interest	(98,499)	(383,144)
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(466,168,574)	(450,044,281)
35			
36	Acquisition of Other Noncurrent Assets (d)	—	—
37	Proceeds from Disposal of Noncurrent Assets (d)	—	—
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies	—	—
40	Contributions and Advances from Assoc. and Subsidiary Companies	—	—
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies	—	—
43			
44	Purchase of Investment Securities (a)	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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STATEMENT OF CASH FLOWS			
<p>1. Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>2. Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.</p> <p>3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.</p> <p>4. Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.</p>			
Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
45	Proceeds from Sales of Investment Securities (a)	—	—
46	Loans Made or Purchased	—	—
47	Collections on Loans	—	—
48			
49	Net (Increase) Decrease in Receivables	—	—
50	Net (Increase) Decrease in Inventory	—	—
51	Net (Increase) Decrease in Allowances Held for Speculation	—	—
52	Net Increase (Decrease) in Payables and Accrued Expenses	—	—
53	Other (provide details in footnote):	—	—
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	(466,168,574)	(450,044,281)
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	185,000,000	160,000,000
62	Preferred Stock	—	—
63	Common Stock	—	—
64	Other (provide details in footnote):	—	—
65	Equity Contributions from Parent	40,900,000	68,000,000
66	Net Increase in Short-Term Debt (c)	18,400,000	36,300,000
67	Other (provide details in footnote):	—	—
67.1	Transmission Interconnection Arrangements	11,000,000	6,400,000
68	Net (Decrease) Increase in Affiliated Short-Term Debt	—	—
69		—	—
70	Cash Provided by Outside Sources (Total 61 thru 69)	255,300,000	270,700,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	—	—
74	Preferred Stock	—	—
75	Common Stock	—	—
76	Other (provide details in footnote):	—	—
76.1	Debt Issuance Cost and Other, Net	(1,975,489)	(1,963,048)
76.2	Refunds Paid Under Transmission Interconnection Arrangements	(3,500,000)	(14,150,000)
77			
78	Net Decrease in Short-Term Debt (c)	—	—
79			
80	Dividends on Preferred Stock	—	—
81	Dividends on Common Stock	—	—
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	249,824,511	254,586,952
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	—	—
87			
88	Cash and Cash Equivalents at Beginning of Period	—	—
89			
90	Cash and Cash Equivalents at End of period	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 121, Row 90, Column (b)

	December-31 2023	December-31 2022
Cash and Cash Equivalents at End of Period	\$ —	\$ —
	\$ —	\$ —

Supplemental Cash Flow disclosures:

Interest paid, net of capitalized interest	\$ 41,847,180	\$ 33,974,306
Income taxes paid (refunded), net	\$ 16,903,969	\$ 9,244,841

Supplemental Noncash Investing and Financing Activities:

(Increase) decrease in accrued plant additions	\$ (17,297,158)	\$ 9,131,109
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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)

GLOSSARY

Definitions:

2024 Rate Change	PNM's request for a general increase in electric rates filed with the NMPRC on December 5, 2022 using a calendar year 2024 FTY
ABCWUA	Albuquerque Bernalillo County Water Utility Authority
ABO	Accumulated Benefit Obligation
ACE Rule	Affordable Clean Energy Rule
AEP OnSite Partners	AEP OnSite Partners, LLC, a subsidiary of American Electric Power, Inc.
Afton	Afton Generating Station
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AMS	Advanced Meter System
AOCI	Accumulated Other Comprehensive Income
APBO	Accumulated Postretirement Benefit Obligation
APS	Arizona Public Service Company, the operator and a co-owner of PVNGS and Four Corners
ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program
Avangrid	Avangrid, Inc., a New York corporation
BART	Best Available Retrofit Technology
Board	Board of Directors of PNMR
BSER	Best system of emission reduction technology
BTU	British Thermal Unit
CAA	Clean Air Act
CAISO	California Independent System Operator
Carbon Pollution Standards	Carbon Pollution Standards established by the EPA on August 3, 2015
Casa Mesa Wind	Casa Mesa Wind Energy Center
CCAEE	Coalition for Clean Affordable Energy
CCR	Coal Combustion Residuals
CIAC	Contributions in Aid of Construction
CO ₂	Carbon Dioxide
Community Solar Act	Senate Bill 84 effective June 18, 2021
COVID-19	Novel coronavirus global pandemic
CSA	Coal Supply Agreement
CWIP	Construction work in progress
DC Circuit	United States Court of Appeals for the District of Columbia Circuit
DCRF	Distribution cost recovery filing
DOE	United States Department of Energy
Effective Time	The time the Merger is consummated
EGU	Electric Generating Unit
EIM	Western Energy Imbalance Market developed and operated by CAISO
ELG	Effluent Limitation Guidelines
End Date	The date at which the Merger Agreement may be terminated if the Effective Time has not yet occurred; January 20, 2022, subsequently extended to December 31, 2023.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Energy Transition Charge	Rate rider established to collect non-bypassable customer charges for repayment of the Securitized Bonds
EPA	United States Environmental Protection Agency
EPE	El Paso Electric Company
ERCOT	Electric Reliability Council of Texas
ESG	Environmental, Social, and Governance principles
ETA	The New Mexico Energy Transition Act
ETBC I	PNM Energy Transition Bond Company I, LLC, formed on August 25, 2023
EUEA	The New Mexico Efficient Use of Energy Act
EV	Electric Vehicle
Exchange Act	Securities Exchange Act of 1934
Farmington	The City of Farmington, New Mexico
FASB	Financial Accounting Standards Board
FAST Act	SEC's modernization and simplification of Regulation S-K
FERC	Federal Energy Regulatory Commission
Four Corners	Four Corners Power Plant
Four Corners Abandonment Application	PNM's January 8, 2021 application for approval for the abandonment of Four Corners and issuance of a securitized financing order
Four Corners CSA	Four Corners' coal supply contract with NTEC
Four Corners Purchase and Sale Agreement	PNM's pending sale of its 13% ownership interest in Four Corners to NTEC
FPPAC	Fuel and Purchased Power Adjustment Clause
FTY	Future Test Year
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gas Emissions
Grid Modernization Application	PNM's October 3, 2022 application for approval of grid modernization investments of approximately \$344 million for the first six years of a broader 11-year strategy
GWh	Gigawatt hours
IBEW	International Brotherhood of Electrical Workers
Iberdrola	Iberdrola, S.A., a corporation organized under the laws of the Kingdom of Spain, and 81.5% owner of Avangrid
INDC	Intended Nationally Determined Contribution
IRA	Inflation Reduction Act
IRC	Internal Revenue Code
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
ISFSI	Independent Spent Fuel Storage Installation
kV	Kilovolt
KW	Kilowatt
KWh	Kilowatt Hour
La Joya Wind I	La Joya Wind Facility generating 166 MW of output that became operational in February 2021
La Joya Wind II	La Joya Wind Facility generating 140 MW of output that became operational in June 2021
La Luz	La Luz Generating Station

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
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NOTES TO FINANCIAL STATEMENTS (Continued)

Leased Interest	Leased capacity in PVNGS Unit 1 and Unit 2
Lightning Dock Geothermal	Lightning Dock geothermal power facility, also known as the Dale Burgett Geothermal Plant
Lordsburg	Lordsburg Generating Station
Luna	Luna Energy Facility
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Merger	The merger of Merger Sub with and into PNMR pursuant to the Merger Agreement, with PNMR surviving the Merger as a direct, wholly-owned subsidiary of Avangrid
Merger Agreement	The Agreement and Plan of Merger, dated October 20, 2020, between PNMR, Avangrid and Merger Sub, as amended by the amendment to the Merger Agreement dated January 3, 2022
Merger Sub	NM Green Holdings, Inc., a New Mexico corporation and wholly-owned subsidiary of Avangrid which will merge with and into PNMR at the effective time of the Merger (defined above)
Meta	Meta Platform, Inc., formerly known as Facebook Inc.
MMBTU	Million BTUs
Moody's	Moody's Investor Services, Inc.
MW	Megawatt
MWh	Megawatt Hour
NAAQS	National Ambient Air Quality Standards
NDT	Nuclear Decommissioning Trusts for PVNGS
NEE	New Energy Economy
NERC	North American Electric Reliability Corporation
New Mexico Wind	New Mexico Wind Energy Center
NM 2015 Rate Case	Request for a General Increase in Electric Rates Filed by PNM on August 27, 2015
NM 2016 Rate Case	Request for a General Increase in Electric Rates Filed by PNM on December 7, 2016
NM AREA	New Mexico Affordable Reliable Energy Alliance, formerly New Mexico Industrial Energy Consumers Inc.
NM Supreme Court	New Mexico Supreme Court
NMAG	New Mexico Attorney General
NMED	New Mexico Environment Department
NMMMD	The Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department
NMPRC	New Mexico Public Regulation Commission
NMRD	NM Renewable Development, LLC, owned 50% each by PNMR Development and AEP OnSite Partners, LLC
NOx	Nitrogen Oxides
NOPR	Notice of Proposed Rulemaking
NPDES	National Pollutant Discharge Elimination System
NRC	United States Nuclear Regulatory Commission
NTEC	Navajo Transitional Energy Company, LLC, an entity owned by the Navajo Nation
OATT	Open Access Transmission Tariff

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)

OCI	Other Comprehensive Income
OPEB	Other Post-Employment Benefits
OSM	United States Office of Surface Mining Reclamation and Enforcement
Paris Agreement	A legally binding international treaty on climate change adopted on December 12, 2015
Pattern Wind	Pattern New Mexico Wind, LLC, an affiliate of Western Spirit and Pattern Development
PBO	Projected Benefit Obligation
PCRBs	Pollution Control Revenue Bonds
PM	Particulate Matter
PNM	Public Service Company of New Mexico and Subsidiaries
PNM New Mexico Credit Facility	PNM's \$40.0 Million Unsecured Revolving Credit Facility
PNM 2019 \$40.0 Million Term Loan	PNM's \$40.0 Million Unsecured Term Loan
PNM 2021 Fixed Rate PCRBs	PNM's \$100.3 million PCRBs remarketed on October 1, 2021
PNM 2021 Note Purchase Agreement	PNM's Agreement for the sale of PNM's 2021 SUNs
PNM 2021 SUNs	PNM's \$160.0 Million Senior Unsecured Notes issued on July 14, 2021
PNM 2021 Term Loan	PNM's \$75.0 Million 18-month Unsecured Term Loan that was repaid on August 5, 2022
PNM 2022 Delayed- Draw Term Loan	PNM's \$225.0 million Unsecured Term Loan that matures February 5, 2024
PNM Floating Rate PCRBs	PNM's \$100.3 million PCRBs remarketed on July 1, 2020
PNM Revolving Credit Facility	PNM's \$400.0 Million Unsecured Revolving Credit Facility
PNM September 2021 Note Purchase Agreement	PNM's Agreement for the sale of PNM's September 2021 SUNs
PNM September 2021 SUNs	PNM's \$150.0 Million Senior Unsecured Notes issued on December 2, 2021
PNMR	PNM Resources, Inc. and Subsidiaries
PNMR 2018 SUNS	PNMR's \$300.0 Million Senior Unsecured Notes issued on March 9, 2018
PNMR 2019 Term Loan	PNMR's \$150.0 Million Unsecured Term Loan
PNMR 2020 Forward Equity Sale Agreements	PNMR's Block Equity Sale of 6.2 million Shares of PNMR Common Stock with Forward Sales Agreement
PNMR 2020 Term Loan	PNMR's \$150.0 million Unsecured Term Loan that was repaid on May 18, 2021
PNMR 2020 Delayed-Draw Term Loan	PNMR's \$300.0 million Unsecured Delayed-Draw Term Loan that was repaid on May 18, 2021
PNMR 2021 Delayed-Draw Term Loan	PNMR's \$1.0 Billion Unsecured Delayed-Draw Term Loan that matures on May 18, 2025
PNMR 2022 ATM Program	PNMR's agreement to sell up to an aggregate sales price of \$200.0 million of common stock
PNMR Development	PNMR Development and Management Company, an unregulated wholly-owned subsidiary of PNMR
PNMR Development Revolving Credit Facility	PNMR Development's \$40.0 million Unsecured Revolving Credit Facility
PNMR Development Term Loan	PNMR Development's \$65.0 Million Unsecured Term Loan that was repaid on May 18, 2021
PNMR Revolving Credit Facility	PNMR's \$300.0 Million Unsecured Revolving Credit Facility

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NOTES TO FINANCIAL STATEMENTS (Continued)

PPA	Power Purchase Agreement
PUCT	Public Utility Commission of Texas
PV	Photovoltaic
PVNGS	Palo Verde Nuclear Generating Station
PVNGS Leased Interest Abandonment Application	Application with the NMPRC requesting approval for the decertification and abandonment of 114MW of leased PVNGS capacity
RCT	Reasonable Cost Threshold
RD	Recommended Decision
REA	New Mexico's Renewable Energy Act of 2004
RECs	Renewable Energy Certificates
Red Mesa Wind	Red Mesa Wind Energy Center
REP	Retail Electricity Provider
RFP	Request For Proposal
Rio Bravo	Rio Bravo Generating Station, formerly known as Delta
ROE	Return on Equity
RPS	Renewable Energy Portfolio Standard
S&P	Standard and Poor's Ratings Services
SCE	Southern California Edison Company
SCPPA	Southern California Public Power Authority
SEC	United States Securities and Exchange Commission
Securitized Bonds	Energy transition bonds
SIP	State Implementation Plan
SJCC	San Juan Coal Company
SJGS	San Juan Generating Station
SJGS Abandonment Application	PNM's July 1, 2019 consolidated application seeking NMPRC approval to retire PNM's share of SJGS in 2022, for related replacement generating resources, and for the issuance of securitized bonds under the ETA
SJGS CSA	San Juan Generating Station Coal Supply Agreement
SNCR	Selective Non-Catalytic Reduction
SO ₂	Sulfur Dioxide
SOFR	Secured Overnight Financing Rate
SRP	Salt River Project
SUNs	Senior Unsecured Notes
Tax Act	Federal tax reform legislation enacted on December 22, 2017, commonly referred to as the Tax Cuts and Jobs Act
TCEQ	Texas Commission on Environmental Quality
TCOS	Transmission Cost of Service
TECA	Texas Electric Choice Act
TEP	Transportation Electrification Program
TOD	Time of Day
TNMP	Texas-New Mexico Power Company and Subsidiaries
TNMP 2021 Bonds	TNMP's First Mortgage Bonds to be issued under the TNMP 2021 Bond Purchase Agreement
TNMP 2021 Bond Purchase Agreement	TNMP's Agreement for the sale of TNMP's 2021 First Mortgage Bonds

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NOTES TO FINANCIAL STATEMENTS (Continued)

TNMP 2022 Bonds	TNMP's First Mortgage Bonds to be issued under the TNMP 2022 Bond Purchase Agreement
TNMP 2022 Bond Purchase Agreement	TNMP's Agreement for the sale of an aggregate \$160.0 million of TNMP's 2022 Bonds
TNMP Revolving Credit Facility	TNMP's \$75.0 Million Secured Revolving Credit Facility
TNP	TNP Enterprises, Inc. and Subsidiaries
Tri-State	Tri-State Generation and Transmission Association, Inc.
TSAs	Transmission Service Agreements
Tucson	Tucson Electric Power Company
U.S.	The United States of America
US Supreme Court	United States Supreme Court
Valencia	Valencia Energy Facility
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital
Western Spirit Line	An approximately 150-mile 345-kV transmission line that PNM purchased in December 2021
Westmoreland	Westmoreland Coal Company
WFB LOC Facility	Letter of credit arrangements with Wells Fargo Bank, N.A., entered into in August 2020
WRA	Western Resource Advocates
WSJ	Westmoreland San Juan, LLC, an indirect wholly-owned subsidiary of Westmoreland
WSJ LLC	Westmoreland San Juan, LLC, a subsidiary of Westmoreland Mining Holdings, LLC, and current owner of SJCC
WSPP	Western Systems Power Pool

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NOTES TO FINANCIAL STATEMENTS (Continued)

Reconciliation of FERC and GAAP Differences

The financial statements presented herein are prepared in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than GAAP. The primary differences between the FERC accounting requirements and GAAP are (1) deferred tax assets (Account 190) are shown on the asset side of the balance sheet for FERC purposes, but are netted against deferred tax liabilities under GAAP; (2) the current portion of long-term debt is shown in current liabilities under GAAP, but not for FERC purposes; (3) the tax effect of the items included in the Statement of Accumulated Comprehensive Income, Comprehensive Income and Hedging Activities is not required to be disclosed separately for FERC, but is required under GAAP; (4) cost of removal for GAAP is reclassified and recorded as a regulatory liability, whereas under FERC it is in Account 108 (Accumulated Provision for Depreciation of Electric Utility Plant); (5) certain components of the costs of pension and OPEB plans are recorded as regulatory assets for GAAP, but capitalized in other accounts (primarily, Account 107, Construction Work in Progress) for FERC and other components of the costs of pension and OPEB plans are charged to Other (deductions) for GAAP, but charged to Account 926 (Employee Pensions and Benefits) for FERC; (6) accumulated provision for injuries and damages is recorded net of expected insurance proceeds for FERC, but not for GAAP; (7) debt issuance costs are classified as a reduction of the related long-term debt under GAAP, but not for FERC purposes; (8) Leases are recorded differently for GAAP and FERC (see additional discussion below); (9) costs associated with proposed Avangrid Merger are reported as utility operating expenses for GAAP and as other deductions (426.5) for FERC; (10) certain classifications are treated differently for FERC purposes than under GAAP.

Leases

Accounting and Financial Reporting for Leases Accounting Standards Update (ASU) No. 2016-02 – FERC Docket No. A19-1-000 TNMP adopted accounting guidance (ASU) No. 2016-02, Leases (Topic 842) on January 1, 2019. Under FASB's new guidance, lessees are required to recognize on the balance sheet assets and liabilities for the rights and obligations created by lease arrangements for operating leases with terms of more than 12 months. The changes in accounting will have no impact on existing ratemaking treatment at TNMP.

Additional disclosure information specified by FERC is provided below.

Utility Plant excluding leases	3,302,761,026
Operating leases	1,813,722
Financing leases*	12,685,039
Total Utility Plant	<u>3,317,259,787</u>

Obligations under operating leases	809,337
Obligations under financing leases	8,023,424
Total non-current lease obligations	<u>8,832,761</u>

Obligations under operating leases	895,195
Obligations under financing leases	4,615,759
Total current lease obligations	<u>5,510,954</u>

* Under GAAP, financing leases are depreciated, and interest expense is determined using the effective interest method resulting in higher interest expense at the beginning of the lease term, declining as the lease liability is reduced. Under FERC, interest expense on lease obligations is not recognized. Rather, the regulations provide that the amounts recorded for the financing lease asset and the related obligation are reduced by equal and offsetting amounts over the lease term.

Refer to Footnote 8 on page 123.34 for additional information regarding leases.

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NOTES TO FINANCIAL STATEMENTS (Continued)

A reconciliation of FERC Form 1 earnings to GAAP for the year ended December 31, 2023 is as follows:

	Earnings <u>(in thousands)</u>
Form 1 Earnings	94,952
Impacts of converting leases from FERC to GAAP	<u>(15)</u>
GAAP Earnings	94,937

The following Notes to Consolidated Financial Statements (see pages 123.9 - 123.102) represent those included in TNMP's Annual Report on Form 10-K, which are a component part of the financial statements prepared in accordance with GAAP and SEC reporting requirements. These notes are not significantly different than those prepared in support of the other comprehensive basis of accounting discussed above. The following Notes to Consolidated Financial Statements include disclosures for PNMR, PNM, and TNMP. Information solely applicable to PNMR or PNM should be disregarded.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of the Business and Significant Accounting Policies

Nature of Business

PNMR is an investor-owned holding company with two regulated utilities providing electricity and electric services in New Mexico and Texas. PNMR's primary subsidiaries are PNM and TNMP. PNM is a public utility with regulated operations primarily engaged in the generation, transmission, and distribution of electricity. In 2023, ETBC I, a special purpose entity that is wholly-owned by PNM, was formed for the limited purpose of purchasing, owning, and administering energy transition property, issuing Securitized Bonds, and performing related activities. See Note 7. TNMP is a wholly-owned subsidiary of TNP, which is a holding company that is wholly-owned by PNMR. TNMP provides regulated transmission and distribution services in Texas. PNMR's common stock trades on the New York Stock Exchange under the symbol PNM.

Merger Termination

On October 20, 2020, PNMR, Avangrid, and Merger Sub, entered into the Merger Agreement pursuant to which Merger Sub would have merged with and into PNMR, with PNMR surviving the Merger as a wholly-owned subsidiary of Avangrid. The Merger Agreement provided that it may be terminated by each of PNMR and Avangrid under certain circumstances, including if the Effective Time shall not have occurred by the End Date, which had been extended to December 31, 2023, if all conditions to closing have been satisfied other than the obtaining of all required regulatory approvals. On December 31, 2023, Avangrid informed PNMR that it was terminating the Merger Agreement effective as of December 31, 2023.

Financial Statement Preparation and Presentation

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could ultimately differ from those estimated.

The Notes to Consolidated Financial Statements include disclosures for PNMR, PNM, and TNMP. This report uses the term "Company" when discussing matters of common applicability to PNMR, PNM, and TNMP. Discussions regarding only PNMR, PNM, or TNMP are so indicated.

GAAP defines subsequent events as events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. Based on their nature, magnitude, and timing, certain subsequent events may be required to be reflected at the balance sheet date and/or required to be disclosed in the financial statements. The Company has evaluated subsequent events accordingly.

Principles of Consolidation

The Consolidated Financial Statements of each of PNMR, PNM, and TNMP include their accounts and those of subsidiaries in which that entity owns a majority voting interest. PNM also consolidates Valencia (Note 10). PNM owns undivided interests in jointly-owned power plants and records its pro-rata share of the assets, liabilities, and expenses for those plants. The agreements for the jointly-owned plants provide that if an owner were to default on its payment obligations, the non-defaulting owners would be responsible for their proportionate share of the obligations of the defaulting owner. In exchange, the non-defaulting owners would be entitled to their proportionate share of the generating capacity of the defaulting owner. There have been no such payment defaults under any of the agreements for the jointly-owned plants.

PNMR Services Company expenses, which represent costs that are primarily driven by corporate level activities, are charged to the business segments. These services are billed at cost and are reflected as general and administrative expenses in the business segments. Other significant intercompany transactions between PNMR, PNM, and TNMP include intercompany loans, interest and income tax sharing payments, as well as equity transactions, and interconnection billings. All intercompany transactions and balances have been eliminated. See Note 20.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Accounting for the Effects of Certain Types of Regulation

The Company maintains its accounting records in accordance with the uniform system of accounts prescribed by FERC and adopted by the NMPRC and PUCT.

Certain of the Company's operations are regulated by the NMPRC, PUCT, and FERC and the provisions of GAAP for rate-regulated enterprises are applied to the regulated operations. Regulators may assign costs to accounting periods that differ from accounting methods applied by non-regulated utilities. When it is probable that regulators will permit recovery of costs through future rates, costs are deferred as regulatory assets that otherwise would be expensed. Likewise, regulatory liabilities are recognized when it is probable that regulators will require refunds through future rates or when revenue is collected for expenditures that have not yet been incurred. GAAP also provides for the recognition of revenue and regulatory assets and liabilities associated with "alternative revenue programs" authorized by regulators. Such programs allow the utility to adjust future rates in response to past activities or completed events, if certain criteria are met. Regulatory assets and liabilities are amortized into earnings over the authorized recovery period. Accordingly, the Company has deferred certain costs and recorded certain liabilities pursuant to the rate actions of the NMPRC, PUCT, and FERC. Information on regulatory assets and regulatory liabilities is contained in Note 13.

In some circumstances, regulators allow a requested increase in rates to be implemented, subject to refund, before the regulatory process has been completed and a decision rendered by the regulator. When this occurs, the Company assesses the possible outcomes of the rate proceeding. The Company records a provision for refund to the extent the amounts being collected, subject to refund, exceed the amount the Company determines is probable of ultimately being allowed by the regulator.

Cash and Restricted Cash

Investments in highly liquid investments with original maturities of three months or less at the date of purchase are considered cash and cash equivalents. Cash deposits received and held for a period of time that are restricted to a specific purpose, under the terms of their effective agreements, are considered restricted cash. PNM and PNMR have restricted cash balances related to Securitized Bonds issued by ETBC I. Restricted cash amounts are included in Other deferred charges on the Consolidated Balance Sheets as of December 31, 2023. See Note 10. At December 31, 2023 there was no restricted cash for TNMP. At December 31, 2022 and 2021 there was no restricted cash for PNMR, PNM, and TNMP.

Utility Plant

Utility plant is stated at original cost and includes capitalized payroll-related costs such as taxes, pension, other fringe benefits, administrative costs, and AFUDC, where authorized by rate regulation, or capitalized interest.

Repairs, including major maintenance activities, and minor replacements of property are expensed when incurred, except as required by regulators for ratemaking purposes. Major replacements are charged to utility plant. Gains, losses, and costs to remove resulting from retirements or other dispositions of regulated property in the normal course of business are credited or charged to accumulated depreciation.

PNM and TNMP may receive reimbursements, referred to as CIAC, from customers to pay for all or part of certain construction projects to the extent the project does not benefit regulated customers in general. PNM and TNMP account for these reimbursements as offsets to utility plant additions based on the requirements of the NMPRC, FERC, and PUCT. Due to the PUCT's regulatory treatment of CIAC reimbursements, TNMP also receives a financing component that is recognized as other income on the Consolidated Statements of Earnings. Under the NMPRC regulatory treatment, PNM typically does not receive a financing component.

Depreciation and Amortization

PNM's provision for depreciation and amortization of utility plant, other than nuclear fuel, is based upon straight-line rates approved by the NMPRC and FERC. Amortization of nuclear fuel is based on units-of-production. TNMP's provision for depreciation and amortization of utility plant is based upon straight-line rates approved by the PUCT. Depreciation and amortization of non-utility property, including right-of-use assets for finance leases as discussed in Note 8, is computed based on the straight-line method. The provision for

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NOTES TO FINANCIAL STATEMENTS (Continued)

depreciation of certain equipment is allocated between operating expenses and construction projects based on the use of the equipment.

Average straight-line rates used were as follows:

	Year ended December 31,		
	2023	2022	2021
PNM			
Electric plant	2.67 %	2.55 %	2.48 %
Common, intangible, and general plant	7.64	7.83	7.91
TNMP	3.77	3.72	3.88

Depreciation on electric, common, intangible, and general plant is as follows:

	Year ended December 31,		
	2023	2022	2021
	(In thousands)		
PNM	\$ 158,956	\$ 163,162	\$ 153,165
TNMP	110,675	96,131	87,900

Allowance for Funds Used During Construction

As provided by the FERC uniform systems of accounts, AFUDC is charged to regulated utility plant for construction projects. This allowance is designed to enable a utility to capitalize financing costs during periods of construction of property subject to rate regulation. It represents the cost of borrowed funds (allowance for borrowed funds used during construction or "debt AFUDC") and a return on other funds (allowance for equity funds used during construction or "equity AFUDC"). The debt AFUDC is recorded in interest charges and the equity AFUDC is recorded in other income on the Consolidated Statements of Earnings.

For the years ended December 31, 2023, 2022, and 2021, PNM recorded \$9.5 million, \$3.7 million, and \$3.4 million of debt AFUDC at annual rates of 2.99%, 1.70%, and 1.70% and \$9.8 million, \$9.3 million, and \$9.9 million of equity AFUDC at annual rates of 3.24%, 4.26%, and 4.94%. For the years ended December 31, 2023, 2022, and 2021, TNMP recorded \$5.7 million, \$3.4 million, and \$1.6 million of debt AFUDC at rates of 3.49%, 2.25%, and 1.80% and \$5.1 million, \$4.5 million, and \$3.3 million of equity AFUDC at rates of 3.17%, 2.99%, and 3.67%.

Materials, Supplies, and Fuel Stock

Materials and supplies relate to transmission, distribution, and generating assets. Materials and supplies are charged to inventory when purchased and are expensed or capitalized as appropriate when issued. Materials and supplies are valued using an average costing method. Inventories consisted of the following at December 31:

	PNMR		PNM		TNMP	
	2023	2022	2023	2022	2023	2022
	(In thousands)					
Fuel Oil	\$ 896	\$ 985	\$ 896	\$ 985	\$ —	\$ —
Materials and supplies	97,138	65,748	80,676	54,905	16,462	10,843
	<u>\$ 98,034</u>	<u>\$ 66,733</u>	<u>\$ 81,572</u>	<u>\$ 55,890</u>	<u>\$ 16,462</u>	<u>\$ 10,843</u>

Investments

PNM holds investment securities in the NDT for the purpose of funding its share of the decommissioning costs of PVNGS, a trust for PNM's share of decommissioning costs at SJGS, and trusts for PNM's share of final reclamation costs related to the coal mines that served SJGS and continue to serve Four Corners (Note 16). Investments (both equity and available-for-sale debt securities) are measured at fair value on a quarterly basis with changes in fair value for equity securities recognized in earnings for that period. Since third party investment

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managers have sole discretion over the purchase and sale of the securities (under general guidelines and targets provided by management), PNM records an impairment, as a realized loss, for any available-for-sale debt security that has a fair value which is less than cost at the end of each quarter. For the years ended December 31, 2023, 2022 and 2021, PNM recorded impairment losses on the available-for-sale debt securities of \$(19.1) million, \$25.8 million and \$(0.7) million. No gains or losses are deferred as regulatory assets or liabilities. See Notes 3 and 9. All investments are held in PNM's name and are in the custody of major financial institutions. The specific identification method is used to determine the cost of securities disposed of, with realized gains and losses reflected in other income and deductions.

As discussed above, PNM immediately records an impairment loss for any available-for-sale debt security that has a fair value that is less than its carrying value. As a result, the Company has no available-for-sale debt securities for which carrying value exceeds fair value and there are no impairments considered to be "other than temporary" that are included in AOCI and not recognized in earnings. All gains and losses resulting from sales and changes in the fair value of equity securities are recognized immediately in earnings.

Equity Method Investment

PNMR accounts for its investment in NMRD using the equity method of accounting because PNMR's ownership interest results in significant influence, but not control, over NMRD and its operations. PNMR records as income its percentage share of earnings or loss of NMRD and carries its investment at cost, adjusted for its share of undistributed earnings or losses. See Note 21.

Goodwill

The Company does not amortize goodwill. Goodwill is evaluated for impairment annually, or more frequently if events and circumstances indicate that the goodwill might be impaired. See Note 19.

Asset Impairment

Tangible long-lived assets and right-of-use assets associated with leases are evaluated in relation to the estimated future undiscounted cash flows to assess recoverability when events and circumstances indicate that the assets might be impaired.

Revenue Recognition

See Note 4 for a discussion of electric operating revenues.

Accounts Receivable and Allowance for Credit Losses

See Note 4 for a discussion of accounts receivable and the allowance for credit losses.

Amortization of Debt Acquisition Costs

Discount, premium, and expense related to the issuance of long-term debt are amortized over the lives of the respective issues. Gains and losses incurred upon the early retirement of long-term debt are recognized in other income or other deductions, except for amounts recoverable through NMPRC, FERC, or PUCT regulation, which are recorded as regulatory assets or liabilities and amortized over the lives of the respective issues. Unamortized premium, discount, and expense related to long-term debt are reflected as part of the related liability on the Consolidated Balance Sheets.

Derivatives

The Company records derivative instruments, including energy contracts, on the balance sheet as either an asset or liability measured at their fair value. Changes in the derivatives' fair value are recognized in earnings unless specific hedge accounting criteria are met. PNM also records certain commodity derivative transactions recoverable through NMPRC regulation as regulatory assets or liabilities. See Note 9.

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The Company treats all forward commodity purchases and sales contracts subject to unplanned netting or “book-out” by the transmission provider as derivative instruments subject to mark-to-market accounting. GAAP provides guidance on whether realized gains and losses on derivative contracts not held for trading purposes should be reported on a net or gross basis and concludes such classification is a matter of judgment that depends on the relevant facts and circumstances. See Note 4.

Decommissioning and Reclamation Costs

PNM is only required to recognize and measure decommissioning liabilities for tangible long-lived assets for which a legal obligation exists. Nuclear decommissioning costs and related accruals are based on periodic site-specific estimates of the costs for removing all radioactive and other structures at PVNGS and are dependent upon numerous assumptions, including estimates of future decommissioning costs at current price levels, inflation rates, and discount rates. PNM’s accruals for PVNGS Units 1, 2, and 3, including portions previously held under leases, have been made based on such estimates, the guidelines of the NRC, and the PVNGS license periods. PNM records its share of the SJGS decommissioning obligation as an ARO on its Consolidated Balance Sheets. Studies on the decommissioning costs of SJGS are performed periodically and revisions to the ARO liability are recorded. See Note 16.

In connection with both the SJGS and Four Corners coal supply agreements, the owners are required to reimburse the mining companies for the cost of contemporaneous reclamation, as well as the costs for final reclamation of the coal mines. The reclamation costs are based on periodic site-specific studies that estimate the costs to be incurred in the future and are dependent upon numerous assumptions, including estimates of future reclamation costs at current price levels, inflation rates, and discount rates. PNM considers the contemporaneous reclamation costs part of the cost of its delivered coal costs. See Note 16 for a discussion of reclamation costs.

Environmental Costs

The normal operations of the Company involve activities and substances that expose the Company to potential liabilities under laws and regulations protecting the environment. Liabilities under these laws and regulations can be material and may be imposed without regard to fault, or may be imposed for past acts, even though the past acts may have been lawful at the time they occurred.

The Company records its environmental liabilities when site assessments or remedial actions are probable and a range of reasonably likely cleanup costs can be estimated. The Company reviews its sites and measures the liability by assessing a range of reasonably likely costs for each identified site using currently available information and the probable level of involvement and financial condition of other potentially responsible parties. These estimates are based on assumptions regarding the costs for site investigations, remediation, operations and maintenance, monitoring, and site closure. The ultimate cost to clean up the Company’s identified sites may vary from its recorded liability due to numerous uncertainties inherent in the estimation process. Amounts recorded for environmental expense in the years ended December 31, 2023, 2022, and 2021, as well as the amounts of environmental liabilities at December 31, 2023 and 2022, were insignificant.

Pension and Other Postretirement Benefits

See Note 11 for a discussion of pension and postretirement benefits expense, including a discussion of the actuarial assumptions.

Stock-Based Compensation

See Note 12 for a discussion of stock-based compensation expense.

Income Taxes

Income taxes are recognized using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax basis. All deferred taxes are reflected as non-current on the Consolidated Balance Sheets. Current NMPRC, FERC, and

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PUCT approved rates include the tax effects of the majority of these differences. Rate-regulated enterprises are required to record deferred income taxes for temporary differences accorded flow-through treatment at the direction of a regulatory commission. The resulting deferred tax assets and liabilities are recorded based on the expected cash flow to be reflected in future rates. Because the NMPRC, FERC, and the PUCT have consistently permitted the recovery of tax effects previously flowed-through earnings, the Company has established regulatory assets and liabilities offsetting such deferred tax assets and liabilities. The Company recognizes only the impact of tax positions that, based on their merits, are more likely than not to be sustained upon an IRS audit. The Company defers investment tax credits and amortizes them over the estimated useful lives of the assets. See Note 18 for additional information, including a discussion of the impacts of the Tax Act.

The Company makes an estimate of its anticipated effective tax rate for the year as of the end of each quarterly period within its fiscal year. In interim periods, income tax expense is calculated by applying the anticipated annual effective tax rate to year-to-date earnings before taxes. Certain unusual or infrequently occurring items, as well as adjustments due to enactment of new tax laws, have been excluded from the estimated annual effective tax rate calculation.

Lease Commitments

See Note 8 for a discussion of lease commitments.

New Accounting Pronouncements

Information concerning recently issued accounting pronouncements that have not yet been adopted by the Company is presented below. The Company does not expect difficulty in adopting these standards by their required effective dates.

Accounting Standards Update 2022-03 - Fair Value Measurement (Topic 820): Fair Value Measurements of Equity Securities Subject to Contractual Sale Restrictions

In June 2022, the FASB issued ASU 2022-03 clarifying that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the security and, therefore, is not considered in measuring fair value. The amendment also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. Disclosure requirements from the amendment include disclosure of the fair value of equity securities subject to contractual sale restrictions that are reflected in the balance sheet; the nature and remaining duration of the restriction(s); and the circumstances that could cause a lapse in the restriction(s). ASU 2022-03 is effective for the Company beginning January 1, 2024 with early adoption for both interim and annual periods being permitted. ASU 2022-03 is to be applied prospectively with any adjustments recognized in earnings and disclosed on the date of adoption. The Company does not expect ASU 2022-03 to have any impact on earnings as there are currently no investments that are subject to contractual restrictions on the Consolidated Balance Sheets. Disclosure updates for investments held in the pension and other benefit plan portfolios are not expected to be material.

Accounting Standards Update 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07 enhancing disclosures about significant segment expenses. Disclosure requirements of this update include disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss (collectively referred to as the "significant expense principle"); an amount for *other segment items* by reportable segment and a description of its composition; the title and position of the CODM and an explanation of how the CODM uses the reported measures in assessing segment performance and deciding how to allocate resources; and that a single reportable segment provides all the disclosures required by the amendments in this ASU and all existing segment disclosures in Topic 280. The amendment also clarifies that in addition to the measure most consistent with the measurement principles under GAAP, reporting of additional measures of a segment's profit or loss used by the CODM in assessing segment performance and determining allocation of resources is allowed. ASU 2023-07 is effective for the Company beginning January 1, 2024 and interim periods beginning January 1, 2025 with early adoption being permitted. ASU 2023-07 is to be applied retrospectively to all prior periods presented in the financial statements.

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Accounting Standards Update 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09 enhancing the transparency and decision usefulness of income tax disclosures. Disclosure requirements of this update include (on an annual basis) the disclosure of specific categories in the rate reconciliation and the inclusion of additional information for reconciling items that meet a quantitative threshold (if the effect of the reconciling item is equal to or greater than 5 percent of the amount computed by multiplying pre-tax income by the applicable statutory rate). The amendment also requires the disclosure (on an annual basis) of information about income taxes paid (net of refunds) including, the disaggregation by federal, state, and foreign taxes as well as by individual jurisdiction. Additional requirements include the disclosure of income (loss) from continuing operations before income tax expense (benefit) disaggregated between foreign and domestic as well as income tax expense (benefit) from continuing operations disaggregated by federal, state, and foreign. ASU 2023-09 is effective for the Company beginning January 1, 2025 with early adoption being permitted. ASU 2023-09 is to be applied on a prospective basis with retrospective application permitted.

(2) Segment Information

The following segment presentation is based on the methodology that management uses for making operating decisions and assessing performance of its various business activities. A reconciliation of the segment presentation to the GAAP financial statements is provided.

PNM

PNM includes the retail electric utility operations of PNM that are subject to traditional rate regulation by the NMPRC. PNM provides integrated electricity services that include the generation, transmission, and distribution of electricity for retail electric customers in New Mexico. PNM also includes the generation and sale of electricity into the wholesale market, which includes the asset optimization of PNM's jurisdictional capacity as well as providing transmission services to third parties. FERC has jurisdiction over wholesale power and transmission rates. PNM includes the results of ETBC I upon its formation in 2023.

TNMP

TNMP is an electric utility providing services in Texas under the TECA. TNMP's operations are subject to traditional rate regulation by the PUCT. TNMP provides transmission and distribution services at regulated rates to various REPs that, in turn, provide retail electric service to consumers within TNMP's service area. TNMP also provides transmission services at regulated rates to other utilities that interconnect with TNMP's facilities.

Corporate and Other

The Corporate and Other segment includes PNMR holding company activities, primarily related to corporate level debt and PNMR Services Company. The activities of PNMR Development and the equity method investment in NMRD are also included in Corporate and Other. Eliminations of intercompany transactions are reflected in the Corporate and Other segment.

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NOTES TO FINANCIAL STATEMENTS (Continued)

PNMR SEGMENT INFORMATION

The following tables present summarized financial information for PNMR by segment. PNM and TNMP each operate in only one segment. Therefore, tabular segment information is not presented for PNM and TNMP.

2023	PNM	TNMP	Corporate	PNMR
			and Other	Consolidated
(In thousands)				
Electric operating revenues	\$ 1,403,948	\$ 535,250	\$ —	\$ 1,939,198
Cost of energy	663,614	138,647	—	802,261
Utility margin	740,334	396,603	—	1,136,937
Other operating expenses	479,525	133,443	(26,874)	586,094
Depreciation and amortization	177,633	113,142	28,728	319,503
Operating income (loss)	83,176	150,018	(1,854)	231,340
Interest income	21,355	—	608	21,963
Other income (deductions)	20,003	8,368	(790)	27,581
Interest charges	(86,574)	(46,152)	(57,629)	(190,355)
Segment earnings (loss) before income taxes	37,960	112,234	(59,665)	90,529
Income taxes (benefit)	(16,758)	17,297	(16,889)	(16,350)
Segment earnings (loss)	54,718	94,937	(42,776)	106,879
Valencia non-controlling interest	(18,533)	—	—	(18,533)
Subsidiary preferred stock dividends	(528)	—	—	(528)
Segment earnings (loss) attributable to PNMR	<u>\$ 35,657</u>	<u>\$ 94,937</u>	<u>\$ (42,776)</u>	<u>\$ 87,818</u>
At December 31, 2023:				
Total Assets	\$ 6,813,065	\$ 3,145,031	\$ 294,509	\$ 10,252,605
Goodwill	\$ 51,632	\$ 226,665	\$ —	\$ 278,297

2022	PNM	TNMP	Corporate	PNMR
			and Other	Consolidated
(In thousands)				
Electric operating revenues	\$ 1,766,825	\$ 482,730	\$ —	\$ 2,249,555
Cost of energy	864,013	123,928	—	987,941
Utility margin	902,812	358,802	—	1,261,614
Other operating expenses	460,513	124,519	(22,031)	563,001
Depreciation and amortization	180,812	98,316	25,725	304,853
Operating income (loss)	261,487	135,967	(3,694)	393,760
Interest income	14,816	—	1,279	16,095
Other income (deductions)	(77,012)	8,653	(2,278)	(70,637)
Interest charges	(61,073)	(37,192)	(29,643)	(127,908)
Segment earnings (loss) before income taxes	138,218	107,428	(34,336)	211,310
Income taxes (benefit)	19,198	15,161	(8,229)	26,130
Segment earnings (loss)	119,020	92,267	(26,107)	185,180
Valencia non-controlling interest	(15,122)	—	—	(15,122)
Subsidiary preferred stock dividends	(528)	—	—	(528)
Segment earnings (loss) attributable to PNMR	<u>\$ 103,370</u>	<u>\$ 92,267</u>	<u>\$ (26,107)</u>	<u>\$ 169,530</u>
At December 31, 2022:				
Total Assets	\$ 6,272,166	\$ 2,746,601	\$ 238,610	\$ 9,257,377
Goodwill	\$ 51,632	\$ 226,665	\$ —	\$ 278,297

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2021	Corporate and Other				PNMR Consolidated
	PNM	TNMP	and Other		
	(In thousands)				
Electric operating revenues	\$ 1,362,020	\$ 417,853	\$ —	\$ 1,779,873	
Cost of energy	531,786	113,067	—	644,853	
Utility margin	830,234	304,786	—	1,135,020	
Other operating expenses	438,372	114,228	(9,840)	542,760	
Depreciation and amortization	170,365	90,440	23,302	284,107	
Operating income (loss)	221,497	100,118	(13,462)	308,153	
Interest income (loss)	14,605	—	57	14,662	
Other income (deductions)	13,809	5,408	(726)	18,491	
Interest charges	(51,360)	(33,735)	(11,782)	(96,877)	
Segment earnings (loss) before income taxes	198,551	71,791	(25,913)	244,429	
Income taxes (benefit)	26,992	7,912	(2,322)	32,582	
Segment earnings (loss)	171,559	63,879	(23,591)	211,847	
Valencia non-controlling interest	(15,490)	—	—	(15,490)	
Subsidiary preferred stock dividends	(528)	—	—	(528)	
Segment earnings (loss) attributable to PNMR	<u>\$ 155,541</u>	<u>\$ 63,879</u>	<u>\$ (23,591)</u>	<u>\$ 195,829</u>	
At December 31, 2021:					
Total Assets	\$ 6,060,133	\$ 2,364,772	\$ 241,980	\$ 8,666,885	
Goodwill	\$ 51,632	\$ 226,665	\$ —	\$ 278,297	

Non-GAAP Financial Measures

The Company defines utility margin as electric operating revenues less cost of energy. Cost of energy consists primarily of fuel and purchase power costs for PNM and costs charged by third-party transmission providers for TNMP. The Company believes that utility margin provides a more meaningful basis for evaluating operations than electric operating revenues since substantially all such costs are offset in revenues as fuel and purchase power costs are passed through to customers under PNM's FPPAC and third-party transmission costs are passed on to consumers through TNMP's transmission cost recovery factor. Utility margin is not a financial measure required to be presented and is considered a non-GAAP measure. PNM and TNMP do not intend for utility margin to represent any financial measure as defined by GAAP; however, the calculation of utility margin, as presented, most closely compares to gross margin as defined by GAAP. Reconciliations between utility margin and gross margin are presented below.

2023	Corporate and Other			
	PNM	TNMP	and Other	PNMR Consolidated
	(In thousands)			
Gross margin	\$ 409,366	\$ 246,465	\$ —	\$ 655,831
Energy production costs	91,610	—	—	91,610
Transmission and distribution costs	61,725	36,996	—	98,721
Depreciation and amortization	177,633	113,142	—	290,775 ¹
Utility margin	<u>\$ 740,334</u>	<u>\$ 396,603</u>	<u>\$ —</u>	<u>\$ 1,136,937</u>
2022				
Gross margin	\$ 516,375	\$ 224,080	\$ —	\$ 740,455
Energy production costs	147,347	—	—	147,347
Transmission and distribution costs	58,278	36,406	—	94,684
Depreciation and amortization	180,812	98,316	—	279,128 ¹
Utility margin	<u>\$ 902,812</u>	<u>\$ 358,802</u>	<u>\$ —</u>	<u>\$ 1,261,614</u>

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	PNM	TNMP	Corporate and Other	PNMR Consolidated
	(In thousands)			
2021				
Gross margin	\$ 466,092	\$ 182,857	\$ —	\$ 648,949
Energy production costs	143,931	—	—	143,931
Transmission and distribution costs	49,846	31,489	—	81,335
Depreciation and amortization	170,365	90,440	—	260,805 ¹
Utility margin	<u>\$ 830,234</u>	<u>\$ 304,786</u>	<u>\$ —</u>	<u>\$ 1,135,020</u>

¹ Corporate and Other depreciation and amortization represents corporate level activities that are billed at cost and reflected as general and administrative expenses at PNM and TNMP and therefore are not a component of gross margin or utility margin. See Note 1.

Major Customers

PNM's participation in EIM, operated by CAISO, accounted for approximately 15%, 24%, and 11% of electric operating revenues during the years ended December 31, 2023, 2022, and 2021. These revenues are passed on to customers under PNM's FPPAC with no impact to net earnings. Two REPs during the years ended December 31, 2023 and 2022 and three REPs during the years ended December 31, 2021 accounted for more than 10% of the electric operating revenues of TNMP as follows:

	Year Ended December 31,		
	2023	2022	2021
REP A	25 %	27 %	23 %
REP B	19	20	19
REP C	N/A	N/A	10

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(3) Accumulated Other Comprehensive Income (Loss)

AOCI reports a measure for accumulated changes in equity that result from transactions and other economic events other than transactions with shareholders. Information regarding AOCI is as follows:

	Accumulated Other Comprehensive Income (Loss)				
	PNM			PNMR	
	Unrealized Gains on Available- for-Sale Securities	Pension Liability Adjustment	Total	Fair Value Adjustment for Cash Flow Hedges	Total
	(In thousands)				
Balance at December 31, 2020	\$ 20,403	\$ (98,914)	\$ (78,511)	\$ (672)	\$ (79,183)
Amounts reclassified from AOCI (pre-tax)	(9,765)	8,348	(1,417)	(903)	(2,320)
Income tax impact of amounts reclassified	2,480	(2,120)	360	229	589
Other OCI changes (pre-tax)	(1,881)	12,111	10,230	1,804	12,034
Income tax impact of other OCI changes	478	(3,076)	(2,598)	(458)	(3,056)
Net after-tax change	(8,688)	15,263	6,575	672	7,247
Balance at December 31, 2021	11,715	(83,651)	(71,936)	—	(71,936)
Amounts reclassified from AOCI (pre-tax)	(3,827)	7,104	3,277	(1,176)	2,101
Income tax impact of amounts reclassified	972	(1,804)	(832)	299	(533)
Other OCI changes (pre-tax)	(1,928)	(4,565)	(6,493)	12,285	5,792
Income tax impact of other OCI changes	490	1,159	1,649	(3,121)	(1,472)
Net after-tax change	(4,293)	1,894	(2,399)	8,287	5,888
Balance at December 31, 2022	7,422	(81,757)	(74,335)	8,287	(66,048)
Amounts reclassified from AOCI (pre-tax)	(7,199)	4,776	(2,423)	9,287	6,864
Income tax impact of amounts reclassified	1,828	(1,212)	616	(2,359)	(1,743)
Other OCI changes (pre-tax)	11,529	1,389	12,918	(15,483)	(2,565)
Income tax impact of other OCI changes	(2,928)	(353)	(3,281)	3,933	652
Net after-tax change	3,230	4,600	7,830	(4,622)	3,208
Balance at December 31, 2023	\$ 10,652	\$ (77,157)	\$ (66,505)	\$ 3,665	\$ (62,840)

The Consolidated Statements of Earnings include pre-tax amounts reclassified from AOCI related to Unrealized Gains on Available-for-Sale Debt Securities in gains (losses) on investment securities, related to Pension Liability Adjustment in other (deductions), and related to Fair Value Adjustment for Cash Flow Hedges in interest charges. The income tax impacts of all amounts reclassified from AOCI are included in income taxes in the Consolidated Statements of Earnings.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(4) Electric Operating Revenues

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists primarily of trade receivables from customers. In the normal course of business, credit is extended to customers on a short-term basis. The Company estimates the allowance for credit losses on trade receivables based on historical experience and estimated default rates. Accounts receivable balances are reviewed monthly, adjustments to the allowance for credit losses are made as necessary and amounts that are deemed uncollectible are written off. In addition to the allowance for credit losses on trade receivables, the Company has evaluated other receivables for potential credit related losses. These balances include potential exposures for other non-retail utility services. In the years ended December 31, 2023 and 2022, there were no estimated credit losses related to these transactions.

Revenue Recognition

Retail electric operating revenues are recorded in the period of energy delivery, which includes estimated amounts for service rendered but unbilled at the end of each accounting period. The determination of the energy sales billed to individual retail customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading and the corresponding unbilled revenue are estimated. Unbilled electric revenue is estimated based on daily generation volumes, estimated customer usage by class, line losses, historical trends and experience, applicable customer rates or by using AMS data where available. Amounts billed are generally due within the next month. The Company does not incur incremental costs to obtain contracts for its energy services.

PNM's wholesale electricity sales are recorded as electric operating revenues and wholesale electricity purchases are recorded as costs of energy sold. Derivative contracts that are subject to unplanned netting are recorded net in earnings. A "book-out" is the planned or unplanned netting of off-setting purchase and sale transactions. A book-out is a transmission mechanism to reduce congestion on the transmission system or administrative burden. For accounting purposes, a book-out is the recording of net revenues upon the settlement of a derivative contract.

Unrealized gains and losses on derivative contracts that are not designated for hedge accounting are classified as economic hedges. Economic hedges are defined as derivative instruments, including long-term power and fuel supply agreements, used to hedge generation assets and purchased power costs. Changes in the fair value of economic hedges are reflected in results of operations, with changes related to economic hedges on sales included in operating revenues and changes related to economic hedges on purchases included in cost of energy sold. See Note 9.

The Company has collaborative arrangements related to its interest in SJGS, Four Corners, PVNGS, and Luna. The Company has determined that during the years ended December 31, 2023, 2022, and 2021 none of the joint owners in its collaborative arrangements were customers under Topic 606. The Company will continue to evaluate transactions between collaborative arrangement participants in future periods under the revenue recognition standard.

PNM and TNMP recognize revenue as they satisfy performance obligations, which typically occurs as the customer or end-user consumes the electric service provided. Electric services are typically for a bundle of services that are distinct and transferred to the end-user in one performance obligation measured by kWh or kW. Electric operating revenues are recorded in the period of energy delivery, including estimated unbilled amounts. The Company has elected to exclude all sales and similar taxes from revenue.

Revenue from contracts with customers is recorded based upon the total authorized tariff or market price at the time electric service is rendered, including amounts billed under arrangements qualifying as an Alternative Revenue Program ("ARP"). ARP arrangements are agreements between PNM or TNMP and its regulator that allow PNM or TNMP to adjust future rates in response to past activities or completed events, if certain criteria are met. ARP revenues are required to be reported separately from contracts with customers. ARP revenues in a given period include the recognition of "originating" ARP revenues (i.e. when the regulator-specific conditions are met) in the period, offset by the reversal of ARP revenues when billed to customers.

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Sources of Revenue

Additional information about the nature of revenues is provided below. Additional information about matters affecting PNM's and TNMP's regulated revenues is provided in Note 17.

Revenue from Contracts with Customers

PNM

NMPRC Regulated Retail Electric Service – PNM provides electric generation, transmission, and distribution service to its rate-regulated customers in New Mexico. PNM's retail electric service territory covers a large area of north central New Mexico, including the cities of Albuquerque, Rio Rancho, and Santa Fe, and certain areas of southern New Mexico. Customer rates for retail electric service are set by the NMPRC and revenue is recognized as energy is delivered to the customer. PNM invoices customers on a monthly basis for electric service and generally collects billed amounts within one month.

Transmission Service to Third Parties – PNM owns transmission lines that are interconnected with other utilities in New Mexico, Texas, Arizona, Colorado, and Utah. Transmission customers receive service for the transmission of energy owned by the customer utilizing PNM's transmission facilities. Customers generally receive transmission services, which are regulated by FERC, from PNM through PNM's Open Access Transmission Tariff ("OATT") or a specific contract. Customers are billed based on capacity and energy components on a monthly basis. In December 2021, PNM completed the purchase of the Western Spirit Line and services under related transmission agreements were initiated using an incremental rate, approved by FERC, that are separate from the formula rate mechanism.

Wholesale Energy Sales – PNM engages in activities to optimize its existing jurisdictional assets and long-term power agreements through spot market, hour-ahead, day-ahead, week-ahead, month-ahead, and other sales of excess generation not required to fulfill retail load and contractual commitments. PNM began participating in the EIM in 2021. The EIM is a real-time wholesale energy trading market operated by the CAISO that enables participating electric utilities to buy and sell energy. The NMPRC granted PNM authority to seek recovery of costs associated with joining the EIM, which have been included in the 2024 Rate Change and to pass the benefits of participating in EIM to customers through the FPPAC. PNM's participation in EIM has significantly increased Electric operating revenues which are passed on to customers under PNM's FPPAC with no impact to net earnings.

Beginning on January 1, 2018, PNM acquired a 65 MW interest in SJGS Unit 4, which was held as merchant plant as ordered by the NMPRC. PNM sold power from 36 MW of this capacity to a third party at a fixed price that was recorded as revenue from contracts with customers. PNM was obligated to deliver power under this arrangement only when SJGS Unit 4 was operating. In May 2022, PNM executed a new agreement to sell 50 MW of that capacity to a third party for the period from July 1, 2022 through September 30, 2022 on a system-contingent basis.

TNMP

PUCT Regulated Retail Electric Service – TNMP provides transmission and distribution services in Texas under the provisions of TECA and the Texas Public Utility Regulatory Act. TNMP is subject to traditional cost-of-service regulation with respect to rates and service under the jurisdiction of the PUCT and certain municipalities. TNMP's transmission and distribution activities are solely within ERCOT and not subject to traditional rate regulation by FERC. TNMP provides transmission and distribution services at regulated rates to various REPs that, in turn, provide retail electric service to consumers within TNMP's service territory. Revenue is recognized as energy is delivered to the consumer. TNMP invoices REPs on a monthly basis and is generally paid within a month.

TCOS – TNMP is a transmission service provider that is allowed to recover its TCOS through a network transmission rate that is approved by the PUCT. TCOS customers are other utilities that receive service for the transmission of energy owned by the customer utilizing TNMP's transmission facilities.

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Alternative Revenue Programs

The Company defers certain costs and records certain liabilities pursuant to the rate actions of the NMPRC, PUCT, and FERC. ARP revenues, which are discussed above, include recovery or refund provisions under PNM's renewable energy rider and true-ups to PNM's formula transmission rates; transmission cost recovery factor, and the impacts of the PUCT's January 25, 2018 order regarding the change in the federal corporate income tax rate; and the energy efficiency incentive bonus at both PNM and TNMP. Regulatory assets and liabilities are recognized for the difference between ARP revenues and amounts billed under those programs. Regulatory assets and liabilities are amortized into earnings as amounts are billed. TNMP's 2018 Rate Case integrated AMS costs into base rates beginning January 1, 2019. These costs are being amortized into earnings as alternative revenues over a period of five years.

Other Electric Operating Revenues

Other electric operating revenues consist primarily of PNM's economic hedges that meet the definition of a derivative, and are therefore not considered revenue from contracts with customers. Derivative revenues include gains and losses representing changes in fair value (Note 9) and settlements from sales of electricity under forward sales contracts.

Disaggregation of Revenues

A disaggregation of revenues from contracts with customers by the type of customer is presented in the table below. The table also reflects ARP revenues and other revenues.

Year Ended December 31, 2023	PNMR		
	PNM	TNMP	Consolidated
	(In thousands)		
Electric Operating Revenues:			
Contracts with customers:			
Retail electric revenue			
Residential	\$ 425,448	\$ 190,953	\$ 616,401
Commercial	391,964	155,254	547,218
Industrial	90,084	45,508	135,592
Public authority	21,018	6,777	27,795
Economy energy service	34,340	—	34,340
Transmission	159,475	135,831	295,306
Wholesale energy sales	248,801	—	248,801
Miscellaneous	5,676	3,739	9,415
Total revenues from contracts with customers	1,376,806 ¹	538,062	1,914,868 ¹
Alternative revenue programs	9,419	(2,812)	6,607
Other electric operating revenues	17,723	—	17,723
Total Electric Operating Revenues	\$ 1,403,948	\$ 535,250	\$ 1,939,198

¹ Included in revenue from contracts with customers at PNM and PNMR is a \$128.7 million reduction associated with the SJGS abandonment settlement and a \$38.4 million reduction associated with PVNGS leased capacity as a result of the NMPRC final order in the 2024 Rate Change.

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Year Ended December 31, 2022	PNM	TNMP	PNMR Consolidated
	(In thousands)		
Electric Operating Revenues:			
Contracts with customers:			
Retail electric revenue			
Residential	\$ 484,699	\$ 187,951	\$ 672,650
Commercial	422,163	154,059	576,222
Industrial	85,102	36,919	122,021
Public authority	21,330	6,379	27,709
Economy energy service	45,009	—	45,009
Transmission	149,421	113,782	263,203
Wholesale energy sales	534,196	—	534,196
Miscellaneous	5,390	3,817	9,207
Total revenues from contracts with customers	1,747,310	502,907	2,250,217
Alternative revenue programs	692	(20,177)	(19,485)
Other electric operating revenues	18,823	—	18,823
Total Electric Operating Revenues	\$ 1,766,825	\$ 482,730	\$ 2,249,555

Year Ended December 31, 2021	PNM	TNMP	PNMR Consolidated
	(In thousands)		
Electric Operating Revenues:			
Contracts with customers:			
Retail electric revenue			
Residential	\$ 484,720	\$ 158,796	\$ 643,516
Commercial	419,251	125,536	544,787
Industrial	88,479	29,089	117,568
Public authority	22,720	6,142	28,862
Economy energy service	35,220	—	35,220
Transmission	87,880	94,152	182,032
Wholesale energy sales	184,132	—	184,132
Miscellaneous	4,770	3,794	8,564
Total revenues from contracts with customers	1,327,172	417,509	1,744,681
Alternative revenue programs	(4,108)	344	(3,764)
Other electric operating revenues	38,956	—	38,956
Total Electric Operating Revenues	\$ 1,362,020	\$ 417,853	\$ 1,779,873

Contract Balances

Performance obligations related to contracts with customers are typically satisfied when the energy is delivered and the customer or end-user utilizes the energy. Accounts receivable from customers represent amounts billed, including amounts under ARPs. For PNM, accounts receivable reflected on the Consolidated Balance Sheets, net of allowance for credit losses, includes \$93.6 million and \$151.4 million at December 31, 2023 and 2022 resulting from contracts with customers. All of TNMP's accounts receivable results from contracts with customers.

Contract assets are an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance). Upon the completion of the Western Spirit Line, PNM entered into a TSA with Pattern Wind under an incremental tariff rate approved by FERC. The terms of the agreement provide for a financing component that benefits the customer. As such, the revenue that PNM recognizes will be in excess of the consideration received at the beginning of the service term resulting in a contract asset. The

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balance of the contract asset was \$22.1 million at December 31, 2023 and \$11.9 million at December 31, 2022, and is included in Other deferred charges on the Consolidated Balance Sheets.

Contract liabilities arise when consideration is received in advance from a customer before satisfying the performance obligations. Therefore, revenue is deferred and not recognized until the obligation is satisfied. Under its OATT, PNM accepts upfront consideration for capacity reservations requested by transmission customers, which requires PNM to defer the customer's transmission capacity rights for a specific period of time. PNM recognizes the revenue of these capacity reservations over the period it defers the customer's capacity rights. Other utilities pay PNM and TNMP in advance for the joint-use of their utility poles. These revenues are recognized over the period of time specified in the joint-use contract, typically for one calendar year. Deferred revenues on these arrangements are recorded as contract liabilities. PNMR's, PNM's, and TNMP's contract liabilities and related revenues are not material for any of the periods presented. The Company has no other arrangements with remaining performance obligations to which a portion of the transaction price would be required to be allocated.

(5) Earnings and Dividends Per Share

Dual presentation of basic and diluted earnings per share has been presented in the Consolidated Statements of Earnings of PNMR. Information regarding the computation of earnings per share and dividends per share is as follows:

	Year Ended December 31,		
	2023	2022	2021
		units)	
Net Earnings Attributable to PNMR	<u>\$ 87,818</u>	<u>\$ 169,530</u>	<u>\$ 195,829</u>
Average Number of Common Shares:			
Outstanding during year	86,038	85,835	85,835
Vested awards of restricted stock	258	287	235
Average Shares – Basic	<u>86,296</u>	<u>86,122</u>	<u>86,070</u>
Dilutive Effect of Common Stock Equivalents:			
PNMR 2022 ATM Program	38	—	—
Stock options and restricted stock	35	47	41
Average Shares – Diluted	<u>86,369</u>	<u>86,169</u>	<u>86,111</u>
Net Earnings Attributable to PNMR Per Share of Common Stock:			
Basic	\$ 1.02	\$ 1.97	\$ 2.28
Diluted	\$ 1.02	\$ 1.97	\$ 2.27
Dividends Declared per Common Share	\$ 1.49	\$ 1.41	\$ 1.33

(6) Stockholders' Equity

Common Stock and Equity Contributions

On December 15, 2023 PNMR physically settled all shares under the PNMR 2022 ATM Program by issuing 4.4 million shares to the forward purchasers, aggregating net proceeds of \$198.2 million, including \$1.0 million for equity issuance costs. Following this settlement, no shares of PNMR's common stock remain subject to future settlement under the PNMR 2022 ATM Program. PNMR, PNM, and TNMP did not issue any common stock during the years ended December 31, 2022 and 2021.

PNMR funded zero, zero, and \$53.0 million of cash equity contributions to PNM in 2023, 2022, and 2021, respectively. PNMR also funded \$40.9 million, \$68.0 million, and \$52.0 million of cash equity contributions to TNMP in 2023, 2022, and 2021, respectively.

Dividends on Common Stock

The declaration of common dividends by PNMR is dependent upon a number of factors, including the ability of PNMR's subsidiaries to pay dividends. PNMR's primary sources of dividends are its operating subsidiaries.

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NOTES TO FINANCIAL STATEMENTS (Continued)

PNM did not declare or pay any cash dividends to PNMR in 2023. However, PNM declared and paid cash dividends to PNMR of \$153.5 million, and \$60.0 million in 2022 and 2021, respectively. TNMP did not declare or pay any cash dividends to PNMR in 2023, 2022, or 2021.

The NMPRC has placed certain restrictions on the ability of PNM to pay dividends to PNMR, including the restriction that PNM cannot pay dividends that cause its debt rating to fall below investment grade. The NMPRC provisions allow PNM to pay dividends, with at least 15 days prior notice, from current earnings, which is determined on a rolling four quarter basis, or from equity contributions previously made by PNMR. The Federal Power Act also imposes certain restrictions on dividends by public utilities. Debt-to-capitalization ratio requirements, as discussed in Note 7, remain at less than or equal to 65% for PNM and TNMP and less than or equal to 70% for PNMR. These debt-to-capitalization ratio requirements could limit the amounts of dividends that could be paid. PNM also has other financial covenants that limit the transfer of assets, through dividends or other means, including a requirement to obtain the approval of certain financial counterparties to transfer more than five percent of PNM's assets. As of December 31, 2023, none of the numerical tests would restrict the payment of dividends from the retained earnings of PNM, and the 65% debt-to-capitalization covenant would restrict the payment of dividends by TNMP to \$339.5 million. Similarly, the 70% debt-to-capitalization covenant would restrict the payment of dividends by PNMR to \$321.9 million.

In addition, the ability of PNMR to declare dividends is dependent upon the extent to which cash flows will support dividends, the availability of retained earnings, financial circumstances and performance, current and future regulatory decisions, Congressional and legislative acts, and economic conditions. Conditions imposed by the NMPRC or PUCT, future growth plans and related capital requirements, and business considerations may also affect PNMR's ability to pay dividends.

Preferred Stock

PNM's cumulative preferred shares outstanding bear dividends at 4.58% per annum. PNM preferred stock does not have a mandatory redemption requirement, but may be redeemed, at PNM's option, at 102% of the stated value plus accrued dividends. The holders of the PNM preferred stock are entitled to payment before the holders of common stock in the event of any liquidation or dissolution or distribution of assets of PNM. In addition, PNM's preferred stock is not entitled to a sinking fund and cannot be converted into any other class of stock of PNM.

PNMR and TNMP have no preferred stock outstanding. The authorized shares of PNMR and TNMP preferred stock are 10 million shares and 1 million shares, respectively.

(7) Financing

The Company's financing strategy includes both short-term and long-term borrowings. The Company utilizes short-term revolving credit facilities, as well as cash flows from operations, to provide funds for both construction and operating expenditures. Depending on market and other conditions, the Company will periodically sell long-term debt or enter into term loan arrangements and use the proceeds to reduce borrowings under the revolving credit facilities or refinance other debt. Each of the Company's revolving credit facilities, term loans, and other debt agreements contain a single financial covenant that requires the maintenance of a debt-to-capitalization ratio. For the PNMR agreements this ratio must be maintained at less than or equal to 70%, and for the PNM and TNMP agreements this ratio must be maintained at less than or equal to 65%. The Company's revolving credit facilities, term loans, and other debt agreements generally also contain customary covenants, events of default, cross-default provisions, and change-of-control provisions.

PNM must obtain NMPRC approval for any financing transaction having a maturity of more than 18 months. In addition, PNM files its annual informational financing filing and short-term financing plan with the NMPRC.

Financing Activities

PNMR

At December 31, 2020, PNMR had \$300.0 million aggregate principal amount of 3.25% SUNs outstanding (the "PNMR 2018 SUNs"), which were set to mature on March 9, 2021. On March 9, 2021, PNMR utilized \$220.0 million of capacity under the PNMR 2020 Delayed-Draw Term Loan as well as \$80.0 million in borrowings under the PNMR Revolving Credit Facility to repay the PNMR 2018 SUNs.

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At December 31, 2020, PNMR had \$150.0 million outstanding under the PNMR 2019 Term Loan, \$150.0 million outstanding under the PNMR 2020 Term Loan, \$300.0 million outstanding under the PNMR 2020 Delayed-Draw Term Loan, and \$65.0 million outstanding under the PNMR Development Term Loan. On May 18, 2021, each of these outstanding amounts were repaid with proceeds from the PNMR 2021 Delayed-Draw Term Loan discussed below.

On May 18, 2021, PNMR entered into the PNMR 2021 Delayed-Draw Term Loan, among PNMR, the lenders party thereto, and Wells Fargo Bank, N.A., as administrative agent. Initially, PNMR drew \$850.0 million to repay and terminate existing indebtedness, including the \$150.0 million PNMR 2019 Term Loan, the \$300.0 million PNMR 2020 Delayed-Draw Term Loan, the \$150.0 million PNMR 2020 Term Loan, the \$65.0 million PNMR Development Term Loan, and \$40.0 million in borrowings under the PNMR Development Revolving Credit Facility. Additionally, PNMR repaid \$92.1 million in borrowings under the PNMR Revolving Credit Facility. On December 2, 2021, PNMR drew an additional \$50.0 million and used the proceeds for other general corporate purposes. On January 24, 2022, PNMR drew the remaining \$100.0 million available under the PNMR 2021 Delayed-Draw Term Loan and used the proceeds to pay down the PNMR Revolving Credit Facility. On May 20, 2022, PNMR amended and restated the PNMR 2021 Delayed-Draw Term Loan, extending its maturity to May 18, 2025. As discussed below on June 30, 2023, \$500.0 million under the PNMR 2021 Delayed Draw Term Loan was prepaid, without penalty, with proceeds from the PNMR 2023 Term Loan. Draws on the PNMR 2021 Delayed-Draw Term Loan bear interest at a variable rate, which was 6.43% at December 31, 2023.

On March 2, 2022, PNMR filed a shelf registration that provides for the issuance of various types of debt and equity securities. The PNMR shelf registration statement expires in March 2025.

On November 10, 2022, PNMR entered into a distribution agreement with BofA Securities, Inc., MUFG Securities Americas Inc. and Wells Fargo Securities, LLC, as sales agents and Bank of America, N.A., MUFG Securities EMEA plc and Wells Fargo Bank, N.A., as forward purchasers, pursuant to which the Company may sell, from time to time, up to an aggregate sales price of \$200.0 million of its common stock, no par value, through the sales agents (the "PNMR 2022 ATM Program"). Sales of the shares made pursuant to the distribution agreement may be made in "at the market offerings" as defined in Rule 415 of the Securities Act. PNMR did not initially receive any proceeds upon the execution of this agreement.

Throughout 2023, PNMR entered into forward sale agreements with the forward purchasers listed below, for the sale of shares of PNMR common stock. On December 15, 2023, PNMR physically settled the forward purchases under the PNMR 2022 ATM Program and used the proceeds to repay borrowings under the PNMR Revolving Credit Facility and for other corporate purposes. Gross cash proceeds shown below were reduced by \$1.0 million in issuance costs resulting in net cash proceeds of \$198.2 million.

Forward completion	Initial forward price	Shares	Settlement price	Settlement amount
				(in thousands)
March 15, 2023	\$ 48.49	504,452	\$ 49.00	\$ 24,720
March 20, 2023	48.30	528,082	48.78	25,758
May 30, 2023	47.56	244,639	47.99	11,741
June 30, 2023	44.87	804,477	45.07	36,257
September 26, 2023	44.03	2,283,860	44.11	100,734
		4,365,510		\$ 199,210

On June 30, 2023, PNMR entered into a \$500.0 million term loan agreement (the "PNMR 2023 Term Loan") among PNMR, the lenders party thereto, and Wells Fargo Bank, N.A., as administrative agent. The PNMR 2023 Term Loan matures on June 30, 2026 and bears interest at a variable rate, which was 6.83% at December 31, 2023. The proceeds were used to prepay an equal amount of the PNMR 2021 Delayed Draw Term Loan, without penalty.

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PNM

At December 31, 2020, PNM had a \$40.0 million outstanding under the PNM 2019 \$40.0 million Term Loan. On June 18, 2021, the PNM 2019 \$40.0 million Term Loan was repaid using proceeds from the PNM 2021 Term Loan discussed below.

At December 31, 2020, PNM had \$100.3 million outstanding under the PNM Floating Rate PCRBs. On October 1, 2021, PNM converted the PNM Floating Rate PCRBs to a fixed rate period and successfully remarketed them to new investors (the "PNM 2021 Fixed Rate PCRBs"). The PNM 2021 Fixed Rate PCRBs now bear interest at 0.875% and are subject to mandatory tender on October 1, 2026.

At December 31, 2020, PNM had \$146.0 million of outstanding PCRBs with a final maturity of April 1, 2033. These PCRBs were subject to mandatory tender on October 1, 2021, and were successfully remarketed to new investors on that date. The \$146.0 million PCRBs bear interest at a fixed rate of 2.15% until their final maturity.

On June 18, 2021, PNM entered into a \$75.0 million term loan agreement (the "PNM 2021 Term Loan") between PNM and Bank of America, N.A., as lender. The PNM 2021 Term Loan was used to repay the PNM 2019 \$40.0 million Term Loan and for other corporate purposes. On August 5, 2022, the PNM 2021 Term Loan was prepaid without penalty with proceeds from the PNM 2022 Delayed-Draw Term Loan discussed below.

On July 14, 2021, PNM entered into an agreement (the "PNM 2021 Note Purchase Agreement") with institutional investors for the sale and issuance of \$160.0 million aggregate principal amount of SUNs (the "PNM 2021 SUNs") offered in private placement transactions. On July 14, 2021, PNM issued \$80.0 million of the PNM 2021 SUNs at 2.59%, due July 15, 2033, and another \$80.0 million at 3.14%, due July 15, 2041. Proceeds from the PNM 2021 SUNs were used to repay the total amount of the \$160.0 million of PNM's 5.35% SUNs, at par, earlier than their scheduled maturity of October 1, 2021. The PNM 2021 Note Purchase Agreement includes the customary covenants discussed above. In the event of a change of control, PNM will be required to offer to prepay the PNM 2021 SUNs at par. PNM has the right to redeem any or all of the PNM 2021 SUNs prior to their maturities, subject to payment of a customary make-whole premium.

On September 23, 2021, PNM entered into an agreement (the "PNM September 2021 Note Purchase Agreement") with institutional investors for the sale and issuance of \$150.0 million aggregate principal amount of SUNs (the "PNM September 2021 SUNs") offered in private placement transactions. On December 2, 2021, PNM issued \$50.0 million of the PNM September 2021 SUNs at 2.29%, due December 30, 2031, and another \$100.0 million at 2.97%, due December 30, 2041. Proceeds from the PNM September 2021 SUNs were used for funding of capital expenditures, including the purchase of the Western Spirit Line, repayment of existing indebtedness, and for general corporate purposes. The PNM September 2021 Note Purchase Agreement includes the customary covenants discussed above. In the event of a change of control, PNM will be required to offer to prepay the PNM September 2021 SUNs at par. PNM has the right to redeem any or all of the PNM September 2021 SUNs prior to their maturities, subject to payment of a customary make-whole premium.

At December 31, 2021, PNM had \$104.5 million PCRBs outstanding with a mandatory remarketing date of June 1, 2022, consisting of \$36.0 million at 1.05% issued by the Maricopa County, Arizona Pollution Control Corporation with a final maturity of January 2038; \$37.0 million at 2.125% issued by the City of Farmington, New Mexico with a final maturity of June 2040; \$11.5 million at 1.20% issued by the City of Farmington, New Mexico with a final maturity of June 2040; and \$20.0 million at 2.45% issued by the City of Farmington, New Mexico with a final maturity of September 2042. On June 1, 2022, PNM remarketed to new investors the \$36.0 million and \$37.0 million series in the tax-exempt market at 3.00% with a mandatory remarketing date of June 1, 2024. PNM purchased and redeemed the remaining two series of PCRBs, totaling \$31.5 million, on June 1, 2022.

On August 5, 2022, PNM entered into a \$225.0 million delayed-draw term loan agreement (the "PNM 2022 Delayed-Draw Term Loan"), among PNM, the lender parties thereto, and Royal Bank of Canada, as administrative agent. PNM initially drew \$180.0 million to prepay, without penalty, the \$75.0 million PNM 2021 Term Loan ahead of its December 2022 maturity and for other corporate purposes. On September 30, 2022, PNM drew the remaining \$45.0 million and used the proceeds for general corporate purposes. On November 15, 2023, upon receipts of funds from the sale of energy transition property to ETBC I discussed below, PNM prepaid the \$225.0 million outstanding under the PNM 2022 Delayed-Draw Term Loan, without penalty.

At December 31, 2022, PNM had \$130.0 million of 1.10% PCRBs outstanding with a mandatory remarketing date of June 1, 2023, issued by the City of Farmington, New Mexico with a final maturity of June

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2040. On June 1, 2023, PNM remarketed the \$130.0 million to new investors at 3.90% with a mandatory tender date of June 1, 2028.

At December 31, 2022, PNM had \$55.0 million aggregate principal amount of its 3.15% SUNs outstanding due May 2023. On May 15, 2023, PNM repaid the \$55.0 million 3.15% SUNs.

On April 28, 2023, PNM entered into an agreement (the “PNM 2023 Note Purchase Agreement”) with institutional investors for the sale and issuance of \$200.0 million aggregate principal amount of two series of SUNs (the “PNM 2023 SUNs”) offered in private placement transactions. The PNM 2023 SUNs were issued on April 28, 2023. PNM issued \$150.0 million of the PNM 2023 SUNs at 5.51%, due April 28, 2035, and another \$50.0 million at 5.92%, due April 28, 2053. Proceeds from the PNM 2023 SUNs were used to repay borrowings under the PNM Revolving Credit Facility and the PNM New Mexico Credit Facility, for funding of capital expenditures, and for general corporate purposes. The PNM 2023 Note Purchase Agreement includes the customary covenants discussed above. In the event of a change of control, PNM will be required to offer to prepay the PNM 2023 SUNs at par. PNM has the right to redeem any or all of the PNM 2023 SUNs prior to their maturities, subject to payment of a customary make-whole premium.

ETBC I

On November 15, 2023, ETBC I issued \$343.2 million aggregate principal amount of its senior secured energy transition bonds, Series A (“Securitized Bonds”) in two tranches. The first tranche of \$175.0 million aggregate principal amount was issued at an interest rate of 5.64% with an expected final payment due in August 2040. The second tranche of \$168.2 million aggregate principal amount was issued at an interest rate of 6.03% with an expected final payment due in August 2048. Each tranche is subject to fixed, scheduled, semi-annual payments of principal and interest beginning on August 15, 2024 with \$2.5 million included as Current installments of long-term debt on the Consolidated Balance Sheets at December 31, 2023. The Securitized Bonds were offered pursuant to a prospectus dated November 7, 2023 and are governed by an indenture between ETBC I and U.S. Bank Trust Company, National Association, as indenture trustee dated as of November 15, 2023. ETBC I used the proceeds from the issuance of the Securitized Bonds to purchase energy transition property (Note 16) from PNM. See Note 10.

TNMP

On July 14, 2021, TNMP entered into an agreement (the “TNMP 2021 Bond Purchase Agreement”) with institutional investors for the sale of \$65.0 million aggregate principal amount of TNMP first mortgage bonds (the “TNMP 2021 Bonds”) offered in private placement transactions. On August 16, 2021, TNMP issued all \$65.0 million of the TNMP 2021 Bonds at 2.44% with a maturity of August 15, 2035, and used the proceeds to repay existing debt and for other corporate purposes. The TNMP 2021 Bonds are subject to continuing compliance with the representations, warranties and covenants set forth in the supplemental indenture governing the TNMP 2021 Bonds. The terms of the supplemental indenture governing the TNMP 2021 Bonds include the customary covenants discussed above. In the event of a change of control, TNMP will be required to offer to prepay the TNMP 2021 Bonds at par. TNMP has the right to redeem any or all of the TNMP 2021 Bonds prior to their maturity, subject to payment of a customary make-whole premium.

On April 27, 2022, TNMP entered into an agreement (the “TNMP 2022 Bond Purchase Agreement”) with institutional investors for the sale of \$160.0 million aggregate principal amount of two series of TNMP first mortgage bonds (the “TNMP 2022 Bonds”) offered in private placement transactions. TNMP issued the first series of \$65.0 million of the TNMP 2022 Bonds on May 12, 2022, at a 4.13% interest rate, due May 12, 2052, and the second series of \$95.0 million of the TNMP 2022 Bonds on July 28, 2022, at a 3.81% interest rate, due July 28, 2032. The proceeds were used to repay borrowings under the TNMP Revolving Credit Facility and for other corporate purposes. The TNMP 2022 Bonds are subject to continuing compliance with the representations, warranties and covenants set forth in the supplemental indenture governing the TNMP 2022 Bonds. The terms of the supplemental indentures governing the TNMP 2022 Bonds include the customary covenants discussed above. In the event of a change of control, TNMP will be required to offer to prepay the TNMP 2022 Bonds at par. TNMP has the right to redeem any or all of the TNMP 2022 Bonds prior to their maturity, subject to payment of a customary make-whole premium.

On April 28, 2023, TNMP entered into an agreement (the “TNMP 2023 Bond Purchase Agreement”) with institutional investors for the sale of \$185.0 million aggregate principal amount of two series of TNMP first mortgage bonds (the “TNMP 2023 Bonds”) offered in private placement transactions. TNMP issued the first series

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of \$130.0 million on April 28, 2023, at a 5.01% interest rate, due April 28, 2033. The second series of \$55.0 million was issued on July 28, 2023, at a 5.47% interest rate, due July 28, 2053. The proceeds were used to repay borrowings under the TNMP Revolving Credit Facility, for funding of capital expenditures, and for other corporate purposes. The TNMP 2023 Bonds are subject to continuing compliance with the representations, warranties and covenants set forth in the supplemental indentures governing the TNMP 2023 Bonds. The terms of the supplemental indentures governing the TNMP 2023 Bonds include the customary covenants discussed above. In the event of a change of control, TNMP will be required to offer to prepay the TNMP 2023 Bonds at par. TNMP has the right to redeem any or all of the TNMP 2023 Bonds prior to their maturity, subject to payment of a customary make-whole premium.

Interest Rate Hedging Activities

PNMR has entered into hedging agreements that establish a fixed rate for the indicated amount of variable rate debt, above which a customary spread is applied, which is subject to change if there is a change in PNMR's credit rating. During the years ended December 31, 2022 and 2023, PNMR's hedging agreements were as follows:

<u>Effective Date</u>	<u>Maturity Date</u>	<u>Variable Rate Debt Hedged</u> (In millions)	<u>Established Fixed Rate</u> (Percent)
March 17, 2023	September 30, 2023	\$ 150.0	4.57 %
October 31, 2022	December 31, 2023	100.0	4.65
October 31, 2022	December 31, 2023	100.0	4.66
September 30, 2022	December 31, 2023	100.0	4.17
September 30, 2022	December 31, 2023	100.0	4.18
May 20, 2022	December 31, 2023	100.0	2.52
May 2, 2022	December 31, 2023	150.0	2.65
May 2, 2022	December 31, 2023	200.0	2.65
January 1, 2024	December 31, 2024	100.0	3.32
January 1, 2024	December 31, 2024	100.0	3.32
January 1, 2024	December 31, 2024	100.0	3.38
January 1, 2024	December 31, 2024	150.0	3.62
January 1, 2024	December 31, 2024	150.0	3.57
January 1, 2025	December 31, 2025	100.0	4.18
January 1, 2025	December 31, 2025	100.0	4.18
January 1, 2025	December 31, 2025	100.0	3.99

These hedge agreements are accounted for as cash flow hedges. The fair value of the active hedge agreements is presented as a gain of \$7.2 million included in Other current assets and a loss of \$2.3 million included in Other deferred credits on the Consolidated Balance Sheets at December 31, 2023. At December 31, 2022, the fair value of the active hedge agreements was \$11.1 million that was included in Other current assets on the Consolidated Balance Sheets. Fair values are determined using Level 2 inputs under GAAP, including using forward SOFR curves under the mid-market convention to discount cash flows over the remaining term of the agreements.

Borrowing Arrangements Between PNMR and its Subsidiaries

PNMR has intercompany loan agreements with its subsidiaries. Individual subsidiary loan agreements vary in amount up to \$150.0 million and have either reciprocal or non-reciprocal terms. Interest charged to the subsidiaries is equivalent to interest paid by PNMR on its short-term borrowings or the money-market interest rate if PNMR does not have any short-term borrowings outstanding. All balances outstanding under intercompany loan agreements are eliminated upon consolidation. See Note 1. PNM and TNMP had no borrowings from PNMR at December 31, 2023 and 2022. PNMR Development had \$2.3 million and zero in short-term borrowings outstanding from PNMR at December 31, 2023 and 2022. PNMR had zero and \$5.3 million in short-term borrowings outstanding from PNMR Development at December 31, 2023 and 2022.

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Short-term Debt and Liquidity

Currently, the PNMR Revolving Credit Facility has a financing capacity of \$300.0 million and the PNM Revolving Credit Facility has a financing capacity of \$400.0 million. On May 20, 2022, both PNMR and PNM extended the facilities to October 31, 2024, with two one-year extension options that, if exercised, would extend the maturity through October 2026, subject to approval by a majority of the lenders. On January 26, 2023, PNMR and PNM exercised one of the one-year extension options in their respective agreements, extending their maturities through October 2025; provided that, effective November 1, 2024, the capacity of the PNMR Revolving Credit Facility will adjust to \$285.0 million and the PNM Revolving Credit Facility will adjust to \$380.0 million because one lender in each facility did not agree to the one-year extension through October 2025. On December 8, 2023, PNMR and PNM exercised the second one-year extension options in their respective agreements, extending their maturities through October 2026. Also on May 20, 2022, the \$40.0 million PNM New Mexico Credit Facility was extended to May 20, 2026. On March 11, 2022, the TNMP Revolving Credit Facility, with a capacity of \$75.0 million and secured by \$75.0 million aggregate principal amount of TNMP first mortgage bonds, was amended to extend the maturity to September 23, 2024, with two one-year extension options that, if exercised, would extend the maturity to September 23, 2026, subject to approval by a majority of the lenders. The amended TNMP Revolving Credit Facility also contained an accordion feature that would allow TNMP to increase the size of the revolver from \$75.0 million to \$100.0 million, subject to certain conditions. On May 13, 2022, TNMP exercised the accordion feature and increased the capacity of the TNMP Revolving Credit Facility to \$100.0 million, secured by \$100.0 million aggregate principal amount of TNMP first mortgage bonds. On January 26, 2023, TNMP exercised one of the one-year extension options on its credit facility, which extended the maturity to September 23, 2025 and on December 8, 2023 the second extension option was exercised which extended the maturity to September 23, 2026. Variable interest rates under the PNMR, PNM, and TNMP revolving credit facilities are based on SOFR.

Gross borrowings and (repayments) associated with the Revolving Credit Facilities consist of:

	December 31,					
	2023		2022		2021	
	Borrowings	Repayments	Borrowings	Repayments	Borrowings	Repayments
PNM:	(In thousands)					
PNM Revolving Credit Facility	\$ 1,064,300	\$ (1,102,700)	\$ 604,000	\$ (472,400)	\$ 216,600	\$ (209,200)
PNM New Mexico Credit Facility	70,000	(80,000)	86,900	(40,000)	40,000	(50,000)
	<u>1,134,300</u>	<u>(1,182,700)</u>	<u>690,900</u>	<u>(512,400)</u>	<u>256,600</u>	<u>(259,200)</u>
TNMP Revolving Credit Facility	407,600	(389,200)	480,500	(444,200)	233,400	(233,000)
PNMR:						
PNMR Revolving Credit Facility	837,200	(777,300)	612,000	(657,500)	719,600	(676,700)
PNMR Development Revolving Credit Facility	—	—	—	—	30,000	(40,000)
	<u>837,200</u>	<u>(777,300)</u>	<u>612,000</u>	<u>(657,500)</u>	<u>749,600</u>	<u>(716,700)</u>
	<u>\$ 2,379,100</u>	<u>\$ (2,349,200)</u>	<u>\$ 1,783,400</u>	<u>\$ (1,614,100)</u>	<u>\$ 1,239,600</u>	<u>\$ (1,208,900)</u>

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Short-term debt outstanding consists of:

Short-term Debt	December 31,	
	2023	2022
	(In thousands)	
PNM:		
PNM Revolving Credit Facility	\$ 107,500	\$ 145,900
PNM New Mexico Credit Facility	30,000	40,000
	<u>137,500</u>	<u>185,900</u>
TNMP Revolving Credit Facility	55,100	36,700
PNMR:		
PNMR Revolving Credit Facility	69,300	9,400
	<u>\$ 261,900</u>	<u>\$ 232,000</u>

In addition to the above borrowings, PNMR, PNM, and TNMP had letters of credit outstanding of \$3.1 million, zero, and zero at December 31, 2023, that reduce the available capacity under their respective revolving credit facilities. PNMR also has \$30.3 million of letters of credit outstanding under the WFB LOC Facility. At December 31, 2023, interest rates on outstanding borrowings were 6.69% for the PNM Revolving Credit Facility, 6.71% for the PNM New Mexico Credit Facility, 6.32% for the TNMP Revolving Credit Facility, and 6.96% for the PNMR Revolving Credit Facility.

Long-Term Debt

Information concerning long-term debt outstanding and unamortized (premiums), discounts, and debt issuance costs is as follows:

	December 31, 2023		December 31, 2022	
	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net
	(In thousands)			

PNM Debt

ETBC I - Senior Secured Energy Transition Bonds

Series A-1, 5.64%	\$ 175,000	\$ 1,093	\$ —	\$ —
Series A-2, 6.03%	168,200	1,057	—	—

Senior Unsecured Notes, Pollution Control Revenue Bonds:

2.15% due April 2033	146,000	824	146,000	915
3.00% due June 2040, mandatory tender - June 1, 2024	37,000	88	37,000	296
0.875% mandatory tender - October 1, 2026	100,345	403	100,345	550
3.00% due January 2038, mandatory tender - June 1, 2024	36,000	87	36,000	288
1.10% due June 2040, mandatory tender - June 1, 2023	—	—	130,000	178
1.15% due June 2040, mandatory tender - June 1, 2024	125,000	132	125,000	383
3.90% due June 2040, mandatory tender - June 1, 2028	130,000	1,029	—	—

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	December 31, 2023		December 31, 2022	
	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net
(In thousands)				
PNM Debt (Continued)				
Senior Unsecured Notes:				
3.15% due May 2023	—	—	55,000	29
3.45% due May 2025	104,000	143	104,000	248
3.85% due August 2025	250,000	477	250,000	775
3.68% due May 2028	88,000	271	88,000	333
3.78% due August 2028	15,000	48	15,000	59
3.93% due May 2033	38,000	167	38,000	185
4.22% due May 2038	45,000	228	45,000	243
4.50% due May 2048	20,000	114	20,000	119
4.60% due August 2048	85,000	490	85,000	510
3.21% due April 2030	150,000	1,011	150,000	1,171
3.57% due April 2039	50,000	426	50,000	454
2.59% due July 2033	80,000	366	80,000	405
3.14% due July 2041	80,000	404	80,000	427
2.29% due December 2031	50,000	235	50,000	264
2.97% due December 2041	100,000	528	100,000	557
5.51% due April 2035	150,000	854	—	—
5.92% due April 2053	50,000	290	—	—
PNM 2022 \$225.0 Million Term Loan due February 2024	—	—	225,000	56
	<u>2,272,545</u>	<u>10,765</u>	<u>2,009,345</u>	<u>8,445</u>
Less current maturities	200,529	307	185,000	207
	<u>2,072,016</u>	<u>10,458</u>	<u>1,824,345</u>	<u>8,238</u>
TNMP Debt				
First Mortgage Bonds:				
6.95% due April 2043	93,198	(13,771)	93,198	(14,488)
4.03% due July 2024	80,000	53	80,000	158
3.53% due February 2026	60,000	174	60,000	256
3.22% due August 2027	60,000	209	60,000	266
3.85% due June 2028	60,000	281	60,000	344
3.79% due March 2034	75,000	385	75,000	422
3.92% due March 2039	75,000	429	75,000	457
4.06% due March 2044	75,000	456	75,000	479
3.60% due July 2029	80,000	330	80,000	391
2.73% due April 2030	85,000	530	85,000	616
3.36% due April 2050	25,000	218	25,000	226
2.93% due July 2035	25,000	191	25,000	208
3.36% due July 2050	50,000	441	50,000	457
2.44% due August 2035	65,000	418	65,000	454
4.13% due May 2052	65,000	424	65,000	439
3.81% due July 2032	95,000	572	95,000	638
5.01% due April 2033	130,000	682	—	—
5.47% due July 2053	55,000	296	—	—
	<u>1,253,198</u>	<u>(7,682)</u>	<u>1,068,198</u>	<u>(8,677)</u>
Less current maturities	80,000	53	—	—
	<u>1,173,198</u>	<u>(7,735)</u>	<u>1,068,198</u>	<u>(8,677)</u>

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	December 31, 2023		December 31, 2022	
	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net	Principal	Unamortized Discounts, (Premiums), and Issuance Costs, net
	(In thousands)			
PNMR Debt				
PNMR 2021 Delayed-Draw Term Loan due May 2025	500,000	114	1,000,000	388
PNMR 2023 Term Loan due June 2026	500,000	735	—	—
	<u>1,000,000</u>	<u>849</u>	<u>1,000,000</u>	<u>388</u>
Less current maturities	—	—	—	—
	<u>1,000,000</u>	<u>849</u>	<u>1,000,000</u>	<u>388</u>
Total Consolidated PNMR Debt	<u>4,525,743</u>	<u>3,932</u>	<u>4,077,543</u>	<u>156</u>
Less current maturities	<u>280,529</u>	<u>360</u>	<u>185,000</u>	<u>207</u>
	<u>\$4,245,214</u>	<u>\$ 3,572</u>	<u>\$3,892,543</u>	<u>\$ (51)</u>

Reflecting mandatory tender dates, long-term debt maturities as of December 31, 2023, are follows:

	PNMR	PNM	TNMP	PNMR Consolidated
	(In thousands)			
2024	\$ —	\$ 200,529	\$ 80,000	\$ 280,529
2025	500,000	360,907	—	860,907
2026	500,000	107,648	60,000	667,648
2027	—	7,721	60,000	67,721
2028	—	241,162	60,000	301,162
Thereafter	—	1,354,578	993,198	2,347,776
Total	<u>\$ 1,000,000</u>	<u>\$ 2,272,545</u>	<u>\$ 1,253,198</u>	<u>\$ 4,525,743</u>

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(8) Lease Commitments

The Company enters into various lease agreements to meet its business needs and to satisfy the needs of its customers. The Company accounts for contracts that convey the use and control of identified assets for a period of time as leases. The Company classifies leases as operating or financing by evaluating the terms of the lease agreement. Agreements under which the Company is likely to utilize substantially all of the economic value or life of the asset or that the Company is likely to own at the end of the lease term, either through purchase or transfer of ownership, are classified as financing leases. Leases not meeting these criteria are accounted for as operating leases. Agreements under which the Company is a lessor are insignificant. PNMR, PNM, and TNMP determine present value for their leases using their incremental borrowing rates at the commencement date of the lease or, when readily available, the rate implicit in the agreement. The Company leases office buildings, vehicles, battery storage facilities, and other equipment. In addition, PNM had lease interests in PVNGS and certain rights-of-way agreements that were or are classified as leases. All of the Company's leases with terms in excess of one year are recorded on the Consolidated Balance Sheets by recording a present value lease liability and a corresponding right-of-use asset. Operating lease expense is recognized within operating expenses according to the use of the asset on a straight-line basis. Financing lease costs, which are comprised primarily of fleet and office equipment leases commencing after January 1, 2019, are recognized by amortizing the right-of-use asset on a straight-line basis and by recording interest expense on the lease liability. Financing lease right-of-use assets amortization is reflected in depreciation and amortization and interest on financing lease liabilities is reflected as interest charges on the Company's Consolidated Statements of Earnings.

PVNGS

In 1985 and 1986, PNM entered into leases for its interest in PVNGS Unit 1 and 2. The leases initially were scheduled to expire in January 2015 for four Unit 1 leases and January 2016 for four Unit 2 leases. Following procedures set forth in the PVNGS leases, PNM notified four of the lessors under the Unit 1 leases and one lessor under the Unit 2 lease that it would elect to renew those leases on the expiration date of the original leases. The four Unit 1 leases expired in January 2023 and the one Unit 2 lease expired in January 2024. The annual lease payments during the renewal periods aggregated \$0.8 million on the PVNGS Unit 2 lease that terminated in January 2024. PNM will cease depreciation and as authorized by the NMPRC create a regulatory asset for the associated remaining undepreciated investments.

On April 5, 2021, PNM and SRP entered into an Asset Purchase and Sale Agreement, pursuant to which PNM agreed to sell to SRP certain PNM-owned assets and nuclear fuel necessary to the ongoing operation and maintenance of leased capacity in PVNGS Unit 1 and Unit 2. In January 2023, the Unit 1 leases expired, and PNM closed on the associated sale to SRP, receiving payments of \$33.7 million, of which \$28.4 million was recorded as a reduction to Net utility plant on the Condensed Consolidated Balance Sheets and is presented as cash flows from investing activities on the Condensed Consolidated Statement of Cash Flows. In addition, \$5.3 million was recorded as a reduction to materials, supplies, and fuel stock on the Condensed Consolidated Balance Sheets and is presented as cash flows from operating activities on the Condensed Consolidated Statement of Cash Flows. In January 2024, the Unit 2 leases expired, and PNM closed on the associated sale to SRP, receiving payments of \$3.5 million, of which \$3.0 million was related to net utility plant and \$0.5 million was related to materials and supplies. See Notes 16 and 17 for information on other PVNGS matters including NMPRC authorization to create regulatory assets for the associated remaining undepreciated investments and the PVNGS Leased Interest Abandonment Application.

Land Easements and Rights-of-Ways

Many of PNM's electric transmission and distribution facilities are located on lands that require the grant of rights-of-way from governmental entities, Native American tribes, or private parties. PNM has completed several renewals of rights-of-way, the largest of which is a renewal with the Navajo Nation. PNM is obligated to pay the Navajo Nation annual payments of \$6.0 million, subject to adjustment each year based on the Consumer Price Index, through 2029. PNM's April 2023 payment for the amount due under the Navajo Nation right-of-way lease was \$8.3 million, which included amounts due under the Consumer Price Index adjustment. Changes in the Consumer Price Index subsequent to January 1, 2019, are considered variable lease payments.

PNM has other prepaid rights-of-way agreements that are not accounted for as leases or recognized as a component of plant in service. PNM reflects the unamortized balance of these prepayments in other deferred

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charges on the Consolidated Balance Sheets and recognizes amortization expense associated with these agreements in the Consolidated Statement of Earnings over their term. As of December 31, 2023 and 2022, the unamortized balance of these rights-of-ways was \$56.2 million and \$54.6 million. During the years ended December 31, 2023, 2022, and 2021, PNM recognized amortization expense associated with these agreements of \$3.5 million, \$3.8 million, and \$3.7 million.

Fleet Vehicles and Equipment

Fleet vehicle and equipment leases commencing on or after January 1, 2019, are classified as financing leases. Fleet vehicle and equipment leases existing as of December 31, 2018, are classified as operating leases. The Company's fleet vehicle and equipment lease agreements include non-lease components for insignificant administrative and other costs that are billed over the life of the agreement. At December 31, 2023, residual value guarantees on fleet vehicle and equipment leases are \$0.8 million, \$1.0 million, and \$1.8 million for PNM, TNMP, and PNMR Consolidated.

Battery Storage Agreements

The Company has entered into various battery storage agreements and, in the third quarter of 2023, two battery storage facilities with an aggregate capacity of 170 MW began commercial operation. The agreements are for 20-year terms and have fixed payments over the life of the agreements. The Company has accounted for the agreements as operating leases and initially recorded lease liabilities with corresponding right-of-use assets of \$138.0 million. In addition, the Company has elected to separate lease components from non-lease components for battery storage agreements and accordingly, does not include non-lease components in the measurement of the lease liability or right-of-use asset. The non-lease components, currently not included in the measurement of the lease liability or the corresponding right-of-use asset, comprise of 25.5% of the value of the agreements.

Information related to the Company's operating leases recorded on the Consolidated Balance Sheets is presented below:

	December 31, 2023			December 31, 2022		
	PNM	TNMP	PNMR Consolidated	PNM	TNMP	PNMR Consolidated
	(In thousands)					
Operating leases:						
Operating lease assets, net of amortization	\$180,370	\$1,814	\$182,201	\$52,556	\$3,426	\$55,982
Current portion of operating lease liabilities	11,371	895	12,267	17,239	1,543	18,781
Long-term portion of operating lease liabilities	166,191	809	167,000	39,633	1,703	41,336

As discussed above, the Company classifies its fleet vehicle and equipment leases and its office equipment leases commencing on or after January 1, 2019, as financing leases.

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Information related to the Company's financing leases recorded on the Consolidated Balance Sheets is presented below:

	December 31, 2023			December 31, 2022		
	PNM	TNMP	PNMR Consolidated	PNM	TNMP	PNMR Consolidated
	(In thousands)					
Financing leases:						
Non-utility property	\$ 25,425	\$ 24,487	\$ 49,981	\$ 19,324	\$ 20,084	\$ 39,738
Accumulated depreciation	(11,984)	(11,869)	(23,905)	(7,726)	(8,202)	(16,189)
Non-utility property, net	\$ 13,441	\$ 12,618	\$ 26,076	\$ 11,598	\$ 11,882	\$ 23,549
Other current liabilities	\$ 4,146	\$ 4,616	\$ 8,776	\$ 3,441	\$ 3,867	\$ 7,363
Other deferred credits	9,300	8,023	17,326	8,079	8,028	16,123

Information concerning the weighted average remaining lease terms and the weighted average discount rates used to determine the Company's lease liabilities is presented below:

	December 31, 2023			December 31, 2022		
	PNM	TNMP	PNMR Consolidated	PNM	TNMP	PNMR Consolidated
Weighted average remaining lease term (years):						
Operating leases	16.79	1.65	16.65	6.74	2.16	6.48
Financing leases	3.81	3.08	3.45	3.99	3.39	3.68
Weighted average discount rate:						
Operating leases	5.61 %	4.16 %	5.60 %	4.01 %	3.94 %	4.00 %
Financing leases	4.54	4.63	4.58	3.36	3.53	3.44

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Information for the components of lease expense is as follows:

	Year Ended December 31, 2023		
	PNM	TNMP	PNMR
			Consolidated
	(In thousands)		
Operating lease cost:			
Battery storage leases	\$ 4,351	\$ —	\$ 4,351
Other operating leases	11,127	1,479	12,606
Amounts capitalized	(374)	(1,298)	(1,672)
Total operating lease expense	15,104	181	15,285
Financing lease cost:			
Amortization of right-of-use assets	4,566	4,634	9,253
Interest on lease liabilities	562	497	1,060
Amounts capitalized	(3,190)	(4,250)	(7,440)
Total financing lease expense	1,938	881	2,873
Variable lease expense	1,342	—	1,342
Short-term lease expense	675	29	782
Total lease expense for the period	\$ 19,059	\$ 1,091	\$ 20,282

	Year Ended December 31, 2022		
	PNM	TNMP	PNMR
			Consolidated
	(In thousands)		
Operating lease cost			
Operating lease cost	\$ 26,764	\$ 2,020	\$ 28,835
Amounts capitalized	(690)	(1,728)	(2,417)
Total operating lease expense	26,074	292	26,418
Financing lease cost:			
Amortization of right-of-use assets	3,175	3,279	6,529
Interest on lease liabilities	327	330	659
Amounts capitalized	(2,264)	(3,208)	(5,471)
Total financing lease expense	1,238	401	1,717
Variable lease expense	890	—	890
Short-term lease expense ⁽¹⁾	3,058	5	3,109
Total lease expense for the period	\$ 31,260	\$ 698	\$ 32,134

⁽¹⁾ Includes expense of \$2.7 million for the twelve months ended December 31, 2022 for rental of temporary cooling towers associated with the SJGS Unit 1 outage. These amounts are partially offset with insurance reimbursements of \$2.7 million for the twelve months ended December 31, 2022.

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Supplemental cash flow information related to the Company's leases is as follows:

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	PNM	TNMP	PNMR Consolidated	PNM	TNMP	PNMR Consolidated
(In thousands)						
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases	\$21,575	\$ 110	\$ 21,685	\$25,687	\$ 246	\$ 25,984
Operating cash flows from financing leases	183	73	256	96	43	141
Financing cash flows from financing leases	1,671	802	2,527	1,123	499	1,711
Non-cash information related to right-of-use assets obtained in exchange for lease obligations:						
Operating leases	\$138,204	\$ 6	\$ 138,210	\$ 2,924	\$ 179	\$ 3,103
Financing leases	6,421	5,407	11,828	4,205	4,061	8,266

Capitalized lease costs are reflected as investing activities on the Company's Consolidated Statements of Cash Flows for the twelve months ended December 31, 2023 and 2022.

Future expected lease payments are shown below:

	As of December 31, 2023							
	PNM			TNMP		PNMR Consolidated		
	Financing	Operating		Financing	Operating	Financing	Operating	
		Battery Storage	Other				Battery Storage	Other
(In thousands)								
2024	\$ 4,649	\$ 11,786	\$ 8,046	\$ 5,083	\$ 945	\$ 9,746	\$ 11,786	\$ 8,991
2025	3,605	11,786	7,087	3,991	770	7,598	11,786	7,857
2026	3,089	11,786	7,025	2,781	76	5,870	11,786	7,101
2027	1,859	11,786	7,029	1,381	—	3,240	11,786	7,029
2028	889	11,786	7,032	310	—	1,199	11,786	7,032
Later years	614	172,254	10,587	37	—	651	172,254	10,587
Total minimum lease payments	14,705	231,184	46,806	13,583	1,791	28,304	231,184	48,597
Less: Imputed interest	1,259	94,563	5,865	944	87	2,202	94,563	5,951
Lease liabilities	\$ 13,446	\$136,621	\$40,941	\$ 12,639	\$ 1,704	\$ 26,102	\$136,621	\$ 42,646

The above table includes \$12.6 million, \$12.3 million, and \$24.9 million for PNM, TNMP, and PNMR at December 31, 2023 for expected future payments on fleet vehicle and equipment leases that could be avoided if the leased assets were returned and the lessor is able to recover estimated market value for the equipment from third parties. The Company's contractual commitments for leases that have not yet commenced are insignificant.

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At December 31, 2023, the Company has various lease arrangements that have been executed but have not yet commenced, which are primarily related to battery storage agreements. The Company currently expects lease commencement dates in 2024, with lease terms expiring in 2044, and will recognize lease assets and liabilities upon lease commencement. The expected total fixed consideration to be paid for these arrangements, which includes non-lease payments, is approximately \$961.0 million over the 20-year terms of the agreements.

(9) Fair Value of Derivative and Other Financial Instruments

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is based on current market quotes as available and is supplemented by modeling techniques and assumptions made by the Company to the extent quoted market prices or volatilities are not available. External pricing input availability varies based on commodity location, market liquidity, and term of the agreement. Valuations of derivative assets and liabilities take into account nonperformance risk, including the effect of counterparties' and the Company's credit risk. The Company regularly assesses the validity and availability of pricing data for its derivative transactions. Although the Company uses its best judgment in estimating the fair value of these instruments, there are inherent limitations in any estimation technique.

Energy Related Derivative Contracts

Overview

The primary objective for the use of commodity derivative instruments, including energy contracts, options, swaps, and futures, is to manage price risk associated with forecasted purchases of energy and fuel used to generate electricity, as well as managing anticipated generation capacity in excess of forecasted demand from existing customers. PNM's energy related derivative contracts manage commodity risk. PNM is required to meet the demand and energy needs of its customers. PNM is exposed to market risk for the needs of its customers not covered under the FPPAC.

In 2021, PNM entered into three agreements to purchase power from third parties at a fixed price in order to ensure that customer demand during the 2022 summer peak load period was met. Two of the agreements, the purchase of 85 MW from June through September 2022 and the purchase of 40 MW for the full year of 2022, were not considered derivatives because there were no notional amounts due to the unit-contingent nature of the agreements. The third agreement for the purchase of 150 MW firm power in June and September 2022 met the definition of an economic hedge described below and was accounted for accordingly. PNM entered into several agreements to purchase power from third parties in order to ensure that customer demand during the 2023 summer peak load was met. Agreements for purchases totaling 85 MW from June 1, 2023 through September 30, 2023 were not considered derivatives because there was either no notional amount due to their unit-contingent nature or qualified for a normal purchase, normal sale scope exception. Agreements totaling 375 MW were accounted for as derivative agreements and are considered economic hedges. For additional information related to 2023 summer peak resource adequacy, see Note 17.

PNM was exposed to market risk for its 65 MW interest in SJGS Unit 4, which was held as merchant plant as ordered by the NMPRC from January 1, 2018 until September 30, 2022. PNM entered into agreements to sell power from 36 MW of that capacity to a third party at a fixed price for the period January 1, 2018 through June 30, 2022, subject to certain conditions. Under these agreements, PNM was obligated to deliver 36 MW of power only when SJGS Unit 4 was operating. In May 2022, PNM executed a new agreement to sell 50 MW of that capacity to a third party for the period from July 1, 2022 through September 30, 2022 on a system-contingent basis. These agreements were not considered derivatives because there was no notional amount due to the unit-contingent nature of the transactions.

PNM and Tri-State had a hazard sharing agreement that expired in May 2022. Under this agreement, each party sold the other party 100 MW of capacity and energy from a designated generation resource on a unit contingent basis, subject to certain performance guarantees. The agreement was accounted for as a commodity derivative. In May 2022, PNM and Tri-State entered into another hazard sharing agreement that existed on a unit contingent basis through September 30, 2022, however this agreement did not include a performance guarantee. As a result, this agreement was not considered a derivative. Both the purchases and sales are made at the same market index price. This agreement served to reduce the magnitude of each party's single largest generating

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hazard and assist in enhancing the reliability and efficiency of their respective operations. PNM passed the sales and purchases through to customers under PNM's FPPAC.

PNM's operations are managed primarily through a net asset-backed strategy, whereby PNM's aggregate net open forward contract position is covered by its forecasted excess generation capabilities or market purchases. PNM could be exposed to market risk if its generation capabilities were to be disrupted or if its load requirements were to be greater than anticipated. If all or a portion of load requirements were required to be covered as a result of such unexpected situations, commitments would have to be met through market purchases. TNMP does not enter into energy related derivative contracts.

Commodity Risk

Marketing and procurement of energy often involve market risks associated with managing energy commodities and establishing positions in the energy markets, primarily on a short-term basis. PNM routinely enters into various derivative instruments such as forward contracts, option agreements, and price basis swap agreements to economically hedge price and volume risk on power commitments and fuel requirements and to minimize the effect of market fluctuations. PNM monitors the market risk of its commodity contracts in accordance with approved risk and credit policies.

Accounting for Derivatives

Under derivative accounting and related rules for energy contracts, PNM accounts for its various instruments for the purchase and sale of energy, which meet the definition of a derivative, based on PNM's intent. During the years ended December 31, 2023, 2022, and 2021, PNM was not hedging its exposure to the variability in future cash flows from commodity derivatives through designated cash flow hedges. The derivative contracts recorded at fair value that do not qualify or are not designated for cash flow hedge accounting are classified as economic hedges. Economic hedges are defined as derivative instruments, including long-term power agreements, used to economically hedge generation assets, purchased power and fuel costs, and customer load requirements. Changes in the fair value of economic hedges are reflected in results of operations and are classified between operating revenues and cost of energy according to the intent of the hedge. PNM also uses such instruments under an NMPRC approved hedging plan to manage fuel and purchased power costs related to customers covered by its FPPAC. Changes in the fair value of instruments covered by its FPPAC are recorded as regulatory assets and liabilities. PNM has no trading transactions.

Commodity Derivatives

PNM's commodity derivative instruments that are recorded at fair value, all of which are accounted for as economic hedges and considered Level 2 fair value measurements, are presented in the following line items on the Consolidated Balance Sheets:

	Economic Hedges	
	December 31,	
	2023	2022
	(In thousands)	
Other current assets	\$ 826	\$ 9,780
Other current liabilities	—	(19,209)
Net	<u>\$ 826</u>	<u>\$ (9,429)</u>

Certain of PNM's commodity derivative instruments in the above table are subject to master netting agreements whereby assets and liabilities could be offset in the settlement process. PNM does not offset fair value and cash collateral for derivative instruments under master netting arrangements and the above table reflects the gross amounts of fair value assets and liabilities for commodity derivatives. Included in the table above are equal amounts of current assets and current liabilities aggregating zero at December 31, 2022 resulting from PNM's hazard sharing arrangements with Tri-State that ended May 2022. The hazard sharing arrangements were net-settled upon delivery. As discussed above, PNM's most recent hazard sharing agreement with Tri-State was not considered a derivative.

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As discussed above, PNM has NMPRC-approved guidelines for hedging arrangements to manage fuel and purchased power costs related to customers covered by its FPPAC. The table above includes \$0.8 million in current assets and zero of current liabilities related to these arrangements at December 31, 2023 and \$9.8 million in current assets and \$19.2 million of current liabilities at December 31, 2022 with changes in fair value recorded as regulatory assets and regulatory liabilities. See Note 13.

At December 31, 2023 and 2022, PNM had no amounts recognized for the legal right to reclaim cash collateral. However, amounts posted as cash collateral under margin arrangements were \$0.2 million at December 31, 2023 and \$10.5 million at December 31, 2022. These amounts are included in other current assets on the Consolidated Balance Sheets. At December 31, 2023 and December 31, 2022, obligations to return cash collateral were \$0.2 million, which is included in other current liabilities on the Consolidated Balance Sheets.

The changes in the fair value of commodity derivative instruments that are considered economic hedges had no impact on PNM's net earnings during the years ended December 31, 2023 and 2022. Commodity derivatives also had no impact on OCI for the periods presented. Commodity contract volume positions are presented in MMBTU for gas related contracts and in MWh for power related contracts. The table below presents PNM's net buy (sell) volume positions:

	Economic Hedges	
	MMBTU	MWh
December 31, 2023	—	(15,360)
December 31, 2022	—	432,200

PNM has contingent requirements to provide collateral under commodity contracts having an objectively determinable collateral provision that are in net liability positions and are not fully collateralized with cash. In connection with managing its commodity risks, PNM enters into master agreements with certain counterparties. If PNM is in a net liability position under an agreement, some agreements provide that the counterparties can request collateral if PNM's credit rating is downgraded; other agreements provide that the counterparty may request collateral to provide it with "adequate assurance" that PNM will perform; and others have no provision for collateral.

The table below presents information about PNM's contingent requirement to provide collateral under certain commodity contracts having an objectively determinable collateral position, that are in net liability positions, and that are not fully collateralized with cash. Contractual liability represents those commodity derivative contracts recorded at fair value on the balance sheet, determined on an individual contract basis without offsetting amounts for individual contracts that are in an asset position and could be offset under master netting agreements with the same counterparty. Cash collateral posted under these contracts does not reflect letters of credit under the Company's revolving credit facilities that may have been issued as collateral. Net exposure is the net contractual liability for all contracts, including those designated as normal purchase and normal sale, offset by existing collateral and by any offsets available under master netting agreements, including both assets and liability positions.

Contingent Feature - Credit Rating	Contractual Liability	Existing Cash Collateral	Net Exposure
(In thousands)			
December 31, 2023	\$ —	\$ —	\$ —
December 31, 2022	\$ 15,288	\$ —	\$ 13,087

Non-Derivative Financial Instruments

The carrying amounts reflected on the Consolidated Balance Sheets approximate fair value for cash, receivables, and payables due to the short period of maturity. Investment securities are carried at fair value. Investment securities consist of PNM assets held in the NDT for its share of decommissioning costs of PVNGS, a trust for PNM's share of decommissioning costs at SJGS, and trusts for PNM's share of final reclamation costs related to the coal mines serving SJGS and Four Corners. See Note 16. At December 31, 2023 and 2022, the fair value of investment securities included \$361.0 million and \$325.3 million for the NDT, \$12.3 million and \$14.7

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million for the SJGS decommissioning trust, and \$71.1 million and \$77.5 million for the coal mine reclamation trusts.

PNM records a realized loss as an impairment for any available-for-sale debt security that has a fair value that is less than its carrying value. As a result, the Company has no available-for-sale debt securities for which carrying value exceeds fair value and there are no impairments considered to be "other than temporary" that are included in AOCI and not recognized in earnings. All gains and losses resulting from sales and changes in the fair value of equity securities are recognized immediately in earnings.

Gains and losses recognized on the Consolidated Statements of Earnings related to investment securities in the NDT and reclamation trusts are presented in the following table:

	Year ended December 31,		
	2023	2022	2021
	(In thousands)		
Equity securities:			
Net gains (losses) from equity securities sold	\$ 1,086	\$ (6,940)	\$ 8,738
Net gains (losses) from equity securities still held	14,152	(38,025)	(442)
Total net gains (losses) on equity securities	15,238	(44,965)	8,296
Available-for-sale debt securities:			
Net gains (losses) on debt securities	4,008	(33,392)	8,554
Net gains (losses) on investment securities	\$ 19,246	\$ (78,357)	\$ 16,850

The proceeds and gross realized gains and losses on the disposition of securities held in the NDT and coal mine reclamation trusts are shown in the following table. Realized gains and losses are determined by specific identification of costs of securities sold.

Gross realized losses shown below exclude the (increase)/decrease in realized impairment losses of \$19.1 million, \$(25.8) million, and \$0.7 million for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Proceeds from sales	\$ 574,199	\$ 526,448	\$ 459,867
Gross realized gains	\$ 18,618	\$ 22,071	\$ 39,408
Gross realized (losses)	\$ (32,649)	\$ (36,623)	\$ (22,815)

At December 31, 2023, the available-for-sale debt securities held by PNM, had the following final maturities:

	Fair Value
	(In thousands)
Within 1 year	\$ 40,573
After 1 year through 5 years	55,423
After 5 years through 10 years	51,825
After 10 years through 15 years	16,400
After 15 years through 20 years	9,775
After 20 years	36,828
	<u>\$ 210,824</u>

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Fair Value Disclosures

The Company determines the fair values of its derivative and other financial instruments based on the hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

For investment securities, Level 2 and Level 3 fair values are provided by fund managers utilizing a pricing service. For Level 2 fair values, the pricing provider predominantly uses the market approach using bid side market values based upon a hierarchy of information for specific securities or securities with similar characteristics. Fair values of Level 2 investments in mutual funds are equal to net asset value. For commodity derivatives, Level 2 fair values are determined based on market observable inputs, which are validated using multiple broker quotes, including forward price, volatility, and interest rate curves to establish expectations of future prices. Credit valuation adjustments are made for estimated credit losses based on the overall exposure to each counterparty. For the Company's long-term debt, Level 2 fair values are provided by an external pricing service. The pricing service primarily utilizes quoted prices for similar debt in active markets when determining fair value. The valuation of Level 3 investments, when applicable, requires significant judgment by the pricing provider due to the absence of quoted market values, changes in market conditions, and the long-term nature of the assets. The Company has no Level 3 investments as of December 31, 2023 and 2022. Management of the Company independently verifies the information provided by pricing services.

Items recorded at fair value by PNM on the Consolidated Balance Sheets are presented below by level of the fair value hierarchy along with gross unrealized gains on investments in available-for-sale securities.

	GAAP Fair Value Hierarchy			Unrealized Gains
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
	(In thousands)			
December 31, 2023				
Cash and cash equivalents	\$ 93,873	\$ 93,873	\$ —	
Equity securities:				
Corporate stocks, common	77,422	77,422	—	
Corporate stocks, preferred	4,323	504	3,819	
Mutual funds and other	57,966	57,966	—	
Available-for-sale debt securities:				
U.S. government	35,113	34,522	591	\$ 2,055
International government	8,735	—	8,735	104
Municipals	53,436	—	53,436	2,872
Corporate and other	113,540	—	113,540	9,285
	<u>\$ 444,408</u>	<u>\$ 264,287</u>	<u>\$ 180,121</u>	<u>\$ 14,316</u>

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	Total	GAAP Fair Value Hierarchy		Unrealized Gains
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
December 31, 2022				
Cash and cash equivalents	\$ 66,843	\$ 66,843	\$ —	
Equity securities:				
Corporate stocks, common	40,103	40,103	—	
Corporate stocks, preferred	5,191	790	4,401	
Mutual funds and other	66,359	66,359	—	
Available-for-sale debt securities:				
U.S. government	45,905	45,645	260	\$ 1,334
International government	9,762	—	9,762	1,117
Municipals	43,136	—	43,136	1,062
Corporate and other	140,177	—	140,177	6,473
	<u>\$ 417,476</u>	<u>\$ 219,740</u>	<u>\$ 197,736</u>	<u>\$ 9,986</u>

The carrying amounts and fair values of long-term debt, all of which are considered Level 2 fair value measurements and are not recorded at fair value on the Consolidated Balance Sheets are presented below:

	Carrying Amount		Fair Value
	(In thousands)		
December 31, 2023			
PNMR	\$ 4,521,811	\$ 4,260,509	
PNM	\$ 2,261,780	\$ 2,107,588	
TNMP	\$ 1,260,880	\$ 1,152,922	
December 31, 2022			
PNMR	\$ 4,077,387	\$ 3,726,195	
PNM	\$ 2,000,900	\$ 1,789,186	
TNMP	\$ 1,076,875	\$ 937,009	

The carrying amount and fair value of the Company's other investments presented on the Consolidated Balance Sheets are not material and not shown in the above table.

Investments Held by Employee Benefit Plans

As discussed in Note 11, PNM and TNMP have trusts that hold investment assets for their pension and other postretirement benefit plans. The fair value of the assets held by the trusts impacts the determination of the funded status of each plan, but the assets are not reflected on the Company's Consolidated Balance Sheets. Both the PNM Pension Plan and the TNMP Pension Plan hold units of participation in the PNM Resources, Inc. Master Trust (the "PNMR Master Trust"), which was established for the investment of assets of the pension plans. The PNM Pension Plan's investment allocation targets in 2023 consist of 35% equities, 15% alternative investments (both of which are considered return generating), and 50% fixed income. The TNMP Pension Plan's investment allocation targets in 2023 consist of 16% equities, 14% alternative investments (both of which are considered return generating), and 70% fixed income.

GAAP provides a practical expedient that allows the net asset value per share to be used as fair value for investments in certain entities that do not have readily determinable fair values and are considered to be investment companies. Fair values for alternative investments held by the PNMR Master Trust and PNM OPEB

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Plan are valued using this practical expedient. Investments for which fair value is measured using that practical expedient are not required to be categorized within the fair value hierarchy. Level 2 and Level 3 fair values are provided by fund managers utilizing a pricing service. For level 2 fair values, the pricing provider predominately uses the market approach using bid side market value based upon a hierarchy of information for specific securities or securities with similar characteristics. Fair values of Level 2 investments in mutual funds are equal to net asset value as of year-end. Fair value prices for Level 2 corporate term loans predominately use the market approach which uses bid side market values based upon hierarchy information for specific securities or securities with similar characteristics. Alternative investments include private equity funds, hedge funds, real estate funds, and a private collective investment trust. The private equity funds are not voluntarily redeemable. These investments are realized through periodic distributions occurring over a 10 to 15 years term after the initial investment. The real estate funds and hedge funds may be voluntarily redeemed but are subject to redemption provisions that may result in the funds not being redeemable in the near term. The private collective investment trust is a non-unitized fund that does not publish daily prices. Audited financial statements are received for each fund and are reviewed by the Company annually.

The valuation of alternative investments requires significant judgment by the pricing provider due to the absence of quoted market values, changes in market conditions, and the long-term nature of the assets. The significant unobservable inputs include estimates of liquidation value, current operating performance, and future expectations of performance. Neither of the employee benefit plans nor the PNMR Master Trust have any Level 3 investments as of December 31, 2023 or 2022.

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The fair values of investments held by the employee benefit plans are as follows:

	Total	GAAP Fair Value Hierarchy	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2023			
PNM Pension Plan			
Participation in PNMR Master Trust Investments:			
Investments categorized within fair value hierarchy	\$ 342,296	\$ 136,474	\$ 205,822
Uncategorized investments	65,421		
Total Master Trust Investments	\$ 407,717		
TNMP Pension Plan			
Participation in PNMR Master Trust Investments:			
Investments categorized within fair value hierarchy	\$ 35,870	\$ 12,192	\$ 23,678
Uncategorized investments	5,258		
Total Master Trust Investments	\$ 41,128		
PNM OPEB Plan			
Cash and cash equivalents	\$ 2,419	\$ 2,419	\$ —
Equity securities:			
Mutual funds	47,674	43,703	3,971
Investments categorized within fair value hierarchy	\$ 50,093	\$ 46,122	\$ 3,971
Uncategorized investments	23,290		
Total Master Trust Investments	\$ 73,383		
TNMP OPEB Plan			
Cash and cash equivalents	\$ 162	\$ 162	\$ —
Equity securities:			
Mutual funds	8,241	7,806	435
Investments categorized within fair value hierarchy	\$ 8,403	\$ 7,968	\$ 435

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	Total	GAAP Fair Value Hierarchy	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2022			
PNM Pension Plan			
Participation in PNMR Master Trust Investments:			
Investments categorized within fair value hierarchy	\$ 342,183	\$ 143,911	\$ 198,272
Uncategorized investments	67,787		
Total Master Trust Investments	<u>\$ 409,970</u>		
TNMP Pension Plan			
Participation in PNMR Master Trust Investments:			
Investments categorized within fair value hierarchy	\$ 38,617	\$ 13,556	\$ 25,061
Uncategorized investments	5,433		
Total Master Trust Investments	<u>\$ 44,050</u>		
PNM OPEB Plan			
Cash and cash equivalents	\$ 1,703	\$ 1,703	\$ —
Equity securities:			
Mutual funds	69,001	42,068	26,933
Investments categorized within fair value hierarchy	<u>\$ 70,704</u>	<u>\$ 43,771</u>	<u>\$ 26,933</u>
TNMP OPEB Plan			
Cash and cash equivalents	\$ 149	\$ 149	\$ —
Equity securities:			
Mutual funds	8,573	8,018	555
Investments categorized within fair value hierarchy	<u>\$ 8,722</u>	<u>\$ 8,167</u>	<u>\$ 555</u>

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The fair values of investments in the PNMR Master Trust are as follows:

	Total	GAAP Fair Value Hierarchy	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2023			
PNMR Master Trust			
Cash and cash equivalents	\$ 13,995	\$ 13,995	\$ —
Equity securities:			
Corporate stocks, common	27,167	27,167	—
Corporate stocks, preferred	741	741	—
Mutual funds and other	159,281	49,219	110,062
Fixed income securities:			
U.S. government	61,684	57,544	4,140
International government	4,713	—	4,713
Municipals	5,071	—	5,071
Corporate and other	105,514	—	105,514
Total investments categorized within fair value hierarchy	378,166	\$ 148,666	\$ 229,500
Uncategorized investments:			
Private equity funds	5,617		
Hedge funds	35,137		
Real estate funds	29,925		
	<u>\$ 448,845</u>		

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	Total	GAAP Fair Value Hierarchy	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2022			
PNMR Master Trust			
Cash and cash equivalents	\$ 17,106	\$ 17,106	\$ —
Equity securities:			
Corporate stocks, common	53,661	53,661	—
Corporate stocks, preferred	639	639	—
Mutual funds and other	135,200	27,412	107,788
Fixed income securities:			
U.S. government	62,637	58,649	3,988
International government	3,318	—	3,318
Municipals	4,922	—	4,922
Corporate and other	103,317	—	103,317
Total investments categorized within fair value hierarchy	380,800	<u>\$ 157,467</u>	<u>\$ 223,333</u>
Uncategorized investments:			
Private equity funds	6,691		
Hedge funds	33,258		
Real estate funds	33,271		
	<u>\$ 454,020</u>		

(10) Variable Interest Entities

How an enterprise evaluates and accounts for its involvement with variable interest entities, focuses primarily on whether the enterprise has the power to direct the activities that most significantly impact the economic performance of a variable interest entity (“VIE”). This evaluation requires continual reassessment of the primary beneficiary of a VIE.

Valencia

PNM has a PPA to purchase all of the electric capacity and energy from Valencia, a 155 MW natural gas-fired power plant near Belen, New Mexico, through May 2028. A third party built, owns, and operates the facility while PNM is the sole purchaser of the electricity generated. PNM is obligated to pay fixed operation and maintenance and capacity charges in addition to variable operation and maintenance charges under this PPA. For the years ended December 31, 2023, 2022, and 2021, PNM paid \$20.3 million, \$19.5 million, and \$19.8 million for fixed charges and \$5.2 million, \$1.9 million, and \$1.9 million for variable charges. PNM does not have any other financial obligations related to Valencia. The assets of Valencia can only be used to satisfy its obligations and creditors of Valencia do not have any recourse against PNM’s assets. During the term of the PPA, PNM has the option, under certain conditions, to purchase and own up to 50% of the plant or the VIE. The PPA specifies that the purchase price would be the greater of 50% of book value reduced by related indebtedness or 50% of fair market value.

PNM sources fuel for the plant, controls when the facility operates through its dispatch, and receives the entire output of the plant, which factors directly and significantly impact the economic performance of Valencia. Therefore, PNM has concluded that the third-party entity that owns Valencia is a VIE and that PNM is the primary

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beneficiary of the entity since PNM has the power to direct the activities that most significantly impact the economic performance of Valencia and will absorb the majority of the variability in the cash flows of the plant. As the primary beneficiary, PNM consolidates Valencia in its financial statements. Accordingly, the assets, liabilities, operating expenses, and cash flows of Valencia are included in the Consolidated Financial Statements of PNM although PNM has no legal ownership interest or voting control of the VIE. The assets and liabilities of Valencia are set forth below and are not shown separately on the Consolidated Balance Sheets. The owner's equity and net income of Valencia are considered attributable to non-controlling interest.

Summarized financial information for Valencia is as follows:

Results of Operations

	Year Ended December 31		
	2023	2022	2021
	(In thousands)		
Operating revenues	\$ 25,421	\$ 21,403	\$ 21,624
Operating expenses	6,896	6,281	6,134
Other Misc (Income)/Expense	(8)	—	—
Earnings attributable to non-controlling interest	<u>\$ 18,533</u>	<u>\$ 15,122</u>	<u>\$ 15,490</u>

Financial Position

	December 31,	
	2023	2022
	(In thousands)	
Current assets	\$ 3,422	\$ 3,429
Net property, plant and equipment	47,253	50,094
Total assets	50,675	53,523
Current liabilities	717	529
Owners' equity – non-controlling interest	<u>\$ 49,958</u>	<u>\$ 52,994</u>

Westmoreland San Juan Mining, LLC

As discussed in the subheading Coal Supply in Note 16, PNM purchased coal for SJGS under the SJGS CSA. PNM and Westmoreland also entered into agreements under which CCR disposal and mine reclamation services for SJGS would be provided. On March 15, 2019, Westmoreland emerged from Chapter 11 bankruptcy as a privately held company owned and operated by a group of its former creditors. Under the reorganization, the assets of SJCC were sold to Westmoreland San Juan Mining, LLC ("WSJ LLC"), a subsidiary of Westmoreland Mining Holdings, LLC. As successor entity to SJCC, WSJ LLC assumed all rights and obligations of SJCC including obligations to PNM under the SJGS CSA and to PNMR under letter of credit support agreements. See Note 16.

PNMR issued \$30.3 million in letters of credit to facilitate the issuance of reclamation bonds required in order for SJCC to mine coal to be supplied to SJGS. As discussed above, WSJ LLC assumed the rights and obligations of SJCC, including obligations to PNMR for the letters of credit. The letters of credit support results in PNMR having a variable interest in WSJ LLC since PNMR is subject to possible loss in the event performance by PNMR is required under the letters of credit support. PNMR considers the possibility of loss under the letters of credit support to be remote since the purpose of posting the bonds is to provide assurance that WSJ LLC performs the required reclamation of the mine site in accordance with applicable regulations and the reclamation services agreement provides WSJ LLC the ability to recover the cost of reclamation. Additionally, much of the mine reclamation activities are being performed after the SJGS CSA expired on September 30, 2022. As discussed in Note 16, each of the SJGS participants has established and actively fund trusts to meet future reclamation obligations.

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WSJ LLC is considered a VIE. PNMR's analysis of its arrangements with WSJ LLC concluded that WSJ LLC had the ability to direct its mining operations and reclamation services, which are the factors that most significantly impact the economic performance of WSJ LLC. Other than PNM being able to ensure that coal was supplied in adequate quantities and of sufficient quality to provide the fuel necessary to operate SJGS in a normal manner and monitoring of reclamation activities, the mining operations and reclamation services were solely under the control of WSJ LLC, including developing mining and reclamation plans, hiring of personnel, and incurring operating and maintenance expenses. Neither PNMR nor PNM had any ability to direct or influence the mining operation or reclamation activities. PNM's involvement through the SJGS CSA and the reclamation services agreement is a protective right rather than a participating right and WSJ LLC still has the power to direct the activities that most significantly impact the economic performance of WSJ LLC. The SJGS CSA required WSJ LLC to deliver coal to fuel SJGS in exchange for payment of a set price per ton, which escalated over time for inflation. The reclamation services agreement requires WSJ LLC to perform reclamation services at a base price per activity, which escalates over time for inflation. If WSJ LLC had been able to mine or perform reclamation services more efficiently than anticipated, its economic performance would improve. Conversely, if WSJ LLC had not been able to mine or does not perform reclamation services as efficiently as anticipated, its economic performance would be negatively impacted. Accordingly, PNMR believes WSJ LLC is the primary beneficiary and, therefore, WSJ LLC is not consolidated by either PNMR or PNM. The amounts outstanding under the letters of credit support continue to be PNMR's maximum exposure to loss from the VIE at December 31, 2023.

ETBC I

In April 2020, the NMPRC issued a financing order approving the securitization of certain costs related to the retirement of SJGS. The financing order also authorized PNM to form ETBC I. ETBC I is a wholly-owned, special purpose, subsidiary of PNM that was formed in August 2023 for the limited purpose of purchasing, owning, and administering energy transition property, issuing Securitized Bonds, and performing related activities. On November 15, 2023, ETBC I issued Securitized Bonds and used the proceeds to purchase energy transition property from PNM. The energy transition property purchased includes the right to impose, bill, collect, and adjust a non-bypassable energy transition charge from all PNM retail customers until the Securitized Bonds are paid in full and all allowed financing costs have been recovered. The Securitized bonds are secured by the energy transition property and cash collections from the energy transition charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to PNM.

PNM acts as the servicer of the energy transition property on behalf of ETBC I and is responsible for metering, calculating, billing, and collecting the Energy Transition Charges. On behalf of ETBC I, PNM is required to remit all collections of the Energy Transition Charges to the trustee for the Securitized Bonds. PNM has the power to direct the activities that most significantly impact the economic performance of ETBC I and will absorb the majority of the variability in the cash flows of the entity. As the primary beneficiary, PNM consolidates ETBC I in its financial statements. Accordingly, the assets, liabilities, operating expenses, and cash flows of ETBC I are included in the Consolidated Financial Statements of PNM.

The following tables summarize the impact of ETBC I on PNM's Consolidated Balance Sheets:

	December 31, 2023
	(In thousands)
Regulatory Assets - Current	2,724
Restricted Cash (included in Other Deferred Charges)	1,728
Securitized Cost (included in Deferred Regulatory Assets)	340,629
Current Installments of Long-Term Debt	2,529
Accrued Interest	2,502
Long-Term Debt	338,521

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(11) Pension and Other Postretirement Benefits

PNMR and its subsidiaries maintain qualified defined benefit pension plans, postretirement benefit plans providing medical and dental benefits, and executive retirement programs (collectively, the “PNM Plans” and “TNMP Plans”). PNMR maintains the legal obligation for the benefits owed to participants under these plans. The periodic costs or income of the PNM Plans and TNMP Plans are included in regulated rates to the extent attributable to regulated operations. PNM and TNMP receive a regulated return on the amounts funded for pension and OPEB plans in excess of the periodic cost or income to the extent included in retail rates (a “prepaid pension asset”).

Participants in the PNM Plans include eligible employees and retirees of PNMR and PNM. Participants in the TNMP Plans include eligible employees and retirees of TNMP. The PNM pension plan was frozen at the end of 1997 with regard to new participants, salary levels, and benefits. Through December 31, 2007, additional credited service could be accrued under the PNM pension plan up to a limit determined by age and service. The TNMP pension plan was frozen at December 31, 2005 with regard to new participants, salary levels, and benefits.

A plan sponsor is required to (a) recognize in its statement of financial position an asset for a plan’s overfunded status or a liability for a plan’s underfunded status; (b) measure a plan’s assets and its obligations that determine its funded status as of the end of the employer’s fiscal year; and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

Unrecognized prior service costs and unrecognized gains or losses are required to be recorded in AOCI and subsequently amortized. To the extent the amortization of these items will ultimately be recovered or returned through future rates, PNM and TNMP record the costs as a regulatory asset or regulatory liability. The amortization of these incurred costs is included as pension and postretirement benefit periodic cost or income in subsequent years.

The Company maintains trust funds for the pension and OPEB plans from which benefits are paid to eligible employees and retirees. The Company’s funding policy is to make contributions to the trusts, as determined by an independent actuary, that comply with minimum guidelines of the Employee Retirement Income Security Act and the IRC. Information concerning the fair value of investments is contained in Note 9. The Company has in place a policy that defines the investment objectives, establishes performance goals of asset managers, and provides procedures for the manner in which investments are to be reviewed. The plans implement investment strategies to achieve the following objectives:

- Implement investment strategies commensurate with the risk that the Corporate Investment Committee deems appropriate to meet the obligations of the pension plans and OPEB plans, minimize the volatility of expense, and account for contingencies
- Transition asset mix over the long-term to a higher proportion of high-quality fixed income investments as the plans’ funded statuses improve

Management is responsible for the determination of the asset target mix and the expected rate of return. The target asset allocations are determined based on consultations with external investment advisors. The expected long-term rate of return on pension and postretirement plan assets is calculated on the market-related value of assets. Actual gains and losses on pension and OPEB plan assets are recognized in the market-related value of assets equally over a period of not more than five years, which reduces year-to-year volatility. For the PNM Plans and TNMP Plans, the market-related value of assets is equal to the prior year’s market-related value of assets adjusted for contributions, benefit payments and investment gains and losses that are within a corridor of plus or minus 4.0% around the expected return on market value. Gains and losses that are outside the corridor are amortized over five years.

Pension Plans

For defined benefit pension plans, including the executive retirement plans, the PBO represents the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to that date using assumptions regarding future compensation levels. The ABO represents the PBO without considering future compensation levels. Since the pension plans are frozen, the PBO and ABO are equal.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The following table presents information about the PBO, fair value of plan assets, and funded status of the plans:

	PNM		TNMP	
	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(In thousands)			
PBO at beginning of year	\$ 433,645	\$ 584,061	\$ 43,961	\$ 59,609
Service cost	—	—	—	—
Interest cost	23,653	16,857	2,402	1,720
Actuarial (gain) loss	4,290	(118,552)	1,261	(11,711)
Benefits paid	(42,931)	(48,721)	(5,042)	(3,403)
Settlements	—	—	—	(2,254)
PBO at end of year	418,657	433,645	42,582	43,961
Fair value of plan assets at beginning of year	410,463	576,707	43,447	62,942
Actual return on plan assets	39,679	(117,523)	2,948	(13,838)
Employer contributions	—	—	—	—
Benefits paid	(42,931)	(48,721)	(5,042)	(3,403)
Settlements	—	—	—	(2,254)
Fair value of plan assets at end of year	407,211	410,463	41,353	43,447
Funded status – asset (liability) for pension benefits	\$ (11,446)	\$ (23,182)	\$ (1,229)	\$ (514)

Actuarial (gain) loss results from changes in:

	PNM		TNMP	
	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Discount rates	\$ 8,806	\$ (111,478)	\$ 969	\$ (11,697)
Demographic experience (gain) loss	(1,777)	(7,074)	538	(742)
Mortality rate	(2,739)	—	(239)	—
Other assumptions and experience	—	—	(7)	728
	\$ 4,290	\$ (118,552)	\$ 1,261	\$ (11,711)

The following table presents pre-tax information about net actuarial (gain) loss in AOCI as of December 31, 2023.

	PNM	TNMP
	(In thousands)	
Amounts in AOCI not yet recognized in net periodic benefit cost (income) at beginning of year	\$ 110,345	\$ —
Experience (gain) loss	(6,193)	1,005
Regulatory asset (liability) adjustment	4,629	(1,005)
Amortization recognized in net periodic benefit (income)	(4,713)	—
Amounts in AOCI not yet recognized in net periodic benefit cost at end of year	\$ 104,068	\$ —

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The following table presents the components of net periodic benefit cost (income):

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
PNM			
Service cost	\$ —	\$ —	\$ —
Interest cost	23,653	16,857	16,143
Expected return on plan assets	(29,196)	(28,563)	(28,531)
Amortization of net loss	10,583	15,794	18,166
Amortization of prior service cost	—	—	—
Net periodic benefit cost	<u>\$ 5,040</u>	<u>\$ 4,088</u>	<u>\$ 5,778</u>
TNMP			
Service cost	\$ —	\$ —	\$ —
Interest cost	2,402	1,720	1,741
Expected return on plan assets	(2,697)	(2,472)	(3,181)
Amortization of net loss	439	932	1,247
Amortization of prior service cost	—	—	—
Settlement loss	—	1,033	746
Net periodic benefit cost	<u>\$ 144</u>	<u>\$ 1,213</u>	<u>\$ 553</u>

The following significant weighted-average assumptions were used to determine the PBO and net periodic benefit cost (income). Should actual experience differ from actuarial assumptions, the PBO and net periodic benefit cost (income) would be affected.

	Year Ended December 31,		
	2023	2022	2021
PNM			
Discount rate for determining December 31 PBO	5.46 %	5.74 %	3.00 %
Discount rate for determining net periodic benefit cost	5.74	3.00	2.66
Expected return on plan assets	6.30	5.50	5.50
Rate of compensation increase	N/A	N/A	N/A
TNMP			
Discount rate for determining December 31 PBO	5.47 %	5.75 %	3.01 %
Discount rate for determining net periodic benefit cost	5.75	3.01	2.69
Expected return on plan assets	5.50	4.40	5.50
Rate of compensation increase	N/A	N/A	N/A

The assumed discount rate for determining the PBO was determined based on a review of long-term high-grade bonds and management's expectations. The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested, or to be invested, to provide for the benefits included in the PBO. Factors that are considered include, but are not limited to, historic returns on plan assets, current market information on long-term returns (e.g., long-term bond rates) and current and target asset allocations between asset categories. If all other factors were to remain unchanged, a 1% decrease in the expected long-term rate of return would cause PNM's and TNMP's 2024 net periodic benefit cost to increase \$4.5 million and \$0.5 million (analogous changes would result from a 1% increase). The actual rate of return for the PNM and TNMP pension plans was 10.20% and 7.22% for the year ended December 31, 2023.

The Company's long-term pension investment strategy is to invest in assets whose interest rate sensitivity is correlated with the pension liability. The Company uses an investment strategy, known as Liability Driven Investing, that increases the liability matching investments as the funded status of the pension plans improve. The Company's investment allocation targets consist of 35% equities, 15% alternative investments (both of which

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are considered return generating), and 50% liability matching securities that are primarily bonds and other fixed income investments. Equity investments are primarily in domestic securities that include large-, mid-, and small-capitalization companies. The pension plans have a 13% targeted allocation to equities of companies domiciled primarily in developed countries outside of the U.S. The equity investments category includes active and passive managed domestic equity securities that are benchmarked against a variety of style indices. Fixed income investments are primarily corporate bonds of companies from diversified industries and government securities. Alternative investments include investments in hedge funds, real estate funds, and private equity funds. The private equity funds are structured as multi-manager multi-strategy fund of funds to achieve a diversified position in these asset classes. The hedge funds use multi-strategies that pursue various absolute return strategies such as relative value, merger arbitrage, event driven equities, and structured credit. The real estate investments are commingled real estate portfolios that invest in a diversified portfolio of assets including commercial property, infrastructure, storage facilities and multi-family housing. See Note 9 for fair value information concerning assets held by the pension plans.

The following pension benefit payments are expected to be paid:

	PNM	TNMP
	(In thousands)	
2024	\$ 41,797	\$ 4,219
2025	40,901	4,183
2026	39,447	4,169
2027	38,563	3,982
2028	37,245	3,897
2029 - 2033	167,079	16,789

Based on current law, funding requirements, and estimates of portfolio performance, the Company does not expect to make any cash contributions to the pension plans in 2024 through 2027. PNM does not expect to make any cash contribution in 2028. TNMP expects to make a cash contribution of \$0.2 million in 2028. The funding assumptions were developed using discount a rate of 5.47%. Actual amounts to be funded in the future will be dependent on the actuarial assumptions at that time, including the appropriate discount rates. PNM and TNMP may make additional contributions at their discretion.

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Other Postretirement Benefit Plans

For postretirement benefit plans, the APBO is the actuarial present value of all future benefits attributed under the terms of the postretirement benefit plan to employee service rendered to date. The following table presents information about the APBO, the fair value of plan assets, and the funded status of the plans:

	PNM		TNMP	
	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(In thousands)			
APBO at beginning of year	\$ 49,950	\$ 66,984	\$ 7,705	\$ 10,570
Service cost	—	10	21	38
Interest cost	2,703	1,914	425	307
Participant contributions	1,592	1,431	359	219
Actuarial (gain)	(1,608)	(14,829)	(282)	(2,788)
Benefits paid	(6,420)	(6,396)	(897)	(641)
Curtailment loss	—	836	—	—
APBO at end of year	46,217	49,950	7,331	7,705
Fair value of plan assets at beginning of year	70,301	95,805	8,718	12,593
Actual return on plan assets	7,762	(23,156)	173	(3,453)
Employer contributions	157	2,617	—	—
Participant contributions	1,592	1,431	359	219
Benefits paid	(6,420)	(6,396)	(897)	(641)
Fair value of plan assets at end of year	73,392	70,301	8,353	8,718
Funded status – asset	\$ 27,175	\$ 20,351	\$ 1,022	\$ 1,013

As of December 31, 2023, the fair value of plan assets exceeds the APBO for both PNM's and TNMP's OPEB Plans and the resulting net asset is presented in other deferred charges on the Consolidated Balance Sheets.

Actuarial (gain) loss results from changes in:

	PNM		TNMP	
	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Discount rates	\$ 868	\$ (11,876)	\$ 174	\$ (2,469)
Claims, contributions, and demographic experience	(2,171)	(2,985)	(423)	(319)
Assumed participation rate	—	—	—	—
Mortality rate	(305)	—	(33)	—
Dental trend assumption	—	32	—	—
	\$ (1,608)	\$ (14,829)	\$ (282)	\$ (2,788)

In the year ended December 31, 2023, actuarial gains of \$4.4 million were recorded as adjustments to regulatory assets for the PNM OPEB plan. For the TNMP OPEB plan, actuarial losses of less than \$0.1 million were recorded as adjustments to regulatory liabilities.

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NOTES TO FINANCIAL STATEMENTS (Continued)

The following table presents the components of net periodic benefit cost (income):

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
PNM			
Service cost	\$ —	\$ 10	\$ 23
Interest cost	2,703	1,914	1,907
Expected return on plan assets	(4,969)	(4,351)	(4,167)
Amortization of net loss	—	—	—
Curtailment loss	\$ —	\$ 836	\$ —
Net periodic benefit (income)	<u>\$ (2,266)</u>	<u>\$ (1,591)</u>	<u>\$ (2,237)</u>
TNMP			
Service cost	\$ 21	\$ 38	\$ 45
Interest cost	425	307	308
Expected return on plan assets	(481)	(418)	(407)
Amortization of net (gain)	(760)	(520)	(322)
Net periodic benefit (income)	<u>\$ (795)</u>	<u>\$ (593)</u>	<u>\$ (376)</u>

The following significant weighted-average assumptions were used to determine the APBO and net periodic benefit cost. Should actual experience differ from actuarial assumptions, the APBO and net periodic benefit cost would be affected.

	Year Ended December 31,		
	2023	2022	2021
PNM			
Discount rate for determining December 31 APBO	5.48 %	5.75 %	2.99 %
Discount rate for determining net periodic benefit cost	5.75	2.99	2.65
Expected return on plan assets	5.90	4.75	4.75
Rate of compensation increase	N/A	N/A	N/A
TNMP			
Discount rate for determining December 31 APBO	5.48 %	5.75 %	2.99 %
Discount rate for determining net periodic benefit cost	5.75	2.99	2.65
Expected return on plan assets	4.70	3.80	3.80
Rate of compensation increase	N/A	N/A	N/A

The assumed discount rate for determining the APBO was determined based on a review of long-term high-grade bonds and management's expectations. The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested, or to be invested, to provide for the benefits included in the APBO. Factors that are considered include, but are not limited to, historic returns on plan assets, current market information on long-term returns (e.g., long-term bond rates), and current and target asset allocations between asset categories. If all other factors were to remain unchanged, a 1% decrease in the expected long-term rate of return would cause PNM's and TNMP's 2024 net periodic benefit cost to increase \$0.8 million and \$0.1 million (analogous changes would result from a 1% increase). The actual rate of return for the PNM and TNMP OPEB plans was 11.4% and 2.0% for the year ended December 31, 2023.

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The following table shows the assumed health care cost trend rates for the PNM OPEB plan:

	PNM	
	December 31,	
	2023	2022
Health care cost trend rate assumed for next year	6.00 %	6.25 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.75	4.75
Year that the rate reaches the ultimate trend rate	2029	2029

TNMP's exposure to cost increases in the OPEB plan is minimized by a provision that limits TNMP's share of costs under the plan. Costs of the plan in excess of the limit, which was reached at the end of 2001, are wholly borne by the participants. As a result, a one-percentage-point change in assumed health care cost trend rates would have no effect on either the net periodic expense or the year-end APBO. Effective January 1, 2018, the PNM OPEB plan was amended to limit the annual increase in the Company's costs to 5%. Increases in excess of the limit are born by the PNM OPEB plan participants.

The Company's OPEB plans invest in a portfolio that is diversified by asset class and style strategies. The OPEB plans generally use the same pension fixed income and equity investment managers and utilize the same overall investment strategy as described above for the pension plans, except there is no allocation to alternative investments. The OPEB plans have a target asset allocation of 30% equities and 70% fixed income. See Note 9 for fair value information concerning assets held by the other postretirement benefit plans. The following OPEB payments, which reflect expected future service and are net of participant contributions, are expected to be paid:

	PNM	TNMP
	(In thousands)	
2024	\$ 5,305	\$ 611
2025	4,948	612
2026	4,710	620
2027	4,438	609
2028	4,213	603
2029 - 2033	17,817	2,745

PNM and TNMP made no cash contributions to the OPEB trusts in 2023 or 2022 and PNM and TNMP does not expect to make cash contributions to the OPEB trusts in 2024-2028. However, a portion of the disbursements attributable to the OPEB trust are paid by PNM and are therefore considered to be contributions to the PNM OPEB plan. Payments by PNM on behalf of the PNM OPEB plan are expected to be \$0.2 million in 2024 and \$10.1 million in 2025-2028.

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Executive Retirement Programs

For the executive retirement programs, the following table presents information about the PBO and funded status of the plans:

	PNM		TNMP	
	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(In thousands)			
PBO at beginning of year	\$ 10,042	\$ 12,612	\$ 344	\$ 406
Service cost	—	—	—	—
Interest cost	540	362	18	11
Actuarial (gain) loss	411	(1,628)	13	(2)
Benefits paid	(1,279)	(1,304)	(59)	(71)
PBO at end of year – funded status	9,714	10,042	316	344
Less current liability	1,210	1,217	64	66
Non-current liability	\$ 8,504	\$ 8,825	\$ 252	\$ 278

The following table presents pre-tax information about net actuarial loss in AOCI as of December 31, 2023.

	December 31, 2023	
	PNM	TNMP
	(In thousands)	
Amount in AOCI not yet recognized in net periodic benefit cost at beginning of year	\$ 995	\$ —
Experience (gain)	411	13
Regulatory asset adjustment	(238)	(13)
Amortization recognized in net periodic benefit (income)	(64)	—
Amount in AOCI not yet recognized in net periodic benefit cost at end of year	\$ 1,104	\$ —

The following table presents the components of net periodic benefit cost:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
PNM			
Service cost	\$ —	\$ —	\$ —
Interest cost	540	362	363
Amortization of net loss	152	327	395
Amortization of prior service cost	—	—	—
Net periodic benefit cost	\$ 692	\$ 689	\$ 758
TNMP			
Service cost	\$ —	\$ —	\$ —
Interest cost	18	11	17
Amortization of net loss	—	—	33
Amortization of prior service cost	—	—	—
Net periodic benefit cost	\$ 18	\$ 11	\$ 50

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The following significant weighted-average assumptions were used to determine the PBO and net periodic benefit cost. Should actual experience differ from actuarial assumptions, the PBO and net periodic benefit cost would be affected.

	Year Ended December 31,		
	2023	2022	2021
PNM			
Discount rate for determining December 31 PBO	5.45 %	5.73 %	3.02 %
Discount rate for determining net periodic benefit cost	5.73	3.02	2.68
Long-term rate of return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A
TNMP			
Discount rate for determining December 31 PBO	5.47 %	5.75 %	3.01 %
Discount rate for determining net periodic benefit cost	5.75	3.01	2.69
Long-term rate of return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A

The assumed discount rate for determining the PBO was determined based on a review of long-term high-grade bonds and management's expectations. The impacts of changes in assumptions or experience were not significant.

Disbursements under the executive retirement program, funded by PNM and TNMP, which are considered to be contributions to the plan were \$1.3 million and \$0.1 million in the year ended December 31, 2023 and \$1.3 million and \$0.1 million for the year ended December 31, 2022.

The following executive retirement plan payments, which reflect expected future service, are expected:

	PNM	TNMP
	(In thousands)	
2024	\$ 1,243	\$ 66
2025	1,193	58
2026	1,136	51
2027	1,073	44
2028	1,006	37
2029 - 2033	3,987	104

Other Retirement Plans

PNMR sponsors a 401(k) defined contribution plan for eligible employees, including those of its subsidiaries. PNMR's contributions to the 401(k) plan consist of a discretionary matching contribution equal to 75% of the first 6% of eligible compensation contributed by the employee on a before-tax basis. PNMR also makes a non-matching contribution ranging from 3% to 10% of eligible compensation based on the eligible employee's age. PNMR also provides executive deferred compensation benefits through an unfunded, non-qualified plan. The purpose of this plan is to permit certain key employees of PNMR who participate in the 401(k) defined contribution plan to defer compensation and receive credits without reference to the certain limitations on contributions.

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A summary of expenses for these other retirement plans is as follows:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
PNMR			
401(k) plan	\$ 16,118	\$ 15,844	\$ 16,648
Non-qualified plan	\$ 1,197	\$ (1,027)	\$ 3,594
PNM			
401(k) plan	\$ 10,839	\$ 11,067	\$ 11,826
Non-qualified plan	\$ 825	\$ (721)	\$ 2,622
TNMP			
401(k) plan	\$ 5,279	\$ 4,776	\$ 4,823
Non-qualified plan	\$ 372	\$ (305)	\$ 972

(12) Stock-Based Compensation

PNMR has various stock-based compensation programs, including stock options, restricted stock, and performance shares granted under the Performance Equity Plan ("PEP"). Although certain PNM and TNMP employees participate in the PNMR plans, PNM and TNMP do not have separate employee stock-based compensation plans. Certain restricted stock awards are subject to achieving performance or market targets. Other awards of restricted stock are only subject to time vesting requirements. Restricted stock awarded under the PEP for performance periods ending after 2023 no longer have market targets.

Performance Equity Plan

The PEP provides for the granting of non-qualified stock options, restricted stock rights, performance shares, performance units, and stock appreciation rights to officers, key employees, and non-employee members of the Board. Restricted stock under the PEP refers to awards of stock subject to vesting, performance, or market conditions rather than to shares with contractual post-vesting restrictions. Generally, the awards vest ratably over three years from the grant date of the award. However, awards with performance or market conditions vest upon satisfaction of those conditions. In addition, plan provisions provide that upon retirement, participants become 100% vested in certain stock awards. The vesting period for awards of restricted stock to non-employee members of the Board is one year. The total number of shares of PNMR common stock subject to all awards under the 2014 PEP, as approved by PNMR's shareholders in May 2014, may not exceed 13.5 million shares, subject to adjustment and certain share counting rules set forth in the PEP. This current share pool is charged five shares for each share subject to restricted stock or other full value award. In May 2023, PNMR's shareholders approved the 2023 PEP which set the maximum number of shares subject to all awards to be 2.5 million shares. The 2023 PEP is charged a single share for each award.

Source of Shares

The source of shares for exercised stock options and vested restricted stock is currently shares acquired on the open market by an independent agent, rather than newly issued shares.

Accounting for Stock Awards

The stock-based compensation expense related to restricted stock awards without performance or market conditions to participants that are retirement eligible on the grant date is recognized immediately at the grant date and is not amortized. Compensation expense for other such awards is amortized to compensation expense over the shorter of the requisite vesting period or the period until the participant becomes retirement eligible. Compensation expense for performance-based shares is recognized ratably over the performance period as required service is provided and is adjusted periodically to reflect the level of achievement expected to be attained. Compensation expense related to market-based shares is recognized ratably over the measurement period, regardless of the actual level of achievement, provided the employees meet their service requirements.

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Total compensation expense for stock-based payment arrangements recognized by PNMR for the years ended December 31, 2023, 2022, and 2021 was \$7.2 million, \$7.9 million, and \$9.4 million. Stock compensation expense of \$4.8 million, \$5.3 million, and \$6.4 million was charged to PNM and \$2.4 million, \$2.6 million, and \$3.0 million was charged to TNMP. At December 31, 2023, PNMR had unrecognized compensation expense related to stock awards of \$5.3 million, which is expected to be recognized over an average of 1.91 years.

PNMR receives a tax deduction for the value of restricted stock at the vesting date. To the extent the tax deduction exceeds the Company's cumulative expense related to a stock award, an excess tax benefit is recorded. When the cumulative expense exceeds the tax deduction, a tax deficiency is recorded. All excess tax benefits and deficiencies are recorded to tax expense and classified as operating cash flows when used to reduce taxes payable.

Excess Tax Benefits (Deficiencies)	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
PNM	\$ 185	\$ (65)	\$ 564
TNMP	76	(26)	224
PNMR	261	(91)	788

TNMP used excess tax benefits to reduce income taxes payable and the benefit was reflected in cash flows from operating activities. The benefit of excess tax benefits at PNM and PNMR will be reflected in operating cash flows when they reduce income taxes payable.

The grant date fair value for restricted stock and stock awards with Company internal performance targets is determined based on the market price of PNMR common stock on the date of the agreements reduced by the present value of future dividends that will not be received prior to vesting. The grant date fair value is applied to the total number of shares that are anticipated to vest, although the number of performance shares that ultimately vest cannot be determined until after the performance periods end. The grant date fair value of stock awards with market targets is determined using Monte Carlo simulation models, which provide grant date fair values that include an expectation of the number of shares to vest at the end of the measurement period.

The following table summarizes the weighted-average assumptions used to determine the awards grant date fair value:

Restricted Shares and Performance-Based Shares	Year Ended December 31,		
	2023	2022	2021
Expected quarterly dividends per share	\$ 0.3675	\$ 0.3475	\$ 0.3275
Risk-free interest rate	4.46 %	1.46 %	0.32 %
Market-Based Shares ⁽¹⁾			
Dividend yield	N/A	N/A	2.76 %
Expected volatility	N/A	N/A	33.69 %
Risk-free interest rate	N/A	N/A	0.29 %

⁽¹⁾ Restricted stock expected to be awarded under the PEP for performance periods ending after 2023 no longer have market targets.

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The following table summarizes activity in restricted stock awards including performance-based and market-based shares:

	Restricted Stock	
	Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2022	182,446	\$ 42.09
Granted	230,141	41.98
Released	(197,765)	43.98
Forfeited	(2,742)	42.89
Outstanding at December 31, 2023	<u>212,080</u>	<u>\$ 40.33</u>

PNMR's current stock-based compensation program provides for performance targets through 2025 and market targets through 2023. Included as granted and released in the table above are 100,991 previously awarded shares that were earned for the 2020 - 2022 performance measurement period and ratified by the Board in February 2023 (based upon achieving targets at above "target", below "maximum" levels). Excluded from the above table are 80,492 previously awarded shares that were earned for the 2021 - 2023 performance measurement period and ratified by the Board in February 2024 (based upon achieving targets at above "target", below "maximum" levels). Also excluded from the table above are 140,882 and 139,242 shares for the three-year performance periods ending in 2024 and 2025 that will be awarded if all performance criteria are achieved at maximum levels and all executives remain eligible.

On December 5, 2023, the Company entered into a retention agreements with its Chairman and Chief Executive Officer and its Senior Vice President and General Counsel under which they would be awarded a total of 26,766 and 8,922 respectively of restricted stock rights if they remained employed through the award's vesting date which is the earliest of 24 months from the grant date, the closing of the Merger, or six months following the termination of the Merger. As of December 31, 2023, upon the notice from Avangrid regarding the termination of the Merger Agreement, these awards will vest on June 30, 2024.

The following table provides additional information concerning restricted stock activity, including performance-based and market-based shares, and stock options:

Restricted Stock	Year Ended December 31,		
	2023	2022	2021
Weighted-average grant date fair value	\$ 41.98	\$ 41.04	\$ 43.48
Total fair value of restricted shares that vested (in thousands)	\$ 8,698	\$ 7,368	\$ 8,617

(13) Regulatory Assets and Liabilities

The operations of PNM and TNMP are regulated by the NMPRC, PUCT, and FERC and the provisions of GAAP for rate-regulated enterprises are applied to its regulated operations. Regulatory assets represent probable future recovery of previously incurred costs that will be collected from customers through the ratemaking process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are to be credited to customers through the ratemaking process.

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Regulatory assets and liabilities reflected in the Consolidated Balance Sheets are presented below.

	PNM		TNMP	
	December 31,		December 31,	
	2023	2022	2023	2022
(In thousands)				
Assets:				
Current:				
FPPAC	\$ 65,251	\$ 8,904	\$ —	\$ —
NMPRC hedging plan	—	9,429	—	—
Energy efficiency costs	—	—	50	1,932
Renewable energy rider	5,021	—	—	—
SJGS Energy Transition Property	2,724	—	—	—
	<u>72,996</u>	<u>18,333</u>	<u>50</u>	<u>1,932</u>
Non-Current:				
SJGS Energy Transition Property	\$ 340,629	\$ 343,238	\$ —	\$ —
SJGS - non-ETA	122,246	129,285	—	—
PVNGS leased interest	80,777	—	—	—
EIM	18,731	13,102	—	—
TEP	2,644	—	—	—
Loss on reacquired debt	13,806	15,323	25,019	26,317
Pension and OPEB	172,508	187,182	21,854	21,558
Deferred income taxes	71,359	67,621	8,882	9,193
AMS surcharge	—	—	—	6,254
AMS retirement and other costs	—	—	12,343	12,591
Deferred COVID-19 costs	5,664	5,664	—	1,053
Other	10,363	2,526	7,556	5,779
	<u>838,727</u>	<u>763,941</u>	<u>75,654</u>	<u>82,745</u>
Total regulatory assets	<u>\$ 911,723</u>	<u>\$ 782,274</u>	<u>\$ 75,704</u>	<u>\$ 84,677</u>
Liabilities:				
Current:				
SJGS rate refunds	\$ (113,372)	\$ —	\$ —	\$ —
PVNGS rate refunds	(19,194)	—	—	—
Renewable energy rider, including excess return	—	(5,076)	—	—
Energy efficiency costs	(1,454)	(2,837)	—	—
Transmission cost recovery factor	—	—	(5,159)	(9,089)
NMPRC hedging plan	(826)	—	—	—
	<u>(134,846)</u>	<u>(7,913)</u>	<u>(5,159)</u>	<u>(9,089)</u>
Non-Current:				
Cost of removal	(247,627)	(238,903)	(117,759)	(97,030)
Deferred income taxes	(281,588)	(301,493)	(83,459)	(94,994)
Renewable energy tax benefits	(14,463)	(15,610)	—	—
PVNGS rate refunds	(19,194)	—	—	—
Pension and OPEB	—	—	(3,644)	(4,518)
COVID-19 cost savings	(900)	(900)	—	—
Other	(1,249)	(83)	(1,434)	(1,671)
	<u>(565,021)</u>	<u>(556,989)</u>	<u>(206,296)</u>	<u>(198,213)</u>
Total regulatory liabilities	<u>\$ (699,867)</u>	<u>\$ (564,902)</u>	<u>\$ (211,455)</u>	<u>\$ (207,302)</u>

The Company's regulatory assets and regulatory liabilities are reflected in rates charged to customers or have been addressed in a regulatory proceeding. The Company does not receive or pay a rate of return on the following regulatory assets and regulatory liabilities (and their remaining amortization periods): SJGS Energy Transition Property (over the life of the securitized bonds); portions of PVNGS Leased Interest (through 2044);

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SJGS rate refunds (through 2024); PVNGS rate refunds (through 2025); deferred income taxes (over the remaining life of the taxable item, up to the remaining life of utility plant); pension and OPEB costs (through 2039).

The Company is permitted, under rate regulation, to accrue and record a regulatory liability for the estimated cost of removal and salvage associated with certain of its assets through depreciation expense. Actuarial losses and prior service costs for pension plans are required to be recorded in AOCI; however, to the extent authorized for recovery through the regulatory process these amounts are recorded as regulatory assets or liabilities. Based on prior regulatory approvals, the amortization of these amounts will be included in the Company's rates. Based on a current evaluation of the various factors and conditions that are expected to impact future cost recovery, the Company believes that future recovery of its regulatory assets is probable.

(14) Construction Program and Jointly-Owned Electric Generating Plants

PNM is a participant in jointly-owned power plant projects. The participation agreement for SJGS expired on September 30, 2022. The primary operating or participation agreements for the other joint projects expire in July 2041 for Four Corners, December 2046 for Luna, and November 2047 for PVNGS.

PNM's expenditures for additions to utility plant were \$565.1 million in 2023, including expenditures on jointly-owned projects. TNMP does not participate in the ownership or operation of any generating plants, but incurred expenditures for additions to utility plant of \$464.4 million during 2023. On a consolidated basis, PNMR's expenditures for additions to utility plant were \$1,075.8 million in 2023.

Joint Projects

Under the agreements for the jointly-owned projects, PNM has an undivided interest in each asset and liability of the project and records its pro-rata share of each item in the corresponding asset and liability account on PNM's Consolidated Balance Sheets. Likewise, PNM records its pro-rata share of each item of operating and maintenance expenses for its jointly-owned plants within the corresponding operating expense account in its Consolidated Statements of Earnings. PNM is responsible for financing its share of the capital and operating costs of the joint projects.

At December 31, 2023, PNM's interests and investments in jointly-owned generating facilities are:

<u>Station (Type)</u>	<u>Plant in Service</u>	<u>Accumulated Depreciation ⁽¹⁾</u>	<u>Construction Work in Progress</u>	<u>Composite Interest</u>
(In thousands)				
PVNGS (Nuclear)	\$ 800,338	\$ 403,531	\$ 25,380	7.56 %
Four Corners Units 4 and 5 (Coal)	\$ 282,875	\$ 102,520	\$ 7,710	13.00
Luna (Gas)	\$ 85,516	\$ 34,893	\$ 2,826	33.33

⁽¹⁾ Includes cost of removal.

Palo Verde Nuclear Generating Station

PNM is a participant in the three units of PVNGS with APS (the operating agent), SRP, EPE, SCE, SCPPA, and The Department of Water and Power of the City of Los Angeles. PNM previously had a 10.2% undivided interest in PVNGS, with portions of its interests in Units 1 and 2 held under leases. In January 2023, leased capacity of 104 MW in PVNGS Unit 1 expired and the rights to the capacity were acquired by SRP from the lessors subsequently, reducing PNM's interest in PVNGS to 7.6% at December 31, 2023. In January 2024, the leased capacity of 10 MW in PVNGS Unit 2 expired and the rights were also acquired by SRP, further reducing PNM's interest in PVNGS to 7.3%. See Note 8 for additional information concerning the PVNGS leases.

Four Corners Power Plant

PNM is a participant in two units of Four Corners with APS (the operating agent), an affiliate of APS, SRP, and Tucson. PNM has a 13.0% undivided interest in Units 4 and 5 of Four Corners. The Four Corners plant site is located on land within the Navajo Nation and is subject to an easement from the federal government. APS, on

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behalf of the Four Corners participants, negotiated amendments to an existing agreement with the Navajo Nation, which extends the owners' right to operate the plant on the site to July 2041. See Notes 16 and 17 for additional information about Four Corners.

Luna Energy Facility

Luna is a combined-cycle power plant near Deming, New Mexico. Luna is owned equally by PNM, Tucson, and Samchully Power & Utilities 1, LLC. The operation and maintenance of the facility has been contracted to North American Energy Services by PNM.

(15) Asset Retirement Obligations

AROs are recorded based on studies to estimate the amount and timing of future ARO expenditures and reflect underlying assumptions, such as discount rates, estimates of the future costs for decommissioning, and the timing of the removal activities to be performed. Approximately 72% of PNM's total ARO liabilities are related to nuclear decommissioning of PVNGS. PNM is responsible for all decommissioning obligations related to its entire interest in PVNGS, including portions under lease both during and after termination of the leases. Studies of the decommissioning costs of PVNGS, SJGS, Four Corners, and other facilities are performed periodically and revisions to the ARO liabilities are recorded. Changes in the assumptions underlying the calculations may also require revisions to the estimated AROs when identified. A reconciliation of the ARO liabilities is as follows:

	PNMR	PNM	TNMP
	(In thousands)		
Liability at December 31, 2020	\$ 183,421	\$ 182,718	\$ 703
Liabilities incurred	1,781	1,781	—
Liabilities settled	(142)	(142)	—
Accretion expense	9,308	9,248	60
Revisions to estimated cash flows ⁽¹⁾	39,778	39,778	—
Liability at December 31, 2021	234,146	233,383	763
Liabilities incurred	—	—	—
Liabilities settled	—	—	—
Accretion expense	10,767	10,702	65
Revisions to estimated cash flows ⁽²⁾	(21,536)	(21,536)	—
Liability at December 31, 2022	223,377	222,549	828
Liabilities incurred	—	—	—
Liabilities settled	(3,482)	(3,482)	—
Accretion expense	10,218	10,148	70
Revisions to estimated cash flows ⁽³⁾	15,418	15,418	—
Liability at December 31, 2023	<u>\$ 245,531</u>	<u>\$ 244,633</u>	<u>\$ 898</u>

(1) Reflects an increase of \$39.8 million for the remediation ordinance in San Juan County requiring the full demolition of SJGS.

(2) Reflects a decrease of \$21.5 million related to an updated SJGS decommissioning study.

(3) Reflects an increase of \$15.4 million related to an updated PVNGS decommissioning study.

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(16) Commitments and Contingencies

Overview

There are various claims and lawsuits pending against the Company. In addition, the Company is subject to federal, state, and local environmental laws and regulations and periodically participates in the investigation and remediation of various sites. In addition, the Company periodically enters into financial commitments in connection with its business operations. Also, the Company is involved in various legal and regulatory proceedings in the normal course of its business. See Note 17. It is not possible at this time for the Company to determine fully the effect of all litigation and other legal and regulatory proceedings on its financial position, results of operations, or cash flows.

With respect to some of the items listed below, the Company has determined that a loss is not probable or that, to the extent probable, cannot be reasonably estimated. In some cases, the Company is not able to predict with any degree of certainty the range of possible loss that could be incurred. The Company assesses legal and regulatory matters based on current information and makes judgments concerning their potential outcome, giving due consideration to the nature of the claim, the amount and nature of any damages sought, and the probability of success. Such judgments are made with the understanding that the outcome of any litigation, investigation, or other legal proceeding is inherently uncertain. The Company records liabilities for matters where it is probable a loss has been incurred and the amount of loss is reasonably estimatable. The actual outcomes of the items listed below could ultimately differ from the judgments made and the differences could be material. The Company cannot make any assurances that the amount of reserves or potential insurance coverage will be sufficient to cover the cash obligations that might be incurred as a result of litigation or regulatory proceedings. Except as otherwise disclosed, the Company does not expect that any known lawsuits, environmental costs, or commitments will have a material effect on its financial condition, results of operations, or cash flows.

Commitments and Contingencies Related to the Environment

PVNGS Decommissioning Funding

The costs of decommissioning a nuclear power plant are substantial. PNM is responsible for all decommissioning obligations related to its entire interest in PVNGS, including portions under leases both during and after termination of the leases. PNM has a program for funding its share of decommissioning costs for PVNGS, including portions previously held under leases. The nuclear decommissioning funding program is invested in equities and fixed income instruments in qualified and non-qualified trusts. PNM funded \$1.3 million for each of the years ended December 31, 2023, 2022 and 2021 into the qualified trust funds. The fair value of the trusts at December 31, 2023 and 2022 was \$361.0 million and \$325.3 million. See Note 17 for additional discussion of PNM's PVNGS Lease Abandonment Application.

Nuclear Spent Fuel and Waste Disposal

Nuclear power plant operators are required to enter into spent fuel disposal contracts with the DOE that require the DOE to accept and dispose of all spent nuclear fuel and other high-level radioactive wastes generated by domestic power reactors. Although the Nuclear Waste Policy Act required the DOE to develop a permanent repository for the storage and disposal of spent nuclear fuel by 1998, the DOE announced that it would not be able to open the repository by 1998 and sought to excuse its performance of these requirements. In November 1997, the DC Circuit issued a decision preventing the DOE from excusing its own delay but refused to order the DOE to begin accepting spent nuclear fuel. Based on this decision and the DOE's delay, a number of utilities, including APS (on behalf of itself and the other PVNGS owners, including PNM), filed damages actions against the DOE in the Court of Federal Claims. The lawsuits filed by APS alleged that damages were incurred due to DOE's continuing failure to remove spent nuclear fuel and high-level waste from PVNGS. In August 2014, APS and the DOE entered into a settlement agreement that established a process for the payment of claims for costs incurred through December 31, 2019. APS has accepted the DOE's extensions of the settlement agreement for recovery of costs incurred through December 31, 2025. Under the settlement agreement, APS must submit claims annually for payment of allowable costs. PNM records estimated claims on a quarterly basis. The benefit from the claims is passed through to customers under the FPPAC.

PNM estimates that it will incur approximately \$55.6 million (in 2023 dollars) for its share of the costs related to the on-site interim storage of spent nuclear fuel at PVNGS for the remaining term of the operating

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licenses. PNM accrues these costs as a component of fuel expense as the nuclear fuel is consumed. At December 31, 2023 and 2022, PNM had a liability for interim storage costs of \$11.0 million and \$12.0 million, which is included in other deferred credits.

PVNGS has sufficient capacity at its on-site Independent Spent Fuel Storage Installation (“ISFSI”) to store all of the nuclear fuel that will be irradiated during the initial operating license period, which ends in December 2027. Additionally, PVNGS has sufficient capacity at its on-site ISFSI to store a portion of the fuel that will be irradiated during the period of extended operation, which ends in November 2047. If uncertainties regarding the U.S. government’s obligation to accept and store spent fuel are not favorably resolved, APS will evaluate alternative storage solutions that may obviate the need to expand the ISFSI to accommodate all of the fuel that will be irradiated during the period of extended operation.

The Energy Transition Act

In 2019, the Governor signed into New Mexico state law Senate Bill 489, known as the Energy Transition Act (“ETA”). The ETA became effective as of June 14, 2019 and sets a statewide standard that requires investor-owned electric utilities to have specified percentages of their electric-generating portfolios be from renewable and zero-carbon generating resources. The ETA requires utilities operating in New Mexico to have renewable portfolios equal to 40% by 2025, 50% by 2030, 80% by 2040, and 100% zero-carbon energy by 2045. The ETA also allows for the recovery of undepreciated investments and decommissioning costs related to qualifying EGUs that the NMPRC has required be removed from retail jurisdictional rates, provided replacement resources to be included in retail rates have lower or zero-carbon emissions. The ETA requires the NMPRC to review and approve utilities’ annual renewable portfolio plans to ensure compliance with the RPS. The ETA also directs the New Mexico Environmental Improvement Board to adopt standards of performance that limit CO₂ emissions to no more than 1,100 lbs per MWh beginning January 1, 2023 for new or existing coal-fired EGUs with original installed capacities exceeding 300 MW.

The ETA provides for a transition from fossil-fuel generation resources to renewable and other carbon-free resources through certain provisions relating to the abandonment of coal-fired generating facilities. These provisions include the use of energy transition bonds, which are designed to be highly rated bonds that can be issued to finance certain costs of abandoning coal-fired facilities that are retired prior to January 1, 2023 for facilities operated by a “qualifying utility,” or prior to January 1, 2032 for facilities that are not operated by a qualifying utility. The amount of energy transition bonds that can be issued to recover abandonment costs is limited to the lesser of \$375.0 million or 150% of the undepreciated investment of the facility as of the abandonment date. Proceeds provided by energy transition bonds must be used only for purposes related to providing utility service to customers and to pay energy transition costs (as defined by the ETA). These costs may include plant decommissioning and coal mine reclamation costs, provided those costs have not previously been recovered from customers or disallowed by the NMPRC or by a court order. Proceeds from energy transition bonds may also be used to fund severances for employees of the retired facility and related coal mine and to promote economic development, education and job training in areas impacted by the retirement of the coal-fired facilities. Energy transition bonds must be issued under a NMPRC approved financing order, are secured by “energy transition property,” are non-recourse to the issuing utility, and are repaid by a non-bypassable charge paid by all customers of the issuing utility. These customer charges are subject to an adjustment mechanism designed to provide for timely and complete payment of principal and interest due under the energy transition bonds.

The ETA also provides that utilities must obtain NMPRC approval of competitively procured replacement resources that shall be evaluated based on their cost, economic development opportunity, ability to provide jobs with comparable pay and benefits to those lost upon retirement of the facility and that do not exceed emissions thresholds specified in the ETA. In determining whether to approve replacement resources, the NMPRC must give preference to resources with the least environmental impacts, those with higher ratios of capital costs to fuel costs, and those located in the school district of the abandoned facility. The ETA also provides for the procurement of energy storage facilities and gives utilities discretion to maintain, control, and operate these systems to ensure reliable and efficient service.

The ETA has had and will have a significant impact on PNM’s future generation portfolio, including PNM’s retirement of SJGS in 2022 and the exit of Four Corners (subject to regulatory approval). PNM cannot predict the full impact of the ETA or the outcome of its pending and potential future generating resource abandonment and

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replacement resource filings with the NMPRC. See additional discussion in Note 17 of PNM's SJGS and Four Corners Abandonment Applications.

The Clean Air Act

Regional Haze

Pursuant to the CAA, states are required to establish goals for improving visibility in national parks and wilderness areas (also known as Class I areas) and to develop long-term strategies for reducing emissions of air pollutants that cause visibility impairment in their own states and for preventing degradation in other states. States must establish a series of interim goals to ensure continued progress by adopting a new SIP every ten years. In the first SIP planning period, states were required to conduct BART determinations for certain covered facilities, including utility boilers, built between 1962 and 1977 that have the potential to emit more than 250 tons per year of visibility impairing pollution. For all future SIP planning periods, states must evaluate whether additional emissions reduction measures may be needed to continue making reasonable progress toward natural visibility conditions.

In 2017, EPA published revisions to the regional haze rule in the Federal Register that delayed the due date for the next cycle of SIPs from 2019 to 2021 and altered the planning process that states must employ in determining whether to impose "reasonable progress" emission reduction measures. EPA's new rule was challenged by numerous parties, but the litigation was held in abeyance after EPA granted various petitions for reconsideration.

In 2018, EPA released a new guidance document on tracking visibility progress for the second planning period. EPA is allowing states discretion to develop SIPs that may differ from EPA's guidance as long as they are consistent with the CAA and other applicable regulations. In 2019, EPA finalized the draft guidance that was previously released as a companion to the regional haze rule revisions, and EPA clarified that guidance in a memorandum issued in 2021.

SIPs for the second planning period were due in July 2021, which deadline NMED was unable to meet. NMED is currently preparing its SIP for the second compliance period and has notified PNM that it will not be required to submit a regional haze four-factor analysis for SJGS since PNM retired its share of SJGS in 2022. On August 30, 2022, EPA published in the Federal Register an official "Finding of Failure to Submit" for states, including New Mexico, that have not yet submitted a round 2 regional haze SIP. This action by EPA starts a 2-year clock for it to issue a Federal Implementation Plan (FIP). NMED's current timeline indicates the proposed SIP will be submitted to EPA by Summer 2024.

Carbon Dioxide Emissions

In 2015, EPA established standards to limit CO₂ emissions from power plants, including (1) Carbon Pollution Standards for new, modified, and reconstructed power plants; and (2) the Clean Power Plan for existing power plants.

Multiple states, utilities, and trade groups challenged both the Carbon Pollution Standards for new sources and the Clean Power Plan for existing sources in separate cases. Challengers successfully petitioned the US Supreme Court for a stay of the Clean Power Plan. However, before the DC Circuit could issue an opinion regarding either the Carbon Pollution Standards or the Clean Power Plan, the Trump Administration asked that the case be held in abeyance while the rules were reevaluated, which was granted.

In 2019, EPA repealed the Clean Power Plan, promulgated the ACE Rule, and revised the implementing regulations for all emission guidelines. EPA set the BSER for existing coal-fired power plants as heat rate efficiency improvements based on a range of "candidate technologies" that can be applied inside the fence line of an individual facility. The DC Circuit issued an order that granted motions by various petitioners, including industry groups and EPA, to dismiss the cases challenging the Clean Power Plan as moot due to EPA's issuance of the ACE Rule.

The ACE Rule was also challenged, and on January 19, 2021, the DC Circuit issued an opinion in *American Lung Association and American Public Health Association v. EPA, et al.*, vacating the ACE Rule. While the DC Circuit rejected the ACE Rule, it did not reinstate the Clean Power Plan. Rather, the DC Circuit granted an

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EPA motion asking the court to withhold issuance of the mandate with respect to the repeal of the Clean Power Plan until EPA responds to the court's remand in a new rulemaking action.

Numerous parties sought review by the US Supreme Court, and on June 30, 2022, the Court held that the "generation shifting" approach in the Clean Power Plan exceeded the powers granted to EPA by Congress, though the Court did not address the related issue of whether Section 111 of the CAA only authorizes EPA to require measures that can be implemented entirely within the fence line at an individual source. Of broader significance in administrative law, the Court's opinion expressly invoked the "major question" doctrine, which requires rules involving issues of "vast economic or political significance" to be supported by clear statutory authorization. In cases where there is no clear statement of authority, courts need not defer to the agency's statutory interpretation on "major questions." The decision sets legal precedent for future rulemakings by EPA and other federal regulatory agencies whereby the agencies' authority may be limited based upon similar reasoning.

The litigation over the Carbon Pollution Standards remains held in abeyance but could be reactivated by the parties upon a determination by the court that reconsideration of the rule has concluded.

On May 23, 2023, EPA published in the Federal Register proposed regulatory actions under CAA sections 111(b) and (d) to replace the Clean Power Plan and the ACE Rule. The proposed regulations cover: (1) New natural gas-based EGUs under section 111(b); (2) Existing large and frequently operated natural gas-based EGUs under section 111(d); and (3) Existing coal-based EGUs under section 111(d). Standards of performance for existing coal EGUs will be based on two technologies depending on retirement date: carbon capture and storage/sequestration ("CCS") or co-firing gas in lieu of coal. For gas-based EGUs, the standards will be based on CCS or the use of green hydrogen in lieu of natural gas. States will be required to develop SIPs to EPA that provide for the establishment, implementation and enforcement of these standards as they apply to existing sources. States may take into account remaining useful life and other factors when establishing the standards. EPA is proposing that existing coal units must start complying with their gas co-firing or CCS based standards of performance on January 1, 2030, unless they commit to retirement before 2032 (or retirement by 2035 if they also commit to a 20% annual operating limit). Existing combustion turbine units must start complying with their hydrogen or CCS based standards of performance on January 1, 2032, or January 1, 2035, depending on their subcategory, which is based on the control technology selected. The package also includes a proposed repeal of the ACE rule and revisions to the standard for modified and reconstructed units, along with a notice of public rulemaking seeking data and information about setting standards for existing smaller natural gas-based generators. Comments on the rule were due to EPA by August 8, 2023. PNM filed company-specific comments and continues to review the proposed rule and its potential impacts on the company's fossil generation resources. EPA has indicated it plans to promulgate a final rule by Spring 2024.

On January 27, 2021, President Biden signed an extensive Executive Order aimed at addressing climate change concerns domestically and internationally. The order is intended to build on the initial climate-related actions the Biden Administration took on January 20, 2021. It addresses a wide range of issues, including establishing climate change concerns as an essential element of U.S. foreign and security policy, identifying a process to determine the U.S. INDC under the Paris Agreement, and establishing a Special Presidential Envoy for Climate that will sit on the National Security Council. On April 22, 2021, at the Earth Day Summit, as part of the U.S.'s re-entry into the Paris Agreement, President Biden unveiled the goal to cut U.S. emissions by 50% - 52% from 2005 levels by 2030, nearly double the GHG emissions reduction target set by the Obama Administration. The 2030 goal joins President Biden's other climate goals which include a carbon pollution-free power sector by 2035 and a net-zero emissions economy by no later than 2050.

PNM's review of the GHG emission reductions standards that may occur as a result of legislation or regulation under the Biden Administration and in response to the court's ruling on the ACE Rule is ongoing. PNM cannot predict the impact these standards may have on its operations or a range of the potential costs of compliance, if any.

National Ambient Air Quality Standards ("NAAQS")

The CAA requires EPA to set NAAQS for pollutants reasonably anticipated to endanger public health or welfare. EPA has set NAAQS for certain pollutants, including NO_x, SO₂, ozone, and particulate matter.

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NO_x Standard – In 2018, EPA published the final rule to retain the current primary health-based NO_x standards of which NO₂ is the constituent of greatest concern and is the indicator for the primary NAAQS. EPA concluded that the current 1-hour and annual primary NO₂ standards are requisite to protect public health with an adequate margin of safety. The rule became effective on May 18, 2018. The State of New Mexico has attained the current NO_x NAAQS standards.

SO₂ Standard – In 2019, EPA announced its final decision to retain, without changes, the primary health-based NAAQS for SO₂. Specifically, EPA will retain the current 1-hour standard for SO₂, which is 75 parts per billion, based on the 3-year average of the 99th percentile of daily maximum 1-hour SO₂ concentrations.

On March 26, 2021, EPA published in the Federal Register the initial air quality designations for all remaining areas not yet designated under the 2010 SO₂ Primary NAAQS. All areas of New Mexico have been designated attainment/unclassifiable through four rounds of designations by EPA.

Ozone Standard – In 2015, EPA finalized the new ozone NAAQS and lowered both the primary and secondary 8-hour standard from 75 to 70 parts per billion. With ozone standards becoming more stringent, fossil-fueled generation units will come under increasing pressure to reduce emissions of NO_x and volatile organic compounds since these are the pollutants that form ground-level ozone. On July 13, 2020, EPA proposed to retain the existing ozone NAAQS based on a review of the full body of currently available scientific evidence and exposure/risk information. EPA finalized its decision to retain the ozone NAAQS in a notice published on December 31, 2020 making it immediately effective. In response to lawsuits brought by states and environmental groups, on October 29, 2021, EPA filed a motion in the DC Circuit indicating it will reconsider the 2020 ozone NAAQS. On August 21, 2023, EPA announced an entirely new review of the ozone standard that will incorporate the work to date on the reconsideration, likely indicating a delay in the schedule for a decision on whether the standard should be revised. On January 3, 2024, EPA filed in the DC Circuit an unopposed motion for voluntary remand, without vacatur, of EPA's final rule retaining the current ozone NAAQS. The filing was made in the consolidated cases challenging the 2020 ozone NAAQS rule.

During 2017 and 2018, EPA released rules establishing area designations for ozone. In those rules, San Juan County, New Mexico, where Four Corners is located, is designated as attainment/unclassifiable and only a small area in Doña Ana County, New Mexico is designated as marginal non-attainment. Although Afton Generating Station is located in Doña Ana County, it is not located within the small area designated as non-attainment for the 2015 ozone standard. The rule became effective May 8, 2018.

NMED has responsibility for bringing the small area in Doña Ana County designated as marginal/non-attainment for ozone into compliance and will look at all sources of NO_x and volatile organic compounds. NMED has submitted the required elements for the Sunland Park Ozone Non-attainment Area SIP. This includes a transportation conformity demonstration, a 2017 baseline emissions inventory and emissions statement, and an amendment to the state's Non-attainment Permitting rules at 20.2.79 New Mexico Administrative Code to conform to EPA's SIP Requirements Rule for 2015 Q3 NAAQS (i.e., "implementation rule").

The SIP elements had staggered deadlines and were done in three submissions: (1) the transportation conformity demonstration was completed by the El Paso Metropolitan Planning Organization on behalf of New Mexico in 2019, which is responsible for transportation planning in that area, and the submission received concurrence from EPA and the Federal Highway Administration; (2) the emissions inventory and statement SIP was submitted to EPA in September 2020; and (3) the Non-attainment New Source Review SIP was submitted to EPA on August 10, 2021. On October 15, 2021, EPA proposed to approve New Mexico's SIP to meet the emissions inventory and statement requirements of the CAA for the Sunland Park Ozone Non-Attainment Area.

PNM does not believe there will be material impacts to its facilities because of NMED's non-attainment designation of the small area within Doña Ana County. Until EPA approves attainment designations for the Navajo Nation and releases a proposal to implement the revised ozone NAAQS, PNM is unable to predict what impact the adoption of these standards may have on Four Corners. With respect to EPA's reconsideration of the 2020 decision to retain the 2015 ozone standards, EPA is statutorily obligated to complete its review of the ozone standards by December 2025. PNM cannot predict the outcome of this matter.

In 2019, EPA issued findings that several states, including New Mexico, had failed to submit interstate transport SIPs for the 2015 8-hour ozone NAAQS, triggering an obligation for EPA to issue a federal implementation plan within two years. In response, NMED submitted a Good Neighbor SIP on July 27, 2021 that

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demonstrates that there are no significant contributions from New Mexico to downwind problems in meeting the federal ozone standard. Nevertheless, when EPA failed to approve the SIP or issue a FIP within two years of the finding of failure to submit, multiple parties filed a deadline suit against EPA, resulting in a consent decree requiring EPA to issue a FIP or approve a SIP for New Mexico by a deadline of no later than June 1, 2024, which was later extended to August 30, 2024. On March 15, 2023, EPA Administrator Regan signed a final action imposing a FIP on multiple states but did not include a FIP for New Mexico because EPA had not proposed a FIP for the state because the most up to date modeling available at proposal confirmed the state did not contribute to downwind ozone nonattainment or maintenance areas. However, the updated modeling EPA used in the final rule indicated that New Mexico may be significantly contributing to one or more non-attainment or maintenance areas. In light of that modeling result, on February 16, 2024, EPA proposed to impose a FIP on New Mexico to address the newly identified contribution. If finalized as proposed, the FIP would require specified fossil fuel-fired generating resources to participate in an ozone-season NOx emission allowance trading program that will limit total NOx emissions from all affected units within the state of New Mexico.

PM Standard – On January 30, 2020, EPA published in the Federal Register a notice announcing the availability of a final Policy Assessment for the Review of the NAAQS for Particulate Matter (the “PA”). The 2020 final PA was prepared as part of the review of the primary and secondary PM NAAQS. In the 2020 final PA, EPA recommended lowering the primary annual PM 2.5 standard to between 8 µg/m³ and 10 µg/m³. However, on April 30, 2020, EPA published a proposed rule to retain the current standards for PM due to uncertainties in the data relied upon in the 2020 final PA and EPA published a notice of that final action on December 18, 2020, making it immediately effective. On January 14, 2021, several states and New York City filed a petition for review in the DC Circuit, challenging EPA’s final rule retaining the current primary and secondary PM NAAQS and a similar lawsuit was filed by the Center for Biological Diversity in the DC Circuit. On June 10, 2021, EPA announced that it will reconsider the previous administration’s December 2020 decision to retain the current primary and secondary PM NAAQS and on October 8, 2021, EPA announced the release of a new draft PA stating that available scientific evidence and technical information indicate that the current standards may not be adequate to protect public health and welfare, as required by the CAA. On June 1, 2022, EPA issued a new final PA that likewise indicates current standards may not be adequate and that available scientific evidence could support lowering the standards.

On January 27, 2023, EPA published, in the Federal Register, a proposal to lower the annual fine PM standard to between 9-10 µg/m³ but retain the rest of its PM standards, including the current daily fine particulate matter standard, the daily coarse particulate matter standard, and the secondary PM standards. EPA issued a prepublication of the final rule on February 7, 2024, lowering the fine PM standard to 9 ug/m³. Although the lower standard is expected to result in new nonattainment areas throughout the country and could prompt additional PM control requirements, PNM cannot predict the impacts of the outcome of future rulemaking.

Cooling Water Intake Structures

In 2014, EPA issued a rule establishing national standards for certain cooling water intake structures at existing power plants and other facilities under the Clean Water Act to protect fish and other aquatic organisms by minimizing impingement mortality (the capture of aquatic wildlife on intake structures or against screens) and entrainment mortality (the capture of fish or shellfish in water flow entering and passing through intake structures).

To minimize impingement mortality, the rule provides operators of facilities, such as Four Corners, seven options for meeting Best Technology Available (“BTA”) standards for reducing impingement. The permitting authority must establish the BTA for entrainment on a site-specific basis, taking into consideration an array of factors, including endangered species and social costs and benefits. Affected sources must submit source water baseline characterization data to the permitting authority to assist in the determination. Compliance deadlines under the rule are tied to permit renewal and will be subject to a schedule of compliance established by the permitting authority.

In 2018, several environmental groups sued EPA Region IX in the U.S. Court of Appeals for the Ninth Circuit Court over EPA’s failure to timely reissue the Four Corners NPDES permit. The petitioners asked the court to issue a *writ of mandamus* compelling EPA Region IX to take final action on the pending NPDES permit by a reasonable date. EPA subsequently reissued the NPDES permit. The permit did not contain conditions related to the cooling water intake structure rule, as EPA determined that the facility has achieved BTA for both impingement and entrainment by operating a closed-cycle recirculation system. Several environmental groups filed a petition

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for review with EPA's Environmental Appeals Board ("EAB") concerning the reissued permit. The environmental groups alleged that the permit was reissued in contravention of several requirements under the Clean Water Act and did not contain required provisions concerning certain revised ELG, existing-source regulations governing cooling-water intake structures, and effluent limits for surface seepage and subsurface discharges from coal-ash disposal facilities. EPA withdrew the Four Corners NPDES permit in order to examine issues raised by the environmental groups. Withdrawal of the permit moots the appeal pending before the EAB. EAB thereafter dismissed the environmental groups' appeal. EPA issued an updated NPDES permit in 2019. The permit was once again appealed to the EAB and was stayed before the effective date. Oral argument was heard on September 3, 2020. The EAB issued an order denying the petition for review on September 30, 2020. The denial was based on the EAB's determination that the petitioners had failed to demonstrate that review of the permit was warranted on any of the grounds presented in the petition. Thereafter, the Regional Administrator of the EPA signed a notice of final permit decision, and the NPDES permit was issued on November 9, 2020. The permit became effective December 1, 2020 and will expire on November 30, 2025. On January 22, 2021, the environmental groups filed a petition for review of the EAB's decision with the U.S. Court of Appeals for the Ninth Circuit. The September 2019 permit remains in effect pending this appeal. On March 21, 2022, EPA provided notice in the Federal Register of a proposed settlement agreement with the environmental groups. The parties subsequently executed the settlement agreement as of May 2, 2022. Under the settlement, the associated case was administratively closed through September 6, 2023, during which time a third-party consultant spent 12 months sampling discharges from Four Corners and EPA spent three months completing an analysis. On December 1, 2023, EPA issued a modification, effective December 31, 2023, to the NPDES permit issued on November 9, 2020. The modification applies to permit elements related to effluent discharge. PNM cannot predict whether the analysis under the settlement agreement will result in changes to the NPDES permit but does not anticipate that it will have a material impact on PNM's financial position, results of operations, or cash flows.

Effluent Limitation Guidelines

In 2013, EPA published proposed revised wastewater ELG establishing technology-based wastewater discharge limitations for fossil fuel-fired electric power plants. EPA signed the final Steam Electric ELG rule in 2015. The final rule, which became effective on January 4, 2016, phased in the new, more stringent requirements in the form of effluent limits for arsenic, mercury, selenium, and nitrogen for wastewater discharged from wet scrubber systems and zero discharge of pollutants in ash transport water that must be incorporated into plants' NPDES permits. The 2015 rule required each plant to comply between 2018 and 2023 depending on when it needs a new or revised NPDES permit.

The Steam Electric ELG rule was challenged in the U.S. Court of Appeals for the Fifth Circuit by numerous parties. In 2017, EPA signed a notice indicating its intent to reconsider portions of the rule, and the Fifth Circuit issued an order severing the issues under reconsideration and holding the case in abeyance as to those issues. However, the court allowed challenges to other portions of the rule to proceed. In 2019, the Fifth Circuit granted those challenges and issued an opinion vacating several portions of the rule, specifically those related to legacy wastewater and leachate, for which the court deemed the standards selected by EPA arbitrary and capricious.

In 2017, EPA published a final rule for postponement of certain compliance dates. The rule postponed the earliest date on which compliance with the ELG for these waste streams would be required from November 1, 2018 until November 1, 2020. In 2019, EPA published a proposed rule revising the original ELG while maintaining the compliance dates. In 2020, EPA published in the Federal Register the final Steam Electric ELG and standards for the Steam Electric Power Generating Point Source Category, revising the final 2015 guidelines for both flue gas desulfurization wastewater and bottom ash transport water. The rule requires compliance with new limits as soon as possible on or after October 13, 2021, but no later than December 31, 2025.

On August 3, 2021, EPA published notice that it will undertake a supplemental rulemaking to revise the ELG after completing its review of the rules reconsidered in 2020. As part of this process, EPA will determine whether more stringent limitations and standards are appropriate. On March 29, 2023, EPA published the proposed ELG Rule in the Federal Register. The proposed rule includes stricter limitations on bottom ash transport water, flue gas desulfurization, and coal combustion residual leachate. Also included are flexibilities for coal-powered facilities that will soon decommission or repower. With this proposed rule EPA has extended the date of decommissioning or repowering from December 31, 2028, to December 31, 2032. Comments on the proposed rule were due May 30, 2023. A final rule is expected in April 2024.

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Reeves Station discharges cooling tower blowdown to a publicly owned treatment plant and no longer holds an NPDES permit; therefore, it is expected that no requirements will be imposed.

See "Cooling Water Intake Structures" above for additional discussion of Four Corners' current NPDES permit. Four Corners may be required to change equipment and operating practices affecting boilers and ash handling systems, as well as change its waste disposal techniques during the next NPDES permit renewal in 2023. PNM is unable to predict the outcome of these matters or a range of the potential costs of compliance.

Santa Fe Generating Station

PNM and NMED are parties to agreements under which PNM has installed a remediation system to treat water from a City of Santa Fe municipal supply well and an extraction well to address gasoline contamination in the groundwater at the site of PNM's former Santa Fe Generating Station and service center. A 2008 NMED site inspection report states that neither the source nor extent of contamination at the site has been determined and that the source may not be the former Santa Fe Generating Station. During 2013 and 2014, PNM and NMED collected additional samples that showed elevated concentrations of nitrate and volatile organic compounds in some of the monitoring wells at the site. In addition, one monitoring well contained free-phase hydrocarbon products. PNM collected a sample of the product for "fingerprint" analysis. The results of this analysis indicated the product was a mixture of older and newer fuels. The presence of newer fuels in the sample suggests the hydrocarbon product likely originated from off-site sources. In 2015, PNM and NMED entered into a memorandum of understanding to address changing groundwater conditions at the site under which PNM agreed to continue hydrocarbon investigation under the supervision of NMED. Qualified costs are eligible for payment through the New Mexico Corrective Action Fund ("CAF"), which is administered by the NMED Petroleum Storage Tank Bureau. In 2019, PNM received notice from NMED that an abatement plan for the site is required to address concentrations of previously identified compounds, unrelated to those discussed above, found in the groundwater. NMED approved PNM's abatement plan proposal, which covers field work and reporting.

Field work related to the investigation under both the CAF and abatement plan requirements was completed and activities and findings associated with the field work were presented in two separate reports and released to stakeholders in early 2020. Subsequent field work was completed in July 2020 and two reports were released supporting PNM's contention that off-site sources have impacted, and are continuing to impact, the local groundwater in the vicinity of the former Santa Fe Generating Station.

PNM submitted work plans to NMED in January 2021 for review and approval. In December 2021, NMED approved both work plans and work activities were completed by the end of 2022. A report was submitted to the NMED in the first quarter of 2023.

Groundwater sampling for the abatement plan's first semiannual work commenced at the beginning of March 2023 and was completed in April 2023. The associated report was completed and submitted to the NMED in July 2023. In addition, the work plan for the 2023 CAF work was completed and submitted to the NMED in July 2023. NMED approved the work plan in December 2023 and PNM is working to schedule the associated activities.

The City of Santa Fe has stopped operating its well at the site, which is needed for PNM's groundwater remediation system to operate. As a result, PNM has stopped performing remediation activities at the site. However, PNM's monitoring and other abatement activities at the site are ongoing and will continue until the groundwater meets applicable federal and state standards or until the NMED determines remediation is not required, whichever is earlier. PNM is not able to assess the duration of this project or estimate the impact on its obligations if PNM is required to resume groundwater remediation activities at the site. PNM is unable to predict the outcome of these matters.

Coal Combustion Residuals Waste Disposal

CCRs consisting of fly ash, bottom ash, and gypsum generated from coal combustion and emission control equipment at SJGS are currently disposed of in the surface mine pits adjacent to the plant. SJGS does not operate any CCR impoundments or landfills. The NMMMD currently regulates mine reclamation activities at the San Juan mine, including placement of CCRs in the surface mine pits, with federal oversight by the OSM. APS disposes of CCRs in ponds and dry storage areas at Four Corners. Ash management at Four Corners is regulated by EPA and the New Mexico State Engineer's Office.

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EPA's final coal ash rule, which became effective in 2015, included a non-hazardous waste determination for coal ash and sets minimum criteria for existing and new CCR landfills and surface impoundments. In 2016, the Water Infrastructure Improvements for the Nation Act (the "WIIN Act") was signed into law to address critical water infrastructure needs in the U.S. and contains a number of provisions related to the CCR rules. Among other things, the WIIN Act allows, but does not require, states to develop and submit CCR permit programs for EPA approval, provides flexibility for states to incorporate EPA's final rule for CCRs or develop other criteria that are at least as protective as EPA's final rule, and requires EPA to approve state permit programs within 180 days of submission by the state. Because states are not required to implement their own CCR permit programs, EPA will implement the permit program in states that choose not to implement a program, subject to Congressional funding. Until permit programs are in effect, EPA has authority to directly enforce the CCR rule. For facilities located within the boundaries of Native American reservations, such as the Navajo Nation where Four Corners is located, EPA is required to develop a federal permit program regardless of appropriated funds.

In 2018, EPA published a rule that constitutes "Phase One, Part One" of its ongoing reconsideration and revision of the April 17, 2015, CCR rule. The final Phase One, Part One rule includes two types of revisions. The first revision extended the deadline to allow EGUs with unlined impoundments or that fail to meet the uppermost aquifer requirement to continue to receive coal ash until October 31, 2020. This deadline was again extended by subsequent amendments. The rule also authorized a "Participating State Director" or EPA to approve suspension of groundwater monitoring requirements and to issue certifications related to the location restrictions, design criteria, groundwater monitoring, remedy selection and implementation. The rule also modified groundwater protection standards for certain constituents, which include cobalt, molybdenum, lithium, and lead without a maximum contamination level.

In 2019, EPA published a second round of revisions, which are commonly referred to as the "Phase Two" revisions. Phase Two proposed revisions to reporting and accessibility to public information, the "CCR piles" and "beneficial use" definitions and the requirements for management of CCR piles. EPA has reopened and extended the Phase Two comment period several times. EPA has not yet finalized provisions in Phase Two related to beneficial use of CCR and CCR piles. This activity is on EPA's long-term agenda, which means EPA has no plans to address these issues in the next 12 months.

Since promulgating its Phase Two proposal, EPA has finalized two other rules addressing various CCR rule provisions. In 2019, EPA promulgated its proposed Holistic Approach to Closure Part A ("Part A"), which proposed a new deadline of August 31, 2020, for companies to initiate closure of unlined CCR impoundments. In accordance with the DC Circuit Court of Appeals' vacatur of portions of the CCR Rule, Part A also proposed changing the classification of compacted soil-lined or clay-lined surface impoundments from "lined" to "unlined". In addition, Part A delineated a process for owners/operators to submit requests for alternative closure deadlines based on lack of alternate disposal capacity. EPA issued the final Part A, which became effective on September 28, 2020. This rule finalized the classification of soil-lined and clay-lined surface impoundments as unlined, thus, triggering closure or retrofit requirements for those impoundments. The final Part A also gave operators of unlined impoundments until April 11, 2021 to cease receipt of waste at these units and initiate closure.

In 2020, EPA issued the proposed Holistic Approach to Closure Part B ("Part B"), which delineated the process for owners/operators to submit alternate liner demonstrations for clay-lined surface impoundments that could otherwise meet applicable requirements. Part B also proposed regulations addressing beneficial use for closure of surface impoundments. EPA issued the final Part B rule, which became effective on December 14, 2020. This rule did not include beneficial use of CCR for closure, which EPA explains will be addressed in subsequent rulemaking actions. On May 18, 2023, EPA published a proposed rule on the regulatory requirements for inactive surface impoundments at inactive facilities including groundwater monitoring, corrective action, closure, and post-closure care requirements for all CCR management units (regardless of how or when that CCR was placed), and several technical corrections to the existing regulations. Comments on the proposed rule were due July 17, 2023. A final rule is expected April 2024. EPA intends to issue other rulemakings and finalizing parts of previously proposed rules, including a final rule in October 2024 on remaining Part B issues regarding closure options and annual reporting.

In 2020, EPA published a proposed rule establishing a federal permitting program for the handling of CCR within the boundaries of Native American reservations and in states without their own federally authorized state programs. Permits for units within the boundaries of Native American reservations would be due 18 months after the effective date of the rule. According to the Fall 2023 Regulatory Agenda the final rule is expected in March

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2026. EPA is coordinating with the affected permits for the three facilities with CCR disposal units located on Native American lands. PNM cannot predict the outcome of EPA's rulemaking activity or the outcome of any related litigation, and whether or how such a ruling would affect operations at Four Corners.

The CCR rule does not cover mine placement of coal ash. OSM is expected to publish a proposed rule covering mine placement in the future and will likely be influenced by EPA's rule and the determination by EPA that CCRs are non-hazardous. PNM cannot predict the outcome of OSM's proposed rulemaking regarding CCR regulation, including mine placement of CCRs, or whether OSM's actions will have a material impact on PNM's operations, financial position, or cash flows. Based upon the requirements of the final Part A CCR rule, PNM conducted a CCR assessment at SJGS and made minor modifications at the plant to ensure that there are no facilities that would be considered impoundments or landfills under the rule. PNM would seek recovery from its retail customers of all CCR costs for jurisdictional assets that are ultimately incurred.

Utilities that own or operate CCR disposal units, such as those at Four Corners, as indicated above, were required to collect sufficient groundwater sampling data to initiate a detection monitoring program. Four Corners completed the analysis for its CCR disposal units, which identified several units that needed corrective action or needed to cease operations and initiate closure by April 11, 2021. Work is ongoing. Four Corners continues to gather additional groundwater data and perform remedial evaluations and activities. At this time, PNM does not anticipate its share of the cost to complete these corrective actions to close the CCR disposal units, or to gather and perform remedial evaluations on groundwater at Four Corners, will have a significant impact on its operations, financial position, or cash flows.

Other Commitments and Contingencies

Coal Supply

SJGS

The coal requirements for SJGS were supplied by WSJ LLC. Pricing under the SJGS CSA was primarily fixed, with adjustments to reflect changes in general inflation. Substantially all of SJGS's coal costs were passed through the FPPAC. See additional discussion of PNM's SJGS Abandonment Application Note 17.

Four Corners

APS purchases all of Four Corners' coal requirements from NTEC, an entity owned by the Navajo Nation, under the Four Corners CSA that expires in 2031. The coal comes from reserves located within the Navajo Nation. The contract provides for pricing adjustments over its term based on economic indices and includes certain minimum payments that may be required if no deliveries of coal are taken. As of December 31, 2023 those minimum payments were \$39.9 million for 2024, \$81.8 million for 2025 and 2026, \$83.8 million for 2027 and 2028, and \$111.6 million for 2029 and thereafter. PNM's share of the coal costs is being recovered through the FPPAC.

Coal Mine Reclamation

As indicated under Coal Combustion Residuals Waste Disposal above, SJGS disposed of CCRs in the surface mine pits adjacent to the plant and Four Corners disposes of CCRs in ponds and dry storage areas.

Under the terms of the SJGS CSA, PNM and the other SJGS owners are obligated to compensate WSJ LLC for all reclamation costs associated with the supply of coal from the San Juan mine. PNM and Westmoreland have entered into an agreement under which mine reclamation services for SJGS would be provided. In 2020, a mine reclamation cost study was completed for the mine that serves SJGS. PNM's estimate of the costs necessary to reclaim the mine that serves SJGS is subject to many assumptions, including the timing of reclamation, generally accepted practices at the time reclamation activities occur, and current inflation and discount rates. PNM cannot predict the ultimate cost to reclaim the mine that serves SJGS and would seek to recover all costs related to reclaiming the underground mine from its customers but could be exposed to additional loss related to surface mine reclamation. Additionally, in connection with certain mining permits relating to the operation of the San Juan mine, Westmoreland was required to post reclamation bonds of \$118.7 million with the NMMMD. In order to facilitate the posting of reclamation bonds by sureties on behalf of Westmoreland, PNMR entered into the WFB LOC Facility under which letters of credit aggregating \$30.3 million have been

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issued.

A coal mine reclamation study for the mine that serves Four Corners was issued in 2019. The study reflected operation of the mine through 2031, the term of the Four Corners CSA. As discussed in Note 17, PNM remains responsible for its share of costs associated with mine reclamation under the Four Corners Purchase and Sale Agreement with NTEC. The Company is evaluating the facts and circumstances surrounding the exit of Four Corners and will determine next steps.

Based on the most recent estimates, PNM's remaining payments for mine reclamation, in future dollars, are estimated to be \$53.6 million for the surface mines at both SJGS and Four Corners and \$30.4 million for the underground mine at SJGS as of December 31, 2023. At December 31, 2023 and 2022, liabilities, in current dollars, of \$50.0 million and \$62.6 million for surface mine reclamation and \$26.2 million and \$28.2 million for underground mine reclamation were recorded in other deferred credits.

The SJGS owners entered into a reclamation trust funds agreement to provide funding to compensate WSJ LLC for post-term reclamation obligations. The trust funds agreement requires each owner to enter into an individual trust agreement with a financial institution as trustee, create an irrevocable reclamation trust, and periodically deposit funds into the reclamation trust for the owner's share of the mine reclamation obligation. Deposits, which are based on funding curves, must be made on an annual basis. PNM funded \$2.7 million in 2023, \$10.0 million in 2022, and \$5.2 million in 2021. Based on PNM's reclamation trust fund balance at December 31, 2023, the current funding curves indicate PNM's required contributions to its reclamation trust fund would be zero in each of the years 2024, 2025, and 2026.

Under the Four Corners CSA, PNM is required to fund its share of estimated final reclamation costs in annual installments into an irrevocable escrow account solely dedicated to the final reclamation cost of the surface mine at Four Corners. PNM contributed \$0.2 million in 2023, \$2.4 million in 2022, and \$2.2 million in 2021 and anticipates providing additional funding of \$2.1 million in each of the years 2024 and 2025.

PNM recovers from retail customers reclamation costs associated with the underground mine. However, the NMPRC capped the amount collected from retail customers for final reclamation of the surface mines at \$100.0 million for both SJGS and Four Corners. If future estimates increase the liability for surface mine reclamation, the excess would be expensed at that time. The impacts of changes in New Mexico state law as a result of the enactment of the ETA and regulatory determinations made by the NMPRC may also affect PNM's financial position, results of operations, and cash flows. See additional discussion regarding PNM's SJGS and Four Corners Abandonment Applications in Note 17. PNM is currently unable to determine the outcome of these matters or the range of possible impacts.

SJGS Decommissioning

On November 9, 2021, the San Juan County Commission approved the Coal-Fired Electricity Generating Facility Demolition and Remediation Ordinance ("Ordinance 121"), requiring the full demolition of SJGS upon its complete and permanent closure. Ordinance 121 required the SJGS owners to submit a proposed demolition and remediation plan no later than three months after SJGS was retired. The SJGS owners submitted the decommissioning and remediation plan on December 28, 2022. In connection with restructuring of the SJGS ownership on December 31, 2017, PNM and the other SJGS owners entered into the San Juan Decommissioning and Trust Funds Agreement, which requires PNM to fund its ownership share of final decommissioning costs into an irrevocable trust. Under the agreement, PNM made an initial funding of \$14.7 million in December 2022. The amount and timing of additional trust funding is subject to revised decommissioning cost studies and agreement among the SJGS owners. PNM has posted a surety bond in the amount of \$46.0 million in connection with certain environmental decommissioning obligations and must maintain the bond or other financial assurance until those obligations are satisfied. The surety bond only represents a liability if the SJGS owners fail to deliver on its contractual liability. For information regarding the impact of Ordinance 121 on PNM's SJGS decommissioning ARO see Note 15.

PNM records its share of the SJGS decommissioning obligation as an ARO on its Consolidated Balance Sheets. Studies on the decommissioning costs of SJGS are performed periodically and revisions to the ARO liability are recorded. In the third quarter of 2022, a new decommissioning cost study was completed, which required PNM to remeasure its SJGS decommissioning ARO. The new study resulted in an estimated decrease

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to PNM's share of the decommissioning obligation of \$21.1 million, which was recorded in September 2022. Additional information concerning the Company's SJGS decommissioning ARO is contained in Note 15.

PVNGS Liability and Insurance Matters

Public liability for incidents at nuclear power plants is governed by the Price-Anderson Nuclear Industries Indemnity Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both commercial sources and an industry-wide retrospective payment plan. The insurance limit is subject to an adjustment every five years based upon the aggregate percentage change in the CPI. The most recent adjustment took effect on October 5, 2023. As of that date, in accordance with this act, the PVNGS participants are insured against public liability exposure for a nuclear incident up to \$16.3 billion per occurrence. PVNGS maintains the maximum available nuclear liability insurance in the amount of \$500 million, which is provided by American Nuclear Insurers. The remaining \$15.8 billion is provided through a mandatory industry-wide retrospective assessment program. If losses at any nuclear power plant covered by the program exceed the accumulated funds, PNM could be assessed retrospective premium adjustments. Based on PNM's interest in the three PVNGS units, as of December 31, 2023, PNM's maximum potential retrospective premium assessment per incident for all three units is \$37.7 million, with a maximum annual payment limitation of \$5.6 million. After the expiration of the PVNGS Unit 1 and 2 leases in January 2023 and January 2024, PNM's maximum potential retrospective premium assessment per incident for all three units is \$36.3 million, with a maximum annual payment limitation of \$5.4 million, to be adjusted periodically for inflation.

The PVNGS participants maintain insurance for damage to, and decontamination of, property at PVNGS in the aggregate amount of \$2.8 billion, a substantial portion of which must first be applied to stabilization and decontamination. These coverages are provided by Nuclear Electric Insurance Limited ("NEIL"). The primary policy offered by NEIL contains a sublimit of \$2.25 billion for non-nuclear property damage. If NEIL's losses in any policy year exceed accumulated funds, PNM is subject to retrospective premium adjustments of \$4.9 million. The insurance coverages discussed in this and the previous paragraph are subject to certain policy conditions, sublimits, and exclusions.

(17) Regulatory and Rate Matters

The Company is involved in various regulatory matters, some of which contain contingencies that are subject to the same uncertainties as those described in Note 16.

PNMR

Merger Regulatory Proceedings

On October 20, 2020, PNMR, Avangrid and Merger Sub entered into the Merger Agreement pursuant to which Merger Sub would have merged with and into PNMR, with PNMR surviving the Merger as a wholly-owned subsidiary of Avangrid. The Merger Agreement provided that it may be terminated by each of PNMR and Avangrid if the Effective Time shall not have occurred by December 31, 2023 End Date. On December 31, 2023, Avangrid informed PNMR that it was terminating the Merger Agreement effective as of December 31, 2023.

PNM

New Mexico General Rate Case

2024 Rate Change

On December 5, 2022, PNM filed an application with the NMPRC for a general increase in retail electric rates. The requested change primarily reflects investments in transmission and distribution infrastructure, largely offset by cost reductions resulting from PNM's transition to lower-cost, clean generation resources.

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Key aspects of PNM's request:

- Recovery on total rate base of \$2.7 billion, based on a calendar year 2024 FTY.
- An increase of \$63.8 million in retail non-fuel revenues
- ROE of 10.25%
- Rate adjustments to resolve revenue deficiencies, including:
 - Needed investments in transmission, distribution, and generation facilities for six years of operations, covering 2019 through 2024. In particular, PNM is focused on expanding and improving its aging infrastructure to provide the underlying infrastructure crucial to a successful energy transition and to support distribution generation.
 - Cost reductions from closing SJGS and the expiration of 114 MW leased PVNGS capacity.
 - Lower-cost replacements for SJGS and PVNGS using renewable energy purchases and battery storage systems. Some of these costs will be reflected in PNM's requested base rates, while energy purchases will flow through PNM's FPPAC.
 - Updated depreciation rates, including new terminal dates, for natural gas plants to align with the Company's 2040 carbon-free portfolio goal.
 - Proposed customer-oriented services, such as fee-free payment options, and increased payment location options to address the needs of customers.
 - Increasing operating costs reflecting six years of inflation, including the impacts of today's current high inflation and the expenses that come with providing quality electric service to customers. Distribution maintenance increases also are necessary to enhance vegetation management programs to protect lines and support wildfire mitigation efforts. PNM has endeavored to keep operating costs below inflationary levels.
 - Increased energy sales and customer loads since PNM's last filing help cover the increased cost of doing business as PNM continues the energy transition.
 - Overall cost of capital based on PNM's actual regulatory capital structure of 52% equity / 48% debt, reflecting the increase in the ROE that shareholders require to fund new investments in PNM's system, which is partially offset by lower cost of debt.
- Proposed ratemaking treatment of PVNGS Leased Interest and testimony supporting the prudence of PNM's decisions to renew the five leases and repurchase 64.1 MW of PVNGS Unit 2 capacity regarding PVNGS; see PVNGS Lease Abandonment Application below.
- Proposed return of the unamortized unprotected portion of excess deferred federal income taxes to customers over a five-year period, beginning when rates from the case go into effect.
- TOD pilot proposal with the objective of incentivizing customers, through price signals, to use energy during the day when renewable generation is abundant.

The NMPRC suspended PNM's advice notice in the case for the statutory suspension period, through January 4, 2024 and hearings were held from September 5, 2023 through September 22, 2023.

On December 8, 2023, the hearing examiners in the case issued a RD. The RD proposed an increase in non-fuel revenues of \$6.1 million compared to the \$63.8 million increase requested by PNM. Major components of the difference in the increase in non-fuel revenues proposed in the RD, included:

- A ROE of 9.26% compared to the 10.25% requested by PNM.
- Finding of prudence regarding PNM's decision to remain in Four Corners and a remedy for the prudence to be a disallowance to PNM's total Four Corners net book value by \$84.8 million.
- Approval of \$51.3 million of PNM's requested \$96.3 million regulatory asset for PVNGS undepreciated investments, but disallowance of a return on the remaining \$45.0 million or any CWIP associated with it.
- Recommended capital structure of 49.61% equity, 50.10% debt, and 0.29% preferred stock.

The RD recommended that the NMPRC approve a regulatory liability associated with the leased capacity at PVNGS after the Unit 1 lease expired on January 15, 2023, but disallowed associated carrying costs, to be returned to customers over 5 years. The RD also recommended deferring a decision on future PVNGS decommissioning costs. In addition, the RD recommended continuation of PNM's FPPAC and certain aspects of PNM's proposals regarding rate design, but would not approve certain other rate design proposals or PNM's request for a TOD pilot program. The RD proposed approving PNM's proposals for revised depreciation rates, except for PNM's request for accelerated depreciation of gas plants. The RD proposed approving PNM's requested regulatory assets and liabilities, including deferred costs related to COVID-19. PNM disagreed with

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many of the key conclusions reached by the hearing examiners in the RD and filed exceptions to defend its prudent utility investments. Other parties also filed exceptions to the RD.

On January 3, 2024, the NMPRC issued a final order authorizing PNM to implement an increase in non-fuel base rates of \$15.3 million, effective for service beginning January 15, 2024. The order largely adopted the RD, but with modifications that included:

- Requiring that the \$38.4 million regulatory liability associated with leased capacity at PVNGS after the Unit 1 lease expired on January 15, 2023, be returned to ratepayers over two years through a separate rate rider.
- The approval of accelerated depreciation of PNM's gas plants with service lives and depreciable lives extending beyond January 1, 2045, which would include PNM's La Luz and Luna generating stations.
- The approval of PNM's TOD pilot program, with a requirement to make annual compliance filings and to adjust certain rate schedules.
- Ordered PNM to update the remedy associated with Four Corners, resulting in a disallowance of \$81.0 million to PNM's total Four Corners net book value.

GAAP requires a loss be recognized when it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. As of December 31, 2023, PNM evaluated the outcome of the NMPRC final order in the 2024 Rate Change and recorded a regulatory disallowance of \$55.5 million on the Consolidated Statement of Earnings and a corresponding reduction to Utility Plant, after accounting for previous impairments, to reflect the remedy adopted in the Final Order for Four Corners prudence determination. In addition, PNM recorded a reduction to electric operating revenues of \$38.4 million with a corresponding current regulatory liability of \$19.2 million and a deferred regulatory liability of \$19.2 million for the PVNGS rate refunds that will be returned to customers over a two-year period. PNM also recorded a regulatory disallowance of \$8.2 million on the Consolidated Statement of Earnings and a corresponding reduction to Utility Plant for the disallowance of CWIP from PVNGS.

Renewable Energy Portfolio Standard

As discussed in Note 16, the ETA amends the REA including removal of diversity requirements and certain customer caps and exemptions relating to the application of the RPS under the REA.

The REA provides for streamlined proceedings for approval of utilities' renewable energy procurement plans, assures that utilities recover costs incurred consistent with approved procurement plans, and requires the NMPRC to establish a Reasonable Cost Threshold ("RCT") for the procurement of renewable resources to prevent excessive costs being added to rates. The ETA sets a RCT of \$60 per MWh, adjusted for inflation, using an average annual levelized resource cost basis. PNM makes renewable procurements consistent with the NMPRC approved plans and recovers certain renewable procurement costs from customers through the renewable energy rider billed on a KWh basis.

Included in PNM's approved procurement plans are the following renewable energy resources:

- 158 MW of PNM-owned solar-PV facilities
- A PPA through 2044 for the output of New Mexico Wind, having a current aggregate capacity of 200 MW, and a PPA through 2035 for the output of Red Mesa Wind, having an aggregate capacity of 102 MW
- A PPA through 2040 for 140 MW of output from La Joya Wind II
- A PPA through 2042 for the output of the Lightning Dock Geothermal facility with a current capacity of 11 MW
- Solar distributed generation, aggregating 281.6 MW at December 31, 2023, owned by customers or third parties from whom PNM purchases any net excess output and RECs

The NMPRC has authorized PNM to recover certain renewable procurement costs through a rate rider billed on a per KWh basis. In its 2023 renewable energy procurement plan, which became effective on January 1, 2023, PNM proposed to collect \$61.0 million for the year. On June 1, 2023, PNM filed its renewable energy procurement plan for 2024 which proposes to collect \$59.0 million for the year. PNM is not proposing any new resource procurements, and the plan states that existing projects are anticipated to exceed the applicable RPS standards of 2024. On November 17, 2023, the NMPRC issued a final order adopting all of PNM's requests. The 2024 renewable energy procurement plan became effective on January 1, 2024.

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The following sets forth PNM's revenues recorded for the renewable energy rider:

<u>Year Ended</u>	<u>Annual Revenues</u>
	(In millions)
2021	\$61.7
2022	60.3
2023	56.9

Under the renewable rider, if PNM's earned rate of return on jurisdictional equity in a calendar year, adjusted for items not representative of normal operations, exceeds the NMPRC-approved rate by 0.5%, PNM is required to refund the excess to customers during May through December of the following year. PNM slightly exceeded this limitation in 2022 and accordingly, recorded a current regulatory liability on the Consolidated Balance Sheets and a reduction to electric operating revenues in the Consolidated Statement of Earnings as of and for the period ending December 31, 2022. On March 31, 2023, PNM filed an affidavit that provides documentation that PNM's ROE for 2022 was 10.173%, exceeding a 10.075% return (9.575% allowed ROE plus 0.5%). PNM began refunding the excess to customers effective May 1, 2023. PNM does not expect to exceed the limitation in 2023.

Energy Efficiency and Load Management

Program Costs and Incentives/Disincentives

The New Mexico Efficient Use of Energy Act ("EUEA") requires public utilities to achieve specified levels of energy savings and to obtain NMPRC approval to implement energy efficiency and load management programs. The EUEA requires the NMPRC to remove utility disincentives to implementing energy efficiency and load management programs and to provide incentives for such programs. The NMPRC has adopted a rule to implement this act. PNM's costs to implement approved programs and incentives are recovered through a rate rider. During the 2019 New Mexico legislative session, the EUEA was amended to, among other things, include a decoupling mechanism for disincentives, preclude a reduction to a utility's ROE based on approval of disincentive or incentive mechanisms, establish energy savings targets for the period 2021 through 2025, and require that annual program funding be 3% to 5% of an electric utility's annual customer bills excluding gross receipt taxes, franchise and right-of-way access fees, provided that a customer's annual cost does not exceed seventy-five thousand dollars.

On April 15, 2020, PNM filed an application for energy efficiency and load management programs to be offered in 2021, 2022, and 2023. The proposed program portfolio consists of twelve programs with a total annual budget of \$31.4 million in 2021, \$31.0 million in 2022, and \$29.6 million in 2023. The application also sought approval of an annual base incentive of 7.1% of the portfolio budget if PNM were to achieve energy savings of at least 80 GWh in a year. The proposed incentive would increase if PNM was able to achieve savings greater than 94 GWh in a year. On October 28, 2020, the NMPRC issued an order adopting the recommended decision in its entirety.

On April 17, 2023, PNM filed an application for energy efficiency and load management programs to be offered in 2024, 2025, and 2026 (the "2024 Plan"). The 2024 Plan proposes to continue ten existing energy efficiency programs with modification and a total annual budget of \$34.5 million in 2024, \$35.4 million in 2025, and \$36.5 million in 2026. The application also sought approval of an annual base incentive of 7.1% of the portfolio budget and a sliding scale that provides additional incentive for additional energy saved as a percentage of program cost, up to the maximum allowed by the energy efficiency rule which for PNM is 8.82%. Hearings were held on October 18, 2023. On November 22, 2023, PNM filed a proposed recommended decision with the NMPRC, with edits from WRA, CCAE, and the NMAG representing a neutral position, excluding contested issues. Briefs were filed on December 29, 2023 and response briefs were filed on January 12, 2024. On January 26, 2024, the hearing examiners in the case issued a RD. The RD largely approves PNM's 2024 Plan but with modifications that include the pursuit of demand response resources, additional analysis in future filings, adjustments to certain energy efficiency programs, and modification of the incentive sliding scale cap to reflect a new maximum. PNM is unable to predict the outcome of this matter.

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2020 Decoupling Petition

As discussed above, the legislature amended the EUEA to, among other things, include a decoupling mechanism for disincentives. On May 28, 2020, PNM filed a petition for approval of a rate adjustment mechanism that would decouple the rates of its residential and small power rate classes. Decoupling is a rate design principle that severs the link between the recovery of fixed costs of the utility through volumetric charges. On July 13, 2020, NEE, ABCWUA, the City of Albuquerque, and Bernalillo County filed motions to dismiss the petition on the grounds that approving PNM's proposed rate adjustment mechanism outside of a general rate case would result in retroactive ratemaking and piecemeal ratemaking. The motions to dismiss also alleged that PNM's proposed rate adjustment mechanism is inconsistent with the EUEA. On October 2, 2020, PNM requested an order to vacate the public hearing, scheduled to begin October 13, 2020, and staying the proceeding until the NMPRC decides whether to entertain a petition to issue a declaratory order resolving the issues raised in the motions to dismiss. On October 7, 2020, the hearing examiner approved PNM's request to stay the proceeding and vacate the public hearing and required PNM to file a petition for declaratory order by October 30, 2020. On October 30, 2020, PNM filed a petition for declaratory order asking the NMPRC to issue an order finding that full revenue decoupling is authorized by the EUEA. On November 4, 2020, ABCWUA and Bernalillo County jointly filed a competing petition asking the NMPRC to issue a declaratory order on the EUEA's requirements related to disincentives. On March 17, 2021, the NMPRC issued an order granting the petitions for declaratory order, commencing a declaratory order proceeding to address the petitions and appointing a hearing examiner to preside over the declaratory order proceeding.

On January 14, 2022, the hearing examiner issued a recommended decision recommending the NMPRC find that the EUEA does not mandate the NMPRC to authorize or approve a full decoupling mechanism, defining full decoupling as limited to energy efficiency and load management measures and programs. The recommended decision also states that a utility may request approval of a rate adjustment mechanism to remove regulatory disincentives to energy efficiency and load management measures and programs through a stand-alone petition, as part of the utility's triennial energy efficiency application or a general rate case and that PNM is not otherwise precluded from petitioning for a rate adjustment mechanism prior to its next general rate case. Finally, the recommended decision stated that the EUEA does not permit the NMPRC to reduce a utility's ROE based on approval of a disincentive removal mechanism founded on removing regulatory disincentives to energy efficiency and load management measures and programs. The recommended decision does not specifically prohibit a downward adjustment to a utility's capital structure, based on approval of a disincentive removal mechanism. On April 27, 2022, the NMPRC issued an order adopting the recommended decision in its entirety. On May 24, 2022, PNM filed a notice of appeal with the NM Supreme Court. The NM Supreme Court held oral arguments on November 13, 2023. PNM cannot predict the outcome of this matter.

Integrated Resource Plans

NMPRC rules require that investor-owned utilities file an IRP every three years. The IRP is required to cover a 20-year planning period and contain an action plan covering the first three years of that period. On September 14, 2022, the NMPRC adopted revisions to the IRP Rule. The new rule revamps and modernizes the planning process to accommodate increased stakeholder involvement. The IRP Rule establishes a collaborative facilitated process for a utility and stakeholders to agree on a statement of need for potential new or additional resources, as well as an action plan to guide procurement or development of resources to meet the stated need. A most-cost-effective portfolio of resources shall be derived from the statement of need analysis. The statement of need and action plan must be accepted before the utility begins the resource solicitation process pursuant to the IRP Rule. Following acceptance of the statement of need and action plan, a utility will provide the NMPRC and intervenors drafts of the request for proposals ("RFP") and a timeline for issuing, receiving, evaluating, and ranking bids. The NMPRC will then appoint an Independent Monitor ("IM") to oversee the RFP process, which allows for parties and the IM to comment on the RFP consistency with the IRP, after which the utility issues the RFP. Within 120 days of receiving bids the utility shall provide the IM with results including pricing and non-price evaluation criteria, ranking of bids, chosen portfolio and alternatives that also meet the needs; the IM then rules on the fairness of the RFP execution. Acceptance of the statement of need and action plan will not constitute a finding of prudence or pre-approval of costs associated with the additional resources. Following the RFP and IM processes, the utility may apply for approvals, and any costs incurred to implement the action plan will be considered in a general rate case and/or resource acquisition proceeding. On October 14, 2022, PNM and other investor-owned utilities filed motions for rehearing with the NMPRC. On October 26, 2022, the NMPRC issued an order partially granting and partially denying certain aspects of PNM's and the other investor-owned utilities'

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motions for rehearing. On November 2, 2022, the NMPRC adopted an amended IRP Rule. On December 2, 2022, PNM filed an appeal with the NM Supreme Court. Two other investor-owned utilities also separately filed appeals at the NM Supreme Court. On January 3, 2023, PNM and the two other investor-owned utilities filed statements of issues with the NM Supreme Court. Among other things, the investor-owned utilities question whether the IRP Rule exceeds the NMPRC authority by imposing unauthorized requirements on utilities and extending NMPRC jurisdiction through over-broad interpretation of the statutes and state that the IRP Rule is contrary to law in its provisions for NMPRC regulation of a utility's resource procurement decision-making. On June 5, 2023, PNM and the other two investor-owned utilities filed their Joint Brief in Chief and request for oral arguments at the NM Supreme Court. On November 22, 2023, the NM Supreme Court scheduled oral arguments for May 13, 2024. PNM cannot predict the outcome of this matter.

2023 IRP

In the second quarter of 2022, PNM initiated its 2023 IRP process which covers the 20-year planning period from 2023 through 2042. Consistent with past IRPs, PNM received public input from interested parties as part of this process. On December 15, 2023, PNM filed its 2023 IRP with a continued focus on a carbon-free energy system by 2040. The plan highlights the need for the significant sustained addition of resources over the next two decades, replacing retiring or expiring capacity, meeting concurrent load growth, while reducing the carbon intensity of PNM's portfolio. Public comments were filed on January 30, 2024, with NMPRC action due by April 15, 2024. PNM cannot predict the outcome of this matter.

Abandonment Applications made under the ETA

As discussed in Note 16, the ETA provides for a transition from fossil-fueled generating resources to renewable and carbon-free resources by allowing utilities to issue energy transition bonds related to the retirement of certain coal-fired generating facilities, to qualified investors.

SJGS Abandonment Application

In 2019, PNM filed a Consolidated Application for the Abandonment and Replacement of SJGS and Related Securitized Financing Pursuant to the ETA (the "SJGS Abandonment Application"). The SJGS Abandonment Application sought NMPRC approval to retire PNM's share of SJGS after the coal supply and participation agreements end in 2022, for approval of replacement resources, and for the issuance of approximately \$361 million of energy transition bonds (the "Securitized Bonds"). PNM's request for the issuance of Securitized Bonds included approximately \$283 million of forecasted undepreciated investments in SJGS at June 30, 2022, an estimated \$28.6 million for plant decommissioning and coal mine reclamation costs, \$9.6 million in upfront financing costs, and \$20.0 million for job training and severance costs for affected employees. Proceeds from the Securitized Bonds would also be used to fund \$19.8 million for economic development in the Four Corners area. At December 31, 2022, PNM had deferred regulatory assets of \$37.2 million on PNMR's and PNM's Consolidated Balance Sheets for job training and severance, payments to promote economic development, and other upfront financing costs. The NMPRC issued an order requiring the SJGS Abandonment Application be considered in two proceedings: one addressing SJGS abandonment and related financing, and the other addressing replacement resources.

In 2020, the NMPRC approved PNM's proposed abandonment of SJGS, subject to approval of replacement resources, and approved PNM's proposed financing order to issue Securitized Bonds up to \$361 million and establish a rate rider to collect non-bypassable customer charges for repayment of the bonds, subject to semi-annual adjustments (the "Energy Transition Charge"). The NMPRC authorized an interim rate rider adjustment upon the start date of the Energy Transition Charge to provide immediate credits to customers for the full value of PNM's revenue requirement related to SJGS until those reductions are reflected in base rates. The NMPRC also granted PNM authority to establish regulatory assets to recover costs that PNM will pay prior to the issuance of the Securitized Bonds, including costs associated with the bond issuances as well as for severances, job training, economic development, and workforce training.

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On September 29, 2022, SJGS was removed from service and as a result, PNM made the following adjustments reflected on the Consolidated Balance Sheets as of December 31, 2022:

	<u>Net Increase (decrease)</u> (In thousands)
Current Assets:	
Inventory	\$ (6,430)
Utility Plant:	
Net utility plant	(382,798)
Deferred Charges and Other Assets:	
Regulatory assets - ETA ⁽¹⁾	289,381
Regulatory assets - Non-ETA ⁽²⁾	22,593
Deferred Credits and Other Liabilities:	
Regulatory liabilities ⁽³⁾	(77,254)
	<u>\$ —</u>

⁽¹⁾ To be recovered through the Energy Transition Charge, which includes undepreciated investments of \$274.9 million and plant decommissioning of \$14.5 million, previously reflected in Net utility plant.

⁽²⁾ Authorized to be recorded as regulatory assets for certain other abandonment costs that are not specifically addressed under the provisions of the ETA to preserve its ability to recover the costs in a future general rate case, which includes obsolete inventory of \$6.4 million and plant decommissioning of \$16.2 million, previously reflected in Net utility plant.

⁽³⁾ Includes cost of removal and accelerated depreciation of SNCRs.

On February 28, 2022, WRA and CCAE filed a joint motion for order to show cause and enforce financing order and supporting brief, which requested that the NMPRC order PNM to show cause why its rates should not be reduced at the time SJGS was abandoned even if the issuance of Securitized Bonds occurs at a later date.

On June 17, 2022, the hearing examiners issued a recommended decision requesting the NMPRC issue an order that would require PNM to:

- Revise its rates to remove all of the costs of SJGS Unit 1 by issuing rate refunds of \$21.1 million on an annual basis, to customers by July 1, 2022
- Revise its rates again, to remove all costs of SJGS Unit 1, Unit 4, and common facilities by increasing the rate refunds to \$98.3 million on an annual basis, by October 1, 2022
- Transfer payments due and owing to the Indian Affairs Fund, Economic Development Assistance Fund, and the Displaced Workers Assistance Fund within 30 days of the abandonment of SJGS Unit 1
- Include (in its next rate case application) an explanation and defense of the prudence in the timing of the issuance of Securitized Bonds beyond the abandonment dates and what actions were taken to protect customers from interest rate increases occurring as well as the continued marketability of the Securitized Bonds issued

On June 29, 2022, the NMPRC issued its final order adopting and approving the recommended decision in its entirety with certain additions. The additions to the final order include requirements for PNM file a report, no later than October 15, 2022, that contains a record of all its costs incurred in the show cause proceeding so that the prudence of those costs will be known and be subject to review in PNM's future rate case and that the prudence review shall include a compliance filing to enable a review of the prudence of PNM's decision to delay bond issuance beyond the dates of the SJGS abandonment. On June 30, 2022, PNM filed a Notice of Appeal and an Emergency Motion for Partial Interim Stay of the NMPRC's Final Order with the NM Supreme Court. Subsequently, on July 25, 2022, PNM filed another emergency motion seeking an immediate and ongoing stay from the NM Supreme Court for the pendency of the appeal. In the interim, PNM began issuing rate refunds effective July 31, 2022, and PNM made payments totaling \$19.8 million to the Indian Affairs Fund, Economic Development Assistance Fund, and the Displaced Workers Assistance Fund. On September 2, 2022, the NM Supreme Court issued an order granting PNM's July 25, 2022 motion for partial stay and as a result PNM suspended issuing rate refunds. On October 14, 2022, PNM made its required compliance filing under the NMPRC's June 29, 2022 final order. On November 15, 2022, PNM filed a supplemental compliance filing to its October 14, 2022 compliance filing. On May 22, 2023, PNM filed its Brief in Chief with the NM Supreme Court

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requesting the final order be vacated, and remanded back to the NMPRC, to properly apply the ETA and financing order to issue Securitized Bonds.

On August 18, 2023, PNM, along with the intervening parties in the pending appeal of the matter addressing customer bill credits and resolution of the remaining steps involved in the SJGS retirement under the ETA, filed an Unopposed Joint Motion for Abeyance and Remand to Implement Settlement and Request for Expedited Order at the NM Supreme Court. In the motion, the parties asked the NM Supreme Court to hold the appeal in abeyance and remand the matter to the NMPRC to allow the NMPRC to consider and take formal action on a unanimous proposed settlement on remand. Under the terms of the unanimous settlement, PNM would provide \$115.0 million in rate refunds to customers over a one-year period, resolving all disputes raised in the matter addressing customer bill refunds involved in the SJGS retirement before the NMPRC, including removal of SJGS ratemaking and prudence issues in the 2024 Rate Change. Regarding the 2024 Rate Change, PNM agreed to withdraw its request for regulatory assets associated with prefunding of ETA state administered funds and legal costs associated with this matter. On September 14, 2023, the NM Supreme Court issued an order granting the unopposed motion and remanded the matter to the NMPRC. On September 21, 2023, the NMPRC approved the unanimous settlement agreement. PNM began issuing rate refunds on customer bills on October 21, 2023. On November 15, 2023, ETBC I issued \$343.2 million of Securitized Bonds at a weighted average interest rates of 5.64% and 6.03%. Under the terms of the settlement agreement approved by the NMPRC, PNM agreed that customers would be protected from rising interest rates if the weighted average interest rate on the Securitized Bonds exceeded 5.5%. As a result, on December 15, 2023, PNM began issuing rate refunds in the amount of \$13.7 million related to the net present value in interest rates in excess of 5.5% on the Securitized Bonds.

As a result of the NMPRC's September 21, 2023 order approving the unanimous settlement, PNM recorded a \$128.7 million reduction to electric operating revenues in the Consolidated Statement of Earnings and a corresponding current regulatory liability on the Consolidated Balance Sheets as of and for the year ended December 31, 2023. In addition, PNM recorded a regulatory disallowance of \$3.3 million on the Consolidated Statement of Earnings and a corresponding decrease to deferred regulatory assets on the Consolidated Balance Sheets as of and for the year ended December 31, 2023, to reflect PNM's agreement to withdraw its request for regulatory assets associated with prefunding of ETA state administered funds and legal costs associated with this matter.

Four Corners Abandonment Application

In 2020, PNM entered into the Four Corners Purchase and Sale Agreement with NTEC, pursuant to which PNM agreed to sell its 13% ownership interest (other than certain transmission assets) in Four Corners to NTEC. The sale is contingent upon NMPRC approval. In connection with the sale, PNM would make payments of \$75.0 million to NTEC for relief from its obligations under the coal supply agreement for Four Corners after December 31, 2024. Pursuant to the Four Corners Purchase and Sale Agreement, PNM would retain its current plant decommissioning and coal mine reclamation obligations. PNM made an initial payment to NTEC of \$15.0 million in November 2020, subject to refund with interest upon termination of the Four Corners Purchase and Sale Agreement prior to closing. Under the terms of the Four Corners Purchase and Sale Agreement, upon receipt of the NMPRC approval, PNM was expected to make a final payment of \$60.0 million.

On January 8, 2021, PNM filed the Four Corners Abandonment Application, which sought NMPRC approval to exit PNM's share of Four Corners as of December 31, 2024, and issuance of approximately \$300 million of Securitized Bonds as provided by the ETA. PNM's request for the issuance of Securitized Bonds included approximately \$272 million of forecasted undepreciated investments in Four Corners at December 31, 2024, \$4.6 million for plant decommissioning costs, \$7.3 million in upfront financing costs, and \$16.5 million for economic development in the Four Corners area.

On March 15, 2021, PNM filed an amended application and supplemental testimony for the approval of the abandonment and transfer of Four Corners and issuance of a financing order pursuant to the ETA and a motion to withdraw the January 8, 2021 Four Corners Application. The amended application and supplemental testimony provided additional information to support PNM's request to abandon its interest in Four Corners and transfer that interest to NTEC, and also provided additional detail explaining how the proposed sale and abandonment provides a net public benefit.

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On November 12, 2021, the hearing examiner issued a recommended decision recommending approval of the Four Corners Abandonment Application and the corresponding request for issuance of securitized financing. On December 15, 2021, the NMPRC issued a final order rejecting the hearing examiner's recommended decision and denying approval of the Four Corners Abandonment Application and the corresponding request for issuance of securitized financing. In its order, the NMPRC concluded that PNM needed to conduct a review of the actual replacement resource portfolio and determined that the record was insufficient to determine the prudence of PNM's investments in Four Corners. On December 22, 2021, PNM filed a Notice of Appeal with the NM Supreme Court of the NMPRC decision to deny the application. On January 21, 2022, PNM filed its Statement of Issues outlining the arguments for appeal asserting, among other things, that the NMPRC misinterpreted and improperly applied the ETA in concluding that the NMPRC needed to review the actual replacement resource portfolio before authorizing abandonment and that the NMPRC improperly deferred the issue of prudence with respect to certain of PNM's investments in Four Corners, where other parties were given the opportunity to present evidence and failed to demonstrate PNM was imprudent in its decisions. On March 28, 2023, the NM Supreme Court heard oral arguments on the appeal. On July 6, 2023, the NM Supreme Court issued a decision concluding that the NMPRC reasonably and lawfully denied PNM's application for abandonment, determining that PNM did not meet its burden in challenging the NMPRC's final order. The Company is evaluating the facts and circumstances surrounding the exit of Four Corners and will determine next steps.

In the year ended December 31, 2023, PNM recorded a regulatory disallowance of \$3.7 million on the Consolidated Statement of Earnings for costs associated with obtaining an abandonment order, which are no longer expected to be recovered as a result of the NM Supreme Court's decision to uphold the NMPRC's decision to deny PNM's Four Corners Abandonment Application. For additional information regarding prudence of PNM's investments in Four Corners see 2024 Rate Change above.

PVNGS Leased Interest Abandonment Application

On April 2, 2021, PNM filed the PVNGS Leased Interest Abandonment Application, an application for the sale and transfer of related assets, and approval to procure new resources. As discussed in Note 8, PNM had Leased Interest under five separate leases that were approved and certificated by the predecessor agency to the NMPRC in the 1980s. Four of the five leases for 104 MW of Leased Interest terminated in January 2023, while the remaining lease for 10 MW of Leased Interest terminates in January 2024. Associated with the Leased Interest are certain PNM-owned assets and nuclear fuel that are necessary for the ongoing operation and maintenance of the Leased Interest and integration of the Leased Interest generation to the transmission network. PNM determined that there will be net benefits to its customers to return the Leased Interest to the lessors in conformity with the leases, sell and transfer the related PNM-owned assets, and to replace the Leased Interest with new resources. In the application, PNM requested NMPRC authorization to decertify and abandon its Leased Interest and to create regulatory assets for the associated remaining undepreciated investments with consideration of cost recovery of the undepreciated investments in a future rate case. PNM also sought NMPRC approval to sell and transfer the PNM-owned assets and nuclear fuel supply associated with the Leased Interest to SRP, which has acquired the Leased Interest from the lessors due to the termination of the leases.

On July 28, 2021, the hearing examiner issued a recommended decision on NEE's and CCAE's joint motion to dismiss, recommending dismissal of PNM's requests for approval to abandon and decertify the Leased Interest; dismissal of PNM's request for approval to sell and transfer the related assets; and dismissal of PNM's request to create regulatory assets for the associated remaining undepreciated investments, but did not preclude PNM seeking recovery of the costs in a general rate case in which the test year period includes the time period in which PNM incurs such costs. The hearing examiner's recommended decision further provided that PNM's request for replacement resources and the decision to permanently disallow recovery of certain future decommissioning costs related to PVNGS Units 1 and 2 should remain within the scope of this case.

On August 25, 2021, the NMPRC issued an order granting portions of the July 28, 2021 recommended decision that were not contested related to dismissal of PNM's request for approval to abandon and decertify the Leased Interest and dismissal of PNM's request for approval to sell and transfer the related assets. In addition, the order bifurcated the issue of approval for replacement resources into a separate docket.

On February 16, 2022, the NMPRC adopted an order approving the replacement resources. In the second quarter of 2022, PNM made compliance filings notifying the NMPRC that none of the developers had moved forward under the terms of the agreements approved by the NMPRC on February 16, 2022, and none of

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the replacement resource projects would be operational in 2023. PNM ultimately entered into amendments with one developer for 300 MW solar PPA combined with a 300 MW battery storage agreement, which no party opposed and were deemed approved in September 2022 and November 2023. PNM anticipates these facilities will be in service in 2024.

On November 1, 2022, ABCWUA, Bernalillo County, CCAE, NEE, NM AREA, the NMAG, WRA, and NMPRC Staff filed a joint motion for an accounting order to require PNM to track in a regulatory liability, all costs associated with the PVNGS Leased Interests that will be abandoned in January 2023 and January 2024 that are still being collected in rates, which PNM opposed. On November 18, 2022, the NMPRC issued its order on joint motion for an accounting order requiring PNM to establish a regulatory liability to track and account for, upon termination of the PVNGS leases, all costs currently borne by ratepayers associated with those leases during pendency of the 2024 Rate Change, subject to a determination of ratemaking treatment. In addition, PNM may establish a regulatory asset account to record undepreciated investment for improvements to the Unit 1 and Unit 2 Leased Interests upon termination of the leases, and to record cost differences in the proceeds from SRP for the sale of the PVNGS Leased Assets and the actual book value. Recovery of these items was determined in the 2024 Rate Change. In the 2024 Rate Change, PNM also addressed unresolved issues including whether PNM's decision to renew the five leases and repurchase 64.1 MW of PVNGS Unit 2 capacity exposed ratepayers to additional financial liability beyond that to which they would otherwise have been exposed, and whether PNM should be denied recovery of future decommissioning expenses as a remedy for imprudence.

PNM evaluated the consequences of the NMPRC's November 18, 2022 accounting order, as required under GAAP, and whether it should establish a regulatory liability during 2023 to account for revenue collected from ratepayers during the pendency of the 2024 Rate Change. In addition, PNM evaluated whether it should establish a regulatory asset account to record undepreciated investment for improvements to the Unit 1 and Unit 2 Leased Interests upon termination of the leases in January 2023 and 2024. Based on these evaluations PNM concluded that the accounting order was not tied to a specific rate order and did not change PNM's resources or obligations and those decisions would be determined in the 2024 Rate Change. Therefore, no loss or regulatory liability was recorded prior to resolution of the 2024 Rate Change. See 2024 Rate Change discussion above.

In addition to approval by the NMPRC, PNM and SRP received NRC approval for the transfer of the associated possessory licenses at the end of the term of each of the respective leases.

Summer Peak Resource Adequacy

Throughout 2021, 2022, and continuing into 2023, PNM provided notices of delays and status updates to the NMPRC for the approved SJGS replacement resource projects as well as delays in replacement resources for the PVNGS leased capacity that expired in January 2023. On January 30, 2023, PNM informed the NMPRC that it had provided written notice to one of the SJGS replacement resource developers for 100 MW solar PPA and a 30 MW battery storage agreement of an event of seller default and of early termination and as a result the project would not proceed. In the second half of 2022 and the first quarter of 2023, PNM entered into agreements totaling 420 MW of firm power purchases for the summer peak in 2023 and the purchase of 40 MW of firm capacity at PVNGS for all twelve months of 2023, providing PNM with a projected system reserve margin necessary to meet customer demand. While PNM continues to experience new system peaks, PNM's generation resources performed sufficiently with no challenges to resource adequacy during the 2022 and 2023 summer peak seasons. PNM anticipates that a majority of the SJGS and PVNGS leased capacity replacement resources will be available prior to the 2024 summer peak season and may also secure additional firm energy market purchases necessary to meet customer load during the 2024 summer season. PNM is unable to predict the outcome of this matter.

2026 Resource Application

On October 25, 2023, PNM filed an application with the NMPRC seeking approval of resources to be available for the 2026 summer peak. The application includes approval of a 100 MW solar PPA and three battery storage agreements of 100 MW, 100 MW, and 50 MW. In addition, PNM is seeking approval of a CCN for a 60 MW battery storage system to be owned by PNM. The resources are necessary for PNM to safely and reliably meet its projected system load. On December 6, 2023, the hearing examiner issued an order setting out a procedural schedule with a hearing to be held beginning March 20, 2024.

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Grid Modernization Application

On October 3, 2022, in compliance with New Mexico Grid Modernization Statute, PNM filed its Grid Modernization Application with the NMPRC. The projects included in the Grid Modernization Application improve customers' ability to customize their use of energy and ensure that customers, including low-income customers, are a top priority and will benefit consistent with the Grid Modernization Statute. PNM's proposal to modernize its electricity grid through infrastructure and technology improvements also increases the efficiency, reliability, resilience, and security of PNM's electric system. PNM's application seeks approval of grid modernization investments of approximately \$344 million for the first six years of a broader 11-year strategy. The proposed Grid Modernization Rider would recover capital costs, operating expenses, and taxes associated with the investments included in the Grid Modernization Application. PNM also requested authorization to create related regulatory assets and liabilities, permitting PNM to record costs incurred for the development and implementation of PNM's plan between the requested approval of the application on July 1, 2023, and the implementation of the Grid Modernization Rider by September 1, 2023; undepreciated investments associated with legacy meters being replaced with AMI meters; and over- or under-collection of costs through the Grid Modernization Rider. In addition, PNM requested approval of the proposed format of an Opt-Out Consent Form and methodology to determine PNM's proposed cost-based opt-out fees, which includes a one-time fee and a monthly fee. Following a hearing and subsequent briefs, on May 31, 2023, the NMPRC issued an order requiring the hearing examiner to direct PNM to file a cost benefit analysis as a supplement to the application. On November 22, 2023, PNM filed the required cost benefit analysis supporting PNM's proposed Grid Modernization plan. On January 16, 2024, the hearing examiner issued an order setting out a procedural schedule with a hearing to be held beginning April 23, 2024. PNM is unable to predict the outcome of this matter.

The Community Solar Act

In 2021, the Community Solar Act established a program that allows for the development of community solar facilities and provides customers of a qualifying utility with the option of subscribing to community solar facilities, and in exchange would receive a bill credit from their utility, while the utility receives energy from the community solar facility. The NMPRC is charged with administering the Community Solar Act program, establishing a total maximum capacity of 200 MW community solar (applicable until November 2024) facilities and allocating proportionally to the New Mexico electric investor-owned utilities and participating cooperatives. As required under the Community Solar Act, the NMPRC opened a docket on May 12, 2021 to adopt rules to establish a community solar program no later than April 1, 2022. On June 15, 2021, the NMPRC issued an order which required utilities provide a notice to all future applicants and to any likely applicants that, until the effective date of the NMPRC's rules in this area the NMPRC's existing interconnection rules and manual remain in place until amended or replaced by the NMPRC, and further, that a place in a utility's applicant queue for interconnection does not and will not provide any advantage for selection as a community solar project. PNM provided the required notices. On March 30, 2022, the NMPRC issued an order that adopted a rule on the administration of the Community Solar Act program. The rule required utilities to file proposed community solar tariffs with the NMPRC within 60 days from the publication of the rule. A number of motions for rehearing and requests for clarification were filed between April 7 and May 2, 2022. On May 18, 2022, the NMPRC issued an order partially granting motions for rehearing, reconsideration and clarification and staying implementation pending further rulemaking. On June 16, 2022, PNM requested clarification related to the existing interconnection queue, which would not delay implementation of the Community Solar Act program. On July 12, 2022, the NMPRC provided notice of publication of its final rule in the New Mexico Register, starting the 60-day clock for utilities to file their proposed community solar tariffs, forms, and other relevant agreements. On September 14, 2022, PNM filed Community Solar tariffs. On October 12, 2022, the NMPRC issued an order to suspend PNM's and two other investor-owned utilities tariffs and required the utilities to file information NMPRC Staff has identified as necessary for a complete evaluation of the tariffs but did not appoint a hearing examiner or schedule a public hearing. Another investor-owned utility has filed an appeal with the NM Supreme Court seeking review of the NMPRC's decisions, to which PNM has intervened. On November 22, 2023, the NM Supreme Court scheduled oral arguments for March 11, 2024.

On November 16, 2022, PNM filed its Community Solar tariff which establishes the Community Solar bill credit to be applied to an eligible retail customer of PNM who is a subscriber to a community solar facility. On December 23, 2022, PNM filed an updated Community Solar tariff under protest and filed a motion for clarification, suspension, and timely hearing on PNM's Community Solar tariff. On January 18, 2023, the NMPRC suspended PNM's Community Solar tariff. On March 1, 2023, the NMPRC issued an Order Opening a New

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Docket for Two-Phase Proceedings. The first phase addressed issues concerning the proposed subscriber organization agreements and the proposed customer data forms. The second phase will address all issues concerning proposed tariffs, agreements and forms that are not addressed in the first phase. On May 31, 2023, the utilities filed a Consolidated Reply Brief to the NMPRC and the Joint Intervenors-Appellee filed Answer Briefs in the NM Supreme Court proceeding. On September 21, 2023, the NMPRC issued an order approving an uncontested stipulation on the first phase and on October 30, 2023 PNM's advice notice conforming to the stipulation became effective. A hearing for the second phase was held from January 17, 2024 through January 19, 2024. PNM cannot predict the outcome of the pending matters.

FERC Compliance

PNM conducted a comprehensive internal review of its filings with FERC regarding the potential timely filing of certain agreements that contained deviations from PNM's standard form of service agreement in its OATT and assessing any applicable FERC waivers or refund requirements. Upon completion of the comprehensive review, PNM identified service agreements containing provisions that do not conform to the standard form of agreement on file with FERC. On March 18 and March 21, 2022, PNM filed applications with FERC requesting acceptance of certain agreements as well as rejection of other service agreements and further requesting that FERC not assess time-value refunds on the accepted agreements. On May 17, 2022, FERC issued two delegated letter orders accepting the service agreements and requiring PNM to pay the time-value refunds on the revenues it received on unaffiliated, late-filed, service agreements which contained language alleged to be non-conforming.

On November 21, 2022, FERC issued an order on rehearing that required PNM to pay its customers approximately \$8.1 million in time-value refunds. On November 28, 2022, PNM filed an unopposed motion for voluntary dismissal with the United States Court of Appeals for the District of Columbia of its petitions for review, which was granted on December 22, 2022. In the fourth quarter of 2022, PNM made payments totaling \$8.1 million to customers which were recorded as a reduction to electric operating revenues on the Consolidated Statements of Earnings. This matter is now concluded.

FERC Order 864

In November 2019, FERC issued Order No. 864, which required public utility transmission providers with transmission formula rates to revise those rates to account for changes resulting from the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). PNM had already made revisions to its formula rate to account for Tax Act changes, and, as a result of the Order, PNM proposed additional changes to its formula rate to implement the remaining requirements of the Order. In July 2022, FERC issued an order finding that PNM had predominantly complied with the requirements, but set aside certain matters for settlement and hearing procedures.

On November 22, 2023, PNM, on behalf of the settling parties, filed a settlement agreement with FERC resolving all issues. As a result of the settlement agreement, PNM recorded a decrease of \$3.2 million to electric operating revenues and an increase to interest charges of \$0.3 million on the Consolidated Statement of Earnings and an increase to other current liabilities of \$3.5 million on the Consolidated Balance Sheets as of and for the year ended December 31, 2023. PNM is unable to predict the outcome of this matter.

Battery Energy Storage System Certificate of Public Convenience and Necessity ("CCN")

On May 3, 2023, PNM filed a CCN application with the NMPRC for two battery energy storage systems, 6 MW each, located on PNM's distribution system in Valencia and Bernalillo counties. PNM intends to construct, own, and operate these systems that will be interconnected to the distribution system on feeders that currently exceed their existing hosting capacity limits due to the high amount of solar production connected to them. The deployment of battery energy storage systems on these feeders at capacity will bring the power flow on the feeders back within design limits, potentially allowing a number of solar interconnection applications currently on hold to interconnect, which will in turn reduce carbon emissions and the need to curtail solar production in times of oversupply. PNM requested approval of the CCN application, with an estimated total cost of \$25.8 million, to support the proposed construction schedule and have the battery energy storage systems begin serving customers in June 2024. On May 30, 2023, the hearing examiner issued an order setting out a procedural schedule with a hearing held on October 12, 2023. On December 8, 2023, the hearing examiner in the case issued a RD. The RD recommended approval of PNM's application finding that the battery energy storage systems would be in the public interest, would result in a net public benefit, and that the estimated costs of the

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project are reasonable. On December 21, 2023, the NMPRC approved the RD in its entirety. This matter is now concluded.

Meta Data Center

PNM has a special service contract to provide service to Meta for a data center in PNM's service area. Meta's service requirements include the acquisition by PNM of a sufficient amount of new renewable energy resources and RECs to match the energy and capacity requirements of the data center. The cost of renewable energy procured is passed through to Meta under a rate rider. A special service rate is applied to Meta's energy consumption in those hours of the month when their consumption exceeds the energy production from the renewable resources. As of December 31, 2023, PNM is procuring energy from 180 MW of solar-PV capacity from NMRD, a 50% equity method investee of PNMR Development. See additional discussion of NMRD in Note 21.

On July 24, 2023, PNM filed an application with the NMPRC for approval to service the data center for an additional 140 MW of solar PPA combined with 50 MW of battery storage expected to be operational in 2025. On December 20, 2023 a hearing was held. On January 5, 2024, the hearing examiners in the case issued a RD. The RD recommended approval of PNM's application, finding that PNM's application is not inconsistent with the public interest. On January 11, 2024, the NMPRC approved the RD in its entirety. This matter is now concluded.

Transportation and Electrification Program (TEP)

On June 1, 2023, PNM filed its 2024-2026 TEP with the NMPRC, requesting approval of a \$37.1 million total three-year budget and continuation of the current TEP Rider. Approximately 22% of the budget, \$8.0 million, will be dedicated to low-income customers. A hearing was held on December 13, 2023. On February 2, 2024, the hearing examiners in the case issued a RD largely approves PNM's 2024 Plan but with modifications to certain TEP programs. On February 23, 2024, the NMPRC approved the RD with additional modifications that reduced the three-year budget by \$4.0 million.

TNMP

Energy Efficiency

TNMP recovers the costs of its energy efficiency programs through an energy efficiency cost recovery factor ("EECRF"), which includes projected program costs, under or over collected costs from prior years, rate case expenses, and performance bonuses (if the programs exceed mandated savings goals).

The following sets forth TNMP's EECRF increases:

Effective Date	Aggregate Collection Amount	Performance Bonus
	(In millions)	
March 1, 2021	\$ 5.9	\$ 1.0
March 1, 2022	7.2	2.3
March 1, 2023	7.3	1.9

On May 26, 2023, TNMP filed its request to adjust the EECRF to reflect changes in costs for 2024. On September 28, 2023, the PUCT approved a unanimous stipulation, authorizing recovery of \$6.6 million, including a performance bonus of \$1.2 million based on TNMP's energy efficiency achievements in the 2022 plan year.

Transmission Cost of Service Rates

TNMP can update its TCOS rates twice per year to reflect changes in its invested capital although updates are not allowed while a general rate case is in process. Updated rates reflect the addition and retirement of transmission facilities, including appropriate depreciation, federal income tax and other associated taxes, and the approved rate of return on such facilities.

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The following sets forth TNMP's recent interim transmission cost rate increases:

Effective Date	Approved Increase in Rate Base	Annual Increase in Revenue
(In millions)		
March 12, 2021	\$ 112.6	\$ 14.1
September 20, 2021	41.2	6.3
March 25, 2022	95.6	14.2
September 22, 2022	36.0	5.3
May 12, 2023	150.5	19.4
September 6, 2023	21.4	4.2

On January 25, 2024, TNMP filed an application to further update its transmission rates, which would increase revenues by \$13.1 million annually, based on an increase in rate base of \$97.4 million. The application is pending before the PUCT.

Periodic Distribution Rate Adjustment

PUCT rules permit interim rate adjustments to reflect changes in investments in distribution assets. Historically, distribution utilities have been restricted to a single, annual periodic rate adjustment through a DCRF submitted between April 1 and April 8 of each year as long as the electric utility was not earning more than its authorized rate of return using weather-normalized data. However, the recent passage of Senate Bill 1015 now permits DCRF proceedings to be filed twice per year with a 60-day administrative deadline that can be extended for 15 days on good cause. Additionally, a DCRF may be filed during a pending rate case proceeding as long as that DCRF request is not filed until the 185th day after the rate case proceeding was initiated. The following sets forth TNMP's recent interim distribution rate increases:

Effective Date	Approved Increase in Rate Base	Annual Increase in Revenue
(In millions)		
September 1, 2021	\$ 104.5	\$ 13.5
September 1, 2022	95.7	6.8
September 1, 2023	157.0	14.5

3G Meters Notice of Violation

In 2020, the PUCT established the COVID-19 Electricity Relief Program for electric utilities, REPs, and customers impacted by COVID-19. The program allowed providers to implement a rider to collect unpaid residential retail customer bills and to establish a regulatory asset for costs related to COVID-19. These costs included but were not limited to costs related to unpaid accounts.

In December 2023, TNMP and the PUCT reached a settlement agreement related to a notice of violation against TNMP primarily for estimating 3G meters during the period that TNMP was remediating the meters. TNMP maintained that the remediation efforts were impacted by COVID-19 imposed constraints including supply chain and labor availability issues. Pursuant to the settlement agreement, TNMP agreed to no longer pursue the recovery of COVID-19 related costs that were recorded as a regulatory asset. This resulted in a regulatory disallowance of \$1.2 million to be recorded for the year ended December 31, 2023.

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(18) Income Taxes

Federal Income Tax Reform

In 2017, comprehensive changes in U.S. federal income taxes were enacted through legislation commonly known as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act made many significant modifications to the tax laws, including reducing the federal corporate income tax rate from 35% to 21% effective January 1, 2018. The Tax Act also eliminated federal bonus depreciation for utilities, limited interest deductibility for non-utility businesses and limited the deductibility of officer compensation. During 2020, the IRS issued final regulations related to certain officer compensation and, in January 2021, issued final regulations on interest deductibility that provide a 10% "de minimis" exception that allows entities with predominantly regulated activities to fully deduct interest expenses.

As a result of the change in the federal income tax rate, the Company re-measured and adjusted its deferred tax assets and liabilities as of December 31, 2017. The portion of that adjustment not related to PNM's and TNMP's regulated activities was recorded as a reduction in net deferred tax assets and an increase in income tax expense. The portion related to PNM's and TNMP's regulated activities was recorded as a reduction in net deferred tax liabilities and an increase in regulatory liabilities.

Beginning February 2018, PNM's NM 2016 Rate Case reflected the reduction in the federal and state corporate income tax rates, including amortization of excess deferred federal and state income taxes. In accordance with the order in that case and amortization requirements of the tax laws, PNM is returning the protected portion of excess deferred federal income taxes to customers over the average remaining life of plant in service as of December 31, 2017. The remaining balance of the unprotected portion of excess deferred federal income taxes, which was being returned to customers over a period of approximately twenty-three years, will be returned over a five-year period when new rates go into effect from the 2024 Rate Change. Excess deferred state income taxes were returned to customers over a three-year period, which concluded in the first quarter of 2021. The approved settlement in the TNMP 2018 Rate Case includes a reduction in customer rates to reflect the impacts of the Tax Act beginning on January 1, 2019. PNMR, PNM, and TNMP amortized federal excess deferred income taxes of \$23.0 million, \$14.3 million, and \$8.7 million in 2023.

PNMR

PNMR's income taxes (benefits) consist of the following components:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Current federal income tax	\$ —	\$ —	\$ —
Current state income tax (benefit)	(2,841)	1,597	1,835
Deferred federal income tax (benefit)	(11,503)	18,413	20,679
Deferred state income tax (benefit)	(825)	7,302	11,315
Amortization of accumulated investment tax credits	(1,181)	(1,182)	(1,247)
Total income taxes (benefits)	<u>\$ (16,350)</u>	<u>\$ 26,130</u>	<u>\$ 32,582</u>

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PNMR's provision for income taxes (benefits) differed from the federal income tax computed at the statutory rate for each of the years shown. The differences are attributable to the following factors:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Federal income tax at statutory rates	\$ 19,011	\$ 44,375	\$ 51,330
Amortization of accumulated investment tax credits	(1,181)	(1,182)	(1,247)
Amortization of excess deferred income tax	(22,859)	(23,599)	(24,484)
Flow-through of depreciation items	1,281	2,795	798
(Earnings) attributable to non-controlling interest in Valencia	(3,892)	(3,176)	(3,253)
State income tax (benefit), net of federal (benefit)	(2,239)	6,826	9,660
Allowance for equity funds used during construction	(3,145)	(2,898)	(2,776)
Allocation of tax (benefit) related to stock compensation awards	(261)	91	(788)
Non-deductible compensation	1,659	1,125	899
Non-deductible merger related costs	(1,959)	74	848
R&D credit	(2,050)	(1,320)	(1,530)
Other	(715)	3,019	3,125
Total income taxes (benefits)	\$ (16,350)	\$ 26,130	\$ 32,582
Effective tax rate	18.06 %	12.37 %	13.33 %

The components of PNMR's net accumulated deferred income tax liability were:

	December 31,	
	2023	2022
	(In thousands)	
Deferred tax assets:		
Net operating loss	\$ 16,833	\$ 85,382
Regulatory liabilities related to income taxes	90,461	98,371
Federal tax credit carryforwards	124,510	122,557
Regulatory disallowances	42,330	28,037
Regulatory liability SJGS retirement credits	28,797	—
Other	35,492	33,849
Total deferred tax assets	338,423	368,196
Deferred tax liabilities:		
Depreciation and plant related	(738,078)	(801,022)
Investment tax credit	(95,046)	(96,227)
Regulatory assets related to income taxes	(80,643)	(77,013)
Pension	(41,141)	(40,651)
Regulatory asset for shutdown of SJGS Units 2 and 3	(22,454)	(24,048)
Regulatory asset SJGS energy transition property	(86,521)	(69,828)
Regulatory asset PVNGS investment	(20,503)	—
PVNGS trusts	(41,767)	(26,084)
Other	(57,550)	(56,154)
Total deferred tax liabilities	(1,183,703)	(1,191,027)
Net accumulated deferred income tax liabilities	\$ (845,280)	\$ (822,831)

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The following table reconciles the change in PNMR's net accumulated deferred income tax liability to the deferred income tax (benefit) included in the Consolidated Statement of Earnings:

	Year Ended December 31, 2023
	(In thousands)
Net change in deferred income tax liability per above table	\$ 22,449
Change in tax effects of income tax related regulatory assets and liabilities	(11,791)
Amortization of excess deferred income tax	(22,859)
Tax effect of mark-to-market adjustments	474
Tax effect of excess pension liability	(1,566)
Adjustment for uncertain income tax positions	(17)
Reclassification of unrecognized tax benefits	17
Other	(216)
Deferred income tax (benefit)	<u>\$ (13,509)</u>

PNM

PNM's income taxes (benefits) consist of the following components:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Current federal income tax (benefit)	\$ 9,518	\$ (13,533)	\$ —
Current state income tax (benefit)	(4,304)	3,244	(128)
Deferred federal income tax (benefit)	(22,951)	25,298	18,774
Deferred state income tax	1,150	4,361	8,583
Amortization of accumulated investment tax credits	(171)	(172)	(237)
Total income taxes (benefits)	<u>\$ (16,758)</u>	<u>\$ 19,198</u>	<u>\$ 26,992</u>

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PNM's provision for income taxes (benefits) differed from the federal income tax computed at the statutory rate for each of the years shown. The differences are attributable to the following factors:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Federal income tax at statutory rates	\$ 7,972	\$ 29,026	\$ 41,696
Amortization of accumulated investment tax credits	(171)	(172)	(237)
Amortization of excess deferred income tax	(14,252)	(14,421)	(15,158)
Flow-through of depreciation items	1,114	2,641	689
(Earnings) attributable to non-controlling interest in Valencia	(3,892)	(3,176)	(3,253)
State income tax (benefit), net of federal (benefit)	(2,216)	5,694	7,609
Allowance for equity funds used during construction	(2,065)	(1,958)	(2,080)
Allocation of tax (benefit) related to stock compensation awards	(185)	65	(563)
Non-deductible compensation	1,015	701	547
Non-deductible merger costs	(33)	10	22
R&D credit	(2,000)	(1,300)	(1,500)
Other	(2,045)	2,088	(780)
Total income taxes (benefits)	\$ (16,758)	\$ 19,198	\$ 26,992
Effective tax rate	(44.15)%	13.89 %	13.59 %

The components of PNM's net accumulated deferred income tax liability were:

	December 31,	
	2023	2022
	(In thousands)	
Deferred tax assets:		
Net operating loss	\$ —	\$ 54,681
Regulatory liabilities related to income taxes	71,546	76,744
Federal tax credit carryforwards	80,586	84,902
Regulatory disallowance	42,330	28,037
Regulatory liability SJGS retirement credits	28,797	—
Other	35,993	33,079
Total deferred tax assets	259,252	277,443
Deferred tax liabilities:		
Depreciation and plant related	(545,815)	(620,814)
Investment tax credit	(73,844)	(74,015)
Regulatory assets related to income taxes	(71,742)	(67,912)
Pension	(36,483)	(36,048)
Regulatory asset for shutdown of SJGS Units 2 and 3	(22,454)	(24,048)
Regulatory asset SJGS energy transition property	(86,521)	(69,828)
Regulatory asset PVNGS investment	(20,503)	—
PVNGS Trusts	(41,767)	(26,084)
Other	(44,160)	(40,734)
Total deferred tax liabilities	(943,289)	(959,483)
Net accumulated deferred income tax liabilities	\$ (684,037)	\$ (682,040)

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The following table reconciles the change in PNM's net accumulated deferred income tax liability to the deferred income tax (benefit) included in the Consolidated Statement of Earnings:

	Year Ended December 31, 2023
	(In thousands)
Net change in deferred income tax liability per above table	\$ 1,997
Change in tax effects of income tax related regulatory assets and liabilities	(9,391)
Amortization of excess deferred income tax	(14,252)
Tax effect of mark-to-market adjustments	(1,099)
Tax effect of excess pension liability	(1,566)
Adjustment for uncertain income tax positions	(55)
Reclassification of unrecognized tax benefits	2,394
Deferred income tax (benefit)	<u>\$ (21,972)</u>

TNMP

TNMP's income taxes consist of the following components:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Current federal income tax	\$ 11,354	\$ 17,055	\$ 5,770
Current state income tax	3,055	2,662	2,395
Deferred federal income tax (benefit)	2,917	(4,527)	(224)
Deferred state income tax (benefit)	(29)	(29)	(29)
Total income taxes	<u>\$ 17,297</u>	<u>\$ 15,161</u>	<u>\$ 7,912</u>

TNMP's provision for income taxes differed from the federal income tax computed at the statutory rate for each of the periods shown. The differences are attributable to the following factors:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Federal income tax at statutory rates	\$ 23,569	\$ 22,560	\$ 15,076
Amortization of excess deferred income tax	(8,607)	(9,177)	(9,326)
State income tax, net of federal (benefit)	2,414	2,103	1,763
Allocation of tax (benefit) related to stock compensation awards	(77)	26	(224)
Non-deductible compensation	642	422	351
Transaction costs	3	1	(4)
Other	(647)	(774)	276
Total income taxes	<u>\$ 17,297</u>	<u>\$ 15,161</u>	<u>\$ 7,912</u>
Effective tax rate	15.41 %	14.11 %	11.02 %

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The components of TNMP's net accumulated deferred income tax liability were:

	December 31,	
	2023	2022
	(In thousands)	
Deferred tax assets:		
Regulatory liabilities related to income taxes	\$ 18,915	\$ 21,627
Other	5,534	5,353
Total deferred tax assets	24,449	26,980
Deferred tax liabilities:		
Depreciation and plant related	(179,483)	(166,230)
Regulatory assets related to income taxes	(8,901)	(9,213)
Loss on reacquired debt	(5,254)	(5,527)
Pension	(4,659)	(4,603)
AMS	(2,613)	(3,989)
Other	(2,287)	(2,055)
Total deferred tax liabilities	(203,197)	(191,617)
Net accumulated deferred income tax liabilities	\$ (178,748)	\$ (164,637)

The following table reconciles the change in TNMP's net accumulated deferred income tax liability to the deferred income tax included in the Consolidated Statement of Earnings:

	Year Ended
	December 31,
	2023
	(In thousands)
Net change in deferred income tax liability per above table	\$ 14,111
Change in tax effects of income tax related regulatory assets and liabilities	(2,400)
Amortization of excess deferred income tax	(8,607)
Other	(216)
Deferred income tax	\$ 2,888

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Other Disclosures

The Company is required to recognize only the impact of tax positions that, based on their technical merits, are more likely than not to be sustained upon an audit by the taxing authority. A reconciliation of unrecognized tax benefits is as follows:

	PNMR	PNM	TNMP
	(In thousands)		
Balance at December 31, 2020	\$ 13,152	\$ 10,230	\$ 119
Additions based on tax positions related to 2021	305	295	11
Additions for tax positions of prior years	257	246	11
Balance at December 31, 2021	13,714	10,771	141
Additions based on tax positions related to 2022	1,444	1,437	7
Additions (reductions) for tax positions of prior years	(4)	(7)	3
Balance at December 31, 2022	15,154	12,201	151
Additions (reductions) based on tax positions related to 2023	(277)	(294)	17
Additions for tax positions of prior years	259	239	20
Balance at December 31, 2023	<u>\$ 15,136</u>	<u>\$ 12,146</u>	<u>\$ 188</u>

Included in the balance of unrecognized tax benefits at December 31, 2023 are \$14.6 million, \$11.6 million, and \$0.2 million that, if recognized, would affect the effective tax rate for PNMR, PNM, and TNMP. The Company does not anticipate that any unrecognized tax expenses or unrecognized tax benefits will be reduced or settled in 2024.

PNMR, PNM, and TNMP had no estimated interest income or expense related to income taxes for the years ended December 31, 2023, 2022, and 2021. There was no accumulated accrued interest receivable or payable related to income taxes as of December 31, 2023 and 2022.

The Company files a federal consolidated and several consolidated and separate state income tax returns. The tax years prior to 2020 are closed to examination by either federal or state taxing authorities other than Arizona. The tax years prior to 2019 are closed to examination by Arizona taxing authorities. Other tax years are open to examination by federal and state taxing authorities and net operating loss carryforwards are open to examination for the years in which the carryforwards are utilized. At December 31, 2023, the Company has \$120.2 million of federal net operating loss carryforwards that expire beginning in 2035 and \$126.6 million of federal tax credit carryforwards that expire beginning in 2024. State net operating losses expire beginning in 2037 and vary from federal due to differences between state and federal tax law.

In 2008, fifty percent bonus tax depreciation was enacted as a temporary two-year stimulus measure as part of the Economic Stimulus Act of 2008. Bonus tax depreciation in various forms has been extended since that time, including by the Protecting Americans from Tax Hikes Act of 2015. The 2015 act extended and phased-out bonus tax depreciation through 2019. As discussed above, the Tax Act eliminated bonus depreciation for utilities effective September 28, 2017. However, in 2020 the IRS issued regulations interpreting Tax Act amendments to depreciation provisions of the IRC which allowed the Company to claim a bonus depreciation deduction on certain construction projects placed in service after the third quarter of 2017. As a result of the net operating loss carryforwards for income tax purposes created by bonus depreciation, certain tax carryforwards were not expected to be utilized before their expiration. In addition, as a result of Tax Act changes to the deductibility of officer compensation, certain deferred tax benefits related to compensation are not expected to be realized. The Company has impaired the deferred tax assets for tax carryforwards which are not expected to be utilized and for compensation that is not expected to be deductible.

The Company earns investment tax credits for construction or purchase of eligible property. The Company uses the deferral method of accounting for these investment tax credits.

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Impairments of tax attributes after reflecting the expiration of carryforwards under applicable tax laws, net of federal tax benefit, for 2021 through 2023 are as follows:

	<u>PNMR</u>	<u>PNM</u>	<u>TNMP</u>
	(In thousands)		
December 31, 2023:			
Federal tax credit carryforwards	\$ 839	\$ (427)	\$ —
Compensation expense	\$ 387	\$ 246	\$ 140
December 31, 2022:			
Federal tax credit carryforwards	\$ 187	\$ 427	\$ —
Compensation expense	\$ 199	\$ 140	\$ 59
December 31, 2021:			
Federal tax credit carryforwards	\$ 1,029	\$ —	\$ —
Compensation expense	\$ 119	\$ 84	\$ 35

The tax effect of compensation that is not expected to be deductible and impairments of unexpired tax credits are reflected as a valuation allowance against deferred tax assets. The reserve balances, after reflecting expiration of carryforwards under applicable tax laws, at December 31, 2023 and 2022 are as follows:

	<u>PNMR</u>	<u>PNM</u>	<u>TNMP</u>
	(In thousands)		
December 31, 2023:			
Federal tax credit carryforwards	\$ 2,055	\$ —	\$ —
Compensation expense	\$ 1,112	\$ 729	\$ 381
December 31, 2022:			
Federal tax credit carryforwards	\$ 1,216	\$ 427	\$ —
Compensation expense	\$ 725	\$ 483	\$ 241

(19) Goodwill

The excess purchase price over the fair value of the assets acquired and the liabilities assumed by PNMR for its 2005 acquisition of TNP was recorded as goodwill and was pushed down to the businesses acquired. In 2007, the TNMP assets that were included in its New Mexico operations, including goodwill, were transferred to PNM. PNMR's reporting units that currently have goodwill are PNM and TNMP.

The Company evaluates its goodwill for impairment annually at the reporting unit level or more frequently if circumstances indicate that the goodwill may be impaired. Application of the impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, and determination of the fair value of each reporting unit.

In certain circumstances an entity may perform a qualitative analysis to conclude that the goodwill of a reporting unit is not impaired. Under a qualitative assessment an entity considers macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other relevant entity-specific events affecting a reporting unit, as well as whether a sustained decrease (both absolute and relative to its peers) in share price has occurred. An entity considers the extent to which each of the adverse events and circumstances identified could affect the comparison of a reporting unit's fair value with its carrying amount. An entity places more weight on the events and circumstances that most affect a reporting unit's fair value or the carrying amount of its net assets. An entity also considers positive and mitigating events and circumstances that may affect its determination of whether it is more likely than not that the fair value of a reporting unit is less than

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its carrying amount. An entity evaluates, on the basis of the weight of evidence, the significance of all identified events and circumstances in the context of determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative analysis is not required if, after assessing events and circumstances, an entity determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount.

In other circumstances, an entity may perform a quantitative analysis to reach the conclusion regarding impairment with respect to a reporting unit. An entity may choose to perform a quantitative analysis without performing a qualitative analysis and may perform a qualitative analysis for certain reporting units, but a quantitative analysis for others. The first step of the quantitative impairment test requires an entity to compare the fair value of the reporting unit with its carrying value, including goodwill. If as a result of this analysis, the entity concludes there is an indication of impairment in a reporting unit having goodwill, the entity is required to perform the second step of the impairment analysis, determining the amount of goodwill impairment to be recorded. The amount is calculated by comparing the implied fair value of the goodwill to its carrying amount. This exercise would require the entity to allocate the fair value determined in step one to the individual assets and liabilities of the reporting unit. Any remaining fair value would be the implied fair value of goodwill on the testing date. To the extent the recorded amount of goodwill of a reporting unit exceeds the implied fair value determined in step two, an impairment loss would be reflected in results of operations.

PNMR periodically updates its quantitative analysis for both PNM and TNMP. The use of a quantitative approach in a given period is not necessarily an indication that a potential impairment has been identified under a qualitative approach. When PNMR performs a quantitative analysis for PNM or TNMP, a discounted cash flow methodology is primarily used to estimate the fair value of the reporting unit. This analysis requires significant judgments, including estimations of future cash flows, which is dependent on internal forecasts, estimations of long-term growth rates for the business, and determination of appropriate weighted average cost of capital for the reporting unit. Changes in these estimates and assumptions could materially affect the determination of fair value and the conclusion of impairment.

When PNMR performs a qualitative or quantitative analysis for PNM or TNMP, PNMR considers market and macroeconomic factors including changes in growth rates, changes in the WACC, and changes in discount rates. PNMR also evaluates its stock price relative to historical performance, industry peers, and to major market indices, including an evaluation of PNMR's market capitalization relative to the carrying value of its reporting units.

For its annual evaluations performed as of April 1, 2021, PNMR performed a qualitative analysis for both the PNM and TNMP reporting units. In addition to the typical considerations discussed above, the qualitative analysis considered changes in the Company's expectations of future financial performance since the April 1, 2018 quantitative analysis performed for PNM and qualitative analyses through April 1, 2020, as well as the quantitative analysis performed for TNMP at April 1, 2020. Based on an evaluation of these and other factors, the Company determined it was not more likely than not that the April 1, 2021 carrying values of PNM and TNMP exceeded their fair value.

For its annual evaluations performed as of April 1, 2022, PNMR performed a qualitative analysis for both the PNM and TNMP reporting units. In addition to the typical considerations discussed above, the qualitative analysis considered changes in the Company's expectations of future financial performance since the April 1, 2018 quantitative analysis and the previous qualitative analyses through April 1, 2021 performed for PNM, as well as the April 1, 2020 quantitative analysis and the previous qualitative analyses performed for TNMP. This analysis considered Company specific events such as the Merger, potential impacts of legal and regulatory matters discussed in Notes 16 and 17, including potential outcomes in PNM's 2024 Rate Change, PNM's San Juan Abandonment Application, PNM's Four Corners Abandonment Application, PNM's PVNGS Leased Interest Abandonment Application and other potential impacts of changes in PNM's resource needs based on PNM's 2020 IRP. Based on an evaluation of these and other factors, the Company determined it was not more likely than not that the April 1, 2022 carrying values of PNM and TNMP exceeded their fair value. Since the April 1, 2022 annual evaluation, there have been no events or indications that the fair values of the reporting units with recorded goodwill have decreased below their carrying values.

For its annual evaluations performed as of April 1, 2023, PNMR performed a qualitative analysis for both the PNM and TNMP reporting units. In addition to the typical considerations discussed above, the qualitative analysis considered changes in the Company's expectations of future financial performance since the April 1, 2018 quantitative analysis and the previous qualitative analyses through April 1, 2022 performed for PNM, as well

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NOTES TO FINANCIAL STATEMENTS (Continued)

as the April 1, 2021 quantitative analysis and the previous qualitative analyses performed for TNMP. This analysis considered Company specific events such as the Merger, potential impacts of legal and regulatory matters discussed in Notes 16 and 17, including potential outcomes in PNM's 2024 Rate Change, PNM's San Juan Abandonment Application, PNM's Four Corners Abandonment Application, PNM's PVNGS Leased Interest Abandonment Application and other potential impacts of changes in PNM's resource needs based on PNM's 2020 IRP. Based on an evaluation of these and other factors, the Company determined it was not more likely than not that the April 1, 2023 carrying values of PNM and TNMP exceeded their fair value. Since the April 1, 2023 annual evaluation, the Company has considered the effects of the Merger termination and the outcome of PNM's 2024 Rate Change and there is no indication that the fair values of the reporting units with recorded goodwill have decreased below their carrying values.

(20) Related Party Transactions

PNMR, PNM, TNMP, and NMRD are considered related parties, as is PNMR Services Company, a wholly-owned subsidiary of PNMR that provides corporate services to PNMR and its subsidiaries in accordance with shared services agreements. These services are billed at cost on a monthly basis to the business units. In addition, PNMR provides construction and operations and maintenance services to NMRD, a 50% owned subsidiary of PNMR Development (Note 21), and PNM purchases renewable energy from certain NMRD-owned facilities at a fixed price per MWh of energy produced. PNM also provides interconnection services to PNMR Development and NMRD.

PNMR files a consolidated federal income tax return with its affiliated companies. A tax allocation agreement exists between PNMR and each of its affiliated companies. These agreements provide that the subsidiary company will compute its taxable income on a stand-alone basis. If the result is a net tax liability, such amount shall be paid to PNMR. If there are net operating losses and/or tax credits, the subsidiary shall receive payment for the tax savings from PNMR to the extent that PNMR is able to utilize those benefits.

See Note 7 for information on intercompany borrowing arrangements. The table below summarizes the nature and amount of related party transactions of PNMR, PNM and TNMP:

	Year Ended December 31,		
	2023	2022	2021
	(In thousands)		
Services billings:			
PNMR to PNM	\$ 124,321	\$ 115,415	\$ 107,747
PNMR to TNMP	47,470	42,293	41,798
PNM to TNMP	349	411	404
TNMP to PNMR	141	141	141
PNMR to NMRD	333	308	221
Renewable energy purchases:			
PNM from NMRD	12,717	11,795	11,879
Interconnection and facility study billings:			
PNM to NMRD	—	—	225
NMRD to PNM	—	—	1,276
Interest billings:			
PNMR to PNM	23	13	31
PNM to PNMR	582	249	144
PNMR to TNMP	129	166	—
Income tax sharing payments:			
PNMR to PNM	5,338	—	19,492
PNM to PNMR	—	11,602	—
TNMP to PNMR	15,749	8,341	12,842

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NOTES TO FINANCIAL STATEMENTS (Continued)

(21) Equity Method Investment

In September 2017, PNMR Development and AEP OnSite Partners created NMRD to pursue the acquisition, development, and ownership of renewable energy generation projects, primarily in the state of New Mexico. PNMR Development and AEP OnSite Partners each have a 50% ownership interest in NMRD. At December 31, 2023, NMRD's renewable energy capacity in operation is 185.1 MW, which includes 180 MW of solar-PV facilities to supply energy to the Meta data center located within PNM's service territory, 1.9 MW to supply energy to Columbus Electric Cooperative located in southwest New Mexico, 2.0 MW to supply energy to the Central New Mexico Electric Cooperative, and 1.2 MW of solar-PV facilities to supply energy to the City of Rio Rancho, New Mexico.

On December 22, 2023, PNMR Development and AEP Onsite reached agreement with Exus New Mexico, LLC, a subsidiary of Exus North America Holdings, LLC, for the sale of NMRD and its subsidiaries for approximately \$230 million, subject to adjustment to reflect the actual amounts of certain components of working capital at closing, pursuant to a Membership Interest Purchase Agreement, dated December 22, 2023 ("MIPA"). Closing occurred on February 27, 2024, with PNMR Development receiving \$117.0 million upon settlement. PNMR Development does not expect a material impact to Net Earnings as a result of the transaction. As previously disclosed, PNMR Development expects to use the net proceeds from the sale of NMRD to reduce the future external capital needs at PNMR and support continued investments in regulated rate base at PNMR's utilities. PNMR Development will provide certain services to NMRD for a transitional period following closing.

PNMR accounted for its investment in NMRD using the equity method of accounting because PNMR's ownership interest results in significant influence, but not control, over NMRD and its operations. PNMR recorded as income its percentage share of earnings or loss of NMRD and carried its investment at cost, adjusted for its share of undistributed earnings or losses.

During 2023, 2022, and 2021 PNMR Development and AEP OnSite Partners each made cash contributions of \$26.3 million, zero and zero to NMRD. In February 2021, NMRD paid both PNMR Development and AEP OnSite Partners a dividend of \$3.0 million. PNMR Development's cumulative equity in earnings of NMRD as of March 31, 2021 was \$2.4 million and is presented as cash flows from operating activities on the Consolidated Statement of Cash Flows for the year ending December 31, 2021. The portion of the dividend in excess of PNMR Development's cumulative equity earnings of NMRD amounting to \$0.6 million is presented as cash flows from investing activities.

PNMR presented its share of net earnings from NMRD in other income on the Consolidated Statements of Earnings. Summarized financial information for NMRD is as follows:

	December 31,		
	2023	2022	2021
	(In thousands)		
Operating revenues	\$ 13,629	\$ 12,505	\$ 12,738
Operating expenses	8,228	9,591	9,733
Net earnings	<u>\$ 5,401</u>	<u>\$ 2,914</u>	<u>\$ 3,005</u>

	December 31,	
	2023	2022
	(In thousands)	
Current assets	\$ 2,589	\$ 8,357
Net property, plant, and equipment	235,791	169,440
Non-current assets	1,849	9,631
Total assets	<u>240,229</u>	<u>187,428</u>
Current liabilities	730	5,822
Non-current liabilities	358	366
Owners' equity	<u>\$ 239,141</u>	<u>\$ 181,240</u>

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.			
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	3,141,579,543	3,141,579,543
4	Property Under Capital Leases	14,498,761	14,498,761
5	Plant Purchased or Sold	—	—
6	Completed Construction not Classified	69,572,691	69,572,691
7	Experimental Plant Unclassified	—	—
8	Total (3 thru 7)	3,225,650,995	3,225,650,995
9	Leased to Others	—	—
10	Held for Future Use	12,736	12,736
11	Construction Work in Progress	91,596,056	91,596,056
12	Acquisition Adjustments	—	—
13	Total Utility Plant (8 thru 12)	3,317,259,787	3,317,259,787
14	Accum Prov for Depr, Amort, & Depl	699,868,577	699,868,577
15	Net Utility Plant (13 less 14)	2,617,391,210	2,617,391,210
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	680,972,561	680,972,561
19	Amort & Depl of Producing Nat Gas Land/Land Right	—	
20	Amort of Underground Storage Land/Land Rights	—	
21	Amort of Other Utility Plant	18,896,016	18,896,016
22	Total In Service (18 thru 21)	699,868,577	699,868,577
23	Leased to Others		
24	Depreciation	—	—
25	Amortization and Depletion	—	—
26	Total Leased to Others (24 & 25)	—	—
27	Held for Future Use		
28	Depreciation	—	—
29	Amortization	—	—
30	Total Held for Future Use (28 & 29)	—	—
31	Abandonment of Leases (Natural Gas)	—	
32	Amort of Plant Acquisition Adj	—	—
33	Total Accum Prov (equals 14) (22,26,30,31,32)	699,868,577	699,868,577

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
—	—	—	—	—	3
—	—	—	—	—	4
—	—	—	—	—	5
—	—	—	—	—	6
—	—	—	—	—	7
—	—	—	—	—	8
—	—	—	—	—	9
—	—	—	—	—	10
—	—	—	—	—	11
—	—	—	—	—	12
—	—	—	—	—	13
—	—	—	—	—	14
—	—	—	—	—	15
					16
					17
—	—	—	—	—	18
—					19
—					20
—	—	—	—	—	21
—	—	—	—	—	22
					23
—	—	—	—	—	24
—	—	—	—	—	25
—	—	—	—	—	26
					27
—	—	—	—	—	28
—	—	—	—	—	29
—	—	—	—	—	30
—					31
—	—	—	—	—	32
—	—	—	—	—	33

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization	—	—
3	(302) Franchises and Consents	—	—
4	(303) Miscellaneous Intangible Plant	25,662,935	3,603,616
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	25,662,935	3,603,616
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	—	—
9	(311) Structures and Improvements	—	—
10	(312) Boiler Plant Equipment	—	—
11	(313) Engines and Engine-Driven Generators	—	—
12	(314) Turbogenerator Units	—	—
13	(315) Accessory Electric Equipment	—	—
14	(316) Misc. Power Plant Equipment	—	—
15	(317) Asset Retirement Costs for Steam Production	—	—
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	—	—
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights	—	—
19	(321) Structures and Improvements	—	—
20	(322) Reactor Plant Equipment	—	—
21	(323) Turbogenerator Units	—	—
22	(324) Accessory Electric Equipment	—	—
23	(325) Misc. Power Plant Equipment	—	—
24	(326) Asset Retirement Costs for Nuclear Production	—	—
25	TOTAL Nuclear Production Plant (Enter Total of Lines 18 thru 24)	—	—
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	—	—
28	(331) Structures and Improvements	—	—
29	(332) Reservoirs, Dams, and Waterways	—	—
30	(333) Water Wheels, Turbines, and Generators	—	—
31	(334) Accessory Electric Equipment	—	—
32	(335) Misc. Power Plant Equipment	—	—
33	(336) Roads, Railroads, and Bridges	—	—
34	(337) Asset Retirement Costs for Hydraulic Production	—	—
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	—	—
36	D. Other Production Plant		
37	(340) Land and Land Rights	—	—
38	(341) Structures and Improvements	—	—
39	(342) Fuel Holders, Products and Accessories	—	—
40	(343) Prime Movers	—	—
41	(344) Generators	—	—
42	(345) Accessory Electric Equipment	—	—
43	(346) Misc. Power Plant Equipment	—	—
44	(347) Asset Retirement Costs for Other Production	—	—
44.1	(348) Energy Storage Equipment - Production	—	—
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	—	—
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	—	—

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.
9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
—	—	—	—	1
—	—	—	—	2
—	—	—	—	3
860,308	—	—	28,406,243	4
860,308	—	—	28,406,243	5
—	—	—	—	6
—	—	—	—	7
—	—	—	—	8
—	—	—	—	9
—	—	—	—	10
—	—	—	—	11
—	—	—	—	12
—	—	—	—	13
—	—	—	—	14
—	—	—	—	15
—	—	—	—	16
—	—	—	—	17
—	—	—	—	18
—	—	—	—	19
—	—	—	—	20
—	—	—	—	21
—	—	—	—	22
—	—	—	—	23
—	—	—	—	24
—	—	—	—	25
—	—	—	—	26
—	—	—	—	27
—	—	—	—	28
—	—	—	—	29
—	—	—	—	30
—	—	—	—	31
—	—	—	—	32
—	—	—	—	33
—	—	—	—	34
—	—	—	—	35
—	—	—	—	36
—	—	—	—	37
—	—	—	—	38
—	—	—	—	39
—	—	—	—	40
—	—	—	—	41
—	—	—	—	42
—	—	—	—	43
—	—	—	—	44
—	—	—	—	44.1
—	—	—	—	45
—	—	—	—	46

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)			
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	22,684,119	(1,328,477)
48.1	(351) Energy Storage Equipment - Transmission	—	—
49	(352) Structures and Improvements	39,869,363	16,291,167
50	(353) Station Equipment	334,296,732	21,391,319
51	(354) Towers and Fixtures	22,389,461	(9,962,095)
52	(355) Poles and Fixtures	384,654,082	59,447,283
53	(356) Overhead Conductors and Devices	148,302,813	43,234,964
54	(357) Underground Conduit	—	—
55	(358) Underground Conductors and Devices	—	—
56	(359) Roads and Trails	217,580	330,899
57	(359.1) Asset Retirement Costs for Transmission Plant	—	—
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	952,414,150	129,405,060
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	7,764,941	3,817,696
61	(361) Structures and Improvements	16,278,169	3,039,111
62	(362) Station Equipment	575,021,575	105,771,521
63	(363) Storage Battery Equipment	—	—
64	(364) Poles, Towers, and Fixtures	325,351,314	48,195,925
65	(365) Overhead Conductors and Devices	297,591,363	56,463,397
66	(366) Underground Conduit	59,565,607	7,139,542
67	(367) Underground Conductors and Devices	127,670,591	21,837,608
68	(368) Line Transformers	156,702,168	18,452,786
69	(369) Services	94,399,794	5,715,369
70	(370) Meters	95,038,083	9,834,531
71	(371) Installations on Customer Premises	4,310,465	(186,136)
72	(372) Leased Property on Customer Premises	—	—
73	(373) Street Lighting and Signal Systems	22,216,499	2,585,968
74	(374) Asset Retirement Costs for Distribution Plant	6,320	—
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,781,916,889	282,667,318
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights	—	—
78	(381) Structure and Improvements	—	—
79	(382) Computer Hardware	—	—
80	(383) Computer Software	—	—
81	(384) Communication Equipment	—	—
82	(385) Miscellaneous Regional Transmission and Market Operation	—	—
83	(386) Asset Retirement Costs, Regional Transmission & Market Op	—	—
84	TOTAL Transmission & Market Op Plant (Total lines 77 thru 83)	—	—
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	6,336,644	(7,337)
87	(390) Structures and Improvements	42,019,049	945,718
88	(391) Office Furniture and Equipment	10,194,183	1,221,860
89	(392) Transportation Equipment	3,968,252	21,185
90	(393) Stores Equipment	170,613	—
91	(394) Tools, Shop and Garage Equipment	15,690,039	981,850
92	(395) Laboratory Equipment	—	—
93	(396) Power Operated Equipment	2,474,782	90,731
94	(397) Communication Equipment	11,887,515	709,710
95	(398) Miscellaneous Equipment	329,969	8,183
96	SUBTOTAL (Enter Total of lines 86 thru 95)	93,071,046	3,971,900
97	(399) Other Tangible Property	—	—
98	(399.1) Asset Retirement Costs for General Plant	16,955	—
99	TOTAL General Plant (Enter Total of lines 96, 97, and 98)	93,088,001	3,971,900
100	TOTAL (Accounts 101 and 106)	2,853,081,975	419,647,894
101	(102) Electric Plant Purchased (See instr. 8)	—	—
102	(Less) (102) Electric Plant Sold (See Instr. 8)	—	—
103	(103) Experimental Plant Unclassified	—	—
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	2,853,081,975	419,647,894

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
62	—	(25,707)	21,329,873		48
—	—	—	—		48.1
10,292	—	(2,322,972)	53,827,266		49
3,889,183	—	(6,452,695)	345,346,173		50
453,747	—	—	11,973,619		51
784,813	—	(20,385)	443,296,167		52
530,305	—	20,385	191,027,857		53
—	—	—	—		54
—	—	—	—		55
—	—	—	548,479		56
—	—	—	—		57
5,668,402	—	(8,801,374)	1,067,349,434		58
—	—	—	—		59
—	—	25,707	11,608,344		60
195,910	—	(340,818)	18,780,552		61
2,360,767	—	9,116,485	687,548,814		62
—	—	—	—		63
3,028,748	—	(23,859)	370,494,632		64
2,228,304	—	15,335	351,841,791		65
51,106	—	—	66,654,043		66
441,916	—	8,524	149,074,807		67
397,956	—	—	174,756,998		68
95,211	—	—	100,019,952		69
45,245,633	—	—	59,626,981		70
(4,305)	—	—	4,128,634		71
—	—	—	—		72
300,573	—	—	24,501,894		73
—	—	—	6,320		74
54,341,819	—	8,801,374	2,019,043,762		75
—	—	—	—		76
—	—	—	—		77
—	—	—	—		78
—	—	—	—		79
—	—	—	—		80
—	—	—	—		81
—	—	—	—		82
—	—	—	—		83
—	—	—	—		84
—	—	—	—		85
—	—	—	6,329,307		86
225,513	—	—	42,739,254		87
345,310	—	—	11,070,733		88
19,004	—	—	3,970,433		89
—	—	—	170,613		90
80,096	—	—	16,591,793		91
—	—	—	—		92
—	—	—	2,565,513		93
37,183	—	—	12,560,042		94
—	—	—	338,152		95
707,106	—	—	96,335,840		96
—	—	—	—		97
—	—	—	16,955		98
707,106	—	—	96,352,795		99
61,577,635	—	—	3,211,152,234		100
—	—	—	—		101
—	—	—	—		102
—	—	—	—		103
61,577,635	—	—	3,211,152,234		104

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 207, Row 87 and 89, Column (e)

At December 31, 2023, total Electric Plant in Service excludes Property Under Capital Lease of \$14,498,761.

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

- Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.
- For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2	Bayou Substation Site	3/31/1996	Unknown	12,736
3				
4				
5				
6				
7				
8				
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11				
12				
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21	Other Property:			
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45				
46				
47	Total			12,736

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	001 Line Extension-Residential	3,238,528
2	002 Line Extension-Commercial	1,192,741
3	003 Reliability Projects	1,112,025
4	005 Lighting	787,634
5	006 Distribution Remove & Replace	856,386
6	007 Distribution System Improvements	147,084
7	008 Services	1,261,480
8	020 STE Distribution Substation	111,031
9	021 Gville #1 Sub Rebuild 4kV Cutover	1,211,775
10	021 Power Transformer Asset Mgmt	2,062,176
11	021 Thurber Sub Rbld 12.47kV Cutover	443,399
12	022 GR BrazosRiverCrossing Ckt Getaways	691,787
13	022 Rebuild Hico Substation	814,442
14	022 White Oak Substation	2,178,483
15	023 AVI EnergySolar-TalcoWestSubstation	179,420
16	023 CTX Dist Equipment Replacement	214,910
17	023 Hwy 146 Widen Ph2 Relocate 10k'	209,306
18	023 NESC Correction - Add Neutral	197,364
19	023 Palmetto Sub Ckt #1	124,012
20	023 TDC-Hilltop Rbld PrisonServ GT22160	148,572
21	023 TxDOT I35E ROW Expansion Corp-SH121	3,689,838
22	024 Coyanosa 2nd XFMR	1,107,186
23	024 Gulf Coast 50 MVA Mobile Sub	2,591,199
24	024 Pecos FM 2119 Station Feeder Exits	130,741
25	024 Zeya Energy Storage Resource	110,313
26	025 Cholla 2nd XFMR Addition	1,822,035
27	025 Lakeside Crossing 201 Townhomes	285,750
28	025 Tejas Ckt 1217 1212 Hardening	188,595
29	025 WTX Regulator Installation	160,775
30	026 Austin Colony Subdivision Sect 1	169,984
31	026 New Cust Windrose Ph2 Pilot Point	256,928
32	026 Sand Lake 2nd XFMR	1,917,282
33	026 Thurber Station Rebuild	132,851
34	027 Tarbush 3rd XFMR	1,009,197
35	029 Hidden Lakes Ckt #4 Getaway	196,922
36	029 New Cust Monticello Ph4 Princeton	479,581
37	029 TransBrkrAssetMgmt in DistStations	607,025
38	030 TxDOT SH 380 Relocation Princeton	153,303
39	031 Kermit #2 4kV BayUpgrade to 12.47kV	1,889,714
40	031 Lago Mar POD 10 Sect 2	168,203
41	031 New Cust Hazelwood Villas Princeton	921,532
42	031 Refresh Shared Storage (OPS & FIG)	212,357
43	032 Lago Mar POD 1 Sect 1	194,757
44	032 NewCustFountainviewAptsPh2Frmrsvll	275,285
45	033 Jackrabbit 2nd XFMR Addition	1,209,280
46	033 Lago Mar POD 2 Sect 1	200,124
47	034 Coachwhip Substation	1,612,725
48	035 Hamilton County Rebuild	1,369,401
49	035 Hunt Coyote Springs Sub Diesel DGR	203,322
50	035 West Texas 50 MVA Mobile Sub	2,591,199

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
51	036 Blue Ridge Rebuild	1,928,974
52	036 LakeWhitney Autotransformer Replace	2,161,810
53	037 Coryell County Station Rebuild	9,430,092
54	037 NewCust Penmatsa Addition Princeton	796,974
55	037 Staghorn XFMR Addition	1,017,661
56	038 Sunset Cove Subdivision	127,687
57	038 Whitney Substation Rebuild	820,260
58	040 Valley Mills Rebuild	242,137
59	041 2025 Transformer Slot/Progress Pmts	3,299,307
60	052 Palmetto Sub	3,265,841
61	052 Worst PerformingCircuit Remediation	364,575
62	071 WTX Misc Transmission	144,992
63	073 CTX Transmission Line Repairs 2023	207,281
64	073 Fishhook Transmission Line Cut Ins	193,856
65	074 PPM Cholla Bitcoin Mine	849,482
66	074 West Columbia Main Rebuild	347,754
67	076 FM524 Expansion Line S and Cap Yard	705,944
68	076 PPM Pyote Bitcoin Mine	433,669
69	077 Transmission Breaker Asset Mgmt	135,164
70	078 16th Street Autotransformer Replace	2,143,727
71	079 Bitcoin and BatteryCustomerTieLines	835,794
72	079 T-Line Clearance Improvements	859,890
73	080 Cloud Gate in Transm Substations	483,537
74	080 FreewayPark to Dickinson 3000A Path	1,105,800
75	084 Rcmd AA Pipeline-MonuDraw Cumb ACSS	1,245,383
76	084 Rcmdtr TI to Lakepoint 138kV Line	772,728
77	086 Heights-Zeya ESR 138kV Trans Line	1,016,901
78	086 Stone Road Switching Station	111,814
79	087 Blackjack Switching Station	1,780,184
80	088 T-Line Rbld Coryell to Gatesville#1	1,037,922
81	089 Wink to Kermit #2 Rebuild	1,504,405
82	091 Jupiter Tidwell Prairie ESR TNP1Sub	453,943
83	092 Rebuild West Col to Brazoria 1600A	107,156
84	093 Soaptree to Alamo 2nd Ckt	168,924
85	094 WhiteBaker-NthNatural PoleChangeout	911,645
86	280 PLS Grid	130,973
87	281 TX BGP Router	611,193
88	282 TNMP Outage Reporting Tool	146,482
89	288 OMS Upgrade	430,958
90	289 SMT Upgrade	223,660
91	296 AMS NextGen Software	697,574
92	306 Freeway Park Laydown Yard	207,671
93	306 Pave Fort Stockton and Pecos Yards	170,256
94	306 Pecos ConstructionCenter RoofRepair	236,067
95	306 Replace PilotPoint ConstructionCntr	163,758
96	306 West Columbia Substation Warehouse	594,791
97	Other Projects less than \$100,000	3,929,501
98		
99		
100	TOTAL	91,596,056

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	656,800,002	656,800,002	—	—
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	109,408,843	109,408,843	—	—
4	(403.1) Depreciation Expense for Asset Retirement Costs	431	431	—	—
5	(413) Exp. of Elec. Plt. Leas. to Others	—	—	—	—
6	Transportation Expenses-Clearing	430,557	430,557	—	—
7	Other Clearing Accounts	—	—	—	—
8	Other Accounts (Specify, details in footnote):	—	—	—	—
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	109,839,831	109,839,831	—	—
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	60,717,327	60,717,327	—	—
13	Cost of Removal	26,541,270	26,541,270	—	—
14	Salvage (Credit)	439,554	439,554	—	—
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	86,819,043	86,819,043	—	—
16	Other Debit or Cr. Items (Describe, details in footnote):	1,151,771	1,151,771	—	—
17					
18	Book Cost or Asset Retirement Costs Retired	—	—	—	—
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	680,972,561	680,972,561	—	—
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production	—	—	—	—
21	Nuclear Production	—	—	—	—
22	Hydraulic Production-Conventional	—	—	—	—
23	Hydraulic Production-Pumped Storage	—	—	—	—
24	Other Production	—	—	—	—
25	Transmission	149,266,575	149,266,575	—	—
26	Distribution	511,642,852	511,642,852	—	—
27	Regional Transmission and Market Operation	—	—	—	—
28	General	20,063,134	20,063,134	—	—
29	TOTAL (Enter Total of lines 20 thru 28)	680,972,561	680,972,561	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 219, Row 16, Column (c)

	December 31, 2023
Change in RWIP	\$ (296,656)
AMS Meter Deferred Depreciation	(855,115)
	<u>\$ (1,151,771)</u>

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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MATERIALS AND SUPPLIES

- For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
- Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense/clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	—	—	
2	Fuel Stock Expenses Undistributed (Account 152)	—	—	
3	Residuals and Extracted Products (Account 153)	—	—	
4	Plant Materials and Operating Supplies (Account 154)	—	—	
5	Assigned to - Construction (Estimated)	9,792,673	15,392,291	
6	Assigned to - Operations and Maintenance	—	—	
7	Production Plant (Estimated)	—	—	
8	Transmission Plant (Estimated)	42,193	18,708	
9	Distribution Plant (Estimated)	1,007,905	1,051,297	
10	Regional Transmission and Market Operation Plant (Estimated)	—	—	
11	Assigned to - Other (provide details in footnote)	—	—	
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	10,842,771	16,462,296	
13	Merchandise (Account 155)	—	—	
14	Other Materials and Supplies (Account 156)	—	—	
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)	—	—	
16	Stores Expense Undistributed (Account 163)	—	—	
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	10,842,771	16,462,296	

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	Transmission Studies				
2	Wickett-Wolf CCN	115,592	183	—	
3	PPoint Area TransmissionService	385,751	183	—	
4	Air Products Texas City	34,131	183	—	
5	TNMP SOUTH STRUCTURE REP	36,939	183	—	
6	TNP1-TWIN OAK DRAG LINE	15,659	183	—	
7	BELLS WHITEWRIGHT PRELIM	45,940	183	—	
8	GRAHAM-BRYSON 2022 PRELI	19,215	183	—	
9	16th STREET-AIRPORT PREL	48,382	183	—	
10	WALNUT SPRINGS-GLEN ROSE	11,092	183	—	
11	WEST COLUMBIA LOCAL-ANGL	15,536	183	—	
12	MAGNOLIA - SEMINOLE PR	42,723	183	—	
13	TEJAS-COMANCHE PRELIM E	73,933	183	—	
14	FREEWAY PARK-DICKINSON	151,158	183	—	
15	Rebuild Line G138-17 Cen	156,591	183	—	
16	Rebuild Line G138-RTR-AN	87,920	183	—	
17	CREOSOTE TO COYANOSA TLI	29,898	183	—	
18	HICO-IREDELL HEAVY LINE	77,461	183	—	
19	RANGER TO THURBER HEAVY	51,922	183	—	
20	CLEMONS TAP-CLEMONS DOME	238,088	183	—	
21	RECOND TI TO SOUTH 138KV	9,565	183	—	
22	REBUILD WC MAIN TO WC LO	21,612	183	—	
23	FM 646 TXDOT RAISE PRELI	7,067	183	—	
24	CLIMAX-FARMERSVILLE 69KV	18,214	183	—	
25	CATTAIL - AIR PRODUCTS PRELIM	1,705	183	—	
26	HDR ARCFM MODELING SUPPORT -	115,496	183	—	
27	Turkey Peak Reservoir Route	350	183	—	
28	QW-WALNUT SPRINGS-GLEN ROSE	30,040	183	—	
29	HICO-IREDELL #2 HEAVY LI	25,386	183	—	
30	RANGER-THURBER #2 HEAVY	15,596	183	—	
31	GRAHAM-BRYSON #3 STEEL P	39,944	183	—	
32	SANDERSON STRUCTURE REPL	2,420	183	—	
33	FARMERSVILLE T2 ADDITIO	233,160	183	—	
34	FAULKNER T2 ADDIDION	57,964	183	—	
35	APACHE-AMOCO 138KV LINE REB	86,400	183	—	
36	League City-Hidden Lakes	224,888	183	—	
37	Caddo-Apache 138kV Line Rebu	21,360	183	—	
38	ROW & EASEMENT ACQ	9,422	183	—	
39	WEST COLUMBIA MAIN-BRAZO	130,371	183	—	
40	HIDDEN LAKES-PHR PRELIM	10,937	183	—	

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Transmission Service and Generation Interconnection Study Costs (continued)

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
	Transmission Studies				
41	MO-FM 524 LINE S CUT-IN P	16,876	183	—	
42	TALCO TRANSMISSION LINE	24,225	183	—	
43	TRANS T-LINE M-69-A - WI	12,597	183	—	
44	LV13803 - TI-LAKEPOINTE	6,934	183	—	
45	138-SPT-ALS - ALAMO - SO	5,707	183	—	
46	WEST COLUMBIA MAIN RE-TE	1,349	183	—	
47	MO-G138-Q WC MAIN-CNP LINE	50,070	183	—	
48	WICKETT-STAGHORN PRELIM	10,604	183	—	
49	CORYELL TO GATESVILLE #1	9,785	183	—	
50	JUPITER TIDWELL PRAIRIE	4,479	183	—	
51	SS-WINK-FISHHOOK RECONDUCTO	5,266	183	—	
52	Comanche 183 CloudGate L	341	183	—	
53	Choctaw 183 CloudGate LT	1,926	183	—	
54	CD-Texas City Main Sw Sta 1	1,707	183	—	
55	Terminal Sw Sta 183 Clou	1,633	183	—	
56	Greenbelt Sw Sta 183 Clo	85	183	—	
57	Apache Sw Sta 183 Cloud	2,003	183	—	
58	Swoose II Pyote FIS	754	253	—	
59	BRP Tortolas BESS Study	(98)	253	—	
60	Jupiter Tidwell Prairie 2 & 3	33,224	253	—	
61	Jupiter St Gall 1 and 2 ESR FIS	19,904	253	—	
62	Golden Spread SM1 Bitcoin Study	6,019	253	—	
63	BRP Avila FIS Study	28,213	253	—	
64	BRP Zeya FIS Study	65,184	253	—	
65	Priority Power Data Center Study	7,509	253	—	
66	ESVolta Pequin FIS Study	65,182	253	—	
67	Rodeo Ranch Energy Storage Study	91,118	253	—	253
68	Pecos Verde Solar	4,275	253	—	
69	Castor Energy Storage FIS Study	72,226	253	—	
70	Momentum Dogfish FIS Study	44,261	253	—	
71	BRP Desna FIS Study	73,191	253	(65,000)	253
72	Sherbino Mesa 2 EPS Meter Relocatio	—	—	(200,000)	253
73	Hacienda Storage Ground Lease	—	—	(10,000)	253
74	BT Hacienda Storage FIS Study	94,253	253	(110,000)	253
75	Momentum Headcamp BESS FIS Study	29,066	253	(85,000)	253
76	Momentum Hopslam BESS FIS Study	43,117	253	(110,000)	253
77	BRP Pollux BESS FIS Study	70,020	253	(150,000)	253
78	BRP Mekong BESS FIS Study	90,236	253	(110,000)	253
79	Century Gas Processing Plant LLC	—	—	(36,000)	253

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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Transmission Service and Generation Interconnection Study Costs (continued)

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
	Transmission Studies				
80	Percussion Petroleum Flathead	—		(36,000)	253
81	Mitchell Road FIS Study	50,113	253	(110,000)	253
82	Percussion Retail Service Study	—		(36,000)	253
83	Bynum Solar FIS	—		(110,000)	253
84	Berkman Storage FIS	—		(110,000)	253
85	Jupiter St Gall Solar LLC FIS	—		(65,000)	253
86	Chevron Flat Top Retail Service Stu	—		(36,000)	253
87	Walmart Angleton DG Study Fee	—			253
88	Red Egret BESS FIS Study	—		(110,000)	253
89					
90					
91					
92					
93					
94					
95					
96					
97					
98	Total	3,743,189		(1,489,000)	
99	Generation Studies				
100					
101					
102					
103					
104					
105					
106					
107					
108					
109					
110					
111					
112					
113					
114					
115					
116					
117	Total	—		—	
118	Grand Total	3,743,189		(1,489,000)	

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Account Charged (d)	Written off During the Period Amount (e)	
1	Income Tax Regulatory Asset	9,193,329	—	282,283	311,809	8,881,520
2						
3	Qualified Pension	20,144,247	1,004,985	Various	438,692	20,710,540
4						
5	AMS - Docket# 38306, #48401	—	—		—	—
6	Pilot Program Costs - Amortize 08/2011 - 07/2023	92,769	—	407	92,769	—
7	Retirement Costs	1,461,118	—	407	1,461,118	—
8						
9	Bad Debt - Retail Providers, Dockets #48401/50731	815,330	—		—	815,330
10						
11	Non-Standard Metering - Docket #41901	129,998	—	928	42,178	87,820
12	Non-Standard Metering Rate Case Expenses	20,804	—	928	7,368	13,436
13						
14	AMS Under Recovery - Docket #38306	6,253,673	—	456	6,253,673	—
15						
16	Catastrophe Reserve Under Collection Dkt#36025	3,910,903	2,734,726	924	1,006,500	5,639,129
17						
18	2G AMS Meter Retirement, Docket #48401	74,778	—	407	74,778	—
19						
20	Recoverable Stranded Costs-Securitization #48401	107,892	—	928	107,892	—
21						
22	Interim AMS Recovery - Docket #48401/52314	9,028,693	—		—	9,028,693
23						
24	Rate Case Expenses - Docket #48591	119,282	91,870	928	211,152	—
25						
26	Covid-19 Deferred Costs - Docket #50664	1,052,610	120,326	426.5	1,172,936	—
27						
28	Energy Efficiency 2022 Program Year	1,929,665	3,191,225	928	6,174,731	(1,053,841)
29	Energy Efficiency 2023 Program Year	1,854	1,102,896		—	1,104,750
30	Energy Efficiency Rate Case Expenses	—	58,979	928	58,979	—
31						
32	Transmission Line Safety Inspections HB #4150	633,108	304,382		—	937,490
33						
34	Other Post Retirement Benefits	1,413,766	393,999	Various	663,967	1,143,798
35						
36	TNMP Load Shed Initiatives Docket #52689	42,312	—		—	42,312
37						
38	TNMP Interim AMS Carrying Charges Dkt #52314	1,505,946	467,301		—	1,973,247
39						
40	TNMP AMS Deferred Depreciation Docket #53436	427,558	913,758		—	1,341,316
41						
42	TNMP System Resiliency - Wildfire Mitigation	—	20,250		—	20,250
43						
44	TOTAL :	58,359,635	10,404,697		18,078,542	50,685,790

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Goodwill	226,664,902	—		—	226,664,902
2	Financing	18,206	8,388,609	181	8,406,815	—
3	Other		34,396	182	20,250	14,146
4						
5						
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41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350-351)	170,286	328,778	Various	216,950	282,114
49	TOTAL	226,853,394				226,961,162

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	Employee Benefits	2,546,260	2,276,998
3	Regulatory Liability	21,891,047	19,179,614
4	Other	5,934,472	6,217,025
5			
6			
7	Other	—	—
8	TOTAL Electric (Enter Total of lines 2 thru 7)	30,371,779	27,673,637
9	Gas		
10			
11			
12			
13			
14			
15	Other	—	—
16	TOTAL Gas (Enter Total of lines 10 thru 15)	—	—
17	Other (Specify)	—	—
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	30,371,779	27,673,637

Notes

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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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CAPITAL STOCKS (Account 201 and 204)

- Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock (Account 201)			
2		12,000,000	10.00	
3				
4				
5	Total	12,000,000		
6	Preferred Stock (Account 204)			
7		1,000,000	100.00	
8				
9				
10	Total	1,000,000		
11	Capital Stock (Accounts 201 and 204) - Data Conversion			
12				
13				
14				
15	Total	—		

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

Outstanding per Bal. Sheet (Total amount outstanding without reduction for amounts held by respondent) Shares	Outstanding per Bal. Sheet (Total amount outstanding without reduction for amounts held by respondent) Amount	Held by Respondent As Reacquired Stock (Acct 217) Shares	Held by Respondent As Reacquired Stock (Acct 217) Cost	Held by Respondent In Sinking and Other Funds Shares	Held by Respondent In Sinking and Other Funds Amount	Line No.
(e)	(f)	(g)	(h)	(i)	(j)	
						1
6,358	63,569	—	—	—	—	2
						3
						4
6,358	63,569					5
						6
						7
						8
						9
—	—					10
						11
						12
						13
						14
—	—					15

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224)

- Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
- In column (a), for new issues, give Commission authorization numbers and dates.
- For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
- For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
- For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
- In column (b) show the principal amount of bonds or other long-term debt originally issued.
- In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
- For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
- Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Related Account Number (b)	Principal Amount of Debt Issued (c)	Total Expense, Premium or Discount (d)	Total Expense (e)	Total Premium (f)	Total Discount (g)
1	Bonds (Account 221)						
2	First Mortgage Bonds - 6.95%		93,198,000	(21,461,557)	1,787,616	(23,249,173)	—
3	First Mortgage Bonds - 4.03%		80,000,000	1,055,515	1,055,515	—	—
4	First Mortgage Bonds - 3.53%		60,000,000	820,685	820,685	—	—
5	First Mortgage Bonds - 3.22%		60,000,000	570,618	570,618	—	—
6	First Mortgage Bonds- 3.85%		60,000,000	624,534	624,534	—	—
7	First Mortgage Bonds- 3.79%		75,000,000	563,275	563,275	—	—
8	First Mortgage Bonds- 3.92%		75,000,000	563,275	563,275	—	—
9	First Mortgage Bonds- 4.06%		75,000,000	563,275	563,275	—	—
10	First Mortgage Bonds- 3.60%		80,000,000	600,827	600,827	—	—
11	First Mortgage Bonds- 2.73%		85,000,000	847,783	847,783	—	—
12	First Mortgage Bonds- 3.36%		25,000,000	249,348	249,348	—	—
13	First Mortgage Bonds- 2.93%		25,000,000	249,348	249,348	—	—
14	First Mortgage Bonds- 3.36%		50,000,000	498,696	498,696	—	—
15	First Mortgage Bonds- 2.44%		65,000,000	501,412	501,412	—	—
16	First Mortgage Bonds - 4.13%		65,000,000	440,452	440,452	—	—
17	First Mortgage Bonds - 3.81%		95,000,000	643,737	643,737	—	—
18	First Mortgage Bonds - 5.01%		130,000,000	706,699	706,699		
19	First Mortgage Bonds - 5.47%		55,000,000	298,988	298,988		
20	Subtotal		1,253,198,000	(11,663,090)	11,586,083	(23,249,173)	—
21	Reacquired Bonds (Account 222)						
22							
23							
24							
25	Subtotal		—	—	—	—	—
26	Advances from Associated Companies						
27							
28							
29							
30	Subtotal		—	—	—	—	—
31	Other Long Term Debt (Account 224)						
32							
33							
34							
35	Subtotal		—	—	—	—	—
36	TOTAL		1,253,198,000	(11,663,090)	11,586,083	(23,249,173)	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
4/3/2013	4/1/2043	4/3/2013	3/31/2043	93,198,000	6,477,261	2
6/27/2014	6/30/2024	7/1/2014	6/30/2024	80,000,000	3,224,000	3
2/10/2016	2/10/2026	2/10/2016	2/10/2026	60,000,000	2,118,000	4
8/25/2017	8/25/2027	8/25/2017	8/25/2027	60,000,000	1,932,000	5
6/28/2018	6/28/2028	6/28/2018	6/28/2028	60,000,000	2,310,000	6
3/29/2019	3/29/2034	3/29/2019	3/29/2034	75,000,000	2,842,500	7
3/29/2019	3/29/2039	3/29/2019	3/29/2039	75,000,000	2,940,000	8
3/29/2019	3/29/2044	3/29/2019	3/29/2044	75,000,000	3,045,000	9
7/1/2019	7/1/2029	7/1/2019	7/1/2029	80,000,000	2,880,000	10
4/24/2020	4/24/2030	4/24/2020	4/24/2030	85,000,000	2,320,500	11
4/24/2020	4/24/2050	4/24/2020	4/24/2050	25,000,000	840,000	12
7/15/2020	7/15/2035	7/15/2020	7/15/2035	25,000,000	732,500	13
7/15/2020	7/15/2050	7/15/2020	7/15/2050	50,000,000	1,680,000	14
8/16/2021	8/15/2035	8/16/2021	8/15/2035	65,000,000	1,586,000	15
5/12/2022	5/12/2052	5/12/2022	5/12/2052	65,000,000	2,684,500	16
7/28/2022	7/28/2032	7/28/2022	7/28/2032	95,000,000	3,619,500	17
4/28/2023	4/28/2033	4/28/2023	4/28/2033	130,000,000	4,396,275	18
7/28/2023	7/28/2053	7/28/2023	7/28/2053	55,000,000	1,278,612	19
				1,253,198,000	46,906,648	20
						21
						22
						23
						24
				—	—	25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
				1,253,198,000	46,906,648	36

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 257, Row 36, Column (i)

	December 31, 2023
Interest (p. 257 ln. 36)	\$ 46,906,648
Capitalized Interest	(98,499)
Account 427 (p117, ln 62)	\$ 46,808,149

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	94,951,794
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		26,787,345
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		38,394,770
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15		14,976,633
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		92,416,823
21		
22		
23		
24		
25		
26		
27	Federal Taxable Income (Loss)	52,740,453
28	Show Computation of Tax:	
29		
30	Regular Tax @ 21.00%	11,075,495
31	R&D Credit	(32,500)
32	Accrual to Return Adjustment to Current Income Tax Expense	313,637
33	Other Adjustment	(3,028)
34		
35		
36	Federal Tax Payable	11,353,604
37		
38		
39		
40		
41		
42		
43		
44		

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 261, Row 5, Column (b)

	December 31, 2023
Contributions in Aid of Construction	\$ 26,771,091
Other	16,254
Total	\$ 26,787,345

Page 261, Row 10, Column (b)

	December 31, 2023
Income Tax Expense	\$ 17,296,695
AMS	6,550,825
Tax Capitalized Interest	4,092,443
Non-Deductible Compensation	3,056,630
Energy Efficiency	1,880,610
Loss on Reacquired Debt	1,298,226
Fines and Penalties	1,245,683
Electricity Relief Program	1,052,610
General Liability Self Insurance	984,815
Rate Case Expense	245,257
Non-Deductible Meals	127,035
Lobbying	112,821
Other	451,120
Total	\$ 38,394,770

Page 261, Row 15, Column (b)

	December 31, 2023
AFUDC	\$ 10,810,402
Transmission Cost Recovery	3,929,729
Over/Under Return of Excess Deferreds	209,349
Other	27,153
Total	\$ 14,976,633

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report 2023/Q4
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FOOTNOTE DATA

Page 261, Row 20, Column (b)

	December 31, 2023
Depreciation	35,661,503
Loss on Asset Dispositions	31,543,719
Repairs Deduction	18,308,064
State Tax	3,055,143
Catastrophe Reserve Under Collection	1,728,228
Stock Compensation	881,150
Prepaid Expenses	342,995
Transmission Line Safety Inspections	304,382
Pension	265,119
Post Retirement Benefits	194,830
Other	131,690
Total	<u>\$ 92,416,823</u>

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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (g) and (h). The balancing of this page is not affected by the inclusion of these taxes.

Include in column (g) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	Type of Tax (b)	State (c)	Tax Year (d)	BALANCE AT BEGINNING		Taxes Charged During Year (g)	Taxes Paid During Year (h)	Adjustments (i)
					Taxes Accrued (Account 236) (e)	Prepaid Taxes (Include in Account 165) (f)			
					December 31, 2022	December 31, 2022			
1.1		Income Tax		2023	13,696,502	—	11,353,604	13,990,149	(37,491)
1.2					—	—	—	—	—
2	Total Federal Tax				13,696,502	—	11,353,604	13,990,149	(37,491)
3.1		Income Tax	TX	2023	1,758,730	—	3,055,143	2,913,819	—
3.2					—	—	—	—	—
4	Total State Tax				1,758,730	—	3,055,143	2,913,819	—
5.1									
5.2									
6	Total Local Tax				—	—	—	—	—
7.1									
7.2									
8	Total Other Tax				—	—	—	—	—
9.1		Property Tax	TX	2021	—	—	4,621	—	—
9.2		Property Tax	TX	2022	22,227,507	—	(273)	22,227,234	—
9.3		Property Tax	TX	2023			24,628,698		
10	Total Property Tax				22,227,507	—	24,633,046	22,227,234	—
11.1									
11.2									
12	Total Real Estate Tax				—	—	—	—	—
13.1	Federal	Unemployment Tax	TX	2022	625	—	—	625	—
13.2	Federal	Unemployment Tax	TX	2023	—	—	18,258	17,671	—
13.3	State	Unemployment Tax	TX	2022	602	—	—	602	—
13.4	State	Unemployment Tax	TX	2023	—	—	9,018	8,728	—
14	Total Unemployment				1,227	—	27,276	27,626	—
15.1		Sales And Use Tax	TX	2022	—	—	—	—	—
15.2		Sales And Use Tax	TX	2023	—	—	—	—	—
16	Tax				—	—	—	—	—
17.1									
17.2									
18	Total Income Tax				—	—	—	—	—
19.1									
19.2									
20	Total Excise Tax				—	—	—	—	—
21.1									
21.2									
22	Total Fuel Tax				—	—	—	—	—
23.1									
23.2									
24	Total Federal				—	—	—	—	—
25.1									
25.2									
26	Total Franchise Tax				—	—	—	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (d).
Enter all adjustments of the accrued and prepaid tax accounts in column (i) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
Report in columns (l) through (o) how the taxes were distributed. Report in column (o) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (o) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (o) the taxes charged to utility plant or other balance sheet accounts.
For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (j) December 31, 2023	Prepaid Taxes (Incl. in Account 165) (k) December 31, 2023	Electric (Account 408.1, 409.1) (l)	Extraordinary Items (Account 409.3) (m)	Adjustments to Ret. Earnings (Account 439) (n)	Other (o)	
11,022,466	—	11,353,604	—	—	—	1.1
—	—	—	—	—	—	1.2
11,022,466	—	11,353,604	—	—	—	2
1,900,054	—	3,055,143	—	—	—	3.1
—	—	—	—	—	—	3.2
1,900,054	—	3,055,143	—	—	—	4
						5.1
						5.2
—	—	—	—	—	—	6
						7.1
						7.2
—	—	—	—	—	—	8
4,621	—	4,431	—	—	190	9.1
—	—	883	—	—	(1,156)	9.2
24,628,698	—	24,628,698	—	—	—	9.3
24,633,319	—	24,634,012	—	—	(966)	10
						11.1
						11.2
—	—	—	—	—	—	12
—	—	—	—	—	—	13.1
587	—	8,476	—	—	9,782	13.2
—	—	—	—	—	—	13.3
290	—	4,186	—	—	4,832	13.4
877	—	12,662	—	—	14,614	14
—	—	(2,248)	—	—	2,248	15.1
—	—	(103,346)	—	—	103,346	15.2
—	—	(105,594)	—	—	105,594	16
						17.1
						17.2
—	—	—	—	—	—	18
						19.1
						19.2
—	—	—	—	—	—	20
						21.1
						21.2
—	—	—	—	—	—	22
						23.1
						23.2
—	—	—	—	—	—	24
						25.1
						25.2
—	—	—	—	—	—	26

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (g) and (h). The balancing of this page is not affected by the inclusion of these taxes.

Include in column (g) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	Type of Tax (b)	State (c)	Tax Year (d)	BALANCE AT		Taxes Charged During Year (g)	Taxes Paid During Year (h)	Adjust- ments (i)
					Taxes Accrued (Account 236) (e)	Prep aid Taxes (Include in Account 165) (f)			
					December 31, 2022	December 31, 2022			
27.1									
27.2									
28	Total Miscellaneous Other Tax				—	—	—	—	—
29.1									
29.2									
30	Total Other Federal Tax				—	—	—	—	—
31.1									
31.2									
32	Total Other State Tax				—	—	—	—	—
33.1									
33.2									
34	Total Other Property Tax				—	—	—	—	—
35.1									
35.2									
36	Total Other Use Tax				—	—	—	—	—
37.1									
37.2									
38	Total Other Advalorem Tax				—	—	—	—	—
39.1									
39.2									
40	Total Other License and Fees				—	—	—	—	—
41.1	FICA	Payroll Tax	TX	2022	99,177	—	—	99,177	—
41.2	FICA	Payroll Tax	TX	2023	—	—	3,302,265	3,186,699	—
42	Total Payroll Tax				99,177	—	3,302,265	3,285,876	—
43.1									
43.2									
44	Total Advalorem Tax				—	—	—	—	—
45.1									
45.2									
46	Total Other Allocated Tax				—	—	—	—	—
47.1									
47.2									
48	Total Severance Tax				—	—	—	—	—
49.1									
49.2									
50	Total Penalty Tax				—	—	—	—	—
51.1	Street Rental	Other Taxes and Fees	TX	2022	4,361,462	—	—	4,361,462	—
51.2	Street Rental	Other Taxes and Fees	TX	2023	—	—	19,036,730	14,474,442	—
51.3	Miscellaneous	Other Taxes and Fees	TX	2023	—	—	—	—	—
52	Total Other Taxes and Fees				4,361,462	—	19,036,730	18,835,904	—
53	TOTAL				42,144,605	—	61,408,064	61,280,608	(37,491)

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (d).
Enter all adjustments of the accrued and prepaid tax accounts in column (i) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
Report in columns (l) through (o) how the taxes were distributed. Report in column (o) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (o) the amounts charged to Accounts 408.1 and 409.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (o) the taxes charged to utility plant or other balance sheet accounts.
For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (j) December 31, 2023	Prepaid Taxes (Incl. in Account 165) (k) December 31, 2023	Electric (Account 408.1, 409.1) (l)	Extraordinary Items (Account 409.3) (m)	Adjustments to Ret. Earnings (Account 439) (n)	Other (o)	
						27.1
						27.2
—	—	—	—	—	—	28
						29.1
						29.2
—	—	—	—	—	—	30
						31.1
						31.2
—	—	—	—	—	—	32
						33.1
						33.2
—	—	—	—	—	—	34
						35.1
						35.2
—	—	—	—	—	—	36
						37.1
						37.2
—	—	—	—	—	—	38
						39.1
						39.2
—	—	—	—	—	—	40
—	—	(52,748)	—	—	52,748	41.1
115,566	—	1,562,028	—	—	1,740,237	41.2
115,566	—	1,509,280	—	—	1,792,985	42
						43.1
						43.2
—	—	—	—	—	—	44
						45.1
						45.2
—	—	—	—	—	—	46
						47.1
						47.2
—	—	—	—	—	—	48
						49.1
						49.2
—	—	—	—	—	—	50
—	—	—	—	—	—	51.1
4,562,288	—	15,260,892	—	—	3,775,838	51.2
—	—	—	—	—	—	51.3
4,562,288	—	15,260,892	—	—	3,775,838	52
42,234,570	—	55,719,999	—	—	5,688,065	53

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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Page 262.1, Row 53, Column (i)

	December 31, 2023
FIN 48 Adjustment	<u>\$ (37,491)</u>

Page 263.1, Row 53, Column (o)

	December 31, 2023
Capitalized Payroll Tax:	<u>\$ 1,807,599</u>
Street Rental Fees Collected from Transmission Customers:	3,775,838
Property Tax Refund Posted to Other Balance Sheet Account:	(966)
Sales and Use Tax Posted to Other Balance Sheet Account :	<u>105,594</u>
	<u>\$ 5,688,065</u>

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Transmission Studies	13,535,565	Various	8,742,821	24,544,202	29,336,946
2	Distribution Studies	—			—	—
3	Legal Reserve	20,000				20,000
4	FIN 48 Liability	150,308		—	37,491	187,799
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
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33						
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36						
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38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	13,705,873		8,742,821	24,581,693	29,544,745

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

- Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
- For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	164,995,295	19,564,305	7,016,575
3	Gas	—	—	—
4	Other (Specify)	—	—	—
5	TOTAL (Enter Total of lines 2 thru 4)	164,995,295	19,564,305	7,016,575
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	164,995,295	19,564,305	7,016,575
10	Classification of TOTAL			
11	Federal Income Tax	164,995,295	19,564,305	7,016,575
12	State Income Tax	—	—	—
13	Local Income Tax	—	—	—

NOTES

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
—	—	182.3	231,408		—	177,311,617	2
—	—		—		—	—	3
—	—		—		—	—	4
—	—		231,408		—	177,311,617	5
							6
							7
							8
—	—		231,408		—	177,311,617	9
							10
—	—	—	231,408		—	177,311,617	11
—	—		—		—	—	12
—	—		—		—	—	13

NOTES (Continued)

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3		30,013,554	3,868,113	4,691,009
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	30,013,554	3,868,113	4,691,009
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	—	—	—
18	TOTAL Other	—	—	—
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	30,013,554	3,868,113	4,691,009
20	Classification of TOTAL			
21	Federal Income Tax	30,013,554	3,868,113	4,691,009
22	State Income Tax	—	—	—
23	Local Income Tax	—	—	—

NOTES

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
—	—	182.3	80,402		—	29,110,256	1
							2
							3
							4
							5
							6
							7
							8
—	—		80,402		—	29,110,256	9
							10
							11
							12
							13
							14
							15
							16
—	—		—		—	—	17
—	—		—		—	—	18
—	—		80,402		—	29,110,256	19
							20
—	—		80,402		—	29,110,256	21
—	—		—		—	—	22
—	—		—		—	—	23

NOTES (Continued)

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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OTHER REGULATORY LIABILITIES (Account 254)

- Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Income Tax Regulatory Liability	94,993,671	Various	11,535,028	—	83,458,643
2						
3	Other Post Retirement Benefits	4,361,379	Various	787,436	—	3,573,943
4						
5	TCRF Over Recovery	9,089,219	456	19,838,662	15,908,932	5,159,489
6						
7	Sale of property, Docket #48401	27,152	407	27,152	—	—
8						
9	Excess Deferred Income Taxes	1,643,461	456	209,349	—	1,434,112
10	Over Recovery, Docket #48401	—				—
11						
12	Pension Non-qualified	19,202	Various	13,264	—	5,938
13						
14						
15						
16						
17						
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37						
38						
39						
40						
41	TOTAL	110,134,084		32,410,891	15,908,932	93,632,125

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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ELECTRIC OPERATING REVENUES (Account 400)

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	190,953,393	187,951,028
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	155,253,661	154,059,477
5	Large (or Ind.) (See Instr. 4)	45,507,474	36,919,662
6	(444) Public Street and Highway Lighting	3,465,017	3,236,314
7	(445) Other Sales to Public Authorities	3,312,102	3,142,303
8	(446) Sales to Railroads and Railways	—	—
9	(448) Interdepartmental Sales	—	—
10	TOTAL Sales to Ultimate Consumers	398,491,647	385,308,784
11	(447) Sales for Resale	—	—
12	TOTAL Sales of Electricity	398,491,647	385,308,784
13	(Less) (449.1) Provision for Rate Refunds	—	—
14	TOTAL Revenues Net of Prov. for Refunds	398,491,647	385,308,784
15	Other Operating Revenues		
16	(450) Forfeited Discounts	—	—
17	(451) Miscellaneous Service Revenues	1,894,287	1,969,197
18	(453) Sales of Water and Water Power	—	—
19	(454) Rent from Electric Property	1,845,116	1,847,364
20	(455) Interdepartmental Rents	141,372	141,372
21	(456) Other Electric Revenues	(2,812,108)	(20,177,087)
22	(456.1) Revenues from Transmission of Electricity of Others	135,831,421	113,782,248
23	(457.1) Regional Control Service Revenues	—	—
24	(457.2) Miscellaneous Revenues	—	—
25			
26	TOTAL Other Operating Revenues	136,900,088	97,563,094
27	TOTAL Electric Operating Revenues	535,391,735	482,871,878

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
3,248,435	3,309,347	228,313	224,277	2
				3
4,925,546	4,529,054	41,765	41,652	4
7,681,717	5,984,976	105	98	5
22,468	22,961	1,131	1,132	6
77,447	77,293	750	755	7
—	—	—	—	8
—	—	—	—	9
15,955,613	13,923,631	272,064	267,914	10
—	—	—	—	11
15,955,613	13,923,631	272,064	267,914	12
—	—	—	—	13
15,955,613	13,923,631	272,064	267,914	14

Line 12, column (b) includes \$(1,044,000) of unbilled revenues

Line 12, column (d) includes (39,153) MWH relating to unbilled revenues

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
Residential Sales						
1	6.1.1.1 Residential Service	3,284,911	192,018,324	227,531	14,437	0.0585
2	6.1.1.2 Secondary Service < 5 KW	2,256	190,069	782	2,885	0.0843
3	Residential Sales Billed	3,287,167	192,208,393	228,313	14,398	0.0585
4	Residential Sales Unbilled	(38,732)	(1,255,000)			
5	Residential Sales Total	3,248,435	190,953,393	228,313	14,228	0.0588
Commercial Sales						
6	6.1.1.2 Secondary Service < 5 KW	49,138	4,322,611	14,872	3,304	0.0880
7	6.1.1.3 Secondary Service > 5 KW	2,278,076	109,280,115	22,703	100,343	0.0480
8	6.1.1.4 Primary Service	2,303,058	38,812,356	639	3,604,160	0.0169
9	6.1.1.5 Transmission Service	285,391	1,547,099	4	71,347,750	0.0054
10	6.1.1.6 Lighting Service	10,304	1,237,480	3,547	2,905	0.1201
11	Commercial Sales Billed	4,925,967	155,199,661	41,765	117,945	0.0315
12	Commercial Sales Unbilled	(421)	54,000			
13	Commercial Sales Total	4,925,546	155,253,661	41,765	117,935	0.0315
Industrial Sales						
14	6.1.1.3 Secondary Service > 5 KW	35,285	1,240,549	17	2,075,588	0.0352
15	6.1.1.4 Primary Service	555,763	5,370,493	16	34,735,188	0.0097
16	6.1.1.5 Transmission Service	7,090,669	38,772,432	72	98,481,514	0.0055
17	Industrial Sales Billed	7,681,717	45,383,474	105	73,159,210	0.0059
18	Industrial Sales Unbilled		124,000			
19	Industrial Sales Total	7,681,717	45,507,474	105	73,159,210	0.0059
Commercial and Industrial Sales						
20	6.1.1.2 Secondary Service < 5 KW	49,138	4,322,611	14,872	3,304	0.0880
21	6.1.1.3 Secondary Service > 5 KW	2,313,361	110,520,664	22,720	101,820	0.0478
22	6.1.1.4 Primary Service	2,858,821	44,182,849	655	4,364,612	0.0155
23	6.1.1.5 Transmission Service	7,376,060	40,319,531	76	97,053,421	0.0055
24	6.1.1.6 Lighting Service	10,304	1,237,480	3,547	2,905	0.1201
25	Commercial and Industrial Sales Billed	12,607,684	200,583,135	41,870	301,115	0.0159
26	Commercial and Industrial Sales Unbilled	(421)	178,000	—		
27	Commercial and Industrial Sales Total	12,607,263	200,761,135	41,870	301,105	0.0159
Public Street and Highway Lighting Sales						
28	6.1.1.6 Lighting Service	22,468	3,436,017	1,131	19,866	0.1529
29	Public Street and Highway Lighting Sales Billed	22,468	3,436,017	1,131	19,866	0.1529
30	Public Street and Highway Lighting Sales Unbilled		29,000			
31	Public Street and Highway Lighting Sales Total	22,468	3,465,017	1,131	19,866	0.1542

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES			
If the amount for previous year is not derived from previously reported figures, explain in footnote.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	—	—
5	(501) Fuel	—	—
6	(502) Steam Expenses	—	—
7	(503) Steam from Other Sources	—	—
8	(Less) (504) Steam Transferred-Cr.	—	—
9	(505) Electric Expenses	—	—
10	(506) Miscellaneous Steam Power Expenses	—	—
11	(507) Rents	—	—
12	(509) Allowances	—	—
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	—	—
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	—	—
16	(511) Maintenance of Structures	—	—
17	(512) Maintenance of Boiler Plant	—	—
18	(513) Maintenance of Electric Plant	—	—
19	(514) Maintenance of Miscellaneous Steam Plant	—	—
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	—	—
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	—	—
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	—	—
25	(518) Fuel	—	—
26	(519) Coolants and Water	—	—
27	(520) Steam Expenses	—	—
28	(521) Steam from Other Sources	—	—
29	(Less) (522) Steam Transferred-Cr.	—	—
30	(523) Electric Expenses	—	—
31	(524) Miscellaneous Nuclear Power Expenses	—	—
32	(525) Rents	—	—
33	TOTAL Operation (Enter Total of lines 24 thru 32)	—	—
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	—	—
36	(529) Maintenance of Structures	—	—
37	(530) Maintenance of Reactor Plant Equipment	—	—
38	(531) Maintenance of Electric Plant	—	—
39	(532) Maintenance of Miscellaneous Nuclear Plant	—	—
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	—	—
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	—	—
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	—	—
45	(536) Water for Power	—	—
46	(537) Hydraulic Expenses	—	—
47	(538) Electric Expenses	—	—
48	(539) Miscellaneous Hydraulic Power Generation Expenses	—	—
49	(540) Rents	—	—
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	—	—
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering	—	—
54	(542) Maintenance of Structures	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)			
If the amount for previous year is not derived from previously reported figures, explain in footnote.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
55	(543) Maintenance of Reservoirs, Dams, and Waterways	—	—
56	(544) Maintenance of Electric Plant	—	—
57	(545) Maintenance of Miscellaneous Hydraulic Plant	—	—
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	—	—
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	—	—
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	—	—
63	(547) Fuel	—	—
64	(548) Generation Expenses	—	—
64.1	(548.1) Operation of Energy Storage Equipment	—	—
65	(549) Miscellaneous Other Power Generation Expenses	—	—
66	(550) Rents	—	—
67	TOTAL Operation (Enter Total of lines 62 thru 66)	—	—
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	—	—
70	(552) Maintenance of Structures	—	—
71	(553) Maintenance of Generating and Electric Plant	—	—
71.1	(553.1) Maintenance of Energy Storage Equipment	—	—
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	—	—
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	—	—
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	—	—
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	—	—
76.1	(555.1) Power Purchased for Storage Operations	—	—
77	(556) System Control and Load Dispatching	—	—
78	(557) Other Expenses	—	—
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	—	—
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	—	—
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	797,725	547,813
84			
85	(561.1) Load Dispatch-Reliability	896,017	737,168
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	—	—
87	(561.3) Load Dispatch-Transmission Service and Scheduling	—	—
88	(561.4) Scheduling, System Control and Dispatch Services	—	—
89	(561.5) Reliability, Planning and Standards Development	—	—
90	(561.6) Transmission Service Studies	—	—
91	(561.7) Generation Interconnection Studies	—	—
92	(561.8) Reliability, Planning and Standards Development Services	—	—
93	(562) Station Expenses	1,079,201	93,297
93.1	(562.1) Operation of Energy Storage Equipment	—	—
94	(563) Overhead Lines Expenses	403,809	251,444
95	(564) Underground Lines Expenses	—	—
96	(565) Transmission of Electricity by Others	138,369,155	123,820,291
97	(566) Miscellaneous Transmission Expenses	965,626	1,010,288
98	(567) Rents	8,067	7,964
99	TOTAL Operation (Enter Total of lines 83 thru 98)	142,519,600	126,468,265
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	108,831	52,454
102	(569) Maintenance of Structures	—	—
103	(569.1) Maintenance of Computer Hardware	—	—
104	(569.2) Maintenance of Computer Software	—	—

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)			
If the amount for previous year is not derived from previously reported figures, explain in footnote.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
105	(569.3) Maintenance of Communication Equipment	—	—
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	—	—
107	(570) Maintenance of Station Equipment	396,079	319,104
107.1	(570.1) Maintenance of Energy Storage Equipment	—	—
108	(571) Maintenance of Overhead Lines	128,622	315,754
109	(572) Maintenance of Underground Lines	—	—
110	(573) Maintenance of Miscellaneous Transmission Plant	—	—
111	TOTAL Maintenance (Total of lines 101 thru 110)	633,532	687,312
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	143,153,132	127,155,577
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision	—	—
116	(575.2) Day-Ahead and Real-Time Market Facilitation	—	—
117	(575.3) Transmission Rights Market Facilitation	—	—
118	(575.4) Capacity Market Facilitation	—	—
119	(575.5) Ancillary Services Market Facilitation	—	—
120	(575.6) Market Monitoring and Compliance	—	—
121	(575.7) Market Facilitation, Monitoring and Compliance Services	—	—
122	(575.8) Rents	—	—
123	Total Operation (Lines 115 thru 122)	—	—
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements	—	—
126	(576.2) Maintenance of Computer Hardware	—	—
127	(576.3) Maintenance of Computer Software	—	—
128	(576.4) Maintenance of Communication Equipment	—	—
129	(576.5) Maintenance of Miscellaneous Market Operation Plant	—	—
130	Total Maintenance (Lines 125 thru 129)	—	—
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	—	—
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	595,240	633,595
135	(581) Load Dispatching	944,865	932,632
136	(582) Station Expenses	1,040,134	963,703
137	(583) Overhead Line Expenses	1,222,038	1,352,371
138	(584) Underground Line Expenses	870,804	699,342
138.1	(584.1) Operation of Energy Storage Equipment	—	—
139	(585) Street Lighting and Signal System Expenses	77,058	40,546
140	(586) Meter Expenses	1,612,829	1,790,110
141	(587) Customer Installations Expenses	105,999	106,041
142	(588) Miscellaneous Expenses	5,486,642	6,117,951
143	(589) Rents	72,936	72,202
144	TOTAL Operation (Enter Total of lines 134 thru 143)	12,028,545	12,708,493
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	279,784	256,913
147	(591) Maintenance of Structures	269,281	229,928
148	(592) Maintenance of Station Equipment	3,107,028	3,204,307
148.1	(592.2) Maintenance of Energy Storage Equipment	—	—
149	(593) Maintenance of Overhead Lines	15,624,845	15,336,155
150	(594) Maintenance of Underground Lines	1,433,019	1,396,237
151	(595) Maintenance of Line Transformers	80,169	53,984
152	(596) Maintenance of Street Lighting and Signal Systems	369,414	387,536
153	(597) Maintenance of Meters	107,491	89,354
154	(598) Maintenance of Miscellaneous Distribution Plant	2,159	33,382
155	TOTAL Maintenance (Total of lines 146 thru 154)	21,273,190	20,987,796

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)			
If the amount for previous year is not derived from previously reported figures, explain in footnote.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	33,301,735	33,696,289
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	799,830	734,570
160	(902) Meter Reading Expenses	1,238,253	1,561,685
161	(903) Customer Records and Collection Expenses	1,162,565	914,987
162	(904) Uncollectible Accounts	35,923	—
163	(905) Miscellaneous Customer Accounts Expenses	453,761	343,476
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	3,690,332	3,554,718
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	56,176	112,795
168	(908) Customer Assistance Expenses	—	—
169	(909) Informational and Instructional Expenses	394	107
170	(910) Miscellaneous Customer Service and Informational Expenses	20,328	14,307
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	76,898	127,209
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	—	—
175	(912) Demonstrating and Selling Expenses	3,891	495
176	(913) Advertising Expenses	12,288	8,765
177	(916) Miscellaneous Sales Expenses	—	—
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	16,179	9,260
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	19,344,468	18,586,899
182	(921) Office Supplies and Expenses	5,452,480	5,033,526
183	(Less) (922) Administrative Expenses Transferred-Credit	5,592,160	7,202,392
184	(923) Outside Services Employed	10,543,924	9,628,509
185	(924) Property Insurance	1,870,875	1,960,684
186	(925) Injuries and Damages	3,944,462	2,771,323
187	(926) Employee Pensions and Benefits	6,280,279	6,971,475
188	(927) Franchise Requirements	—	—
189	(928) Regulatory Commission Expenses	6,574,935	6,561,846
190	(929) (Less) Duplicate Charges-Cr.	—	—
191	(930.1) General Advertising Expenses	—	—
192	(930.2) Miscellaneous General Expenses	821,250	1,063,935
193	(931) Rents	189,821	185,089
194	TOTAL Operation (Enter Total of lines 181 thru 193)	49,430,334	45,560,894
195	Maintenance		
196	(935) Maintenance of General Plant	275,484	164,909
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	49,705,818	45,725,803
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	229,944,094	210,268,856

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c).
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	American Electric Power Services			
2	Bandera Electric Coop			
3	Bluebonnet Electric Coop			
4	Brazos Electric Power Cooperative			
5	Centerpoint			
6	Central Texas Electric Coop			
7	City of Austin			
8	City of Bartlett			
9	City of Bastrop			
10	City of Bellville			
11	City of Boerne			
12	City of Brady			
13	City of Brenham			
14	City of Bridgeport			
15	City of Bryan			
16	City of Burnet			
17	City of Castroville			
18	City of Coleman			
19	City of College Station			
20	City of Cuero			
21	City of Denton			
22	City of Farmersville			
23	City of Flatonia			
24	City of Fredericksburg			
25	City of Garland			
26	City of Georgetown			
27	City of Giddings			
28	City of Goldsmith			
29	City of Goldthwaite			
30	City of Gonzales			
31	City of Hallettsville			
32	City of Hearne			
33	City of Hempstead			
34	City of Lampasas			
35	City of Lexington			
36	City of Llano			
37	City of Lockhart			
38	City of Luling			
39	City of Mason			

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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)(Continued)
(Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number. On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Continued)
(Including transactions referred to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
—	—	11,662,467	11,662,467	1
—	—	293,951	293,951	2
—	—	1,078,348	1,078,348	3
—	—	7,132,590	7,132,590	4
—	—	34,016,066	34,016,066	5
—	—	288,032	288,032	6
—	—	4,977,576	4,977,576	7
—	—	5,129	5,129	8
—	—	32,275	32,275	9
—	—	24,780	24,780	10
—	—	63,943	63,943	11
—	—	25,877	25,877	12
—	—	104,106	104,106	13
—	—	25,276	25,276	14
—	—	748,999	748,999	15
—	—	35,670	35,670	16
—	—	13,200	13,200	17
—	—	15,185	15,185	18
—	—	392,318	392,318	19
—	—	38,556	38,556	20
—	—	667,487	667,487	21
—	—	14,214	14,214	22
—	—	11,033	11,033	23
—	—	60,737	60,737	24
—	—	848,767	848,767	25
—	—	299,161	299,161	26
—	—	23,699	23,699	27
—	—	1,704	1,704	28
—	—	9,693	9,693	29
—	—	34,096	34,096	30
—	—	16,652	16,652	31
—	—	15,573	15,573	32
—	—	22,683	22,683	33
—	—	45,231	45,231	34
—	—	4,994	4,994	35
—	—	18,997	18,997	36
—	—	50,285	50,285	37
—	—	23,602	23,602	38
—	—	10,798	10,798	39

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Including transactions referred to as 'wheeling')				
Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
40	City of Moulton			
41	City of Robstown Utility System			
42	City of San Marcos			
43	City of San Saba			
44	City of Sanger			
45	City of Schulenberg			
46	City of Seguin			
47	City of Seymour			
48	City of Shiner			
49	City of Smithville			
50	City of Waelder			
51	City of Weimer			
52	City of Yoakum			
53	City Public Service of San Antonio			
54	Fayette Electric Coop			
55	Floresville Electric Power System			
56	Golden Spread Electric Coop			
57	Granbury			
58	Greenville Electric Utility System			
59	Guadalupe Valley Electric Coop			
60	Hamilton County Electric Coop			
61	Kerrville Public Utility Board			
62	Lagrange Utilities			
63	Lamar County Electric Coop			
64	Lubbock Power & Light			
65	New Braunfels Utilities			
66	Oncor			
67	Pedernales Electric Coop			
68	Public Utility Board of Brownsville			
69	Rayburn County Electric			
70	Rio Grande Electric Coop			
71	South Texas Electric Coop			
72	Tex-LA Electric Coop			
73	Weatherford			
74	Western Farmers Electric Coop			
75	Whiteboro			
76	Altop Energy Trading Texas LLC (SQ3)			
77	Conoco Phillips Company (QSE)			
78	CWP Energy Inc (QSE)			
79	Dynasty Power Inc (QSE)			
80	Dynasty Power Inc (SE)			
81	ETC Endure Energy LLC (SQ1)			
82	Guzman Energy			
83	MAG Energy Solutions Inc (QSE)			
84	MAG Energy Solutions Inc (SQ1)			
85	Rainbow Energy Marketing Corp (QSE)			
86	Rainbow Energy Marketing Corp (SQ1)			
87	Rainbow Energy Marketing Corp (SQ4)			
88	(QSE)			

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)(Continued)
(Including transactions referred to as 'wheeling')

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						40
						41
						42
						43
						44
						45
						46
						47
						48
						49
						50
						51
						52
						53
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						88

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Continued) (Including transactions referred to as 'wheeling')				
REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS				
Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
—	—	4,533	4,533	40
—	—	32,896	32,896	41
—	—	236,449	236,449	42
—	—	17,294	17,294	43
—	—	28,079	28,079	44
—	—	25,109	25,109	45
—	—	120,837	120,837	46
—	—	12,588	12,588	47
—	—	18,746	18,746	48
—	—	18,341	18,341	49
—	—	8,604	8,604	50
—	—	14,138	14,138	51
—	—	36,370	36,370	52
—	—	9,047,335	9,047,335	53
—	—	123,713	123,713	54
—	—	147,894	147,894	55
—	—	526,295	526,295	56
—	—	40,702	40,702	57
—	—	209,356	209,356	58
—	—	835,089	835,089	59
—	—	77,560	77,560	60
—	—	203,856	203,856	61
—	—	28,896	28,896	62
—	—	97,069	97,069	63
—	—	809,413	809,413	64
—	—	576,813	576,813	65
—	—	50,179,844	50,179,844	66
—	—	3,090,065	3,090,065	67
—	—	479,713	479,713	68
—	—	2,019,076	2,019,076	69
—	—	120,957	120,957	70
—	—	2,741,938	2,741,938	71
—	—	280,846	280,846	72
—	—	175,247	175,247	73
—	—	1,359	1,359	74
—	—	17,073	17,073	75
—	—	12,413	12,413	76
—	—	1	1	77
—	—	11,247	11,247	78
—	—	20,777	20,777	79
—	—	1,170	1,170	80
—	—	6,810	6,810	81
—	—	4,232	4,232	82
—	—	4,626	4,626	83
—	—	35,047	35,047	84
—	—	73,637	73,637	85
—	—	22,305	22,305	86
—	—	1,551	1,551	87
—	—	4,467	4,467	88

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Including transactions referred to as 'wheeling')				
Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
89	TEC Energy, Inc (QSE)			
90	Tenaska Power Services Co (QSE)			
91	TransAlta Corporation			
92	Westar (SQ1)			
93	Lubbock Power & Light			
94	MFT Enerfy us LLC (SQ1)			
95	Rio Grande Electric Coop			
96	EDC Power LLC (QSE)			
97	HQ Energy Services (US) Inc (QSE)			
98	Macquarie Energy LLC LS1 (SQ1)			
99	Mercuria Energy America Inc			
100	The Energy Authority INC (SQ2)			
101				
102				
103				
104				
105				
106				
107				
108				
109				
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111				
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132				
133				
134				
135				
136				
137	TOTAL			

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)(Continued) (Including transactions referred to as 'wheeling')						
FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						89
						90
						91
						92
						93
						94
						95
						96
						97
						98
						99
						100
						101
						102
						103
						104
						105
						106
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						111
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						128
						129
						130
						131
						132
						133
						134
						135
						136
			—		—	137

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Continued) (Including transactions referred to as 'wheeling')				
REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS				
Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
—	—	1	1	89
—	—	12,786	12,786	90
—	—	466	466	91
—	—	19,843	19,843	92
—	—	11,880	11,880	93
—	—	9,168	9,168	94
—	—	11,072	11,072	95
—	—	159	159	96
—	—	1	1	97
—	—	875	875	98
—	—	8,046	8,046	99
—	—	998	998	100
			—	101
			—	102
			—	103
			—	104
			—	105
			—	106
			—	107
			—	108
			—	109
			—	110
			—	111
			—	112
				113
				114
				115
				116
				117
				118
				119
				120
				121
				122
				123
				124
				125
				126
				127
				128
				129
				130
				131
				132
				133
				134
				135
				136
—	—	135,831,421	135,831,421	137

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report <u>2023/Q4</u>
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FOOTNOTE DATA

Page 330, Row 1, Column (m)

Texas uses a "postage stamp" method of transmission pricing within ERCOT (Electric Reliability Council of Texas) transmission system.

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	POWER SERVICES	OS			—	—	18,860,201	18,860,201
2	BANDERA ELECTRIC COOP	OS			—	—	170,523	170,523
3	COOPERATIVE	OS			—	—	4,055,637	4,055,637
4	ELECTRIC COOP ASSOC	OS			—	—	6,206	6,206
5	CITY OF AUSTIN	OS			—	—	2,678,546	2,678,546
6	CITY OF BARTLETT	OS			—	—	—	—
7	CITY OF BRYAN	OS			—	—	1,111,320	1,111,320
8	CITY OF COLLEGE STATION	OS			—	—	118,574	118,574
9	CITY OF DENTON	OS			—	—	1,587,996	1,587,996
10	CITY OF GARLAND	OS			—	—	1,950,318	1,950,318
11	SAN ANTONIO	OS			—	—	6,767,270	6,767,270
12	TRANSMISSION LLC	OS			—	—	2,115,657	2,115,657
13	ELECTRIC COOP	OS			—	—	4,489	4,489
14	COOP	OS			—	—	(21,832)	(21,832)
15	TEXAS LLC	OS			—	—	9,595,185	9,595,185
16	FANNIN ELECTRIC COOP	OS			—	—	4,704	4,704
17	FARMERS ELECTRIC COOP	OS			—	—	21,247	21,247
18	POWER SYSTEM	OS			—	—	13,826	13,826
19	COOP	OS			—	—	199,949	199,949
20	COOP	OS			—	—	48,772	48,772
21	UTILITY SYSTEM	OS			—	—	96,951	96,951
22	ELECTRIC COOP	OS			—	—	48,630	48,630
23	COOP	OS			—	—	8,873	8,873
24	CAPITAL LLC	OS			—	—	2,915,675	2,915,675
25	AUTHORITY	OS			—	—	17,861,907	17,861,907

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
26	Lubbock Power & Light	OS			—	—	658,798	658,798
27	LYNTEGAR ELECTRIC	OS			—	—	24,388	24,388
28	BROWNSVILLE	OS			—	—	298,268	298,268
29	ELECTRIC	OS			—	—	1,549,552	1,549,552
30	RELIANT ENERGY HL&P	OS			—	—	15,754,837	15,754,837
31	COOP	OS			—	—	21,156	21,156
32	COOP	OS			—	—	122,466	122,466
33	COOPERATIVE, INC.	OS			—	—	43,993	43,993
34	SHARYLAND UTILITIES	OS			—	—	1,209,073	1,209,073
35	COOP	OS			—	—	2,771,499	2,771,499
36	ELECTRIC COOP	OS			—	—	2,041	2,041
37	AGENCY	OS			—	—	934,480	934,480
38	TEXAS UTILITIES (TXU)	OS			—	—	41,921,954	41,921,954
39	COOP	OS			—	—	22,989	22,989
40	Wind Energy Texas Transmission	OS			—	—	2,808,962	2,808,962
41	COOPERATIVE	OS			—	—	4,075	4,075
42								—
43								—
44								—
45								—
46								—
47								—
48								—
49								—
50								
51								
52	TOTAL		—	—	—	—	138,369,155	138,369,155

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report <u>2023/Q4</u>
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FOOTNOTE DATA

Page 332, Row 1, Column (g)

Texas uses a "postage stamp" method of transmission pricing within ERCOT (Electric Reliability Council of Texas) transmission system.

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)		
Line No.	Description (a)	Amount (b)
1	Industry Association Dues	425,282
2	Nuclear Power Research Expenses	—
3	Other Experimental and General Research Expenses	—
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	—
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	—
6	Business, Civic and Professional Expenditures	224,268
7	Legal Expenses	275,579
8	BOD/Annual Shareholder's Meeting	77,454
9	Various	(181,333)
10		
11		
12		
13		
14		
15		
16		
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44		
45		
46	TOTAL	821,250

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of acquisition adjustments)

- Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
- Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
- Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
- If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant	—	—	1,252,063	—	1,252,063
2	Steam Production Plant	—	—	—	—	—
3	Nuclear Production Plant	—	—	—	—	—
4	Hydraulic Production Plant-Conventional	—	—	—	—	—
5	Hydraulic Production Plant-Pumped Storage	—	—	—	—	—
6	Other Production Plant	—	—	—	—	—
7	Transmission Plant	34,782,787	—	—	—	34,782,787
8	Distribution Plant	70,990,645	134	—	—	70,990,779
9	Regional Transmission and Market Operation	—	—	—	—	—
10	General Plant	3,635,411	297	115,282	—	3,750,990
11	Common Plant - Electric	—	—	—	—	—
12	Total	109,408,843	431	1,367,345	—	110,776,619

B. Basis for Amortization Charges

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No.	Depreciable Plant Base (In Thousands)	Estimated Avg. Service Life	Net Salvage (Percent)	Applied Depr. rates (Percent)	Mortality Curve Type	Average Remaining Life
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
13	Transmission						
14	350 TX	6,404			— %		
15	350.1 TX	14,926	65	— %	4 %	SQ	43.03
16	352 TX	53,762	49	— %	2 %	R0.5	47.9
17	353 TX	345,079	45	(10)%	3 %	R2.5	30.69
18	354 TX	11,974	54	(15)%	4 %	R4	40.58
19	355 TX	443,138	46	(100)%	5 %	R2	40.14
20	356 TX	189,489	54	(100)%	4 %	R2.5	44.2
21	359 TX	543			2 %		
22	SUBTOTAL	1,065,315					
23							
24							
25	Distribution						
26	360 TX	9,118			— %		
27	360.1 TX	2,490	60	— %	1 %	SQ	52.72
28	361 TX	18,781	49	(20)%	3 %	R0.5	31.52
29	362 TX	687,361	42	(10)%	3 %	R2.5	32.33
30	364 TX	370,495	42	(100)%	5 %	R0.5	33.1
31	365 TX	351,842	44	(100)%	5 %	R0.5	32.85
32	366 TX	66,654	43	(20)%	3 %	R3	27.16
33	367 TX	149,075	40	(3)%	5 %	R2.5	27.8
34	368 TX	174,757	47	— %	3 %	R1	36.42
35	369 TX	42,561	37	(100)%	6 %	R2	20.44
36	369.1 TX	57,459	41	(100)%	6 %	S4	26.39
37	370 TX	4,677	10	(5)%	18 %	R1	5.21
38	370.1 TX	9	24	(5)%	6 %	R5	16.51
39	370.3 AMS	3,236	27	(2)%	11 %	R1	7
40	370.4 AMS	51,705			11 %		
41	371 TX	2,442	16	(20)%	14 %	R1.5	3.64
42	371.1 TX	1,687	13	(10)%	14 %	S0.5	3.02
43	373 TX	24,502	28	(20)%	6 %	R0.5	21.15
44							
45	SUBTOTAL	2,018,850					
46							
47							
48	General Plant						
49	389 TX	8,470			— %		
50	390 GO	42,665			3 %	R2	46.65
51	390 TX	74			2 %	R2	46.65
52	391 TX	4,716			6 %	L2	4.4
53	391.1 TX	1,564			14 %	L4	1.13
54	391.2 TX	1,165			10 %	SQ	9.5
55	391.3 GO	361			13 %	SQ	3.38
56	391.3 TX	2,375			13 %	SQ	3.38
57	392 GO	1,850			10 %	L4	6.72
58	392.1 TX	29			8 %	R2.5	6.01
59	392.2 TX	2,088			4 %	L4	11.75
60	392.4 TX	4			50 %		0
61	393 TX	171			3 %		

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
62	394 GO	11,000			4 %	S6	19.48
63	394 TX	16,580			3 %	S6	19.48
64	396 TX	2,566			12 %	L4	9.52
65	397 TX	12,276			13 %	SQ	4.42
66	397.1 GO	7			13 %	SQ	3.04
67	397.1 TX	239			13 %	SQ	3.04
68	397.2 TX	10			8 %	SQ	0.5
69	397.3 TX	28			8 %		
70	398 TX	338			5 %	SQ	18.01
71	SUBTOTAL	97,586					
72	TOTAL	3,181,751					
73							
74							
75							
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Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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REGULATORY COMMISSION EXPENSES					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.					
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.					
Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1					
2	Docket # 41901 - Non-Standard Metering		49,546	49,546	150,802
3					
4	Dockets # 48591/50731 - Rate case expenses		183,756	183,756	119,282
5					
6	Docket # 48401 - CTC Securitization Costs		107,892	107,892	107,892
7					
8	Energy Efficiency		6,233,710	6,233,710	1,931,519
9					
10	Distribution Cost Recovery Factor		—	—	—
11					
12	Miscellaneous		31	31	—
13					
14					
15					
16					
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45					
46	TOTAL	—	6,574,935	6,574,935	2,309,495

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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REGULATORY COMMISSION EXPENSES (Continued)							
3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.							
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.							
5. Minor items (less than \$25,000) may be grouped.							
EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
Department (f)	Account No. (g)	Amount (h)					
							1
		—	—	928	49,546	101,256	2
							3
		—	64,474	928	183,756	—	4
							5
		—	—	928	107,892	—	6
							7
Distribution	186	86,543	4,353,100	928	6,233,710	50,909	8
							9
Distribution	186	242,235	—		—	—	10
							11
		—	—		—	—	12
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		328,778	4,417,574		6,574,904	152,165	46

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	—		
4	Transmission	2,120,111		
5	Regional Market	—		
6	Distribution	6,061,852		
7	Customer Accounts	1,831,849		
8	Customer Service and Informational	45,646		
9	Sales	—		
10	Administrative and General	12,445,732		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	22,505,190		
12	Maintenance			
13	Production	—		
14	Transmission	446,104		
15	Regional Market	—		
16	Distribution	—		
17	Administrative and General	9,937,337		
18	TOTAL Maintenance (Total of lines 13 thru 17)	10,383,441		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	—		
21	Transmission (Enter Total of lines 4 and 14)	2,566,215		
22	Regional Market (Enter Total of Lines 5 and 15)	—		
23	Distribution (Enter Total of lines 6 and 16)	6,061,852		
24	Customer Accounts (Transcribe from line 7)	1,831,849		
25	Customer Service and Informational (Transcribe from line 8)	45,646		
26	Sales (Transcribe from line 9)	—		
27	Administrative and General (Enter Total of lines 10 and 17)	22,383,069		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	32,888,631	—	32,888,631
29	Gas			
30	Operation			
31	Production-Manufactured Gas	—		
32	Production-Nat. Gas (Including Expl. and Dev.)	—		
33	Other Gas Supply	—		
34	Storage, LNG Terminaling and Processing	—		
35	Transmission	—		
36	Distribution	—		
37	Customer Accounts	—		
38	Customer Service and Informational	—		
39	Sales	—		
40	Administrative and General	—		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	—		
42	Maintenance			
43	Production-Manufactured Gas	—		
44	Production-Natural Gas (Including Exploration and Development)	—		
45	Other Gas Supply	—		
46	Storage, LNG Terminaling and Processing	—		
47	Transmission	—		

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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DISTRIBUTION OF SALARIES AND WAGES (Continued)				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	—		
49	Administrative and General	—		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	—		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	—		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32 and 44)	—		
54	Other Gas Supply (Enter Total of lines 33 and 45)	—		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru 47)	—		
56	Transmission (Lines 35 and 47)	—		
57	Distribution (Lines 36 and 48)	—		
58	Customer Accounts (Line 37)	—		
59	Customer Service and Informational (Line 38)	—		
60	Sales (Line 39)	—		
61	Administrative and General (Lines 40 and 49)	—		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	—	—	—
63	Other Utility Departments	—	—	—
64	Operation and Maintenance	—	—	—
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	32,888,631	—	32,888,631
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	8,998,844	12,132,067	21,130,911
69	Gas Plant	—	—	—
70	Other (provide details in footnote):	—	—	—
71	TOTAL Construction (Total of lines 68 thru 70)	8,998,844	12,132,067	21,130,911
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,609,281	—	1,609,281
74	Gas Plant	—	—	—
75	Other (provide details in footnote):	—	—	—
76	TOTAL Plant Removal (Total of lines 73 thru 75)	1,609,281	—	1,609,281
77	Other Accounts (Specify, provide details in footnote):	315,926	—	315,926
78				
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90				
91				
92				
93				
94				
95	TOTAL Other Accounts	315,926	—	315,926
96	TOTAL SALARIES AND WAGES	43,812,682	12,132,067	55,944,749

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report <u>2023/Q4</u>
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FOOTNOTE DATA

Page 355, Row 77, Column (b)

	December 31, 2023
Energy efficiency admin	\$ 237,017
Mutual assistance work	6,980
Political, Civic, Social work	82,532
Other Deferred Credits - Transmission Studies	(10,603)
	\$ 315,926

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
1	Central Texas							
2	TNP One	Twin Oak	345	345	Steel Tower	18.1	—	2
3	Bosque Switch	Lake Whitney	138	138	Pole	0.6	0.2	1
4	Bosque Switch	Olsen	138	138	Frame	14.6	—	1
5	Lake Whitney	Oncor Whitney	138	138	Frame	0.1	—	1
6	69 kV Transmission					219.0	0.3	29
7								
8	North Texas							
9	Talco West Tap	Talco West	138	138	Pole	1.8	—	1
10	Westminster Tap	Westminster	138	138	Pole	3.7	—	1
11	Blossom Tap	Blossom	138	138	Pole	—	—	1
12	Climax	Thistle	138	138	Pole	—	—	1
13	Thistle	Longneck	138	138	Pole	4.0	—	1
14	Thistle	Greenbriar	138	138	Pole	0.1	—	2
15	Lakepointe	Jones St Tap	138	138	Pole	0.3	—	1
16	Lakepointe	NW Carrolton	138	138	Pole	0.1	0.2	1
17	NW Carrolton	South	138	138	Pole	2.0	—	1
18	Lakepointe	TI	138	138	Pole	2.8	—	1
19	Highlands	West	138	138	Single Pole	1.6	—	1
20	TI	West	138	138	Pole	4.9	—	1
21	South	TI	138	138	Pole	0.7	2.1	1
22	69 kV Transmission					73.9	—	12
23								
24	West Texas							
25	Rio Pecos	Girvin	138	138	Pole	0.8	—	1
26	Girvin	Soaptree	138	138	Pole	2.1	—	1
27	Lynx	Soaptree	138	138	Pole	0.9	0.8	2
28	Ft Stockton Plant	Leon Creek	138	138	Pole	0.1	—	1
29	Leon Creek	Airport	138	138	Pole	2.7	—	1
30	Leon Creek	Tarbush	138	138	Pole	19.7	—	1
31	Leon Creek	St. Gall	138	138	Pole	—	—	1
32	Leon Creek	Genesis	138	138	Pole	—	—	1
33	Creosote	Trans Pecos Tap	138	138	Pole	0.5	—	1
34	Creosote	Coyanosa	138	138	Pole	0.9	—	1
35	Trans Pecos Tap	Trans Pecos	138	138	Steel Single	—	—	1

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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
								1
2-1590 ACSR								2
795 ACSR								3
636 ACSR								4
795 ACSR								5
								6
								7
								8
477 ACSR/SD								9
795 ACSR								10
795 ACSR								11
795 ACSS								12
795 ACSS								13
1926.9 ACSS/TW								14
1033 ACSR								15
1033 ACSR								16
795 ACSR								17
795 ACSR								18
795 ACSS								19
795 ACSS								20
959 ACSS/TW								21
								22
								23
								24
1926.9 ACSS/TW								25
1926.9 ACSS/TW								26
1926.9 ACSS/TW								27
1926.9 ACSS/TW								28
1926.9 ACSS/TW								29
1926.9 ACSS/TW								30
795 ACSS								31
795 ACSS								32
1926.9 ACSS/TW								33
1926.9 ACSS/TW								34
795 ACSR								35

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TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
36	Trans Pecos Tap	Coyanosa	138	138	Pole	0.3	—	1
37	Coyanosa	Delaware Tap	138	138	Pole	0.2	—	1
38	Delaware Tap	CR 101	138	138	Frame	0.2	—	1
39	Arrowhead Tap	Arrowhead	138	138	Pole	—	—	1
40	Gas Pad	Caymus	138	138	Pole	0.3	—	1
41	Wink	Oncor Wink	138	138	Pole	1.4	—	1
42	Wink	Oncor Wink	138	138	Pole	1.2	—	1
43	Airport	Lancium	138	138	Pole	0.1	—	1
44	Alamo	Airport	138	138	Pole	3.1	—	1
45	Alamo	Holiday	138	138	Pole	13.5	—	2
46	Alamo	16th Street	138	138	Pole	—	—	1
47	Alamo	Soaptree	138	138	Pole	—	32.1	2
48	Holiday	Soaptree	138	138	Pole	18.6	—	2
49	Girvin	White Baker	138	138	Pole	14.7	—	1
50	White Baker	Pavo	138	138	Pole	—	—	1
51	Rio Pecos	Girvin	138	138	Pole	0.8	—	1
52	Foxtail	Tarbrush	138	138	Pole	2.4	—	2
53	Foxtail	Flat Top	138	138	Pole	8.8	—	1
54	Foxtail	Pig Creek	138	138	Pole	0.4	—	1
55	Foxtail	Pig Creek	138	138	Pole	0.4	—	1
56	Flat Top	Barilla Draw	138	138	Pole	5.8	—	1
57	Barilla Draw	Saddleback	138	138	Pole	6.8	—	1
58	Saddleback	Salt Draw Tap	138	138	Pole	0.5	—	1
59	Salt Draw Tap	IH20	138	138	Pole	4.4	—	1
60	IH20	Collie Tap	138	138	Pole	2.8	—	1
61	Collie Tap	Collie Meter Tap	138	138	Pole	—	—	1
62	Collie Meter Tap	Collie Cap Bank	138	138	Pole	0.1	—	1
63	Collie Tap	Birds of Prey Tap	138	138	Pole	2.3	—	1
64	Birds of Prey Tap	Harpoon Tap	138	138	Pole	3.6	—	1
65	Harpoon Tap	Worsham	138	138	Pole	2.0	—	1
66	Worsham	Reward Tap	138	138	Pole	3.3	—	1
67	Reward Tap	Sandstone	138	138	Pole	7.8	—	1
68	Sandstone	Pyote	138	138	Pole	4.3	—	1
69	Pyote	Staghorn	138	138	Pole	1.0	—	1
70	Staghorn	Wickett	138	138	Steel Single	12.0	—	1

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land	Construction and Other Costs	Total Cost	Operation Expenses	Maintenance Expenses (n)	Rents	Total Expenses	
	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1926.9 ACSS/TW								36
477 ACSR								37
477 ACSR								38
336 ACSR								39
795 ACSR								40
1926.9 ACSS/TW								41
959 ACSS								42
795 ACSS								43
1926.9 ACSS/TW								44
1926.9 ACSS/TW								45
1926.9 ACSS/TW								46
1926.9 ACSS/TW								47
1926.9 ACSS/TW								48
795 ACSS								49
795 ACSS								50
795 ACSS								51
1926.9 ACSR/TW								52
1926.9 ACSR/TW								53
1926.9 ACSR/TW								54
1926.9 ACSR/TW								55
1926.9 ACSR/TW								56
1926.9 ACSR/TW								57
1926.9 ACSR/TW								58
1926.9 ACSR/TW								59
1926.9 ACSR/TW								60
795 ACSR								61
795 ACSR								62
1926.9 ACSR/TW								63
1926.9 ACSR/TW								64
1926.9 ACSR/TW								65
1926.9 ACSR/TW								66
1926.9 ACSR/TW								67
1926.9 ACSR/TW								68
1926.9 ACSR/TW								69
1926.9 ACSR/TW								70

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
71	Wickett	Wolf	138	138	Pole	5.8	—	1
72	Wickett	Wolf	138	138	Pole	6.2	—	1
73	IH20	County Road	138	138	Pole	0.2	—	1
74	IH20	Elm Street	138	138	Pole	—	2.0	1
75	IH20	Pecos Main	138	138	Pole	2.3	—	1
76	Pecos Main	Elm Street	138	138	Pole	0.1	—	1
77	Pecos Main	Cedarvale	138	138	Pole	7.6	—	1
78	Pecos Main	Cedarvale	138	138	Pole	7.8	—	1
79	Cedarvale	Mi Vida	138	138	Pole	0.2	—	1
80	Cedarvale	Sand Lake	138	138	Pole	1.1	—	1
81	Cedarvale	Sand Lake	138	138	Pole	1.1	—	1
82	Mi Vida	Fishhook	138	138	Pole	12.0	—	1
83	Cholla	LoneStar	138	138	Pole	5.5	—	1
84	Fishhook	Cholla	138	138	Pole	0.2	—	1
85	Fishhook	Cholla	138	138	Pole	0.2	—	1
86	Fishhook	Tap	138	138	Pole	11.2	—	1
87	Tap	Monument Draw	138	138	Pole	0.2	—	1
88	Tap	All American Tap	138	138	Pole	1.1	—	1
89	All American Tap	All American	138	138	Pole	0.2	—	1
90	All American Tap	Wink	138	138	Pole	0.8	—	1
91	Cedarvale	Bone Springs Tap	138	138	Pole	3.9	—	1
92	Bone Springs Tap	Bone Springs	138	138	Pole	—	—	1
93	Bone Springs Tap	Fishhook	138	138	Pole	8.8	—	1
94	Fishhook	Wink	138	138	Pole	13.2	—	1
95	Pecos Main	Jackrabbit	138	138	Pole	4.5	—	1
96	Jackrabbit	Reeves Tap	138	138	Pole	5.5	—	1
97	Reeves Tap	Coyote Springs	138	138	Pole	0.1	—	1
98	Reeves Tap	Eagle Claw Tap	138	138	Pole	2.8	—	1
99	Eagle Claw Tap	Eagle Claw	138	138	Pole	—	—	1
100	Eagle Claw Tap	Billingslea Tap	138	138	Pole	4.3	—	1
101	Billingslea Tap	Billingslea	138	138	Pole	0.4	—	1
102	Billingslea Tap	Faulkner	138	138	Pole	9.7	—	1
103	69 kV Transmission					133.3	—	15
104								
105	Gulf Coast							

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land	Construction and Other Costs	Total Cost	Operation Expenses	Maintenance Expenses (n)	Rents	Total Expenses	
	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1926.9 ACSR/TW								71
1926.9 ACSS/TW								72
795 ACSR								73
1926.9 ACSR/TW								74
1926.9 ACSR/TW								75
1926.9 ACSR/TW								76
959 ACSS								77
959 ACSS								78
959 ACSS								79
1926.9 ACSS/TW								80
1926.9 ACSS/TW								81
795 ACSR								82
1926.9 ACSS/TW								83
1926.9 ACSS/TW								84
1926.9 ACSS/TW								85
2045 ACCC								86
795 ACSR								87
2045 ACCC								88
795 ACSR								89
2045 ACCC								90
795 ACSR								91
795 ACSR								92
795 ACSR								93
2045 ACCC								94
1926.9 ACSR/TW								95
1926.9 ACSR/TW								96
1926.9 ACSR/TW								97
1926.9 ACSR/TW								98
795 ACSR								99
1926.9 ACSR/TW								100
795 ACSR								101
1926.9 ACSR/TW								102
								103
								104
								105

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
106	Comanche	Tejas	138	138	Steel Lattice	1.0	—	1
107	Greenbelt	ISP	138	138	Single Pole	4.5	—	1
108	Greenbelt	Tejas	138	138	Pole	0.7	—	1
109	Greenbelt	Cattail	138	138	Pole	2.3	—	1
110	Greenbelt	Green Power	138	138	Pole	0.1	—	1
111	Greenbelt	Green Power	138	138	Pole	0.1	—	1
112	Cattail	Air Products	138	138	Pole	0.1	—	2
113	Cattail	Air Products	138	138	Pole	0.1	0.1	2
114	Cattail	Texas City Main	138	138	Pole	0.1	—	1
115	Cattail	Cherokee	138	138	Pole	1.6	—	1
116	Amoco	Apache	138	138	Frame	4.1	—	1
117	Amoco	Cherokee	138	138	Pole	0.5	—	1
118	Amoco	Comanche	138	138	Frame	1.0	—	1
119	Amoco	MPL Tank Farm	138	138	Pole	1.4	—	1
120	Comanche	Cherokee	138	138	Pole	0.5	—	1
121	Caddo	Greenbelt	138	138	Pole	0.6	—	1
122	Caddo	Heights	138	138	Pole	2.1	—	1
123	Caddo	Heights	138	138	Pole	1.0	—	1
124	Apache	Caddo	138	138	Pole	0.2	—	1
125	Freeway Park	Heights	138	138	Single Pole	3.1	—	1
126	Freeway Park	Mainland	138	138	Frame	3.7	—	1
127	Mainland	Alvin	138	138	Frame	13.6	—	1
128	Dickinson	Freeway Park	138	138	Single Pole	6.3	—	1
129	Dickinson	League City	138	138	Pole	3.2	0.5	1
130	League City	Butler Road	138	138	Pole	2.1	—	1
131	Butler Road	Magnolia	138	138	Pole	1.6	—	1
132	League City	Hidden Lakes	138	138	Frame	3.2	—	1
133	Hidden Lakes	South Shore	138	138	Pole	1.8	—	1
134	Hidden Lakes	South Shore	138	138	Frame	1.8	—	1
135	Magnolia	Seminole	138	138	Frame	3.3	—	1
136	Friendswood	Hastings	138	138	Pole	7.3	—	1
137	Friendswood	Seminole	138	138	Pole	2.9	—	1
138	North Alvin	Alvin	138	138	Pole	2.1	—	1
139	North Alvin	Hastings	138	138	Pole	2.3	—	1
140	Main	CenterPoint WC	138	138	Frame	0.2	—	1

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land	Construction and Other Costs	Total Cost	Operation Expenses	Maintenance Expenses (n)	Rents	Total Expenses	
	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
2-636 ACSR								106
2-636 ACSS								107
2-795 ACSS								108
2-795 ACSS								109
2-795 ACSS								110
2-795 ACSS								111
795 ACSS								112
795 ACSS								113
2-795 ACSS								114
2-795 ACSS								115
2-636 ACSR								116
795 ACSS								117
2-636 ACSR								118
795 ACSS								119
795 ACSS								120
2-795 ACSS								121
2-795 ACSS								122
2-795 ACSS								123
2-636 ACSR								124
2-795 ACSS								125
636 ACSR								126
636 ACSR								127
636 ACSS								128
795 ACSS								129
795 ACSS								130
795 ACSS								131
795 ACSR								132
795 ACSS								133
795 ACSR								134
636 ACSR								135
795 ACSS								136
795 ACSS								137
795 ACSS								138
795 ACSS								139
2-795 ACSS								140

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TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
141	Main	CenterPoint WC	138	138	Frame	0.2	—	1
142	Local	Main	138	138	Frame	0.8	—	1
143	Angleton	Retrieve	138	138	Pole	7.0	—	1
144	Brazoria	Retrieve	138	138	Frame	6.2	—	1
145	Angleton	Local	138	138	Frame	14.1	—	1
146	Brazoria	Main	138	138	Frame	9.5	—	1
147	SCLP Cogen	Main	138	138	Pole	9.5	—	1
148	SCLP Cogen	FM524	138	138	Pole	1.0	—	1
149	FM524	Main	138	138	Pole	8.6	—	1
150	Brazoria	Sweeny	138	138	Pole	7.1	—	1
151	Sweeny	FM 524	138	138	Pole	3.7	—	1
152	FM 524	Linville	138	138	Pole	0.7	—	1
153	Linville	SCLP	138	138	Pole	0.4	0.7	1
154	PH Robinson	Attwater	138	138	Pole	5.7	—	1
155	Attwater	Freeway Park	138	138	Pole	1.7	—	1
156	PH Robinson	Attwater	138	138	Pole	5.8	—	1
157	Attwater	Heights	138	138	Pole	4.1	—	1
158	Attwater	Topaz	138	138	Pole	1.2	—	1
159	PH Robinson	ISP	138	138	Single Pole	4.4	—	1
160	PH Robinson	Hidden Lakes	138	138	Pole	3.1	—	1
161	69 kV Transmission		69	69		39.8	4	44
162								
163					TOTAL	964.5	43.3	259
164								
165								
166								
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175								

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
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9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n) (n)	Rents (o)	Total Expenses (p)	
2-795 ACSS								141
636 ACSR								142
2-795 ACSS								143
SD								144
SD								145
795 ACSS								146
2-636 ACSR								147
2-636 ACSR								148
2-636 ACSR								149
795 ACSS								150
795 ACSS								151
795 ACSS								152
795 ACSS								153
2-795 ACSS								154
2-795 ACSS								155
2-795 ACSS								156
2-795 ACSS								157
2-795 ACSS								158
2-636 ACSS								159
795 ACSS								160
								161
								162
	—	—	—	—	—	—	—	163
								164
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								175

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.

2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of completed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION		Line Length in Miles (c)	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From	To		Type	Average Number per Miles	Present	Ultimate
	(a)	(b)		(d)	(e)	(f)	(g)
1							
2							
3							
4							
5							
6							
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42							
43							
44	TOTAL		—		—	—	—

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).

3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage KV (Operating) (k)	LINE COST					Line No.
Size (h)	Specification (i)	Configuration and Spacing (j)		Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	
								—	1
								—	2
								—	3
								—	4
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									39
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									41
									42
									43
				—	—	—	—	—	44

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Central Texas Region				
2	Bosque Co., TX -Lake Whitney Sub	Trans. (unattended)	138	69	14
3	Bosque Co., TX - Lake Whitney Sub	Dist. (unattended)	66	13	—
4	Coryell Co., TX - Coryell Co. Sub	Dist. (unattended)	66	22	—
5	Bosque Co., TX -Olsen Sub	Trans. (unattended)	138	69	14
6	Hamilton, TX - Hamilton City Sub	Dist. (unattended)	66	22	—
7	Whitney, TX - Whitney Sub	Dist. (unattended)	66	22	—
8	Glen Rose, TX - Glen Rose Sub	Dist. (unattended)	66	22	—
9	Bosque Co., TX -Walnut Springs Sub	Dist. (unattended)	69	22	—
10	Coryell Co., TX - Jonesboro Sta	Trans. (unattended)	69	—	—
11	Hill Co., TX - Hill County Sub	Dist. (unattended)	138	25	—
12	Valley Mills, TX - Valley Mills Sub	Dist. (unattended)	66	22	—
13	Bosque Co., TX - Handley Sub	Dist. (unattended)	66	22	—
14	Clifton, TX - Clifton #1 Sub	Dist. (unattended)	66	4	—
15	Clifton, TX - Clifton #1 Sub	Dist. (unattended)	66	22	—
16	Clifton, TX - Clifton #2 Sub	Dist. (unattended)	66	4	—
17	Clifton, TX - Clifton #2 Sub	Dist. (unattended)	66	22	—
18	Meridan, TX - Meridan Sub	Dist. (unattended)	66	22	—
19	Gatesville, TX - Sycamore Sub	Dist. (unattended)	66	22	—
20	Gatesville, TX - Gatesville #2 Sub	Dist. (unattended)	66	4	—
21	Gatesville, TX - Gatesville #2 Sub	Dist. (unattended)	66	22	—
22	Hamilton Co., TX - Hamilton County Sub	Dist. (unattended)	66	22	—
23	Thurber, TX - Thurber Sub	Dist. (unattended)	66	13	—
24	Thurber, TX - Thurber Sub	Dist. (unattended)	66	22	—
25	Hico, TX - Hico Sub	Dist. (unattended)	66	4	—
26	Somervell Co, TX - Tolar Sub	Dist. (unattended)	138	22	—
27	Coryell Co, TX - Pancake Sta	Trans. (unattended)	66	—	—
28	Bosque Co., TX - Buckeye Sta	Trans. (unattended)	66	—	—
29	Gatesville, TX - Hilltop Sta	Dist. (unattended)	66	4	—
30	Gatesville, TX - Mountain View Sta	Dist. (unattended)	22	4	—
31	Robertson Co., TX - TNP One Sta	Trans. (unattended)	345	—	—
32	Robertson Co., TX - Twin Oak Sta	Trans. (unattended)	345	—	—
33	North Texas Region				
34	Collin Co., TX - Climax Sub	Trans. (unattended)	138	69	14
35	Collin Co., TX - Climax Sub	Dist. (unattended)	138	22	—
36	Collin Co., TX - Farmersville West Sub	Dist. (unattended)	138	22	—
37	Princeton, Tx - Longneck Sub	Dist. (unattended)	138	22	—
38	Whitewright, TX - Whitewright Sub	Dist. (unattended)	66	13	—
39	Leonard, TX - Leonard Sub	Dist. (unattended)	66	13	—
40	Trenton, TX - Trenton Sub	Dist. (unattended)	66	4	—

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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
						1
93	1	—				2
14	2	—				3
19	2	—				4
167	1	—				5
21	2	—				6
21	2	—				7
50	2	—				8
13	1	—	Capacitor Bank	1	6	9
—	—	—	Capacitor Bank	1	15	10
13	1	—				11
11	1	—				12
9	1	—				13
5	1	—				14
12	1	—				15
4	1	—				16
5	1	—				17
25	1	—				18
14	1	—				19
6	1	—				20
9	1	—				21
5	1	—				22
25	1	—				23
25	1	—				24
7	1	—				25
11	1	—				26
—	—	—				27
—	—	—				28
5	1	—				29
3	3	—				30
—	—	—				31
—	—	—				32
						33
140	2	—				34
44	3	1				35
97	1	—				36
125	2	—				37
21	2	—				38
31	2	—				39
28	1	—				40

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
41	Blue Ridge, TX - Blue Ridge Sub	Dist. (unattended)	66	22	—
42	Collin Co., TX - Westminster Tap	Trans. (unattended)	138	—	—
43	Collin Co., TX - Westminster Sub	Dist. (unattended)	138	13	—
44	Lewisville, TX - West Sub	Dist. (unattended)	138	13	—
45	Lewisville, TX - South Sub	Dist. (unattended)	138	13	—
46	Lewisville, TX - TI Sub	Dist. (unattended)	138	13	—
47	Lewisville, TX - TI Sub	Dist. (unattended)	138	26	—
48	Lewisville, TX - Jones St. Sub	Dist. (unattended)	138	13	—
49	Lewisville, TX - Lakepointe Sub	Dist. (unattended)	138	26	—
50	Nocona, TX - Nocona Sub	Dist. (unattended)	138	13	—
51	St. Jo, TX - St. Jo Sub	Dist. (unattended)	66	13	—
52	Petrolia, Tx - Petrolia Sub	Dist. (unattended)	66	13	—
53	Lone Oak, TX - Lone Oak Sub	Dist. (unattended)	66	13	—
54	Red River Co., TX - Red River Sub	Dist. (unattended)	66	22	—
55	Franklin Co., TX - Talco West Sub	Dist. (unattended)	138	13	—
56	Lamar Co., TX - Blossom Sub	Dist. (unattended)	138	22	—
57	Aubrey, TX - Krugerville Sub	Dist. (unattended)	138	26	—
58	Olney, TX - Olney Sub	Dist. (unattended)	66	13	—
59	Bryson, TX - Bryson Sub	Dist. (unattended)	66	13	—
60	Graham, TX - Graham Sub	Dist. (unattended)	66	13	—
61	Lewisville, TX - Highlands Sub	Trans. (unattended)	138	—	—
62	Olney, TX - Olney Switching Sub	Dist. (unattended)	13	—	—
63	Montague Co., TX - Ringgold Sub	Dist. (unattended)	69	25	—
64	Talco, TX - Talco City Sub	Dist. (unattended)	22	13	—
65	Collin Co., TX - Thistle Sub	Dist. (unattended)	138	—	—
66	Franklin Co., TX - Talco West Sub	Dist. (unattended)	22	13	—
67	Gulf Coast Region				
68	Texas City, TX-Amoco Sw. Station	Trans. (unattended)	138	69	14
69	Texas City, TX-Apache Sw. Station	Trans. (unattended)	138	—	—
70	Texas City, TX-Caddo Sw. Station	Trans. (unattended)	138	—	—
71	Texas City, TX-Cherokee Sw. Station	Trans. (unattended)	138	—	—
72	Texas City, TX-Comanche Sw. Station	Trans. (unattended)	138	—	—
73	Texas City, TX-Greenbelt Sw. Station	Trans. (unattended)	138	—	—
74	Texas City, TX-ISP Sw. Station	Trans. (unattended)	138	—	—
75	Texas City, TX-Freeway Park Sub.	Trans. (unattended)	138	—	—
76	Texas City, TX-Freeway Park Sub.	Dist. (unattended)	138	13	—
77	Texas City, TX-Heights Sub.	Trans. (unattended)	138	69	14
78	Texas City, TX-Heights Sub.	Dist. (unattended)	138	13	—
79	Texas City, TX-Northside Sub.	Dist. (unattended)	69	13	—
80	Texas City, TX-Tejas Sub.	Dist. (unattended)	138	13	—

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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
5	1	—				41
—	—	—				42
11	1	—				43
141	3	—				44
92	2	—				45
92	2	—				46
168	2	—				47
84	2	—				48
168	2	—				49
50	2	—				50
14	2	—				51
11	1	1				52
28	1	—				53
25	1	1				54
33	2	—				55
20	1	—				56
83	1	—				57
50	2	—				58
9	1	—				59
9	1	—				60
—	—	—				61
—	—	—				62
25	1	—				63
6	1	—				64
—	—	—				65
7	1	—				66
—	—	—				67
400	2	—				68
—	—	—				69
—	—	—				70
—	—	—				71
—	—	—	Capacitor Bank	1	30	72
—	—	—				73
—	—	—				74
—	—	—				75
94	2	—	Capacitor Bank	2	10	76
400	2	1	Capacitor Bank	1	28	77
100	2	—	Capacitor Bank	2	10	78
100	2	—	Capacitor Bank	2	10	79
97	2	—	Capacitor Bank	2	10	80

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
81	Texas City, TX- Texas City Main	Trans. (unattended)	138	69	13
82	Texas City, Tx- Grant. Ave	Trans. (unattended)	69	—	—
83	Texas City, Tx- TC Water	Dist. (unattended)	69	4	—
84	Texas City, Tx- Intercity	Trans. (unattended)	69	—	—
85	Texas City, TX-Linde	Trans. (unattended)	69	4	—
86	Texas City, Tx-Genesis	Trans. (unattended)	69	—	—
87	Texas City, Tx- Marathon Pipeline	Trans. (unattended)	69	4	—
88	Texas City, Tx-Choctaw	Trans. (unattended)	69	—	—
89	Texas City, Tx- Bayview	Trans. (unattended)	69	—	—
90	La Marque, TX-LaMarque Sub.	Dist. (unattended)	69	13	—
91	Dickinson, TX-Dickinson Sub.	Dist. (unattended)	138	13	—
92	League City, TX-League City Sub.	Trans. (unattended)	138	—	—
93	League City, TX-League City Sub.	Dist. (unattended)	138	13	—
94	League City, TX-Butler Road Sub.	Dist. (unattended)	138	13	—
95	League City, TX-Magnolia Sub.	Dist. (unattended)	138	13	—
96	League City, TX-South Shore Sub.	Dist. (unattended)	138	13	—
97	League City, TX-Hidden Lakes Sub.	Dist. (unattended)	138	13	—
98	League City, TX Seminole Sub.	Dist. (unattended)	138	13	—
99	Friendswood, TX-Friendswood Sub.	Dist. (unattended)	138	13	—
100	Brazoria Co., TX-Hastings Sta.	Trans. (unattended)	138	—	—
101	Alvin, TX-Alvin Sub.	Dist. (unattended)	138	13	—
102	La Marque, TX-Mainland Sub.	Dist. (unattended)	138	13	—
103	Brazoria Co., Tx- North Alvin Sw Sta	Trans. (unattended)	138	13	—
104	Angleton, TX-Angleton Sub.	Dist. (unattended)	138	13	—
105	Brazoria Co., TX-West Col. Main Sub.	Trans. (unattended)	138	—	—
106	West Columbia, TX-West Col. Local Sub.	Dist. (unattended)	138	13	—
107	Brazoria, TX-Brazoria Sub.	Trans. (unattended)	138	69	14
108	Brazoria, TX-Brazoria Sub.	Dist. (unattended)	138	13	—
109	Brazoria Co., Tx-Clemons Dome Sub	Dist. (unattended)	69	13	—
110	Brazoria Co., TX-Clemons Cavern Sta	Trans. (unattended)	69	—	—
111	Sweeny, TX-Sweeny Sub.	Dist. (unattended)	138	13	—
112	Brazoria Co., TX-FM 524 Sub	Trans. (unattended)	138	69	13
113	Brazoria Co., TX-Linville Sta	Trans. (unattended)	138	—	—
114	Brazoria Co., TX-Old Ocean Sub.	Dist. (unattended)	69	13	—
115	Brazoria Co., TX-Phillips 5 Sta	Trans. (unattended)	69	—	—
116	Galveston Co., TX-Attwater Sta	Trans. (unattended)	138	—	—
117	Galveston Co., TX-Cattail Sta	Trans. (unattended)	138	—	—
118	Galveston Co., TX-Terminal Sta	Trans. (unattended)	69	—	—
119	West Texas Region				
120	Winkler Co., TX - Wink Sub	Trans. (unattended)	138	69	14

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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

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Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
200	1	—	Capacitor Bank	1	28	81
—	—	—				82
7	1	1				83
—	—	—				84
5	1	—				85
—	—	—				86
7	1	—				87
—	—	—				88
—	—	—				89
50	2	—				90
97	2	—	Capacitor Bank	2	10	91
—	—	—	Capacitor Bank	1	30	92
141	3	—	Capacitor Bank	2	10	93
97	2	—				94
100	2	1	Capacitor Bank	2	10	95
94	2	—	Capacitor Bank	2	10	96
100	1	—				97
97	2	—				98
100	2	—	Capacitor Bank	2	10	99
—	—	—				100
150	3	1	Capacitor Bank	3	14	101
150	3	1				102
50	1	—				103
147	3	—	Capacitor Bank	3	14	104
—	—	—				105
50	2	1				106
50	1	—				107
70	2	—				108
9	1	1				109
—	—	—				110
45	2	—				111
167	1	—				112
—	—	—				113
22	1	—				114
—	—	—				115
—	—	—				116
—	—	—				117
—	—	—				118
—	—	—				119
260	2	1				120

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
121	Winkler Co., TX - Winkler Co No. 6 Sub	Dist. (unattended)	66	25	—
122	Winkler Co., Tx - California	Dist. (unattended)	66	13	—
123	Kermit, TX -Kermit#1	Dist. (unattended)	66	4	—
124	Kermit, TX -Kermit#2	Dist. (unattended)	66	4	—
125	Kermit, TX -Kermit#2	Dist. (unattended)	66	13	—
126	Winkler Co., TX -Keystone	Dist. (unattended)	69	13	—
127	Ward Co., Tx-Wickett	Trans. (unattended)	138	69	13
128	Ward Co., Tx-Wickett	Dist. (unattended)	66	13	—
129	Ward Co., Tx-Pyote	Dist. (unattended)	138	25	—
130	Ward Co., Tx-Sandstone	Trans. (unattended)	138	—	—
131	Reeves Co., Tx-Reward Sta.	Trans. (unattended)	138	—	—
132	Reeves Co., Tx-Worsham Sub	Dist. (unattended)	138	13	—
133	Reeves Co., Tx-Harpoon Sta.	Trans. (unattended)	138	—	—
134	Reeves Co., Tx-Birds of Prey Sta	Trans. (unattended)	138	—	—
135	Reeves Co., TX-Collie Tap Sta	Trans. (unattended)	138	—	—
136	Reeves Co., TX-Collie Cap Bank Sta	Trans. (unattended)	138	—	—
137	Ward Co., TX-Bone Springs Sta	Trans. (unattended)	138	—	—
138	Ward Co., Tx-Cedarvale Sta 138 kV	Trans. (unattended)	138	—	—
139	Ward Co., Tx-Cedarvale Sta 25 kV	Dist (unattended)	138	25	—
140	Ward Co., Tx-Cedarvale Sta 12.5 kV	Dist (unattended)	138	13	—
141	Ward Co., Tx-Cholla Sta	Dist. (unattended)	138	138	25
142	Ward Co., Tx-Lone Star	Dist. (unattended)	138	25	—
143	Ward Co., Tx-Mi Vida Sta	Trans. (unattended)	138	—	—
144	Winkler Co., Tx-Monument Draw Sta	Trans. (unattended)	138	—	—
145	Winkler Co., Tx-All Amercian PL	Trans. (unattended)	138	—	—
146	Pecos, TX - Pecos Main Sub	Trans. (unattended)	138	—	—
147	Pecos, TX - IH 20 Sub	Trans. (unattended)	138	—	—
148	Pecos, TX - IH 20 STATCOM Sta	Trans. (unattended)	138	31	—
149	Pecos, TX - County Road Sub	Dist. (unattended)	138	13	—
150	Reeves Co., TX - Salt Draw Sta.	Trans. (unattended)	138	—	—
151	Reeves Co., TX - Saddleback Sub.	Dist. (unattended)	138	25	—
152	Reeves Co., TX - Barilla Draw Sub	Trans. (unattended)	138	—	—
153	Reeves Co., Tx - Flat Top	Dist. (unattended)	138	25	—
154	Pecos Co., TX - Tarbush Sub.	Dist. (unattended)	138	25	—
155	Reeves Co., Tx - Elm Street Sub	Dist. (unattended)	138	13	—
156	Reeves Co., Tx - Coyote Spring Sub.	Dist. (unattended)	138	13	—
157	Reeves Co., Tx - Eagle Claw Sta.	Trans. (unattended)	138	—	—
158	Reeves Co., Tx - Billingslea Sta.	Trans. (unattended)	138	—	—
159	Reeves Co., Tx - Faulkner	Dist. (unattended)	138	13	—
160	Reeves Co., TX - County Road 101 Sta	Trans. (unattended)	138	—	—

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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
25	1	—				121
11	1	—				122
13	1	—				123
11	1	—				124
25	1	—				125
11	1	—	Capacitor Bank	1	10	126
167	1	—				127
3	1	—				128
75	2	—				129
—	—	—				130
—	—	—				131
75	2	—				132
—	—	—				133
—	—	—				134
—	—	—				135
—	—	—	Capacitor Bank	6	120	136
—	—	—				137
—	—	—	Capacitor Bank	5	120	138
25	1	—				139
25	1	—				140
50	1	—				141
100	2	—	Capacitor Bank	5	100	142
—	—	—				143
—	—	—				144
—	—	—				145
—	—	1	Capacitor Bank	4	80	146
—	—	—				147
190	2	—	STATCOM	1	190	148
150	3	—				149
—	—	—				150
100	2	—				151
—	—	—	Capacitor Bank	1	30	152
100	2	—				153
75	2	—				154
128	3	—				155
100	2	—				156
—	—	—				157
—	—	—				158
150	2	—				159
—	—	—				160

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of <u>2023/Q4</u>
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SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
161	Reeves Co., TX - Trans Pecos Sta.	Trans. (unattended)	138	—	—
162	Reeves Co., TX - Delaware Sta.	Trans. (unattended)	138	—	—
163	Reeves Co., TX - Wolf Bone Ranch Sta	Trans. (unattended)	138	—	—
164	Reeves Co., TX - Utah Sta	Trans. (unattended)	138	—	—
165	Reeves Co., TX - Caymus Sta	Trans. (unattended)	138	—	—
166	Reeves Co., TX - Arrowhead Sta	Trans. (unattended)	138	—	—
167	Winkler Co., TX - Gembok Sta	Trans. (unattended)	138	—	—
168	Winkler Co., TX - Rattlesnake Sub	Dist. (unattended)	138	25	—
169	Reeves Co., TX - Scimitar Sta	Trans. (unattended)	138	—	—
170	Reeves Co., TX - Sand Lake Sub	Dist. (unattended)	138	25	—
171	Reeves Co., TX - Grisham Sta	Trans. (unattended)	138	—	—
172	Reeves Co., TX - Cottonwood Sub	Dist. (unattended)	138	25	—
173	Fort Stockton, TX -16th Street Sub	Trans. (unattended)	138	69	14
174	Fort Stockton, TX - Airport Sub	Dist. (unattended)	138	13	—
175	Fort Stockton, TX -Downtown Sub	Dist. (unattended)	66	13	—
176	Fort Stockton, TX -Leon Creek Sw Station	Trans. (unattended)	138	—	—
177	Pecos Co., TX - Soapstree Sw Station	Trans. (unattended)	138	—	—
178	Pecos Co., TX - White Baker Sw Station	Trans. (unattended)	138	69	14
179	Pecos Co., TX - Northern Natural Sub	Trans. (unattended)	69	—	—
180	Pecos Co., TX - Northern Natural Sub	Dist. (unattended)	66	4	—
181	Pecos Co., TX - Pucket	Dist. (unattended)	66	25	—
182	Pecos Co., TX - Gomez	Dist. (unattended)	66	25	—
183	Pecos Co., TX - Belding	Dist. (unattended)	66	13	—
184	Pecos Co., TX - Armadillo	Dist. (unattended)	66	13	—
185	Sanderson, Tx - Sanderson	Dist. (unattended)	66	4	—
186	Pecos Co., Tx - Ocotillo Sta	Trans. (unattended)	69	—	—
187	Fort Stockton, TX - Alamo Street Sub	Dist. (unattended)	138	13	—
188	Pecos Co., TX - CC Mitchell Sub	Dist. (unattended)	69	13	—
189	Reeves Co., TX - Coyonosa Sub	Dist. (unattended)	138	25	—
190	Reeves Co., TX - Downie Sub	Dist. (unattended)	69	13	—
191	Pecos Co., TX - Harrell Sub	Dist. (unattended)	69	4	—
192	Pecos Co., TX - N.M. Mitchell Sub	Dist. (unattended)	69	13	—
193	Ward Co., TX-Fishhook Sta	Trans. (unattended)	138	—	—
194	Pecos Co., TX-Foxtail Sta	Trans. (unattended)	138	—	—
195	Pecos Co., TX-Girvin Sta	Trans. (unattended)	138	—	—
196	Pecos Co., TX-Holiday Sta	Trans. (unattended)	138	—	—
197	Ward Co., TX-Staghorn Sta	Trans. (unattended)	138	—	—
198					
199					
200	TOTAL Transmission Substations				
201	TOTAL Distribution Substations				
202	TOTAL Generation Substations				
203	TOTAL				

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
—	—	—	Capacitor Bank	3	60	161
—	—	—				162
—	—	—				163
—	—	—				164
—	—	—	Capacitor Bank	3	60	165
—	—	—				166
—	—	—				167
25	1	—				168
—	—	—				169
25	1	—				170
—	—	—				171
100	2	—	capacitor Bank	6	120	172
70	1	—				173
75	2	—	Capacitor Bank	4	160	174
25	1	1				175
—	—	—				176
—	—	—				177
70	1	—	Capacitor Bank	4	160	178
—	—	—	Capacitor Bank	1	2	179
14	2	—				180
5	1	—				181
25	1	—				182
11	1	1				183
1	1	—				184
4	1	—				185
—	—	—				186
100	2	—				187
—	1	—				188
50	1	—				189
1	1	—				190
1	1	—				191
—	1	—				192
—	—	—				193
—	—	—				194
—	—	—				195
—	—	—				196
—	—	—				197
						198
						199
					953	200
					514	201
					0	202
					1467	203

Name of Respondent Texas-New Mexico Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/18/2024	Year/Period of Report End of 2023/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

- Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
- The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
- Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	Non-power Goods or Services Provided by Affiliated			
2	Service billings	PNM Resources Inc.	182,922	47,469,975
3	Interest payments	PNM Resources Inc.	430	128,877
4	Call center	Public Service Company of New Mexico	901	287,307
5	Dispatch Services	Public Service Company of New Mexico	903	61,966
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Non-power Goods or Services Provided for Affiliate			
21	Intercompany rent	TNP Enterprises, Inc.	455	141,372
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				

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