

JOINT APPLICATION FOR APPROVAL OF ACQUISITION AND MERGER

EXECUTIVE SUMMARY

Public Service Company of New Mexico (“PNM”) and TXNM Energy, Inc. (“TXNM”) request approval to be acquired by Troy ParentCo LLC (“Troy,” and collectively referred to as the “Joint Applicants”). The Joint Application and supporting testimonies provide the information the New Mexico Public Regulation Commission (the “Commission”) needs to review and approve the acquisition and merger (“Acquisition”).

The Acquisition benefits New Mexico and PNM customers in many important ways. First, Troy, as a subsidiary of Blackstone Infrastructure, provides PNM with a financially strong partner that will support PNM over the long term through the ability to continuously raise and invest the capital needed for our customers. This partnership will support PNM’s investments that are key to the clean energy transition, modernizing and hardening the grid, building new transmission, and supporting economic development.

Second, there will be direct and immediate benefits to PNM customers through a \$105 million rate credit over four years and an infusion of \$10 million new dollars over ten years to the Good Neighbor Fund to help eligible customers with their electricity bills. Another \$25 million will be dedicated to meeting New Mexico’s clean energy future by investing in innovative or emerging technologies, and \$35 million in financial support to drive economic development and build the workforce necessary to support such growth. Economic development helps build the economic base and spread costs over a greater number of customers, which helps keep rates lower for all customers.

Third, PNM will remain locally managed and operated and answerable to the Commission. This means the focus and priority of PNM remains on our customers. PNM headquarters will remain in New Mexico, and PNM’s local management team will continue to direct the company and its operations on a daily basis. The Acquisition protects jobs, wages, and benefits, and honors the union contracts bargained for by our represented employees.

PNM customers directly benefit in the short-term and the long-term

The \$105 million rate credit over four years exceeds any rate credit proposed in any similar transaction in New Mexico history and will be at shareholder—not customer—expense. This will lower the average residential customer bill by 3.5%. Also, the additional funds provided to the Good Neighbor Fund more than triples the assistance available to customers who struggle to pay their electric bills and increases both the dollar amount of assistance available to each qualified customer, and the number of customers assisted.

A strong workforce is key to spurring economic development, and the \$35 million economic development contribution focuses on job growth and support that benefit our communities both today and in the future. These dollars can be used for scholarships and workforce training programs focused on the electric industry to create a strong educational pipeline from high school through apprenticeship or college. These funds can also bring

together our national labs, universities and economic development professionals to create a space for economic development initiatives to be developed and explored.

The commitment of \$25 million for investment in innovative or emerging technologies demonstrates continued support of New Mexico's clean energy future and the Energy Transition Act. This investment will help advance PNM's 73% carbon-free generation portfolio as we transition to 100% carbon-free resources.

In addition, the Acquisition provides that PNM will remain fully committed to strong community involvement and charitable giving.

Together, these benefits demonstrate that PNM will have a strong partner that shares our dedication to our customers and communities and to partnering with New Mexico to achieve its goals.

PNM's rates and services remain subject to full Commission regulation

The Acquisition will not impact the Commission's regulation of PNM's rates and services. PNM will remain locally managed and operated and will continue to abide and be bound by existing applicable Commission rules, regulations, and orders. Further, the Joint Applicants' commitments in this Acquisition itself shall be subject to the Commission's oversight and enforcement authority.

Customers' interests are protected

The Acquisition includes the financial resources to support continued safe and reliable energy for customers. The Acquisition also provides clear financial protections to ensure customer interests and PNM's financial health are protected from unrelated financial activities of Blackstone Infrastructure and its affiliates. These commitments are designed to keep PNM a financially stable and healthy utility able to meet the needs of customers.

Conclusion

The new ownership structure fosters PNM's ability to better meet the capital-intensive challenges that it faces, including satisfying the needs of our customers. This partnership will bring benefits to PNM's customers, communities and the State.

The Joint Applicants respectfully seek approval from the Commission of the Acquisition and other requests contained in the Joint Application.

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