UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 30, 2018

Jane Whitt Sellers
McGuireWoods LLP
jsellers@mcguirewoods.com

Re: PNM Resources, Inc.
Incoming letter dated January 22, 2018

Dear Ms. Sellers:

This letter is in response to your correspondence dated January 22, 2018 concerning the shareholder proposal (the "Proposal") submitted to PNM Resources, Inc. (the "Company") by The Sam and Wendy Hitt Family Trust and the Missionary Oblates of Mary Immaculate (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from The Sam and Wendy Hitt Family Trust dated February 21, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Sam and Wendy Hitt
***

*** FISMA & OMB Memorandum M-07-16

March 30, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: PNM Resources, Inc.
Incoming letter dated January 22, 2018

The Proposal requests that the Company prepare a report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium and high financial risk associated with each asset.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(10). Based on the information you have presented, it appears that the Company's public disclosures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(10). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which the Company relies.

Sincerely,

William Mastrianna
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

Sam and Wendy Hitt Family Trust

***

February 21, 2018

Delivery Via email (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Concerning PNM Resources, Inc. Shareholder Proposal Submitted by Sam and Wendy Hitt Family Trust

To Whom It May Concern:

The Sam and Wendy Hitt Family Trust (Trust) disputes the contention by PNM Resources, Inc. (the Company) in its January 22, 2018 letter to the Office of Chief Counsel (Response) requesting "no action" in response to the Trust's November 21, 2017 proxy material proposal (Proposal) that the Company has "substantially implemented" the Trust's Proposal and/ or that the Trust's Proposal "substantially duplicates the "2 Degrees Proposal" submitted by the Max and Anna Levinson Foundation based on the following facts and applicable law and for the following reasons:

1. Application of the Standard for Exclusion under Rule 14a-8(i)(10).

The essential purpose of a proxy statement is to provide sufficient information to investors in a company to allow them to make informed decisions about matters that may be brought up at annual or special stockholder meetings. As discussed below, the prior Staff applications of the "substantially implemented" test under Rule 14a-8(i)(10) cited in the Company's Response are inapposite and do not support exclusion of the Trust's Proposal because the Company's "disclosures in its recent generation portfolio report, climate change report, and publicly available Integrated Resource Plans" and the "other publicly available disclosures" identified in the Company's Response (i) do not "compare favorably with the guidelines of" the Trust's Proposal, which focus *specifically* and narrowly on the Company's identification of "all

generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium and high financial risk associated with each asset" and (ii) do not satisfy "the essential objective of the proposal," which is to better inform the Company's investors of the risks associated with the Company's existing and currently planned power generation portfolio for that fifteen-year period due to the Company's past actions and current plans intended to address global climate change.

At the outset, the Trust would like to make clear that, like other investors in the Company, it is interested in the Company's identification of *all* generation assets owned or leased by the Company *and* its wholly-owned subsidiaries, which include Public Service Co. of New Mexico (PNM) and Texas-New Mexico Power Co. (TNMP) (which are regulated as "public utilities"), that might become stranded within the next fifteen years due to the Company's efforts to address global climate change because it is the Company's stock, rather than PNM's or TNMP's, that is publicly traded and in which the Trust has invested. Therefore, the Trust's Proposal is not limited to generation assets owned or leased by PNM and, as discussed below, it requests information from the Company that is material to investors regarding not only the potential stranding of PNM's and TNMP's existing and future planned investments in coal-fired generation, but also those subsidiaries' existing and future planned investments in nuclear and natural gas-fired generation that may be exposed to a risk of stranding within the next fifteen years due to the Company's efforts to address global climate change.

2. Disclosures and Other Actions by the Company and PNM Relevant to the Trust's Proposal Since the SEC Office of Chief Counsel, Division of Corporate Finance's February 16 2017 Rejection of the Company's "No Action Request" Response to the Trust's Similar Proposal for the Company's 2017 Annual Shareholders' Meeting.

On January 12, 2017, relying on Rules 14a-8(i)(7) and 14a-8(i)(3), the Company asked the Division of Corporation Finance (Staff) of the Securities and Exchange Commission (SEC) to take "no action" on a proposal by the Trust for the Company's 2017 annual shareholders' meeting (2017 proposal) that was similar to the Trust's Proposal at issue here. On February 16, 2017, the SEC's Office of Chief Counsel rejected that request by the Company.

The Company's Board thereafter opposed the Trust's 2017 proposal. As reported in the Company's May 19, 2017 Form 8-K Report to the SEC, although the Trust's 2017 proposal was defeated at the Company's May 16, 2017 annual shareholders' meeting, 25,549,432 votes, representing 39.9% of the votes cast, were in favor of that 2017 proposal. That vote in 2017 by the Company's shareholders demonstrates the importance to many of the Company's investors of the specific subject matter (potential "stranded" generation assets) addressed in the Trust's current Proposal.

As also is shown on the Company's May 19, 2017 Form 8-K Report to the SEC, at the Company's May 16, 2017 annual shareholders' meeting, 32,010,935 votes, representing 49.9% of the votes cast, were in favor of the Levinson Foundation's distinct 2017 "2 Degrees Proposal," which was narrowly defeated by 67,833 votes, less than one per cent of the total votes cast. As discussed further below, contrary to the argument in Section II of the Company's Response, those substantially different vote numbers by the Company's shareholders on the Trust's 2017 proposal and the Levinson Foundation's 2017 "2 Degrees Proposal" at the Company's 2017 annual shareholders' meeting demonstrate that the Company's investors generally understand and view those proposals to have *distinct* principal focuses or "thrusts" and purposes relative to their interests in the Company.

The Company's January 22, 2018 Response argues that the Company has "substantially implemented" the Trust's current Proposal by taking the following further actions since that May 2017 vote by its shareholders: (i) management's recent publication of its "Climate Change Report" available at http://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx; (ii) management's recent publication of a "Generation Portfolio Report" available at http://www.pnmresources.com/about-us/sustainability-portal/environment.aspx; (iii) PNM's filing (on July 3, 2017) of its 2017 Integrated Resource Plan (2017 IRP) with the NMPRC; and (iv) "the Company's other public disclosures" on its "Sustainability Portal available at http://www.pnmresources.com/about-us/sustainability-portal.aspx.

As explained below, none of the foregoing disclosures or actions by the Company since the Office of Chief Counsel's February 16, 2017 rejection of the Company's objections to the Trust's 2017 Proposal and the Company's May 16, 2017 annual shareholders' meeting and vote on that prior Proposal by the Trust substantially implement the Trust's current Proposal or compare favorably with its guidelines. As also discussed by the Trust below, since that time, the following events and actions relating to the specific subject matter of the Trust's current Proposal have occurred or remain unresolved, further demonstrating why the Company's "no action" request on the Trust's current Proposal should be rejected:

- Appeals in 2016 by PNM and other parties of the NMPRC's September 28, 2016 Final Order in PNM's 2015 rate case (NMPRC Case No. 15-00261-UT), in which the "prudence" and "reasonableness" of PNM investments in the coal-fired San Juan Generating Station (SJGS) and costs relating to PNM's continuing reliance on the coal-fired Four Corners Power Plant (FCPP) to serve its New Mexico retail customers remain pending before and unresolved by the New Mexico Supreme Court (NMSC Docket No. 36,115);

- A number of stakeholders have filed protests of PNM's *proposed* 2017 IRP in a currently pending NMPRC proceeding (Case No. 17-000174-UT), arguing that it fails to satisfy all requirements in the NMPRC's Integrated Resource Plan Rule (17.7.3 NMAC) and therefore should not be "accepted" by the NMPRC as provided in that Rule. This NMPRC case is not scheduled to result in a final NMPRC order addressing those claims until at least the end of June 2018 or later, *after* the Company conducts its 2018 shareholders' meeting;

- On February 6, 2018, intervenor New Energy Economy (NEE), appealed the NMPRC's January 10, 2018 Revised Final Order in PNM's latest (2016) general rate case (Case No. 16-00276-UT) to the New Mexico Supreme Court challenging the NMPRC's decision in that Order to "vacate" the prior findings by two NMPRC hearing examiners that PNM's continuing participation and investments in the FCPP were "imprudent" and deferring the issue of the "prudence" of PNM's continuing participation and investments in that coal-fired plant until PNM's next general rate case (currently expected in 2020);

- At PNM's request, legislators introduced identical "Energy Redevelopment Act" bills (Senate Bill 47 and House Bill 80) at the 2018 Session of the New Mexico Legislature, which ended on February 15, 2018, that were intended, in part, to insulate PNM and the Company's investors from the risk that PNM may not be able to fully recover its remaining "undepreciated investments" in the SJGS and the FCPP due to past and potential future findings by the NMPRC that PNM's investments in those coal-fired plants were not "prudent" if and when those generating plants are abandoned by PNM for economic reasons as planned by PNM in its *proposed* 2017 IRP.[1]

3. The disclosures by the Company in PNM's "proposed" 2017 IRP, which has not been "accepted" by the NMPRC to date, do not "compare favorably with the guidelines of" the Trust's Proposal" or satisfy its "essential objective."

The disclosures by the Company's subsidiary, PNM, in PNM's "proposed" 2017 IRP filed with the NMPRC on July 3, 2017 do not "compare favorably with the guidelines of" the Trust's Proposal" or satisfy its "essential objective" for numerous reasons. First, as noted earlier, the Proposal's "guidelines" are not limited to generation assets that PNM currently owns or leases, or plans to own or lease, "within the next fifteen years." They also include generation assets that the Company's other wholly-owned subsidiary, TNMP, currently owns or plans to own within that time period.

---

[1] Copies of SB 47 and HB 80 introduced at the current 2018 Session of the New Mexico Legislature are publicly available on the New Mexico Legislature's "Bill Finder" web site. The principal sections of those Bills relevant to the discussion here are Sections 2.J, 2.T, 4, 10.E and 10.J.

The Trust's Proposal's "guidelines" also are not limited to generation assets that are owned or leased by PNM and relied on by PNM to serve its retail customers in New Mexico that are addressed in PNM's proposed 2017 IRP. They also include generation owned or leased by PNM (and TNMP) as "merchant plant" that is excluded from State regulation, such as the 65 MW of Unit 4 of the SJGS that PNM acquired in 2016 (addressed further below) and is or may be used by those utilities to sell power in the wholesale power market.[2]

The Company previously has acknowledged that PNM's existing ownership and continuing capital investments in the fossil-fueled (coal and natural gas-fired) power generation resources in its resource portfolio that emit greenhouse gasses (GHGs) create risks for the Company's investors. For example, the Company's February 29, 2016 SEC Form 10-K for the period ended December 31, 2015 stated (p. A-12): "The profitability of PNMR's utilities depends on being able to recover costs through regulated rates and earn a fair return on invested capital. PNM and TNMP are in a period of significant capital expenditures. While increased capital investments and other costs are placing upward pressure on rates, energy efficiency, and a sluggish New Mexico economy are reducing usage by customers."

That Company filing with the SEC (p. A-55) stated further:

> Because of PNM's dependence on fossil-fueled generation, legislation or regulation that imposes a limit or cost on GHG could impact the cost at which electricity is produced. While PNM expects to recover any such costs through rates, the timing and outcome of proceedings for cost recovery are uncertain. In addition, to the extent that any additional costs are recovered through rates, customers may reduce their usage, relocate facilities to other areas with lower energy costs, or take other actions that ultimately will adversely impact PNM.

More recently, the Company's Form 10-Q Report to the SEC for the quarterly period ended September 30, 2017 (at pp. 55-56) acknowledged the risks to the Company's investors associated with PNM's continuing reliance on the SJGS and the FCPP in its power generation portfolio even if the remaining participants in those coal-fired plants comply with existing federal Clean Air Act regulations, as follows:

> Although the RA [Restructuring Agreement] results in an agreement among the SJGS participants enabling compliance with current CAA [Clean Air Act] requirements, it is possible that the financial impact of climate change regulation or legislation, other

---

[2] As provided in the NMPRC's Integrated Resource Plan Rule, codified at 17.7.3.9 of the New Mexico Administrative Code (NMAC), the integrated resource plans electric utilities like PNM are required to periodically file with the NMPRC are only required to address existing and proposed supply-side resources the utility plans to rely on for its 20-year "planning period" to serve its "jurisdictional" retail service customers in New Mexico.

environmental regulations, the result of litigation, and other business considerations, could jeopardize the economic viability of SJGS or willingness of individual participants to continue participation in the plant....

***

The Four Corners participants' obligations to comply with EPA's final BART [Best Available Retrofit Technology] determinations, coupled with the financial impact of climate change regulation or legislation, other environmental regulations, and other business considerations, could jeopardize the economic viability of Four Corners or the ability of individual participants to continue their participation in Four Corners.

Contrary to the Company's argument in its Response, PNM's *proposed* 2017 IRP, which to date has not been "accepted" by the NMPRC as fully compliant with its IRP Rule as provided in 17.7.3.12.A NMAC, does *not* identify all generation assets that might become stranded due to PNM's proposed plans therein to address global climate change. Nor does that *proposed* 2017 IRP assess or quantify as "low, medium" or "high" the risk that any of its existing or currently planned generation assets may become "stranded" due to global climate change, as requested in the Trusts' Proposal.

PNM's *proposed* 2017 IRP does, however, indicate (at pp. 1-2) PNM's recognition and concern that some portion of its costs associated with its past or future investments in the coal-fired SJGS and FCPP may be at risk if it abandons service from Units 1 and 4 of the SJGS in 2022 and from its remaining 200 MW interest in the FCPP in 2031 for service to its New Mexico retail customers as proposed in that plan, as follows:

Key Findings

The most significant finding of the IRP is that retiring PNM's 497 MW share of SJGS in 2022 would provide long-term cost savings for PNM's customers. *The retirement will provide the opportunity to move from the fixed-costs and baseload operation associated with coal plants to resources that better match varying loads and are better equipped to work with renewable energy.*

The results of the IRP illustrates that energy needs are changing, and replacing coal supply with renewable energy and more flexible generators will save money for customers in the long run. The analysis found that exiting PNM's 13% share in the Four Corners Power Plant (FCPP) after the coal supply agreement expires in 2031 would also save money for PNM's customers....*The assessment of coal plant retirements assumes full cost recovery of PNM's investment in SJGS and Four Corners*. (Emphasis added).

In this regard, the Trust notes that, as shown in the NMPRC's record in Case No. 13-00390-UT, in order to keep operating SJGS Units 1 and 4 until at least June 2022 when the latest coal supply contract for those remaining Units expires, PNM acquired an additional 132 MW of capacity of SJGS Unit 4 in 2016, at no cost from its prior owners but subject to any future liabilities that are associated with that capacity. The Trust also notes that, pursuant to paragraph 24 of the "Modified Stipulation" approved by the NMPRC in that case, PNM is expressly "not allowed to recover any undepreciated investment related to the 132 MW of additional capacity, including investment related to the SNCR [Selective Non-Catalytic Converter Reduction] Project."

As also shown by the NMPRC's publicly available record in Case No. 13-00390-UT, PNM acquired an additional 65 MW of capacity from SJGS Unit 4 from its former owners in 2016, at no cost to PNM but subject to all future liabilities associated with that capacity, as "excluded merchant plant" because none of the other remaining participants in the SJGS wanted it and because PNM's acquisition of that remaining coal-fired generation capacity was necessary to complete the ownership reorganization agreed to by the remaining owners of the SJGS so that PNM could continue operating Units 1 and 4 of the SJGS beyond 2017.[3] The Trust notes that paragraph 20 of the Modified Stipulation approved by the NMPRC in that case states: "the excluded merchant capacity in SJGS Unit 4 may be exchanged for capacity in SJGS Unit 1 if the total amount of excluded merchant capacity does not exceed 65 MW. This paragraph does not prevent PNM from seeking a CCN in the future for any type of additional generating capacity."[4]

As shown by the NMPRC's record in Case No. 13-00390-UT, PNM's Application in that case requested full "recovery of" the undepreciated net book value of its investments in Units 2 and 3 of the SJGS as of December 31, 2017 (the proposed abandonment date) and a "return on" that amount at PNM's "weighted average cost of capital," including its authorized "return on equity." As shown there, the Modified Stipulation agreed to by PNM and approved by the NMPRC in December 2015 in that case allowed PNM to recover *only 50%* of that amount, resulting in a write-down of those investments by PNM on its books.

It is indisputable that PNM's continuing ownership of SJGS Units 1 and 4 and its current plan to continue relying on that coal-fired resource until at least 2022, as stated in its *proposed*

---

[3] NMPRC Case No. 13-00390-UT, sworn prepared July 31, 2015 Supplemental and October 6, 2015 Rebuttal testimonies of PNM witness Chris Olson and sworn prepared August 28, 2015 testimony in support of Supplemental Stipulation by PNM witness Gerard Ortiz. The Company's Form 10-Q Report (p. 55) for the period ended Sept. 30, 2017 reported that PNM has "entered into agreements to sell the 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."

[4] The full text of the Modified Stipulation filed with the NMPRC on August13, 2015 and approved by the NMPRC on December 16, 2015 in NMPRC Case No. 13-00390-UT, also referred to in that case as the "Supplemental Stipulation," is publicly available using the NMPRC's "Case Lookup Edocket" on its website.

2017 IRP, expose the Company and its investors to a risk that PNM may be unable to recover its "undepreciated investments" in those plants (including the costs of any additional capital investments PNM makes to address GHG and other atmospheric emissions from those plants and operate them in an efficient manner) if, as indicated in that PNM plan, it would not be prudent for it to continue relying on those plants to serve its customers beyond 2022 due to the availability of lower cost alternative energy resources (e.g., renewable energy, energy storage and/or natural gas-fired resources), or for other service-related reasons. It also is indisputable that PNM's stated plan in its *proposed* 2017 IRP to continue relying on its ownership interests in the coal-fired FCPP until at least 2031 exposes the Company's investors to similar investment recovery risks, including the risk that PNM may be unable to recover the undepreciated costs of any additional capital investments it makes in those plants in the future to keep them operating for another fourteen years.

It is the Trust's understanding that a public utility like PNM has no regulatory, statutory or constitutional *right* (under the New Mexico or U.S. Constitutions) to recover the entire amount of its remaining (undepreciated) investments in a generation plant that is determined by the utility to be uneconomic because more cost-effective resource alternatives are available to meet its service needs. It is the Trust's understanding that this is particularly the case in jurisdictions like New Mexico where the regulatory agency historically has authorized the utility to earn a "return on" its investments in plants that includes a "risk premium" that compensates investors for that regulatory risk, which the NMPRC has authorized with respect to PNM's investments in the SJGS, the FCPP and PNM's other power generation plants. *See generally Duquesne Light Co. v. Pennsylvania Power Co.*, 488 U.S. 299, 310-13 and n. 7 (1989) (recognizing the "risk premium" authorized by state regulators). It also is the Trust's understanding that, under applicable New Mexico law (i.e., the New Mexico Public Utility Act and NMPRC precedent) and established ratemaking principles adopted by the NMPRC, the NMPRC has authority in PNM ratemaking proceedings to deny PNM a "return of" and/or a "return on" investments that it determines were not "prudent" or "reasonable."

In this regard and as noted earlier, in addition to the challenges in PNM's 2015 rate case to the "prudence" and PNM's recovery of its investments in the SJGS and the FCPP currently pending before the New Mexico Supreme Court, two other events have occurred since the Office of Chief Counsel's February 16, 2017 rejection of PNM's objections to the Trust's 2017 proposal that relate to the matters addressed in the Trust's current Proposal: (i) the NMPRC's issuance on January 10, 2018 of its Revised Final Order in PNM's 2016 general rate case (No. 16-00276-UT) addressing the "prudence" of PNM's continuing participation and investments in the FCPP; and (ii) the introduction, at PNM's request, at the 2018 Session of the New Mexico Legislature of two "Energy Redevelopment Bond Act" bills (SB 47 and HB 80) that, if enacted into law,

would have addressed PNM's recovery of its undepreciated investments in coal-fired plants that it abandons for service to its New Mexico retail customers within twelve years of the effective date of that Act and PNM's recovery of its investments in other "existing generation." Neither of those recent developments is addressed in the Company's Response.

The NMPRC's Revised Final Order in Case No. 16-00276-UT is relevant to the Trust's Proposal because it provided that, instead of adopting a finding by two of the NMPRC's hearing examiners that PNM's continuing participation and investments in the FCPP were "imprudent," the NMPRC "vacated" those findings in response to PNM's objections to them (in order to obtain the rate benefits of a settlement proposed in that case), and expressly *deferred* addressing the issue of the "prudence" of PNM's continuing participation and investments in that coal-fired plant until PNM's next general rate case, currently expected in 2020). One intervening party in that case (NEE) appealed NMPRC's Revised Final Order in that case to the New Mexico Supreme Court on February 6, 2018. It is the Trust's understanding that, based on the timing of past appellate decisions by that Court, a decision in that appeal is not expected until 2019, at the earliest.

Regardless of the outcome of that appeal of the NMPRC's Revised Final Order in Case No. 16-00276-UT, the NMPRC's express *deferral* of a ruling on the "prudence" of PNM's continuing participation and investments in the FCPP in that Order appears to have provided notice to PNM and the Company's management that PNM's ability to recover its past and future undepreciated investments in that coal-fired plant in future rate cases remains at risk. None of the Company disclosures in its *proposed* 2017 IRP or other disclosures described in the Company's Response address or asses that risk, as requested in the Trust's Proposal.

As also noted earlier, on or about January 2, 2018, SB 47 and HB 80, entitled "Energy Redevelopment Bond Act" (ERBA), were filed at the 2018 Session of the New Mexico Legislature at PNM's request. One of the apparent purposes of those Bills (e.g., in Section 4) was to legislatively protect PNM and the Company's investors from exposure to the risk that PNM may not be able to recover all of its past or future undepreciated investments in the SJGS and the FCPP and other associated costs (e.g., for decommissioning of those plants and PNM's share of reclamation of the mines that provide coal to those plants, etc.) from its retail customers if it abandons service from those plants, as stated in PNM's *proposed* 2017 IRP for "economic" reasons, if the NMPRC were to find that any of those investments were not "prudent" and "reasonable." That proposed legislation would have accomplished that by removing and limiting the NMPRC's authority and discretion under existing New Mexico law to deny PNM recovery of its undepreciated investments in those coal-fired plants based on potential future "imprudence" findings if PNM requested a "financing order," pursuant to that legislation, to finance its recovery of those investments and other costs defined therein as "energy redevelopment costs."

A January 18, 2018 "Agency Bill Analysis" of SB 47 by the NMPRC's Utility Division Staff for the New Mexico Legislature's Legislative Finance Committee and the New Mexico Department of Finance also addressed the possibility that, if that proposed ERBA legislation was enacted, it could have a negative impact on the Company's "return on equity" to its investors in the future even if it allowed PNM to fully recover all of its past and future costs associated with the SJGS and the FCPP if and when PNM obtains NMPRC approval to abandon those coal-fired plants and one or more "financing orders" to finance that cost recovery, as provided in that legislation. That Bill Analysis by the NMPRC's Staff noted (at p. 7) that the proposed legislation (as initially filed with the Legislature) would remove or diminish the NMPRC's existing authority under the Public Utility Act to strike a "proper balance between the interests of all ratepayers and all investors" (emphasis in original) in the ratemaking process, and that:

> If recovery of all investment was guaranteed, shareholders would not be incurring any risk, *and therefore there would be no reason to set rates with a profit component that includes any risk premium, as rates are so set.* This profit component to shareholders is the Return on Equity which is weighted by the equity component of a utility's capital structure when calculating the WACC [weighted average cost of capital]. (Emphasis added).

Additional provisions in proposed SB 47/HB 80 (Section 10.E) would have required that PNM satisfy *new* minimum "clean energy resources" percentages of its "total retail sales to its customers" (40% by 2025 and 50% by 2030) that are *substantially higher* than the "renewable portfolio standard" percentage applicable to PNM (and other investor-owned electric utilities in New Mexico) required by the New Mexico Renewable Energy Act (currently 15%, scheduled to increase to 20% in 2020). If such new renewable energy requirements were enacted in 2018 as part of that proposed legislation or in similar legislation in 2019, it is the Trust's understanding that would likely constitute a "material event that would have the effect of changing the results of PNM's *proposed* 2017 IRP and require changes to that plan, pursuant to the NMPRC's IRP Rule, 17.7.3.10 NMAC. It also is the Trust's understanding that such a "material event" would likely result in one or more stakeholders requesting that the NMPRC investigate the extent to which any such new renewable energy requirements change the results of its *proposed* 2017 IRP.

Another provision in proposed SB 47/HB 80 (Section 10.J) would have prohibited the NMPRC from disallowing "full recovery of any costs of, or investments in" any of PNM's "existing generation" based on an NMPRC finding that complying with the higher minimum "clean energy resources" requirements in the legislation rendered that existing generation "uneconomic." The apparent purpose of that provision was to protect the Company's investors against the risk that PNM may be unable to fully recover costs associated with its past and future investments in its existing nuclear generation from the PVGS, and possibly other "existing

generation" in its resource portfolio, if it were required to comply with those greater "clean energy resources" requirements. That concern by the Company appears to be consistent with one of the "key findings" stated in PNM's *proposed* 2017 IRP (p. 1), quoted earlier, that moving away "from the fixed costs and baseload operation associated with coal plants," which also are associated with nuclear plants that operate as "baseload" resources, provides PNM with resource opportunities that "better match varying loads and are better equipped to work with renewable energy."

In this regard, the Trust notes that PNM's *proposed* "most cost-effective portfolio" in its *proposed* 2017 IRP (shown on Table 128, p. 198 of the Appendices thereto) indicates that PNM currently plans to *purchase* its existing lease of 104 MW from Unit 1 of the PVGS in 2023 and its existing lease of 10 MW from Unit 2 of the PVGS in 2024, i.e., within the "next fifteen years" period addressed in the Trust's Proposal. PNM's *proposed* 2017 IRP was finalized in the first half of 2017. It therefore appears to the Trust that PNM's plan to purchase those PVGS leases was based on its determination at that time that it will be cost-effective and "economic" for its customers to do so in 2023 and 2024, five to six years from now.

The provision in Section 10.J of proposed SB 47/HB 80, however, strongly suggests that PNM's plan to purchase those PVGS leases in 2023 and 2024 may expose investors to additional stranded generation asset risks even if that legislation is not enacted in New Mexico. That provision addressed the risk that PNM's compliance with the minimum renewable energy requirements in Section 10.E of that proposed legislation, which were *substantially greater* than the post-2019 "renewable portfolio standard" requirements applicable to PNM under the New Mexico Renewable Energy Act assumed in PNM's *proposed* 2017 IRP, could render PNM's "existing" owned or leased generation, including in the PVGS, "uneconomic."

It is possible, however, that based on the results of future requests for competitive proposals for new resources to replace the SJGS and the FCPP and the NMPRC's requirement under existing law that utilities procure their "most cost-effective resource" among "feasible" alternatives to meet their service needs, that PNM may need to procure substantially greater amounts of renewable energy that indicated in its proposed 2017 IRP during the next fifteen years even if that is not required by legislation in New Mexico. If so, that too may expose investors to a risk of stranded generation with respect to PNM's current plan to purchase those PVGS leases in 2023 and 2024. The current need for the Company to provide investors with its assessment of this risk, as requested in the Trust's Proposal, is particularly important in light of the NMPRC's finding in Case No. 15-00276-UT, addressed earlier, that PNM had not shown that its *last* purchase of one of its leased interests in the PVGS (Unit 3) was "prudent," which was the basis for the NMPRC's denial of PNM's recovery of some of its costs associated with that nuclear asset purchase.

It is the Trust's understanding that neither proposed Substitute SB 47/HB 80 nor any other legislation addressing PNM's ability to recover its undepreciated investments in the coal-fired, nuclear-fueled or natural gas-fired resources in its existing or currently planned generation portfolio was passed in the recently concluded 2018 Session of the New Mexico Legislature. Nevertheless, as proposed by PNM, that legislation appears quite clearly to have been based on the Company's recognition that recent past investments, and possibly future investments by PNM in the SJGS and FCPP expose the Company's investors to the risk that PNM may not be able to fully recover those investments and/or a "return on" them if and when PNM requests the NMPRC's authority to do so.[5]

It is possible that the Company may propose, and that the State of New Mexico may enact, similar legislation in 2019 or thereafter. The Trust is aware, however, that during the 2018 Session of the New Mexico Legislature, at least one stakeholder (NEE) communicated by letter to New Mexico legislators that, if such legislation were enacted, it would challenge it in court as being in violation of Article IV, Section 34 of the New Mexico Constitution (which provides: "No act of the legislature shall affect the right or remedy of either party, or change the rules of evidence or procedure in any pending case") due to the cases pending before the New Mexico Supreme Court, noted earlier, where PNM's right to recover its investments in the SJGS and FCPP remain at issue. It therefore appears to the Trust that, even if similar legislation is enacted in 2019 or before PNM seeks the NMPRC's authority to abandon the SJGS or the FCPP, it may not insulate investors from these "stranded" generation asset investment risks if its constitutionality is challenged and that legal challenge ultimately is successful.

In any event, the Company's Response does not show that the Company or its subsidiary, PNM, comprehensively assessed in PNM's *proposed* 2017 IRP, which has not yet been "accepted" by the NMPRC as being fully compliant with the NMPRC's IRP Rule (17.7.3 NMAC), "all PNM generation assets that might become stranded, in what time frame, and quantifying low, medium, and high financial risk associated with each respective asset," as proposed in the Trust's Proposal. In fact, as a matter of applicable New Mexico law, such assessments by electric utilities in their periodic integrated resource plans are not required by the NMPRC's IRP Rule, codified at 17.7.3 NMAC.

---

[5] A full-page ad in the February 14, 2018 edition of *The Santa Fe New Mexican* (p. A-5), stating it was "Paid for by PNM Resources' Shareholders," blaming an environmental organization for defeating SB 47 stated that the defeat of that proposed legislation meant "Missing out on a historic opportunity to make New Mexico a leader in sustainable energy by putting into place a framework for making our state coal-free." The ad did not make clear which of the Company's shareholders paid for it or if the Company's management approved placing it, though the Trust finds it difficult to believe it was not reviewed and approved by management. More importantly with respect to the Trust's Proposal, it is not clear if that statement reflects any change by management to PNM's plan in its *proposed* 2017 IRP to abandon the SJGS by 2022 and the FCPP by 2031 and, if so, whether any such change may expose investors to the types of "stranded" generation asset risks addressed in the Trust's Proposal.

The distinct "objective" of the NMPRC IRP Rule, as stated in 17.7.3.6 NMAC, is as follows:

> The purpose of this rule is to set forth the commission's requirements for the preparation, filing, review *and acceptance* of integrated resource plans by public utilities supplying electric service in New Mexico *in order to identify the most cost effective portfolio of resources to supply the energy needs of customers*. For resources whose cost and service quality are equivalent, the utility should prefer resources that minimize environment impacts. (Emphasis added).

As stated there, the principal focus of the NMPRC's IRP Rule is on the *cost-effectiveness* of an electric utility's resource portfolio. It does not require that PNM's *proposed* 2017 IRP, or any other IRP prepared by PNM or any other electric utility for that matter, provide a comprehensive identification and assessment of all of the Company's generation assets that might become stranded due to the Company's plans to address climate change, in what time frame, and quantification of those risks, as requested in the Trust's Proposal. The criteria for compliance with that NMPRC Rule therefore is not the same as the criteria in the Trust's Proposal.

To accomplish the "objective" stated in 17.7.3.6 NMAC, two sections of the NMPRC's IRP Rule, codified at 17.7.3.9.F and G NMAC, require that IRPs proposed by electric utilities identify and "consider all feasible supply-side and demand-side resources" and identify its "most cost-effective resource portfolio" by evaluating "all feasible supply and demand-side resource options on a consistent and comparable basis, and take into consideration risk and uncertainty (including but not limited to financial, competitive, reliability, operational, fuel supply, price volatility and anticipated environmental regulation)" and "evaluate the cost of each resource through its projected life with a life-cycle or similar analysis" and "consider and describe ways to mitigate *ratepayer risk*." (Emphasis added).[6] Pursuant to Section 12.A of that Rule (17.7.3.12.A NMAC), the NMPRC is required to review a public utility's "*proposed* IRP for compliance with the procedures and objectives set forth therein." (Emphasis added).

With respect to the reliability of the generation resource plans described in PNM's *proposed* 2017 IRP, the Trust also notes that, to date, the NMPRC has not "accepted" that proposed Plan as being compliant with the its IRP Rule. Section 12.A of that Rule provides further:

> The commission may accept the *proposed* IRP as compliant with this rule without hearing, unless a protest is filed that demonstrates to the commission's reasonable satisfaction that a hearing is necessary. Protests must be filed within thirty (30) days of

[6] That NMPRC Rule does *not* require that an electric utility consider and describe ways to mitigate *investors'* risks.

the filing of the *proposed* IRP. If the commission has not acted within forty-five (45) days after the filing of the *proposed* IRP, that IRP is deemed *accepted as compliant with this rule*. If the commission determines the *proposed* IRP does not comply with the requirements of this rule, the commission will identify the deficiencies and return it with the utility with instructions for re-filing. (Emphasis added).[7]

Pursuant to the foregoing provisions in the NMPRC's IRP Rule, if timely protests of a public utility's "proposed" IRP are filed, there is no legal determination that, as proposed, that plan complies with the requirements in the Rule unless the NMPRC issues an order determining such compliance. As shown by the NMPRC's publicly available records in Case No. 17-00174-UT, timely protests of PNM's *proposed* 2017 IRP were filed by a number of stakeholders.

As also is shown by the NMPRC's public record in Case No. 17-00174-UT, on August 16, 2017, the NMPRC issued an Initial Order in that case determining (at ¶ 10) that the protests filed had demonstrated to the reasonable satisfaction of the NMPRC that a hearing was "necessary to determine whether PNM's proposed 2017 IRP is in compliance with Rule 17.7.3" and "[a]ccordingly the Commission should not accept the proposed IRP as compliant with Rule 17.7.3 at this time and this matter should be referred to a hearing examiner." The NMPRC's public record in Case No. 17-00174-UT shows further that, on January 29, 2018, the Hearing Examiner assigned to that case issued a "Second Procedural Order" setting a public hearing on PNM's proposed 2017 IRP for June 4, 2018. It therefore is clear that the NMPRC will not determine whether PNM's *proposed* 2017 IRP should be "accepted" as compliant with the NMPRC's IRP Rule until *after* PNM's conducts its 2018 annual shareholders' meeting where the Trust is asking the Company's management to present its Proposal.

4. The Company's publication of the "Climate Change Report" on its website also does not "compare favorably with the guidelines of the proposal" or satisfy "the essential objective of the proposal."

The Company's recent publication of the "Climate Change Report" on its website cited in its Response also does not compare favorably with the guidelines of the Trust's Proposal or satisfy the Proposal's essential objective. On the contrary, although that Report begins by acknowledging that "[c]limate change continues to pose risk and demand answers," it does not even mention, let alone address or comprehensively identify and assess, the Company's existing (or proposed) generation assets that may be exposed to the risk of stranded investments as a result of the Company's past actions and current plans to address global climate change, as requested in the Trust's Proposal. As shown by that Report, the Company's statements and "disclosures" there are more of a public relations effort justifying past and current planning decisions by PNM's management to address climate change.

---

[7] The NMPRC amended Section12.A of its IRP Rule on January 10, 2018 in Case No. 17-00198-UT. PNM acknowledged in that case, however, that because NMPRC rule changes operate prospectively, not retroactively, those changes do not apply to PNM's *previously* filed proposed 2017 IRP.

For example, the Company states in that Report: "We have made, and continue to make, significant investments to reduce the environmental impact of delivering power while minimizing the cost to our customers," citing the 40% reduction of PNM's annual CO_2 emissions "over 2012 levels" expected to result from its abandonment and closure of two units of the SJGS at the end of 2017 and its expectation that, by 2030, it will "achieve an annual reduction of approximately 60 percent in CO_2 emissions "over 2012 levels." In support of that 2030 "expectation," the Company cites its plan in its proposed 2017 IRP to "completely exit coal generation by 2031."

The Company's "Climate Change Report," however, does not address or assess whether PNM's decisions in the 2012-2015 time-frame to ask the NMPRC for authority to continue operating Units 1 and 4 of the SJGS *for an indefinite time period beyond 2017* (which it received in December 2015 in NMPRC Case No. 13-00390-UT) and to thereafter continue to make substantial additional capital investments in those plants to keep operating them expose investors to a risk that PNM might not be able to fully recover those investments or a "return on" them due to the NMPRC's authority to deny PNM such cost recovery in future rate cases if it were to find those investments to be "imprudent." The Company's " Climate Change Report" also does not address the risks to investors of the NMPRC's *subsequent* findings in its Final Order in PNM's 2015 rate case (NMPRC No. 15-00261-UT), currently on appeal before the New Mexico Supreme Court, that (i) some of PNM's *subsequent* capital investments in the SJGS were "imprudent" and (ii) PNM had not shown that its decision in 2012 to purchase one of its leased interests in the PVGS was "prudent," and thus some of those investments were not recoverable by PNM from its customers. That Report also does not address the potential risk to investors associated with the challenge in that pending appeal by one party (NEE) of the "prudence" of PNM's agreement with the operator of the FCPP to enter into a new, long-term coal supply contract (through 2031) for that coal-fired plant.

The Company's "Climate Change Report" also does not address the "stranded asset" risk to investors of PNM management's decision to continue making capital investments in both the SJGS and the FCPP *after* publicly announcing on July 3, 2017, in its *proposed* 2017 IRP (p. 1), that it plans to abandon service from its remaining 497 MW share of the SJGS in 2022 and its 13% (200 MW) share of the FCPP in 2031 *before* PNM will have fully recovered its undepreciated investments in those plants from its retail customers. That Report also does not address the "stranded asset" risk to investors of the NMPRC's decision in its January 10, 2018 Revised Final Order in PNM's most recent rate case (NMPRC No. 16-00276-UT) to defer addressing the "prudence" of PNM's continuing reliance on and investments in the FCPP to serve is retail customers in New Mexico until PNM's next rate case, which PNM has publicly announced it expects to file in the 2019-2020 time-frame.

The Company's "Climate Change Report" relies principally on PNM's *proposed* 2017 IRP, addressed earlier. As noted earlier, PNM's *proposed* 2017 IRP (pp. 1-2) states that PNM plans to continue relying on its remaining 497 MW ownership interest in the SJGS until 2022 and on its 13% interest in the FCPP until 2031, with the "assumption" and caveat that the

NMPRC authorizes PNM's "full cost recovery" of its then remaining undepreciated investments in those plants and a return on those investments.

As explained earlier, legislative insulation from the risk that the NMPRC may not authorize such "full cost recovery" by PNM associated with those coal-fired plants was one of the principal objectives of PNM's proposed "ERBA" legislation (SB 47/HB 80) that was introduced, but not passed by the New Mexico Legislature in its recently-ended 2018 Session. As also explained earlier, that proposed legislation contained a provision (Section 10.J) that recognized that, if PNM were to satisfy the greater renewable energy requirements proposed in that legislation, or based on its obligation under applicable New Mexico law to procure the "most cost-effective" generation resources among "feasible" alternatives available for its customers, some or all of PNM's existing or planned additional investments in "base load" nuclear capacity from the PVGS may become "uneconomic" and expose the Company's investors to the risk that PNM may not be able to recover those investments from its customers.

In this regard, it is the Trust's understanding, based on a U.S. Department of Energy report provided to the NMPRC in Case No. 13-00390-UT, that as electric utilities like PNM incorporate more "variable" renewable energy resources (e.g., solar and wind) into their generation portfolios, it is increasingly more cost-effective for them to rely more on "flexible" resources, such as energy storage and existing or new natural gas-fired peaking facilities, than on coal-fired or nuclear resources that provide a utility with inflexible "base load" capacity. As noted earlier, PNM relies on its investments in PVGS to provide "base load" capacity to serve its New Mexico retail customers. As also noted earlier, PNM's *proposed* 2017 IRP (p. 1) addressing PNM's plan to retire its remaining 497 MW interest in the SJGS in 2022 states that "retirement will provide the opportunity to move from the fixed costs and baseload operation associated with coal plants to resources that better match varying loads and are better equipped to work with renewable energy." The Trust therefore believes it is important that, in accordance with its Proposal, the Company address whether its current plan to purchase its remaining lease interests in the PVGS in 2023 and 2024 could expose investors to a risk of "stranded" investments in those generation assets as PNM increases its reliance on renewable energy resources to address global climate change and for economic (i.e., cost-effectiveness) reasons.

The Company's "Climate Change Report," like PNM's *proposed* 2017 IRP referenced therein, also does not assess any "stranded asset" risks associated with PNM's acquisition in 2016 of 65 MW of capacity from Unit 4 of the SJGS for use as "excluded merchant plant," as described in the Modified Stipulation approved by the NMPRC in Case No. 13-00390-UT. Moreover, like PNM's *proposed* 2017 IRP, the Company's "Climate Change Report" does not address or assess any "stranded asset" risks associated with PNM's "most cost-effective portfolio" plan in that proposed IRP (as shown on Table 128 of its Appendices) to *purchase* 104 MW of its existing *leased* interest in "base load" capacity from Unit 1 of PVGS in 2023 and to *purchase* an additional 10 MW of its existing *leased* interest in "base load" capacity from Unit 2 of that nuclear plant in 2024. *See* discussion above addressing the NMPRC's findings in its Final

Order in Case No. 15-00261-UT regarding the "prudence" of PNM's decision in 2012 to purchase its leased interest in Unit 3 of the PVGS.[8]

In sum, as a result of the recent NMPRC decisions in PNM's last two rate cases addressing PNM's recovery of costs associated with its investments in the SJGS, the FCPP and the PVGS, addressed earlier, and the failure of passage of SB 47/HB 80 at the 2018 Session of the New Mexico Legislature, the *relevance and importance to investors* of requiring the Company to present the Trust's Proposal at its upcoming 2018 annual shareholders' meeting *is even greater today than it was last year* when the SEC required that the Company allow its investors to vote on the Trust's similar proposal at its 2017 annual shareholders' meeting.

5. The Company's disclosures on its "Sustainability Portal" on its web site also do not "compare favorably with the guidelines of the proposal" or satisfy "the essential objective of the proposal."

The Company's Response (pp. 4-6) also argues vaguely that information on its "Sustainability Portal" on its web site complies favorably with the guidelines of the Trust's Proposal and satisfies the essential objective of the Proposal, claiming that, "together with the Company's other public disclosures," it "substantially" implements the Trust's Proposal. The Company argued similarly regarding its "Sustainability Portal" in its objections to the Trust's 2017 proposal.

The Trust's review of the information currently posted on the Company's "Sustainability Portal," including the information in its "Generation Portfolio Report" addressed earlier, indicates that *none* of that information addresses the "stranded asset" risk matters as requested in the Trust's Proposal.[9] This should not be surprising to the SEC considering the argument in the Company's Response, which we address in the following section, that it would be "premature and speculative" for the Company to provide the assessment requested in the Trust's Proposal. *On its face*, that internally inconsistent argument in the Company's Response shows the SEC that the Company's claim that it has *already* "substantially implemented" the Trust's Proposal in its disclosure on its "Sustainability Portal," its proposed 2017 IRP and other public documents is without merit and does not provide a credible or sufficient basis for exclusion of the Trust's Proposal under Rule 14a-8(i)(10).

---

[8] The Trust understands that PNM's current plan to purchase its remaining leased interests in PVGS in 2023 and 2024 may be viewed by the Company's management and some investors as positive in terms of the Company's prospective earnings potential. The Trust believes, however, that a Company assessment of the potential risk of "stranded" generation asset investments associated with that PNM plan in response to the Trust's Proposal is of material importance to investors.

[9] The information posted by the Company on its "Sustainability Portal" simply repeats or summarizes conclusory statements in PNM's *proposed* 2017 IRP which, as discussed earlier, has not been accepted by the NMPRC as compliant with its IRP Rule to date and does not "substantially implement" the Trust's Proposal.

6. The Company's argument that publishing any identification or assessment of "potential stranded assets" due to climate change "would be premature and speculative" is neither a proper basis for exclusion of the Trust's Proposal from the Company's 2018 Proxy Materials under Rules 14a-8(i)(10) or 14a-8(i)(11) nor reasonable.

The Company's Response (p. 5) contradicts its own arguments, arguing that, because "[i]t is PNM's regulator, the NMPRC, that will ultimately consider and determine the relevant ratemaking treatment of any retirements of coal generation or other generation assets... publishing of any analysis, other than as made available publicly by the Company as described above, regarding potential stranded assets (including quantification of low, medium and high financial risk, associated with each asset as requested by the Proposal) would be premature and speculative." It adds parenthetically there: "(We note that the Company will continue to comply with its disclosure obligations under applicable securities laws regarding material trends and known uncertainties, which *may* include disclosures in its filings with the SEC *if and when the Company determines there is a reasonable possibility* that PNM's generation assets may become stranded and result in a significant impairment.)" (Emphasis added).

That argument is not a proper basis for exclusion of the Trust's Proposal from the Company's 2018 Proxy Materials under Rules 14a-8(i)(10) or 14a-8(i)(11). Neither of those Rules provide that a Company may exclude a proper shareholder proposal because a regulatory agency or some other entity has the ultimate authority to consider and determine the outcome of a matter that may present risks to investors addressed in the proposal, or if requiring the Company to comply with a proposal would require it to "prematurely" speculate about that outcome before that agency or some other entity exercises its authority.

That Company argument also is not reasonable. Obviously, what is important and of interest to the Trust, and likely to other investors, with respect to the Trust's Proposal is a reasonable Company assessment of the risk that any of the Company's existing or currently planned generation assets may become stranded due to the Company's past actions and current plans to address climate change so that the Trust and other investors can reasonably understand and assess those risks *before any such stranding of assets actually occurs*. It is patently unreasonable for the Company to argue that it need not provide investors with such a "stranded asset" risk assessment until a regulatory agency with authority over the subjects of that risk actually acts to address those matters or until the Company discloses "under applicable securities laws" that such an agency has done so or intends to do so at some future point in time. That Company approach would simply keep investors "in the dark" about those risks until it may be too late for them to do anything to try to manage them.

Moreover, as discussed earlier, the very facts that (i) at the Company's request, legislation (SB 47/HB 80) was proposed in the 2018 Session of the New Mexico Legislature to insulate PNM against the risk of not fully recovering its undepreciated investments and other costs associated with existing and planned ownership and leased interests in the SJGS, FCPP and PVGS due to its past actions and current plans to address climate change and (ii) that proposed legislation was not passed in that Session shows that the Company *already believes it currently is*

exposed to that risk, that this risk is not "speculative," and that the Company's desire to try to address and manage that risk is *not* "premature." The notion that the Company proposed that "stranded" generation asset risk-insulation legislation within the last forty-five days without first determining that it *currently* faces this risk is all the more not credible or persuasive considering the NMPRC's decisions since December 2015 *limiting* PNM's recovery of costs associated with those generating plants, discussed earlier. Those regulatory decisions include the NMPRC's Revised Final Order in Case No. 16-00276-UT, issued at approximately the same time that legislation was introduced (in January 2018) at the 2018 Session of the New Mexico Legislature, stating that the NMPRC would defer addressing the "prudence" of PNM's continuing reliance on and investments in the FCPP until PNM files its next rate case.

Based on the foregoing facts and circumstances, inclusion of the Trust's Proposal in the Company's Proxy Materials for its 2018 annual shareholders' meeting could not be any more timely or appropriate than it is now.

7. The Trust's Proposal would not "substantially duplicate" the 2018 proposal by the Max and Ana Levinson Foundation (2 Degrees Proposal) and therefore is not excludable under Rule 14a-8(i)(11).

The Company's Response (pp. 6-7) argues that, if the Staff does not agree with the Company that the Trust's Proposal is excludable under Rule 14a-8(i)(10) and that the Levinson's distinct 2 Degrees Proposal is not excludable under the SEC's Rules as argued by the Company elsewhere,[10] Staff "could" exclude the Trust's Proposal under Rule 14a-8(i)(11) because the Trust's Proposal "substantially duplicates the 2 Degree Proposal." It argues that "both seek assessments and reports regarding PNM's assets and business as they relate to climate change and the risks associated with that topic." In this regard, the Company's Response argues that "[t]he standard the Staff has applied in determining whether a proposal is substantially duplicative of a previously submitted proposal is whether the two proposals have the same 'principal thrust' or 'principal focus,' not whether the proposals have identical wording."

These alternative arguments in the Company's Response also are without merit and should be rejected. As quoted in the Company's Response, the text of the resolution in the "2 Degrees Proposal" reads as follows:

> "RESOLVED: Shareholders request that PNM, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long-term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels."

A comparison of the Trust's Proposal with the foregoing "2 Degrees Proposal" shows that their "principal" thrusts or focuses are substantially different. The principal thrust and focus of

---

[10] The Company's Response (p. 6) indicates the Company also is currently arguing for exclusion of the 2 Degrees Proposal by the Levinson Foundation.

the Trust's Proposal is a Company assessment of the levels of risk to investors that, within the next fifteen years, the Company's investments in specific generation assets in its resource portfolio may become stranded and unrecoverable due to the Company's past actions and current plans to address climate change. The distinct "principal" thrust and focus of the "2 Degrees Proposal," which does *not* request or focus on a Company assessment of those "stranded asset" investment risks, is "the long-term impacts on the company's portfolio" of "public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels."

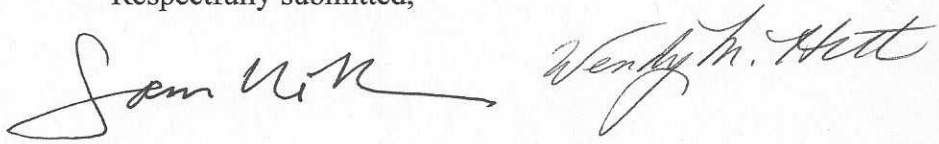
The substantial differences between the principal thrusts and focuses of the Trust's Proposal and the "2 Degrees Proposal" are clearly more than semantic. For example, there is no language in the "2 Degrees Proposal" that necessarily would require the Company to provide the identification of generation assets that may become "stranded" or the assessment of the levels of risk of stranding those assets specifically requested in the Trust's Proposal.

There is no language in the Trust's Proposal that would require the Company to assess how any of the "public policies and technological advances" referenced in the "2 Degrees Proposal" may impact the Company's resource portfolio. For example, one such "technological advance" may be the widely reported, rapidly declining costs of utility-scale energy storage technologies in the United States. The "2 Degrees Proposal," however, does not appear to require that the Company specifically assess the extent to which that or any other technological advance may expose investors to a risk that they may not be able to fully recover the Company's investments in any of its existing or currently proposed generation resources.

CONCLUSION

For the foregoing reasons, the Company's request that the SEC exclude the Trust's Proposal from the Company's 2018 Proxy Materials should be denied. The Company assessment requested in the Trust's Proposal is necessary and appropriate to allow investors in the Company to make informed decisions about the risks associated with the Company's existing and currently planned power generation assets. The Company's January 22, 2018 Response provides no reasonable or proper basis, in accordance with the SEC's Rules, to exclude the Trust's Proposal.

Respectfully submitted,



For the Sam and Wendy Hitt Family Trust

Cc: Jane Witt Sellers, McQuireWoods
Patrick V. Apodaca-Senior Vice President, Gen. Counsel and Secretary of PNMR
Leonard Sanchez-Associate General Counsel of PNMR
Missionary Oblates of Mary Immaculate

McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, VA 23219-3916
Phone: 804.775.1000
Fax: 804.775.1061
www.mcguirewoods.com

Jane Whitt Sellers
jsellers@mcguirewoods.com
Direct: 804.775.1054

McGUIREWOODS

January 22, 2018

VIA E-MAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F. Street, N.E.
Washington, D.C. 20549

Re: PNM Resources, Inc. – Exclusion of Shareholder Proposal Submitted by The Sam and Wendy Hitt Family Trust Pursuant to Rule 14a-8

Ladies and Gentlemen:

On behalf of our client PNM Resources, Inc., a New Mexico corporation (the "Company"), we hereby respectfully request that the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission" or "SEC") advise the Company that it will not recommend any enforcement action to the SEC if the Company omits from its proxy materials to be distributed in connection with its 2018 annual meeting of shareholders (the "Proxy Materials") a proposal (the "Proposal") and supporting statement submitted to the Company on November 21, 2017 by The Sam and Wendy Hitt Family Trust (the "Trust" or "Proponent"). The Company also received by email on December 6, 2017 a letter from the Missionary Oblates of Mary Immaculate (the "Missionary Oblates") regarding their intention to co-file the Proposal. References to a "Rule" or to "Rules" in this letter refer to rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the SEC in accordance with the deadline specified in Rule 14a-8(j); and
- concurrently sent a copy of this correspondence to the Trust and the Missionary Oblates.

The Company anticipates that its Proxy Materials will be available for mailing on or about April 10, 2018. We respectfully request that the Staff, to the extent possible, advise the Company with respect to the Proposal consistent with this timing.

The Company agrees to forward promptly to the Trust and the Missionary Oblates any response from the Staff to this no-action request that the Staff transmits by e-mail or facsimile to the Company only.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D ("SLB 14D") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the SEC or Staff. Accordingly, we are taking this opportunity to inform the Proponent and the Missionary Oblates that if either of them elects to submit additional correspondence to the SEC or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

> "BE IT RESOLVED: Shareholders request that Public Service Company of New Mexico ("PNM") prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset. The report should be prepared within one year of the annual meeting at reasonable cost and omitting proprietary information."

A copy of the Proposal and supporting statement, as well as the related correspondence of the Company, the Trust and the Missionary Oblates regarding the Proposal, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

The Company believes that the Proposal may be properly excluded from the Proxy Materials pursuant to:

- Rule 14a-8(i)(10) because the Proposal has been substantially implemented by the Company, which has addressed the subject matter of the Proposal in recent reports that it has made publicly available; or
- Rule 14a-8(i)(11), but only to the extent that (1) the Staff does not concur in the Company's request for no action relief with respect to the Proposal under Rule 14a-8(i)(10) and (2) the Company is required to include in the Proxy Materials a proposal submitted by another shareholder because in that scenario, the Proposal would substantially duplicate a shareholder proposal previously submitted to the Company that would be included in the Proxy Materials.[1]

In addition, without prejudice to the Company's position that the Proposal may be properly excluded from the Proxy Materials for the reasons set forth above, in the event that the Proposal is not so excluded, the Company believes that under Rule 14a-8(e)(2), the Missionary Oblates are not eligible to be filers or co-filers of the Proposal because their letter to the Company was not received until after the December 5, 2017 deadline for submitting proposals for inclusion in the Proxy Materials, which deadline was announced in the Company's 2017 proxy statement.

[1] The Company has also submitted a request dated January 22, 2018 for no action relief regarding the other proposal which was submitted by The Max and Anna Levinson Foundation. The request herein for relief under Rule 14a-8(i)(11) with respect to the Proposal shall be deemed automatically withdrawn if the Company's request to exclude the other proposal is granted.

DISCUSSION – EXCLUSION OF THE PROPOSAL

I. Rule 14a-8(i)(10) – The Proposal may be excluded because the Company has already substantially implemented the proposal.

A. Background

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has substantially implemented the proposal. The SEC's view of the purpose of this exclusion was stated with respect to the predecessor to Rule 14a-8(i)(10): the rule was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." SEC Release No. 34-12598 (July 7, 1976). To be excluded, the proposal does not need to be implemented in full or exactly as presented by the proponent. Instead, the standard for exclusion is substantial implementation. Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

The Staff has stated that, in determining whether a shareholder proposal has been substantially implemented, it will consider whether a company's particular policies, practices, and procedures "compare favorably with the guidelines of the proposal." *Oshkosh Corp*. (Nov. 4, 2016); *NetApp, Inc.* (June 10, 2015); *Peabody Energy Corp*. (Feb. 25, 2014); *Medtronic, Inc.* (June 13, 2013); see, e.g., *Starbucks Corp.* (Nov. 27, 2012), *Whole Foods Market, Inc.* (Nov. 14, 2012), and *Texaco, Inc.* (Mar. 28, 1991). The Staff has permitted companies to exclude proposals from their proxy materials pursuant to Rule 14a-8(i)(10) where a company satisfied the essential objective of the proposal, even if the company did not take the exact action requested by the proponent or implement the proposal in every detail or if the company exercised discretion in determining how to implement the proposal. See, e.g., *Cisco Systems, Inc.* (Sept. 27, 2016) (allowing exclusion under Rule 14a-8(i)(10) of a proxy access proposal despite its including eligibility criteria distinguishable from those in the company's existing proxy access bylaw); *Walgreen Co.* (Sept. 26, 2013) (allowing exclusion under Rule 14a-8(i)(10) of a proposal requesting an amendment to the company's organizational documents that would eliminate all super-majority vote requirements, where such company eliminated all but one such requirement); and *Johnson & Johnson* (Feb. 19, 2008) (allowing exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company's board of directors amend the bylaws to permit a "reasonable percentage" of shareholders to call a special meeting where the proposal states that it "favors 10%" and the company planned to propose a bylaw amendment requiring at least 25% of shareholders to call a special meeting). See also, e.g., *Hewlett-Packard Co.* (Dec. 11, 2007), *Anheuser-Busch Cos., Inc.* (Jan. 17, 2007) and *Bristol-Myers Squibb Co.* (Mar. 9, 2006). Further, when a company can demonstrate that it has already taken actions to address each element of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented." See, e.g., *WD-40 Co*. (Sept. 27, 2016); *Oracle Corp*. (Aug. 11, 2016); *Exxon Mobil Corp.* (Mar. 17, 2015); *Deere & Co.* (Nov. 13, 2012); *Exxon Mobil Corp.* (Mar. 23, 2009); *Exxon Mobil Corp*. (Jan. 24, 2001); and *The Gap, Inc.* (Mar. 8, 1996).

The Staff has allowed other similar proposals calling for reports to be excluded where companies could show that they were already issuing reports similar to those the proponents were requesting. For example, in *Dominion Resources, Inc.* (Feb. 9, 2016), the Staff allowed the company to exclude a proposal requesting a report on how the company measures, mitigates, sets reduction targets, and discloses methane emissions, which exclusion was granted because the public disclosures made in the company's Methane Management Report 2015 "compare[d] favorably with the guidelines of the proposal." See also *Dominion Resources, Inc.* (Feb. 5, 2013) (allowing the

Company to exclude a proposal requesting a report on the Company's plans for deploying wind turbines for utility scale power generation off the Virginia and North Carolina coasts because the Company already made similar disclosures pursuant to state regulatory reporting requirements); *Dominion Resources, Inc.* (Jan. 24, 2013) (allowing the Company to exclude a shareholder proposal seeking a report on increasing energy efficiency based on disclosures made in annual reports filed with state regulatory authorities). Similarly, in *Exxon Mobil Corp.* (Mar. 23, 2007), the proponent requested a report on the company's response to rising regulatory, competitive and public pressure to develop renewable energy technologies and products. Exxon was able to demonstrate that it had communicated with its shareholders on topics of renewable energy and greenhouse gas emissions through a number of venues, including executive speeches and a report available on its website. The Staff allowed Exxon to exclude the proposal in reliance on Rule 14a-8(i)(10). For similar results, see also *Entergy Corp*. (Feb. 14, 2014) (requesting the board prepare a report on policies the company could adopt and near-term actions it could take to reduce greenhouse gas emissions); *Abercrombie & Fitch Co.* (Mar. 28, 2012) (requesting that the board prepare a sustainability report that includes strategies to reduce greenhouse gas emissions, addresses energy efficiency measures as well as other environmental and social impacts, such as water use and worker safety); *MGM Resorts International* (Feb. 28, 2012) (requesting that the board issue a sustainability report to shareholders); *Duke Energy Corp.* (Feb. 12, 2012) (requesting that the board assess actions the company is taking or could take to build shareholder value and reduce greenhouse gas and other air emissions by providing comprehensive energy efficiency and renewable energy programs to its customers, and issue a report on its plans to achieve these goals); *Exelon Corp*. (Feb. 14, 2010) (allowing the exclusion of a proposal that requested a recurring report on different aspects of the company's political contributions when the company had already adopted guidelines for political contributions made with corporate funds, and issued a report on the company's political contributions); *Exxon Mobil Corp.* (Mar. 18, 2004) (requesting a report to shareholders outlining recommendations to management for promoting renewable energy sources and developing strategic plans to help bring renewable energy sources into the company's energy mix); and *Xcel Energy, Inc.* (Feb. 17, 2004) (requesting a report on how the company is responding to rising regulatory, competitive and public pressure to significantly reduce carbon dioxide and other emissions).

B. The Company's disclosures in its recent generation portfolio report, climate change report, and publicly available Integrated Resource Plans, in addition to other publicly available disclosures, substantially implement the Proposal

The Proposal asks that Public Service Company of New Mexico ("PNM"), one of the Company's operating subsidiaries, "prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset."

Management of the Company has recently provided information that addresses the topics referenced in the Proposal: a Climate Change Report (the "Climate Change Report") and additional information on the PNM-owned generation portfolio (the "Generation Portfolio Report"), both of which are available on the Company's Sustainability Portal[2]. The Climate Change Report and the Generation Portfolio Report, together with the Company's other public disclosures, substantially

[2] The Sustainability Portal is available at http://www.pnmresources.com/about-us/sustainability-portal.aspx. The Climate Change Report is available at http://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx and the Generation Portfolio Report is available at http://www.pnmresources.com/about-us/sustainability-portal/environment.aspx (under the caption "PNM-Owned Generation Portfolio").

implement the Proposal such that excluding the Proposal from the Proxy Materials is permitted under Rule 14a-8(i)(10).

The Climate Change Report, published by management with Board oversight, details the significant efforts PNM is making to transition to a coal-free generation portfolio, which efforts were developed through a comprehensive research and planning process known as the Integrated Resource Plan ("IRP"). The 2017 IRP (available at https://www.pnm.com/irp) evaluated PNM's generation assets over a 20-year planning horizon and outlined the responsible and cost-effective actions PNM is proposing to continue to reduce carbon dioxide emissions and increase the use of cleaner energy resources.

The Generation Portfolio Report details information regarding PNM's generation portfolio, and includes a discussion about the manner in which a generation asset may be deemed to be a stranded asset in light of the regulatory and other factors that impact such a determination. The Generation Portfolio Report also includes, for each generation facility, the fuel type and book value associated with such generation asset. The Company notes that because the Generation Portfolio Report identifies all owned generation assets, such document provides even more information than the guidelines of the Proposal.

As a general matter, the Company notes that nearly all of PNM's ownership interests in its power generation facilities are subject to state regulation. Commissions, such as the New Mexico Public Regulation Commission ("NMPRC"), approve both the addition of new generation resources to serve customers and the timeframe which those resources should serve customers and be recovered through retail rates, essentially approving both the assets and the associated useful life. It is PNM's regulator, the NMPRC, that will ultimately consider and determine the relevant ratemaking treatment of any retirements of coal generation or other generation assets. As such, the Company's publishing of any analysis, other than as made available publicly by the Company as described above, regarding potential stranded assets (including a quantification of low, medium and high financial risk associated with each asset as requested by the Proposal) would be premature and speculative. (We note that the Company will continue to comply with its disclosure obligations under applicable securities laws regarding material trends and known uncertainties, which may include disclosures in its filings with the SEC if and when the Company determines there is a reasonable possibility that PNM's generation assets may become stranded and result in a significant impairment.)

The Generation Portfolio Report, the Climate Change Report, the 2017 IRP and the Company's other public disclosures provide the information sought by the Proposal, to the extent not premature or speculative, and in fact in some respects go beyond those requests. As such, those documents meet the essential objective of the Proposal and compare favorably with the guidelines in the Proposal. Therefore, the Proposal should be excluded from the Company's Proxy Materials under Rule 14a-8(i)(10). We note that the Company need not take the exact action requested by a shareholder in order to be able to exclude a proposal under Rule 14a-8(i)(10); rather, it must substantially implement the shareholder proposal. As the Commission described in an earlier release noting the distinction between the current rule and its predecessor:

> In the past, the staff has permitted the exclusion of proposals under Rule 14a-8(c)(10) [the predecessor to current Rule 14a-8(i)(10)] only in those cases where the action requested by the proposal has been fully effected. The Commission proposed an interpretive change to permit the omission of proposals that have been 'substantially implemented by the issuer.' While the new interpretive position will add more subjectivity to the application of the provision, the Commission has determined that the previous formalistic application of this provision defeated its purpose.

Accordingly, the Commission is adopting the proposed interpretive change. Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-20091(Aug. 16, 1983).

II. Rule 14a-8(i)(11) – if (1) the Staff does not concur in the Company's request for no action relief with respect to the Proposal under Rule 14a-8(i)(10) as described above and (2) the Company is required to include in the Proxy Materials a proposal submitted by another shareholder because in that scenario, the Proposal may be excluded under Rule 14a-8(i)(11) because it would substantially duplicate a shareholder proposal previously submitted to the Company that would be included in the Proxy Materials.

We believe that the Staff should agree with the conclusion in Part I of this request letter regarding exclusion of the Proposal as substantially implemented. However, in the event that the Staff does not so agree, we believe there could be another basis for omitting the proposal. Under Rule 14a-8(i)(11), a company may exclude a shareholder proposal that substantially duplicates another proposal previously submitted to the company by another proponent that would be included in its proxy materials. The SEC's stated purpose for this exclusion is to "eliminate the possibility of shareholders having to consider two or more substantially identical proposals submitted to an issuer by proponents acting independently of each other." Exchange Act Release No. 12999 (Nov. 22, 1976).

While the Company is also seeking to exclude it, the Company has received a separate proposal for the 2018 annual meeting from The Max and Anna Levinson Foundation (the "2 Degrees Proposal"). The 2 Degrees Proposal was received by the Company prior to the Proposal. Although we believe the Company's argument for exclusion of the Proposal above and the exclusion of the 2 Degrees Proposal should be sustained, if the Staff disagrees, then in that case the Company's position is that the Proposal substantially duplicates the 2 Degrees Proposal because both seek assessments and reports regarding PNM's assets and business as they relate to climate change and the risks associated with that topic. When a company receives two substantially duplicative proposals, the Staff has indicated the company must include the first of the proposals received in its proxy materials unless that proposal may otherwise be excluded. See *Great Lakes Chemical Corp.* (Mar. 2, 1998); *Pacific Gas & Electric Co.* (Jan. 6, 1994). Although the Company has requested a no-action letter with respect to the 2 Degrees Proposal based on exclusions set forth in Rule 14a-8, to the extent the Staff does not grant such letter, the Company would include the 2 Degrees Proposal in the Proxy Materials.[3]

The text of the resolution contained in the 2 Degrees Proposal reads as follows, and the complete submission from The Max and Anna Levinson Foundation is attached as Exhibit B:

> "RESOLVED: Shareholders request that PNM, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels."

The standard the Staff has applied in determining whether a proposal is substantially duplicative of a previously submitted proposal is whether the two proposals have the same "principal thrust" or "principal focus," not whether the proposals have identical wording. See *General Electric Co.* (Dec. 30, 2009). Notably, the Staff has found that differently worded proposals were substantially duplicative when the core issue addressed by both proposals was "an assessment of and report on the

[3] In the event that the Staff grants the Company's request to exclude the 2 Degrees Proposal, Part II of this request shall automatically be deemed withdrawn.

risks that the [c]ompany faces as a result of climate change and the [b]oard's related activities." See *Exxon Mobil Corp.* (Goodwin) (Mar. 19, 2010). The Proposal does not have the same wording as the 2 Degrees Proposal, but does share the same principal focus: both proposals ask the Company to create a report assessing the risks to the Company's assets as a result of initiatives to limit human activities, such as those involving the release of greenhouse gas emissions, that may be contributing to climate change. Consequently, the Company believes that the Proposal may, in the event that it is not excludable under Rule 14a-8(i)(10) and the 2 Degrees Proposal is required to be included in the Proxy Materials, be excluded under Rule 14a-8(i)(11).

DISCUSSION – INELIGIBILTY OF CO-FILER

In addition, without prejudice to the Company's position that the Proposal may be properly excluded from the Proxy Materials for the reasons set forth above, in the event that the Proposal is not so excluded, the Company believes that the Missionary Oblates are not eligible to be filers or co-filers of the Proposal because their letter to the Company was not received until after the deadline for submitting proposals for inclusion in the Proxy Materials. Pursuant to Rule 14a-8(e)(2), the "proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting." The deadline for submitting proposals for inclusion in the Proxy Materials for the 2018 annual meeting was December 5, 2017, as noted in the Company's 2017 annual meeting proxy statement. The same deadline is applicable to co-filers of a proposal as to any proponent. *See, e.g.*, AT&T Inc., SEC No-Action Letter (Jan. 4, 2010); Tyson Foods, Inc., SEC No-Action Letter (Nov. 9, 2009). While the Company did not provide a notice of deficiency to the Missionary Oblates, under Rule 14a-8(f)(1), the Company is not required to do so where the deficiency in the submission cannot be cured. The example given in Rule 14a-8(f)(1) of an incurable deficiency is the failure to make the submission by the required deadline. Consequently, the Company believes that since the letter from the Missionary Oblates was not timely received, they are not eligible to be a filer or co-filer of the Proposal.

CONCLUSION

For the reasons stated above, we believe that the Proposal may be properly excluded from the Proxy Materials and, without prejudice to the Company's position that the Proposal may be properly excluded, that the Missionary Oblates are not eligible to be a filer or co-filer of the Proposal. If you have any questions or need any additional information with regard to the enclosed or the foregoing, please contact me at (804) 775-1054 or at jsellers@mcguirewoods.com or my colleague, Katherine K. DeLuca, at (804) 775-4385 or at kdeluca@mcguirewoods.com.

Sincerely,

Jane Whitt Sellers

Enclosures

cc: Patrick V. Apodaca – Senior Vice President, General Counsel and Secretary
Leonard D. Sanchez – Associate General Counsel
The Sam and Wendy Hitt Family Trust
Missionary Oblates of Mary Immaculate

Exhibit A

November 21, 2017

Corporate Secretary
PNM Resources, Inc.
Corporate Headquarters - MS 1245
Albuquerque, NM 87158

Dear Sir or Madam:

As investors in Public Service Company of New Mexico, we are writing to request that PNM prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset.

We believe identifying assets that might become stranded will help shareholders evaluate their investment and guide the company's financial planning.

The attached proposal is submitted for inclusion in the 2018 PNM Resources, Inc. proxy statement in accordance with Rule 14a-8 of the general Rules and Regulations of the Securities Act of 1934. The Sam and Wendy Hitt Family Trust is the beneficial owner of 100 shares of PNM Resources stock. We have continuously owned more than $2000 of PNM Resources stock for more than a year, and intend to continue owning those shares through the 2018 annual meeting. Under separate cover, our Walden Asset Management portfolio manager will provide verification of ownership from our sub-custodian, State Street Bank, a DTC participant.

One of us, or a representative, will attend the annual shareholder meeting to move the resolution as is required by SEC rules. We may be joined by co-filers, but we are the primary filer of this stranded assets proposal. We look forward to discussing our proposal with you. Sam can be contacted at (505) 438-1057, or sam@wildwatershed.org.

Sincerely,

Sam and Wendy Hitt
P. O. Box 1943
Santa Fe, NM 87504

STRANDED ASSETS DUE TO CLIMATE CHANGE

BE IT RESOLVED: Shareholders request that Public Service Company of New Mexico ("PNM") prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset. The report should be prepared within one year of the annual meeting at reasonable cost and omitting proprietary information.

SUPPORTING STATEMENT

Action needed to cap the increase in global temperatures at 2 degrees Celsius—as required for a livable climate and agreed upon under the 2015 Paris Accord—will likely strand utility companies' fossil fuel assets. The International Energy Agency in 2012 determined that no more than one-third of global proven reserves of fossil fuels can be consumed prior to 2050 to meet the 2 degree Celsius target.[1] This will require a dramatic reduction in coal use, the most carbon intensive fossil fuel, which is likely to result in PNM's coal infrastructure being substantially devalued as untapped assets.

PNM currently generates approximately 93% of its energy from non-renewable sources, including 54% from coal.[2] It is therefore essential that the company address the risk of stranded assets presented by global climate change, including analysis of long-term and short-term financial and operational risks.

PNM agreed to close units 2 & 3 at the company's coal fired San Juan Generating Station ("SJGS") resulting in stranded assets exceeding $250 million, losses equally split between shareholders and ratepayers. The remaining SJGS units 1 & 4 might become stranded.[3] All the SJGS units are more than 40 years old and the

---

[1] See www.iea.org/publications/freepublications/English.pdf p.3
[2] See PNM Investor Presentation 10-6-2016, p. 37
[3] PNM's current Integrated Resource Plan suggests "shutting down San Juan after the current coal supply agreement runs out in 2022." see https://www.pnm.com/irp

nearby Four Corners Coal Plant ("FCPP") is 50 years old. These aging coal plants are depreciated out until 2053 for SJGS and 2031 for FCPP. The average life of a coal plant is only 40 years, according to the National Association of Regulatory Utility Commissioners.[4]

Renewable power may also strand coal assets. According to a 2014 Rocky Mountain Institute report: "the point at which solar-plus-battery systems reach grid parity [...] is well within the 30-year planned economic life of central power plants and transmission infrastructure. Such parity and the customer defections it could trigger would strand those costly utility assets."

[4] See http://qz.com/61423/coal-fired-power-plants-near-retirement/

Institutional Trust & Custody
425 Walnut Street
Cincinnati, OH 45202

Date: November 21, 2017

To Whom It May Concern:

U.S. Bank is the sub-custodian for Boston Trust & Investment Management Company (Boston Trust) who is the custodian for the account of **The Sam and Wendy Hitt Family Trust.**

We are writing to confirm that **The Sam and Wendy Hitt Family Trust** has had continuous ownership of at least $2,000 of **PNM Resources Inc. (Cusip#69349H107)** as of November 21, 2016.

U.S. Bank serves as the sub-custodian for Boston Trust and Investment Management Company. U.S. Bank is a DTC participant.

Sincerely,

Melissa Wolf
Officer, Client Service Manager
Institutional Trust & Custody

PNM Resources, Inc.
414 Silver Ave., SW
Albuquerque, NM 87102-3289
PNMResources.com

November 28, 2017

Sent via Electronic Mail and Overnight Delivery

Sam and Wendy Hitt
The Sam and Wendy Hitt Family Trust
P.O. Box 1943
Santa Fe, New Mexico 87504
sam@wildwatershed.org

Dear Mr. and Ms. Hitt:

On November 22, 2017, PNM Resources, Inc. (PNMR) received the shareholder proposal (the Proposal) submitted by you on behalf of the Sam and Wendy Hitt Family Trust (the Trust) for inclusion in the PNMR proxy statement for the 2018 Annual Meeting of Shareholders (the 2018 Annual Meeting). In accordance with the regulations of the Securities and Exchange Commission (the SEC), we are required to notify you if your submission does not comply with the rules and regulations of the SEC promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act).

We are unable to verify through PNMR's records that the Trust has been a stockholder of PNMR in the amount and for the period of time required by Rule 14a-8(b) under the Exchange Act (Rule 14a-8(b)) and therefore are unable to determine the Trust's eligibility to submit a proposal for consideration at the 2018 Annual Meeting. The letter provided to PNMR by US Bank on November 28, 2017 also fails to provide the proof of continuous ownership required by Rule 14a-8.

Accordingly, we request that you provide the written information required by Rule 14a-8(b)(2) establishing the Trust's ownership eligibility. Rule 14a-8(b) states that, in order to be eligible to submit a proposal, the Trust must have continuously held at least $2,000 in market value, or 1%, of PNMR's securities for at least one year preceding and including the date on which you submitted the proposal (**November 21, 2017**).

The Trust must continue to hold the requisite amount of PNMR's securities through the date of the 2018 Annual Meeting.

There are two ways to demonstrate the Trust's ownership eligibility under the SEC rules. You may submit to us either:

- a written statement from the "record" holder of the securities (usually a broker or a bank that is a Depository Trust Company (DTC) participant) verifying that, as of the date you submitted the Proposal (November 21, 2017), the Trust has held continuously the requisite number of PNMR's securities for at least one year; or

- a copy of a filed Schedule 13D, Form 3, Form 4, Form 5 or amendments to those documents or updated forms, reflecting the Trust's ownership of shares as of or before the date on which the one-year eligibility period began and a written statement that the Trust continuously held the required number of shares for the one-year period as of the date of the statement.

Please note that pursuant to Staff Legal Bulletin 14F (SLB 14F) and Staff Legal Bulletin 14G (SLB 14G) issued by the SEC only DTC participants or affiliated DTC participants should be viewed as record holders of the securities deposited at DTC.

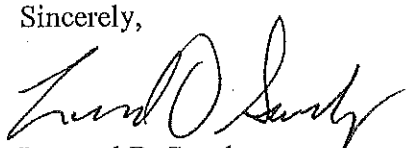
We understand from your letter dated November 21, 2017 that you intend to provide verification of ownership from the Trust's portfolio manager, Walden Asset Management, through the Trust's sub-custodian, a DTC participant. We received a letter from US Bank on November 28, 2017, however, such letter fails to provide the proof of continuous ownership required by Rule 14a-8. **Therefore, in accordance with Rule 14a-8(f)(1) under the Exchange Act, we inform you that the Trust's proof of ownership information that satisfies the requirements of Rule 14a-8 must be postmarked or transmitted electronically to us no later than 14 calendar days from the date you receive this letter.**

Pursuant to Rule 14a-8(f) under the Exchange Act, PNMR will be entitled to exclude the Proposal from its proxy materials if proof of ownership is not timely received, or if such proof of ownership letter does not provide the proof of ownership information required by Rule 14a-8(b). Copies of Rule 14a-8 under the Exchange Act, SLB 14F and SLB 14G are attached for your reference.

Your documentation and/or response may be sent to me at PNM Resources, Inc., 414 Silver Ave., SW, Albuquerque, NM 87102-3289 or via electronic e-mail at leonard.sanchez@pnresources.com. If you should have any questions regarding this matter, I can be reached at 505-241-4941.

Finally, please note that in addition to the eligibility deficiency cited above, PNMR reserves the right in the future to raise any further bases upon which your proposal may be properly excluded under Rule 14a-8 of the Exchange Act.

Sincerely,



Leonard D. Sanchez
Director, Ethics and Governance

Enclosures

Institutional Trust and
Custody
425 Walnut Street
Cincinnati, OH 45202

usbank.com

Date: November 27, 2017

To Whom It May Concern:

U.S. Bank is the sub-custodian for Boston Trust & Investment Management Company (Boston Trust) who is the custodian for the account of **The Sam and Wendy Hitt Family Trust.**

We are writing to confirm that **The Sam and Wendy Hitt Family Trust** has had continuous ownership of at least $2,000 of **PNM Resources Inc. (Cusip#69349H107)** as of November 21, 2016.

U.S. Bank serves as the sub-custodian for Boston Trust and Investment Management Company. U.S. Bank is a DTC participant.

Sincerely,

Joanne MacVey
Officer, Client Service Manager
Institutional Trust & Custody

DeLuca, Katherine K.

From: Sanchez, Leonard <Leonard.Sanchez@pnmresources.com>
Sent: Tuesday, December 05, 2017 9:44 AM
To: DeLuca, Katherine K.; Sellers, Jane Whitt; McCormack, Susan; Schroeder, Kimberly
Subject: FW: [External] FW: Re: PNM Resources - Sam & Wendy Hitt Updated Documentation

From: Smith, Timothy [mailto:tsmith@bostontrust.com]
Sent: Tuesday, December 05, 2017 7:38 AM
To: Sanchez, Leonard
Cc: Sam Hitt; Wendy Hitt
Subject: RE: [External] FW: Re: PNM Resources - Sam & Wendy Hitt Updated Documentation

Good morning Mr. Sanchez, We believe that is already quite explicit . The letter is dated Nov21 , 2017 and confirms the shares have been held continuously since Nov.21 , 2016.
There could be no other logical understanding than that.
However to assist you I your paperwork requirements we are glad to ask Us Bank to add a few words to the letter.

Timothy Smith
Director of Environmental Social and Governance Shareowner Engagement
Walden Asset Management
One Beacon Street, 33rd Floor | Boston, Massachusetts 02108
Phone: 617.726.7155| Fax: 617.227.3664
tsmith@bostontrust.com | www.waldenassetmgmt.com

Since 1975, Walden Asset Management has specialized in managing portfolios for institutional and individual clients with a dual investment mandate: competitive financial returns and positive social and environmental impact. Walden is an industry leader in integrating ESG analysis into investment decision-making and company engagement to strengthen ESG performance, transparency and accountability. Walden is a division of Boston Trust & Investment Management Company, a PRI signatory.

From: Sanchez, Leonard [mailto:Leonard.Sanchez@pnmresources.com]
Sent: Tuesday, December 05, 2017 9:30 AM
To: Smith, Timothy
Cc: Sam Hitt; Wendy Hitt
Subject: RE: [External] FW: Re: PNM Resources - Sam & Wendy Hitt Updated Documentation

Mr. Smith:
I believe the U.S. Bank letter you forwarded is the same letter, other than the date, as the U.S. Bank letter dated November 21. As you correctly state in your email below, the U.S. Bank's letter needs to confirm that the Hitt's have had continuous ownership since November 21, 2016 through the date they submitted the Hitt's submitted their proposal. U.S. Bank has provided similar letters for other shareholder proponents.

Thank you for your assistance in this regard.

Sincerely,

Leonard D. Sanchez
Associate General Counsel and
Director, Ethics and Governance
PNM Resources, Inc.
414 Silver Ave. SW MS 0805
Albuquerque, New Mexico 87102-3289
Phone: (505) 241-4941
Leonard.Sanchez@pnmresources.com

From: Smith, Timothy [mailto:tsmith@bostontrust.com]
Sent: Monday, December 04, 2017 12:37 PM
To: Sanchez, Leonard
Cc: Sam Hitt; Wendy Hitt
Subject: [External] FW: Re: PNM Resources - Sam & Wendy Hitt Updated Documentation

Dear Mr. Sanchez,
I response to your communications with our clients Sam and Wendy Hitt re. their proof of ownership letter, I enclose a revised copy of a letter from U S Bank, the custodian for their family trust. As you can see the letter confirms the shares have been owned continuously since Nov. 21 , 2016 through the date they filed on Nov.21 , 2017 .
Please do let us know if you have any questions.

Timothy Smith
Director of Environmental Social and Governance Shareowner Engagement
Walden Asset Management
One Beacon Street, 33rd Floor | Boston, Massachusetts 02108
Phone: 617.726.7155| Fax: 617.227.3664
tsmith@bostontrust.com | www.waldenassetmgmt.com

Since 1975, Walden Asset Management has specialized in managing portfolios for institutional and individual clients with a dual investment mandate: competitive financial returns and positive social and environmental impact. Walden is an industry leader in integrating ESG analysis into investment decision-making and company engagement to strengthen ESG performance, transparency and accountability. Walden is a division of Boston Trust & Investment Management Company, a PRI signatory.

the security of this e-mail as it has been transmitted over a public network. Boston Trust & Investment Management Company Walden Asset Management BTIM, Inc.

Institutional Trust & Custody
425 Walnut Street
Cincinnati, OH 45202

Date: November 21, 2017

To Whom It May Concern:

U.S. Bank is the sub-custodian for Boston Trust & Investment Management Company (Boston Trust) who is the custodian for the account of **The Sam and Wendy Hitt Family Trust.**

We are writing to confirm that **The Sam and Wendy Hitt Family Trust** has had continuous ownership of at least $2,000 of **PNM Resources Inc. (Cusip#69349H107)** from November 21, 2016 to November 21, 2017.

U.S. Bank serves as the sub-custodian for Boston Trust and Investment Management Company. U.S. Bank is a DTC participant.

Sincerely,

Melissa Wolf
Officer, Client Service Manager
Institutional Trust & Custody

From: Meghan Gieske [mailto:mgieske@omiusa.org]
Sent: Wednesday, December 06, 2017 1:13 PM
To: Sanchez, Leonard
Subject: [External] PNM Shareholder Resolution

Dear Mr. Sanchez,

Please see attached an updated letter to accompany the shareholder resolution sent yesterday by Seamus Finn and the Missionary Oblates of Mary Immaculate.
Let me know if you have any questions.

Thank you so much.
Best,

Meghan Gieske
Office Coordinator – Justice, Peace & Integrity of Creation
Missionary Oblates of Mary Immaculate
391 Michigan Avenue, NE
Washington, DC 20017
(202) 552-3544
www.omiusajpic.org

Missionary Oblates of Mary Immaculate

Office of Justice, Peace, and Integrity of Creation, United States Province

December 5, 2017

Patrick Apodaca
Corporate Secretary
PNM Resources
414 Silver Avenue SW
Albuquerque, NM 87102-3289

Email: patrick.apodoca@pnmresources.com

Dear Mr. Apodaca:

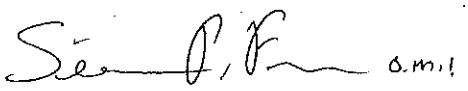
I am writing you on behalf of the Missionary Oblates of Mary Immaculate, United States Province to co-file the stockholder resolution on Stranded Assets Due to Climate Change. In brief, the proposal states **RESOLVED**, shareholders request that Public Service Company of New Mexico ("PNM") prepare a public report identifying all generation assets that might become stranded due to global climate change within the next fifteen years, quantifying low, medium, and high financial risk associated with each asset. The report should be prepared within one year of the annual meeting at reasonable cost and omitting proprietary information.

I am hereby authorized to notify you of our intention to co-file this shareholder proposal with Walden Asset Management. I submit it for inclusion in the 2018 proxy statement for consideration and action by the shareholders at the 2018 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. We are the beneficial owner, as defined in Rule 13d-3 of the Securities Exchange Act of 1934, of 9,500 PNM Resources shares.

We have been a continuous shareholder for one year of $2,000 in market value of PNM Resources stock and will continue to hold at least $2,000 of PNM Resources stock through the next annual meeting. Verification of our ownership position from our custodian is enclosed. A representative of the filers will attend the stockholders' meeting to move the resolution as required by SEC rules.

We truly hope that the company will be willing to dialogue with the filers about this proposal. We consider Sam and Wendy Hitt Family Trust the lead filer of this resolution and as so is authorized to act on our behalf in all aspects of the resolution including negotiation and withdrawal. Please note that the contact person for this resolution/proposal will be Sam Hitt of Sam and Wendy Hitt Family Trust, who may be reached by phone 505-438-1057 or by email: sam@wildwatershed.org. As a co-filer, however, we respectfully request direct communication from the company and to be listed in the proxy.

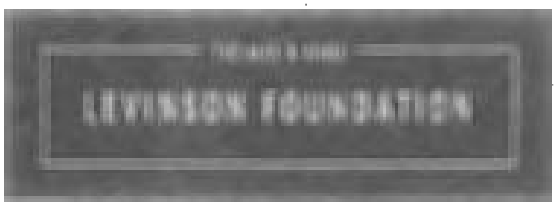
Respectfully yours,



Rev. Seamus P. Finn, OMI
Chief of Faith Consistent Investing
Missionary Oblates of Mary Immaculate

391 Michigan Ave., NE ☐ Washington, DC 20017 ☐ Tel: 202-529-4505 ☐ Fax: 202-529-4572
Website: www.omiusajpic.org

Exhibit B



November 8, 2017

Corporate Secretary
PNM Resources, Inc.
414 Silver Avenue SW
Albuquerque, NM 87102-3289

Greetings,

We propose that a 2 Degree Scenario Analysis Report be prepared and published by PNM Resources, Inc. assessing the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

The Max & Anna Levinson Foundation has a history of advocating for transparency with companies where we invest. 2 Degree Scenario Analyses provide investors with information that helps confirm companies are running their businesses safely and efficiently and managing long-term risks and opportunities.

At present investors do not have access to evaluative data to assess PNM's environmental and social performance. PNM had challenged our 2 Degree Scenario Analysis resolution before the SEC last year arguing that such a study would duplicate information they were already required to provide to state and federal regulators. The SEC specifically rejected the company's arguments and the resolution went ahead to a vote.

PNM Resources was confronted with a very strong showing of support. The 2 Degree Scenario Analysis resolution received 49.9% of the vote. In a year where 2 Degree Scenario Analysis resolutions were presented at a number of companies and received support nationwide, PNM's percentage in favor was one of the highest, after only Occidental Petroleum (67%) and ExxonMobil (62%).

The attached proposal is submitted for inclusion in the 2016 PNM Resources Inc. proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Act of 1934. The Max & Anna Levinson Foundation is the beneficial owner of these shares as defined in Rule 13d-3 of the Act. We have continuously held over $2,000 of PNM Resources stock over the last 12 months, and we intend to maintain ownership of at least $2,000 of PNM Resources stock through the next general annual meeting. A representative will attend the shareholder meeting to move the resolution as required by the SEC rules. We will provide additional proof of ownership from our sub-custodian, a DTC participant, upon request. We own 100 shares of PNM stock.

We believe that transparency through a 2 Degree Scenario Analysis report creates a level of accountability that will benefit the company, its customers and its shareholders in the long-term.

We expect other co-filers may join in this resolution. The Max & Anna Levinson Foundation is glad to play the role of primary filer.

We hope that we can discuss our request for initiating a 2 Degree Scenario Analysis Report. Guidance can be found here: https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf I can be reached at 505 995 8802, or ***

Sincerely,

, President

P.O. Box 6309, Santa Fe, New Mexico 87502 (505) 995-8802 levinsonfoundation.org info@levinsonfoundation.org

*** FISMA & OMB Memorandum M-07-16

2 Degree Scenario Analysis

WHEREAS:

In November 2016 the Paris Agreement entered into force. Its goal of keeping global temperature rise well below 2 degrees Celsius has already begun to shape national policy decisions globally. The International Energy Agency estimates that to meet this goal the global average carbon intensity of electricity production will need to drop by 90 percent, a large target. As shareholders, we would like to understand how Public Service Company of New Mexico's ("PNM") business planning takes into account risks and opportunities presented by global efforts to keep global temperatures within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin analyzing carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector.

Rapid expansion of low carbon technologies including distributed solar, battery storage, grid modernization, energy efficiency and electric vehicles provide challenges for utility business models but also opportunities for growth. Many large corporations are actively seeking to increase their use of renewable energy, providing a significant market opportunity for forward-thinking utilities. We believe the energy transition occurring has a significant impact on PNM, and thus we have asked for the company to take proactive steps.

A 2 degree scenario analysis of our company's current generation and future plans will generate a comprehensive picture of current and future risks and opportunities for our company going beyond routine planning. By assessing the impact of a 2 degree scenario on the company's full portfolio of power generation assets and planned capital expenditures through 2040, including the financial risks associated with such scenarios, the company can better plan for future regulatory, technological and market changes.

Numerous companies are doing such an assessment. Resources exist such as Recommendations of the Task Force on Climate-related Financial Disclosures. https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf The Task Force is comprised of 32 global members representing a broad range of economic sectors and financial markets.

In 2017,regarding the "2 degree scenario" resolution, PNM argued that such a study would duplicate information they were already required to provide to state and federal regulators. The SEC specifically rejected the company's arguments and the resolutions went ahead to a vote. PNM was confronted with very strong support for the "2 degree scenario" resolution, which received 49.9% of the vote. In a year where 2 degree scenario resolutions were presented at a number of companies and received support nationwide, PNM's percentage in favor was one of the highest, after only Occidental Petroleum (67%) and ExxonMobil (62%).

We believe there is a compelling self-interest for PNM and our shareholders to do the assessment.

RESOLVED: Shareholders request that PNM, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.