



DIVISION OF
CORPORATION FINANCE

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

March 20, 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 Edith P. Homans Family Trust (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent 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: Edith P. Homans
davhom@cybermesa.com

March 20, 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 take steps necessary to establish more effective board oversight of the Company's policies and programs addressing climate change and report to shareholders on the steps taken or planned.

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).

Sincerely,

Lisa Krestynick
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.

February 21, 2018
Via electronic mail to shareholderproposals@sec.gov

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

RE: "No-action" request filed by PNM Resources with respect to the Proposal Submitted by the Edith P. Homans Trust.

Ladies and Gentlemen:

On behalf of the Edith P. Homans Trust, I am responding to the "no-action" request filed by PNM Resources by Jane Whitt Sellers of McGuireWoods with respect to the Resolution submitted by the Trust on November 17, 2017 titled "Board of Directors and Climate Change Oversight." I am sending a copy of this reply to Jane Whitt Sellers of McGuireWoods.

RESOLUTION: Board of Directors and Climate Change Oversight

WHEREAS: Climate change presents both threats to and opportunities for companies in all sectors of the economy, requiring them to adapt their business models and practices. It also brings systemic challenges to economies and financial markets requiring significant efforts by companies to reassess and evolve in response.

There has been rapid growth in laws and regulations globally to address climate change. And the recent ratification of 2015 Paris Agreement on climate change signals we can expect to see the continuing growth of national and global regulations.

Corporate boards have a responsibility to oversee material sustainability issues, like climate change, as part of their responsibility to protect investor interests.

Investors are calling for clear and expanded board oversight of corporate responses to climate change. Large institutional investors CalPERS and CalSTRS recently amended their corporate governance principles calling for climate competence on boards of their portfolio companies; State Street Global Advisors has also put forth its own guidance on how boards can improve oversight of climate change-related risks.

Obviously there can be different models for Boards seeking to insure they are diligently overseeing management's policies and programs on climate change.

A number of leading companies have already embraced board oversight of climate change. Ford Motor Company's Board Sustainability and Innovation Committee explicitly notes the Committee's responsibilities in the areas of "energy consumption, climate change, greenhouse gas and other criteria pollutant emissions." Companies like Apple, Cheniere Energy, ConocoPhillips and others have added experts in climate change to their board of directors.

Meanwhile, PNM Resources has no publicly described process to insure that its board is competent with respect to climate change, and that the issues raised by climate change are routinely addressed by the board..

RESOLVED: To help address the critical social and business impacts of climate change, shareholders request that PNM Resources take steps necessary to establish more effective board oversight of our company's policies and programs addressing climate change and report to shareholders on steps taken or planned.

SUPPORTING STATEMENT: In determining the best approach for PNM Resources to strengthen board oversight of climate change in ways that best address its particular circumstances, we recommend consideration of the following options:

- Formalize climate change oversight by creating a new board committee or assigning responsibility to an existing committee;
- Recruit candidates with expertise in climate change onto the board, and include this in the board qualifications matrix;
- Provide for informed oversight by the entire board through training and stakeholder engagement opportunities when appropriate;
- Integrate consideration of climate change into board deliberations on corporate strategy and risk assessment;
- Regularly evaluate and report on the role of the board in overseeing climate change related risk to and opportunities for PNM Resources.

INTRODUCTION:

In their "no-action" request, PNM Resources Inc. (the "Company") argues that this Proposal may be excluded from their proxy materials for the 2018 shareholders meeting because "the Proposal has been substantially implemented by the Company." Arguing in the alternative, the Company maintains that the Proposal

does not describe "what actions or activities are required for purposes of the Proposal."

The Proposal with its supporting statement offers clear recommendations on the implementation of the Resolution. The Proposal requests that the Company take "steps necessary **to establish more effective board oversight** of our company's policies and programs addressing climate change and **report to shareholders on steps taken or planned**." [emphasis added]

The Company has in no sense "substantially implemented" those guidelines in a process that would be consistent with adoption of the proposal. They have not undertaken improvements in board oversight, or reported to shareholders on steps taken or planned.

Instead, the Company has simply asserted that attention to climate change by the board of directors is already adequate.

While the Company offers examples of specific policies directed toward the issues raised by climate change, these have in two cases referred to actions in the future which either have not occurred or have not yet come to fruition, and therefore cannot be judged—nor are they relevant—at this point in time.

The single, actual evidence of attention specifically to climate change which is offered by the company is the report included on their Sustainability Portal titled "Climate Change Report" and available at <http://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx>. This is a short and unenlightening compendium of previously reported material that can in no sense justify their central argument of "substantial implementation" of the request to establish more effective board oversight.

DISCUSSION:

In part "B" on page 4 of the Company's filing, the Company expands on their contention that the Company has "substantially implemented" the Proposal. As evidence they note: "The Company's commitment to mitigating the effects of climate change, environmental management and reducing greenhouse gas ("GHG") emissions resulting from its operations is evidenced by the Company's established sustainability, renewable energy, energy efficiency emissions reductions, load management, and distributed generation and Integrated Resource Plan programs." They go on to cite the climate change report on their Sustainability Portal, and continue with a list of ways that the Company has responded to issues raised by climate change.

However: the Proposal does not ask that the Company and the board simply address climate change; it asks that the Company "take steps necessary to establish "**more effective board oversight of our company's polices and programs addressing**

climate change (emphasis added)." Making board oversight more effective is not an issue the Company addresses in their filing, and their list of Board and Company actions, whether commendable or not from a climate perspective, does not fulfill the guidelines or essential purposes of the proposal.

In part C of their filing the Company goes on to argue that it has already "substantially implemented the steps suggested in the Proponent's supporting statement..." Then, however, in what would seem a logical contradiction, they note that "the Proposal asks generally that the company engage in certain activities, but does not go further in describing what actions or activities are required for purposes of the Proposal."

In fact, the Proposal offers a set of recommendations to be considered. There is no evidence provided by the company that they have considered any of the recommendations. To go through the actions suggested in the Proposal one by one (quoting from the Proposal itself):

1. "Formalize climate change oversight by creating a new board committee or assigning responsibility to an existing committee."

In their summary, responding to this suggestion, the Company notes: "the entire Board currently provides (and intends to continue providing) robust oversight of the Company's climate change efforts and associated strategic risks." But this response does not address the central suggestion of the proposal (based on the conventional wisdom that the responsibility of all is the responsibility of none) that the board consider establishing a new committee or assigning responsibility to an existing committee.

2. "Recruit candidates with expertise in climate change onto the board, and include this in the board qualifications matrix;"

Again, the Company letter describes their existing process and expertise, but does not describe implementation of the proposal by considering changing their recruitment process. In their filing on page 6 the Company notes that "Collectively, the Company's Board members have extensive experience in the electric utility and energy industries, of which knowledge of climate change regulation and technology is an important element." While no one doubts that the members of the board have extensive *experience* with climate change as it impacts electric generation and distribution, no reasonable person would mistake that *experience* for expertise, nor would any reader misunderstand the intent of the suggestion, which is that PNM actively recruit board members with specific expertise in the science of climate change. The Company goes on to say that it "plans to include a matrix highlighting certain background and experience information about the members of the Board in the proxy statement for the 2018 annual meeting in order to more clearly call it to the attention of investors." Never mind that this is something that they "plan to do,"

this offering in no way addresses the Proposal's specific suggestion that climate change expertise be a specific part of the metrics through which candidates for the board are solicited and hired. Finally, though in their summary the Company states that "the Board includes directors that have knowledge and expertise relevant to climate change related issues", a consultation of the curricula of current directors other than the chairwoman Pat Collawn reveals that while two are described as having experience with renewable energy, though only in a secondary fashion, "climate change" is not mentioned once.

The one member of the board of directors who is specifically indicated in the "no-action" filing as having significant climate change experience is the CEO and Chairperson of the Board, Pat Collawn, as the past chairperson of the Electric Power Research Institute and current chairperson of the Edison Electric Institute. But this is a unique case, and in fact argues for and not against the Proposal. If the goal of the Proposal is that the Board "provide more effective board oversight of our company's policies and programs addressing climate change" then expertise must reside in the members of the board themselves and not just in the Chairman/CEO, who by virtue of the dual nature of her responsibilities cannot logically take the lead in the "oversight" functions of the board.

In any event, the company has provided no evidence that it followed the request of the proposal to consider the recommendation of altering board recruitment criteria.

3. "Provide for informed oversight by the entire board through training and stakeholder engagement opportunities when appropriate."

The Company responds to this suggestion from the Proposal in the summary of its filing on page 7 by indicating that "the Board *has access* (emphasis added) to extensive internal and external expertise regarding climate challenges and related potential environmental regulation and technological innovation. . ." But "access" is not "training". "Access" is optional and undirected; "training" is compulsory and specific. The resolution calls, specifically, for the "training" of board members; there is nothing in the Company filing to indicate that the Company had gone through the process requested by the proposal to consider this suggestion, substantially or otherwise.

With respect to "stakeholder engagement," the Company offers the following: "(A)s a regulated entity, the company currently has significant engagement with the public in climate change related issues, particularly through the Integrated Resource Plan process (conducted most recently in 2017). . ." An Integrated Resource Plan is developed by the Company every three years and is part of its normal order of business. Engagement with the public on issues related to climate change in a series of public meetings is part of the process, but only as *one part* of a consideration of the entire planning package, and only every three years.

4. "Integrate consideration of climate change into board deliberations on corporate strategy and risk assessment."

Here the company's argument that they have "substantially implemented" this proposed action rests simply on the assertion that they have done so. In the absence of issuing the report described below, which would discuss and evaluate the board's oversight of climate change issues, we have no way of judging the veracity of their assertion, and in the absence of such a report the proposal cannot be said to be implemented.

5. "Regularly evaluate and report on the role of the board in overseeing climate change risk to and opportunities for PNM Resources."

Here the Company notes in its summary on page 7 that "the company currently provides (and intends to continue providing) timely and relevant disclosures to regulators, customers, investors and other stakeholders regarding steps taken or planned to address climate change and the Board's oversight of such steps, all of which is detailed in several publicly available reports, including most recently the climate change report posted on the Company's Sustainability Portal..." But this is misleading. The reports the company is referencing (with the exception of the Sustainability Portal climate change report which I have discussed previously and which is insufficient) are reports of larger focus and not specifically addressed to improving the Board's treatment of issues related to climate change. What the resolution is suggesting is a specific and separate report on board climate change oversight.

In conclusion, the Company's filing notes that "substantial implementation under Rule 14a-8(i)(10) requires that a company's actions satisfactorily address both the underlying concerns and the essential objective of the proposal." The history of prior decisions by the SEC staff demonstrates that the Company's alternate means of implementing the proposal are not sufficient. For instance in *Sears, Roebuck and Co.* (January 27, 2004) the proposal requested the creation of a shareholder committee to communicate with the Board of Directors regarding shareholder proposals that were approved and not acted upon. The company claimed that providing other open channels of communication for shareholders was sufficient and implemented the proposal under Rule 14a-8(i)(10). The staff found that providing other informal channels of communication was not the same as taking the actions requested by the proposal to create such a committee. Similarly, in *Yahoo!Inc.* (April 16, 2007) the proposal requested that the company amend the bylaws to establish a board committee to review the impact of corporate action on human rights. The company claimed, as PNM Resources does here, that its existing proactive engagement on the related human rights issues served as substantial implementation. But without making the requested changes to the board structure, the proposal was not considered substantially implemented.

Similarly, when it came to a proposal requesting that a company add expertise in climate change to its board, the Staff previously rejected the argument in Exxon Mobil Corporation (March 16, 2015) that the company's independent directors "already possess substantial expertise in climate change and environmental issues" in the absence of proof of concrete expertise on substantive issue areas.

The Company has implemented neither the essential purpose nor the guidelines of the Proposal. It has not shown that it has conducted the evaluation implied by the Proposal to consider the specific and concrete suggestions listed in the Resolution for improvement of board oversight. Accordingly, the SEC should deny permission to exclude the Resolution from the proxy materials for the Company's 2018 Shareholder Meeting.

I can be contacted at davhom@cybermesa.com or by phone at 505 982-0501, if you have any further questions.

Sincerely

Edith P. Homans

Cc: Jane Whitt Sellers, McGuireWoods

Patrick V. Apodaca, Senior Vice President, General Counsel and Secretary
Leonard D. Sanchez, Associate General Counsel

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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 Edith P. Homans 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 17, 2017 by the Edith P. Homans Family Trust (the “Trust” or “Proponent”). 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.

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 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 that if the Proponent 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:

WHEREAS: Climate change presents both threats to and opportunities for companies in all sectors of the economy, requiring them to adapt their business models and practices. It also brings systemic challenges to economies and financial markets requiring significant efforts by companies to reassess and evolve in response.

There has been rapid growth in laws and regulations globally to address climate change. And the recent ratification of 2015 Paris Agreement on climate change signals we can expect to see the continuing growth of national and global regulations.

Corporate boards have a responsibility to oversee material sustainability issues, like climate change, as part of their responsibility to protect investor interests.

Investors are calling for clear and expanded board oversight of corporate responses to climate change. Large institutional investors CalPERS and CalSTRS recently amended their corporate governance principles calling for climate competence on boards of their portfolio companies; State Street Global Advisors has also put forth its own guidance on how boards can improve oversight of climate change-related risks.

Obviously there can be different models for Boards seeking to insure they are diligently overseeing management's policies and programs on climate change.

A number of leading companies have already embraced board oversight of climate change. Ford Motor Company's Board Sustainability and Innovation Committee explicitly notes the Committee's responsibilities in the areas of "energy consumption, climate change, greenhouse gas and other criteria pollutant emissions." Companies like Apple, Cheniere Energy, ConocoPhillips and others have added experts in climate change to their board of directors.

Meanwhile, PNM Resources has no publicly described process to insure that its board is competent with respect to climate change, and that the issues raised by climate change are routinely addressed by the board

RESOLVED: To help address the critical social and business impacts of climate change, shareholders request that PNM Resources take steps necessary to establish more effective board oversight of our company's policies and programs addressing climate change and report to shareholders on steps taken or planned.

A copy of the Proposal and supporting statement, as well as the related correspondence regarding the Proponent's share ownership, 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 its existing actions and activities, as reported in its public disclosures.

DISCUSSION

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.” *Wal-Mart Stores* (Mar. 16, 2017); *Oshkosh Corp.* (Nov. 4, 2016); *NetApp, Inc.* (June 10, 2015); *JPMorgan Chase & Co.* (Mar. 6, 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); *Duke Energy Corp.* (Feb. 12, 2012) (allowing exclusion under Rule 14a-8(i)(10) of a proposal 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 exclusion under Rule 14a-8(i)(10) 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); 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).

B. The Company has substantially implemented the resolution because its board of directors currently provides robust oversight of the Company's climate change policies and programs and the Company publicly reports such oversight activities, and, therefore, the Company may exclude the Proposal pursuant to Rule 14a-8(i)(10).

The Company's board of directors (the "Board") is currently actively engaged in overseeing the Company's plans for addressing the risks, challenges and opportunities relating to climate change, which the Company regularly discloses in publicly available reports on these matters. The Company's commitment to mitigating the effects of climate change, environmental management and reducing greenhouse gas ("GHG") emissions resulting from its operations is evidenced by the Company's established sustainability, renewable energy, energy efficiency, emissions reductions, load management, and distributed generation and Integrated Resource Plan programs.¹ Most recently, the Company has published, with Board oversight, a climate change report to highlight the significant steps taken to reduce GHG emissions associated with generating electricity, which is available through its Sustainability Portal at [https:// www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx](https://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx). Some of the highlights of the new report and other programs of the Company's primary operating subsidiary, Public Service Company of New Mexico ("PNM") in this area include the following:

- By 2018, PNM expects to reduce annual CO₂ emissions, which comprises the vast majority of PNM's GHG emissions, by approximately 40 percent over 2012 levels.²
- By 2030, PNM expects to achieve an annual reduction of approximately 60 percent in CO₂ emissions over 2012 levels. This would far exceed the carbon reductions that the United States had previously voluntarily committed to the United Nations Framework Convention on Climate Change's Paris Agreement (the "Paris Agreement")³ (designed to limit global warming this century to well below 2° C). The previously planned implementation of the Clean Power Plan ("CPP") was a key element in achieving these reductions. The CPP established 2030 CO₂ emission reduction goals of 28 percent for the state of New Mexico and 32 percent for the country.
- PNM plans to exit all coal generation by 2031.
- PNM's goal is to reduce annual CO₂ emissions in 2040 by a total of 87 percent from 2012 levels.
- In 2003, the Company became the first New Mexico utility to serve customers with wind-generated electricity. Since then, PNM has increased its wind energy capacity by 50 percent to 306 MW and received regulatory approval from the New Mexico Public Regulation Commission ("NMPRC") to procure an additional 80 GWh in 2019 and 105 GWh in 2020 of wind energy.

¹ See information regarding the Company's climate change efforts at <https://www.pnm.com/climate-change>, [https:// www.pnmresources.com/about-us/sustainability-portal.aspx](https://www.pnmresources.com/about-us/sustainability-portal.aspx) and in the Company's 2017 Integrated Resource Plan at www.pnm.com/irp.

² By itself, this reduction aligns with the original U.S. commitment to the Paris Agreement to reduce GHG emissions by 26-28% from 2005 levels by 2025.

³ The Paris Agreement and additional information related thereto can be found at: http://unfccc.int/paris_agreement/items/9485.php.

- As of December 31, 2017, PNM owned 107 MW of utility-scale solar generation serving its New Mexico customers and received NMPRC approval to procure 50 MW of new solar facilities to be constructed beginning in 2018. Additionally, PNM has a customer distributed solar generation program that represented 81.6 MW at September 30, 2017. Furthermore, PNM will purchase power from 30 MW of new solar capacity to supply power to a new data center being constructed by Facebook, Inc. and is seeking NMPRC approval to purchase the output of up to 216 MW in new wind capacity and 50 MW of new solar capacity to serve this customer.
- In 2014, PNM became the first utility to obtain power from a geothermal facility with a current capacity of 4 MW and received NMPRC approval to procure an additional 55 GWh in 2019 and 77 GWh in 2020 from this facility.
- PNM offers its customers a comprehensive portfolio of energy efficiency and load management programs. These programs saved approximately 82 GWh of electricity in 2016. Over the next 20 years, PNM projects energy efficiency and load management programs will provide the equivalent of approximately 9,600 GWh of electricity, which will avoid at least 5.2 million metric tons of GHG emissions based upon projected emissions from PNM's system-wide resources.⁴

Such Company commitments and efforts are subject to direct and thorough Board oversight, which includes understanding the various challenges and opportunities presented by this commitment and efforts, as well as the impact the accompanying risks may have on the Company's strategy.

Accordingly, since the Board's role with respect to the Company's climate change related activities is abundantly clear and there is ample reporting on these activities, the Proposal has already been substantially implemented by the Company and may, therefore, be appropriately excluded from the Company's Proxy Materials.

C. Not only has the Company already substantially implemented the resolution, the Company has already substantially implemented the steps suggested in the Proponent's supporting statement, and, therefore, exclusion of the Proposal pursuant to Rule 14a-8(i)(10) is appropriate.

The Staff's recent response to a no-action request from Peabody Energy Corp. (Feb. 25, 2014) that sought to exclude a proposal calling for the company "to be more active in the war on coal being conducted by the Obama Administration" highlights precisely why the Company's existing actions have substantially implemented the Proposal. In *Peabody*, the company provided specific information regarding its activities in seeking to influence coal regulation and legislation, but because the proposal did not indicate what actions were required to satisfy the objectives of the Proposal, the company's existing efforts were deemed to have substantially implemented the proposal. See also *JPMorgan Chase & Co.* (Mar. 6, 2015); *Apple Inc.* (Dec. 11, 2014) and *The Goldman Sachs Group, Inc.* (Feb. 12, 2014) (in each case, allowing the exclusion of a proposal requesting the formation of a committee to assist the company's board in overseeing policies and practice related to a variety of listed public policy issues).

The Company notes that the Proposal asks generally that the Company engage in certain activities, but does not go any further in describing what actions or activities are required for purposes of the Proposal. The supporting statement mentions five considerations including: "[f]ormalize

⁴ These estimates are subject to change because of the uncertainty of many of the underlying variables, including changes in demand for electricity, and complex relationships between those variables.

climate change oversight by creating a new board committee or assigning responsibility to an existing committee; [r]ecruit candidates with expertise in climate change onto the board, and include this in board qualifications matrix; [p]rovide for informed oversight by the entire board through training and stakeholder engagement when appropriate; [i]ntegrate consideration of climate change into board deliberations on corporate strategy and risk assessment; [and] [r]egularly evaluate and report on the role of the board in overseeing climate change related risk to and opportunities for PNM Resources.” As discussed in more detail below, the Company has substantially implemented these five considerations.

The Board already has formalized climate change oversight at the full Board level and integrates consideration of climate change into board deliberations on corporate strategy and risk assessment. For a number of years the Company’s management has identified potential environmental regulation, technological innovation and the availability of fuel and water for operations related to climate change as among the most significant strategic risks facing the Company. As has been reported in the Company’s public filings, including the proxy statement for the 2017 annual meeting, which is available on EDGAR and on the Company’s website at www.pnmresources.com/investors/financial-information/sec-filings.aspx, the full Board has oversight responsibility for the processes established to identify, assess, mitigate, and monitor these significant risks. Board oversight includes consideration of the various challenges and opportunities presented by these risks, plans to mitigate the risks, and the impact these risks may have on the Company’s strategy. Management regularly updates the Board on such risks, plans to mitigate these risks, and the impacts these risks may have on the Company’s strategy as well as on the implementation of the Company’s environmental policy and management systems, its promotion of energy efficiency, its use of renewable resources, and its practices and procedures to assess the sustainability impacts of operations on the environment. To support its oversight role, the Board has access to extensive internal and external expertise regarding climate change challenges and related potential environmental regulation and technological innovation. Oversight of GHG emission reduction initiatives and the financial consequences that might result from potential additional federal and/or state regulation of GHG emissions and other climate-change related issues has remained at the full Board level in order to facilitate more integrated risk and strategy monitoring and planning.

The Board already has directors with expertise in climate change. The Board reflects the Company’s commitment to select, nominate and elect directors to establish a diverse Board with the skills and experience necessary to manage the Company’s affairs and provide effective oversight of Company strategy and all material risks, including those related to climate change. Collectively, the Company’s Board members have extensive experience in the electric utility and energy industries, of which knowledge of climate change regulation and technology is an important element. The Company plans to include a matrix highlighting certain background and experience information about the members of the Board in the proxy statement for the 2018 annual meeting in order to more clearly call it to the attention of investors. For example, the Company’s Board Chair Collawn is the past chairperson of Electric Power Research Institute (“EPRI”), which as previously discussed is an independent, non-profit organization for public interest energy and environmental research which is engaged in researching and developing innovative climate change related technology and in researching and analyzing climate policy matters for the power industry. Chair Collawn is also the chairperson of Edison Electric Institute (“EEI”), an association representing all investor-owned electric companies in the U.S. that has been an active participant in the United Nations Framework Convention on Climate Change.

The Board already has the training and engagement to provide informed oversight. In addition to insights from participation in the EEI and EPRI and the directors’ experience in diverse

disciplines relevant to addressing climate change risk, the Board is also informed by the steps PNM is taking align with science-based GHG reduction targets, including participating in a study by the EPRI entitled “Understanding Climate Scenario and Goal Setting Activities” (the “EPRI Study”) in which several other large energy companies are participants. The EPR I Study’s stated goals include developing a technical foundation for informed dialogue and decisions on climate scenarios and science based targets; providing insights to inform company options and key issues; facilitating a collaborative industry forum for discussing and sharing ideas; and informing member dialogue with stakeholders on emission reductions, alternatives and goals. PNM’s involvement with the EPR I Study further demonstrates the Board’s commitment to analyzing the various effects that the Company’s business and operations have on climate change. Once the technical research is completed and an evaluation specific to PNM is developed, PNM will revisit relevant assessments of its generation portfolio, with the Board and other company leaders, and update the information on the Company’s Sustainability Portal as appropriate. With respect to stakeholder engagement, as a regulated entity, the Company currently has significant engagement with the public in climate change related issues, particularly through the Integrated Resource Plan process (conducted most recently in 2017) that involves a series of public meetings.⁵

The Board already evaluates and reports on its role in overseeing climate change related risk to and opportunities on a regular basis. As discussed above, the Board already recognizes and performs its role in overseeing the Company’s efforts to address climate change related risk to and opportunities as demonstrated in the Company’s development, implementation and achievement of meaningful GHG emission reductions and other accomplishments enumerated in its climate change report (see listing above). The Board already regularly and publicly reports on its role in overseeing climate change in both the Company’s proxy statements and periodic SEC reports⁶ as well as other reports on the Company’s climate change efforts, which are available on the Company’s website at: <http://www.pnmresources.com/about-us/sustainability-portal.aspx>.

To summarize, the Company believes that it already substantially addresses these supporting statement considerations because, as described above,

- (i) the entire Board currently provides (and intends to continue providing) robust oversight of the Company’s climate change efforts and associated strategic risks;
- (ii) the Board includes directors that have knowledge and expertise relevant to climate change related issues, including experience with respect to the electric utility industry, renewable energy, engineering, legal and regulatory matters, risk management, and environmental and sustainability issues;
- (iii) the Board has access to extensive internal and external expertise regarding climate change challenges and related potential environmental regulation and technological innovation;
- (iv) the Company integrates consideration of climate change into Board deliberations on corporate strategy and risk assessment; and
- (v) the Company currently provides (and intends to continue providing) timely and public relevant disclosures to regulators, customers, investors, and other stakeholders regarding

⁵ Please see <https://www.pnm.com/irp>.

⁶ See *MD&A – Other Issues Facing the Company – Climate Change Issues* in the Company’s most recent Annual Report on Form 10-K filed with the Commission on February 28, 2017, the Company’s most recent Form 10-Q for the quarter ended September 30, 2017 filed with the Commission on October 27, 2017 and in the Company’s Annual Report on Form 10-K for the fiscal year 2017, expected to be filed on or before March 1, 2018.

steps taken or planned to be taken to address climate change and the Board's oversight of such steps, all of which is detailed in several publicly available reports, including most recently the climate change report posted on the Company's Sustainability Portal available at [https:// www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx](https://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx).

With respect to any remaining supporting statement considerations – similar to *Peabody* – the lack of specificity as to how such matters should be implemented gives the Company great discretion to determine what actions would best serve its objectives, and such determination should be given great deference.

While the Company believes it has already met the essential objectives of the Proposal, it should be further noted 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. See 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).

In essence, substantial implementation under Rule 14a-8(i)(10) requires that a company's actions satisfactorily address both the underlying concerns and the essential objective of the proposal. The Board's extensive oversight of climate change issues affecting the Company and the Company's accompanying public disclosures, as detailed herein, clearly address both the underlying concerns and essential objective of the Proposal. Accordingly, the Company may properly exclude the Proposal from the Proxy Materials pursuant to Rule 14a-8(i)(10).

CONCLUSION

For the reasons stated above, we believe that the Proposal may be properly excluded from the Proxy Materials. 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 Edith P. Homans Family Trust

Exhibit A

November 17, 2017

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

Greetings:

Climate change presents both threats to and opportunities for companies in all sectors of the economy, requiring them to adapt their business models and practices. Investors nationwide are calling for clear and expanded board oversight of corporate responses to this pressing issue.

A number of leading companies have already embraced board oversight of climate change. Meanwhile, PNM Resources has no publicly described process to insure that its board is competent with respect to climate change, and that the issues it raises are routinely addressed by the board.

I am therefore offering a shareholder resolution which asks that PNM Resources take the steps necessary to establish more effective board oversight of our company's policies and programs addressing climate change and report to shareholders on steps taken or planned.

The attached proposal is submitted for inclusion in the 2018 Proxy statement in accordance with Rule 14a-8 of the general Rules and Regulations of the Securities Act of 1934.

The Edith P. Homans Family Trust of which I am the sole trustee has been the beneficial and continuous owner of 100 shares of PNM Resources stock which is worth more than \$2000 for over a year and will continue to be a holder of the requisite number of shares through the 2018 stockholders' meeting. Proof of ownership from US Bank, a DTC participant and the sub-custodian of my portfolio manager Walden Asset Management, is forthcoming. As required by SEC rules, either I or my representative will attend the shareholders' meeting to move the resolution.

I may be joined by other co-filers but will act as primary filer and can be contacted as indicated below. I look forward to discussing this issue with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Edith P. Homans", with a long horizontal flourish extending to the right.

Edith (Dee) P. Homans

RESOLUTION: Board of Directors and Climate Change Oversight

WHEREAS: Climate change presents both threats to and opportunities for companies in all sectors of the economy, requiring them to adapt their business models and practices. It also brings systemic challenges to economies and financial markets requiring significant efforts by companies to reassess and evolve in response.

There has been rapid growth in laws and regulations globally to address climate change. And the recent ratification of 2015 Paris Agreement on climate change signals we can expect to see the continuing growth of national and global regulations.

Corporate boards have a responsibility to oversee material sustainability issues, like climate change, as part of their responsibility to protect investor interests.

Investors are calling for clear and expanded board oversight of corporate responses to climate change. Large institutional investors CalPERS and CalSTRS recently amended their corporate governance principles calling for climate competence on boards of their portfolio companies; State Street Global Advisors has also put forth its own guidance on how boards can improve oversight of climate change-related risks.

Obviously there can be different models for Boards seeking to insure they are diligently overseeing management's policies and programs on climate change.

A number of leading companies have already embraced board oversight of climate change. Ford Motor Company's Board Sustainability and Innovation Committee explicitly notes the Committee's responsibilities in the areas of "energy consumption, climate change, greenhouse gas and other criteria pollutant emissions." Companies like Apple, Cheniere Energy, ConocoPhillips and others have added experts in climate change to their board of directors.

Meanwhile, PNM Resources has no publicly described process to insure that its board is competent with respect to climate change, and that the issues raised by climate change are routinely addressed by the board .

RESOLVED: To help address the critical social and business impacts of climate change, shareholders request that PNM Resources take steps necessary to establish more effective board oversight of our company's policies and programs addressing climate change and report to shareholders on steps taken or planned.

SUPPORTING STATEMENT: In determining the best approach for PNM Resources to strengthen board oversight of climate change in ways that best address its particular circumstances, we recommend consideration of the following options:

- Formalize climate change oversight by creating a new board committee or assigning responsibility to an existing committee;
- Recruit candidates with expertise in climate change onto the board, and include this in the board qualifications matrix;
- Provide for informed oversight by the entire board through training and stakeholder engagement opportunities when appropriate;
- Integrate consideration of climate change into board deliberations on corporate strategy and risk assessment;
- Regularly evaluate and report on the role of the board in overseeing climate change related risk to and opportunities for PNM Resources.



Institutional Trust and Custody
425 Walnut Street
Cincinnati, OH 45202

usbank.com

Date: November 17, 2017

To Whom It May Concern:

U.S. Bank has acted as sub-custodian for Boston Trust & Investment Management Company (Boston Trust) since July 18, 2016, who is the custodian for the account of the Edith (Dee) P. Homans Family Trust.

We are writing to confirm that Edith (Dee) P. Homans Family Trust has had continuous beneficial ownership of a least \$2,000 in market value of the voting securities of **PNM Resources, Inc. (Cusip #69349H107)** from November 17, 2016 to November 17, 2017.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Joanne MacVey".

Joanne MacVey
Officer, Client Service Manager
Institutional Trust & Custody