February 10, 2020

VIA EMAIL

U.S. Securities and Exchange Commission
Division of Corporate Finance
Office of Chief Counsel
100 F. Street, N.E.
Washington, DC 20549
(shareholderproposals@sec.gov)

Re: PNM Resources, Inc. – Exclusion of Shareholder Proposal Submitted by Robert Andrew Davis Pursuant to Rule 14a-8

Ladies and Gentlemen:

I am writing in response to the "No Action" request submitted by David I. Meyers of Troutman Sanders LLP on January 10, 2020 on behalf of their client PNM Resources. I am the shareholder and proponent who filed on December 6, 2019, with Sam and Wendy Hitt as co-filers, the Resolution entitled "Report on Stranded Assets of Natural Gas-Based Generation." I have sent copies of this response to David Meyers of Troutman Sanders, and Patrick Apodaca and Leonard Sanchez of PNM Resources.

PNM Resources (PNM) has asked that the staff concur in their view that the Proposal may be omitted from the Proxy Materials for the 2020 Shareholder Meeting "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 and previous public disclosures."

We maintain that PNM has not to date in a substantive or meaningful way addressed the main requirement of our Resolution, that "PNM issue a report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to climate change intensifies." Further, we maintain that PNM through Mr. Meyers has presented a misleading representation of the terms of the Energy Transition Act (ETA), which implies that the Company is largely exempt from the risk of stranded assets with respect to its natural-gas generation portfolio, and therefore exempt from treating that risk in a serious manner. As we will make clear later, this is absolutely not the case.
In the course of his argument Mr. Meyers mentions four main avenues, four main categories of public disclosure that in his mind constitute a substantial implementation of the report requested in the resolution: the "Generation Portfolio Report," the "Climate Change Report," (both contained on line in the company's "Sustainability Portal"), the current 2017 and upcoming 2020 Integrated Resource Plan (IRP), and the company's regular filings with the SEC.

Consulting the "Generation Portfolio Report," available at https://www.pnmresources.com/sustainability-portal.aspx, one finds the following:

"Because PNM is a regulated electric utility with nearly all of its generation resources dedicated to serving customers in its regulated service areas, it does not have exposure to stranded assets based on the fluctuation of market prices for its products that other energy companies (such as oil and gas producers) may experience. PNM has exposure to impairments from stranded generation assets only if it is not permitted by the New Mexico Public Regulation Commission (NMPRC) to recover its investments. Under certain circumstances ... PNM may agree to forego partial recovery of its investments through a negotiated regulatory settlement that resolves multiple issues. The NMPRC approves both the addition of new generation resources to serve customers and the timeframe over which those resources should serve customers and be recovered through retail rates, essentially approving both the assets and the associated useful life. Should a commission mandate the stranding of an existing asset without allowing a utility to recover its investment, the utility has the opportunity to appeal that decision to the state supreme court."

This is an enlightening description of the process by which PNM might be exposed to Stranded Assets, but it says nothing about the actual risk of stranded assets of natural gas-based infrastructure as the global response to climate change intensifies," which is the point of our resolution.

The "Generation Portfolio Report" goes on to note:

"To further the transition to carbon-free electric generation in New Mexico, the ETA allows PNM to recover ... any undepreciated investments and decommissioning costs in the event any currently-owned natural gas assets are retired to comply with the renewable energy standards of the ETA."

Here it is essential to note that to qualify for full recovery of undepreciated assets, i.e. to avoid stranded assets, under the ETA, the natural gas assets must
have served ratepayers before 2015 and have been retired to comply with the renewable portfolio standards of the ETA. In a footnote PNM further comments that "Natural gas assets qualify for full recovery under the ETA of any undepreciated investments or decommissioning costs in the event any of them are required by the NMPRC to be shut-down and replaced with lower or zero-carbon emitting generation resources to comply with applicable renewable resource standards of New Mexico law." This statement is inaccurate in that it omits the essential qualifier "owned prior to 2015." But I will come back to this important point in a moment.

Consulting the "Climate Change Report," also available on line at https://www.pnmresources.com/sustainability-portal.aspx, one finds a lengthy description of the company's progress toward 100% carbon free electric generation by 2040, but no discussion, even by inference, of the risk of stranded assets due to climate change with respect to existing or proposed natural gas-fired plants between now and their presumed removal from service in 2040.

Consulting the 2017 IRP (pages 29-34 and 85-86, available on line at www.pnm.com>documents>PNM+2017+Final.pdf), we find a brief two-paragraph acknowledgement of the potential impact of federal and state regulations on the economic viability of natural gas-fired generation. Methane emissions, the most serious of the climate change causing pollutants associated with the use of natural gas, warrant three lines, which end with the anodyne: "[Regulation] may be of some impact as it could affect the cost or availability of gas supplies." No mention whatsoever is made of the effects of tracking and of the possibility of future state and/or federal tracking regulation, both of which are currently pending. The possibility of natural gas-fired plants ending up as stranded assets


2 The Second Session of New Mexico's 54th Legislature, SB 104; Prohibit New Hydraulic Fracturing Permits; Senator Antonieta Sedillo Lopez and Representative Patricia Roybal Caballero.


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as part of the global response to climate change is never mentioned, indirectly referenced or discussed.

Consulting the 2020 IRP cannot be done, because it will not be available until the middle of this year. We certainly feel that it would be inappropriate to allow PNM to not include our resolution on the basis of what might or might not be in that report, particularly since PNM in its other currently available material has shown an absolute disinclination to deal in a serious fashion, or in any fashion whatsoever, with the possibility that natural gas-fired facilities might end up as stranded assets.

Finally, consulting PNM's most recent quarterly 10-Q SEC filing (available on line at https://www.pnmresources.com/investors/financial-information/sec-filings.aspx pp. 51-58) one finds again a review of the provisions of the ETA, as well as an overview of relevant federal, state, and Navajo Nation environmental actions, in each case followed by a version of the generic disclaimer that PNM is unable to predict what effect if any each of these might have on their operations going forward. Again, the possibility of natural gas-fired facilities ending up as stranded assets as part of the global response to climate change is never mentioned, indirectly referenced, or discussed.

In sum, a review of the referenced documents cannot support PNM and Mr. Meyers' contention that the Company has "substantially implemented the proposal." And this is not surprising, because, while the one and only legal basis for the Company's no action request is under Rule 14a-8(i)(10), its main argument in fact is other.

On page 6 of his letter to the SEC Mr. Meyers notes:

"3. While the Company's transition to an emission-free generation portfolio includes limited reliance on natural gas generation as a backstop to intermittent renewable energy sources, all of the Company's existing natural gas generation resources qualify for recovery under New Mexico's Energy Transition Act."

In essence Mr. Meyers is arguing, not that the Company has "substantially implemented" the resolution, but something quite different: that the Resolution is unnecessary because PNM is, by virtue of the ETA, largely, if not entirely, immune from the risk of stranded assets with respect to natural gas-fired plants.

But the statement quoted above is misleading in two crucial ways. The first is that it mixes apples and oranges, "existing" plants with those "proposed." As part of

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its recent filings in hearings before the New Mexico Public Regulation Commission (NMPRC) with respect to the replacement of the capacity lost with the closing of the remaining units of the San Juan Generating Station (SJGS), NMPRC Case No. 19-00195-UT, PNM has proposed building a new natural gas-fired generating facility on the site of the old coal plant—as part of that "limited reliance on natural gas generation" mentioned above—indicating clearly that PNM is planning on at least one new plant (with seven units) at the cost of approximately $190M as part of its "transition to an emission-free generation portfolio". But this new plant will NOT be covered by the provisions of the ETA, which apply only to plants permitted and in the rate base as of January 2015, and therefore it will NOT be guaranteed recovery of undepreciated assets and decommissioning costs if it is required to be closed before 2040. This has been a source of some confusion, but under cross-examination during the recent replacement capacity hearings before the NMPRC, Tom Fallgren, PNM Vice President of Generation, confirmed directly and unambiguously that the relevant portion of the ETA, §31C, would NOT apply to the new natural gas-fired plant PNM is proposing. (19-00195-UT, Tr. 1/23/2020 (Fallgren) pp. 280-81)

The second is that, while existing natural gas plants "qualify for recovery" under the ETA, they do so only under the terms laid out in the bill, which is to say if the NMPRC requires they be closed to meet the Renewable Portfolio Standards established in the ETA. If they are required to be closed for other reasons the undepreciated investments and decommissioning costs they represent are not protected.

Climate change is real, and attention to the risk it poses is increasing exponentially. The demands on the utility sector to change in response to that risk are real and increasing vertiginously as well. The possibility exists that, as happened with coal-fired generation, in the relatively near future the regulatory environment may change to such an extent that natural gas-fired generation becomes uneconomical or socially incompatible and PNM’s investments in gas-fired plants, both those currently owned and the one proposed, at risk of becoming stranded. Methane emission legislation and a ban on fracking are only two of the possible means through which the future of natural gas-fired generation could be threatened in relatively short order.

In proposing a new gas-fired plant to partially replace the capacity lost with the final closing of SJGS, and placing the investment in the plant on an abbreviated 18 year depreciation schedule, PNM is placing a bet, a naked bet unprotected by the cover of the ETA. They are betting that they can get in and get their
investment out before circumstances change sufficiently to put their investment at risk of stranding. The investment in the proposed plant, not to mention the existing natural gas plants, may however represent a significant risk for shareholders, who deserve to be enlightened--always within the limits prescribed by the resolution, which is to say at reasonable cost, and omitting confidential information such as proprietary data or legal strategy--as to how PNM is responding to, and working to mitigate, that risk.

In conclusion, I have shown that PNM has not met the standard for exclusion under Rule 14a-8(i)(10) ("substantially implemented by the issuer") in its publicly available materials. I have also shown that Mr. Meyers' additional argument (which has not been referenced to any specific SEC Rule) that PNM is largely exempt from risk of stranded assets with regard to its natural gas-fired generation portfolio, present and proposed, is misleading and inaccurate.

For the above reasons I ask therefore that the "No Action" request by the Company be disallowed and that our Resolution be required to be included in this year's proxy materials for the upcoming PNM annual meeting.

If you have any further questions or need any additional information you can contact me at *** or at ***.

Sincerely,

[Signature]

Robert Andrew Davis

cc: Patrick V. Apodaca--Senior Vice President, General Counsel and Secretary
Leonard D. Sanchez--Associate General Counsel
David I Meyers, Troutman Sanders LLP
January 10, 2020

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 Robert Andrew Davis 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 2020 annual meeting of shareholders (the “Proxy Materials”) a proposal (the “Proposal”) and supporting statement submitted to the Company by Robert Andrew Davis (“Mr. Davis”) on December 6, 2019 and by Sam and Wendy Hitt (as co-proponents) (together with Mr. Davis, the “Proponents”) on December 11, 2019. 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 Proponents.

The Company anticipates that its Proxy Materials will be mailed on or about March 31, 2020 (with printing scheduled to begin on March 26, 2020). 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 Proponents 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 Proponents that if the Proponents elect 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 PNM issue a report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to climate change intensifies. This report should be available to the shareholders and the public on PNM's website by January 1, 2021, be prepared at reasonable cost, and omit confidential information, such as proprietary data or legal strategy."

A copy of the Proposal and supporting statement, as well as the related correspondence regarding the Proponents' share ownership, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We respectfully request on behalf of the Company that the Staff concur in our view that the Company may exclude the Proposal 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 and previous public disclosures.

DISCUSSION

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

A. Background

Rule 14a-8(i)(10) provides that a company may exclude a proposal from its proxy materials if "the company has already substantially implemented the proposal." According to the Commission, this exclusion "is designed to avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by management." See Release No. 34-20091 (Aug. 16, 1983) (the "1983 Release"), which the Commission codified in Exchange Act Release No. 40018, at n.30 (May 21, 1998) (the "1998 Release"). The Staff has articulated this standard by stating that "a determination that the company has substantially implemented the proposal depends upon whether particular policies, practices and procedures compare favorably with the guidelines of the proposal." See, e.g., United Cont'l Holdings, Inc. (Apr. 13, 2018); eBay Inc. (Mar. 29, 2018); Kewaunee Scientific Corp. (May 31, 2017); Wal-Mart Stores, Inc. (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); Starbucks Corp. (Nov. 27, 2012), Whole Foods Market, Inc. (Nov. 14, 2012), and Texaco, Inc. (Mar. 28, 1991). A company need not implement every detail of a proposal in order for the Staff to permit exclusion under Rule 14a-8(i)(10). See 1983 Release. Rather, the Staff has consistently 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 Walgreens Boot Alliance, Inc. (November 13, 2018) the Staff allowed the company to exclude under Rule 14a-8(i)(10) a proposal requesting the company issue a report describing its implementation plans ensuring how its policies and practices are advancing and not undermining UN Sustainable Development Goals because the company’s public disclosures compared favorably to the guidelines of the proposal. Additionally, 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). Specific to the Company, in *PNM Resources, Inc.* (March 30, 2018), the Staff allowed the Company to exclude a proposal very similar to the Proposal that called for a report identifying generation assets that may become stranded due to global climate change. The Staff allowed the Company to exclude the proposal in reliance on Rule 14a-8(i)(10) because the Company’s public disclosures compared favorably with the guidelines of the proposal. 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 generation portfolio report, climate change report and its publicly available Integrated Resource Planning materials, in addition to other publicly available disclosures, substantially implement the Proposal.**

The Proposal requests that Public Service Company of New Mexico ("PNM"), one of the Company’s operating subsidiaries, “issue a report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to climate change intensifies.” The essential objective of the Proposal is to provide investors sufficient information to assess whether PNM has paid sufficient attention to the risks inherent in substantial investment in natural-gas-fired generation and how these assets and their depreciation timelines reconcile with climate stability goals or the existence of increasingly low cost, clean energy pathways. This objective is already being met by the Company through its public disclosures in its Generation Portfolio Report (the “Generation Portfolio Report”)
and its Climate Change Report (the “Climate Change Report”), both of which are available on the Company’s Sustainability Portal\(^1\). The Generation Portfolio Report and the Climate Change Report, together with the Company’s other public disclosures, substantially implement the Proposal such that excluding the Proposal from the Proxy Materials is permitted under Rule 14a-8(i)(10).

1. The Company discloses the potential financial risks to PNM’s generation assets, including its natural gas assets, in light of regulatory and other factors in the Generation Portfolio Report.

Information regarding PNM’s generation portfolio, including 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, has been published in the Generation Portfolio Report under the caption “PNM-Owned Generation Portfolio”. The Generation Portfolio Report discloses financial exposure that the Company has with regard to potential impairments of PNM’s generation resources through the disclosure of the book value of each of PNM’s coal, natural gas, nuclear and solar generation resources.

2. PNM is transitioning to an emission-free generation portfolio and, in the meantime, is proposing to further diversify its generation portfolio to decrease the impact of the potential stranding of assets of a constituent generation source as a result of future climate change regulations.

The Climate Change Report, published by management with Board oversight, details the significant efforts PNM is making to transition to an emission-free generation portfolio, which efforts were developed through a comprehensive research and planning process known as the Integrated Resource Plan (“IRP”). Every three years, PNM is required under New Mexico law to file a new IRP with a four-year action plan. PNM’s most recent IRP (available at [https://www.pnm.com/2017-irp-meetings](https://www.pnm.com/2017-irp-meetings)) (the “2017 IRP”) evaluated PNM’s generation assets over a 20-year planning horizon and outlined the actions PNM is proposing to continue to reduce carbon dioxide emissions and increase the use of cleaner energy resources. The most cost effective portfolio to serve PNM’s New Mexico customers with affordable, reliable and environmentally responsible power identified in the 2017 IRP contemplates PNM becoming coal-free by 2031 upon exiting the remaining two units at the San Juan Generating Station (“SJGS”) in 2022 and the Four Corners Power Plant by 2031. PNM’s assessment of the cost effectiveness of the coal plant retirements in the 2017 IRP assumed full cost recovery of the remaining investments in these plants. On July 1, 2019, PNM filed an application with the New Mexico Public Regulation Commission (“NMPRC”) to exit the remaining two units at SJGS in 2022 and to recover related energy transition costs, including its undepreciated investment in SJGS at the time of retirement. As described in the Climate Change Report,

PNM achieved 34% emission-free generation in 2018 and expects to be 70% emission-free by 2032 (upon retirement of its coal generation assets) and 100% emission-free by 2040. In 2019, when PNM announced its goal to achieve a 100% emission-free generation portfolio by 2040, it became the first U.S. investor-owned utility to do so.

PNM is currently soliciting input from customers and industry experts prior to filing its next IRP (the “2020 IRP”) with the NMPRC, which is expected in July 2020. The 2020 IRP is outlined here: https://www.pnmforwardtogether.com/irp. In support of PNM’s goal to be emission-free by 2040, PNM’s ongoing 2020 IRP is expected to evaluate, and analyze the risks and benefits associated with, providing 100% emission-free generation by 2040.

Furthermore, PNM has provided additional information regarding its goal to be emission-free by 2040 on its website, www.pnmforwardtogether.com, including a summary of PNM’s proposed alternative replacement resources under consideration by the NMPRC to replace the power provided by SJGS. PNM’s recommended scenario would employ a variety of energy sources including 350 MW of solar energy provided under power purchase contracts, 130 MW of battery storage, and 280 MW of natural gas peaking capacity. The flexible natural gas assets contemplated by this scenario are necessary to support the continued and rapid addition of renewable energy sources and to ensure that system reliability is maintained throughout the remainder of this transitional period. In any event, it is important to note that the new natural gas assets contemplated by this scenario are projected to run less than 10% of the time and be fully depreciated by 2040, and therefore are not expected to be at risk of becoming stranded. PNM has also requested NMPRC approval of 140 MW of new wind resources as part of its annual renewables filing, as well as approval for a 50 MW solar direct program for non-residential customers. In addition to increasing sustainability, the proposed diversification of PNM’s generation portfolio is likely to decrease the impact of the potential strandedness of assets of a constituent generation source as a result of future climate change regulations.

3. While the Company’s transition to an emission-free generation portfolio includes limited reliance on natural gas generation as a backstop to intermittent renewable energy sources, all of the Company’s existing natural gas generation resources qualify for recovery under New Mexico’s Energy Transition Act.

As noted above, the Company’s transition to an emission-free generation portfolio includes limited reliance on natural gas generation as a backstop to intermittent renewable energy sources. PNM is operating and expects to continue to operate its natural gas assets in a manner designed to sustainably support this transition. However, to the extent that PNM’s natural gas assets are required by the NMPRC to be retired to comply with renewable energy standards, the Company expects certain of the related costs to be fully recoverable under current New Mexico legislation.

The Generation Portfolio Report explains that, in 2019, the New Mexico legislature enacted the Energy Transition Act (the “ETA”) that requires PNM to serve its customers with 100% zero carbon resources by 2045 and to achieve reasonable and consistent progress
towards this requirement, including meeting the intervening renewable standards of having renewable energy serve 20% of its customers’ energy requirements by 2020, 40% by 2025, 50% by 2030, and 80% by 2040. Among other things, the ETA provides for recovery of any undepreciated investments and decommissioning costs in the event that certain natural gas assets are ordered by the NMPRC to be retired to comply with the renewable energy standards of the ETA. As noted in the Generation Portfolio Report, all of PNM’s existing natural gas generation resources qualify for such recovery under the ETA.

4. The Company has provided, and intends to continue to provide, to the extent not premature or speculative, appropriate disclosures to its shareholders regarding the risks associated with its investments in PNM’s generation assets, including its natural gas generation assets.

PNM continually evaluates the impact of environmental regulation, technological innovation, and regulatory action on its generation assets. If future regulatory actions indicate a reasonable possibility that any of PNM’s generation assets, including its natural gas generation assets, may become stranded and result in a significant impairment, the Company and PNM would provide appropriate public disclosures, including in the annual, quarterly and current reports under the Exchange Act filed with the SEC (“SEC Reports”) and available on the Company’s website at http://www.pnmresources.com/investors/financial-information/sec­filings.aspx.

As noted in the Generation Portfolio Report, all but 65 MW of PNM’s generation assets are currently dedicated to serving its retail customers in New Mexico and so are subject to state regulation. The NMPRC approves both the addition of new generation resources to serve retail customers and the timeframe for which those resources should serve customers and be recovered through retail rates, essentially approving both the asset and the associated useful life. It is PNM’s regulator, the NMPRC, that will ultimately approve any retirements of any of PNM’s generation assets, including any potential future retirements of existing or proposed natural gas assets to meet the renewable standards of the ETA. The NMPRC determines the relevant ratemaking treatment of any such retirements consistent with the ETA (as noted above) and consequently the potential for stranded assets, if any. 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 would be premature and speculative.

Nevertheless, the Company’s existing public disclosures address the essential objective of the Proposal. With the public availability of information about the ETA and PNM’s plans to be emission free by 2040 in the Climate Change Report and the Generation Portfolio Report, as well as the SEC Reports and other public disclosures regarding the 2017 IRP and 2020 IRP process, the Company believes it has provided, and it intends to continue to provide, appropriate disclosures to its shareholders regarding the risks associated with its investments in its generation assets, including its natural gas generation assets. As the Commission has recognized, there is no need to present to shareholders a proposal regarding a matter on which the Company’s management or board has already acted upon favorably. Therefore, where the particular policies, practices, and procedures of a company “compare favorably with the
guidelines of the proposal" (Vector Group Ltd. (February 26, 2013)), as the Company’s current disclosures already do with respect to the Proponents’ essential objective, then the proposal may be excluded on the grounds that it has been substantially implemented.

While the Company believes that the Company’s public disclosures clearly meet the essential objective of the Proposal, 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 is sufficient that the Company 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).

Accordingly, because the Company has substantially implemented the Proposal, 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) 697-1239 or at dave.meyers@troutman.com.

Sincerely,

David I. Meyers

Enclosures
cc: Patrick V. Apodaca – Senior Vice President, General Counsel and Secretary
    Leonard D. Sanchez – Associate General Counsel
    Robert Andrew Davis
    Sam and Wendy Hitt
Exhibit A
December 6, 2019

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

Greetings:

The Intergovernmental Panel on Climate Change released a report in 2018 finding that "rapid, far-reaching" changes are necessary in the next 10 years to avoid disastrous levels of global warming.

The energy sector has a critical role to play in mitigating climate risk. Like PNM, the sector at large is undergoing a rapid transition by moving away from coal, but a growing reliance on natural gas creates its own ongoing risk. Natural gas is a major contributor to climate change due to combustion emissions and methane leaks. And building new gas infrastructure may become uneconomic and result in costly stranded assets comparable to early retirements now occurring nationwide for coal, especially considering the rapid, and accelerating, pace of technological innovation.

While PNM is to be commended for its decision to abandon SJGS in 2022 and for its public embrace of the new Renewable Portfolio Standards included in the recently passed New Mexico Energy Transition Act, investors lack sufficient information to assess whether PNM has paid sufficient attention to the risks inherent in substantial investment in natural-gas-fired generation and how these costly assets and their depreciation timelines reconcile with climate stability goals or the existence of increasingly low cost, clean energy pathways.

I am therefore submitting a shareholder resolution for the 2020 Shareholder Annual Meeting which asks that that PNM issue a report describing how it is responding to the risk of stranded assets of natural gas-based generation as the global response to climate change intensifies.

The attached proposal is submitted for inclusion in the 2020 Proxy statement in accordance with Rule 14a-8 of the general Rules and Regulations of the Securities Act of 1934.

I, Robert Andrew Davis, have 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 2020 stockholders' meeting. Proof of ownership from US Bank, a DTC participant and the sub-custodian of my portfolio manager Boston Trust Walden, 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,

Robert Andrew Davis
PO Box 1354
Santa Fe, NM 87504

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REPORT ON STRANDED ASSETS OF NATURAL GAS-BASED GENERATION

DISCUSSION: The Intergovernmental Panel on Climate Change released a report in 2018 finding that "rapid, far-reaching" changes are necessary in the next 10 years to avoid disastrous levels of global warming.

The recent initiation of abandonment proceedings for the coal-fired San Juan Generating Station (SJGS) by PNM Resources (PNM) marks an important step in the effort to combat climate change.

These proceedings before the New Mexico Public Regulation Commission (NMPRC) will also determine how the generation capacity of SJGS will be replaced. Given the replacement options already offered by PNM, and its current significant reliance on gas-fired generation, it is likely that natural gas-fired plants will continue to play a prominent role in PNM's generation mix.

The energy sector has a critical role to play in mitigating climate risk. The sector at large is transitioning away from coal, but a growing reliance on natural gas creates its own ongoing risk. Natural gas is a major contributor to climate change due to combustion emissions and methane leaks. In 2018, gas contributed to an increase in power sector emissions, jeopardizing chances of achieving reductions in line with the Paris Agreement's goal of keeping global warming below 1.5 degrees Celsius.

Building new gas infrastructure may become uneconomic and result in costly stranded assets comparable to early retirements now occurring nationwide for coal, especially considering the rapid, and accelerating, pace of technological innovation. Coal generation went from viable alternative to stranded asset in only a few short years, and the tempo of change has only increased. Demand response, energy efficiency, and renewables plus storage are all increasingly efficient and economically competitive means of serving energy needs while reducing fossil fuel use and climate impacts.

While PNM is to be commended for its decision to abandon SJGS in 2022 and for its public embrace of the new Renewable Portfolio Standards included in the recently passed New Mexico Energy Transition Act, investors lack sufficient information to assess whether PNM has paid sufficient attention to the risks inherent in substantial investment in natural-gas-fired generation and how these costly assets and their depreciation timelines reconcile with climate stability goals or the existence of increasingly low cost, clean energy pathways.

Peer utilities, including NextEra and Xcel, have demonstrated alternatives to investing in natural gas by replacing coal assets with renewables and storage, creating win-win solutions. Shareholders are concerned that PNM may lag behind on such opportunities and increase its exposure to climate-related risks by investing in significant gas-fired infrastructure that may become stranded.

RESOLVED: Shareholders request that PNM issue a report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to
climate change intensifies. This report should be available to the shareholders and the public on PNM's website by January 1, 2021, be prepared at reasonable cost, and omit confidential information, such as proprietary data or legal strategy.
Dee and Andy:
I am acknowledging receipt of the shareholder proposals you submitted on Friday, December 6, 2019.

Please note that the proof of ownership you submitted with your email below will have to be resubmitted. The letters should be on USBank Letterhead and also will need to be executed by a representative of the USBank.

Please let me know if you have any questions in this regard.

Thank you,

Leonard D. Sanchez
Associate General Counsel &
Director, Ethics & Governance
PNM Resources, Inc.
414 Silver Ave SW  MS 1275
Albuquerque, NM 87102-3289
Phone: (505) 241-4941
Leonard.Sanchez@pnmresources.com
Is this a phishing email? - Look again!
This email is from "" - do you know them?
******************************************************************************
******************************************************************************
Hello Leonard and Patrick,
I’m attaching the proof of ownership for both Andy and myself for the two resolutions just sent to you. Thanks, Dee
To Whom It May Concern:

U.S. Bank is the sub-custodian for Boston Trust Walden Company

We are writing to confirm that Robert Andrew Davis has had a beneficial ownership of at least $2,000 in market value of the voting securities of PNM (CUSIP #69349H107) and that such beneficial ownership has existed continuously for over one year in accordance with rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

U.S. Bank is a DTC participant.

Sincerely,

Melissa Wolf
Officer, Client Service Manager
Institutional Trust & Custody
Dee and Andy:
These letters are sufficient proof of ownership.

Leonard D. Sanchez
Associate General Counsel &
Director, Ethics & Governance
PNM Resources, Inc.
414 Silver Ave SW MS 1275
Albuquerque, NM 87102-3289
Phone: (505) 241-4941
Leonard.Sanchez@pnmresources.com

Leonard,
Whoops; I sent these before they were ready. Are the attached adequate? Thanks, Dee
December 11, 2019

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

Dear Sir or Madam Secretary:

We are writing to request that PNM Resources prepare a public report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to climate change intensifies.

The attached proposal is submitted for inclusion in the 2020 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 2020 annual meeting. Under separate cover, U.S. Bank, a DTC participant, and the sub-custodian of our Boston Trust Walden portfolio will provide verification of ownership.

One of us, or a representative, will attend the annual shareholders meeting to move the resolution as is required by SEC rules. We are co-filing this resolution with Robert Andrew Davis who is the primary filer. We look forward to discussing our proposal with you. Sam can be contacted at (505) 438-1057 or sam@wildwatershed.org

Sincerely,

/s/ Sam Hitt
/s/ Wendy Hitt

Sam and Wendy Hitt
P.O. Box 1943
Santa Fe, NM 87504
REPORT ON STRANDED ASSETS OF NATURAL GAS-BASED GENERATION

DISCUSSION: The Intergovernmental Panel on Climate Change released a report in 2018 finding that "rapid, far-reaching" changes are necessary in the next 10 years to avoid disastrous levels of global warming.

The recent initiation of abandonment proceedings for the coal-fired San Juan Generating Station (SJGS) by PNM Resources (PNM) marks an important step in the effort to combat climate change.

These proceedings before the New Mexico Public Regulation Commission (NMPRC) will also determine how the generation capacity of SJGS will be replaced. Given the replacement options already offered by PNM, and its current significant reliance on gas-fired generation, it is likely that natural gas-fired plants will continue to play a prominent role in PNM's generation mix.

The energy sector has a critical role to play in mitigating climate risk. The sector at large is transitioning away from coal, but a growing reliance on natural gas creates its own ongoing risk. Natural gas is a major contributor to climate change due to combustion emissions and methane leaks. In 2018, gas contributed to an increase in power sector emissions, jeopardizing chances of achieving reductions in line with the Paris Agreement's goal of keeping global warming below 1.5 degrees Celsius.

Building new gas infrastructure may become uneconomic and result in costly stranded assets comparable to early retirements now occurring nationwide for coal, especially considering the rapid, and accelerating, pace of technological innovation. Coal generation went from viable alternative to stranded asset in only a few short years, and the tempo of change has only increased. Demand response, energy efficiency, and renewables plus storage are all increasingly efficient and economically competitive means of serving energy needs while reducing fossil fuel use and climate impacts.

While PNM is to be commended for its decision to abandon SJGS in 2022 and for its public embrace of the new Renewable Portfolio Standards included in the recently passed New Mexico Energy Transition Act, investors lack sufficient information to assess whether PNM has paid sufficient attention to the risks inherent in substantial investment in natural-gas-fired generation and how these costly assets and their depreciation timelines reconcile with climate stability goals or the existence of increasingly low cost, clean energy pathways.

Peer utilities, including NextEra and Xcel, have demonstrated alternatives to investing in natural gas by replacing coal assets with renewables and storage, creating win-win solutions. Shareholders are concerned that PNM may lag behind on such opportunities and increase its exposure to climate-related risks by investing in significant gas-fired infrastructure that may become stranded.

RESOLVED: Shareholders request that PNM issue a report describing how it is responding to the risk of stranded assets of natural gas-based infrastructure as the global response to
climate change intensifies. This report should be available to the shareholders and the public on PNM’s website by January 1, 2021, be prepared at reasonable cost, and omit confidential information, such as proprietary data or legal strategy.
From: Sanchez, Leonard  
Sent: Thursday, December 12, 2019 10:10 AM  
To: 'Sam Hitt' <sam@wildwatershed.org>; Apodaca, Patrick <Patrick.Apodaca@pnmresources.com>  
Cc: Goodman, Lisa <Lisa.Goodman@pnmresources.com>  
Subject: RE: [External] resolution

Sam:
I acknowledging receipt of your email with the materials relating to joining Andy Davis’ shareholder proposal. We have not received the proof of ownership materials from U.S. Bank.

Please let me know if you have any questions.

Leonard D. Sanchez  
Associate General Counsel &  
Director, Ethics & Governance  
PNM Resources, Inc.  
414 Silver Ave SW MS 1275  
Albuquerque, NM 87102-3289  
Phone: (505) 241-4941  
Leonard.Sanchez@pnmresources.com

From: Sam Hitt <sam@wildwatershed.org>  
Sent: Wednesday, December 11, 2019 6:36 AM  
To: patrick.apodoca@pnmresources.com; Sanchez, Leonard <Leonard.Sanchez@pnmresources.com>  
Subject: [External] resolution

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Is this a phishing email? - Look again!  
This email is from sam@wildwatershed.org - do you know them?  
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Attached please find cover letter and shareholder resolution.
Date: Dec 11, 2019

To Whom It May Concern:

U.S. Bank is the sub-custodian for Boston Trust Weiden Company

We are writing to confirm that Sam and Wendy Hitt has had a beneficial ownership of at least $2,000 in market value of the voting securities of PNM (CUSIP #69349H107) and that such beneficial ownership has existed continuously for over one year in accordance with rule 14a-8(e)(1) of the Securities Exchange Act of 1934.

U.S. Bank is a DTC participant.

Sincerely,

Melissa Wolf
Officer, Client Service Manager
Institutional Trust & Custody
From: Sanchez, Leonard  
Sent: Thursday, December 12, 2019 12:39 PM  
To: 'Wendy Hitt'  
Cc: Apodaca, Patrick  
Cc: Martinez, Cathy  
Subject: RE: [External] Proof of ownership for Sam and Wendy Hitt

Thank you for forwarding the proof of ownership.

Leonard D. Sanchez  
Associate General Counsel &  
Director, Ethics & Governance  
PNM Resources, Inc.  
414 Silver Ave SW MS 1275  
Albuquerque, NM 87102-3289  
Phone: (505) 241-4941  
Leonard.Sanchez@pnmresources.com

-----Original Message-----  
From: Wendy Hitt  
Sent: Thursday, December 12, 2019 12:16 PM  
To: Apodaca, Patrick  
Cc: Martinez, Cathy  
Subject: [External] Proof of ownership for Sam and Wendy Hitt

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Dear Corporate Secretary:

Attached please find proof from US Bank of our beneficial ownership of at least $2,000 of PNM Resources stock continuously for more than one year.
Please let us know if you have any questions.

Sincerely,

Wendy Hitt