

PNM Resources' (NYSE: PNM) New Mexico electric utility, Public Service Co. of New Mexico (PNM), today will file with the New Mexico Public Regulation Commission (NMPRC) substantially final coal supply and participant restructuring agreements for San Juan Generating Station (SJGS). The agreements will be filed as part of PNM's ongoing regulatory proceedings seeking NMPRC approval of the SJGS Plan settlement agreement filed in October 2014. Approval of the settlement agreement is an important step in implementing a revised state plan that benefits customers and complies with federal visibility regulations under the Clean Air Act.

Securing these two agreements provides clear evidence of our ability to execute our plan for the San Juan Generating Station that is in the best interests of our customers, the New Mexico economy and environment, said Pat Vincent-Collawn, PNM Resources' chairman, president and CEO. The savings under this new coal supply agreement further demonstrate that our plan is the lowest cost alternative for customers, and we hope that in light of these developments, the NMPRC will approve the settlement agreement as originally filed, securing the longevity of the San Juan Generating Station.

The new coal supply agreement states that the intended new coal mine owner, [Westmoreland Coal Company](#), will take over operations at the beginning of 2016. The current agreement with the existing coal mine owner, BHP Billiton, would have terminated at the end of 2017. The earlier transaction date allows PNM customers to more quickly benefit from fuel savings of approximately 15-20 percent in 2016 and 2017. The savings will be passed along to customers through the company's fuel clause. The new coal supply agreement expires in 2022, but SJGS owners can extend the agreement beyond 2022, to coincide with the SJGS owners' plans for operation of the plant after 2022. The new coal supply agreement and the agreement in principle for Westmoreland to purchase San Juan Mine will not be final or binding until all parties have secured internal approvals.

"Westmoreland is delighted to establish a new relationship with the San Juan Generating Station," said Keith E. Alessi, Westmoreland Coal Company's CEO. "We look forward to working with the ownership of San Juan and BHP Billiton in assuring a smooth transition on January 1, 2016. The San Juan mine is a well-run operation with an excellent workforce that fits extremely well with our mine mouth, contracted business model. We look forward to welcoming the International Union of Operating Engineers workforce along with all San Juan Coal Company employees into the Westmoreland family and are certain that they will embrace our culture of safe production."

Based in Englewood, Colorado, [Westmoreland Coal Company](#) (NASDAQ: WLB) is the oldest independent coal company in the United States. Westmoreland's coal operations include sub-bituminous and lignite surface coal mining in the Western United States and Canada, an underground bituminous coal mine in Ohio, a char production facility, and a 50% interest in an activated carbon plant. Westmoreland also owns the general partner of and a majority interest in Westmoreland Resource Partners, LP, formerly Oxford Resource Partners, LP, a publicly-traded coal master limited partnership with six mining complexes. Its power operations include ownership of the two-unit ROVA coal-fired power plant in North Carolina.

PNM and the other owners of the plant will now work to secure all final approvals from their respective governing bodies.

A SJGS participant restructuring agreement will also be filed today with the NMPRC, identifying the ongoing ownership of the plant effective January 1, 2018. The agreement identifies PNMR Development and Management Company, an unregulated subsidiary of PNM Resources, as the owner of 65 MWs of SJGS Unit 4. SJGS is currently jointly owned by PNM and eight other entities. This agreement allows for the exit of certain participants while, combined with the shutdown of SJGS Units 2 and 3 under the revised state plan, defines the terms of ownership of the remaining capacity among the remaining participants.

The agreement will result in the retirement of Units 2 and 3 at San Juan, significantly reducing the use of coal and slashing seven different emissions, including carbon, by 50 percent and also cutting water use at the plant by about half.

The filing of the participant restructuring agreement addresses the Hearing Examiner's concerns in rejecting PNM's settlement agreement.

Related to the ownership restructuring agreement are other restructuring agreements, including those for mine reclamation and decommissioning. PNM and the other SJGS owners plan to have final execution of all restructuring agreements by August 31, 2015.

The revised state plan for SJGS was proposed in early 2013 by PNM, the New Mexico Environment Department and representatives from the U.S. Environmental Protection Agency (EPA) with the leadership of N.M. Governor Martinez and Navajo Nation President Ben Shelly as a cost-effective approach to comply with federal haze regulations and compliance with new carbon regulations proposed by the EPA. The New Mexico Environmental Improvement Board unanimously approved the plan and EPA approval of the plan became effective November 2014.

Background:

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, N.M., with 2014 consolidated operating

revenues of \$1.4 billion. Through its regulated utilities, PNM and TNMP, PNM Resources has approximately 2,707 megawatts of generation capacity and provides electricity to more than 753,000 homes and businesses in New Mexico and Texas. For more information, visit the company's website at www.PNMResources.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements made in this news release that relate to future events or PNM Resources ™ (PNMR) or Public Service Company of New Mexico ™s (PNM) (collectively, the Company) expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR and PNM assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR and PNM caution readers not to place undue reliance on these statements. PNMR's and PNM's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company ™s Form 10-K and Form 10-Q filings with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.

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