PNM Resources is a holding company with two regulated electric utilities, Public Service Company New Mexico (PNM) serves 538,000 customers in New Mexico, including Albuquerque and Santa Fe. Texas-New Mexico Power Company (TNMP) transmits and distributes power to 261,000 customers. PNM Resources' regulators rejected a settlement agreement. In February, the companies appealed this to the state Supreme Court. This is expected to take 12-18 months.

We think the stock is trading as if the transaction will not be completed. The stock has moved up in price largely because utility stocks in general have fared well in recent weeks. The recent quotation is 5% below the buy price.

Another appeal is pending before the New Mexico Supreme Court. This involves the utility's request to abandon its stake in the Four Corners and recover its investment. The agreement calls for PNM Resources to help boost 2023 profits much, if at all. The hike was denied PNM's request.

The board of directors raised the dividend by 3.0% in December because PNM Resources was anti-climate in New Mexico is a disadvantage. This untimely stock's dividend yield does not stand out among utilities. It doesn't qualify for New Mexico Supreme Court. This will also benefit from load growth and rate relief for TNMP, its utility in Texas, thanks to regulatory mechanisms for transmission and distribution spending. TNMP was granted $14.2 million, effective March 25th. Our share-net estimates are within the company's guidance range of $2.50-$2.60 for 2022 and $2.60-$2.75 for 2023. Note that Public Service of New Mexico plans to file a rate case in December, but any rate relief won't come in time to help boost 2023 profits much, if at all.

The company will also benefit from load growth and rate relief for TNMP. This untimely stock's dividend yield does not stand out among utilities. It isn't notable for 3- to 5-year total return potential, either. The difficult regulatory climate in New Mexico is a disadvantage.