

PNM RESOURCES INC  
Form 35-CERT  
August 26, 2005

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

File Nos. 70-10248 and 70-10285

REPORT FOR PERIOD

April 1 to June 30, 2005

PURSUANT TO RULE 24

In the matter of

PNM RESOURCES, INC.

This Certificate of Notification is filed by PNM Resources, Inc. ("PNM Resources"), a New Mexico corporation, on behalf of itself and certain of its direct and indirect subsidiaries pursuant to Rule 24 (17 C.F.R. 250.24) under the Public Utility Holding Company Act of 1935 (the "Act"). Such filing is made in connection with the Form U-1, as amended, filed by PNM Resources in Files 70-10248 and as authorized by order of the Securities and Exchange Commission ("the Commission") dated December 30, 2004 in that file and File No. 70-10285 as authorized by order of the Commission dated June 1, 2005 in that file. The orders direct that the applicants file with the Commission quarterly certificates pursuant to Rule 24 within 60 days after the fiscal quarter in which transactions occur.

This Certificate of Notification reports transactions for the quarter ended June 30, 2005.

PNM Resources hereby certifies for itself and its subsidiaries the following:

PNM RESOURCES, INC., et al.  
QUARTERLY REPORT PER REQUIREMENTS  
OF HOLDING COMPANY ACT RELEASE NOS. 35-27934 and 35-27979  
FILE NOS. 70-10248 and 70-10285  
FOR THE QUARTER ENDED JUNE 30, 2005

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Contents

| Item | Description  |
|------|--|
| 1    | A computation in accordance with rule 53(a) setting forth PNM Resources' "aggregate investment" in all EWGs and FUCOs, if any, its "consolidated retained earnings" and a calculation of the amount remaining under its rule 53 authority;   |
| 2    | Total capitalization ratio of PNM Resources, with consolidated debt to include all short-term debt and non recourse debt of all EWGs and FUCOs, if any;  |
| 3    | The market-to-book ratio of PNM Resources' common stock;   |
| 4    | Analysis of the growth in consolidated retained earnings that segregates total earnings growth of EWGs and FUCOs, if any, from that attributable to other subsidiaries of PNM Resources;   |
| 5    | A statement of revenues and net income for each EWG and FUCO, if any, for the twelve months ending as of the end of that quarter;  |
| 6    | The sales of any common stock, preferred securities or equity-linked securities by PNM Resources and the purchase price per share and the market price per share at the date of the agreement of sale which shall also separately show the amount issued during the Authorization Period for each type of issued securities; |
| 7    | The total number of shares of PNM Resources' common stock issued or issuable under the options granted during the quarter under Stock Plans, employee benefit plans and dividend reinvestment plans including plans later adopted together with the number of shares issued or issuable during the Authorization Period;     |
| 8    | If PNM Resources' common stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted in the hands of the acquirer;   |
| 9    | If a guaranty is issued during the quarter, the name of the guarantor, the name of the beneficiary of the guaranty and the amount, terms and purpose of the guaranty;  |

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- 10 The amount and terms of any PNM Resources' indebtedness issued during the quarter which shall also separately show the amount of indebtedness issued during the Authorization Period;
- 11 The amount and terms of any short-term debt issued by any utility subsidiary during the quarter which shall also separately show the outstanding amount as of the end of the applicable period of short-term debt of each utility subsidiary;
- 12 The amount and terms of any financings consummated by any non-utility subsidiary that is not exempt under rule 52 which shall also separately show the amount of non-exempt securities issued by non-utility subsidiaries during the Authorization Period;
- 13 The notional amount and principal terms of any Hedge Instruments or Anticipatory Hedges entered into during the quarter and the identity of the other parties to the transaction which shall also separately show the outstanding amount of Hedge Instruments or Anticipatory Hedges previously reported under this item;
- 14 The name and parent company of any Financing Conduit created during the quarter; the amount invested in any Financing Conduit during the quarter and the amount and terms of any securities issued by any Financing Conduit during the quarter, which shall also separately show the amount of all securities issued by such subsidiaries during the Authorization Period;
- 15 If any subsidiaries are Variable Interest Entities ("VIEs") as that term is used in FASB Interpretation 46R, Consolidation of Variable Interest Entities, provide a description of any financing transactions conducted during the reporting period that were used to fund such VIEs;
- 16 If any financing proceeds are used for VIEs, a description of the accounting for such transaction under FASB Interpretation 46R;
- 17 Consolidated balance sheets as of the end of the quarter and balance sheets as of the end of the quarter for each company, including PNM Resources, that has engaged in jurisdictional financing transactions during the quarter;
- 18 A table showing, as of the end of the quarter, the dollar and percentage components of the capital structure of PNM Resources on a consolidated basis and of each utility subsidiary;
- 19 A retained earnings analysis of PNM Resources on a consolidated basis and of each utility subsidiary detailing gross earnings, goodwill amortization, dividends paid out of each capital account and the resulting capital account balances at the end of each quarter.

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20 Future registration statements filed under the Securities Act of 1933 with respect to securities that are the subject of the instant Application will be filed or incorporated by reference as exhibits to the next certificate filed under rule 24; and

21 The current capitalization and credit rating of any of the outstanding securities of TNP Enterprises, Inc. and Texas-New Mexico Power.

### **Periods Covered by this**

### **Certificate of Periods Covered by this Certificate of Notification Pursuant to Rule 24**

This report is being filed for the quarter ended June 30, 2005.

This filing is made in connection with the Form U-1, as amended, filed by PNM Resources in File 70-10248 as authorized by order of the Securities and Exchange Commission ("the Commission") dated December 30, 2004 in that file (Items 1-20) and File No. 70-10285 as authorized by order of the Commission dated June 1, 2005 in that file (Item 21). The orders direct that the applicants file with the Commission quarterly certificates pursuant to Rule 24 within 60 days after the fiscal quarter in which transactions occur.

The Authorization Period extends from December 30, 2004 (the date that Form U-1, as amended, was filed by PNM Resources in File 70-10248 and was authorized by order of the Commission dated December 30, 2004 in that file) to December 30, 2007. This report includes transactions for the current quarter and cumulative amounts for the Authorization Period, as appropriate for each Item reported on below.

**Item 1**

**A computation in accordance with rule 53(a) setting forth PNM Resources' "aggregate investment" in all EWGs and FUCOs, if any, its "consolidated retained earnings" and a calculation of the amount remaining under its rule 53 authority.**

As of June 30, 2005, PNM Resources had no investment in either EWGs or FUCOs.

**Item 2**

**Total capitalization ratio of PNM Resources, with consolidated debt to include all short-term debt and nonrecourse debt of all EWGs and FUCOs, if any.**

The total capitalization ratios of PNM Resources as of June 30, 2005 are reported below.

|                 | June 30, 2005 (a)      |        |
|-----------------|------------------------|--------|
|                 | (Dollars in thousands) |        |
| Common Equity   | \$1,289,204            | 37.0%  |
| Preferred Stock | 233,177                | 6.7%   |
| Long-term Debt  | 1,938,038              | 55.7%  |
| Short-term Debt | 20,700                 | 0.6%   |
|                 | \$3,481,119            | 100.0% |

(a) As of June 30, 2005, PNM Resources had no investment in either EWGs or FUCOs.

**Item 3**

**The market-to-book ratio of PNM Resources' common stock.**

The market-to-book ratio of PNM Resources' common stock as of June 30, 2005 follows.

|  |          |
|--|----------|
| Closing price per share on June 30, 2005 | \$ 28.61 |
| Book value per share at June 30, 2005    | \$ 19.00 |
| Market-to-book ratio                     | 1.51     |

**Item 4**

**Analysis of the growth in consolidated retained earnings that segregates total earnings growth of EWGs and FUCOs, if any, from that attributable to other subsidiaries of PNM Resources.**

As of June 30, 2005, PNM Resources had no investment in either EWGs or FUCOs.

**Item 5**

**A statement of revenues and net income for each EWG and FUCO, if any, for the twelve months ending as of the end of that quarter;**

As of June 30, 2005, PNM Resources had no investment in either EWGs or FUCOs.

**Item 6**

**The sales of any common stock, preferred securities or equity-linked securities by PNM Resources and the purchase price per share and the market price per share at the date of the agreement of sale which shall also separately show the amount issued during the Authorization Period for each type of issued securities.**

Authorization Period Transactions - January 1, 2005 Through March 31, 2005:

On March 30, 2005, PNM Resources issued 3,910,000 shares of common stock at \$26.76 per share ("Common Shares"), which was the price on the date of agreement of sale. PNM Resources received net proceeds from this offering, after deducting underwriting discounts and commissions and estimated expenses, of approximately \$101.0 million as further described below:

|                           |               |
|---------------------------|---------------|
| Common Shares sold:       | 3,910,000     |
| Price per share:          | \$26.76       |
| Total sale:               | \$104,631,600 |
| Underwriters' commission: | \$3,400,527   |
| Estimated expenses        | \$200,000     |
| Net proceeds:             | \$101,031,073 |

On March 30, 2005, PNM Resources completed a public offering of 4,945,000 6.75% equity units ("Equity Units"), yielding net proceeds after fees of \$239.6 million as further described below:

|                           |               |
|---------------------------|---------------|
| Equity Units sold:        | 4,945,000     |
| Price per unit:           | \$50.00       |
| Gross Proceeds:           | \$247,250,000 |
| Underwriters' commission: | \$7,417,500   |
| Estimated expenses        | \$220,000     |
| Estimated expenses        | \$220,000     |
| Net Proceeds:             | \$239,612,500 |
| Unit Coupon:              | 6.75%         |
| Note Coupon:              | 4.8%          |

Authorization Period Transactions - April 1, 2005 Through June 30, 2005:

In conjunction with the acquisition of TNP Enterprises, Inc. ("TNP"), on June 6, 2005, 4,326,336 common shares were issued at a purchase price of \$20.20 per common share to the previous owners. The common stock valued at \$87.4 million was a portion of the TNP purchase price. The purchase price of the stock was based on an estimated purchase price in accordance with the Stock Purchase Agreement ("SPA"), dated as of July 24, 2004 by and between PNM Resources and SW Acquisition, L.P. ("SW Acquisition"). Pursuant to the SPA, PNM Resources provided SW Acquisition its proposed final purchase price, reflecting a reduction from the estimated purchase price of approximately \$37.0 million. SW Acquisition has objected to PNM Resources' proposed final purchase price.

There is a mechanism established in the SPA for resolving disputes regarding the final purchase price. Any final purchase price adjustment will be paid in cash and there will be no adjustment to the number of shares issued on June 6, 2005. However, on August 19, 2005, SW Acquisition notified PNM Resources that SW Acquisition had filed a petition in Texas state district court in

Tarrant County, Texas, against PNM Resources, in which SW Acquisition alleged, among other things, that PNM Resources had breached the SPA. The petition seeks a declaration of the parties' rights and duties under the SPA, including the final purchase price, and also seeks damages in an unspecified amount. PNM Resources believes the suit to be without merit and intends to vigorously defend itself and otherwise protect its rights under the SPA.

**Item 7**

**The total number of shares of PNM Resources' common stock issued or issuable under the options granted during the quarter under Stock Plans, employee benefit plans and dividend reinvestment plans including plans later adopted together with the number of shares issued or issuable during the Authorization Period.**

The number of shares of PNM Resources' common stock issued under its Employee Stock Purchase Plan are shown in the table below for the quarter ended June 30, 2005 and cumulative amounts for the Authorization Period.

| Shares of PNM Resources' Common Stock Issued | Quarter-Ended<br>June 30, 2005 | Authorization<br>Period |
|--|--------------------------------|-------------------------|
| Employee Stock Purchase Plan                 | 22,234                         | 40,489                  |

PNM Resources has other stock plans that are currently being funded with market shares. Shares related to these stock plans will be included in future reports at the point such plans are funded with newly issued shares.

**Item 8**

**If PNM Resources' common stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted in the hands of the acquirer.**

On June 6, 2005, PNM Resources acquired all of the outstanding common shares of TNP and its subsidiaries, Texas-New Mexico Power Company ("TNMP") and First Choice Power, L.P. ("First Choice"). The aggregate purchase price was \$1,277 million, including a payment to the previous owner of \$175.0 million consisting of \$87.6 million of cash and common stock valued at \$87.4 million. The value of the 4,326,336 common shares issued was determined based on \$20.20 per common share as provided for in the SPA. The PNM Resources' shares issued by PNM Resources (as purchaser of the TNP shares) were issued in a private placement transaction and are restricted shares in the hands of the seller. Also, a number of the partners in the selling partnership entered into "lock-up" agreements restricting their ability to sell the PNM Resources' shares for specified periods of time. PNM Resources agreed to register the PNM Resources' shares as described in the SPA.

**Item 9**

**If a guaranty is issued during the quarter, the name of the guarantor, the name of the beneficiary of the guaranty and the amount, terms and purpose of the guaranty.**

On June 21, 2005, First Choice became a borrower of up to \$100.0 million under PNM Resources' \$400.0 million revolving credit facility. PNM Resources issued a guaranty on the same date for the benefit of the lenders in the credit agreement. The lenders are relying on this guarantee to permit the subsidiary borrower to become a borrower under the credit agreement and to make credit extensions to the subsidiary borrower.

**Item 10**

**The amount and terms of any PNM Resources' indebtedness issued during the quarter which shall also separately show the amount of indebtedness issued during the Authorization Period.**

Senior Notes in the amount of \$247,250,000 were issued on March 30, 2005 as part of an offering of Equity Units as described in Item 6 above. Additional information regarding the terms of the Equity Units is provided in the PNM Resources' Form 8-K dated March 31, 2005. No additional indebtedness was issued during the second quarter of 2005.

**Item 11**

**The amount and terms of any short-term debt issued by any utility subsidiary during the quarter which shall also separately show the outstanding amount as of the end of the applicable period of short-term debt of each utility subsidiary.**

Public Service Company of New Mexico ("PNM")

The following amounts and terms of short-term debt issued during the quarter ended June 30, 2005 are for PNM. PNM's commercial paper program is unsecured and the proceeds are used for short-term cash management needs. PNM's \$300.0 million unsecured revolving credit facility serves as a backstop for outstanding commercial paper. PNM's commercial paper program contains terms typical for section 4(2) commercial paper programs.

**PNM Commercial paper borrowings**

|  |              |
|--|--------------|
| Beginning balance March 31, 2005       | \$21,800,010 |
| Borrowings quarter ended June 30, 2005 | 450,600,000  |
| Payments quarter ended June 30, 2005   | 453,600,000  |
| Ending balance June 30, 2005           | \$18,800,010 |
| Weighted average cost of borrowing     | 3.01%        |



**PNM Line of credit borrowings**

|  |           |
|--|-----------|
| Beginning balance March 31, 2005       | \$ -      |
| Borrowings quarter ended June 30, 2005 | 3,100,000 |
| Payments quarter ended June 30, 2005   | 3,100,000 |
| Ending balance June 30, 2005           | \$ -      |
| Weighted average cost of borrowing     | 4.94%     |

**TNMP**

There was no short-term debt issued by TNMP from June 6, 2005, the date TNMP was acquired by PNM Resources, through June 30, 2005.

**Item 12**

**The amount and terms of any financings consummated by any non-utility subsidiary that is not exempt under rule 52 which shall also separately show the amount of non-exempt securities issued by non-utility subsidiaries during the Authorization Period.**

None.

**Item 13**

**The notional amount and principal terms of any Hedge Instruments or Anticipatory Hedges entered into during the quarter and the identity of the other parties to the transaction which shall also separately show the outstanding amount of Hedge Instruments or Anticipatory Hedges previously reported under this item.**

The notional amount and principal terms of any Hedge Instruments or Anticipatory Hedges entered into during the quarter ended June 30, 2005 and the identity of the other parties to the transaction are shown below. As of June 30, 2005 PNM Resources did not have outstanding Hedge Instruments or Anticipatory Hedges previously reported under this item.

**PNM Resources  
New Hedge Transactions  
Second Quarter, 2005**

**Note: The following transactions represent hedges of sales of forecasted excess generation.  
All transactions qualify as cash flow hedges under SFAS 133.**

| Trade<br>Ticket Number | Trade Date     | Counterparty             | Location | Buy or Sale | Contract Price (MW hours)<br>Per MW hour | Volume    | On-Peak or<br>Off-Peak | Extended<br>Value |
|------------------------|----------------|--------------------------|----------|-------------|--|-----------|------------------------|-------------------|
|                        |                |                          |          |             |  | Buy(Sell) |                        |                   |
| AAT755                 | April 22, 2005 | Sempra Energy<br>Trading | PV       | SELL        | \$70.00                                  | (20,000)  | On-Peak                | (\$1,550,000.00)  |
| AAZ416                 | June 7, 2005   | Sempra Energy<br>Trading | PV       | SELL        | \$69.00                                  | (20,800)  | On-Peak                | (\$1,530,672.00)  |
| AAZ941                 | June 8, 2005   | Morgan Stanley           | PV       | SELL        | \$51.00                                  | (47,200)  | Off-Peak               | (\$2,890,800.00)  |
| AAZ942                 | June 8, 2005   | Sempra Energy<br>Trading | PV       | SELL        | \$48.50                                  | (48,800)  | Off-Peak               | (\$2,467,293.60)  |
| AAZ956                 | June 8, 2005   | BP Energy                | PV       | SELL        | \$50.50                                  | (24,425)  | Off-Peak               | (\$1,320,467.13)  |
| AAZ131                 | June 13, 2005  | Sempra Energy<br>Trading | PV       | SELL        | \$50.50                                  | (24,425)  | Off-Peak               | (\$1,320,467.13)  |
| AAZ241                 | June 13, 2005  | Sempra Energy<br>Trading | PV       | SELL        | \$47.00                                  | (16,000)  | Off-Peak               | (\$818,400.00)    |
| AAZ245                 | June 13, 2005  | SRPM                     | PV       | SELL        | \$70.75                                  | (30,400)  | On-Peak                | (\$2,490,072.00)  |
| AAZ246                 | June 13, 2005  | Sempra Energy<br>Trading | PV       | SELL        | \$70.75                                  | (30,400)  | On-Peak                | (\$2,490,072.00)  |
| AAZ283                 | June 15, 2005  | Morgan Stanley           | 4c-345   | SELL        | \$89.50                                  | (46,200)  | On-Peak                | (\$3,724,278.00)  |
| AAZ404                 | June 15, 2005  | SRPM                     | PV       | SELL        | \$68.00                                  | (20,000)  | On-Peak                | (\$1,550,000.00)  |
| AAZ494                 | June 15, 2005  | Morgan Stanley           | 4c-345   | SELL        | \$89.50                                  | (30,800)  | On-Peak                | (\$2,482,852.00)  |
| ABA811                 | June 16, 2005  | Sempra Energy<br>Trading | PV       | SELL        | \$66.25                                  | (20,800)  | On-Peak                | (\$1,554,800.00)  |
| ABB510                 | June 15, 2005  | Sempra Energy<br>Trading | 4c-345   | SELL        | \$50.00                                  | (122,000) | Off-Peak               | (\$6,431,110.80)  |
| ABC962                 | April 8, 2005  | Morgan Stanley           | SO2      | SELL        | \$115.00                                 | (10,000)  | RTC                    | (\$5,255,458.16)  |
| ABC963                 | April 8, 2005  | Morgan Stanley           | SO2      | BUY         | \$110.00                                 | 10,000    | RTC                    | \$5,103,801.21    |

**Item 14**

**The name and parent company of any Financing Conduit created during the quarter; the amount invested in any Financing Conduit during the quarter and the amount and terms of any securities issued by any Financing Conduit during the quarter, which shall also separately show the amount of all securities issued by such subsidiaries during the Authorization Period.**

None.

**Item 15**

**If any subsidiaries are Variable Interest Entities ("VIEs") as that term is used in FASB Interpretation 46R, Consolidation of Variable Interest Entities, provide a description of any financing transactions conducted during the reporting period that were used to fund such VIEs;**

FASB Interpretation No. 46, "*Consolidation of Variable Interest Entities*" (Revised December 2003) ("FIN 46R"), became effective January 1, 2004 for those entities considered to be special purpose entities, and March 31, 2004 for others. FIN 46R expands the requirement of a business enterprise to consolidate an entity beyond the concept of a controlling interest. Under FIN 46R, a business enterprise will consolidate an entity if that entity is a variable interest entity, the business enterprise is the primary beneficiary of the entity and the entity's risks are not effectively dispersed among all parties involved. A variable interest entity has certain characteristics that effectively demonstrate that the equity investor does not have economic substance, bear the risks and receive the rewards of the entity or direct the entity's activities. The interpretation requires that an enterprise review its variable interests and determine if consolidation is appropriate.

Under the model for consolidation promulgated by FIN 46R, a Power Purchase Agreement ("PPA") may qualify as a variable interest if its terms expose the purchaser to variability in supply or operating costs and the contract is for a significant portion of the entity's generating capacity. PNM Resources evaluated its PPAs under the provisions of FIN 46R and determined that one purchase contract entered into prior to December 31, 2003 qualifies as a variable interest. PNM Resources was unable to obtain the necessary information needed to determine if PNM Resources was the primary beneficiary and if consolidation was needed despite efforts including a formal written request to the operator of the entity supplying power under the PPA. The operator cited legal and competitive reasons for refusing to provide the information.

This variable interest PPA is a contract to purchase 132 megawatts of capacity and energy expiring in June 2020. The contract contains a fixed capacity charge, a fixed operations and maintenance charge, and a variable energy charge that subjects PNM to the changes in the cost of fuel and operations and maintenance. For the three months ended June 30, 2005 and 2004, the capacity and O&M charge was \$1.6 million and \$1.3 million, respectively, and the energy charges were \$0.2 million and \$0.2 million, respectively. For the six months ended June 30, 2005 and 2004, the capacity and operations and maintenance charge was \$3.3 million and \$2.5 million, respectively, and the energy charges were \$0.6 million and \$0.3 million, respectively. The contract is for the full output of a specific gas generating plant and is currently accounted for as an operating lease by PNM. Under this contract PNM is exposed to changes in the costs to produce energy and operate the plant.

PNM Resources also has interests in other variable interest entities created before January 31, 2003, for which PNM Resources is not the primary beneficiary. These arrangements include PNM Resources' investment in a limited partnership and certain PNM leases. The aggregate maximum loss exposure at June 30, 2005 that PNM Resources could be required to record in its income statement as a result of these arrangements totals approximately \$5.3 million. The creditors of these variable interest entities do not have recourse to the general credit of PNM Resources in excess of the aggregate maximum loss exposure.

**Item 16**

**If any financing proceeds are used for VIEs, a description of the accounting for such transaction under FASB Interpretation 46R.**

See the response to Item 15 above.

**Item 17**

**Consolidated balance sheets as of the end of the quarter and balance sheets as of the end of the quarter for each company, including PNM Resources, that has engaged in jurisdictional financing transactions during the quarter.**

Balance sheets for PNM Resources, PNM and TNMP as of June 30, 2005 and December 31, 2004 are provided below. The Notes to Consolidated Financial Statements are not included with the balance sheets provided herein.

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

|   | <b>June 30,<br/>2005</b> | <b>December 31,<br/>2004</b> |
|---|--------------------------|------------------------------|
|   | (In thousands)           |                              |
| <b>ASSETS</b>   |                          |                              |
| <b>Utility Plant:</b>   |                          |                              |
| Electric plant in service   | \$3,248,815              | \$2,488,961                  |
| Gas plant in service  | 690,229                  | 680,487                      |
| Common plant in service and plant held for future use                                   | 153,450                  | 140,818                      |
|   | 4,092,494                | 3,310,266                    |
| Less accumulated depreciation and amortization  | 1,316,618                | 1,135,510                    |
|   | 2,775,876                | 2,174,756                    |
| Construction work in progress   | 138,516                  | 124,381                      |
| Nuclear fuel, net of accumulated amortization of \$14,963 and \$16,448                  | 26,436                   | 25,449                       |
| Net utility plant   | 2,940,828                | 2,324,586                    |
| <b>Other Property and Investments:</b>  |                          |                              |
| Investment in lessor notes  | 297,999                  | 308,680                      |
| Other investments   | 141,668                  | 139,848                      |
| Non-utility property, net of accumulated depreciation of \$6 and \$1,773                | 4,815                    | 1,437                        |
| Total other property and investments  | 444,482                  | 449,965                      |
| <b>Current Assets:</b>  |                          |                              |
| Cash and cash equivalents   | 222,962                  | 17,195                       |
| Special deposits  | 2,684                    | -                            |
| Accounts receivable, net of allowance for uncollectible accounts of \$3,258 and \$1,329 | 106,131                  | 96,600                       |
| Unbilled revenues   | 101,821                  | 104,708                      |
| Other receivables   | 55,881                   | 48,393                       |
| Inventories   | 43,143                   | 41,352                       |
| Regulatory assets   | 11,977                   | 3,339                        |
| Other current assets  | 66,223                   | 51,967                       |
| Total current assets  | 610,822                  | 363,554                      |
| <b>Deferred charges:</b>  |                          |                              |
| Regulatory assets   | 358,956                  | 217,196                      |
| Prepaid pension cost  | 89,390                   | 87,336                       |
| Goodwill  | 482,761                  | -                            |
| Other intangible assets   | 63,043                   | -                            |
| Other deferred charges  | 54,102                   | 44,998                       |
| Total deferred charges  | 1,048,252                | 349,530                      |
|   | <b>\$5,044,384</b>       | <b>\$3,487,635</b>           |



**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

**June 30, December 31,**  
**2005 2004**  
(In thousands)

**CAPITALIZATION AND LIABILITIES****Capitalization:**

Common stockholders' equity:

|   |            |            |
|---|------------|------------|
| Common stock outstanding (no par value)   | \$ 803,888 | \$ 638,826 |
| Accumulated other comprehensive loss, net of tax  | (85,388)   | (89,813)   |
| Retained earnings   | 570,704    | 550,566    |
| Total common stockholders' equity   | 1,289,204  | 1,099,579  |
| Cumulative preferred stock of subsidiary without mandatory redemption (\$100 par value) | 11,529     | 11,529     |
| Cumulative preferred stock of subsidiary, redeemable (no par value)                     | 221,648    | -          |
| Long-term debt  | 1,938,038  | 987,823    |
| Total capitalization  | 3,460,419  | 2,098,931  |

**Current Liabilities:**

|                            |         |         |
|----------------------------|---------|---------|
| Short-term debt            | 20,700  | 94,700  |
| Accounts payable           | 119,705 | 117,645 |
| Accrued interest and taxes | 49,222  | 15,796  |
| Other current liabilities  | 135,051 | 128,476 |
| Total current liabilities  | 324,678 | 356,617 |

**Deferred Credits:**

|   |             |             |
|---|-------------|-------------|
| Accumulated deferred income taxes           | 399,048     | 284,528     |
| Accumulated deferred investment tax credits | 35,746      | 35,360      |
| Regulatory liabilities                      | 373,095     | 327,419     |
| Asset retirement obligations                | 52,744      | 50,361      |
| Additional minimum pension liability        | 164,801     | 164,801     |
| Accrued pension liability                   | 4,043       | -           |
| Accrued postretirement benefit cost         | 21,054      | 16,102      |
| Other deferred credits                      | 208,756     | 153,516     |
| Total deferred credits                      | 1,259,287   | 1,032,087   |
| Commitments and Contingencies)              | -           | -           |
|   | \$5,044,384 | \$3,487,635 |

**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

|  | <b>June 30,</b>    | <b>December 31,</b> |
|--|--------------------|---------------------|
|  | <b>2005</b>        | <b>2004</b>         |
|  | (In thousands)     |                     |
| <b>ASSETS</b>  |                    |                     |
| <b>Utility Plant:</b>  |                    |                     |
| Electric plant in service  | \$2,533,442        | \$2,488,961         |
| Gas plant in service   | 690,229            | 680,487             |
| Common plant in service and plant held for future use                                      | 97,141             | 97,369              |
|  | 3,320,812          | 3,266,817           |
| Less accumulated depreciation and amortization   | 1,164,525          | 1,125,444           |
|  | 2,156,287          | 2,141,373           |
| Construction work in progress  | 101,181            | 110,406             |
| Nuclear fuel, net of accumulated amortization of \$14,963 and \$16,448                     | 26,436             | 25,449              |
| Net utility plant  | 2,283,904          | 2,277,228           |
| <b>Other Property and Investments:</b>   |                    |                     |
| Investment in lessor notes   | 297,999            | 308,680             |
| Other investments  | 131,000            | 116,134             |
| Non-utility property   | 966                | 966                 |
| Total other property and investments   | 429,965            | 425,780             |
| <b>Current Assets:</b>   |                    |                     |
| Cash and cash equivalents  | 7,714              | 16,448              |
| Accounts receivable, net of allowance for uncollectible accounts<br>of \$1,359 and \$1,329 | 68,416             | 96,600              |
| Unbilled revenues  | 64,565             | 104,708             |
| Other receivables  | 49,012             | 45,717              |
| Inventories  | 41,574             | 41,246              |
| Regulatory assets  | 11,978             | 3,339               |
| Other current assets   | 47,248             | 39,933              |
| Total current assets   | 290,507            | 347,991             |
| <b>Deferred charges:</b>   |                    |                     |
| Regulatory assets  | 216,990            | 217,196             |
| Prepaid pension cost   | 89,390             | 87,336              |
| Other deferred charges   | 32,992             | 38,199              |
| Total deferred charges   | 339,372            | 342,731             |
|  | <b>\$3,343,748</b> | <b>\$3,393,730</b>  |



**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

**June 30, December 31,**  
**2005 2004**  
(In thousands)

**CAPITALIZATION AND LIABILITIES****Capitalization:**

|  |                    |                    |
|--|--------------------|--------------------|
| Common stockholder's equity:   |                    |                    |
| Common stock outstanding (\$5 par value)   | \$ 195,589         | \$ 195,589         |
| Paid-in-capital  | 556,752            | 556,761            |
| Accumulated other comprehensive loss, net of tax   | (86,244)           | (89,813)           |
| Retained earnings  | 327,807            | 371,455            |
| Total common stockholder's equity  | 993,904            | 1,033,992          |
| Cumulative preferred stock of subsidiary without mandatory redemption<br>(\$100 par value) | 11,529             | 11,529             |
| Long-term debt   | 987,043            | 987,676            |
| Total capitalization   | 1,992,476          | 2,033,197          |
| <b>Current Liabilities:</b>  |                    |                    |
| Short-term debt  | 18,800             | 60,400             |
| Accounts payable   | 56,274             | 116,763            |
| Intercompany accounts payable  | 109,079            | 38,700             |
| Accrued interest and taxes   | 40,528             | 28,783             |
| Other current liabilities  | 88,255             | 91,765             |
| Total current liabilities  | 312,936            | 336,411            |
| <b>Deferred Credits:</b>   |                    |                    |
| Accumulated deferred income taxes  | 286,424            | 278,907            |
| Accumulated deferred investment tax credits  | 33,813             | 35,360             |
| Regulatory liabilities   | 334,608            | 327,419            |
| Asset retirement obligations   | 52,744             | 50,361             |
| Additional minimum pension liability   | 164,801            | 164,801            |
| Accrued postretirement benefit cost  | 14,173             | 16,102             |
| Other deferred credits   | 151,773            | 151,172            |
| Total deferred credits   | 1,038,336          | 1,024,122          |
| Commitments and Contingencies  | -                  | -                  |
|  | <b>\$3,343,748</b> | <b>\$3,393,730</b> |

**TEXAS-NEW MEXICO POWER COMPANY**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

|   | <b>June 30,</b>    | <b>December 31,</b> |
|---|--------------------|---------------------|
|   | <b>2005</b>        | <b>2004</b>         |
|   | (In thousands)     |                     |
| <b>ASSETS</b>   |                    |                     |
| <b>Utility Plant:</b>   |                    |                     |
| Electric plant in service   | \$ 860,655         | \$ 845,900          |
| Construction work in progress   | 4,436              | 4,261               |
| Common plant in service and plant held for future use                                 | 589                | 589                 |
|   | 865,680            | 850,750             |
| Less accumulated depreciation and amortization  | 288,645            | 276,081             |
| Net utility plant   | 577,035            | 574,669             |
| <b>Other Property and Investments:</b>  |                    |                     |
| Other investments   | 531                | 530                 |
| Non-utility property, net of accumulated depreciation of \$3 and \$3                  | 2,121              | 343                 |
| Total other property and investments  | 2,652              | 873                 |
| <b>Current Assets:</b>  |                    |                     |
| Cash and cash equivalents   | 65,506             | 65,759              |
| Special deposits  | 2,414              | 3,086               |
| Accounts receivable, net of allowance for uncollectible accounts<br>of \$70 and \$191 | 11,889             | 12,739              |
| Federal income tax refund   | 32,058             | 22,912              |
| Unbilled revenues   | 7,821              | 7,576               |
| Other receivables   | 10,106             | 10,083              |
| Inventories   | 1,273              | 1,505               |
| Other current assets  | 1,702              | 7,526               |
| Total current assets  | 132,769            | 131,186             |
| <b>Deferred charges:</b>  |                    |                     |
| Recoverable stranded costs  | 87,316             | 87,316              |
| Recoverable carrying charges on stranded costs  | 52,134             | 48,130              |
| Other regulatory assets   | 2,516              | 8,105               |
| Goodwill  | 449,061            | -                   |
| Other deferred charges  | 21,523             | 22,227              |
| Total deferred charges  | 612,550            | 165,778             |
| Commitments and Contingencies   | -                  | -                   |
|   | <b>\$1,325,006</b> | <b>\$ 872,506</b>   |

**TEXAS-NEW MEXICO POWER COMPANY**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

|  | <b>June 30,</b>    | <b>December 31,</b> |
|--|--------------------|---------------------|
|  | <b>2005</b>        | <b>2004</b>         |
|  | (In thousands)     |                     |
| <b>CAPITALIZATION AND LIABILITIES</b>            |                    |                     |
| <b>Capitalization:</b>                           |                    |                     |
| Common stockholder's equity:                     |                    |                     |
| Common stock outstanding (\$10 par value)        | \$ 107             | \$ 107              |
| Paid-in-capital                                  | 652,346            | 197,751             |
| Accumulated other comprehensive loss, net of tax | -                  | (1,761)             |
| Retained earnings                                | 2,547              | (6,795)             |
| Total common stockholder's equity                | 655,000            | 189,302             |
| Long-term debt                                   | 415,716            | 415,569             |
| Total capitalization                             | 1,070,716          | 604,871             |
| <b>Current Liabilities:</b>                      |                    |                     |
| Accounts payable                                 | 11,068             | 15,649              |
| Accrued interest and taxes                       | 18,511             | 22,647              |
| Other current liabilities                        | 9,017              | 6,738               |
| Total current liabilities                        | 38,596             | 45,034              |
| <b>Deferred Credits:</b>                         |                    |                     |
| Accumulated deferred income taxes                | 125,701            | 138,249             |
| Accumulated deferred investment tax credits      | 1,933              | 2,326               |
| Regulatory liabilities                           | 38,486             | 40,729              |
| Accrued pension liability                        | 4,043              | 4,844               |
| Accrued postretirement benefit cost              | 6,881              | 2,693               |
| Other deferred credits                           | 38,650             | 33,760              |
| Total deferred credits                           | 215,694            | 222,601             |
|  | <b>\$1,325,006</b> | <b>\$ 872,506</b>   |

**Item 18**

**A table showing, as of the end of the quarter, the dollar and percentage components of the capital structure of PNM Resources on a consolidated basis and of each utility subsidiary.**

The following table shows the capital structure of PNM Resources on a consolidated basis and of each utility subsidiary as of June 30, 2005.

| (Dollars in thousands) | PNM Resources |        | PNM       |        | TNMP      |        |
|------------------------|---------------|--------|-----------|--------|-----------|--------|
|                        | \$            | %      | \$        | %      | \$        | %      |
| Common Equity          | 1,289,204     | 37.0%  | 993,904   | 49.4%  | 655,000   | 61.2%  |
| Preferred Stock        | 233,177       | 6.7%   | 11,529    | 0.6%   | -         | 0.0%   |
| Long-term Debt         | 1,938,038     | 55.7%  | 987,043   | 49.1%  | 415,716   | 38.8%  |
| Short-term Debt        | 20,700        | 0.6%   | 18,800    | .9%    | -         | 0.0%   |
| Total Capitalization   | 3,481,119     | 100.0% | 2,011,276 | 100.0% | 1,070,716 | 100.0% |

**Item 19**

**A retained earnings analysis of PNM Resources on a consolidated basis and of each utility subsidiary detailing gross earnings, goodwill amortization, dividends paid out of each capital account and the resulting capital account balances at the end of each quarter.**

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**PNM Resources**

|  |                |
|--|----------------|
| Beginning Retained Earnings March 31, 2005 | \$ 569,889,830 |
| Additions:                                 |                |
| Earnings                                   | 3,609,405      |
| Dividends:                                 |                |
| Common Dividends                           | (726,727)      |
| Preferred Dividends                        | (2,068,310)    |
| Other Reconciling Item:                    |                |
| Adjustment to Dividend Balance             | 9              |
| Ending Retained Earnings June 30, 2005     | \$ 570,704,207 |

**PNM**

|  |                |
|--|----------------|
| Beginning Retained Earnings March 31, 2005 | \$ 403,809,373 |
| Additions:                                 |                |
| Earnings                                   | 4,129,508      |
| Dividends:                                 |                |
| Common Dividends to Parent                 | (80,000,000)   |
| Preferred Dividends                        | (132,010)      |
| Other Reconciling Item:                    |                |
| Adjustment to Dividend Balance             | 1              |
| Ending Retained Earnings June 30, 2005     | \$ 327,806,870 |

**TNMP (a)**

|  |              |
|--|--------------|
| Beginning Retained Earnings June 6, 2005 | \$ -         |
| Additions:                               |              |
| Earnings                                 | 2,547,207    |
| Ending Retained Earnings June 30, 2005   | \$ 2,547,207 |

Note (a): TNMP is a wholly owned subsidiary of TNP, which was acquired by PNM Resources on June 6, 2005. The acquisition was accounted for using the purchase method of accounting. Under this method, the TNMP equity accounts were reset to zero on the date of acquisition.

**Item 20**

**Future registration statements filed under the Securities Act of 1933 with respect to securities that are the subject of the instant Application will be filed or incorporated by reference as exhibits to the next certificate filed under rule 24.**

Said transactions have been carried out in accordance with the terms and conditions of, and for the purpose represented in, the Form U-1 Application-Declaration, as amended, of PNM Resources, et al, in File No. 70-10248 and in accordance with the terms and conditions of the Commission's order dated December 31, 2004, permitting said Application-Declaration to become effective.

**Item 21**

**The current capitalization and credit rating of any of the outstanding securities of TNP and TNMP.**

The following table shows the capital structure of TNP on a consolidated basis and TNMP as of June 30, 2005.

| (Dollars in thousands) | TNP       |        | TNMP      |        |
|------------------------|-----------|--------|-----------|--------|
|                        | \$        | %      | \$        | %      |
| Common Equity          | 309,839   | 25.1%  | 655,000   | 61.2%  |
| Preferred Stock        | 221,648   | 17.9%  | -         | 0.0%   |
| Long-term Debt         | 704,810   | 57.0%  | 415,716   | 38.8%  |
| Short-term Debt        | -         | 0.0%   | -         | 0.0%   |
| Total Capitalization   | 1,236,297 | 100.0% | 1,070,716 | 100.0% |

The following table shows the credit ratings of TNP and TNMP outstanding securities as of June 30, 2005.

| Entity | Senior Unsecured Rating<br>(S&P/Moody's) | Short-Term<br>Rating |
|--------|--|----------------------|
| TNP    | Not Rated/Ba2                            | Not Rated            |
| TNMP   | BBB/Baa3                                 | Not Rated            |

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SIGNATURE

As required by order of this Commission pursuant to the Public Utility Holding Company Act of 1935, PNM Resources, Inc. for itself and its subsidiaries have duly caused this report to be signed on its behalf on this 26th day of August, 2005.

/s/ Thomas G. Sategna

Thomas G. Sategna  
Vice President and Corporate Controller  
PNM Resources, Inc.