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The 2009 New Mexico Legislative Session Tough on Business but Okay for Utilities

The 60-day session of the New Mexico Legislature adjourned at noon Saturday, March 21, 2009. There were 2,134 bills introduced, 323 bills made it to the Governor's desk, and 289 bills were signed into law.

The business community faced more anti-business legislation than ever before. This was due to a combination of things, most notably the lack of capital outlay money and a more progressive freshman class.

NMUSA strongly supported four bills/memorials, the most notable of which was the Future Test Year bill (SB 477) that was closely monitored by Wall Street and was signed by the Governor. This bill amends the Public Utility Act by adding a set of criteria that are required to be considered by the Public Regulation Commission (PRC) in establishing utility rates: Forecasted Future Test Year and Construction Work in Progress recovery. We are very happy to have this as an option for utility rate cases.

NMUSA supported three bills that did not pass: HB 260 Low-Income Energy Assistance Programs, SJM 41 Low-Income Energy Advisory Committee, and HB 732 Low Income Energy Utility Fund Distributions. The last bill is one on which NMUSA worked with many other parties for a year prior to the session.



State Capitol by Einar E. Kvaran

See Legislative Session on page 10.

NMUSA's Upcoming Events

July 24, 2009 Membership Luncheon
featuring: the **Honorable Senator Stuart Ingle**
and the **Honorable Representative Keith Gardner**
Roswell, NM

October 7, 2009: Annual Membership Luncheon
featuring: **Carol Jones**, NM Investment Advisors
"The Market and Utility Investments"
Albuquerque, NM

For more information, please see page 11.

From the President



Lenton Malry

On May 13, 2009 the New Mexico Utility Shareholders Alliance held its quarterly Board of Directors meeting. The Treasurer, Dan Lyon, provided a financial report. Our expenses, like those for everyone else, have increased significantly. The NMUSA continues to grow as we work to represent your shareholder interests.

I appointed a Nominating Committee to select the officers that will be voted on in September at our Annual Board meeting. That committee consists of Bill Pope, Vice President, Bill Hagler, Secretary, and myself.

Carla Sonntag, Executive Director, was at the state legislature throughout the 60-day session working to protect shareholder interests. She and several board members also attended and spoke at various utility company rate hearings. Please join me in giving a big thanks to Carla for the great job she does for us.

I encourage you to pay your annual dues, if you have not done so already. The association is growing and so are the costs to manage it. We are increasingly involved in regulatory and legislative issues as well as initiatives at the federal level that will impact gas and electric companies and/or our shareholder interests in those companies.

Poll: Utilities expect higher power bills

According to a United Press International, Inc. (UPI) report released April 28, 2009 -- North American utility executives say they expect the Obama presidency to include stricter environmental regulations and higher electricity prices.

A poll released 4/28/09 by Platts, the energy publishing arm of McGraw-Hill, said 58 percent of executives believed there was a strong likelihood of increased environmental regulation in the next few years, and 53 percent expected their customers' power bill would be going up.

Another 54 percent of executives predicted the administration's energy strategy would have an impact on their profits. Only 39 percent supported the White House's goal of producing 10 percent of the U.S. electricity supply through renewable sources by 2012.

Some 88 percent of the 100 executives surveyed supported plans to develop nuclear power while 79 percent supported domestic natural gas production and 74 percent backed continued development of clean-coal technology.

Energy conservation and efficiency programs were also supported by around 70 percent and 45 percent said construction of a natural gas pipeline from Alaska through Canada to the lower 48 should be a top government priority.

The third annual Platts/Capgemini Utilities Executive Study was conducted in late 2008 and early 2009 and polled 100 top executives of electricity and natural-gas utilities in the United States and Canada.

Southwestern Public Service is Navigating New Mexico's Regulatory Waters

This spring marks the culmination of a rate case filing made by Xcel Energy's Southwestern Public Service Co. (SPS) on Dec. 18, 2008. That filing is supported with cost data gathered for the 12-month test year ending June 30, 2008. In due course for the New Mexico regulatory process, a recent settlement filing is expected to begin recovery of those costs a year later -- July 1.

Earlier in 2009, the New Mexico Public Regulation Commission (NMPRC) granted Xcel Energy interim recovery through the Lea Power Plant Cost Rider (i.e. Hobbs Generating Station). Rate recovery was implemented beginning May 1 of this year. The Hobbs station came online in September 2008.

The new 600-megawatt Hobbs plant uses a cooling system that consumes 90 percent less water than gas-fired power plants of the same size and uses combined-cycle technology that burns natural gas about 40 percent more efficiently than older plants on the SPS system. It emits 800,000 tons less of carbon dioxide a year than older plants, effectively reducing carbon emissions in our service territory by 3.5 percent.

The interim recovery measure, designed to gather 75 percent of the capacity-related costs associated with purchases from the Hobbs plant, was to be effective only until final rates were established in the larger rate case.

Parties negotiated a comprehensive rate case agreement mid-May. And the NMPRC held public hearings in Roswell, Tucumcari, Clovis, Hobbs and Carlsbad for public comment throughout May.

The rate increases reflect costs associated with the Hobbs plant, which were deferred during 2007 rate case discussions. Increases in the cost of

doing business and environmental compliance are also reflected. SPS is committed to operating safely and reliably, ensuring we have enough electricity to meet growing customer needs; and to meet the expectations of our customers and regulators -- and our own commitment -- to reduce the environmental impact of generating electricity.

The last rate case was approved in September 2008, based on 2006 costs and data. The average residential customer, using 1,000 kilowatt-hours per month, saw an increase of 2.6 percent, or \$2.15, per month.

As part of this prior rate case (our first increase since 1986) we began transferring 4 cents of fuel and purchased-power costs into the base rate in the fall of 2008, shifting from the historical 2 cents, which had been based on late-1990s fuel costs.

The increase of 4 cents into the base recognizes relatively up-to-date fuel costs. The remaining "fuel factor" on a typical bill collects what SPS spent for fuel and purchased power. If the amount spent for fuel and purchased power is greater than the 4 cents of fuel in the base rates, the fuel factor will be positive. If the amount spent for fuel and purchased power is less than the 4 cents in base rates, the factor will be negative, essentially refunding fuel costs. The fuel factor in New Mexico is adjusted monthly based on prices experienced two months prior.

Xcel Energy (NYSE: XEL) operates in New Mexico as Southwestern Public Service. Inquiries about purchasing Xcel Energy stock can be directed to BNY Mellon at (877) 778-6786 or by visiting: www.melloninvestor.com/isd.

PNM Resources Reports Progress on “Triple Bottom Line”

Five years ago, PNM Resources made a commitment to shareholders, employees, customers and the communities it serves: to carefully balance environmental, economic and social factors as it makes important business decisions.

Company officials, who see successfully balancing these factors as key to long-term company success, recently reported progress on this “triple bottom line.”

In *Shaping a Sustainable Future: The 2007-2008 Sustainability Report*, the company highlights efforts to:

- help customers use energy more efficiently, particularly as the company seeks needed rate relief;
- improve its environmental performance; and
- continue its tradition of making strategic investments in the dozens of communities it serves.

Energy Efficiency

With PNM last May implementing its first electric rate increase in more than 20 years, and another rate increase pending, PNM customers responded in a big way to the company’s growing energy efficiency offerings.

One of the most visible programs is one that offers customers discounts on compact fluorescent light bulbs (CFLs). CFLs use 75 percent less electricity and last up to 10 times longer than traditional incandescent light bulbs. One CFL, if replacing a frequently used incandescent bulb, can save a customer \$30 over the lifetime of the CFL.

Earlier this year, PNM marked the 1 millionth CFL purchased through the rebate program, representing savings of more than \$2 million in energy costs, 24 million kilowatt hours of energy and 35 million pounds of power plant emissions annually.

The company also has a refrigerator recycling program intended to reduce the number of older, inefficient refrigerators in customers’ homes.

Environmental Goals

PNM Resources in 2004 established eight specific, five-year environmental goals and recently reported success in reaching six of those eight targets:

- On a per megawatt hour basis, it successfully exceeded goals to reduce nitrogen oxide, sulfur dioxide and particulate matter. It fell somewhat short on a goal to reduce the intensity of its carbon dioxide emissions;
- It exceeded its goal to reduce the intensity of its use of freshwater at new plants, but fell short of reducing the intensity of freshwater use at its entire fleet of power plants;
- It exceeded its waste reduction goal, diverting nearly 20 percent of waste from landfills last year and
- It reaffirmed its position as a leader in renewable energy. The PNM Sky Blue program, in which customers can voluntarily pay a premium to support wind energy, was ranked seventh in the nation by the National Renewable Energy Laboratory.

The company has established new, three-year goals in the areas of renewable energy, energy efficiency and demand reduction, waste reduction and air emissions.

See Triple Bottom Line on page 10.

APS SOLAR TOUR '09 SPREADS WORD OF SUN'S POWER

Three-stop Journey Trumpets New Renewable Projects

PHOENIX – Showcasing the prospect of a clean energy future, Arizona Public Service (APS) just concluded the first-ever solar tour of Arizona, bringing the message of solar energy to enthusiastic audiences.

Dubbed the APS '09 Solar Tour, APS visited three major venues, playing to energetic crowds yearning for an increase in clean, renewable electricity generated by Arizona's most abundant resource: the sun. Launched in Flagstaff to an appreciative audience, the much-anticipated APS Solar Tour then headed north for a special gig at the Grand Canyon, before heading to Phoenix for a standing-room only performance at Arizona State University's Walter Cronkite School of Journalism.

"It's always special to hit the road and get to meet the people in our state who are so committed to a better, sunnier, greener and cleaner Arizona," said tour manager Don Robinson, who also happens to be President and Chief Operating Officer of APS. "We share a common passion for renewable energy here at APS. The Tour has been a bold step in making Arizona the 'Solar Capital of the World.'"

Highlights of the three-stop Tour included:

Flagstaff (May 11) – The first stop on the Tour had audiences cheering the launch of The APS Community Power Project, which will offer Flagstaff customers the opportunity to join a "free" pilot solar energy program. Under the program, APS will own and receive energy from solar panels installed on about 300 customer rooftops. Participating customers will receive an attractive 20-year fixed Community Power Rate for the solar portion of their electricity bill. More important, participants will not have any up-front costs or other requirements – just a desire to support this clean, renewable energy source. In essence, APS is building an interconnected solar power plant – one rooftop at a time.

Grand Canyon (May 18) – The second stop of the '09 Tour brought together two of the state's most recognizable features – the Grand Canyon

and the sun. It was here that APS celebrated with an international audience (including visitors from Japan and Germany) as the Canyon's Visitor Center went "solar."

Eighty-four solar panels are now operational on the Center's roof and on adjacent ground-mounted platforms. The panels provide enough energy – about 18 kilowatts (kW) – to offset 30 percent of the Center's electricity use. Robinson said that when planning the '09 Tour, the Grand Canyon was "a definite tour stop because of the opportunity that exists to educate more than 4.5 million Canyon visitors each year about renewable energy."

Phoenix (May 22) – Saving perhaps its best performance for last, the APS team played an emotional encore in what fans and critics, alike, are hailing as an environmental masterpiece.

On the final stop of the '09 Solar Tour, APS hit the stage at ASU's Walter Cronkite School of Journalism and announced the addition of a new member: Starwood Solar I. When completed in 2013, the concentrating solar plant will assume the title of world's largest solar facility. The plant, to be built in the Harquahala Valley about 75 miles west of Phoenix, will not only generate enough electricity to power 73,000 homes, but it will have an economic impact of nearly \$3 billion during its two years of construction.

"With Starwood Solar I, the 280-megawatt Solana Solar Station announced last year and our other solar projects, APS will provide more solar electricity per customer than any other utility in the country," Robinson said.

Check out the APS '09 Solar Tour YouTube video at <http://www.youtube.com/apssolartour>.

APS is the principal subsidiary of Pinnacle West Capital Corp (NYSE: PNW). Inquiries about purchasing the stock can be directed to BNY Mellon at 1-800-457-2983, www.bnymellon.com/shareowner/isd.

PNM Rate Case Settles

PNM received approval from the NM Public Regulation Commission for new electric rates on 5/28/09.

The average PNM residential customer, who uses around 600 kilowatt hours a month, will pay \$4.71 more a month for electricity. The change will be phased in so that average monthly bills will increase by about \$2.11 starting July 1 and another \$2.60 in April 2010. Some business customers will also see increases that vary by customer class.

The increase reflects a credit to customers for revenues received by PNM from the sale of sulfur dioxide allowances through a cap-and-trade program. The increase will not affect PNM customers in Silver City, Lordsburg, Bayard, Alamogordo, Tularosa and Ruidoso.

Even with the increase, PNM rates remain 16 percent below the national average rate, 19 percent below the regional average, and at the midpoint for New Mexico.

New energy efficiency programs were approved by the PRC earlier in May and are expected to be available to customers by July. They include two new programs for income-

qualified customers and a program to help businesses manage their energy costs.

PNM electric rates are based on the cost of generating and delivering power to its 500,000 customers, and must provide sufficient revenue to allow the utility to meet its operating costs and raise capital for system improvements. PNM has added two natural gas power plants to its resource mix and has a contract to purchase power from a third plant so that it can reliably serve its customers. Borrowing costs to fund projects have increased for the company.

The PRC also allowed PNM to continue using a fuel and purchased power cost adjustment clause with certain revisions agreed to by its Staff and consumer groups, giving the company the ability to adjust bills annually in response to changes (up or down) in costs for purchasing power plant fuel and power needed to serve customers. Rate adjustment mechanisms such as this are standard throughout the country. The new PNM rates will include the expected costs for fuel and purchased power for the next 12 months, so the factor will be set at zero with no change until July 2010.

Late Utility Payments Threaten Profit Margins

Late payments to utilities are threatening the profit margins at U.S. utilities, the Washington Times reported April 27, 2009. Edison Electric Institute (EEI) spokesman Ed Legge was quoted as saying: "We've definitely seen more customers with overdue bills and people having trouble paying their bills." For example, wrote the Times: "More than 120,000 Maryland utility customers are behind in their payments, putting them in danger of having their power shut off. Like many other states, Maryland has a "cold-weather rule" that forbids utility companies from cutting customers off during winter months. However, that protection usually ends April 1."

The newspaper wrote: "Utility customers aren't the only ones hurting, though. The companies that provide their power are also taking a beating, and a recent report by Standard

& Poor's predicts hard times ahead for the industry." Wrote the Times: "Utilities are more recession-proof than most industries because they sell an essential commodity. As a result, even if consumers start cutting back on eating out and vacations, they're still going to keep the lights on and the heater running. But that doesn't mean they won't try and conserve wherever possible, and the less consumers use, the less money utilities make."

The Times reported that state utility restructuring in the late 1990s led to changing power models. Howard Stone, a leading industry analyst at US Energy Information Administration (EIA), said this restructuring had mixed results: "Rates have gone up, but I can't say how much of it is attributable to deregulation."

VMware Powers Big Savings for UniSource Energy

VMware, Inc. (NYSE: VMW), the global leader in virtualization solutions from the desktop to the datacenter, today announced that UniSource Energy Corp. (NYSE: UNS) has deployed VMware's industry-leading virtualization and management suite, VMware Infrastructure 3, to help reduce capital and operating expenses, extend the life of a datacenter that had reached its original capacity, and reduce power consumption as part of its commitment to responsible environmental stewardship.

Through its subsidiaries, UniSource provides electricity and natural gas to more than 400,000 customers in Arizona. Recently, one of the company's largest subsidiaries, Tucson Electric Power (TEP), maxed out the capacity of its primary datacenter. The facility had no more space, cooling resources or power to support future growth. To address this urgent issue, TEP deployed the VMware platform and virtualized more than 90 percent of its application environment. Today, over 330 virtual machines are running on 53 physical hosts, extending the life of TEP's current datacenter indefinitely while significantly reducing hardware and maintenance costs.

"Capacity issues in the datacenter were the primary drivers of virtualization," said Chris Rima, supervisor of the Infrastructure Systems team at TEP. "The secondary drivers were financial. Lower capital costs for server builds, better resource utilization, less power per server instance; all of these factors positively impacted our bottom line. As a power company, we also recognize and value the environmental benefits of lower power consumption."

Among the applications that are currently running on the VMware platform are BlackBerry Enterprise Server, GE PowerOn for outage management, IBM FileNet, IBM Maximo for asset and service management, Microsoft SharePoint 2007, Microsoft SQL Server, Oracle

Hyperion Strategic Finance, Oracle PeopleSoft, and Symantec Enterprise Vault.

Rima emphasized the mission-critical nature of the virtualization environment, explaining, "Our power distribution personnel use the GE PowerOn outage management system to determine how power is routed. This system ensures that everyone is working from the same blueprint. Our dispatchers rely on the PowerOn system to send the field techs to the right location to restore power safely. And we rely on VMware to help keep these systems up and running at all times."

Virtualization is also providing TEP with invaluable backup and recovery benefits. Before going virtual, the backup and recovery process for the GE PowerOn outage management system was manual. It could take all night to backup data and move it to the disaster-recovery facility and three or four hours to complete a full failover. In the meantime, dispatchers would have to refer to physical maps instead of electronic data. Thanks to virtualization, the backup process is much simpler. Processes that used to take several hours to complete are now done automatically every 15 minutes so TEP is always prepared in case of an emergency.

"Virtualization has been a lifesaver," said Tony Edelbrock, senior systems administrator at TEP. "It has revolutionized the way we do things. Several of the backup processes were eliminated with the new architecture. The resources that had been used to do backups for several hours every night can now be applied to more strategic tasks."

Inquiries about purchasing UniSource Energy stock can be directed to BNY Mellon at (866) 537-8709 or by visiting www.melloninvestor.com/isd.

Yucca Mountain Nuclear Waste Project May Not Be Dead

Despite the many claims that the proposed Yucca Mountain high-level nuclear waste repository was dead, the future of the project was said to be linked to a continued \$288 million federal budget allocation by Congress, the Associated Press reported. President Obama asked for \$196.8 million in 2010 for the proposed facility and wanted the licensing process to continue.

The Nuclear Regulatory Commission (NRC) has up to four years to approve Department of Energy's (DOE) license application, a deadline that it may not be able to meet, reported National Journal. NRC Chairman Dale Klein has said more funding was needed: "Either give us some relief from the statutory requirement, or fund us. If we don't have full funding, it clearly will take longer than the initial timeline Congress gave us." Meanwhile, Senate Majority Leader Harry Reid, D-Nev., and Energy Secretary Steven Chu support establishing a commission to study alternatives for storage of the nuclear waste, according to the Associated Press (AP).

The National Journal reported that legislation championed by Sen. Jeff Bingaman, D-N.M., chairman of the Senate Energy & Natural Resources Committee, "would authorize the

president to create an 11-member, bipartisan commission to examine the viability of three options: underground waste disposal somewhere other than Yucca Mountain; long-term storage at the nuclear power companies' sites or at regional storage facilities; or the reprocessing of spent nuclear fuel."

The Journal wrote the "commission would also consider whether the federal government should offer economic incentives to entice states, Indian tribes, and local governments to host a nuclear-waste repository, an interim waste facility, or a reprocessing plant." Sen. Lisa Murkowski, R-Alaska, ranking Republican on Energy panel, wants DOE to partner with private companies to build two commercial waste reprocessing facilities. Marvin Fertel, president and CEO of the Nuclear Energy Institute, said he believes the commission will recommend reprocessing, the solution backed by the nuclear industry.

Because the licensing process is moving forward and may take four or more years, it is possible that a future administration will go back to the original plan and push for approval of Yucca Mountain.

Associated Press, May 16, 2009

Quotes Worth Considering

"Life is not about waiting for the storm to pass by, it is about learning to dance in the rain." - Anonymous

"A people that values its privileges above its principles soon loses both."
- Dwight D. Eisenhower

"Life is ten percent what happens to you and ninety percent how you respond to it."
- Lou Holtz

Utility Regulation by Robert L. Swartwout



This is the fourth article in a multipart series that reviews regulatory process development. The information has been excerpted from the original publication "Current Utility Regulatory Practice From a Historical Perspective" published in the "Natural Resources Journal of UNM Law School", Spring 1992.

ALLOWED RATE OF RETURN

There are two landmark U.S. Supreme Court cases that are critical to the determination of the rate of return. They are commonly known as Bluefield and Hope quoted as below:

1) BLUEFIELD WATERWORKS v. PUBLIC SERVICE COMMISSION: A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that being made at the same time and in the same general part of the country on investments in other business undertakings which

are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.

2) FEDERAL POWER COMMISSION v. HOPE NATURAL GAS CO.: From the investor of the company point of view it is important that there be enough revenues not only for operating expenses, but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard, the return to the equity owner should be commensurate with returns on investment in other enterprises having commensurate risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise so as to maintain its credit and to attract capital.

The persistent controversy over whether a utility's allowed rate of return is really a guaranteed rate of return was nicely addressed by Francis X. Welch as follows: The Commission's function is simply to determine a rate of return which will have the result of permitting a company to ... cover its expenses and obtain a reasonable return, over and above them.

The controversy that resulted in the Bluefield and Hope cases came about because of the changeable character of utility economics and relates back to the seminal Smyth v Ames case (1898). That case came about mostly as a result of the economic deflation of the late 1800s. Because of deflation, the reproduction cost of utility assets was less than their original cost. As a result, ratepayers advocated ratemaking based on reproduction cost while the utilities advocated the use of original cost. In Smyth v Ames, the Court held that valuation must be based upon fair value considerations including both original and reproduction costs. However, the Court did not set out how fair value should be determined or how either original or reproduction cost must be used. The adversaries changed their positions when the inflation brought about by World War I turned the tables and reproduction cost became higher than original cost. The ratepayers then advocated original cost and the utilities reproduction cost. The Court decided in Hope as follows: We held that the Commission [FPC] was not bound to the use of any single formula ... in determining rates. ... and when the Commission's order is challenged in the courts, the question is whether that order "viewed in its entirety" meets the requirements of the act. Under the statutory standard of "just and reasonable" it is the result reached, not the method employed, which is controlling.

The Hope decision resulted in movement toward the nearly universal acceptance of original cost as the valuation standard. Further, the "end result" doctrine established by Hope caused the primary emphasis in utility rate cases to begin to shift from valuation to the determination of fair rate of return.

Robert L. Swartwout is a retired Professional Engineer with over 41 years in the utility business. During this time, Mr. Swartwout spent 15 years in state utility regulation and 15 years as president of investor owned utility companies. Mr. Swartwout has several published papers on the subject of utility regulation. The article from which this has been excerpted has been cited in state and federal Supreme Court cases.

“Triple Bottom Line” continued from page 4

Community Investment

In the report, the company provides an update on its continuing efforts to support the nonprofit organizations that play a critical role in so many communities.

Last year, the company implemented a new Reduce Your Use grant program to help nonprofit organizations become more energy efficient, freeing up financial resources to help these organizations concentrate on their core missions.

Funded by the PNM Resources Foundation, the program in its first year gave 72 grants, worth a total of \$180,000, to nonprofits in New Mexico.

Also in 2008, PNM began a new collaborative approach with outside service organizations to help low-income customers in a time of rising energy costs. As a result of this effort, thousands of PNM customers were directed to payment plans when a statewide moratorium on disconnections expired, increasing the likelihood of payment to the company and keeping service uninterrupted for these customers.

PNM Resources Chairman and CEO Jeff Sterba says this long-term, integrated approach to decision making will ultimately benefit the company and its owners.

“The sustainable framework we use for all business decisions is serving us well,” he says. “We continue to face economic challenges as we work to meet the electricity needs of New Mexico and Texas, but we firmly believe the balanced approach we are taking ultimately will result in the right solutions for our customers, shareholders and communities.”

The company’s 2007-2008 sustainability report is available online at www.pnmresources.com/sustainability.

Inquiries about purchasing PNM Resources stock (NYSE: PNM) can be directed to BNY Mellon Shareowners Services at www.melloninvestor.com or (877)663-7775.

Legislative Session continued from cover.

NMUSA strongly opposed eight bills that were considered detrimental either to utility companies, their shareholders or their ratepayers. In addition to the five bills highlighted in the first quarter **Shareholder News** (SB 315 Accelerated Target Dates for Renewable Portfolio Standards, SB 319 Utility Rate Design Energy Use and Sources, SB 320 PRC Utility Cost Risk Sharing Rule, SB 322 Periodic PRC Utility Rate Examination and HB 653 Environmental Board Greenhouse Gas Rules) NMUSA also strongly opposed SB 648 Corporate Tax Rates and Payments and HB 724 Utility Disconnection Requirements. We are pleased to report that none of these bills passed.

In addition, NMUSA monitored about 30 other bills during the session. These bills were important, but did not have the drastic impact as those discussed above. For exact bill language, please visit the New Mexico State Legislature web site at: <http://nmlegis.gov/lcs/BillFinder.aspx>.

From the Executive Director . . .

NMUSA is fortunate to have such a diversified and knowledgeable Board of Directors. From former legislators and Chairman of the PRC, to utility company retirees and everything in between, we have the expertise to be fully engaged in issues affecting the shareholders of New Mexico gas and electric utility companies. The board is also dedicated to our mission and stays involved in issues that affect utility shareholders.

Our involvement has grown significantly in both regulatory and legislative issues - at both the state and federal levels. We appreciate the relationship we have with elected officials in these positions; they have been very open to our involvement and opinions of how their actions will affect our members.

We look forward to seeing many of you at our upcoming meetings. We will be in Roswell next month and enjoying our Annual Membership Meeting in Albuquerque this fall. This is always a big event and this year's luncheon will feature a beautiful facility with great food and abundant parking close to the meeting room.

Thank you for your continued support of the NMUSA. Your dues help fund the operation and your involvement in our 'Calls to Action' make a huge difference in our accomplishments.

My best,



Carla J. Sonntag

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