

PNM RESOURCES INC  
Form 10-Q/A  
August 08, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q/A**  
(Amendment No. 1)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended March 31, 2006**

- OR -

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

<b>Commission File Number</b>	<b>Name of Registrants, State of Incorporation, Address and Telephone Number</b>	<b>I.R.S. Employer Identification No.</b>
001-32462	PNM Resources, Inc. (A New Mexico Corporation) Alvarado Square Albuquerque, New Mexico 87158 (505) 241-2700	85-0468296
001-06986	Public Service Company of New Mexico (A New Mexico Corporation) Alvarado Square Albuquerque, New Mexico 87158 (505) 241-2700	85-0019030
002-97230	Texas-New Mexico Power Company (A Texas Corporation) 4100 International Plaza, P.O. Box 2943 Fort Worth, Texas 76113 (817) 731-0099	75-0204070

Indicate by check mark whether PNM Resources, Inc. ("PNMR") and Public Service Company of New Mexico ("PNM") (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the

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preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether Texas New Mexico Power Company ("TNMP") (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

(NOTE: As a voluntary filer, not subject to the filing requirements, TNMP filed all reports under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.)

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Indicate by check mark whether PNMR is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether each of PNM and TNMP is a large accelerated filer, accelerated filer, or non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether any of the registrants is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

As of May 1, 2006, 68,818,632 shares of common stock, no par value per share, of PNMR were outstanding.

The total number of shares of Common Stock of PNM outstanding as of May 1, 2006 was 39,117,799 all held

by PNMR (and none held by non-affiliates).

The total number of shares of Common Stock of TNMP outstanding as of May 1, 2006 was 9,615 all held

indirectly by PNMR (and none held by non-affiliates).

**EXPLANATORY NOTE REGARDING AMENDMENT NO. 1**

This Amendment No. 1 to the Quarterly Report on Form 10-Q (“Amendment No. 1”) amends the Registrants’ Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006, initially filed with the Securities and Exchange Commission (“SEC”) on May 10, 2006 (the “Original Filing”).

Amendment No. 1 is being filed to correct the allocation of goodwill recorded for the June 6, 2005 acquisition of TNP Enterprises, Inc. and Subsidiaries by PNM Resources, Inc. (“PNMR”). The goodwill recorded in this purchase was allocated between Texas-New Mexico Power Company (“TNMP”) and First Choice Power, L.P. (“First Choice”). Subsequent to the Original Filing, it was determined that goodwill was not properly allocated between the two entities. The reallocation of goodwill is detailed below.

	<b>As Previously Reported</b>	<b>Restatement (In thousands)</b>	<b>As Restated</b>
TNMP	\$ 456,088	\$ (88,843)	\$ 367,245
First Choice	43,067	88,843	131,910
Total Goodwill	\$ 499,155	\$ -	\$ 499,155

TNMP’s Paid-in-capital is also reduced by the restatement amount shown above. Amendment No. 1 has no effect on the Statements of Earnings or Statements of Cash Flows of TNMP. Amendment No. 1 restates the goodwill allocation between PNMR’s subsidiaries, TNMP and First Choice, and, therefore, has no effect on the Condensed Consolidated Balance Sheets of PNMR, but does impact the Notes to the Condensed Consolidated Financial Statements. Amendment No. 1 does not restate the Condensed Consolidated Financial Statements of Public Service Company of New Mexico. Refer to Note 14 to the Condensed Consolidated Financial Statements for additional detail on the restatement.

For the convenience of the reader, Amendment No. 1 sets forth the Original Filing in its entirety, with the exception of the corrections described above, a related revision to Item 4 and a clarification of the disclosures related to Palo Verde Nuclear Generating Station decommissioning costs. In addition, Amendment No. 1 has been signed as of a current date and all certifications of the Registrants' Chief Executive Officer and Principal Financial Officer are given as of a current date. This Amendment does not reflect events occurring after the filing of the Original Filing or modify or update the Original Filing in any way other than to correct the items described above and to correct several immaterial items.

**PNM AND TNMP MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H) (1) (a) AND (b) OF FORM 10-Q AND ARE THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION (H) (2).**

This Form 10-Q represents separate filings by PNMR, PNM and TNMP. Information herein relating to an individual registrant is filed by that registrant on its own behalf. PNM makes no representations as to the information relating to PNMR and its subsidiaries other than PNM. TNMP makes no representations as to the information relating to PNMR and its subsidiaries other than TNMP. When this Form 10-Q is incorporated by reference into any filing with the SEC made by PNM or TNMP, the portions of this Form 10-Q that relate to PNMR and its subsidiaries other than PNM or TNMP, respectively are not incorporated by reference therein.

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARY**  
**TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES**

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**GLOSSARY**

Afton	Afton Generating Station
Altura	Altura Power L.P.
APB	Accounting Principles Board
APS	Arizona Public Service Company
Avistar	Avistar, Inc.
Board	Board of Directors
BTU	British Thermal Unit
Cal PX	California Power Exchange
Cal ISO	California Independent System Operator
Company	PNM Resources, Inc. and Subsidiaries
Constellation	Constellation Energy Commodities Group, Inc.
Decatherm	1,000,000 BTUs
Delta	Delta-Person Limited Partnership
EaR	Earnings at Risk
EIP	Eastern Interconnection Project
EITF	Emerging Issues Task Force
EPA	United States Environmental Protection Agency
EPE	El Paso Electric Company
ERCOT	Electric Reliability Council of Texas
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FCPSP	First Choice Power Special Purpose, L.P.
Federal Funds Rate	Overnight Rate on Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank
FERC	Federal Energy Regulatory Commission
First Choice	First Choice Power, L. P. and Subsidiaries
GAAP	Generally Accepted Accounting Principles in the United States of America
LIBOR	London Interbank Offered Rate
Lordsburg	Lordsburg Generating Station
Luna	Luna Energy Facility
MMBTUs	Million British Thermal Units
Moody's	Moody's Investor Services, Inc.
MW	Megawatt
MWh	Megawatt Hour
NMPRC	New Mexico Public Regulation Commission
NSPS	New Source Performance Standards
NSR	New Source Review
NYMEX	New York Mercantile Exchange
O&M	Operations and Maintenance
PEP	PNMR Omnibus Performance Equity Plan

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PGAC	Purchased Gas Adjustment Clause
PNM	Public Service Company of New Mexico and Subsidiary
PNMR	PNM Resources, Inc. and Subsidiaries
PPA	Power Purchase Agreement
PRG	Power Resource Group, Inc.
PUCT	Public Utility Commission of Texas

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PURPA	Public Utility Regulatory Policy Act of 1978
PVNGS	Palo Verde Nuclear Generating Station
Reeves	Reeves Generating Station
REP	Retail Electricity Provider
RMC	Risk Management Committee
RMRR	Routine Maintenance, Repair or Replacement
SDG&E	San Diego Gas and Electric Company
SEC	United States Securities and Exchange Commission
Sempra	Sempra Generation, a subsidiary of Sempra Energy
SESCO	San Angelo Electric Service Company
SFAS	Statement of Financial Accounting Standards
SJCC	San Juan Coal Company
SJGS	San Juan Generating Station
S&P	Standard and Poors Ratings Services
SPS	Southwestern Public Service Company
TCEQ	Texas Commission on Environmental Quality
TECA	Texas Electric Choice Act
TNMP	Texas-New Mexico Power Company and Subsidiaries
TNP	TNP Enterprises, Inc. and Subsidiaries
Throughput	Volumes of gas delivered, whether or not owned by the Company
Twin Oaks	Assets of Twin Oaks Power, LP and Twin Oaks Power III, LP
VaR	Value at Risk
WSPP	Western Systems Power Pool

## ITEM 1. FINANCIAL STATEMENTS

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
	(In thousands, except per share amounts)	
<b>Operating Revenues:</b>		
Electric	\$ 448,216	\$ 262,443
Gas	207,476	165,233
Other	109	237
Total operating revenues	655,801	427,913
<b>Operating Expenses:</b>		
Cost of energy sold	425,972	247,478
Administrative and general	65,305	41,309
Energy production costs	37,587	36,033
Depreciation and amortization	34,330	28,827
Transmission and distribution costs	19,050	14,062
Taxes, other than income taxes	16,964	8,871
Income taxes	10,247	13,391
Total operating expenses	609,455	389,971
Operating income	46,346	37,942
<b>Other Income and Deductions:</b>		
Interest income	10,151	9,770
Other income	3,167	3,240
Carrying charges on regulatory assets	1,973	-
Other deductions	(1,516)	(2,136)
Other income taxes	(5,101)	(3,884)
Net other income and deductions	8,674	6,990
<b>Interest Charges</b>	<b>28,563</b>	<b>14,291</b>
<b>Preferred Stock Dividend Requirements of Subsidiary</b>	<b>132</b>	<b>132</b>
<b>Net Earnings</b>	<b>\$ 26,325</b>	<b>\$ 30,509</b>
<b>Net Earnings per Common Share (see Note 5):</b>		
<b>Basic</b>	<b>\$ 0.38</b>	<b>\$ 0.50</b>
<b>Diluted</b>	<b>\$ 0.38</b>	<b>\$ 0.50</b>
<b>Dividends Declared per Common Share</b>	<b>\$ 0.220</b>	<b>\$ 0.185</b>

The accompanying notes, as they relate to PNMR, are an integral part of these financial statements.





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Other deferred charges	65,515	57,025
Total deferred charges	1,085,749	1,073,415
	\$ 5,002,963	\$ 5,124,709

The accompanying notes, as they relate to PNMR, are an integral part of these financial statements.



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**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

**Three Months Ended March 31,**  
**2006** **2005**

(In thousands)

**Cash Flows From Operating Activities:**

Net earnings	\$	26,325	\$	30,509
Adjustments to reconcile net earnings to net cash flows from operating activities:				
Depreciation and amortization		40,011		36,275
Allowance for equity funds used during construction		47		(470)
Accumulated deferred income tax		(10,279)		(639)
Net unrealized gains on trading and investment securities		(3,933)		(923)
Realized gains on investment securities		(1,407)		(1,616)
Carrying charges on deferred stranded costs		(1,973)		-
Carrying charges on other regulatory assets and liabilities		1,298		-
Stock based compensation expense		4,373		-
Excess tax benefits from stock-based payment arrangements		(313)		-
Other, net		1,139		-
Changes in certain assets and liabilities, net of amounts acquired:				
Accounts receivable - customer		14,266		12,595
Accounts receivable - other		14,180		5,748
Unbilled revenues		31,491		18,341
Inventory		8,722		1,525
Regulatory assets		19,285		(3,776)
Other assets		10,280		(4,149)
Accrued postretirement benefit costs		(2,135)		(2,007)
Accounts payable		(102,391)		(22,060)
Accrued interest and taxes		24,046		44,129
PVNGS lease accrual		(16,573)		(16,573)
Other liabilities		(23,919)		(17,548)
Net cash flows from operating activities		32,540		79,361

**Cash Flows From Investing Activities:**

Utility plant additions		(50,406)		(28,390)
Nuclear fuel additions		(1,415)		(1,303)
Proceeds from sales of securities		30,449		28,222
Purchases of securities		(30,301)		(28,689)
Return of principal PVNGS lessor notes		10,956		9,998
Other, net		870		1,034
Net cash flows from investing activities		(39,847)		(19,128)



The accompanying notes, as they relate to PNMR, are an integral part of these financial statements.

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

**Three Months Ended March 31,**  
**2006** **2005**

(In thousands)

**Cash Flows From Financing Activities:**

Short-term borrowings (repayments), net	(1,213)	(72,900)
Long-term debt borrowings	-	239,832
Issuance of common stock	-	101,231
Net activity related to stock-based payment arrangements	(1,088)	(5,639)
Excess tax benefits from stock-based payment arrangements	313	-
Dividends paid	(13,758)	(11,318)
Other, net	624	145
Net cash flows from financing activities	(15,122)	251,351

## Increase (Decrease) in Cash and Cash

Equivalents	(22,429)	311,584
Beginning of Period	68,199	17,195
End of Period	\$ 45,770	\$ 328,779

**Supplemental Cash Flow Disclosures:**

Interest paid, net of capitalized interest	\$ 25,750	\$ 12,370
Income taxes paid (refunded), net	\$ -	\$ (20,369)

The accompanying notes, as they relate to PNMR, are an integral part of these financial statements.

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

**Three Months Ended March 31,**  
**2006** **2005**  
(In thousands)

<b>Net Earnings</b>	\$	26,325	\$	30,509
Other Comprehensive Income (Loss):				
<b>Unrealized gain (loss) on securities:</b>				
Unrealized holding gains (losses) arising during the period,				
net of tax (expense) benefit of \$(7,605) and \$66		11,604		(101)
Reclassification adjustment for gains included in net income,				
net of tax expense of \$319 and \$498		(486)		(760)
<b>Mark-to-market adjustment for certain derivative transactions:</b>				
Change in fair market value of designated cash flow hedges,				
net of tax (expense) benefit of \$9,064 and \$(2,070)		(14,646)		3,159
Reclassification adjustment for gains included in net income,				
net of tax expense of \$1,195 and \$917		(1,484)		(1,399)
<b>Total Other Comprehensive Income (Loss)</b>		<b>(5,012)</b>		<b>899</b>
<b>Total Comprehensive Income</b>	<b>\$</b>	<b>21,313</b>	<b>\$</b>	<b>31,408</b>

The accompanying notes, as they relate to PNMR, are an integral part of these financial statements.





\$	3,450,545	\$	3,587,751
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The accompanying notes, as they relate to PNM, are an integral part of these financial statements.



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**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARY**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

**Three Months Ended March 31,**  
**2006** **2005**

(In thousands)

**Cash Flows From Operating Activities:**

Net earnings	\$	30,428	\$	32,486
Adjustments to reconcile net earnings to net cash flows from operating activities:				
Depreciation and amortization		29,780		35,393
Allowance for equity funds used during construction		1		(470)
Accumulated deferred income tax		(11,832)		(639)
Net unrealized gains on trading securities		(504)		(923)
Realized gains on investment securities		(1,407)		(1,616)
Carrying charges on other regulatory assets and liabilities		1,298		-
Changes in certain assets and liabilities:				
Accounts receivable - customer		11,075		12,595
Accounts receivable - other		9,253		7,151
Unbilled revenues		26,326		18,341
Inventory		8,873		1,719
Regulatory assets		20,899		(3,776)
Other assets		14,942		(573)
Accrued postretirement benefit costs		(1,628)		(2,007)
Accounts payable		(86,765)		(27,888)
Accrued interest and taxes		36,800		20,062
PVNGS lease accrual		(16,573)		(16,573)
Other liabilities		(24,948)		(29,241)
Net cash flows from operating activities		46,018		44,041

**Cash Flows From Investing Activities:**

Utility plant additions		(37,391)		(23,686)
Nuclear fuel additions		(1,415)		(1,303)
Proceeds from sales of securities		30,449		28,222
Purchases of securities		(30,301)		(28,689)
Return of principal PVNGS lessor notes		10,956		9,998
Other, net		652		513
Net cash flows from investing activities		(27,050)		(14,945)

The accompanying notes, as they relate to PNM, are an integral part of these financial statements.

**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARY**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
	(In thousands)	
<b>Cash Flows From Financing Activities:</b>		
Short-term borrowings (repayments), net	(24,913)	(38,600)
Long-term debt repayments	(149)	-
Dividends paid	(132)	(132)
Change in affiliate borrowings	-	843
Other, net	172	(93)
Net cash flows from financing activities	(25,022)	(37,982)
<b>Decrease in Cash and Cash Equivalents</b>		
Beginning of Period	12,690	16,448
End of Period	\$ 6,636	\$ 7,562
<b>Supplemental Cash Flow Disclosures:</b>		
Interest paid, net of capitalized interest	\$ 11,935	\$ 11,415
Income taxes paid, net	\$ -	\$ -

The accompanying notes, as they relate to PNM, are an integral part of these financial statements.



**TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)

	Post-Acquisition Three Months Ended March 31, 2006	██████████ ██████████ ██████████ 2005	Pre-Acquisition
	(In thousands)		
<b>Operating Revenues:</b>			
Electric	\$ 62,685	██████████	\$ 65,882
Total operating revenues	62,685	██████████	65,882
<b>Operating Expenses:</b>			
Cost of energy sold	27,172	██████████	27,092
Administrative and general	11,231	██████████	6,497
Depreciation and amortization	7,731	██████████	7,518
Transmission and distribution costs	4,713	██████████	5,167
Taxes, other than income taxes	5,607	██████████	6,033
Income taxes	(680)	██████████	2,247
Total operating expenses	55,774	██████████	54,554
Operating income	6,911	██████████	11,328
<b>Other Income and Deductions:</b>			
Interest income	255	██████████	290
Other income	186	██████████	271
Carrying charges on regulatory assets	1,973	██████████	(2,801)
Other deductions	(30)	██████████	(49)
Other income taxes	(912)	██████████	869
Net other income and deductions	1,472	██████████	(1,420)
<b>Interest Charges</b>			
	7,227	██████████	7,032
<b>Net Earnings</b>	<b>\$ 1,156</b>	<b>██████████</b>	<b>\$ 2,876</b>

The accompanying notes, as they relate to TNMP, are an integral part of these financial statements.



The accompanying notes, as they relate to TNMP, are an integral part of these financial statements.

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

	<b>March 31, 2006 <sup>(a)</sup></b>	<b>December 31, 2005</b>
	(In thousands)	
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization:</b>		
Common stockholder's equity:		
Common stock outstanding (\$10 par value, 12,000,000 shares authorized: issued 9,615 at March 31, 2006 and December 31, 2005)		
	\$ 96	\$ 96
Paid-in-capital	494,287	494,287
Accumulated other comprehensive loss, net of tax	(29)	(29)
Retained earnings	6,606	5,450
<b>Total common stockholder's equity</b>	<b>500,960</b>	<b>499,804</b>
Long-term debt	415,938	415,864
<b>Total capitalization</b>	<b>916,898</b>	<b>915,668</b>
<b>Current Liabilities:</b>		
Accounts payable	13,083	11,913
Accrued interest and taxes	17,807	24,250
Accrued payroll and benefits	2,385	3,268
Other current liabilities	5,017	5,516
<b>Total current liabilities</b>	<b>38,292</b>	<b>44,947</b>
<b>Long-Term Liabilities:</b>		
Accumulated deferred income taxes	140,032	139,405
Accumulated deferred investment tax credits	1,343	1,540
Regulatory liabilities	57,500	56,246
Accrued pension liability	2,875	3,585
Accrued postretirement benefit cost	6,728	6,525
Other deferred credits	652	1,174
<b>Total long-term liabilities</b>	<b>209,130</b>	<b>208,475</b>
Commitments and Contingencies (see Note 9)	-	-
	\$ 1,164,320	\$ 1,169,090

<sup>(a)</sup> As restated, see Note 14.

The accompanying notes, as they relate to TNMP, are an integral part of these financial statements.





**TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Post-Acquisition Three Months Ended 2006	██████████ ██████████ ██████████ 2005	Pre-Acquisition Three Months Ended 2005
	(In thousands)		
<b>Cash Flows From Operating Activities:</b>			
Net earnings	\$ 1,156	██████████	\$ 2,876
Adjustments to reconcile net earnings to net cash flows from operating activities:			
Depreciation and amortization	7,805	██████████	7,592
Allowance for equity funds used during construction	(47)	██████████	(39)
Accumulated deferred income tax	430	██████████	(1,486)
Carrying charges on deferred stranded costs	(1,973)	██████████	2,801
Interest on retail competition transition obligation	437	██████████	-
Other, net	(7)	██████████	-
Changes in certain assets and liabilities:			
Accounts receivable	2,194	██████████	243
Unbilled revenues	(316)	██████████	2,469
Other assets	1,838	██████████	2,739
Accrued postretirement benefit costs	(507)	██████████	329
Accounts payable	725	██████████	(4,999)
Accrued interest and taxes	(6,477)	██████████	(4,498)
Change in affiliate accounts	4,528	██████████	540
Other liabilities	(1,746)	██████████	2,745
Net cash flows from operating activities	8,040	██████████	11,312
<b>Cash Flows From Investing Activities:</b>			
Utility plant additions	(7,216)	██████████	(9,447)
Other, net	31	██████████	(160)
Net cash flows from investing activities	(7,185)	██████████	(9,607)

The accompanying notes, as they relate to TNMP, are an integral part of these financial statements.



**TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES**  
**A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

	<b>Post-Acquisition</b>	<b>Pre-Acquisition</b>
	<b>Three Months Ended</b>	<b>March 31,</b>
	<b>2006</b>	<b>2005</b>
	(In thousands)	
<b>Net Earnings</b>	\$ 1,156	\$ 2,876
Other Comprehensive Income:		
Interest rate hedge net of reclassification adjustment, net of income		
tax benefit (expense) of \$0 and \$(79)	-	129
<b>Total Other Comprehensive Income</b>	-	129
<b>Total Comprehensive Income</b>	\$ 1,156	\$ 3,005

The accompanying notes, as they relate to TNMP, are an integral part of these financial statements.

**PNM RESOURCES, INC. AND SUBSIDIARIES**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARY**  
**TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**(1) Significant Accounting Policies and Responsibility for Financial Statements**