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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

[X] 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	
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Commission File Number	Name of Registrants, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
001-32462	PNM Resources, Inc. (A New Mexico Corporation) Alvarado Square Albuquerque, New Mexico 87158	85-0468296
001-06986	(505) 241-2700 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

preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) have subject to such filing requirements for the past 90 days.	been
YES <u>ü</u> NO	
Indicate by check mark whether Texas New Mexico Power Company ("TNMP") (1) has filed all reports require	
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 required	
for the past 90 days.	1101100
YES NO <u>ü</u>	
(NOTE: As a voluntary filer, not subject to the filing requirements, TNMP filed all reports under Section 13 or 1	5(d)

of the Securities Exchange Act of 1934 during the preceding 12 months.)

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 <u>ü</u>	Accelerated filer _	Non-accelerated filer	
Indicate by check mark wheth non-accelerated filer (as define		MP is a large accelerated filer, accelerated filer, act).	or
Large accelerated filer	Accelerated filer _	Non-accelerated filer ü	

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

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.

	$\mathbf{A}\mathbf{s}$	Previously				
	Reported		Restatement (In thousands)		As Restated	
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		

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

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)

2006

Three Months Ended March 31,

2005

	(In thousands,		
	except per share amounts)		
Operating Revenues:	1 1		,
Electric	\$ 448,216	\$	262,443
Gas	207,476		165,233
Other	109		237
Total operating revenues	655,801		427,913
Operating Expenses:			
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
Other Income and Deductions:			
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
Interest Charges	28,563		14,291
Preferred Stock Dividend Requirements of			
Subsidiary	132		132
Net Earnings	\$ 26,325	\$	30,509
Net Earnings per Common Share (see Note 5):			
Basic	\$ 0.38	\$	0.50
Diluted	\$ 0.38	\$	0.50
Dividends Declared per Common Share	\$ 0.220	\$	0.185

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

PNM RESOURCES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	N	2006		ecember 31, 2005
		(In thousands)		
ASSETS				
Utility Plant:	\$	3,341,055	\$	3,315,642
Electric plant in service Gas plant in service	Ф	725,869	Ф	711,823
•		123,809		/11,023
Common plant in service and plant held for future use		137,155		135,849
Tuture use		4,204,079		4,163,314
Less accumulated depreciation and amortization		1,399,032		1,374,599
Less accumulated depreciation and amortization		2,805,047		2,788,715
Construction work in progress		168,601		168,195
Construction work in progress Nuclear fuel, net of accumulated amortization of		100,001		100,193
\$17,539 and \$14,679		25,738		27 192
\$17,339 and \$14,079		25,756		27,182
Net utility plant		2,999,386		2,984,092
Other Property and Investments:				
Investment in lessor notes		275,722		286,678
Other investments		138,942		180,013
Non-utility property, net of accumulated				
depreciation of \$2,189 and \$22		8,080		4,214
Total other property and investments		422,744		470,905
zomzomoż proporty uno myosimono		,,		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Current Assets:				
Cash and cash equivalents		45,770		68,199
Special deposits		533		534
Accounts receivable, net of allowance for				
uncollectible accounts of \$4,792 and \$3,653		138,801		128,834
Unbilled revenues		112,118		151,773
Other receivables		48,340		64,285
Inventories		43,315		52,037
Regulatory assets		3,377		28,058
Other current assets		102,830		102,577
Total current assets		495,084		596,297
D.C. I.C.				
Deferred Charges:		250 427		247.070
Regulatory assets		350,437		347,279
Prepaid pension cost		92,458		91,444
Goodwill		499,155		499,155
Other intangible assets, net of accumulated		70.101		70.712
amortization of \$1,070 and \$742		78,184		78,512

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.

PNM RESOURCES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2006		December 31, 2005
	(In thous	ands)	
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stockholders' equity:			
Common stock outstanding (no par value,			
120,000,000 shares authorized: issued			
68,818,632 and 68,786,286 at March 31, 2006 and			
December 31, 2005, respectively)	\$ 817,075	\$	813,425
Accumulated other comprehensive loss, net of tax	(96,601)		(91,589)
Retained earnings	575,807		564,623
Total common stockholders' equity	1,296,281		1,286,459
Cumulative preferred stock of subsidiary without			
mandatory redemption			
(\$100 stated value, 10,000,000 shares authorized:			
issued 115,293 at			
March 31, 2006 and December 31, 2005)	11,529		11,529
Long-term debt	1,744,929		1,746,395
Total capitalization	3,052,739		3,044,383
Current Liabilities:			
Short-term debt	330,987		332,200
Accounts payable	120,272		206,648
Accrued interest and taxes	51,549		27,815
Other current liabilities	147,883		156,833
Total current liabilities	650,691		723,496
Long-Term Liabilities:			
Accumulated deferred income taxes	433,457		451,263
Accumulated deferred investment tax credits	32,897		33,806
Regulatory liabilities	391,459		402,253
Asset retirement obligations	56,968		55,646
Accrued pension liability and postretirement			
benefit cost	226,081		227,202
Other deferred credits	158,671		186,660
	,		,
Total long-term liabilities	1,299,533		1,356,830
Ü	, ,		, ,
Commitments and Contingencies (see Note 9)	-		-
	\$ 5,002,963	\$	5,124,709
	, ,	•	, ,

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

Three Months Ended March 31,

PNM RESOURCES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Wondis Ended Warch 51,			
		2006		2005
		(In thou	sands)	
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)
C		. , ,		

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)

	(In thou	isanas)	
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)

Net Earnings	\$	26,325	\$	30,509
Other Comprehensive Income (Loss):	Ψ	20,525	Ψ	20,207
1 , ,				
Unrealized gain (loss) on securities:				
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)
Mark-to-market adjustment for certain				
derivative transactions:				
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)
Total Other Comprehensive Income (Loss)		(5,012)		899
Total Comprehensive Income	\$	21,313	\$	31,408

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

Three Months Ended March 31,

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARY A WHOLLY OWNED SUBSIDIARY OF PNM RESOURCES, INC. CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	Three Months Ended March 31,			,
		2006		2005
		(In thou		
Operating Revenues:				
Electric	\$	311,467	\$	262,443
Gas		207,476		165,233
Total operating revenues		518,943		427,676
Operating Expenses:				
Cost of energy sold		339,262		247,412
Administrative and general		41,128		40,479
Energy production costs		37,587		36,033
Depreciation and amortization		24,855		27,945
Transmission and distribution costs		14,307		14,063
Taxes, other than income taxes		9,313		8,292
Income taxes		14,962		14,643
Total operating expenses		481,414		388,867
Operating income		37,529		38,809
Other Income and Deductions:		0.050		0.006
Interest income		9,353		9,206
Other income		1,828		3,276
Other deductions		(851)		(1,164)
Other income taxes		(4,011)		(3,841)
Net other income and deductions		6,319		7,477
Interest Charges		13,420		13,800
meerest charges		13,120		13,000
Net Earnings		30,428		32,486
Preferred Stock Dividend Requirements		132		132
Net Earnings Available for Common Stock	\$	30,296	\$	32,354

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 BALANCE SHEETS

(Unaudited)

		March 31, 2006		ecember 31, 2005
		(In thou	ısands)	
ASSETS				
Utility Plant:	ф	2.506.062	ф	2.556.102
Electric plant in service	\$	2,596,062	\$	2,576,182
Gas plant in service		725,869		711,823
Common plant in service and plant held for		=2 00 6		- 40 - 5
future use		72,806		74,857
		3,394,737		3,362,862
Less accumulated depreciation and amortization		1,223,484		1,205,386
		2,171,253		2,157,476
Construction work in progress		139,985		137,663
Nuclear fuel, net of accumulated amortization of				
\$17,539 and \$14,679		25,738		27,182
Net utility plant		2,336,976		2,322,321
Other Property and Investments:				
Investment in lessor notes		275,722		286,678
Other investments		128,892		170,422
Non-utility property		966		966
Total other property and investments		405,580		458,066
Current Assets:				
Cash and cash equivalents		6,636		12,690
Special deposits		263		263
Accounts receivable, net of allowance for				
uncollectible accounts of \$1,457 and \$1,435		97,494		108,569
Unbilled revenues		95,128		121,453
Other receivables		44,293		53,546
Inventories		41,538		50,411
Regulatory assets		3,377		28,058
Other current assets		55,707		75,885
		,		,
Total current assets		344,436		450,875
		- ,		,
Deferred Charges:				
Regulatory assets		223,551		223,325
Prepaid pension cost		92,458		91,444
Other deferred charges		47,544		41,720
word or		17,511		.1,,20
Total deferred charges		363,553		356,489

\$ 3,450,545 \$ 3,587,751

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 BALANCE SHEETS

(Unaudited)

	March 31, 2006		December 31, 2005
	(In thous	ands)	
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stockholder's equity:			
Common stock outstanding (no par value,			
40,000,000 shares authorized:			
issued 39,117,799 at March 31, 2006 and			
December 31, 2005)	\$ 765,500	\$	765,500
Accumulated other comprehensive loss, net of tax	(92,860)		(90,515)
Retained earnings	362,837		332,542
Total common stockholder's equity	1,035,477		1,007,527
Cumulative preferred stock without mandatory			
redemption (\$100 stated value,			
10,000,000 shares authorized: issued 115,293 at			
March 31, 2006 and			
December 31, 2005)	11,529		11,529
Long-term debt	986,764		987,068
Total capitalization	2,033,770		2,006,124
•			
Current Liabilities:			
Short-term debt	103,287		128,200
Accounts payable	83,753		170,517
Affiliate accounts payable	51,524		50,070
Accrued interest and taxes	52,907		15,951
Other current liabilities	66,410		98,753
Total current liabilities	357,881		463,491
Long-Term Liabilities:			
Accumulated deferred income taxes	282,574		300,752
Accumulated deferred investment tax credits	31,554		32,266
Regulatory liabilities	333,959		346,007
Asset retirement obligations	56,247		54,940
Accrued pension liability and postretirement	-, .		y
benefit cost	216,477		217,092
Other deferred credits	138,083		167,079
			,
Total long-term liabilities	1,058,894		1,118,136
Commitments and Contingencies (see Note 9)	-,		-,0,120
	\$ 3,450,545	\$	3,587,751

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)

	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		

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

(27,050)

Net cash flows from investing activities

(14,945)

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 Financing Activities:				
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)
Decrease in Cash and Cash Equivalents		(6,054)		(8,886)
Beginning of Period		12,690		16,448
End of Period	\$	6,636	\$	7,562
Supplemental Cash Flow Disclosures:				
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.

Three Months Ended March 31,

\$

33,253

27,951

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

2006 2005 (In thousands) **Net Earnings Available for Common Stock** 30,296 \$ 32,354 Other Comprehensive Income (Loss): **Unrealized gain (loss) on securities:** 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)Mark-to-market adjustment for certain derivative transactions: Change in fair market value of designated cash flow hedges, net of tax (expense) benefit of \$6,607 and \$(2,070) 3,159 (10,081)Reclassification adjustment for gains included in net income, net of tax expense of \$2,217 and \$917 (1,399)(3,382)899 **Total Other Comprehensive Income (Loss)** (2,345)

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

\$

14

Total Comprehensive Income

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 2006		Acquisition 31, 2005
		(In th	ousands)	
Operating Revenues:				
Electric	\$	62,685	\$	65,882
Total operating revenues		62,685		65,882
Operating Expenses:				
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
Other Income and Deductions:				
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)
Interest Charges		7,227		7,032
Net Earnings	\$	1,156	\$	2,876

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)

]	March 31, 2006 ^(a)	De	ecember 31, 2005
		(In thou	usands)	
ASSETS				
Utility Plant:				
Electric plant in service	\$	887,249	\$	877,893
Construction work in progress		3,515		7,138
Common plant in service and plant held for				
future use		589		589
		891,353		885,620
Less accumulated depreciation and amortization		302,199		296,611
Net utility plant		589,154		589,009
Other Property and Investments:				
Other investments		548		548
Non-utility property, net of accumulated				
depreciation of \$3 and \$3		2,120		2,120
Total other property and investments		2,668		2,668
Current Assets:				
Cash and cash equivalents		17,117		16,228
Accounts receivable, net of allowance for				
uncollectible accounts of \$79 and \$100		11,018		13,191
Federal income tax refund		36,437		36,392
Unbilled revenues		6,995		6,679
Other receivables		1,568		6,087
Inventories		1,487		1,478
Other current assets		65		1,211
Total current assets		74,687		81,266
Deferred Charges:				
Stranded costs		87,316		87,316
Carrying charges on stranded costs		35,890		33,918
Other regulatory assets		3,679		2,720
Goodwill		367,245		367,245
Other deferred charges		3,681		4,948
Total deferred charges		497,811		496,147
	\$	1,164,320	\$	1,169,090

⁽a) 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 BALANCE SHEETS

(Unaudited)

March 31

December 31

March 31, 2006 ^(a)			December 31, 2005	
	(In thousands)			
CAPITALIZATION AND LIABILITIES				
Capitalization:				
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
Total common stockholder's equity		500,960		499,804
Long-term debt		415,938		415,864
Total capitalization		916,898		915,668
Current Liabilities:				
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
Total current liabilities		38,292		44,947
2000 000000 0000000		00,202		, , . ,
Long-Term Liabilities:				
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
Total long-term liabilities		209,130		208,475
Commitments and Contingencies (see Note 9)		-		- -
5	\$	1,164,320	\$	1,169,090

⁽a) 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 1 2006		Pre-Acquisition ded March 31, 2005	
	(In thousands)				
Cash Flows From Operating Activities:					
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	
Cash Flows From Investing Activities:					
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 CASH FLOWS

(Unaudited)

	Post-A	-		e-Acquisition	
	Three Months Ended March 31,				
		2006		2005	
	(In thousands)				
Cash Flows From Financing Activities:					
Other, net		34		-	
Net cash flows from financing activities		34		-	
Increase in Cash and Cash Equivalents		889		1,705	
Beginning of Period		16,228		65,759	
End of Period	\$	17,117	\$	67,464	
Supplemental Cash Flow Disclosures:					
Interest paid, net of capitalized interest	\$	5,482	\$	5,242	
•					
Income taxes paid, net	\$	-	\$	-	
*					

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)

Post-Acquisition Pre-Acquisition
Three Months Ended March 31,
2006 2005

(In thousands)

Net Earnings	\$ 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
	-	
Total Other Comprehensive Income	-	129
Total Comprehensive Income	\$ 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