

PNM RESOURCES INC
Form 35-CERT
November 22, 2005

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

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

File Nos. 70-10248, 70-10285 and 70-10320

REPORT FOR PERIOD

July 1 to September 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" or "PNMR"), 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, File No. 70-10285 as authorized by order of the Commission dated June 1, 2005 in that file and File No. 70-10320 as authorized by order of the Commission dated September 12, 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 September 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, 35-27979 and 35-28027
FILE NOS. 70-10248, 70-10285 and 70-10320
FOR THE QUARTER ENDED SEPTEMBER 30, 2005

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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- 10The 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;
- 11The 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;
- 12The 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;
- 13The 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;
- 14The 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;
- 15If 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;
- 16If any financing proceeds are used for VIEs, a description of the accounting for such transaction under FASB Interpretation 46R;
- 17Consolidated 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;
- 18A 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;
- 19A 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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20Future 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;

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

22Provide the amount and date of any stock redemptions, or any dividends paid of capital or unearned surplus.

Periods Covered by this Certificate of Notification Pursuant to Rule 24

This report is being filed for the quarter ended September 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), File No. 70-10285 as authorized by order of the Commission dated June 1, 2005 in that file (Item 21), and File No. 70-10320 as authorized by order of the Commission dated September 12, 2005 in that file (Item 22). 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 September 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 September 30, 2005 are reported below.

| | September 30, 2005 (a) | |
|-----------------|------------------------|--------|
| | (Dollars in thousands) | |
| Common Equity | \$1,301,424 | 37.9% |
| Preferred Stock | 11,529 | 0.3% |
| Long-term Debt | 1,647,077 | 48.0% |
| Short-term Debt | 474,699 | 13.8% |
| | \$3,434,729 | 100.0% |

(a) As of September 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 September 30, 2005 follows.

| | |
|---|---------|
| Closing price per share on September 30, 2005 | \$28.67 |
| Book value per share at September 30, 2005 | \$18.93 |
| 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 September, 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 September 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 June 30, 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 |
| Net Proceeds: | \$239,612,500 |
| Unit Coupon: | 6.75% |
| Note Coupon: | 4.8% |

In conjunction with the acquisition of TNP Enterprises, Inc. ("TNP"), on June 6, 2005, 4,326,337 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").

The purchase price has been subject to litigation, please see PNM Resources' periodic reporting under the Securities Exchange Act of 1934, which is incorporated herein by reference.

Authorization Period Transactions - July 1, 2005 Through September 30, 2005:

With the exception of the shares issued under PNM Resources' Employee Stock Purchase Plan discussed in Item 7 below, PNM Resources did not issue any common stock, preferred securities or equity-linked securities for the period July 1, 2005 through September 30, 2005.

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 September 30, 2005 and cumulative amounts for the Authorization Period.

**Quarter-Ended
September 30, 2005 Authorization Period**

Shares of PNM Resources' Common Stock Issued

| | | |
|------------------------------|--------|--------|
| Employee Stock Purchase Plan | 22,530 | 63,019 |
|------------------------------|--------|--------|

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.

For the period July 1, 2005 through September 30, 2005, PNM Resources did not transfer PNM Resources' common stock to a seller of securities of a company being acquired. For discussion regarding the TNP acquisition, which occurred in the second quarter of 2005, see PNM Resources' June 30, 2005 Rule 24 Report.

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.

During the quarter ended September 30, 2005, PNM Resources issued several guarantees to enable First Choice's participation in capacity auctions for power purchases. The table below shows the name of the guarantor, the name of the beneficiary, the amount and terms of the guarantees.

| Guarantor | Beneficiary | Amount | Issue date | Maturity date |
|---------------|--------------------------|--------------|------------|---------------|
| PNM Resources | Tenaska-Oxy | \$5,000,000 | 8/31/2005 | 8/31/2006 |
| PNM Resources | TXU Portfolio Management | \$20,000,000 | 9/21/2005 | 12/31/2006 |
| PNM Resources | Exelon Corporation | \$15,000,000 | 9/19/2005 | 9/30/2006 |
| PNM Resources | Coral Power LLC | \$20,000,000 | 9/21/2005 | No maturity |

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| | | | | |
|---------------|---------------------------|-------------|----------|------------|
| PNM Resources | Texas Genco II, LP | \$7,600,000 | 9/9/2005 | 9/9/2006 |
| PNM Resources | TXU Generation Company LP | \$7,600,000 | 9/6/2005 | 12/31/2006 |
| PNM Resources | Texas Genco, LP | \$3,000,000 | 9/6/2005 | 9/6/2006 |

At September 30, 2005, First Choice had up to \$300,000,000 million of borrowing capacity under the PNMR Facility. Any borrowings made by First Choice under this sublimit are guaranteed by PNMR. At September 30, 2005, First Choice had no borrowings outstanding under the PNMR Facility.

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.

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

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.

Authorization Period Transactions - July 1, 2005 Through September 30, 2005:

For the period July 1, 2005 through September 30, 2005 PNM Resources did not issue any long-term indebtedness. For discussion of PNM Resources' credit facility see PNM Resources' periodic reporting under the Securities Exchange Act of 1934, which is incorporated herein by reference.

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 September 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 commercial paper program contains terms typical for section 4(2) commercial paper programs. For discussion of PNM's credit facility see PNM's periodic reporting under the Securities Exchange Act of 1934, which is incorporated herein by reference.

PNM commercial paper borrowings

| | |
|---|---------------|
| Beginning balance July 1, 2005 | \$ 18,800,010 |
| Borrowings quarter ended September 30, 2005 | 5,342,600,000 |

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| | |
|---|----------------|
| Payments quarter ended September 30, 2005 | 5,247,400,000 |
| Ending balance September 30, 2005 | \$ 114,000,010 |
| Weighted average cost of borrowing | 3.53% |

PNM line of credit borrowings

| | |
|---|-----------|
| Beginning balance July 1, 2005 | \$ - |
| Borrowings quarter ended September 30, 2005 | 7,100,000 |
| Payments quarter ended September 30, 2005 | 7,100,000 |
| Ending balance September 30, 2005 | \$ - |
| Weighted average cost of borrowing | 5.60% |

TNMP

There was no short-term debt issued by TNMP from July 1, 2005 through September 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.

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The notional amount and principal terms of any Hedge Instruments or Anticipatory Hedges entered into during the third quarter of 2005 and any outstanding Hedge Instruments or Anticipatory Hedges as of September 30, 2005 which were previously reported under this item as well as the identity of the other parties to the transaction are shown below.

**PNM Resources
New Hedge Transactions
Third 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 Ticket Number | Trade Date | Counterparty | Location | Buy or Sale | Contract Price Per MW hour | Volume | | Extended Value * |
|------------------------|--------------------|--------------|----------|-------------|-------------------------------|-------------------------|------------------------|---------------------|
| | | | | | | (MW hours) Buy(Sell) | On-Peak or Off-Peak | |
| ABC021 | July 12, 2005 | MAEM | PV | SELL | \$70.25 | (25) | On-Peak | - |
| ABC076 | July 12, 2005 | UBS | PV | SELL | \$70.25 | (25) | On-Peak | - |
| ABC256 | July 15, 2005 | BPEC | PV | SELL | \$70.50 | (50) | On-Peak | - |
| ABC911 | July 26, 2005 | BPEC | PV | SELL | \$54.75 | (25) | Off-Peak | (1,958,198) |
| ABC917 | July 26, 2005 | UBS | PV | SELL | \$54.75 | (25) | Off-Peak | (1,958,198) |
| ABD116 | August 1, 2005 | SETC | PV | SELL | \$57.00 | (50) | Off-Peak | (3,916,395) |
| ABE225 | August 17, 2005 | SETC | PV | SELL | \$60.00 | (25) | Off-Peak | (1,958,198) |
| ABE227 | August 17, 2005 | MSCG | PV | SELL | \$60.00 | (25) | Off-Peak | (1,958,198) |
| ABE540 | August 23, 2005 | CCG | 4C-345 | SELL | \$79.25 | (25) | On-Peak | - |
| ABE542 | August 23, 2005 | MSCG | 4C-345 | SELL | \$56.50 | (150) | Off-Peak | - |
| ABE543 | August 23, 2005 | MSCG | 4C-345 | SELL | \$79.25 | (75) | On-Peak | - |
| ABE818 | August 29, 2005 | TEMC | PV | SELL | \$89.00 | (75) | On-Peak | (10,120,500) |
| ABF820 | August 29, 2005 | MSCG | PV | SELL | \$68.50 | (75) | Off-Peak | (5,874,593) |
| ABF954 | September 16, 2005 | SETC | PV | SELL | \$72.00 | (25) | Off-Peak | (676,172) |
| ABF955 | September 16, 2005 | MSCG | PV | SELL | \$72.00 | (100) | Off-Peak | (2,704,688) |
| ABG574 | September 28, 2005 | SETC | PV | SELL | \$111.50 | (25) | On-Peak | (3,373,500) |
| ABG696 | September 28, 2005 | SRPM | PV | SELL | \$111.50 | (25) | On-Peak | (3,373,500) |
| ABC936 | July 27, 2005 | MSCG | SO2 | SELL | \$145.00 | (10,000) | RTC | (7,199,047) |
| ABC937 | July 27, 2005 | MSCG | SO2 | BUY | \$145.00 | 10,000 | RTC | 6,854,962 |
| ABE377 | August 18, 2005 | ARON | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,119,258 |
| ABE379 | July 25, 2005 | CONC | ELP SJ | BUY | \$0.70 | 100,000 | RTC | 392,164 |
| ABE380 | July 25, 2005 | CONC | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,779,103 |
| ABE381 | July 25, 2005 | CONC | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,621,982 |
| ABE391 | July 19, 2005 | BOA | ELP SJ | BUY | \$0.70 | 100,000 | RTC | 363,957 |
| ABE392 | July 19, 2005 | BOA | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,642,578 |
| ABE393 | July 19, 2005 | BOA | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,476,638 |
| ABE412 | August 19, 2005 | BOA | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,186,596 |
| ABE413 | August 19, 2005 | BOA | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,370,960 |
| ABE468 | August 18, 2005 | ARON | ELP SJ | BUY | \$0.70 | 380,000 | RTC | 1,307,756 |
| ABF529 | September 8, 2005 | CITI | ELP SJ | BUY | \$0.70 | 140,000 | RTC | 229,189 |
| ABF530 | September 8, 2005 | CITI | ELP SJ | BUY | \$0.70 | 140,000 | RTC | 155,234 |
| ABF902 | September 15, 2005 | CITI | ELP SJ | BUY | \$0.70 | 140,000 | RTC | 155,324 |

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| | | | | | | | | |
|--------|--------------------|------|--------|-----|--------|---------|-----|-----------|
| ABF903 | September 15, 2005 | CITI | ELP SJ | BUY | \$0.70 | 140,000 | RTC | 229,189 |
| ABG190 | September 21, 2005 | CHAS | ELP SJ | BUY | \$0.70 | 90,000 | RTC | 52,143 |
| ABG191 | September 21, 2005 | CHAS | ELP SJ | BUY | \$0.70 | 90,000 | RTC | 41,834 |
| ABG709 | August 29, 2005 | BPEC | PERM | BUY | 2,000 | 180,000 | RTC | 2,264,160 |
| ABG850 | September 28, 2005 | CONC | KUTZ | BUY | 1,600 | 144,000 | RTC | 1,766,688 |
| ABG851 | September 22, 2005 | WESC | BLANCO | BUY | 1,600 | 144,000 | RTC | 1,766,688 |

PNM Resources
Outstanding Hedges Previously Reported Under This Item
Third 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 | | Counterparty | Location | Buy or Sale | Contract Price (MW hours) Per MW hour | Volume | | Extended Value * |
|---------------|----------------|--------------|----------|-------------|--|-----------|---------------------|------------------|
| Ticket Number | Trade Date | | | | | Buy(Sell) | On-Peak or Off-Peak | |
| AAT755 | April 22, 2005 | SETC | PV | SELL | 70.00 | (50) | On-Peak | - |
| AAZ942 | June 8, 2005 | SETC | PV | SELL | 48.50 | (50) | Off-Peak | - |
| AAZ241 | June 13, 2005 | SETC | PV | SELL | 47.00 | (50) | Off-Peak | - |
| AAZ404 | June 15, 2005 | SRPM | PV | SELL | 68.00 | (50) | On-Peak | - |
| ABF378 | June 15, 2005 | SETC | 4C-345 | SELL | 50.00 | (125) | Off-Peak | - |

* Extended value represents the value of the Hedge Instrument or Anticipatory Hedge subsequent to September 30, 2005. Therefore items with an extended value of zero will expire on September 30, 2005.

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. Under the model for consolidation promulgated by FIN 46R, a 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 MW of capacity and energy expiring in June 2020. The contract contains a fixed capacity charge, a fixed O&M charge, and a variable energy charge that subjects PNM to the changes in the cost of fuel and O&M. For the three months ended September 30, 2005 and 2004, the capacity and O&M charge was \$1.8 million and \$1.8 million, respectively, and the energy charges were \$0.2 million and \$0.4 million, respectively. For the nine months ended September 30, 2005 and 2004, the capacity and O&M charge was \$5.1 million and \$4.4 million, respectively, and the energy charges were \$0.8 million and \$0.8 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 September 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 September 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)

| | September 30, 2005 | December 31, 2004 |
|---|-----------------------|----------------------|
| | (In thousands) | |
| ASSETS | | |
| Utility Plant: | | |
| Electric plant in service | \$3,269,524 | \$2,488,961 |
| Gas plant in service | 699,294 | 680,487 |
| Common plant in service and plant held for future use | 156,387 | 140,818 |
| | 4,125,205 | 3,310,266 |
| Less accumulated depreciation and amortization | 1,346,557 | 1,135,510 |
| | 2,778,648 | 2,174,756 |
| Construction work in progress | 155,042 | 124,381 |
| Nuclear fuel, net of accumulated amortization of \$17,669 and \$16,448 | 28,919 | 25,449 |
| Net utility plant | 2,962,609 | 2,324,586 |
| Other Property and Investments: | | |
| Investment in lessor notes | 287,020 | 308,680 |
| Other investments | 162,005 | 139,848 |
| Non-utility property, net of accumulated depreciation of \$6 and \$1,773 | 4,815 | 1,437 |
| Total other property and investments | 453,840 | 449,965 |
| Current Assets: | | |
| Cash and cash equivalents | 144,799 | 17,195 |
| Special deposits | 2,933 | - |
| Accounts receivable, net of allowance for uncollectible accounts of \$4,077 and \$1,329 | 119,258 | 96,600 |
| Unbilled revenues | 110,983 | 104,708 |
| Other receivables | 54,091 | 48,393 |
| Inventories | 45,730 | 41,352 |
| Regulatory assets | 14,147 | 3,339 |
| Other current assets | 99,218 | 51,967 |
| Total current assets | 591,159 | 363,554 |
| Deferred charges: | | |
| Regulatory assets | 427,090 | 217,196 |
| Prepaid pension cost | 90,417 | 87,336 |
| Goodwill | 492,693 | - |
| Other intangible assets | 62,718 | - |
| Other deferred charges | 56,033 | 44,998 |
| Total deferred charges | 1,128,951 | 349,530 |
| | \$5,136,559 | \$3,487,635 |

PNM RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited)

September 30,
2005

December 31,
2004

(In thousands)

CAPITALIZATION AND LIABILITIES

Capitalization:

| | | |
|---|-------------|-------------|
| Common stockholders' equity: | | |
| Common stock outstanding (no par value) | \$ 798,638 | \$ 638,826 |
| Accumulated other comprehensive loss, net of tax | (68,892) | (89,813) |
| Retained earnings | 571,678 | 550,566 |
| Total common stockholders' equity | 1,301,424 | 1,099,579 |
| Cumulative preferred stock of subsidiary without mandatory redemption | | |
| (\$100 par value) | 11,529 | 11,529 |
| Long-term debt | 1,647,077 | 987,823 |
| Total capitalization | 2,960,030 | 2,098,931 |
| Current Liabilities: | | |
| Short-term debt | 474,699 | 94,700 |
| Accounts payable | 157,286 | 117,645 |
| Accrued interest and taxes | 47,384 | 15,796 |
| Other current liabilities | 214,641 | 128,476 |
| Total current liabilities | 894,010 | 356,617 |
| Deferred Credits: | | |
| Accumulated deferred income taxes | 417,590 | 284,528 |
| Accumulated deferred investment tax credits | 34,776 | 35,360 |
| Regulatory liabilities | 377,899 | 327,419 |
| Asset retirement obligations | 50,446 | 50,361 |
| Additional minimum pension liability | 164,801 | 164,801 |
| Accrued pension liability | 3,825 | - |
| Accrued postretirement benefit cost | 20,816 | 16,102 |
| Other deferred credits | 212,366 | 153,516 |
| Total deferred credits | 1,282,519 | 1,032,087 |
| Commitments and Contingencies | - | - |
| | \$5,136,559 | \$3,487,635 |

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

| | September 30, 2005 | December 31, 2004 |
|--|-------------------------------|------------------------------|
| | (In thousands) | |
| ASSETS | | |
| Utility Plant: | | |
| Electric plant in service | \$2,541,812 | \$2,488,961 |
| Gas plant in service | 699,294 | 680,487 |
| Common plant in service and plant held for future use | 98,797 | 97,369 |
| | 3,339,903 | 3,266,817 |
| Less accumulated depreciation and amortization | 1,185,966 | 1,125,444 |
| | 2,153,937 | 2,141,373 |
| Construction work in progress | 101,510 | 110,406 |
| Nuclear fuel, net of accumulated amortization of \$17,669 and \$16,448 | 28,919 | 25,449 |
| Net utility plant | 2,284,366 | 2,277,228 |
| Other Property and Investments: | | |
| Investment in lessor notes | 287,020 | 308,680 |
| Other investments | 151,404 | 116,134 |
| Non-utility property | 966 | 966 |
| Total other property and investments | 439,390 | 425,780 |
| Current Assets: | | |
| Cash and cash equivalents | 12,855 | 16,448 |
| Special deposits | 247 | - |
| Accounts receivable, net of allowance for uncollectible accounts | | |
| Of \$1,353 and \$1,329 | 78,898 | 96,600 |
| Unbilled revenues | 74,529 | 104,708 |
| Other receivables | 46,123 | 45,717 |
| Inventories | 44,209 | 41,246 |
| Regulatory assets | 14,147 | 3,339 |
| Other current assets | 50,849 | 39,933 |
| Total current assets | 321,857 | 347,991 |
| Deferred charges: | | |
| Regulatory assets | 281,360 | 217,196 |
| Prepaid pension cost | 90,417 | 87,336 |
| Other deferred charges | 39,217 | 38,199 |
| Total deferred charges | 410,994 | 342,731 |
| | \$3,456,607 | \$3,393,730 |

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

(Unaudited)

**September 30,
2005**

**December 31,
2004**

(In thousands)

CAPITALIZATION AND LIABILITIES**Capitalization:**

| | | |
|---|--------------------|--------------------|
| Common stockholder's equity: | | |
| Common stock outstanding (\$5 par value) | \$ 195,589 | \$ 195,589 |
| Paid-in-capital | 556,761 | 556,761 |
| Accumulated other comprehensive loss, net of tax | (88,193) | (89,813) |
| Retained earnings | 338,934 | 371,455 |
| Total common stockholder's equity | 1,003,091 | 1,033,992 |
| Cumulative preferred stock of subsidiary without mandatory redemption | | |
| (\$100 par value) | 11,529 | 11,529 |
| Long-term debt | 987,206 | 987,676 |
| Total capitalization | 2,001,826 | 2,033,197 |
| Current Liabilities: | | |
| Short-term debt | 114,000 | 60,400 |
| Accounts payable | 78,082 | 116,763 |
| Intercompany accounts payable | 22,615 | 38,700 |
| Accrued interest and taxes | 46,386 | 28,783 |
| Other current liabilities | 155,647 | 91,765 |
| Total current liabilities | 416,730 | 336,411 |
| Deferred Credits: | | |
| Accumulated deferred income taxes | 286,150 | 278,907 |
| Accumulated deferred investment tax credits | 33,039 | 35,360 |
| Regulatory liabilities | 338,728 | 327,419 |
| Asset retirement obligations | 50,446 | 50,361 |
| Additional minimum pension liability | 164,801 | 164,801 |
| Accrued postretirement benefit cost | 14,010 | 16,102 |
| Other deferred credits | 150,877 | 151,172 |
| Total deferred credits | 1,038,051 | 1,024,122 |
| Commitments and Contingencies | - | - |
| | \$3,456,607 | \$3,393,730 |

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

| | September 30, 2005 | December 31, 2004 |
|--|-----------------------|----------------------|
| | (In thousands) | |
| ASSETS | | |
| Utility Plant: | | |
| Electric plant in service | \$ 869,877 | \$ 845,900 |
| Construction work in progress | 7,014 | 4,261 |
| Common plant in service and plant held for future use | 589 | 589 |
| | 877,480 | 850,750 |
| Less accumulated depreciation and amortization | 292,760 | 276,081 |
| Net utility plant | 584,720 | 574,669 |
| Other Property and Investments: | | |
| 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 |
| Current Assets: | | |
| Cash and cash equivalents | 30,027 | 65,759 |
| Special deposits | 2,417 | 3,086 |
| Accounts receivable, net of allowance for uncollectible accounts | | |
| Of \$100 and \$191 | 13,395 | 12,739 |
| Federal income tax refund | 40,483 | 22,912 |
| Unbilled revenues | 7,133 | 7,576 |
| Other receivables | 11,142 | 10,083 |
| Inventories | 1,249 | 1,505 |
| Other current assets | 884 | 7,526 |
| Total current assets | 106,730 | 131,186 |
| Deferred charges: | | |
| Stranded costs | 87,316 | 87,316 |
| Carrying charges on stranded costs | 55,797 | 48,130 |
| Other regulatory assets | 2,617 | 8,105 |
| Goodwill | 457,109 | - |
| Other deferred charges | 21,995 | 22,227 |
| Total deferred charges | 624,834 | 165,778 |
| Commitments and Contingencies | - | - |
| | \$1,318,936 | \$ 872,506 |

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

(Unaudited)

September 30,
2005

December 31,
2004

(In thousands)

CAPITALIZATION AND LIABILITIES**Capitalization:**

| | | |
|--|-----------|---------|
| Common stockholder's equity: | | |
| Common stock outstanding (\$10 par value) | \$ 96 | \$ 107 |
| Paid-in-capital | 596,710 | 197,751 |
| Accumulated other comprehensive loss, net of tax | - | (1,761) |
| Retained earnings | 12,190 | (6,795) |
| Total common stockholder's equity | 608,996 | 189,302 |
| Long-term debt | 415,790 | 415,569 |
| Total capitalization | 1,024,786 | 604,871 |

Current Liabilities:

| | | |
|------------------------------|--------|--------|
| Accounts payable | 32,379 | 15,649 |
| Accrued interest and taxes | 24,605 | 22,647 |
| Accrued payroll and benefits | 4,462 | 1,583 |
| Other current liabilities | 5,368 | 5,155 |
| Total current liabilities | 66,814 | 45,034 |

Deferred Credits:

| | | |
|---|-------------|------------|
| Accumulated deferred income taxes | 135,222 | 138,249 |
| Accumulated deferred investment tax credits | 1,736 | 2,326 |
| Regulatory liabilities | 39,171 | 40,729 |
| Accrued pension liability | 3,825 | 4,844 |
| Accrued postretirement benefit cost | 6,806 | 2,693 |
| Other deferred credits | 40,576 | 33,760 |
| Total deferred credits | 227,336 | 222,601 |
| | \$1,318,936 | \$ 872,506 |

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 September 30, 2005.

| (Dollars in thousands) | PNM Resources | | PNM | | TNMP | |
|------------------------|---------------|--------|-----------|--------|-----------|--------|
| | \$ | % | \$ | % | \$ | % |
| Common Equity | 1,301,424 | 37.9% | 1,003,091 | 47.4% | 608,996 | 59.4% |
| Preferred Stock | 11,529 | 0.3% | 11,529 | 0.5% | - | - |
| Long-term Debt | 1,647,077 | 48.0% | 987,206 | 46.7% | 415,790 | 40.6% |
| Short-term Debt | 474,699 | 13.8% | 114,000 | 5.4% | - | - |
| Total Capitalization | 3,434,729 | 100.0% | 2,115,826 | 100.0% | 1,024,786 | 100.0% |

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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.

PNM Resources

| | |
|---|----------------|
| Beginning Retained Earnings July 1, 2005 | \$ 570,704,207 |
| Additions: | |
| Earnings | 29,018,633 |
| Dividends: | |
| Common Dividends | (27,501,074) |
| Preferred Dividends | (535,621) |
| Other Reconciling Item: | |
| Miscellaneous Adjustment | (8,258) |
| Adjustment to Dividend Balance | (16) |
| Ending Retained Earnings September 30, 2005 | \$ 571,677,871 |

PNM

| | |
|---|----------------|
| Beginning Retained Earnings July 1, 2005 | \$ 327,806,870 |
| Additions: | |
| Earnings | 11,267,127 |
| Dividends: | |
| Preferred Dividends | (132,011) |
| Other Reconciling Item: | |
| Miscellaneous Adjustment | (8,258) |
| Adjustment to Dividend Balance | 1 |
| Ending Retained Earnings September 30, 2005 | \$ 338,933,729 |

TNMP

| | |
|---|---------------|
| Beginning Retained Earnings July 1, 2005 | \$ 2,547,207 |
| Additions: | |
| Earnings | 9,642,995 |
| Ending Retained Earnings September 30, 2005 | \$ 12,190,202 |

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.

Registration statement number 333-128607 as filed by PNM Resources with the Securities and Exchange Commission on September 27, 2005, as amended, is incorporated by reference herein as exhibit 99.1.

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 September 30, 2005.

| (Dollars in thousands) | TNP | | TNMP | |
|------------------------|-----------|--------|-----------|--------|
| | \$ | % | \$ | % |
| Common Equity | 806,672 | 66.0% | 608,996 | 59.4% |
| Preferred Stock | - | - | - | - |
| Long-term Debt | 415,790 | 34.0% | 415,790 | 40.6% |
| Short-term Debt | - | - | - | - |
| Total Capitalization | 1,222,462 | 100.0% | 1,024,786 | 100.0% |

The following table shows the credit ratings of TNMP's senior unsecured notes at September 30, 2005.

| Entity | Senior Unsecured Rating (S&P/Moody's) | Short-Term Rating |
|--------|--|----------------------|
| TNP | * N/A | N/A |
| TNMP | BBB/Baa3 | N/A |

* TNP has no outstanding debt, other than that issued by TNMP and included in TNP's consolidated capital structure.

Item 22

Provide the amount and date of any stock redemptions, or any dividends paid of capital or unearned surplus.

| Entity | Stock Redemptions | Dividends |
|---------------|--------------------------|------------------|
| TNMP | \$62,000,000 (1) | None |
| TNP | None | \$62,000,000 (1) |

(1) On September 30, 2005, as part of the TNP acquisition financing, TNMP redeemed 1,090 shares of its privately held stock held by TNP at the book value of \$56,888.91 per share, for a total of \$62.0 million. TNP subsequently paid a cash dividend of \$62.0 million to PNM Resources.

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| <u>Exhibit No.</u> | <u>Description of Exhibit</u> | <u>File No.</u> |
|--------------------|---|-----------------|
| 99.1 | PNM Resources registration statement (S-3) filed with the Securities and Exchange Commission on September 27, 2005 (incorporated by reference). | 333-128607 |

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 22nd day of November, 2005.

/s/ Thomas G. Sategna

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