



## Power & Utility Conferences

June 2009



# Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

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Statements made in this news release that relate to future events or PNM Resources', PNM's, or TNMP's (collectively, the "Companies") expectations, projections, estimates, intentions, goals, targets and strategies, are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates and the Companies assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, the Companies caution readers not to place undue reliance on these statements. The Companies' business, financial condition, cash flow and operating results are influenced by many factors, which are often beyond their control that can cause actual results to differ from those expressed or implied by the forward-looking statements. These factors include conditions affecting the Companies' ability to access the financial markets or Optim Energy's access to additional debt financing following the utilization of its existing credit facility, including actions by ratings agencies affecting the Companies' credit ratings; the recession and its consequent extreme disruption in the credit markets; state and federal regulatory and legislative decisions and actions, including the TNMP electric rate case filed in 2008, and appeals of prior regulatory proceedings; the performance of generating units, including the Palo Verde Nuclear Generating Station, the San Juan Generating Station, the Four Corners Plant, and Optim Energy generating units, and transmission systems; the risk that Optim Energy is unable to identify and implement profitable acquisitions, including development of the Cedar Bayou Generating Station Unit 4, or that PNM Resources and ECJV will not agree to make additional capital contributions to Optim Energy; the potential unavailability of cash from PNM Resources' subsidiaries or Optim Energy due to regulatory, statutory or contractual restrictions; the impacts of the decline in the values of marketable equity securities on the trust funds maintained to provide nuclear decommissioning funding and pension and other postretirement benefits, including the levels of funding and expense; the ability of First Choice Power to attract and retain customers and collect amounts billed; changes in Electric Reliability Council of Texas protocols; changes in the cost of power acquired by First Choice Power; collections experience; insurance coverage available for claims made in litigation; fluctuations in interest rates; weather; water supply; changes in fuel costs; availability of fuel supplies; the effectiveness of risk management and commodity risk transactions; seasonality and other changes in supply and demand in the market for electric power; variability of wholesale power prices and natural gas prices; volatility and liquidity in the wholesale power markets and the natural gas markets; uncertainty regarding the ongoing validity of government programs for emission allowances; changes in the competitive environment in the electric industry; the risk that the Companies and Optim Energy may have to commit to substantial capital investments and additional operating costs to comply with new environmental control requirements, including possible future requirements to address concerns about global climate change; the risks associated with completion of generation, including the Optim Energy Cedar Bayou Generating Station Unit 4, transmission, distribution, and other projects, including construction delays and unanticipated cost overruns; the outcome of legal proceedings; changes in applicable accounting principles; and the performance of state, regional, and national economies.

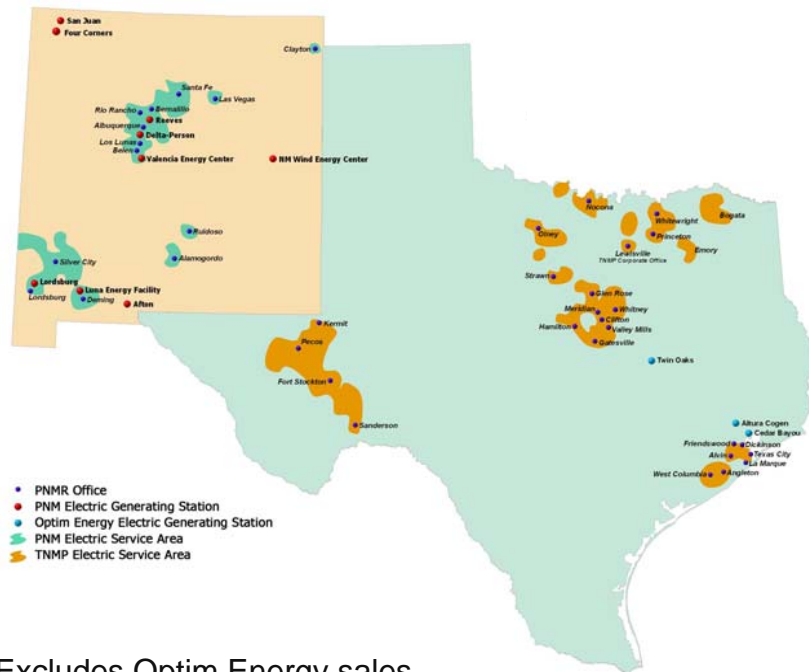
## Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures that appear on certain slides in this presentation (ongoing earnings, ongoing earnings per diluted share ongoing EBITDA, and cash earnings), as well as a reconciliation to GAAP measures, please refer to the Company's website as follows: <http://pnm.client.shareholder.com/investors/gaap.cfm>

# Company Overview

# Company Overview

- Operations in Texas & New Mexico
- Regulated business accounts for ~80% of sales volume<sup>(1)</sup>
- 2008 Revenue: \$2.0B<sup>(2)</sup>
- 2008 Assets: \$5.4B<sup>(2)</sup>
- Market Cap: \$800M



## REGULATED UTILITIES

### **PNM (NM)**

- 2,713 MW capacity
- 497,000 customers
- 14,653 miles of distribution lines

### **TNMP (TX)**

- 230,000 customers
- 9,845 miles of distribution lines

## UNREGULATED OPERATIONS

### **First Choice Power (TX)**

- 237,000 retail customers
- 4th largest retail electricity provider

### **Optim Energy (TX)**

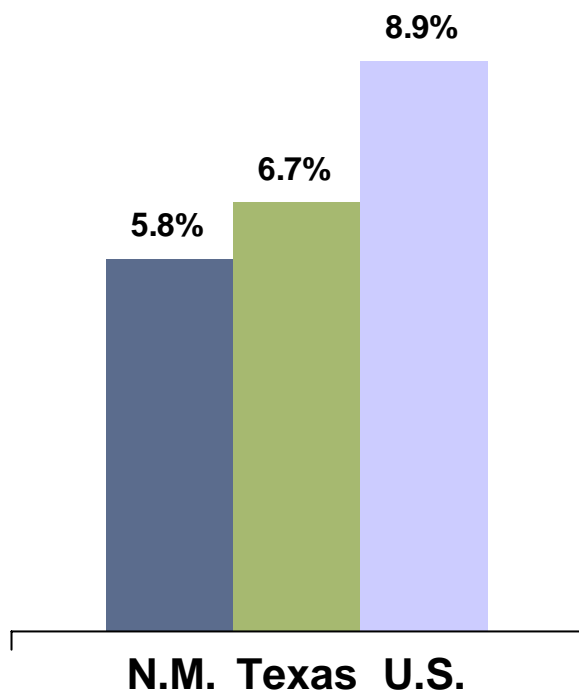
- 50% ownership
- 920 MW of generation
- 275 MW to be online in summer

<sup>(1)</sup> Excludes Optim Energy sales

<sup>(2)</sup> Excludes revenue of \$507M and assets of \$670M from PNM Gas, which was reported as discontinued operations. PNM Gas was sold on Jan. 30, 2009

# Economy faring better than in other parts of country

April 2009 Unemployment Rate<sup>(1)</sup>



Employment Growth Rate<sup>(1)</sup>

	2007	2008	Q1 '09 vs. Q1 '08
N.M.	1.4%	0.4%	-1.3%
Texas	3.3%	2.1%	-0.5%
U.S.	1.1%	-0.4%	-3.1%

Quarterly Customer Growth

(in thousands)

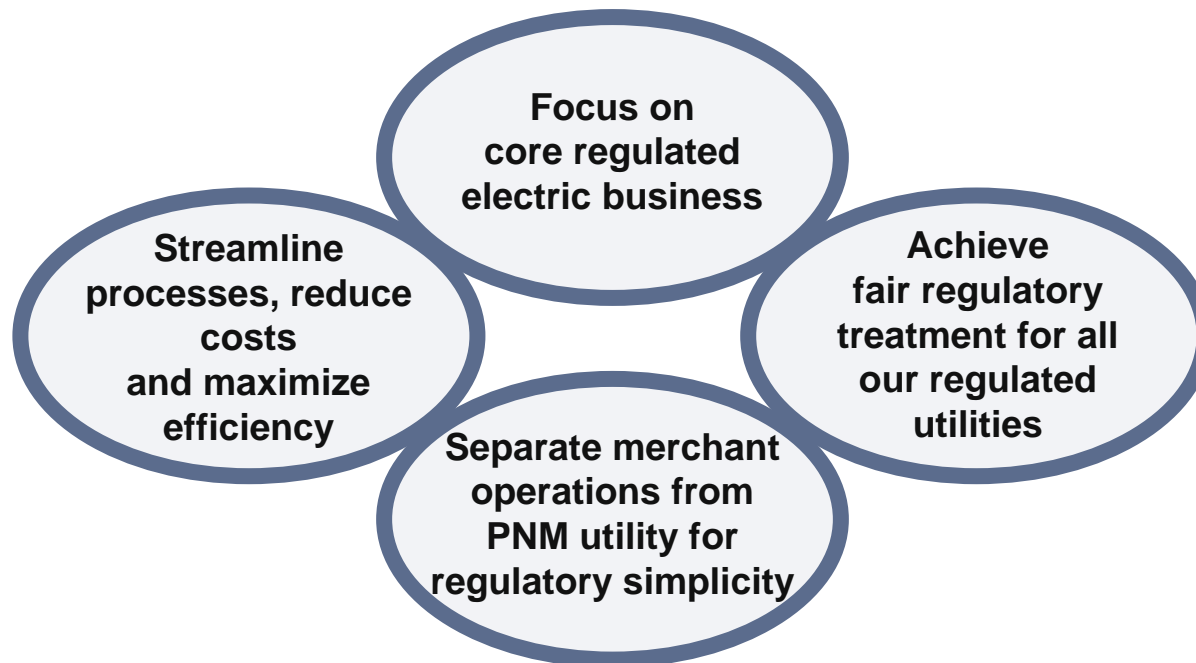
	Q1 '08	Q4 '08	Q1 '09	Change Q1'09 to Q1 '08	Change Q1'09 to Q4 '08
<b>PNM</b>	494	497	498	0.8%	0.2%
<b>TNMP</b>	227	231	230	1.2%	-0.4%
<b>Total</b>	721	728	728	1.0%	0.0%

<sup>(1)</sup> U.S. Department of Labor's Bureau of Labor Statistics  
June 2009

# Meeting 2008's Challenges

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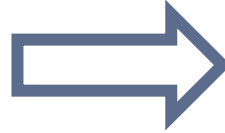
- ▶ 2008 was a difficult transition year. Focus was on shoring up the foundation to provide sustainable returns in the future.
- ▶ During the year, we executed on four key strategic initiatives.



# 2008 Accomplishments

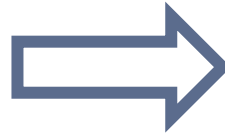
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**Focus on core regulated electric businesses**



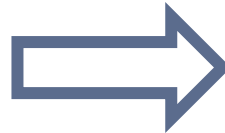
- Sold PNM Gas

**Achieve fair regulatory treatment for all our regulated utilities**



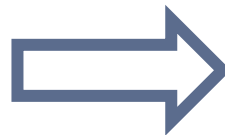
- Implemented new rates in May 2008 and FPPCAC in June 2008 at PNM
- Filed subsequent rate case in Sept 2008
- Filed rate case in Texas in Aug 2008

**Separate merchant operations from PNM utility for regulatory simplicity**



- Sold PNM merchant book
- Stipulation for Luna/Lordsburg
- Entered into long-term power sales from Palo Verde 3

**Streamline processes, reduce costs and maximize efficiency**

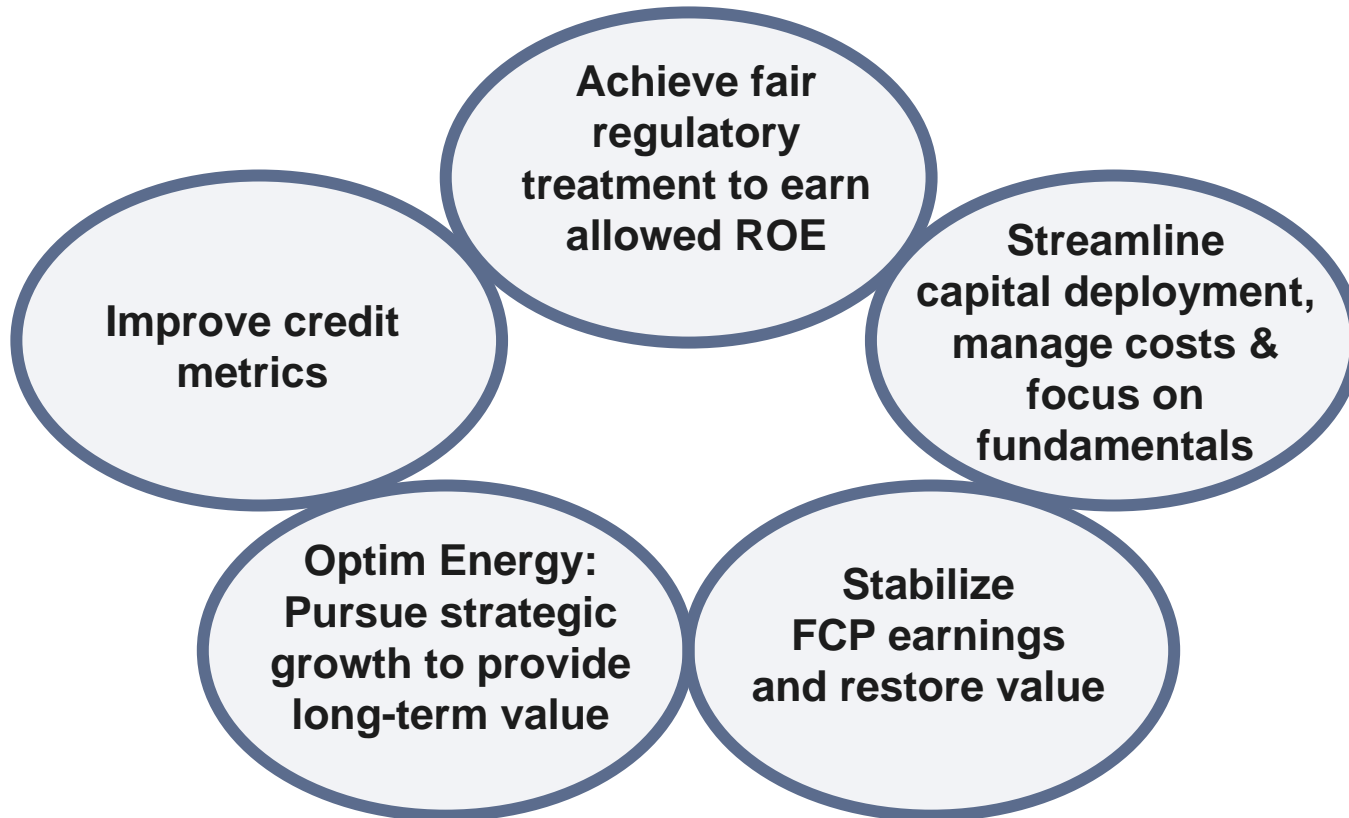


- Achieved Business Improvement Plan targets (\$35M decrease)
- Maintained top-quartile T&D reliability
- Ensured Palo Verde improvement
- Completed environmental upgrade at San Juan Units 1 and 3

# Expanding Our Initiatives in 2009

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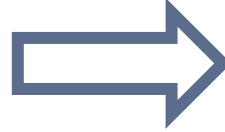
- ▶ Making significant strides toward restoring shareholder value.





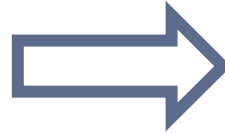
# Momentum continues into Q1 2009

**Achieve fair regulatory treatment to earn allowed ROE**



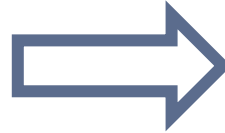
- Reached unopposed stipulation in PNM rate case
- Stipulation approved May 28, 2009
- Passage of future-test-period legislation
- Amended TNMP rate case

**Streamline capital deployment, manage costs & focus on fundamentals**



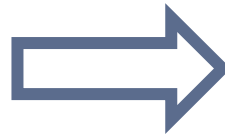
- Maintained top quartile performance in reliability
- Cut 5-year capital spending by \$353
- Completed San Juan environmental upgrades
- Strong performance at all baseload units

**Stabilize FCP earnings and restore value**



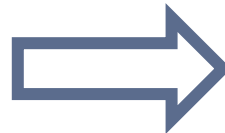
- Q1 ongoing earnings up significantly

**Optim Energy:  
Pursue strategic growth to provide long-term value**



- Construction on schedule at Cedar Bayou 4, a combined cycle natural gas unit

**Improve credit metrics**



- Used proceeds from sale of PNM Gas to reduce debt
- Re-financed TNMP long-term debt
- Strengthened liquidity position

# Regulated Utility Operations

# PNM Electric



*A personal commitment to New Mexico*



 PNM Electric Service Area

- ▶ 2,713 MW capacity
  - Coal
  - Nuclear
  - Natural Gas
  - Wind
  
- ▶ 497,000 customers
- ▶ 3.0% load growth (2002-2007)
- ▶ 14,653 miles of distribution lines
- ▶ \$1.2B total revenue
- ▶ 1,135 employees

# Achieving Fair Regulatory Treatment

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- ▶ Stipulated case approved May 28, 2009
  - Increases non-fuel revenues \$77.1 million in two phases
    - 65 percent on July 1, 2009
    - 35 percent on April 1, 2010
  - Establishes regulatory liability for past sales of SO<sub>2</sub> emission allowances
    - Refund customers \$26.3 million over 21 months via credit rider
  - Implements an annually adjusted FPPCAC that is based on projected fuel and purchased power costs.
  - Allows PNM to designate two former merchant plants to serve retail customers
  - EPS impact
    - \$0.12 EPS in 2009; ~\$0.44 total in 2010
    - Implied ROE of 10.5% on rate base of \$1.5B
- ▶ Well-positioned for future-test-period filing
- ▶ New rate rider allows for additional energy efficiency expansion and recovery

# Expanding Renewable Portfolio

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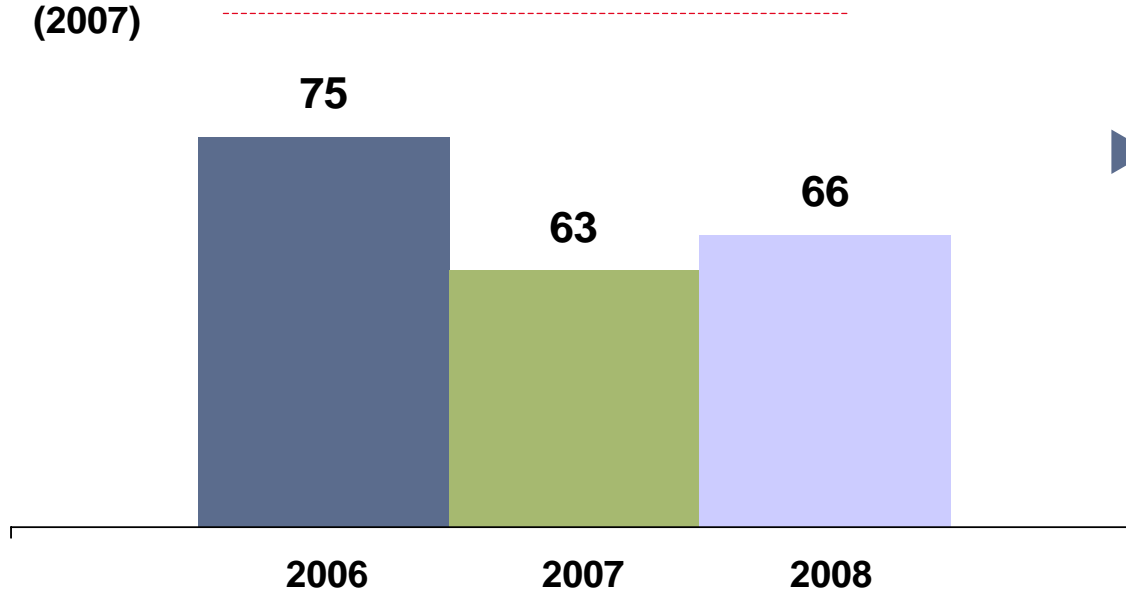
The New Mexico Renewable Energy Act provides:

- ▶ Streamlined proceedings for approval of utilities' renewable energy procurement plans
- ▶ Assure recovery of program costs under approved procurement plan
- ▶ Portfolio standards as percent of retail sales:
  - 10% by 2011
  - 15% by 2015
  - 20% by 2020

# Maintaining Electric Reliability

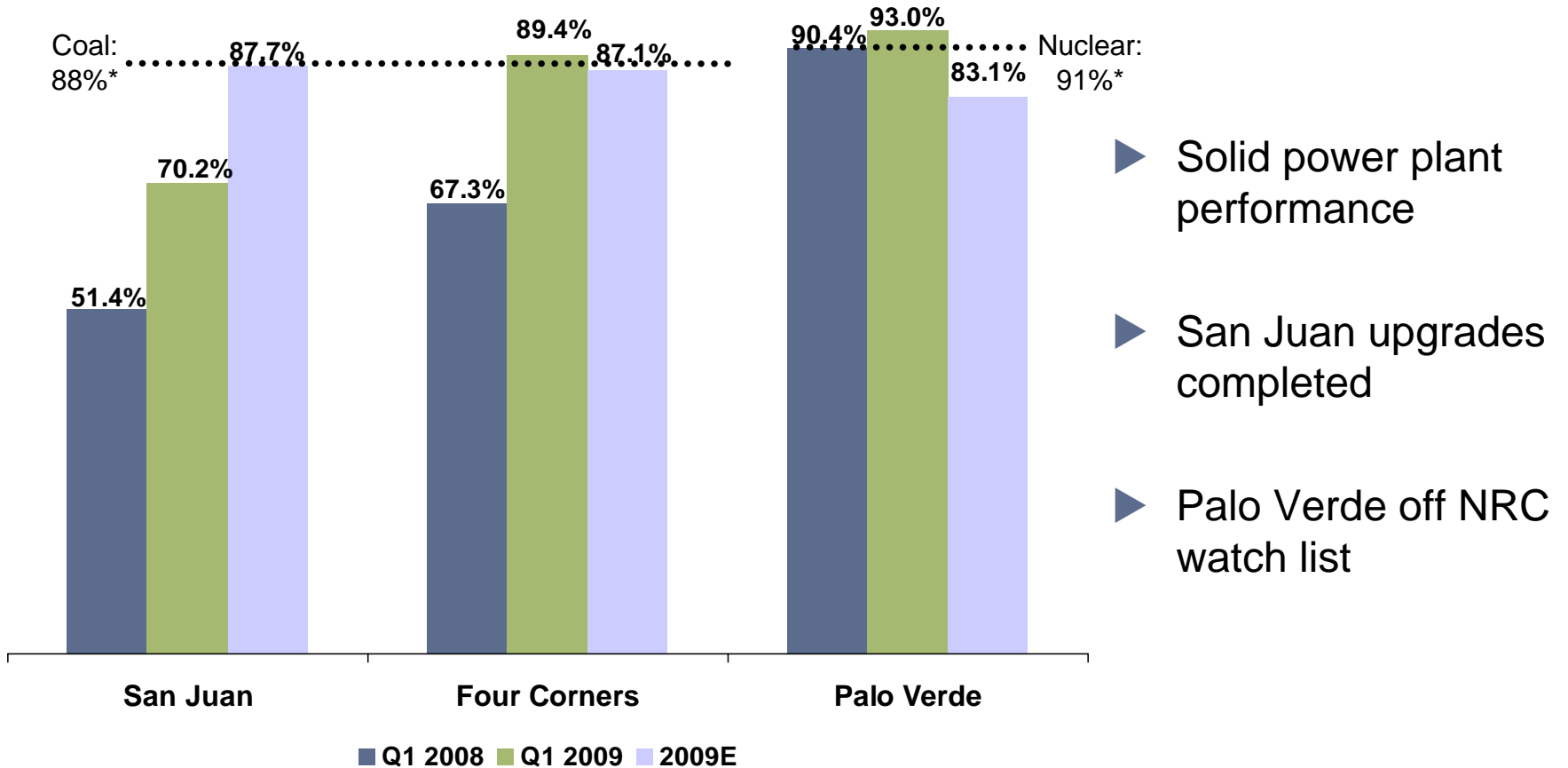
## PNM Average Outage Minutes Per Year System Average Interruption Duration Index (SAIDI)

EEI Top  
Quartile  
Threshold  
(2007)



- ▶ PNM continues to be among the nation's best in reliability
- ▶ Q1 results on track to maintain top quartile reliability

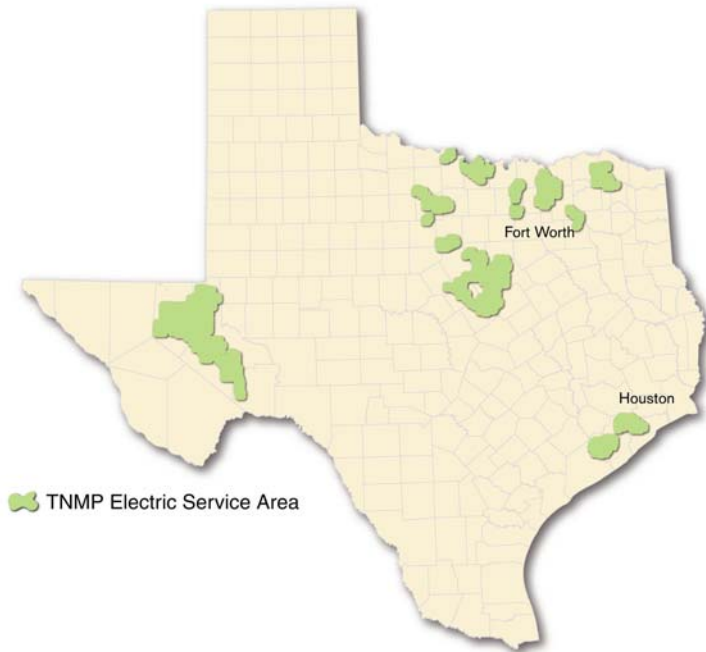
# Improving Power Plant Performance



\* Annual top quartile numbers from the North American Electricity Reliability Council

# TNMP

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- ▶ Acquired in June 2005
- ▶ 230,000 customers
- ▶ 2.3 % load growth (2002 - 2007)
- ▶ 9,845 miles of distribution lines
- ▶ \$190M total revenue
- ▶ 348 employees



# Achieving Appropriate Rate Treatment

- ▶ Amended rate case to include higher debt costs and recovery of Hurricane Ike restoration costs

	(in millions)		Original	Amended
<b>Original filing August 2008</b>	<b>\$8.7</b>			
Increase in rate base	3.5	Rate base	\$399.6M	\$430.1M
Increase in debt costs	5.9	Cost of debt	7.14%	9.43%
Ike recovery	5.2	WACC	8.79%	10.16%
Debt cost impact on CTC	1.1			
<b>Amended Request</b>	<b>\$24.4</b>			
Separate recovery - Ike	(5.2)			
Separate recovery - CTC	<u>(1.1)</u>			
<b>Net Impact</b>	<b>\$18.1</b>			

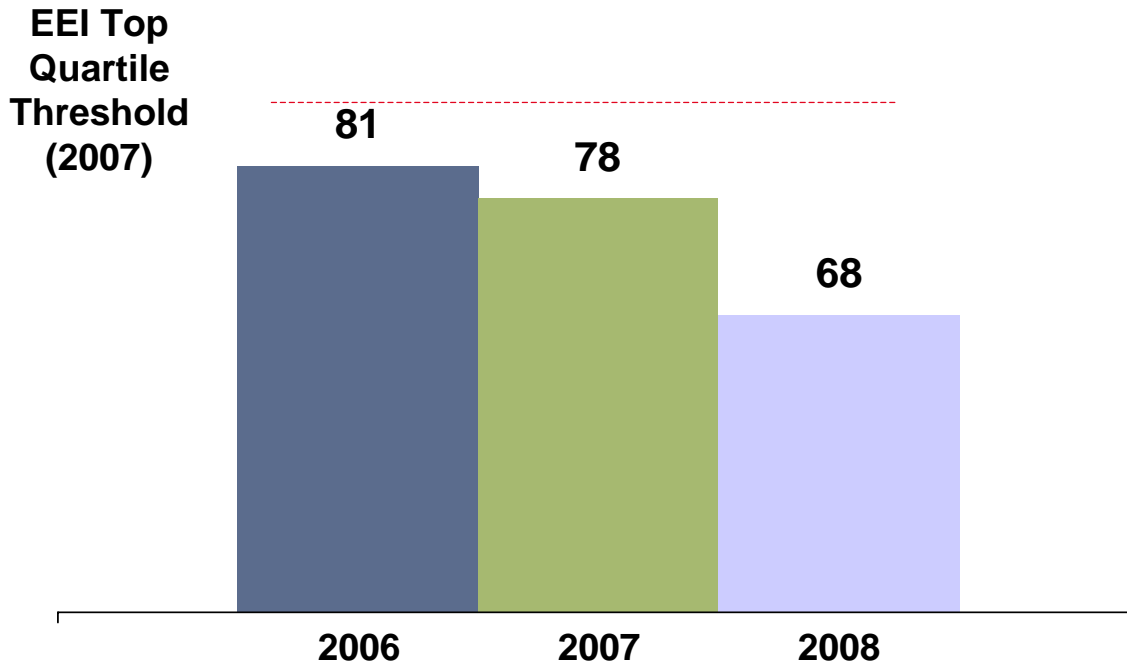
## Procedural Schedule

May 27:	Intervenor testimony due
June 3:	PUCT staff testimony due
June 16-26:	Hearing
October:	Expected ruling

# Maintaining Electric Reliability

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## TNMP Average Outage Minutes Per Year System Average Interruption Duration Index (SAIDI)



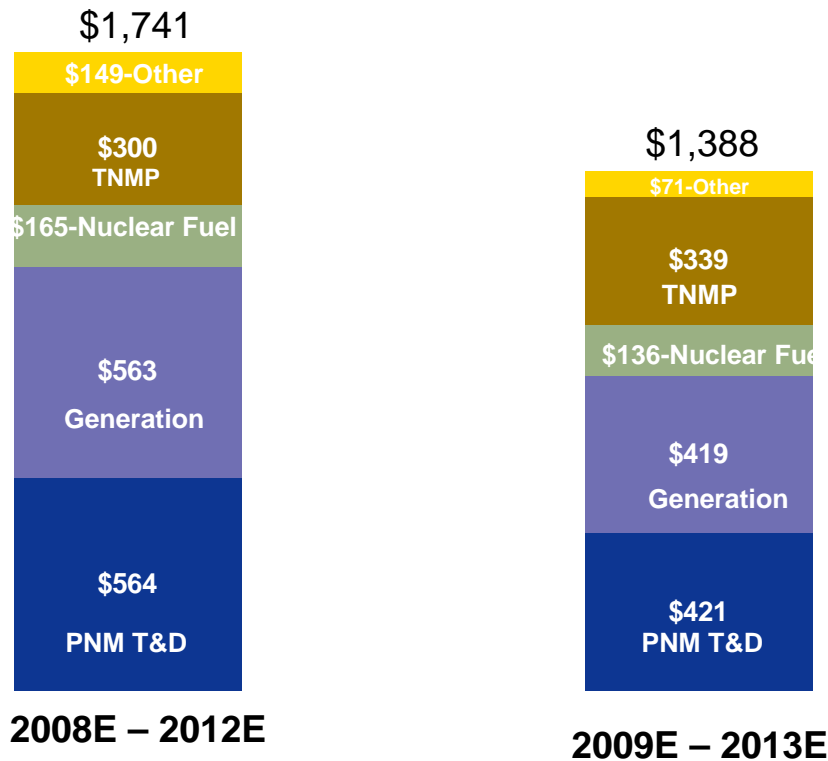
- ▶ TNMP received the Edison Electric Institute's Emergency Recovery Award for its power restoration efforts after Hurricane Ike devastated the Texas Gulf Coast last fall
- ▶ Q1 results on track to maintain top quartile reliability

# Streamlining Consolidated Capital

Reduced forecasted 5-year capital spending by \$353 million

## Comparison of 5-year capital spending plans

(In millions)



- ▶ Delay of new plant construction due to inclusion of the Luna & Lordsburg plants into rate base
- ▶ Lower load growth expectations
- ▶ Reduction in nuclear fuel costs
- ▶ Completion of San Juan environmental upgrades
- ▶ TNMP increase targeted for transmission expansion

# Utilities Potential Earnings Power - 2011

	<b>Projected Rate Base</b>	<b>Equity %</b>	<b>Equity</b>	<b>Allowed ROE</b>	<b>Net Income</b>	<b>Earnings Potential per share</b>	
PNM Electric	\$1,895 M	50%	\$948 M	10.5%	\$ 99 M	\$ 1.08	
Firm Wholesale Customers	195 M	50%	98 M	10.0%	10 M	\$ 0.11	
TNMP	495 M	40%	198 M	10.25%	25 M <sup>(1)</sup>	\$ 0.27	
<b>Total</b>	<b>\$2,585 M</b>				<b>\$ 134 M</b>	<b>\$ 1.46</b>	
					PVNGS Unit 3 (excluded asset)	10 M	\$ 0.11
					<b>Total</b>	<b>\$ 144 M</b>	<b>\$ 1.57</b>

<sup>(1)</sup> TNMP net income includes \$5 million of net income associated with CTC (stranded cost) recovery.

# Unregulated Operations

# First Choice Power

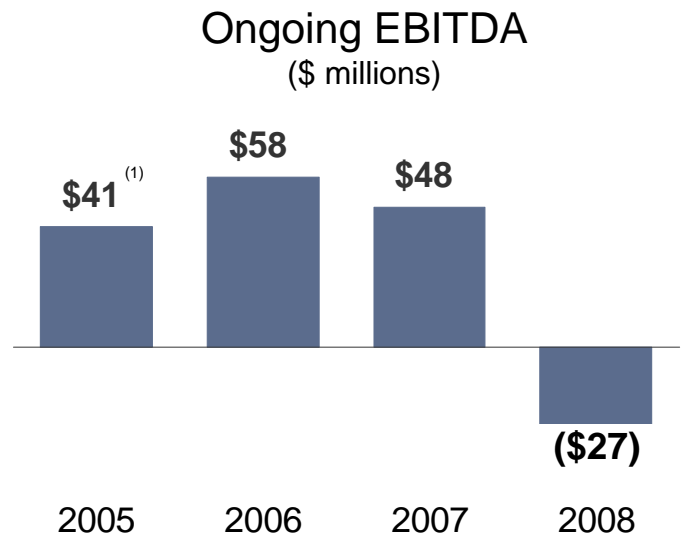
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- ▶ Acquired in June 2005
- ▶ Retail Electric Provider in competitive Texas market
- ▶ 237,000 customers
- ▶ \$582M total revenue
- ▶ 76 employees
- ▶ Streamlined, efficient scalable business model
- ▶ Well-positioned in attractive high growth customer markets

# First Choice Power: Restoring Value

## Unacceptable Results in 2008



Major Drivers	Δ EBITDA '07 vs '08
Lower average unit margins	(\$32)
Bad debt	(\$34)
Other	(\$9)

## But, Seeing a Return to Growth

- ▶ On track to reach 2009 EBITDA target range of \$20M - \$35M
  - Return to profitability in Q1 2009
  - Q1 2009 EBITDA more than doubled versus last year
- ▶ Improved average retail margins in Q1, expect return to traditional levels in coming quarters
- ▶ Increased term customers to 75% of portfolio
- ▶ Strengthened customer retention
- ▶ Grew commercial share of portfolio
- ▶ Implemented initiatives to mitigate bad debt

<sup>(1)</sup> \$41M reflects post acquisition EBITDA. PNM Resources acquired FCP in June 2005.  
June 2009

# Optim Energy



OPTIMENERGY



- ▶ Unregulated generation and power marketing company operating in ERCOT market
- ▶ Formed in 2007 between PNM Resources & subsidiary of Cascade Investment, LLC
- ▶ 2008 ongoing EBITDA: \$49M
- ▶ Serves critical Lyondell plant; restructuring minimal impact
- ▶ Generation Portfolio
  - 920MW generation in North and Houston zones
    - Twin Oaks Power, 305MW, lignite coal
    - Altura Cogen, 614MW, natural gas
  - Future Cedar Bayou 4,275MW, natural gas facility
    - Co-developers with NRG Energy



# Optim Energy: Building Value

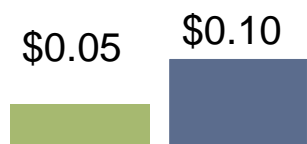
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- ▶ 2009 EBITDA target range of \$55M-\$70M (up 10%)
- ▶ On track to reach target range, despite depressed energy prices
- ▶ Strong power plant performance
  - Altura Cogen Q1 2009 AF: 96.9%
  - Twin Oaks Power Q1 2009 EAF: 83.7%
- ▶ Cedar Bayou 4 (275 MW) on schedule
  - Provisional acceptance anticipated in June

# Financial Summary

# Q1 2009: Rebuilding Value

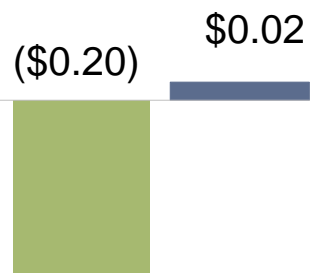
## Ongoing EPS



Q1  
2008

Q1  
2009

## Ongoing EPS (excluding PNM Gas)



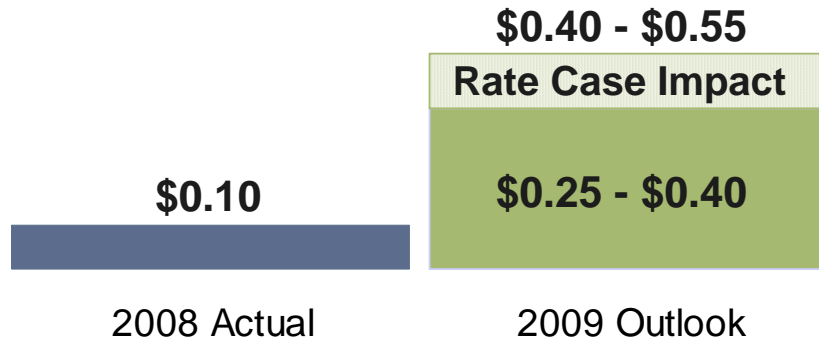
Q1  
2008

Q1  
2009

	Q1 2009	Q1 2008	Variance
PNM Electric	\$0.00	(\$0.19)	\$0.19
TNMP Electric	0.02	0.05	(0.03)
First Choice	0.07	0.03	0.04
Optim Energy	(0.02)	0.00	(0.02)
Corporate/Other	(0.05)	(0.09)	0.04
<b>Total</b>	<b>\$0.02</b>	<b>(\$0.20)</b>	<b>\$0.22</b>
PNM Gas	0.08	0.25	(0.17)
<b>Total Ongoing</b>	<b>\$0.10</b>	<b>\$0.05</b>	<b>\$0.05</b>

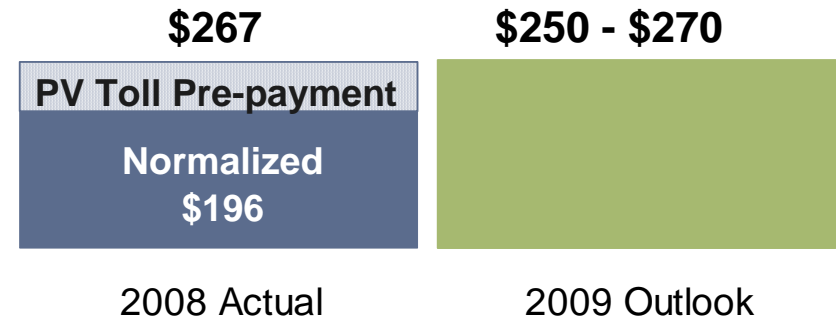
# 2009 Outlook

## EPS



## Cash Earnings

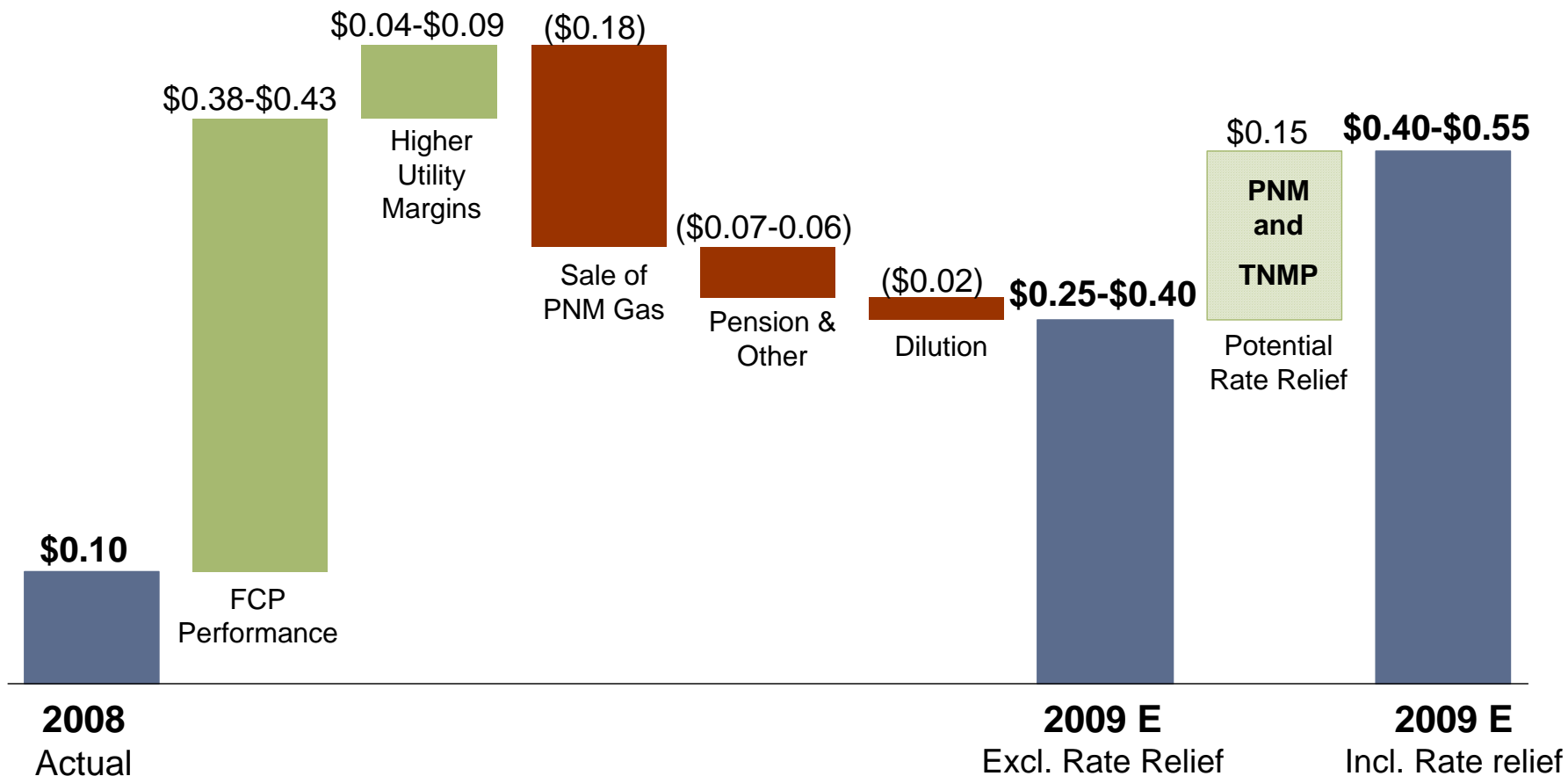
(In millions)



- ▶ Even with load decline of 3.5%, EPS outlook for 2009 unchanged
  - \$0.25 – \$0.40 assuming no rate relief
- ▶ Impact of rate relief
  - PNM Electric (approved stipulation): Annual \$0.49; 2009: \$0.12
  - TNMP (as amended): Annual \$0.13; 2009: \$0.03
- ▶ First Choice Power and Optim Energy EBITDA targets also remain unchanged
  - First Choice Power: \$20M-\$35M
  - Optim Energy (100%): \$55M-\$70M

*\*Note: The 2009 EPS and cash earnings outlook was only effective as of May 1, 2009, the date it was originally presented. The Company is not currently reaffirming the outlooks, nor will it reaffirm or update its outlook unless, and until, a public announcement is made.*

# 2009 EPS Outlook



*\*Note: The 2009 EPS outlook was only effective as of May 1, 2009, the date it was originally presented. The Company is not currently reaffirming the outlooks, nor will it reaffirm or update its outlook unless, and until, a public announcement is made.*

# Cash Earnings

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- ▶ **Cash earnings increases transparency into company's internally generated cash flow and financial performance**
  - Calculated primarily from SEC reports
  - Company to provide annual forward-looking outlook

## Components of 2008 Cash Earnings (in millions)

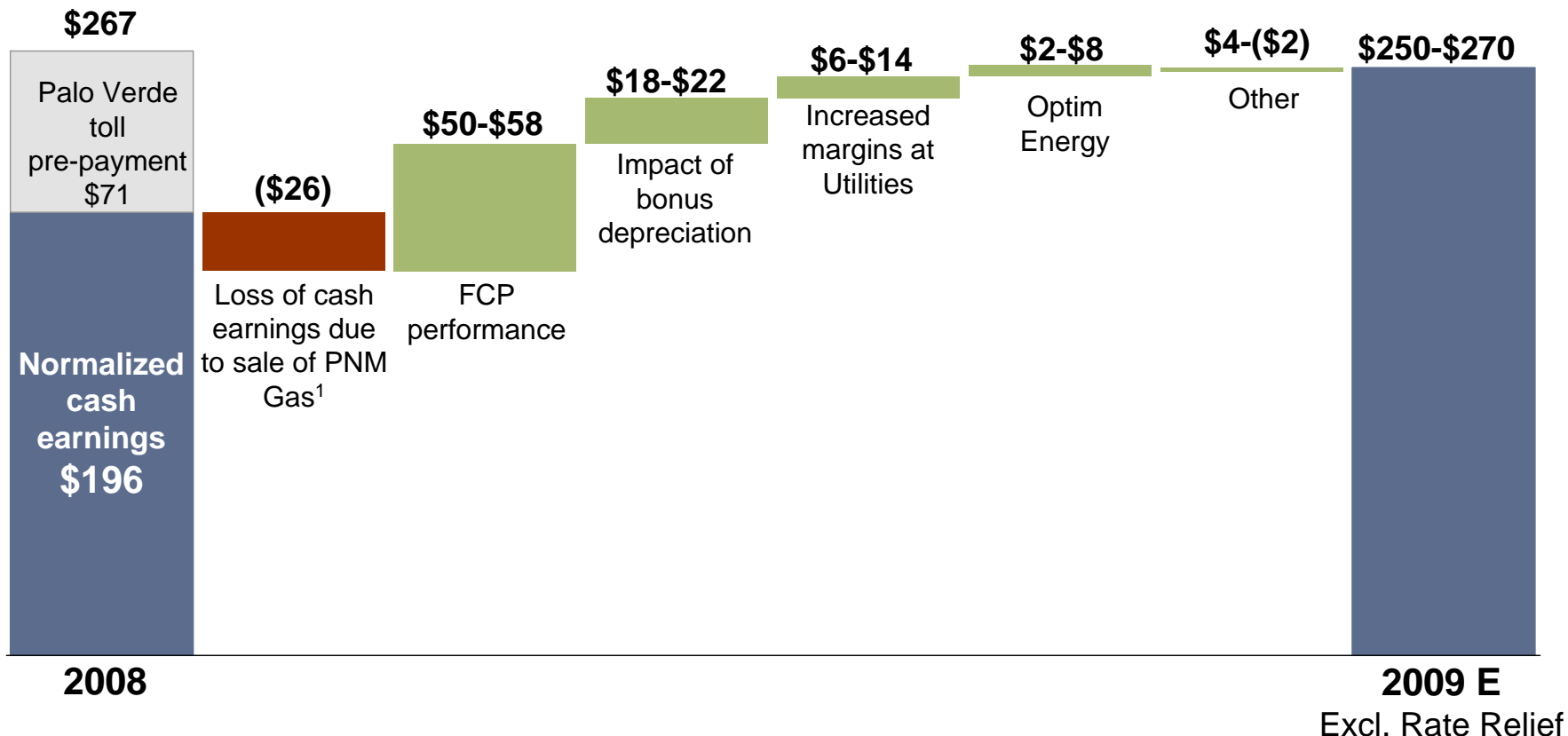
### Cash Earnings

<b>Net cash flows from operating activities</b>	<b>\$88</b>
+/- adjustments in arriving at cash earnings	
Changes in certain current assets & liabilities	53
Return of principal on Palo Verde lessor notes	23
Payments received from Palo Verde firm-sales contracts	89
PNMR share of Optim Energy cash earnings <sup>1</sup>	14
<b>Total Cash Earnings</b>	<b><u><u>\$267</u></u></b>

<sup>1</sup> Optim Energy cash earnings defined as net cash flows from operating activities less changes in certain current assets & liabilities

# 2009 Cash Earnings Outlook

## Cash Earnings (in millions)



<sup>1</sup> PNM Gas was sold January 30, 2009

*\*Note: The 2009 cash earnings outlook was only effective as of May 1, 2009, the date it was originally presented. The Company is not currently reaffirming the outlook, nor will it reaffirm or update its outlook unless, and until, a public announcement is made.*

# Solid Liquidity

	PNM Resources includes FCP	PNM Separate	TNMP Separate	PNM Resources Consolidated
<b>Financing</b>				
		(In millions)		
Revolving credit facility <sup>(1)</sup>	\$600.0	\$400.0	\$75.0	\$1,075.0
Local lines of credit <sup>(2)</sup>	\$10.0	\$8.5		\$18.5
<b><i>Total Financing Capacity</i></b>	<b>\$610.0</b>	<b>\$408.5</b>	<b>\$75.0</b>	<b>\$1,093.5</b>
<b>Outstanding Balances as of 4/30/09</b>				
Total borrowings & letters of credit	\$219.4	\$22.7	\$1.5	\$243.6
Remaining availability	<b>\$390.6</b>	<b>\$385.8</b>	<b>\$73.5</b>	<b>\$849.9</b>
<b>Cash balances</b>	\$0.0	\$17.1	\$0.0	\$17.1
<b><i>Available Liquidity as of 4/30/09</i></b>	<b>\$390.6</b>	<b>\$402.9</b>	<b>\$73.5</b>	<b>\$867.0</b>

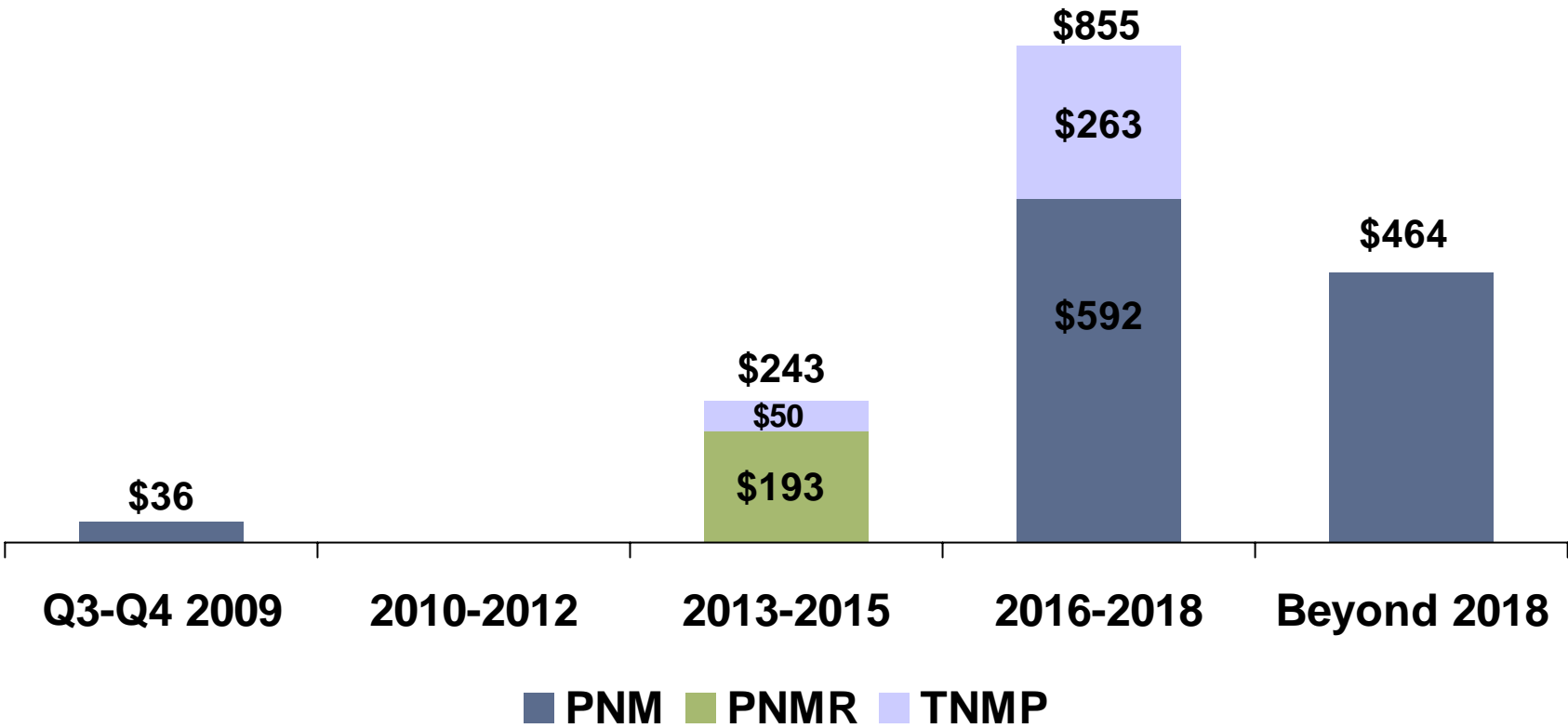
<sup>(1)</sup> PNMR revolver has \$600M capacity until Aug. 15, 2010; reduces to \$574M until Aug. 2011 and to \$549M until Aug. 2012. PNM revolver has \$400M capacity until Aug. 17, 2010; reduces to \$386M until Aug. 2011 and to \$368M until Aug. 2012. TNMP revolver expires April 29, 2011.

<sup>(2)</sup> Expires Aug. 15, 2009.



# Minimal Upcoming Refinancing Risk

## Long-term Debt Maturities



# 2009 Checklist

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- Achieve successful outcomes in PNM and TNMP rate cases
  - ✓ PNM unopposed stipulation; TNMP amended case
- Restore First Choice Power's sustainable earnings potential
  - ✓ On track to achieve 2009 EBITDA target range
- Grow EBITDA to targeted levels at Optim Energy
  - ✓ On track to achieve 2009 EBITDA target range
- Streamline capital deployment, manage costs and focus on utility fundamentals
  - ✓ Continuing to scrutinize capital spending
  - ✓ As previously announced, reducing 5yr capital spending plan by \$354M
- Maintain top quartile performance in reliability
  - ✓ First quarter results on target
- Strong operational performance at all baseload units
  - ✓ San Juan completed environmental outage; Palo Verde taken off watch list; Four Corners on track
- Improve credit metrics
  - ✓ Reduced debt using proceeds from PNM Gas sale

# Appendix

# Utility Rate Base and Return

Pending decisions will add earnings power

	Test Period <sup>(1)</sup>	Rate Base	Equity Ratio	Allowed ROE	Revenue Deficiency	Revenue Requirement
<b>PNM Electric</b>						
Current Rates	Sept. 30, 2006	\$1.2B	50%	10.1%	N/A	N/A
Stipulation approved May 28, 2009	March 31, 2008	\$1.5B	50%	10.5% Implied	\$77.1M	\$736.3M
<b>TNMP Electric</b>						
Current Rates	Sept. 30, 2004	\$402.0M	40%	10.25%	N/A	N/A
Proposed Rates	March 31, 2008	\$430.1M	40%	11.25%	\$24.2M	\$172.3M
<b>PNM South <sup>(2)</sup></b>						
Current Rates	Sept. 30, 2004	\$70M	45%	10.0%	N/A	N/A

<sup>(1)</sup> Period is for the 12 months ending on stated date

<sup>(2)</sup> Formerly known as TNMP-New Mexico

# PNM Stipulation Earnings Impact

	(in millions)		
	<u>Stipulation</u>	<u>2009</u>	<u>2010</u>
Phase-in # 1 (65% implemented July 1, 2009)		25.6	50.1
Phase-in # 2 (Remaining 35% starting April 1, 2010)			20.2
<b>Total increase in test period non-fuel revenues</b>	<b>\$77.1</b>	<b>\$25.6</b>	<b>\$70.3</b>
Delta & Valencia demand charges recovered in fuel clause <sup>1</sup>	(25.3)	(12.6)	(25.3)
<b>Incremental revenues</b>	<b>\$51.8</b>	<b>\$13.0</b>	<b>\$45.0</b>
<b>O&amp;M</b>			
Depreciation/Amortization <sup>2</sup>	22.4	5.7	22.4
<b>Net Impact (before-tax)</b>	<b>\$74.2</b>	<b>\$18.7</b>	<b>\$67.4</b>
After-tax	\$44.8	\$11.3	\$40.7
EPS at 91.7MM shares	\$0.49	\$0.12	\$0.44

<sup>1</sup> Delta demand charges of \$11.4M are currently recovered through the FPPCAC. Valencia demand charges of \$13.9M were to be recovered through the FPPCAC as part of the proposed resource stipulation. The electric rate stipulation allows recovery of these charges through base rates.

<sup>2</sup> Based on the approved stipulation, depreciation rates will not be revised.

# New Mexico PRC

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<u>Name</u>	<u>District</u>	<u>Term Ends</u>	<u>Party</u>
<b>Jason Marks</b>	District 1- Bernalillo	2012*	Democrat
<b>David King</b> Vice Chair	District 2- Southern Bernalillo & Santa Fe, Torrance Lincoln, Otero, DeBaca, Quay, Curry, Roosevelt, Chavez, Eddy, Lea	2010*	Republican
<b>Jerome Block</b>	District 3- Taos, Rio Arriba, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Santa Fe. Los Alamos	2012	Democrat
<b>Carol K. Sloan</b>	District 4- San Juan, Rio Arriba, McKinley, Cibola, Sandoval, Bernalillo, Santa Fe, Socorro (NW)	2010	Democrat
<b>Sandy Jones</b> Chairman	District 5- Valencia, Socorro, Catron, Sierra, Don Ana, Luna, Grant, Hidalgo, Lincoln (SW), Otero (NW)	2010	Democrat

\* Two term limit reached

# Q1 2009 Load Growth

## Quarterly Customer Growth (in thousands)

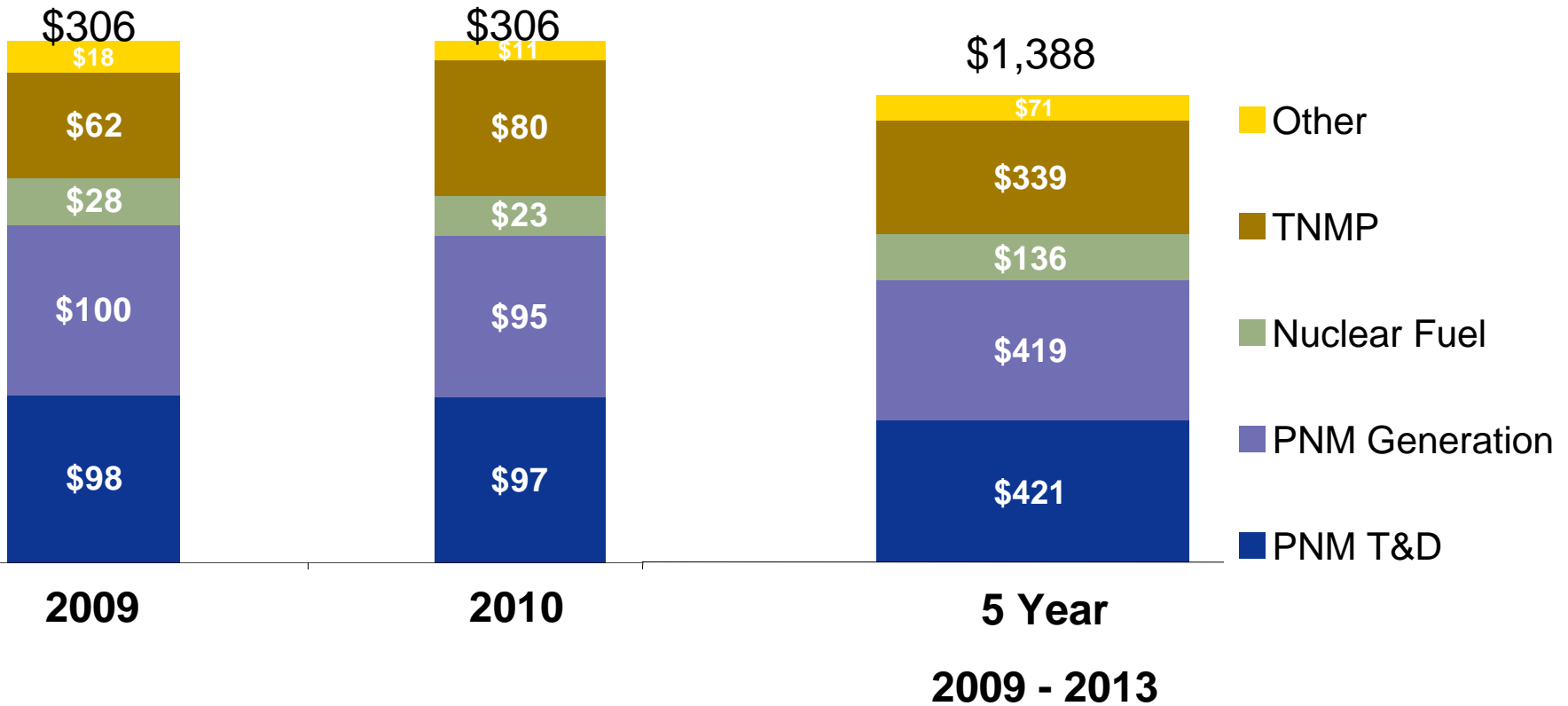
	Q1 '08	Q1 '09	Change
<b>PNM</b>	494	498	0.8%
<b>TNMP</b>	227	230	1.2%

## Use-Per-Customer (in KWh) weather-normalized

	Q1 '08	Q1 '09	Change	Leap-Year Adjusted
<b>PNM</b>				
Residential	1,915	1,832	-4.3%	-3.2%
Commercial	17,655	16,437	-6.9%	-5.8%
<b>TNMP</b>				
Residential	2,952	2,767	-6.3%	-5.2%
Commercial	12,733	12,216	-4.1%	-3.0%

# PNM Resources Capital Spending Plan

(in millions)





# Weather

## PNM

### Heating Degree Days

	Normal	2009	2008
Total Q1	1,930	1,838	2,096

### Cooling Degree Days

	Normal	2009	2008
Total Q1	0	0	0

## TNMP

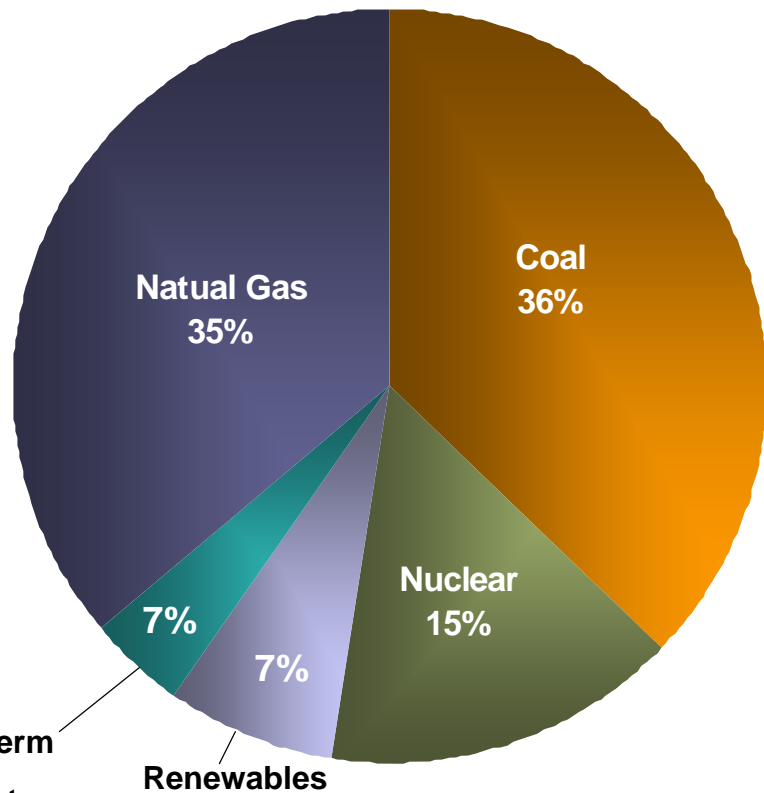
### Heating Degree Days

	Normal	2009	2008
Total Q1	942	843	896

### Cooling Degree Days

	Normal	2009	2008
Total Q1	85	123	113

# PNM Resources Generation Portfolio



## PNM Electric Generation

<u>Facility</u>	<u>Fuel</u>	<u>MW</u>
San Juan	Coal	765
Four Corners	Coal	195
Palo Verde	Nuclear	402
Reeves	Natural Gas	154
Afton	Natural Gas	235
Lordsburg	Natural Gas	72
Luna	Natural Gas	190
Las Vegas	Natural Gas	20
Delta PPA	Natural Gas	132
Valencia PPA	Natural Gas	148
NM Wind Energy Center	Wind	200

# Selected Balance Sheet Information

	Dec 31, <b>2008</b>	March 31, <b>2009</b>
	(in millions)	
<b>Long-Term Debt</b> (incl. current portion)		
PNM	\$1,056	\$1,056
TNMP	\$168	\$309
PNMR	\$361	\$204
Consolidated	\$1,585	\$1,569
<b>Total Debt</b> (incl. short-term)		
PNM	\$1,396	\$1,056
TNMP*	\$318	\$309
PNMR	\$615	\$350
Consolidated	\$2,329	\$1,715

\* Excludes debt from affiliate

# Credit Ratings

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## Senior Unsecured Debt

### S&P

PNM Resources	BB-
PNM	BB+
TNMP	BB+
<i>Outlook: Negative</i>	

### Moody's

PNM Resources	Ba2
PNM	Baa3
TNMP	Baa3
<i>Outlook: Negative</i>	

### Fitch

PNM Resources	BB
PNM	BB+
TNMP	BBB-
<i>Outlook: Stable</i>	

## TNMP First Mortgage Bonds

### S&P

BBB-  
*Outlook: Negative*

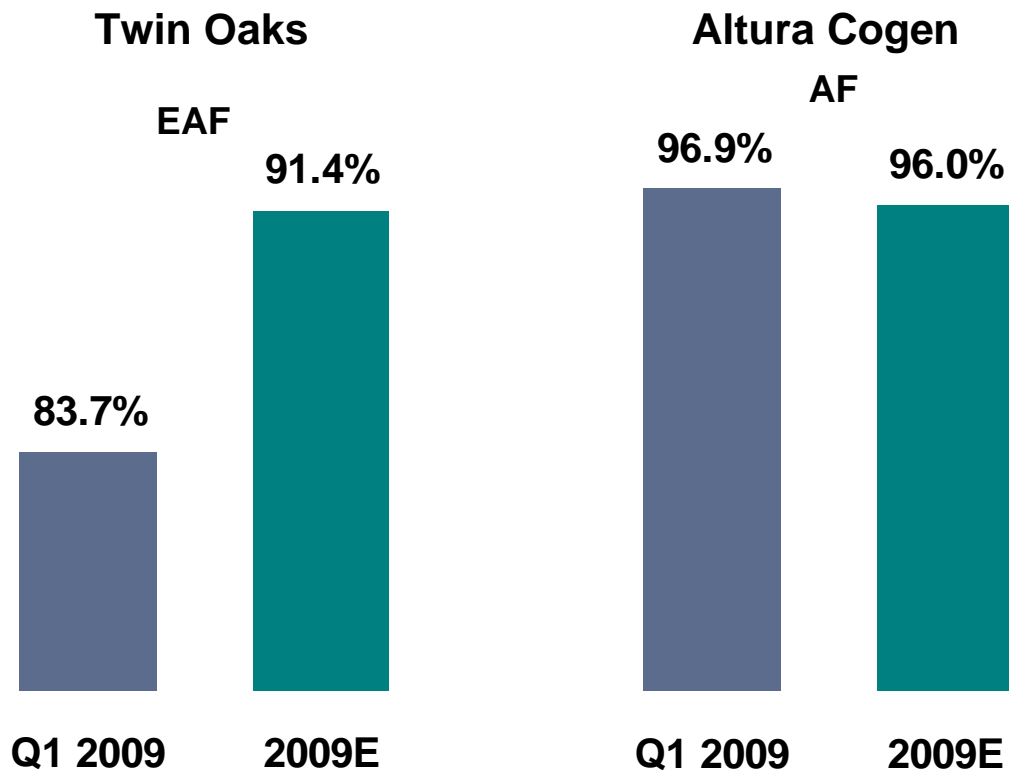
### Moody's

Baa2  
*Outlook: Negative*

### Fitch

BBB  
*Outlook: Stable*

# Optim Energy Plant Assumptions



**Planned Outages**

Twin Oaks	
Duration (days)	Time Period
35	Q1/ Q2 2009
Altura Cogen	
14	Q1 2009
4	Q3 2009
58	Q4 2009

# Optim Energy EBITDA

	<u>Three Months Ended March 31, 2009</u>	(in millions)	<u>Three Months Ended March 31, 2008</u>
GAAP Net Earnings	\$ 3.1		\$ (51.0)
Interest expense	2.5		6.6
Income tax	0.2		(0.4)
Depreciation and amortization expense	7.7		7.6
Purchase accounting amortizations	4.4		2.8
Losses on forward mark on economic hedges	(9.4)		47.1
Speculative trading	-		2.4
	<u>8.5</u>		<u>15.1</u>
Ongoing Optim Energy EBITDA			
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ 4.3</u>		<u>\$ 7.6</u>

# Optim Energy Amortizations

Future amortization for out of market contracts, emission allowances, and the impact on PNMR earnings is as follows:

	<u>Twin Oaks Contract Amortization</u>	<u>Altura Cogen Contract Amortization</u>	<u>Optim Energy Emission Allowance Amortization</u>	<u>PNMR's 50 percent share of Optim Energy Amortizations</u>	<u>PNMR's Basis in Amortizations</u>	<u>PNMR Net Earnings Impact</u>
	(in millions)					
2009 <sup>1</sup>	\$ 12.8	\$ (19.4)	\$ (10.4)	\$ (8.5)	\$ (1.8)	\$ (10.3)
2010	2.7	(16.3)	(5.2)	(9.4)	(2.7)	(12.1)
2011	-	(14.7)	(4.9)	(9.8)	*	(9.8)
2012	-	(9.4)	(4.8)	(7.1)	*	(7.1)
2013	-	(8.8)	(4.4)	(6.6)	*	(6.6)
2014 and beyond	-	(51.2)	(86.2)	(68.7)	*	(68.7)
Total	\$ 15.5	\$ (119.8)	\$ (115.9)	\$ (110.1)	\$ (4.5)	\$ (114.6)

\* Basis difference adjustments related to amortizations beyond 2010 are less than \$0.1 million in the aggregate.

In the table presented above, emission allowances were assumed to be used, sold or expired in the related vintage year. Since actual usage, sales and expirations will vary from this assumption, future year's amortization expense may be different than presented.

<sup>1</sup> 2009 numbers represent a full year.