



GARY E. JOHNSON  
GOVERNOR

State of New Mexico  
ENVIRONMENT DEPARTMENT

Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Building 1  
Santa Fe, New Mexico 87505-6303  
Telephone (505) 428-2500  
Fax (505) 428-2567  
www.nmenv.state.nm.us



PETER MAGGIORE  
SECRETARY

ENTERED

RED PAMP5/01

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

November 2, 2001

Mr. John Hale, PE  
Technical Project Manager  
Public Service Company of New Mexico  
2401 Aztec NE  
MS Z160  
Albuquerque, NM 87107

**RE: CHANGE OF FINANCIAL ASSURANCE MECHANISM  
CLASS 1 PERMIT MODIFICATION REQUEST  
PERSON GENERATING STATION NMT360010342  
HWB-PNM-01-099**

Dear Mr. Hale:

The New Mexico Environment Department (NMED) has completed its review of Public Service Company of New Mexico (PNM's) letter dated October 22, 2001, requesting a Class 1 Permit Modification to the Person Generating Station RCRA Post-Closure Care Permit, Permit No. NMT360010342-1.

NMED has determined that this request constitutes a Class 1 permit modification and hereby approves this Class 1 permit modification to change the financial assurance mechanism. This Class 1 permit modification is considered a minor change that does not substantially alter the permit conditions or reduce the capacity of the facility to protect human health or the environment. [20.4.1.900 NMAC (incorporating 40 CFR 270.42(d)(2)(i))]

The approved modification consists of the following, as proposed by PNM:

- 1) Change PNM's financial assurance mechanism from the post-closure trust fund to the financial test and corporate guarantee for post-closure care pursuant to 20.4.1.500 NMAC incorporating 40 CFR 264.145(f)(1)(ii).

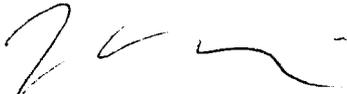
Mr. John Hale  
November 2, 2001  
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- 2) The new financial assurance mechanism dated October 10, 2001 is hereby incorporated and made part of the Post-Closure Care Permit as Attachment III-2. PNM shall insert the new financial assurance mechanism dated October 10, 2001 into their copy of the Permit.

PNM is also required to send a notice of the permit modification to all persons on the enclosed facility mailing list. This notification must be made within 90 calendar days after the change is put into effect. [20.4.1.900 NMAC (incorporating 40 CFR 270.42(a)(1)(ii))]

If you have any questions please contact Robert Warder of my staff by phone at (505) 841-9033.

Sincerely,



James P. Bearzi  
Chief  
Hazardous Waste Bureau

JPB:rw

Enclosure

cc w/o enclosure:

John Kieling, NMED HWB  
Will Moats, NMED HWB  
Robert Warder, NMED HWB  
Ana Marie Ortiz, NMED OGC  
David Neleigh, EPA Region 6 (6PD-N)

File: Red PNM 01-099, Reading File

Alb. - Rob Weirder



GARY E. JOHNSON  
GOVERNOR

*State of New Mexico*  
**ENVIRONMENT DEPARTMENT**  
*Hazardous Waste Bureau*  
2905 Rodeo Park Drive East, Bldg. 1  
P.O. Box 26110  
Santa Fe, New Mexico 87502-6110  
Telephone (505) 428-2504



PETER MAGGIORE  
SECRETARY

December 27, 2001

PNM- Person Generating Station  
Public Service Co of NM  
Alvarado Square MS 0408  
Albuquerque, NM 87158  
Attn: John Hale

Dear Mr. Hale:

This letter confirms receipt of your check# 122266 in the amount of \$1,000.00 on December 14, 2001, for the Change of Financial Assurance Mechanism Class 1 Permit Modification Request, Invoice# HWB-PNM-01-099.

Thank you for your time and effort. If you have any questions, please call me at (505) 428-2504.

Sincerely,

A handwritten signature in cursive script that reads "Juliet Rubio".

Juliet Rubio  
Management Analyst

cc: John Kieling, RPMP Program Manager  
File

Public Service Company  
of New Mexico  
2401 Aztec NE  
MS Z160  
Albuquerque, NM 87107

October 22, 2001

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**



Mr. John Kieling  
RCRA Permits Program Manager  
New Mexico Environment Department  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Building I  
Santa Fe, NM 87505

**RE: Person Generating Station (NMT 360010342) - Request for Class 1 Permit Modification to Terminate Post-Closure Care Trust Fund**

Dear Mr. Kieling:

Public Service Company of New Mexico (PNM) is requesting termination of the trust fund that was established for the Person Generating Station Post-Closure Care Permit pursuant to 40CFR 264.145(a).

PNM currently meets the criteria specified in 40CFR 264.145(f)(1)(ii) as necessary to satisfy the financial test requirements. Therefore, on this basis, PNM is requesting a permit modification to the Person Generating Station RCRA Post-Closure Care Permit, Permit No. NMT360010342-1.

Termination of a trust fund is not an explicitly listed permit modification in Appendix I of 40CFR 270.42. Therefore, pursuant to 40CFR 270.42(d), PNM is requesting that the HWB review and approve this permit modification as a Class 1.

As described in 40CFR 270.42(d)(2)(i), Class I modifications do not substantially alter the permit conditions or reduce the capacity of the facility to remain protective of human health or the environment. Based on this description, it would appear that termination of the trust fund should be classified as a Class 1 permit modification.

As specified in 40CFR 264.145(f)(3), enclosed is a letter from PNM's chief financial officer and a report from an independent certified public accounting firm documenting PNM's financial condition.

If you have any questions, please contact me at (505) 855-6392.

Sincerely,

A handwritten signature in cursive script that reads "John Hale".

John Hale, P.E.  
Technical Project Manager

Enclosures

Cc: Robert Warder, NMED/HWB  
Stacey Price, PNM, w/o enclosures

NM ENVIRONMENTAL DEPARTMENT

OCT 24 2001

DISTRICT OFFICE

Public Service Company  
of New Mexico  
Alvarado Square  
Albuquerque, NM 87158  
505 241-2700

October 10, 2001

New Mexico Environment Department  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Building 1  
Santa Fe, NM 87505-6303



Attention: John Kieling  
RCRA Permits Program Manager

Gentlemen:

I am the chief financial officer of Public Service Company of New Mexico ("PNM"). This letter is in support of this firm's use of the financial test to demonstrate financial assurance for closure and/or post-closure costs, as specified in subpart H of 40 CFR parts 264 and 265.

1. This firm is the owner or operator of the following facilities for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility:

**EPA Identification Number: NMT-360010342**

**Name: Public Service Company of New Mexico  
Person Generating Station**

**Address: Broadway Boulevard and Rio Bravo Boulevard  
Albuquerque, NM**

**Current Post-Closure Care Cost Estimate: \$4,242,265**

2. This firm guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, the closure or post-closure care of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility: **Not Applicable**. The firm identified above is: **Not Applicable**.

3. In States where EPA is not administering the financial requirements of subpart H of 40 CFR part 264 or 265, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility: **None**.

October 10, 2001

Page 2

4. This firm is the owner or operator of the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in subpart H of 40 CFR parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility: **None**.

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144. The current closure cost estimates are required by 40 CFR 144.62 are shown for each facility: **None**.

This firm is required to file a Form 10-K with the Securities and Exchange Commission ("SEC") for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 2000.

Alternative II

1. Sum of current closure and post-closure cost estimates [total of all cost estimates shown in the five paragraphs above]: **\$4,242,265**

2. Current bond rating of most recent issuance of this firm and name of rating service: **BBB – (Standard & Poor's)**  
**Baa3 (Moody's Investors Service)**

3. Date of issuance of bond: **October 28, 1999**

4. Date of maturity of bond: **October 1, 2029**

\*5. Tangible net worth [if any portion of the closure and post-closure cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line]: **\$924,627,000**.

\*6. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.): **Not required; more than 90% of firm's assets are located in the U.S.**

7. Is line 5 at least \$10 million? **Yes**

8. Is line 5 at least 6 times line 1? **Yes**

\*9. Are at least 90% of firm's assets located in the U.S.? If not, complete line 10:

**Yes**

October 10, 2001

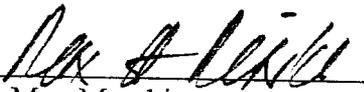
Page 3

10. Is line 6 at least 6 times line 1? **Not Applicable**

I hereby certify that the wording of this letter is identical to the wording specified in 40 CFR 264.151(f) as such regulations were constituted on the date shown immediately below.

Very truly yours,

PUBLIC SERVICE COMPANY  
OF NEW MEXICO

By   
Name: Max Maerki  
Title: Senior Vice President  
and Chief Financial Officer  
Date OCTOBER 10, 2001

cc: John Hale, Jr.

sls1049



**ANDERSEN**

**INDEPENDENT PUBLIC ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Arthur Andersen LLP

Suite 400  
6501 Americas Parkway NE  
Albuquerque NM 87110

Tel 505 889 4700  
Fax 505 889 4838

[www.andersen.com](http://www.andersen.com)

To the Board of Directors and Shareholders of  
Public Service Company of New Mexico:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of PUBLIC SERVICE COMPANY OF NEW MEXICO (the Company) and its subsidiaries for the year ended December 31, 2000, and have issued our report thereon dated January 26, 2001. We have not performed any auditing procedures since that date.

We have performed the procedures enumerated below, which were agreed to by the Company, solely to assist you with respect to demonstrating compliance with the financial test for liability of the Environmental Protection Agency. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have read the Code of Federal Regulations, Environmental Protection Agency regulation 40 CFR 264.145 and 40 CFR 264.151 (f). As required by section 264.145 (11) (f) (ii) (3) (iii), we have:

- 1) Compared the financial data (Alternative II – items 5, 6 and 9), included in the letter dated October 10, 2001, from the chief financial officer of the Company to the New Mexico Environment Department Hazardous Waste Bureau, to corresponding amounts having been included in or derived from the audited consolidated financial statements of the Company and its subsidiaries as of December 31, 2000, and found such amounts to be in agreement.
- 2) In connection with the above procedure, no matters came to our attention that caused us to believe that the specified data should be adjusted.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the information described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Arthur Andersen LLP*

Albuquerque, New Mexico  
October 12, 2001