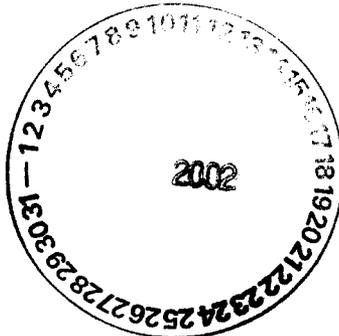


Public Service Company
of New Mexico
2401 Aztec NE
MS Z160
Albuquerque, NM 87107

April 9, 2002

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 1
Santa Fe, NM 87505



RE: Person Generating Station (NMT 360010342) – Updated Financial Assurance Information

Dear Mr. Kieling:

Pursuant to 40CFR 264.145(f)(5), Public Service Company of New Mexico (PNM) is submitting the updated financial assurance information that is required under 40CFR 264.145(f)(3) for the Person Generating Station.

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

Sincerely,

John Hale, P.E.
Technical Project Manager

Enclosures

Cc: Mr. Robert Warder
New Mexico Environment Department
Hazardous Waste Bureau
4131 Montgomery NE
Albuquerque, NM 87109

PNM 2002

Public Service Company
of New Mexico
Alvarado Square
MS 2704
Albuquerque, NM 87158
Fax 505 241-2369

April 2, 2002



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: \$3,885,886

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**.

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, 2001**.

Alternative II

1. Sum of current closure and post-closure cost estimates [total of all cost estimates shown in the five paragraphs above]: **\$3,885,886**

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]: **\$885,024,000**

*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**

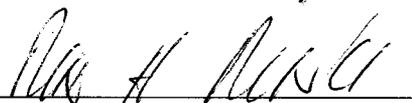
*9. Are at least 90% of firm's assets located in the U.S.? If not, complete line 10:
Yes

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 April 2, 2002

cc: John Hale, Jr.

s/s1375



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

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

Arthur Andersen LLP
Suite 565
6501 Americas Parkway NE
Albuquerque NM 87110
Tel 505 889 4700
Fax 505 889 4838
www.andersen.com

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, 2001, and have issued our report thereon dated February 1, 2002. 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 April 2, 2002, from the chief financial officer of the Company to the New Mexico Environment Department Hazardous Waste Bureau, to corresponding amounts having been derived from the audited consolidated financial statements of the Company and its subsidiaries as of December 31, 2001, 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 Board of Directors and Stockholders of Public Service Company of New Mexico and the New Mexico Environment Department Hazardous Waste Bureau and is not intended to be and should not be used by anyone other than these specified parties.

Arthur Andersen LLP

Albuquerque, New Mexico
April 2, 2002