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Albuquerque, NM 87158-2104  
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PNM  ENTERED

March 29, 2011

**Via FedEx**

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**

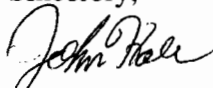
Dear Mr. Kieling:

Pursuant to 40 CFR 264.145(f)(5), Public Service Company of New Mexico (PNM) is submitting the following items as required under 40 CFR 264.145(f)(3) for the Person Generating Station.

- A signed letter from PNM's Chief Financial Officer.
- An independent financial auditor's report.

If you have any questions, please contact me at (505) 241-2014.

Sincerely,



John Hale, P.E.  
Technical Project Manager

Enclosures

Cc: Dipa Maji – MS 1120



March 29, 2011

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: \$872,940.00**

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: **None**. 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 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, 2010**.

Alternative II

1. Sum of current closure and post-closure cost estimates (total of all cost estimates shown in the five paragraphs above): **\$872,940.00**

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

3. a) \$60.3 million, Maricopa County, Arizona Pollution Control Corporation, Pollution Control Revenue Refunding Bonds (Public Service Company of New Mexico Palo Verde Project) consisting of 2010 Series A and 2010 Series B.

b) \$343.545 million, City of Farmington, New Mexico, Pollution Control Revenue Refunding Bonds (Public Service Company of New Mexico San Juan Project) consisting of 2010 Series A through F

Date of issuance of bonds: June 9, 2010

4. Date of maturity of bonds: Serial maturities from June 1, 2015 through June 1, 2040.

\*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): **\$1,071,717,623**

\*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: Charles N. Eldred

Title: Executive Vice President and Chief Financial Officer

Date 3-29-2011

cc: John Hale, Jr.

sls1375



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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and Stockholder of  
Public Service Company of New Mexico  
Albuquerque, New Mexico

We have performed the procedures included in the Code of Federal Regulations (CFR) Title 40, Part 264, Section 145 (40 CFR 264.145), which were agreed to by the New Mexico Environment Department Hazardous Waste Bureau and Public Service Company of New Mexico and subsidiaries (the "Company"), solely to assist the specified parties in evaluating the Company's compliance with the financial test option as of December 31, 2010, included in the accompanying letter dated March 29, 2011 from Charles N. Eldred, Executive Vice President and Chief Financial Officer of the Company. Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, as adopted by Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of the parties specified in this 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.

The procedures that we performed and related findings are as follows:

1. We recomputed the amount included in item 5 under the caption Alternative II, Tangible net worth, in the letter referred to above, as the line item entitled "Total common stockholder's equity" less the line item entitled "Goodwill" in the audited consolidated financial statements of the Company as of and for the year ended December 31, 2010, on which we have issued our report dated March 1, 2011, and noted no difference. It should be understood that (1) we make no representations regarding the Company's determination and presentation of non-GAAP measure of tangible net worth, and (2) the non-GAAP measure presented may not be comparable to similarly titled measures reported by other companies.
2. We recomputed from, or reconciled to, the audited consolidated financial statements of the Company, the information included in items 6 and 9, under the caption Alternative II, in the letter referred to above and noted no differences.

We were not engaged to, and did not, perform an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion on the elements, accounts, or items of a financial statement. 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 information and use of the New Mexico Environment Department Hazardous Waste Bureau and management of the Company, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte : Touche LLP*

March 29, 2011