

Alvarado Square – Z100
Albuquerque, NM 87158
P 505.241.2014
F 505.241.2384
PNMResources.com

ENTERED

PNM Resources

March 27, 2014

RECEIVED

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

MAR 31 2014

John Kieling
Chief, Hazardous Waste Bureau
New Mexico Environment Department
2905 Rodeo Park Drive East, Building 1
Santa Fe, NM 87505

NMED
Hazardous Waste Bureau

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 0905
Quinn Wingerd – MS 1045
Brian Salem, NMED-HWB, 5500 San Antonio NE, Albuquerque, NM 87109



March 21, 2014

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: \$502,360.00

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 as 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, 2013**.

Alternative II

1. Sum of current closure and post-closure cost estimates (total of all cost estimates shown in the five paragraphs above): **\$502,360.00**
2. Current bond rating of most recent issuance of this firm and name of rating service: **Baa2 with a Positive outlook (Moody's Investors Service)** ⁽¹⁾
3. Date of issuance of bond: **October 6, 2011** - Public Service Company of New Mexico \$160,000,000 Senior Unsecured Notes with 5.35% coupon, due October 1, 2021
4. Date of maturity of bond: **October 1, 2021**
- *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): **\$1,158,566,796**
- *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 3-21-2014

cc: John Hale, Jr.

⁽¹⁾ On September 27, 2012, the firm participated in the issuance of \$20,000,000 Pollution Control Revenue Refunding Bonds. The 2012 Series is due in 2042, with a mandatory tender in 2017, and refinances a previously issued 2007 Series. The 2012 series was a private placement to a single investor and, therefore, was not rated. On January 30, 2014, Moody's Investor Service raised the rating of the firm's senior unsecured debt to Baa2 while maintaining the ratings outlook as positive.



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

**Report of Independent Registered Public Accounting Firm
on Applying Agreed-Upon Procedures**

The Board of Directors and Stockholders
Public Service Company of 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, 2013, included in the accompanying letter dated March 21, 2014 from Charles N. Eldred, Executive Vice President and Chief Financial Officer of the Company. Management is responsible for the Company's compliance with these 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 the Public Company Accounting Oversight Board (PCAOB). The sufficiency of these procedures is solely the responsibility of those 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:

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 PNM common stockholder's equity" in the amount of \$1,210,199,091 less the line item entitled "Goodwill" in the amount of \$51,632,295 in the audited consolidated financial statements of the Company as of and for the year ended December 31, 2013, on which we have issued our report dated February 28, 2014, and noted no difference. It should be understood that (1) we make no representations regarding the Company's determination and presentation of the 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.

We recomputed from, or reconciled to, the audited consolidated financial statements of the Company as of and for the year ended December 31, 2013, 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, conduct an examination, the objective of which would be 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.

KPMG LLP

March 21, 2014