

PUBLIC SERVICE CO OF NEW MEXICO
Form 8-K
October 26, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM 8-K
CURRENT REPORT**

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest events reported) October 26, 2004
(October 22, 2004)

| Commission File Number | Name of Registrants, State of Incorporation, Address and Telephone Number | I.R.S. Employer Identification No. |
|-----------------------------------|--|---|
| 333-32170 | PNM Resources, Inc. (A New Mexico Corporation) Alvarado Square Albuquerque, New Mexico 87158 (505) 241-2700 | 85-0468296 |
| 1-6986 | Public Service Company of New Mexico (A New Mexico Corporation) Alvarado Square Albuquerque, New Mexico 87158 (505) 241-2700 | 85-0019030 |

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On October 22, 2004, PNM Resources, Inc. (the "Company") filed a Form 8-K containing a press release announcing its unaudited results of operations for the three and nine months ended September 30, 2004. As supplemental information, PNM Resources, Inc. and Subsidiaries Consolidated Statements of Earnings for the three and nine months ended September 30, 2004 and 2003 and other financial information is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

The Company's press release and other communications from time to time may include certain non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

Non-GAAP financial measures utilized by the Company include presentations of revenues, operating expenses, operating income, other income and deductions, net income, earnings per share and other GAAP measures of operating performance that exclude or include the effect of litigation settlements, accounting or regulatory changes, the restructuring of selected operations, certain merger activities and other similar events. The Company's management believes these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of fundamental changes in the earnings capacity of the Company's operations. Management also believes that the presentation of the non-GAAP financial measure is consistent with its past practice, as well as industry practice in general, and will enable investors and analysts to compare current non-GAAP measures with non-GAAP measures presented in prior periods. The non-GAAP financial measures used by the Company should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Limitation on Incorporation by Reference

In accordance with general instruction B.2 of Form 8-K, the information in this report, including exhibits, is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section and not deemed incorporated by reference in any filing under the Securities Act of 1933.

EXHIBIT INDEX

Exhibit Number Description

99.1 PNM Resources, Inc. and Subsidiaries Consolidated Statement of Earnings for the three and nine months ended September 30, 2004 and 2003 and other financial information.

EXHIBIT 99.1

PNM RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

| | Three Months Ended | | NineMonths Ended | |
|--|--|-------------|-------------------------|-------------|
| | September 30, | | September 30, | |
| | 2004 | 2003 | 2004 | 2003 |
| | (In thousands, except per share amounts) | | | |
| Operating Revenues: | | | | |
| Electric | \$ 314,022 | \$ 343,281 | \$ 863,783 | \$ 842,758 |
| Gas | 73,530 | 47,566 | 330,290 | 251,272 |
| Other | 178 | 25 | 557 | 137 |
| Total operating revenues | 387,730 | 390,872 | 1,194,630 | 1,094,167 |
| Operating Expenses: | | | | |
| Cost of energy sold | 227,724 | 220,127 | 703,862 | 596,789 |
| Administrative and general | 37,537 | 38,599 | 120,486 | 113,241 |
| Energy production costs | 33,735 | 34,217 | 107,977 | 103,826 |
| Depreciation and amortization | 21,802 | 29,260 | 74,370 | 86,484 |
| Transmission and distribution costs | 14,755 | 15,150 | 44,397 | 46,503 |
| Taxes, other than income taxes | 8,178 | 7,439 | 25,924 | 21,945 |
| Income taxes | 11,784 | 10,199 | 29,601 | 26,158 |
| Total operating expenses | 355,515 | 354,991 | 1,106,617 | 994,946 |
| Operating income | 32,215 | 35,881 | 88,013 | 99,221 |
| Other Income and Deductions: | | | | |
| Other income | 10,783 | 15,455 | 32,961 | 39,406 |
| Other deductions | (236) | (18,761) | (4,222) | (40,693) |
| Income tax (expense) benefit | (2,918) | 1,193 | (9,104) | 468 |
| Net other income (deductions) | 7,629 | (2,113) | 19,635 | (819) |
| Interest Charges | 12,280 | 17,053 | 38,164 | 53,050 |
| Preferred Stock Dividend Requirements | | | | |
| of Subsidiary | 147 | 147 | 440 | 440 |
| Net Earnings Before Cumulative Effect of | | | | |
| Changes in Accounting Principles | 27,417 | 16,568 | 69,044 | 44,912 |
| Cumulative Effect of Changes in Accounting Principles, Net of Tax of \$23,999 | - | - | - | 36,621 |
| Net Earnings | \$ 27,417 | \$ 16,568 | \$ 69,044 | \$ 81,533 |
| Net Earnings per Common Share: | | | | |
| Basic | \$ 0.45 | \$ 0.27 | \$ 1.14 | \$ 1.37 |
| Diluted | \$ 0.45 | \$ 0.27 | \$ 1.13 | \$ 1.36 |
| Dividends Paid per Common Share | \$ 0.16 | \$ 0.15 | \$ 0.47 | \$ 0.45 |

PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows electric revenues by customer class and average customers:

Electric Retail Revenues

| | Three Months Ended | | |
|-------------------|---------------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands except customers) | | |
| Residential | \$ 55,615 | \$ 58,545 | \$ (2,930) |
| Commercial | 70,594 | 73,674 | (3,080) |
| Industrial | 15,964 | 16,689 | (725) |
| Other | 5,749 | 5,838 | (89) |
| | \$147,922 | \$154,746 | \$ (6,824) |
| Average customers | 408,225 | 397,489 | 10,736 |

| | Nine Months Ended | | |
|-------------------|---------------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands except customers) | | |
| Residential | \$156,568 | \$156,135 | \$ 433 |
| Commercial | 190,459 | 192,008 | (1,549) |
| Industrial | 46,224 | 48,952 | (2,728) |
| Other | 15,402 | 14,947 | 455 |
| | \$408,653 | \$412,042 | \$ (3,389) |
| Average customers | 405,598 | 394,878 | 10,720 |

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PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows electric sales by customer class:

| Electric Sales | | | |
|----------------------------|------------------|-------------|-----------------|
| Three Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| | (Megawatt hours) | | |
| Residential | 675,228 | 691,842 | (16,614) |
| Commercial | 980,115 | 992,245 | (12,130) |
| Industrial | 330,392 | 332,747 | (2,355) |
| Other | 77,969 | 76,305 | 1,664 |
| | 2,063,704 | 2,093,139 | (29,435) |
| | | | |
| Nine Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| | (Megawatt hours) | | |
| Residential | 1,898,537 | 1,827,897 | 70,640 |
| Commercial | 2,619,447 | 2,546,486 | 72,961 |
| Industrial | 959,700 | 975,397 | (15,697) |
| Other | 193,696 | 189,612 | 4,084 |
| | 5,671,380 | 5,539,392 | 131,988 |
| (Intentionally left blank) | | | |

PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows gas revenues by customer and average customers:

| Gas Revenues | | | |
|---------------------------------|-------------------|------------------|------------------|
| Three Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| (In thousands except customers) | | | |
| Residential | \$ 29,170 | \$ 25,573 | \$ 3,597 |
| Commercial | 10,595 | 9,189 | 1,406 |
| Industrial | 287 | 391 | (104) |
| Transportation* | 3,650 | 5,584 | (1,934) |
| Other | 29,828 | 6,829 | 22,999 |
| | \$ 73,530 | \$ 47,566 | \$ 25,964 |
| Average customers | 459,461 | 450,378 | 9,083 |
| | | | |
| Nine Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| (In thousands except customers) | | | |
| Residential | \$183,961 | \$155,855 | \$ 28,106 |
| Commercial | 59,547 | 50,587 | 8,960 |
| Industrial | 1,577 | 1,856 | (279) |
| Transportation* | 11,593 | 15,339 | (3,746) |
| Other | 73,612 | 27,635 | 45,977 |
| | \$ 330,290 | \$251,272 | \$ 79,018 |
| Average customers | 459,996 | 451,164 | 8,832 |

*Customer-owned gas.

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PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows gas throughput by customer class:

Gas Throughput

| | Three Months Ended | | |
|-----------------|---------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (Thousands of decatherms) | | |
| Residential | 2,257 | 2,212 | 45 |
| Commercial | 1,319 | 1,306 | 13 |
| Industrial | 41 | 62 | (21) |
| Transportation* | 14,907 | 17,613 | (2,706) |
| Other | 4,566 | 955 | 3,611 |
| | 23,090 | 22,148 | 942 |

| | Nine Months Ended | | |
|-----------------|---------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (Thousands of decatherms) | | |
| Residential | 19,605 | 18,069 | 1,536 |
| Commercial | 7,592 | 7,281 | 311 |
| Industrial | 233 | 318 | (85) |
| Transportation* | 35,641 | 42,703 | (7,062) |
| Other | 11,701 | 3,924 | 7,777 |
| | 74,772 | 72,295 | 2,477 |

*Customer-owned gas.

Electric Transmission Revenues

| | Three Months Ended | | |
|--------------------|---------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands) | | |
| External customers | \$ 4,490 | \$ 8,920 | \$ (4,430) |

| | Nine Months Ended | | |
|--------------------|--------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands) | | |
| External customers | \$ 13,324 | \$ 15,794 | \$ (2,470) |

PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows revenues by customer class:

Wholesale Revenues

| | Three Months Ended | | |
|----------------------|---------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands) | | |
| Long-term contracts* | \$ 41,600 | \$ 37,384 | \$ 4,216 |
| Forward sales* | 70,725 | 64,792 | 5,933 |
| Short-term sales | 72,790 | 78,074 | (5,284) |
| | \$ 185,115 | \$180,250 | \$ 4,865 |

| | Nine Months Ended | | |
|----------------------|--------------------------|-------------|-----------------|
| | September 30, | | |
| | 2004 | 2003 | Variance |
| | (In thousands) | | |
| Long-term contracts* | \$118,484 | \$100,909 | \$ 17,575 |
| Forward sales* | 145,239 | 123,689 | 21,550 |
| Short-term sales | 211,691 | 191,859 | 19,832 |
| | \$475,414 | \$416,457 | \$ 58,957 |

*Includes mark-to-market gains/(losses).

Note: For comparative purposes, wholesale revenues for the three months ended and nine months ended September 30, 2004 have not been reclassified to a net margin basis in accordance with GAAP. The impact would be to reduce 2004 forward sales revenue by \$23.5 million and \$33.6 million, respectively.

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PNM RESOURCES, INC. AND SUBSIDIARIES
COMPARATIVE OPERATING STATISTICS

The following table shows sales by customer class:

| Wholesale Sales | | | |
|----------------------------|------------------|-------------|-----------------|
| Three Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| | (Megawatt hours) | | |
| Long-term contracts | 783,582 | 667,336 | 116,246 |
| Forward sales | 1,240,584 | 1,063,000 | 177,584 |
| Short-term sales | 1,524,171 | 1,578,124 | (53,953) |
| | 3,548,337 | 3,308,460 | 239,877 |
| | | | |
| Nine Months Ended | | | |
| September 30, | | | |
| | 2004 | 2003 | Variance |
| | (Megawatt hours) | | |
| Long-term contracts | 2,216,392 | 1,783,681 | 432,711 |
| Forward sales | 2,794,544 | 2,580,380 | 214,164 |
| Short-term sales | 4,767,375 | 4,386,868 | 380,507 |
| | 9,778,311 | 8,750,929 | 1,027,382 |
| (Intentionally left blank) | | | |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**PNM RESOURCES, INC. AND
PUBLIC SERVICE COMPANY OF NEW MEXICO**
(Registrants)

Date: October 26, 2004

/s/ Thomas G. Sategna
Thomas G. Sategna
Vice President and Corporate Controller
(Officer duly authorized to sign this report)

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