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PNM RESOURCES INC
Form 8-K
April 30, 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) April 30, 2004

(April 26, 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)

Item 12. Results of Operations and Financial Condition

On April 26, 2004, PNM Resources, Inc. (the "Company") issued a press release announcing its unaudited results of operations for the three and twelve months ended March 31, 2004. The press release is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

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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.6 of Form 8-K, the information in this report, including exhibits, is furnished pursuant to Item 12 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 | Press Release dated April 26, 2004 and PNM Resources, Inc. and Subsidiaries Consolidated Statements of Earnings for the three and twelve months ended March 31, 2004 and 2003 and other financial information. |
|------|--|

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EXHIBIT 99.1

PNM Resources Posts Solid Quarter As Profits Climb 15 Percent
Highlights:

- o GAAP First Quarter 2004 net earnings of \$0.61 per diluted share, compared to \$1.22 per share in the first quarter of 2003.
- o Ongoing earnings for the latest quarter totaled \$0.61 per diluted share, compared to \$0.53 per share in the first quarter of 2003.
- o There were no one-time gains or charges included in the first quarter 2004 results. In the first quarter of 2003, the company reported a one-time gain of \$0.95 per diluted share and a

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one-time charge of \$0.26 per share.

- o Total operating revenues increased \$58.1 million, or 15.1 percent, to \$443.7 million in the latest quarter, compared to \$385.6 million in the first quarter of 2003.
- o Plant availability at San Juan Generating Station improved offsetting plant outages at Palo Verde Nuclear Generating Station.

ALBUQUERQUE, N.M., April 26, 2004 - PNM Resources (NYSE: PNM) today reported consolidated net earnings available for common stock for the three months ended March 31, 2004, of \$24.8 million, or \$0.61 per diluted share of common stock. In the comparable period in 2003, the company reported consolidated net earnings available for common stock of \$48.2 million, or \$1.22 per diluted share.

Ongoing earnings for the quarter were \$0.61 per share, up 15.1 percent compared to \$0.53 per share for the first quarter of 2003.

Operating revenue for the latest quarter totaled \$443.7 million, up from \$385.6 million in the comparable 2003 period, an increase of 15.1 percent. Operating revenues from the company's retail utility operation totaled \$305.9 million, up 13.1 percent over the first quarter of 2003.

PNM wholesale power revenues were up 20.3 percent over the comparable quarter last year to \$133.1 million. Total wholesale sales increased 15.3 percent, to 3.0 million megawatt-hours (MWh). Short-term and forward wholesale power prices averaged \$42 a MWh during the first quarter 2004, compared to \$41 a MWh in the same period last year.

"The new long-term wholesale contracts, together with strong growth in PNM's home service territory and good coal unit performance all contributed to earnings growth in the first quarter," said PNM Resources Chairman, President and Chief Executive Officer Jeff Sterba.

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EXHIBIT 99.1 (Continued)

PNM Resources, Inc.
Reconciliation of Ongoing Earnings Per Share To GAAP Reported EPS
March 31, 2004

	Three Months		Twelve Months	
	Q1 2004	Q1 2003	3/31/04	3/31/03
	-----	-----	-----	-----
GAAP Reported EPS	\$0.61	\$1.22	\$1.77	\$2.21
One-time charges	0	0.26	0.27	0.49
One-time gains	0	0	0	(0.04)
Change in Accounting (1)	0	(0.95)	0	(0.95)
	-----	-----	-----	-----
Ongoing earnings	\$0.61	\$0.53	\$2.04	\$1.71
Average diluted shares (000s)	40,751	39,365	40,497	39,390

Note 1. To conform to FASB Statement 143, 'Accounting for Asset Retirement Obligations.'

PERFORMANCE SUMMARY

Wholesale electric gross margin improved 21.3 percent or \$4.2 million during the

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first quarter compared to the same period in 2003, primarily due to additional sales under long-term contract, improved short-term prices and sales volumes, and lower cost of generation at the company's coal-fired generating plants.

Growth in the utility service territory was up 3.5 percent, while generating costs at the company's San Juan plant fell 10 percent. These positives combined to more than offset a 4 percent reduction in retail electric rates implemented in 2003. The Company also benefited from a normal winter season in 2004 compared to 2003. As a result, retail electric gross margin was \$2.4 million higher in the latest quarter compared to the first quarter of 2003.

Gas gross margin was \$5.4 million higher than in the comparable period in 2003, primarily because of load growth and increased sales volumes due to colder temperatures in New Mexico during the 2004 period. The first three months of 2003 were unusually warm in New Mexico.

Interest charges were reduced by \$4.4 million, primarily due to refinancing of long-term debt and lower short-term interest rates.

OTHER RECENT SIGNIFICANT DEVELOPMENTS AFFECTING PNM RESOURCES:

- o On April 16, PNM entered into a 15-year agreement to transport natural gas to fuel two power plants operated by the City of Farmington, N.M. The company estimates the contract will produce about \$550,000 in annual revenues.
- o On March 10, Moody's Investors Service upgraded the rating on debt securities of PNM Resources to Baa2 with a stable outlook.
- o On February 27, Standard & Poor's raised the PNM Resources corporate credit rating to 'BBB,' with a stable outlook from BBB-. In addition, PNM's commercial paper program is now rated by both agencies.

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EXHIBIT 99.1 (Continued)

- o On February 17, the PNM Resources Board of Directors approved a 4.3 percent increase in the common stock dividend.
- o On January 13, New Mexico regulators approved a \$22 million increase in rates and fees for the PNM gas utility.

Details of these announcements and other PNM Resources news are available at the company's website, pnm.com.

Earnings Guidance

Based on first quarter results and its financial and operating forecasts for the remainder of the year, PNM reaffirmed existing earnings guidance for 2004. The company expects 2004 ongoing earnings (not including one-time gains and charges) will be in the range of between \$1.90 and \$2.15 per diluted share.

Earnings Teleconference Scheduled

PNM Resources has scheduled a teleconference for 9:00 a.m. Eastern Time on Tuesday, April 27, to discuss First Quarter 2004 earnings and other issues of interest to shareholders and investors. The public is invited to listen to the

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teleconference by calling 1- 800-915-4836. A webcast of the teleconference and an accompanying slide presentation can be accessed through the company's website at pnm.com. A replay of the conference call will be available beginning at 11:00 a.m. (ET) on April 27 through midnight. (ET) May 3, at 1-800-428-6051 (passcode I.D. 345458).

PNM Resources is an energy holding company based in Albuquerque, New Mexico. PNM, the principal subsidiary of PNM Resources, serves about 460,000 natural gas customers and 400,000 electric customers in New Mexico. The company also sells power on the wholesale market in the Western U.S. PNM Resources stock is traded primarily on the NYSE under the symbol PNM. For more information about our company, see our web site at www.pnm.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995
 Statements made in this news release that relate to future events are made pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and the company assumes no obligation to update this information. Because actual results may differ materially from expectations, the company cautions readers not to place undue reliance on these statements. Future financial results will be affected by a number of factors, including interest rates, weather, fuel costs, changes in supply and demand in the market for electric power, wholesale power prices, market liquidity, the competitive environment in the electric and natural gas industries, the performance of generating units and transmission system, state and federal regulatory and legislative decisions and actions, and the performance of state, regional and national economies. For a detailed discussion of the important factors affecting PNM Resources, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K for the year ended December 31, 2002, and Form 8-K filings with the Securities and Exchange Commission.

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EXHIBIT 99.1 (Continued)

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

	Three Months Ended March 31,	
	2004	2003
	(In thousands, except per share amounts)	
Operating Revenues:		
Electric.....	\$267,528	\$241,378
Gas.....	175,874	144,186
Other.....	251	60
	443,653	385,624
Operating Expenses:		
Cost of energy sold.....	269,767	223,867
Administrative and general.....	40,374	32,042
Energy production costs.....	37,554	35,094

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Depreciation and amortization.....	26,137	28,374
Transmission and distribution costs.....	15,492	16,159
Taxes, other than income taxes.....	9,484	7,786
Income taxes.....	11,311	8,876
	-----	-----
Total operating expenses.....	410,119	352,198
	-----	-----
Operating income.....	33,534	33,426
	-----	-----
Other Income and Deductions:		
Other income.....	11,588	11,206
Other deductions.....	(3,372)	(17,912)
Income tax benefit (expense).....	(2,996)	2,407
	-----	-----
Net other income and (deductions).....	5,220	(4,299)
	-----	-----
Earnings before interest charges.....	38,754	29,127
	-----	-----
Interest Charges.....	13,829	18,233
Preferred Stock Dividend Requirements.....	147	146
	-----	-----
Net Earnings Before Cumulative Effect of a Change in Accounting Principle.....	24,778	10,748
	-----	-----
Cumulative Effect of a Change in Accounting Principle, Net of Tax of \$24,524.....	-	37,422
	-----	-----
Net Earnings.....	\$ 24,778	\$ 48,170
	=====	=====
Net Earnings per Common Share:		
Basic.....	\$ 0.62	\$ 1.23
	=====	=====
Diluted.....	\$ 0.61	\$ 1.22
	=====	=====
Dividends Paid per Common Share.....	\$ 0.23	\$ 0.22
	=====	=====

The accompanying notes are an integral part of these financial statements.

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EXHIBIT 99.1 (Continued)

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

Electric Revenues

	Three Months Ended March 31,		
	2004	2003	Variance
	-----	-----	-----
			(In thousands)
Residential.....	\$ 54,132	\$ 51,008	\$ 3,124
Commercial.....	56,751	55,061	1,690
Industrial.....	14,887	15,913	(1,026)
Other.....	4,266	4,222	44
	-----	-----	-----

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	\$ 130,036	\$ 126,204	\$ 3,832
	=====	=====	=====
Average customers.....	403,245	392,529	10,716
	=====	=====	=====

The following table shows electric sales by customer class:

Electric Sales			
Three Months Ended			
March 31,			
	2004	2003	Variance
	-----	-----	-----
	(Megawatt hours)		
Residential.....	655,484	592,860	62,624
Commercial.....	776,842	720,137	56,705
Industrial.....	310,675	317,408	(6,733)
Other.....	50,689	50,176	513
	-----	-----	-----
	1,793,690	1,680,581	113,109
	=====	=====	=====

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

Gas Revenues			
Three Months Ended			
March 31,			
	2004	2003	Variance
	-----	-----	-----
	(In thousands)		
Residential.....	\$115,738	\$ 96,400	\$19,338
Commercial.....	36,156	29,928	6,228
Industrial.....	668	1,031	(363)
Transportation*.....	4,304	3,745	559
Other.....	19,008	13,082	5,926
	-----	-----	-----
	\$175,874	\$144,186	\$31,688
	=====	=====	=====
Average customers.....	461,128	452,167	8,961
	=====	=====	=====

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EXHIBIT 99.1 (Continued)

The following table shows gas throughput by customer class:

Gas Throughput			
Three Months Ended			
March 31,			
	2004	2003	Variance
	-----	-----	-----
	(Thousands of decatherms)		
Residential.....	14,014	12,206	1,808
Commercial.....	4,818	4,334	484
Industrial.....	104	186	(82)
Transportation*.....	7,720	8,635	(915)

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Other.....	3,058	1,943	1,115
	-----	-----	-----
	29,714	27,304	2,410
	=====	=====	=====

*Customer-owned gas

Electric Transmission Revenues

	Three Months Ended		
	March 31,		
	2004	2003	Variance
	-----	-----	-----
		(In thousands)	
External customers.....	\$ 4,414	\$ 4,557	\$ (143)
	=====	=====	=====

The following table shows revenues by customer class:

Wholesale Revenues

	Three Months Ended		
	March 31,		
	2004	2003	Variance
	-----	-----	-----
		(In thousands)	
Long-term contracts*.....	\$ 37,545	\$29,018	\$8,527
Forward sales*.....	27,961	22,938	5,023
Short-term sales.....	68,266	58,661	9,605
	-----	-----	-----
	\$133,772	\$ 110,617	\$23,155
	=====	=====	=====

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

Note: For comparative purposes, wholesale revenues for the three months ended March 31, 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 \$0.7 million.

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EXHIBIT 99.1 (Continued)

The following table shows sales by customer class:

Wholesale Sales

	Three Months Ended		
	March 31,		
	2004	2003	Variance
	-----	-----	-----
		(Megawatt hours)	
Long-term contracts.....	714,421	555,673	158,748
Forward sales.....	623,160	588,080	35,080
Short-term sales.....	1,643,685	1,430,858	212,827
	-----	-----	-----
	2,981,266	2,574,611	406,655

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SIGNATURES

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: April 30, 2004

/s/ Thomas G. Sategna

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