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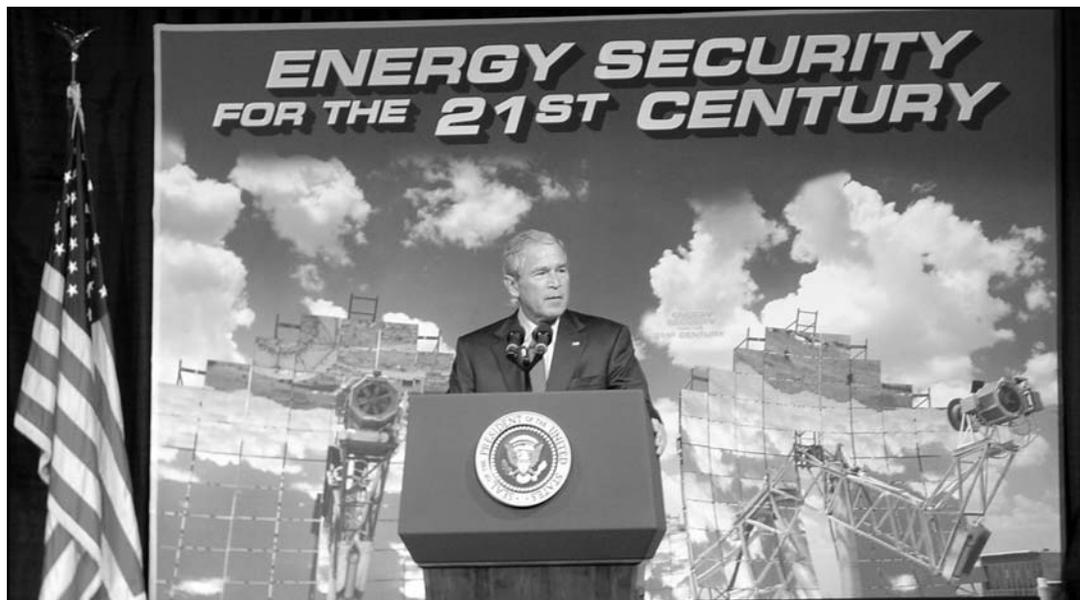
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President Bush Signs the Energy Policy Act of 2005

Ending over a decade of legislative frustration, President George W. Bush signed the Energy Policy Act of 2005. The signing in Albuquerque, NM on August 8, 2005 was the result of a promise by the President to Senator Domenici. The Act represents a legislative victory for NM Senators Bingaman and Domenici, whose bipartisan efforts resulted in Senate passage. The signing ceremony at Sandia Laboratories included Carla Sonntag, Executive Director of NMUSA, among the invited guests.

Some key highlights of the energy bill:

- Provides for tax credits to consumers who purchase alternative fuel and hybrid vehicles or make energy improvements in new and existing homes.

- Sets first-time efficiency standards for 14 large appliances and raises the efficiency standards of others. It is estimated these provisions will save 50,000 MW of peak electricity demand by 2020.

- Creates an ethanol mandate requiring fuel manufacturers to use 7.5 billion gallons of ethanol in gasoline by 2012. It is estimated this will save 80,000 barrels of oil per day by 2012.

- Extends Daylight Savings Time in the spring and fall. This is estimated to reduce energy consumption by 100,000 barrels of oil for each day of the extension.

- Provides \$2.7 billion in production tax credits to encourage the development of clean coal technology and sources of renewable energy, including wind, solar, geothermal, hydropower

and biomass.

- Encourages the development of new nuclear power plants which have advantages over pollution-producing fossil fuel plants. The act offers a production tax credit to the first six new advanced nuclear power plants.

- Includes provisions to encourage the expansion and modernization of the electricity grid as well as new mandatory reliability rules designed to prevent future blackouts. Protects consumers by preventing the manipulation of gas and electricity prices and increasing the penalties for violating federal prohibitions against these crimes.

- Repeals the Public Utility Holding Company Act (PUHCA), a 1935 law aimed at restricting industry mergers and protecting consumers from monopolistic utilities. The new law gives the Federal Energy Regulatory Commission (FERC) new authority to approve electric and gas utility mergers.

Finally, it should be noted that drilling for oil in the Arctic National Wildlife Refuge and the proposals to require 10% of electric power from renewable sources by the year 2010 did not survive.

Please note that all energy savings estimates are from the Senate Committee on Energy and Natural Resources Press Office.

Special thanks to PNM Resource's Jeff Sterba, Chairman, President & CEO and Bill Real, Senior VP of Public Policy for their assistance in NMUSA's attendance at the signing of this bill.

From the President . . .

Will the class please come to order?



Ed Borchardt

Dear Fellow Shareholders:

The lesson and class objectives today will deal with frequent investor questions about the New Mexico Utility Shareholders Alliance. (NMUSA). Like "Who are they?"; "What is a utility shareholder organization?" and "What can they do for me?"

As an educator, among other occupational endeavors I've had, I'll try to briefly address these items.

Class, many of you may be part of, or eligible for membership in this type of organization already. The main requirement is simply that you own shares in at least one of the publicly owned gas or electric utilities doing business in New Mexico. There is no minimum investment required. Some of us own rather modest amounts of stock in only one utility company while others may own lots of stock in several companies. But remember, this still makes you a true co-owner of a company in concert with other owners of more stature such as Bill Gates. (Stock in PNM). (Yes, Johnny,

he owns more shares than I do!)

The NMUSA has been a work in progress for several years and is now becoming a highly recognizable entity. Sort of like New Mexico's state motto: "Crescit eundo" - "It grows as it goes," (whatever that really means.) Well, we know what it means to us. We've become a better, stronger voice to state legislators and regulators as well as to members of Congress. They make critical decisions which can affect your investments in these publicly regulated industries. They need feedback on how they are doing and NMUSA is one of those sources of feedback.

We also talk to industry representatives and our peers in other states around the nation. We disseminate what we've learned and accomplished to you, the shareholders, in newsletters or membership meetings. Are you taking notes? There will be a short quiz at the end of class.

The goal of this course is to make you a better informed, and therefore a wiser and wealthier citizen upon graduation. Remember, "there is strength in numbers" and "the squeaky wheel gets the oil." OK, OK, enough with the profound clichés.

I'll hold off on the quiz, too, so you can review your notes tonight. Class dismissed.

The American Gas Association

Building relationships through Unique Strategies

The American Gas Association represents 195 local energy utility companies, like PNM Resources and Xcel Energy, that deliver natural gas to more than 56 million homes, businesses and industries throughout the United States. AGA member companies account for roughly 83 percent of all natural gas delivered by local natural gas distribution companies in the U.S. AGA is an advocate for local distribution companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Natural gas meets one-fourth of the United States' energy needs.

To better service its members, and by extension their shareholders, AGA developed a unique investor relations strategy and recently has become more involved with state utility shareholder associations. AGA already has been part of the New Mexico Utility Shareholder Association's annual meeting and has made industry update presentations to utility industry shareholder associations in New Mexico, Minnesota, North Dakota and Wisconsin, as well as the annual meeting of the state utility organizations' umbrella group, the Alliance for Utility Shareholder Associations.

Through its investor relations activities, AGA provides the financial community with a centralized information and educational resource for the energy utility industry. This is accomplished through a multi-pronged approach, including meetings, educational forums and seminars, online services and publications.

AGA's primary event is the Financial Forum, an annual meeting that brings together executives of AGA's 70 publicly

traded member companies and analysts, bankers, portfolio managers and other members of the financial community. Additional meetings with the financial community are held in the fall and early spring as well as seminars, workshops and other educational events. On a frequent basis, AGA makes presentations to regional financial analyst societies and financial communities. In April 2003, AGA appeared before the New Mexico Society of Financial Analysts, and conducted a joint presentation with PNM CEO, Jeff Sterba.

AGA also develops and conducts various educational seminars for its members and for the financial community. Currently, the Lunch 'n Learn program is in full swing. This series of single-topic, lunch hour lectures addresses hot industry topics in a casual "drop-in" format that attracts New York based analysts and bankers.

Both the AGA homepage (www.aga.org) and Investor Relations webpage contain a wealth of information and are constantly being updated with new material and tools. These valuable resources provide access to presentations, links to member company homepages, a unique matrix that tracks the analysts who cover AGA member companies and the AGA Investor Relations Calendar - a resource listing upcoming AGA and member company investor relations events. AGA also produces several publications, including American Gas magazine, the online Financial Edge newsletter and the annual handbook of publicly traded AGA member companies.

Written by Chris Hogan, Director of Corporate Affairs & Investor Relations for the AGA.



Wayne H. Brunetti Chairman
Xcel Energy through
Mid-December 2005

Xcel Energy Changes Leadership



Richard C. Kelly President,
Chief Operating Officer and
CEO of Xcel Energy

Wayne Brunetti, Chairman and Chief Executive Officer of Xcel Energy (NYSE: XEL), has announced his retirement as CEO effective July 1, 2005. He remains Chairman of the board until mid-December 2005.

The Xcel Energy Board of Directors has named Richard C. (Dick) Kelly, 58, currently President and Chief Operating Officer of Xcel Energy, as the new CEO. Kelly is a long-term employee of Xcel Energy and its predecessor companies, New Century Energies (NCE) and Public Service Co. of Colorado (PSCo).

Brunetti, 62, began his career in the electric and natural gas industry in 1964. He was Chairman, President and CEO of Xcel Energy from August 2001 until October 2003, when Kelly was named President and COO. Prior to the 2000 merger that created Xcel Energy, Brunetti served as Chairman, President and CEO of NCE, and prior to that as Chairman, President and CEO of PSCo, Southwestern Public Service Co. and Cheyenne Light, Fuel and Power Co. He is former President and CEO of Management Systems International, a Florida management consulting firm that he founded in 1991. Prior to that, he was Executive Vice President of Florida Power & Light Co.

In June, Brunetti completed a one-year term as chairman of Edison Electric Institute (EEI), the national trade organization of investor-owned utilities, serving on its board and executive committee. He also has been active in various professional and civic groups and on the National Petroleum Council, a key advisory body to the U.S. Secretary of Energy.

In discussing Kelly's succession to the CEO position, Brunetti noted that one of the most important duties of a CEO is to

prepare for the future with training, development and apprentice programs for employees. "Development and succession planning have been high priorities for me for the last several years," he said.

"Xcel Energy is on a strong and stable course, with a capable senior management team in place. I have the utmost respect for Dick Kelly and his capabilities, and the time is right for me to turn over the leadership reins to him. He has earned the respect of investors, regulators, customers and employees and I know that Xcel Energy will have a successful future," Brunetti said.

Kelly earned a bachelor of science degree in accounting and a master of business administration degree from Regis University in Denver. He is a member of the board of trustees of the Science Museum of Minnesota and a board member of the Minneapolis Downtown Council and Colorado Concern.

Xcel Energy is a major U.S. electricity and natural gas company, with operations in 10 Western and Midwestern states including New Mexico. Xcel Energy serves 3.2 million electricity customers and 1.7 million natural gas customers nationwide. In terms of customers, it is the fourth-largest combination natural gas and electricity company in the nation. Company headquarters are located in Minneapolis. More information is available at www.xcelenergy.com.

NMUSA would like to extend our sincere gratitude to Mr. Brunetti for the support and encouragement he has provided us. We would also like to wish every success to Mr. Kelly in his new leadership role with Xcel Energy.

NMUSA Loses a Dear Friend

It is with regret that we say goodbye to a dear friend, Opal Johnson. Opal was a charter member of NMUSA since its inception in 1997 and was active on the board and activities around the state. She was born in Wright County, MO on October 21, 1908 and moved to Albuquerque in the 1930's where she worked as a secretary at PNM. Married to Dale Johnson, NMUSA Director, for 75 years, she will be missed.

Why the PRC approved the PNMR acquisition of TNP Enterprises

By PRC Commissioner David King



Commissioner David King

Two of the four investor-owned electric utilities operating in New Mexico have just been combined. This is certainly bound to be an item of keen interest for the NMUSA. I would like to take this opportunity to address some of the reasons behind my support of the acquisition of TNP Enterprises by PNM Resources.

The Public Regulation Commission is not the only regulatory body required by law to grant approval of such a merger. The Federal Trade Commission, the Federal Energy Regulatory Commission, the Public Utility Commission of Texas and the Securities and Exchange Commission also gave a green light to the transaction.

I won't describe the details of the financial transaction, as many members of NMUSA have probably already reviewed management's description of the transaction. Rather, I will describe the role of the PRC in evaluating such a transaction and explain why I cast my vote, along with all of my fellow Commissioners, for approval.

The New Mexico statutes direct the PRC to approve mergers and acquisitions unless the Commission finds the transaction to be unlawful or inconsistent with the public interest. In previous mergers, the Commission has identified four tests to determine if a merger meets the public interest: Does the transaction benefit consumers? Is the Commission's jurisdiction preserved? Will the regulated utility's quality of service be maintained? And finally, will the transaction result in improper subsidization of unregulated activities by utility consumers?

To answer these questions, the Commission docketed a case to allow for a full investigation including filed testimony and exhibits by the parties and discovery by interveners. As the case progressed, the parties met on numerous occasions to discuss the possibility of settlement. The end result of these negotiations was an unopposed settlement, signed by PNM Resources, Texas-New Mexico Power Co., New Mexico Attorney General Patricia Madrid, the New Mexico Industrial

Energy Consumers and the Staff of the PRC's Utility Division. Numerous other parties offered letters or public comments of support, including the New Mexico Utility Shareholders Alliance. The stipulation was presented to the Commission and a hearing was held to cross-examine the witnesses regarding the details. We determined that all of the public interest tests had been met and the stipulation was approved.

As a Commissioner, an important reason to support the acquisition and the terms of the stipulation are the numerous and significant rate benefits for New Mexico ratepayers of PNM and TNMP. By combining operations, net synergy savings will result in rate reductions for customers of both utilities.

TNMP and its customers will also benefit from the stronger financial position of PNM Resources and the ability to refinance costly debt at much more favorable rates. Financially healthy utilities are essential to New Mexico's current and future economic development and I am pleased to see TNMP's customers will have the assurance of reliable, reasonably priced power available from a financially sound utility.

Refinancing high cost debt and the net synergy savings will provide an average 15% rate reduction for TNMP's New Mexico retail customers, other than Phelps Dodge, between 2006 and 2010. Rates will be decreased 1.851 cents/kWh for two years starting January 1, 2006. January 1, 2008 rates will be reduced a further 0.1 cent/kWh for two years, followed by another reduction of 0.1 cents/kWh for the next two years.

PNM customers will benefit from synergy savings as well. Retail electric customers will see at least a \$6.9 million benefit and gas customers will see a \$4.3 million benefit.

Another compelling reason to support the acquisition is the additional financial strength to be achieved by the combination of these utilities. New Mexico's economy is dependent upon the reliable delivery of reasonably priced electric power on demand at all times. I believe PNM Resources takes this obligation seriously and will continue to fully satisfy the state's need for power through the necessary investment in infrastructure and the competent and reliable operation of both the PNM and TNMP systems.

Industry consolidation is a fact of life. With this in mind, there are long-term benefits for New Mexico when consolidation results in the newly-combined entity being based in Albuquerque, further enhancing New Mexico's reputation as a state that is good for business.

Of course, the basic purpose of an acquisition such as this is to further enhance shareholder value by recognizing and harnessing the hidden value of underperforming assets. I'm sure we can count on PNM Resources' shareholders to keep management's feet to the fire to follow through and make this acquisition a winner for shareholders. As that happens, we all will be better off; not just shareholders, but also consumers, employees, and even regulators.

Key to Country's Energy Future is Diversity of Resources

By Jeff Sterba, Chairman, President and CEO, PNM Resources



Jeff Sterba

Several weeks ago, I had the pleasure of attending the historic signing by the President of the Energy Bill of 2005 in Albuquerque, a giant and positive step for our country's energy future. We can credit two New Mexicans, Senators Pete Domenici and Jeff Bingaman, with developing a common sense, forward-thinking approach to this national energy policy.

The energy bill balances many of the critical issues the nation faces such as the need to enhance a portfolio of safe, cleaner and reliable energy sources and encouraging new technological development in this area. It also demonstrates something that I feel strongly about - that diversity of resources and long-term strategy are critical to our nation's energy future.

The United States has learned some difficult lessons in energy resource planning. In the 1970s, many thought nuclear was the only answer to our energy crisis until the industry experienced public image challenges on waste disposal. In the '80s, national public policy encouraged increased coal development to solve the energy decade's energy crisis; then the price of coal increased and the environmental impacts of burning coal became a growing concern. In the '90s, gas-fired generation was viewed as the solution, resulting in approximately 88 percent of the new electric generating capacity. There is now a decrease in the U.S.'s natural gas supply and significant annual increases to customers for the use of natural gas. And of course, some feel that the current priority should be renewable development, which can present cost and reliability challenges.

The lesson learned is that there is no silver bullet when it comes to meeting our country's energy needs. The energy needed to support the critical goals of strong economic growth, customer affordability, reliability and environmental sustainability

needs to come from diverse resources including coal, gas, nuclear, wind, geothermal, biomass and other renewables.

One of these resources, nuclear energy, is once again gaining attention. Nuclear energy currently provides approximately 30 percent of the power that serves PNM customers, 20 percent of the nation's energy and 16 percent of the world's electricity supply. It also represents at least 75 percent of the United State's emissions-free power.

Nuclear energy has too often been a topic of controversy surrounded by a significant amount of misunderstanding and emotion-laden diatribe. But as the world faces serious environmental challenges such as global warming and water shortages, the environmental benefits of nuclear energy - zero emissions and low water use — are being embraced by the environmental community. And though our country has not resolved all of the nuclear spent fuel issues, I believe that technology will be key to solving these in the future.

One of PNM Resources' many strengths is the diversity of its generation portfolio, now comprised of coal, nuclear, natural gas and wind. PNM recently filed a resource plan with the New Mexico Public Regulation Commission, which will ensure this continued diversity. Plans include expanding our gas-fired capabilities with more energy-efficient plant systems and bringing both a biomass plant and a solar facility online. We will explore opportunities in the Texas market that allow us to partner with other investors in existing or new projects including nuclear, clean coal and other sources.

I am pleased with the direction PNM Resources is taking in exploring new power resource opportunities, and I can assure you that PNM Resources intends on taking even more of a leadership role in our industry on sustainable development of power. With passage and signing of the energy bill, PNM and the rest of the utility industry can move forward with more certainty on meeting our country's energy needs in a manner that ensures reliability, supports economic growth and provides greater affordability.

Congratulations

Mr. Jeff Sterba, Chairman, President and CEO of PNM Resources has been elected second vice chairman of the Edison Electric Institute, the national trade association of shareholder-owned electric companies, international affiliates and associates worldwide.

Winners of various drawings:

Membership: Daniel and LJ Dunbar of Albuquerque, NM won paid membership for 2006 and all the benefits therein.

Meetings and shareholder gatherings around the state: **Dick and Shirley Ayer** of Elbert, CO; Jim Garner of Carlsbad, NM; Leon Farrar of Roswell, NM and Alfredo G. Saiz of Silver City, NM were the winners of Navajo sand painted art pieces signed by the artist.

Nuclear Energy Revisited

By Bruce Barnaby



Bruce Barnaby

Note: The passage of the National Energy Policy (see accompanying article on front page), will renew the interest in nuclear energy. This article is the first of a two-part series that will address many of the questions and concerns about this often misunderstood topic.

So! How would you like to buy a nuclear power plant?

It has been a long time since anyone has spoken these words. But times have changed and words like

these that were unspeakable a few years ago are now being thought about and, in fact, spoken.

Indeed even staunch environmentalists like Patrick Moore, a founder of Greenpeace, have spoken in favor of nuclear power. Mr. Moore testified before a House subcommittee recently on "Nuclear Power Generation as an Approach to Meeting America's Energy Needs". He and other environmentalists find, "nuclear energy as a practical means of reducing greenhouse gas emissions while meeting the world's increasing energy demands."

How will it happen? Where do we start?

The nuclear reactor is the heart of the power plant and we have two vendors of nuclear reactors in the US: General Electric (GE) and Westinghouse Nuclear. (Note Westinghouse Nuclear is owned by British Nuclear Fuels Group (BNFP) and is now up for sale with a Japanese company showing interest.) Both companies are active in the international market and have web sites describing their products and services.

GE markets Advanced Power Systems that cover a variety of activities from servicing existing GE systems to engineering studies for new applications, including nuclear reactors.

Westinghouse Nuclear markets the AP 600/AP1000 family of advanced nuclear reactors using new licensed technology. That means new reactor designs have been submitted to the Nuclear Regulatory Commission (NRC) for review and approval. That does not mean that a full up reactor has been built and tested, but rather that the overall design has been prepared and individual components have been designed and analyzed. Most of the new design features are safety related, seeking effective and economical ways of achieving safety mandated since the Three Mile Island incident 25 years ago.

Congress has passed and the President has signed a National Energy Bill with provisions intended to increase our use of nuclear energy. Some electric utility companies had already been exploring the possibility of building new

nuclear power plants. Two provisions of the bill are likely to provide a kick-start because they apply only to the first half dozen advanced nuclear power plants.

These first half dozen plants will be eligible for a 1.8 cents per kilowatt hour production tax credit (PCT) and standby support for plant construction against regulatory or judicial delays. The tax credit will not begin until electricity is produced but the effect may be readily factored into future financial statements because there is experience with PCTs. The standby support is more like insurance - you hope you don't need it. Utilities and investors who were building and investing in nuclear plants 25 years ago were blindsided when requirements were changed as a result of Three Mile Island. Changes and delays increased costs beyond original commitments. Standby support would cover delay before a plant is put into operation. Just how will this work? That is not clear as yet. The DOE must supply the framework.

Just as important, and not limited to the first six reactors, are federal loan guarantees for innovative technologies including advanced nuclear reactors. This is also a form of insurance with the U.S. Treasury acting only as holder of funds paid by parties who want to be insured. This kind of insurance is presently in use for some high tech programs. The provision is said to be self financing, "thus not costing taxpayers a dime".

The actual bill is 1725 pages. No doubt some of the language was arrived at during the final hectic negotiating on the Conference Report and will take some time to fully analyze and digest.

While there is no shortage of private financing for new nuclear power plants, investors remain cautious. They are looking for some sharing of financial risk (standby support) in case the NRC changes the requirements during the course of these long term projects. Remember we are talking about projects that may take 10 years.

Just like all aspects of supplying the public with electricity, **WHERE** is the big unanswered question. Utilities will probably start where they already have a site - maybe a site of an old plant that may be replaced with a new, perhaps larger one, or a site that has ample space for an additional reactor.

So consumers and investors, get ready for the second generation of nuclear power plants. It will be an exciting ride.

For the Conference Report on the Energy Policy Act of 2004 go to the Senate Committee on Energy & Natural Resources web site, <http://energy.senate.gov/public/>

Bruce Barnaby is a PhD Physicist, a member of the American Nuclear Society and dedicated to following nuclear energy. He is currently serving as the Treasurer of NMUSA.

Company Mid-year Results

All publicly traded utilities operating in New Mexico reported lower earnings in the first six months of 2005.

El Paso Electric (EE) Net income for the six months ended June 30, 2005 decreased by \$9.8 million or \$0.20 diluted earnings per share, compared to the results for the same period a year ago. This after-tax decrease resulted primarily from (i) the increased loss on extinguishments of debt; (ii) an increase in operating and maintenance expenses; (iii) a 2005 decrease in retail base revenues; and (iv) increased 2005 pension and benefits expense.

Pinnacle West (PNW), the holding company for Arizona Public Service, reported net income of \$51 million down \$53 million for the same period in 2004. This was primarily due to a loss from discontinued operations of \$58 million related to the pending sale and operations of Silverhawk.

PNM Resources (PNM) Net earnings for the three months ended June 30, 2005 were \$1.5 million or \$0.02 per diluted share of common stock, compared to \$16.8 million or \$0.28 per diluted share of common stock in the three months ended June 30, 2004. The decrease in earnings was driven primarily by acquisition related costs and other non-recurring charges of

\$11.1 million, net of income taxes, which consisted of TNP debt refinancing costs of \$4.2 million, acquisition integration costs of \$2.8 million, the write-off of software costs of \$2.7 million and the recognition of a regulatory liability of \$1.4 million associated with the NMPRC's approval of the TNP acquisition.

Unisource Energy (UNS), the parent company of Tucson Electric, recorded net income of \$6 million, or 16 cents per average basic share of Common Stock, in the six months ended June 30, 2005, compared with net income of \$19 million, or 56 cents per average basic share of Common Stock, in the same period of 2004. The decline was attributable to \$18 million decrease in TEP's gross margin due mainly to a \$15 million increase in purchased power expense due to higher replacement power costs.

Xcel Energy (XEL), the parent company of Southwestern Public Service, reported GAAP income of \$204.9 million or \$0.49 diluted earnings per share for the six months ended June 30, 2005, compared to \$236.2 million or \$0.57 per diluted share for the same period in 2004. The decrease was due, in part, to higher depreciation, amortization, operating and maintenance expenses. This was partially offset by higher base electric utility margins.

Membership Drive 2005

We will hold our annual membership luncheon October 14, 2005 in Albuquerque, NM and hope to see you there. Those who have paid their dues for 2005 will be invited to attend, with a guest, free of charge. The food will be good and the speakers informative. Watch for your mailed invitation with details of time and location. Others may attend for \$20 per person. Seating is limited.

We held meetings in Carlsbad on 8/10/05, Roswell, NM on 8/11/05 and Silver City, NM on 8/12/05. Joining with us were Lisa Rister, Executive Director of Investor Relations/Corporate Planning for PNM and Dick Kolkman, Managing Director of Investor Relations for Xcel Energy (unavailable for Silver City). If we haven't visited a town/city near you, we plan to do so in the future. Watch for details in upcoming issues of Shareholder News or Invitations mailed to your home.

Don't miss out on the opportunities - - join NMUSA today.

Join the Alliance NOW!

Membership continues to grow and strengthen NMUSA. If you aren't a member or haven't joined for 2005, we strongly urge you to do so now. Dues are voluntary but help fund this newsletter, our website (www.numsa.org) and membership meetings. Your contribution also helps us to attend regulatory and legislative meetings to advocate the interests of utility shareholders.

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I own shares of stock in: (Stock ownership required)
(Check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Duke Energy | <input type="checkbox"/> Uni Source Energy |
| <input type="checkbox"/> El Paso Electric | <input type="checkbox"/> (Tucson Electric Power) |
| <input type="checkbox"/> PNM | <input type="checkbox"/> Xcel Energy |
| <input type="checkbox"/> Pinnacle West | <input type="checkbox"/> (Southwestern Public Service) |
| <input type="checkbox"/> (Arizona Public Service) | <input type="checkbox"/> Other _____ |

Please complete this form and mail with your annual dues of \$10. Please make checks payable to NMUSA.

Mail to: **New Mexico Utility Shareholders Alliance, PO Box 728, Albuquerque, NM 87103**

E-mail: numsa@rt66.com Telephone: (505) 836-4223

From the Executive Director . . .

NMUSA has been incredibly busy serving your interests. We have met personally with legislators during this interim session and with commissioners outside of hearings.

We have worked hard over the past year in support of the National Energy Policy through our local efforts as well as joining the Alliance for Energy & Economic Growth. We are proud to have contributed to its successful passage and to have witnessed its signing.

With this policy, we should reap the rewards through our ownership in utility companies. These companies should benefit from the tax incentives, loan guarantees and subsidies provided in an effort to find energy solutions for our country.

We attended the annual meetings of the three utilities providing gas or electric service to customers in

New Mexico. These meetings were all held in May as follows: El Paso Electric in El Paso, TX on 5/4/05; PNM Resources in Albuquerque, NM on 5/17/05; and Xcel Energy in Minneapolis, MN on 5/25/05. It's great to report that all three companies are healthy and looking forward positively.

In July we traveled to North Dakota to meet with the Alliance of Utility Shareholder Associations (AUSA), Edison Electric Institute (EEI) and the American Gas Association (AGA). We reviewed federal issues affecting gas and electric utility companies and discussed the scheduled expiration of the "Dividend/Capital Gains Tax Reduction" legislation in 2008.

At the state level, we continue to watch for the results of the interim committees to determine our plan of action for the 2006 "Budgetary"



Carla J. Sonntag

legislative session. We expect the Transmission Authority bill to return and while we fought its passage in the 2005 session, we will review the new bill and hope that our concerns were addressed.

As always, we are working with your interests in mind. We welcome your thoughts and feedback and look forward to meeting you personally as we travel throughout the state holding meetings on your behalf.

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