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## Newly Elected Public Regulation Commissioners



Commissioner-elect  
Pat Lyons  
NMPRC District 2



Commissioner Theresa  
Becenti-Aguilar  
NMPRC District 4



Commissioner-elect  
Ben Hall  
NMPRC District 5

NMUSA congratulates the winners of three Public Regulation Commission races: Pat Lyons, District 2, Theresa Becenti-Aguilar, District 4, and Ben Hall, District 5. Lyons and Hall are not new to public service but will be new to the New Mexico Public Regulation Commission. Becenti-Aguilar has served as a PRC Commissioner since being appointed by Governor Richardson and sworn into office on July 6, 2010 to replace Commissioner Carol Sloan. The Commissioners-elect will take office on January 1, 2011.

All three winners attended the New Mexico Utility Shareholders Alliance PRC Candidate Forum on October 16, 2010. The well attended forum was moderated by Stuart Dyson, KOB Channel 4 Eyewitness News. See the full story on page 3.

The NMUSA would like to thank Chairman David King and Commissioner Sandy Jones for their consideration of utility shareholder interests in the decision-making process. We wish them the best in their future endeavors.

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## Annual NMUSA Membership Drive

January 2011

Membership invoices will mail in early January and we hope you'll reply soon. Our work is exclusively to represent the interests of utility company shareholders and your membership is important. If you want to join or renew membership now, you can use the form on page 11.

Please join us and remember our motto, *"Together, we have the power!"*

## From the President . . .



Bill Pope

In the last few newsletters, we encouraged the membership to get out and vote for the most qualified Public Regulation Commissioners, state candidates and Congressional Representatives running for office. The election now is complete and our next work will be to convince the new commissioners and legislators to hear the message that our executive director and board brings to their attention. As Carla Sonntag, NMUSA's Executive Director, issues Calls to Action, we ask that you support the initiative and contact these new commissioners and legislators to voice your opinion. Your involvement will make the difference in NMUSA's efforts to effectively represent shareholders of gas and electric utility companies operating in New Mexico.

Another important ongoing project for the NMUSA is increasing membership and developing accurate e-mail information so that we can contact you on urgent matters that occur between newsletters. Please respond to our membership drive in January and include your e-mail address. Or, if you would prefer, you can respond right now by returning the form on page 11.

We wish you and your families a wonderful holiday season.

*Bill*



## PNM Rate Case Update

Since filing for a roughly 21 percent rate increase last June, PNM has reached out to both customers and intervenors to discuss the request.

Community meetings have been held in Deming, Silver City, Alamogordo, Ruidoso and Las Vegas so that customers can understand what is at stake for them. The NM Public Regulation Commission has scheduled public meetings in Albuquerque on Wednesday, January 26, at 2 p.m. and again at 6 p.m. in the African American Performing Arts Center and Exhibit Hall, 310 San Pedro NE in the New Mexico State Fairgrounds.

"Nobody likes a rate increase and we hate asking for one," said Ron Darnell, PNM vice president of Regulatory Affairs. "Making sure that customers have reliable power today and in the future at the least cost is our focus."

To keep service reliable, utilities must make large investments and borrow large sums to make those investments. Having adequate cost recovery is critical to the company's ability to access capital at a reasonable cost, the company said in its filing.

Investments to assure the current and future reliability of New Mexico's largest electric system will total more than \$575 million through 2011. Current and planned investments include the expansion of substations and power lines in Rio Rancho, Santa Fe, Alamogordo and other areas, as well as necessary upgrades to five power plants.

PNM President and CEO Pat Vincent-Collawn said that the company took proactive steps to reduce costs before the rate request, including reducing the number of employees and holding increases to core operating expenses to half the rate of inflation.

As of late November, public hearings on the request were scheduled to start February 23, 2011, 8:30 am, at the New Mexico Public Regulation Commission P.E.R.A. Building, 1120 Paseo De Peralta, in Santa Fe. New rates would go into effect in June 2011.

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For more information about PNM and PNM Resources, visit: <http://www.pnmresources.com/>

## NMUSA PRC Candidate Forum



From left to right: Pat Lyons, Theresa Becenti-Aguilar, Gary Montoya and Ben Hall.



Moderator Stuart Dyson,  
KOB Channel 4  
Eyewitness News.

With an audience of over 70, four PRC candidates answered questions developed by the NMUSA regarding PRC management, utility regulation, cost recovery for renewable energy, future use of coal and nuclear energy in New Mexico as well as managing the insurance department. Attendees and candidates alike thought the questions were good and the opportunity to hear from the candidates was beneficial. Three of the candidates in attendance were elected to four year terms beginning January 1, 2011: Pat Lyons, District 2, Theresa Becenti-Aguilar, District 4 and Ben Hall, District 5.

## NMUSA's Annual Membership Luncheon

The annual luncheon grows in features and attendance every year and this year's event was no exception. Over 200 NMUSA members and special guests were in attendance. Sponsors, including the New Mexico Securities Division, New Mexico Gas Company, PNM and Xcel Energy, had display booths and handouts for attendees.

Carla Sonntag, Executive Director, discussed the results of the NMUSA member survey that was conducted with the annual membership drive in 2010. While the study was not scientific, NMUSA's membership statistics are similar to nationwide studies, such as the one completed by Ernst & Young in 2008. The results of the NMUSA survey from those responding showed that:

- 47% of NMUSA member households earn less than \$50,000 per year;
- 71% of NMUSA member households earn less than \$75,000 per year;
- 72% of NMUSA members are over the age of 65 years.

Regarding questions of importance to NMUSA members, we gained the following insight:

- 79% want lower taxes and think this is a high priority;
- 66% want renewable energy expanded;
- 77% want lower utility rates; and
- 88% oppose increased environmental regulations.

Other speakers at the annual luncheon included Mr. Morry Markowitz, Senior Director of External Affairs with Edison Electric Institute. Mr. Markowitz provided a Dividend Tax Briefing on taxes that will expire on December 31, 2010 unless Congress takes actions.

Mr. Paul Gessing of the Rio Grande Foundation discussed the higher costs associated with increased environmental regulation. He cited a study by the Beacon Hill Institute at Suffolk University. The study showed that compliance with the Western Climate Initiative would cost New Mexico 4,700 jobs, \$1.2 billion in annual personal income and \$219.41 per resident.



A UniSource Energy Company

## ARIZONA REGULATORS BACK TEP PLANS FOR 10 NEW RENEWABLE POWER PROJECTS

The Arizona Corporation Commission (ACC) has expressed its support for Tucson Electric Power's plan to purchase the output of 10 new renewable power projects that together will generate nearly 150 megawatts (MW), enough energy to power more than 30,000 Tucson homes.

The ACC concluded that TEP's agreements to purchase energy from eight new Tucson-area solar power systems, a landfill gas generation project and a New Mexico wind farm are "an appropriate component" of its efforts to comply with state renewable energy goals.

The commission's endorsement allows developers of the systems to proceed with efforts to finalize financing, secure land rights and clear other necessary hurdles in hopes of completing their projects in time to begin providing power in 2011 or 2012.

"These systems will dramatically expand our renewable energy assets, helping us meet or even beat our state goals while establishing TEP as a national leader in solar energy," said Paul Bonavia, Chairman, President and CEO of TEP and its parent company, UniSource Energy Corporation (NYSE: UNS).

Solar projects with a combined capacity of 97 MW would be developed in the Tucson area under the contracts, including:

- Three solar photovoltaic (PV) arrays built with fixed, stationary panels, including systems capable of generating 35 MW, 25 MW and 5 MW;
- Two PV arrays that track the sun's arc across the sky along a single axis, including one rated at 12 MW and another at 4 MW; and
- Three concentrating solar power systems that focus sunlight on PV material to improve energy output. One of these systems would be capable of generating 12 MW, while two others would produce up to 2 MW each.

One of the contracts would lead to the development of a new 2.2 MW biogas generator at Pima County's Tangerine Landfill, where methane gas is produced naturally through the decomposition process. TEP already produces up to 5 MW of renewable energy from methane captured at the City of Tucson's Los Reales Landfill.

The ACC also endorsed TEP's agreement to purchase the output of a 50-MW wind farm that would be developed near TEP's existing high-efficiency natural gas Luna Energy Generating Station in Deming, N.M.. The power would be delivered to Tucson through an existing transmission line already used by TEP.

"These new systems, combined with other projects already in the works, will give us access to clean, green energy from a wide variety of reasonably priced renewable generating resources," said David Hutchens, Vice President of Energy Efficiency and Resource Planning for TEP and UniSource Energy.

The proposed systems would complement two new solar power systems already planned to be built in the Tucson area by January 2012. Fotowatio Renewable Ventures is building a 25-MW single-axis tracking PV array near Marana, while Bell Independent Power Corp. (BIPC) is building a 5-MW concentrating solar power plant at the University of Arizona's Science and Technology Park. The ACC also expressed its support for TEP's agreements to purchase the output of both systems, which will provide enough energy to power more than 6,000 Tucson homes.

Before those systems come online, TEP will add 1.8 MW of capacity this year to its 4.6-MW Springerville Generating Station Solar System, which already is one of the largest grid-tied PV arrays in the United States. The expanded array will generate enough energy to power more than 1,000 Tucson homes. TEP also will build a 1.6-MW single axis tracking array at the University of Arizona Science and Technology Park later this year.

The projects backed by the ACC on Aug. 24 are in the planning stages, and some of them may not be built if the developers are unable to arrange financing or clear other necessary hurdles. But the capacity ultimately developed will represent a significant addition to TEP's growing renewable energy resources. With funding

***See Tucson Electric Power on page 11.***



## New Mexico Gas Company: Focus on the Customer

New Mexico Gas Company's mission is to provide safe and reliable natural gas service to its more than half a million customers. "Our aim is to do this so well that our work is invisible to our customers and they trust that natural gas will be there when they want it," said Annette Gardiner, President.

Behind the Company's central business objective is a primary focus on the customer. "Our belief in providing the highest quality customer service to the people of New Mexico is imprinted on the hearts and minds of every employee," she said. "Our employees are the face of our company and live and work in the communities they serve. We know that customers most remember the service they receive."

In this mission, New Mexico Gas Company has been working hard to provide excellent customer service and to offer a growing variety of customer conveniences. "We have 22 walk-in offices across the state, as well as a state-of-the-art Call Center in Albuquerque which handles about 700,000 phone calls a year," said Ron Edgington, Director of Revenue Operations and Customer Service. "Virtually all calls are answered and in less than two minutes."

"Customer Service Representatives help with issues concerning customers' accounts and gas service, including 24/7 emergency response, and strive to resolve customers' issues expediently," he added. "As a result of these efforts, overall customer complaints related to billing and customer service issues received from the Consumer Relations Division of the Commission have remained below 0.002% of customers this year," said Gardiner.

Recognizing that online access is important to many customers, New Mexico Gas Company's website, [nmgco.com](http://nmgco.com), was redesigned to make it customer-friendly and easy-to-navigate. A variety of information is available about the Company's services, natural gas and pipeline safety, customer bills and payment options, energy efficiency and rebate programs, and more. The website receives an average of more than 3,100 unique visitors a day. This year, the company also introduced its online Service Station — where customers can access their accounts and a growing number of online self-service options, securely and privately, 24-hours a day. "The response to our online services has been overwhelming," said Edgington, "by November 1<sup>st</sup>, more than 88,000 customers had signed up to manage their account through our Service Station."

"We also know it's important to our customers to have choices and be free to choose the payment options that are best for them, their families and businesses," said Edgington. As such, the Company offers nine different ways to pay in person, by phone or online, including free electronic payments, and with debit and credit cards. Customers preferring to pay in person, for instance, can visit one of 200 payment locations across the state, including 22 New Mexico Gas Company walk-in offices, drop boxes at participating Well Fargo branches, and Western Union locations. To help customers avoid large seasonal fluctuations in their bills and make budgeting easier, another free payment program, Budget Billing, evens out customers' bills so they pay about the same amount each month.

The company also makes special efforts to assist low-income residents. "We make information on Low Income Home Energy Assistance Program (LIHEAP) assistance, including the applications, available for our customers through a variety of venues," Edgington explained. Income-qualifying customers and those with special medical needs, elderly and special circumstances can receive considerations on certain charges and offered payment plans. New Mexico Gas Company provides a full-time staff person dedicated to servicing the Medical Certificate program and a direct phone number for customers needing assistance with the program. "We also have a full-time Community Agency outreach liaison, devoted to working with community agencies and helping to coordinate information and services for customers needing assistance," he added. This employee also helps coordinate community outreach efforts, such as HEAT New Mexico, the Company-sponsored heating assistance fund administered by the Salvation Army.

"We are pleased that our focus on providing excellent customer service has led to satisfied customers," said Gardiner.

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**For more information on the New Mexico Gas Company, visit [www.nmgco.com](http://www.nmgco.com)**

## The 2010 - 2011 NMUSA Officers

### Bill Pope, President

Bill completed his Bachelor of Business Administration (BBA) at Wayland Baptist University. After 44 years of service, he retired from Southwestern Public Service (SPS) as a Division Manager. Bill was responsible for SPS's entire service area in New Mexico from Tucumcari to Roswell. He was appointed to the State Corporation Commission in 1997 which was combined with the New Mexico Public Regulation Commission (NMPRC) in 1999. Bill served for three years in the NMPRC and was the elected Chairman in 2000 and 2001. He is a New Mexico Amigo and serves on the Board of First American Bank.

Bill has been a member of the NMUSA Board of Directors since 2004.



### Bill Hagler, Vice President

Bill received his Bachelor of Science in Industrial Engineering (BSIE) from North Carolina State University. He is President of Hagler Oil & Gas Co. and Red Hills Manufacturing Co., Inc. These firms are involved in natural gas production and the manufacture of wood products. He was previously engaged in petroleum refining and marketing, petrochemical manufacturing and electric power generation.

Bill has served on the Board of Directors of two publicly traded oil and gas companies. He served over 20 years on the City of Farmington Public Utility Commission and is a former member of the New Mexico Environmental Improvement Board.

Bill has been a member of the NMUSA Board of Directors since 2006.



### Bob Reed, Secretary

Bob attended Drake University in Des Moines, Iowa. He retired as a Project Engineer from Sandia Labs after 32 years of service. His work there included membership on the Nuclear Weapon Systems Safety group and required nuclear weapon accident response. Later work in a Project Group involved development of a system for the safe and secure transport of nuclear weapons. From 1942 – 1945, he served as a Flight Radio Operator for 30 missions against Japanese targets.

Bob has been a member of the NMUSA Board of Directors since its inception in 1997.



### Dan Lyon, J.D., Treasurer

Dan earned his Juris Doctor (J.D.) degree from the University of New Mexico, School of Law, and his Bachelor of Science (B.S.) from Milton College. He has been a licensed Attorney since 1968. Dan retired from both US West and the State of New Mexico. He served in the state legislature for four terms and has been appointed by several governors to various boards and commissions. Currently, he is the elected AMAFCA Director for District 2 and works as an independent Mediator/Arbitrator.

Dan has been a member of the NMUSA Board of Directors since 2006.



### Lenton Malry, Past President

Dr. Malry obtained his PhD from the University of New Mexico (UNM) and his BS from Grambling State University. He retired from the Albuquerque Public School system after serving as a teacher, principal and administrator. Lenton also taught for UNM, served on the County Commission for eight years and was a state representative for 10 years.

Employed part time by Bernalillo County, Lenton is a Deacon at First Baptist Church and a member of the Kiwanis Club.

Lenton has been a member of the NMUSA Board of Directors since 2004.



## 2010 - 2011 NMUSA Directors

### Al Adamsko

Al received his Bachelor of Business Administration from the University of Albuquerque. He spent 37 years in the natural gas industry working for Southern Union Gas and PNM. During that time, he served in various capacities including Chief Inspector of Pipeline Construction, Assistant Risk Manager and Corporate Safety Engineer in the Southern Union Gas home office.

Al has been a member of the NMUSA Board of Directors since its inception in 1997.



### Ash Collins, Jr.

Ash Collins, Jr., retired from a 48-year career in the electric utility industry and was President and Chief Executive Officer of the RCI Consulting Group, a firm which began operations with the trademark symbol Reddy Kilowatt. The company served over 200 investor-owned utilities in the U.S., Canada, and overseas.

Mr. Collins served as a trustee of the Thomas Alva Edison Foundation, was a lecturer at the Executive Management course of the Edison Electric Institute and served for 12 years on the Board of Directors of the Public Service Company of New Mexico, including serving as its Chairman. Mr. Collins holds a Bachelor's Degree in economics from Cornell University.

Ash has been a member of the NMUSA Board of Directors since 2010.



### Ed Borchardt

Ed earned his Bachelor of Arts (BA) degree in Police Science and Public Administration from Sacramento State College and his Master of Arts (MA) in International Relations from Webster University. He retired as a US Air Force Captain after 25 years of service where his final years were in the Office of Special Investigations. Ed is currently working as a substitute teacher for the Rio Rancho Public Schools.

Ed has been a member of the NMUSA Board of Directors since its inception in 1997 and is a Past President.



### John Florez

John completed his BSEET at Metropolitan State College in Denver, CO and has spent 30 years in the utility sector; 21 years with Public Service Company of Colorado (Xcel Energy) as System Planning Engineer, four years with the New Mexico Public Regulation Commission (PRC) as Senior Utility Engineer, and is currently employed at the Los Alamos National Laboratory (LANL) as a Power System Analyst.

John has been a member of the NMUSA Board of Directors since 2006.



NMUSA appreciates the service, dedication, and leadership of the NMUSA officers and directors.

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### Xcel's Solar Program continued from page 9.

The third initiative is a partnership with SunEdison to develop five utility-grade photovoltaic installations in Lea and Eddy counties, adding another 50 megawatts of solar power to the regional grid. Xcel Energy will purchase this energy through a long-term purchased power agreement.

These projects will help Xcel Energy meet and exceed regulatory requirements to diversify its renewable energy portfolio in New Mexico in 2011.

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**For more information, visit Xcel Energy (NYSE: XEL)**



**THE POWER TO MAKE IT HAPPEN<sup>®</sup>**

## Arizona Public Service Announces Landmark Accord for Four Corners Power Plant

*Company Agrees to Purchase Southern California Edison Share*

Arizona Public Service Company (APS) has entered into an agreement to purchase Southern California Edison's ownership in Units 4 and 5 of the Four Corners Power Plant near Farmington, N.M. If the transaction gains approval from state and federal regulators, APS will close the plant's older, less efficient Units 1, 2 and 3 and install additional emission controls on the remaining units, the company announced today.

APS will pay \$294 million for the Southern California Edison share, which is substantially less than other generation alternatives.

"This course of action represents the best alternative for APS and its customers and provides a cleaner environment while preserving a needed reliable and affordable supply of energy for the Southwest," said Mark Schiavoni, APS Senior Vice President of Fossil Generation.

In announcing the agreement, Schiavoni said there will be no layoffs at the plant, which employs 549 workers (74 percent of whom are Navajo) and provides enough electricity for more than a half-million homes. The plant and the supporting mining operations have a \$225 million annual impact on the New Mexico and Navajo economies.

"This proposal enables us to continue to support the Navajo Nation and the Farmington area with high-quality jobs that are important economic drivers for the region," said Schiavoni. Continued operation of Units 4 and 5 is expected to provide more than \$6.3 billion in economic value to the region over the next 30 years, at least 70 percent of which will benefit the Navajo Nation and its citizens.

APS, the plant operator, owns 100 percent of Units 1, 2 and 3, which are subject to significant environmental upgrades under rules proposed by the U.S. Environmental Protection Agency in October. "These rules would present a major economic challenge for continued operation and require us to look at alternatives for Units 1, 2 and 3," said Schiavoni.

As a result of the anticipated shutdown of Units 1, 2 and 3, capacity at the coal-fired station, one of the nation's largest, would be reduced by 560 megawatts from 2,100 MW to 1,540 MW (of which APS would own 970 MW). Emissions of NO<sub>x</sub> would decline by 36 percent, mercury by 61 percent, particulates by 43 percent, CO<sub>2</sub> by 30 percent and SO<sub>2</sub> by 24 percent. APS would replace the energy lost through the closure of the three older units with 739 MW from Southern California Edison's 48 percent share of the newer, more efficient Units 4 and 5. APS currently owns 15 percent of the two units.

"Closing the three smaller, less efficient units and keeping the cleaner, more efficient Units 4 and 5 in operation would dramatically reduce the carbon footprint in the region and enable the plant to remain compliant with state and federal environmental standards," said Schiavoni. "As always, our commitment to outstanding performance and environmental stewardship at the plant remains unwavering."

The Four Corners plant meets or exceeds all current state and federal environmental regulations and has performed at a high level for more than four decades. Southern California Edison, however, has informed the plant's other owners that California state law requires it to end participation in the plant by 2016, when the current lease with the Navajo Nation expires.

The transaction requires approval from the Arizona Corporation Commission, the California Public Utilities Commission and the Federal Energy Regulatory Commission. In addition, the acquisition is contingent on the Navajo Nation approving a lease extension for the plant beyond 2016. It also requires successful negotiation of a new fuel contract with mine-operator BHP Billiton for the post-2016 period. Assuming timely receipt of required approvals and extensions of the land-lease and fuel contract, the companies are targeting closing the purchase by the end of 2012.

APS will submit a filing with the ACC in mid-November followed shortly thereafter with a filing at FERC.

"Installing emission control equipment at Units 1, 2 and 3, or shutting them down and seeking replacement power elsewhere, would have imposed substantial additional costs on our customers. The proposal to acquire Southern California Edison's share of Units 4 and 5 saves customers nearly \$500 million over the next best alternative," said Jeff Guldner, APS Vice President of Regulation. "While reducing overall power plant emissions

**See APS Four Corners Plant on page 11.**





## Xcel Energy's Community Solar Program

Another extraterrestrial force is stirring up excitement near Hangar 84 in Roswell, New Mexico, but this time there's no interest in a cover-up.

Just a short distance from the old Air Force hangar where alien bodies were said to have been kept under wraps in 1947, Xcel Energy is openly educating and informing New Mexicans and visitors from beyond about the promise of solar energy through the Community Solar program.

A crowd of close to 200 came out on a recent fall day as community leaders and area students helped open a new, 35-kilowatt photovoltaic (PV) solar facility on the campus of Eastern New Mexico University-Roswell. The university occupies a portion of the old Walker Air Force Base, which is now home to the Roswell Industrial Air Center.

The Roswell site is one of four installations in the Community Solar program, all aimed at educating the public and engaging students in solar power development, said Mike McLeod, Xcel Energy's regional manager for community and economic development in Roswell.

The first community-based solar installation was put in place in 2009 on the roof of Xcel Energy's service center in Hobbs. Another installation is operating at an elementary school in Clovis. With the opening of the Roswell site, a fourth installation is planned in Carlsbad, McLeod said.

Albuquerque-based Sacred Power Corp. worked with Xcel Energy to design a facility in Roswell to showcase the most common configuration of solar arrays, including rooftop, stand-alone, single axis and dual axis arrays.

McLeod said the Roswell site is a little different from the three other Community Solar sites in New Mexico because it is at ground level, and includes walking paths and information kiosks. Also, meters have been installed to show the output of the solar installation. The goal, he said, is to engage and inform.

"New Mexico has some of the best solar resources in the nation," McLeod said. "Yet the general public still knows very little about solar technology and how it can benefit our economy. These installations are providing valuable information to Xcel Energy and our communities."

Another key component of all four New Mexico Community Solar sites is an educational outreach program providing energy curricula developed specifically for New Mexico schools. Lynnette Woolery, Xcel Energy product developer, said the goal of the education component is to enhance students' understanding of energy production and consumption.

"Each site has a monitoring system with modules to measure and collect ambient temperature, wind speed, and levels of insolation (a measure of solar radiation)," Woolery said. "The Solar PV system and installed modules are connected to a data logger to upload energy production and atmospheric data on a web portal."

Both live and historical data will be accessible to the communities and schools via the web at <http://www.xcelefficiency.com/NMCS/index.html>, she added.

Participating schools receive a complementary energy program that includes access to energy educators, program materials and energy curriculum including solar and wind kits.

"Each school's existing curriculum was also reviewed to ensure that the renewable energy classes were supportive of and coordinated with existing school curriculum, and classes are customized to meet the school district's needs," Woolery said.

Additionally, Eastern New Mexico University plans to design a solar energy curriculum that would use the Roswell site as a hands-on classroom, school officials have said.

The Community Solar program is one of three ways in which Xcel Energy is developing solar alternatives in New Mexico. In 2009 the company launched Solar\*Rewards, a program that encourages customers to install their own solar generation and then rewards them by purchasing the renewable energy certificates these installations generate. About 219 kilowatts of solar power have been added to the region's grid through small- and medium-sized solar installations, according to Jacklyn Webb with Xcel Energy's Consumer Product Marketing group.

**See Xcel's Solar Program on page 7.**

## Environmental Improvement Board Approves First-in-the-Nation Rules to Reduce Global Warming Pollutants

On November 2, 2010, the New Mexico Environmental Improvement Board (EIB) adopted by a vote of four to three the most comprehensive greenhouse gas pollution reduction regulations in the nation. The rules, proposed by the New Mexico Environment Department (NMED), were formulated as a way to reduce global warming pollutants through a regional cap on greenhouse gas emissions.

The program is scheduled to start in 2012 and will affect about 63 large industrial sources in New Mexico. Those sources include electric generators and the largest emission sources in the oil and gas sector. Each source would have to reduce its emissions by two percent per year until 2020 or acquire emissions credits from other participants.

Opponents testified during the hearings that the rules would significantly increase electric rates on residential, commercial and industrial consumers. That would, in turn, raise consumer prices and put New Mexico at an economic disadvantage with other states. Opponents estimated the economic loss to the state would exceed \$3 billion when you factor in these costs as well as additional lost jobs. And cost estimates attributable to individual New Mexicans ranged from a couple hundred dollars to over \$1,000 depending on the final form and implementation of the regulations.

The program will not be triggered unless at least 100 million tons of emissions are included regionally which means it would have to be more than four times larger than New Mexico's annual emissions of approximately 24 million tons. This would require participants outside of New Mexico.

Patricia Vincent-Collawn, President and CEO of PNM Resources, remains convinced that comprehensive federal legislation is the only way to meaningfully reduce emissions, minimize costs to customers and to the economy, and not disadvantage any particular state.

"PNM worked with a broad coalition of governments, businesses, nonprofits and individuals to oppose this proposal from the beginning. I am disappointed by the decision. Because of the impact this new law could have on our state, our company and our customers, we will actively work with them again to evaluate all options, including legal action, in response to the four-to-three decision," she said in November.

Riley Hill, President and CEO of Southwestern Public Service Company, an Xcel Energy company said, "By adopting the NMED proposal, the Environmental Improvement Board has saddled New Mexico with a burden that will affect New Mexicans for years to come. There are better ways for New Mexico and the nation to advance clean energy technology and improve the environment. We hope that the state will reconsider this rule and embrace policies that will promote both a better environment and a better economy."

The decision is scheduled to become effective in New Mexico on January 1, 2011. Currently, there are no other participants in the region with similar programs to participate with New Mexico. Governor-elect Susana Martinez has stated that she will stop or significantly reduce the impact of this new regulation when she takes office on January 1, 2011.

### Importance of E-mail

Billions of e-mail messages are sent and received every day. Some are newsworthy and some are junk.

NMUSA promises never to send you junk! When we do send a message, you can rest assured that we consider it too important to wait until the next issue of *Shareholder News*. We want to keep you informed about issues that may affect your utility company shareholder interests. And, frequently, we are requesting your help - to call or write elected officials and urge them to consider how their decision could affect you, your family or your business.

If you haven't received an e-mail from the NMUSA in the past six months, then NMUSA does not have a current e-mail address for you. Please send your e-mail address to: [nmusa@rt66.com](mailto:nmusa@rt66.com) Make sure to include your name and mailing address so that we can correctly update your file.

***You are an important part of the NMUSA - the only statewide association dedicated to gas and electric utility company shareholders' interests.***

## Join the Alliance NOW!

If you aren't a member or haven't paid dues for 2010, we strongly urge you to do so now. Dues are voluntary but help us attend regulatory and legislative meetings to advocate the interests of utility shareholders. Your contribution also helps fund this newsletter, our web site ([www.nmusa.org](http://www.nmusa.org)) and membership meetings.

**I own shares of stock in:** (NM utility stock ownership required)  
(Check all that apply)

\_\_\_\_\_  
Name

\_\_\_\_\_  
El Paso Electric

\_\_\_\_\_  
UniSource Energy

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Spouse's Name (if applicable)

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Pinnacle West

(Tucson Electric Power)

(Arizona Public Service)

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PNM Resources

(Southwestern Public Service)

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New Mexico Gas Co

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Please complete this form and mail with your annual dues of \$15. Please make checks payable to NMUSA.

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E-mail: [nmusa@rt66.com](mailto:nmusa@rt66.com)

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### Tucson Electric Power continued from page 4.

provided by customers, TEP has developed nearly 10 MW of company-owned renewable energy generating capacity along with more than 17 MW of customer-sited systems subsidized by the company's popular SunShare rebates.

The output of these systems helps TEP pursue renewable energy goals established by the ACC through the state's Renewable Energy Standard (RES). The rules call on TEP and other Arizona utilities to increase their use of renewable power each year until it represents 15 percent of their retail energy in 2025.

*Tucson Electric Power provides safe, reliable power to more than 400,000 customers in southern Arizona. For more information, visit [tep.com](http://tep.com). For more information about UniSource Energy, TEP's parent company, visit [uns.com](http://uns.com).*

### APS Four Corners Plant continued from page 8.

in the Southwest, this proposal maintains a healthy diversity in APS's generation portfolio as we integrate more renewable resources and manage our exposure to volatile fuel sources such as natural gas."

Other owners of Units 4 and 5 include Public Service of New Mexico, Salt River Project, El Paso Electric and Tucson Electric Power.

**APS, Arizona's largest and longest-serving electricity utility, serves more than 1.1 million customers in 11 of the state's 15 counties. With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corp. (NYSE: PNW).**

## From the Executive Director . . .

There were two historic events that occurred on November 2, 2010 that could have a significant impact on New Mexico. First was the passage of a cap and trade program that is the first of its kind in the nation. Regardless of an individual's thoughts about human-caused global warming, implementing a measure to cap Green House Gases (GHG) on a state or regional level is not cost effective for the individuals in the affected area. Nor will it have a significant impact on worldwide GHG levels. Because of that, as well as the anticipated increase in the cost of power and consumer goods in the state, the NMUSA opposed this measure as well as other related state measures.

The second historic event of November 2, 2010 was the election of Susana Martinez, the first hispanic woman to be elected governor in the U.S. Governor-elect Martinez was an outspoken opponent to a state cap and trade measures and has vowed to stop or slow the implementation of this regulation. It will be interesting to see how this plays out and NMUSA will keep you informed in future correspondence.

Your membership is important to the NMUSA because, ***"Together, we have the power!"*** We appreciate YOU, your support of this important association, and your willingness to contact elected and appointed officials to express your opinion on matters that affect all of us.

Thank you for your continued membership and ***Happy Holidays!***



Carla J. Sonntag

A handwritten signature in black ink, appearing to be 'Carla', written in a cursive style.

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### NM Utility Shareholders Alliance

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