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**New Mexico Leadership Speaks
at NMUSA Meeting in Roswell, NM**



Senator Stuart Ingle
Minority Floor Leader



Timothy Z. Jennings
Senate Pro Tempore



Rep. Keith J. Gardner
Minority Whip

NMUSA Meets in Southern New Mexico

The New Mexico Utility Shareholders Alliance (NMUSA) met with many of our members and several elected officials in Roswell, NM, on July 25, 2009. Executive Director, Carla J. Sonntag, briefed the group on NMUSA's current initiatives and work with the state legislature, Public Regulation Commission and on federal legislation. With thousands of members throughout the state, Ms. Sonntag showed why the NMUSA's motto is, **"Together, we have the power."**

Ms. Sonntag discussed NMUSA's ongoing concern over the state attempting to 'socialize' utility rates (a term originally coined by low-income advocates). Lowering rates for one group will, out of necessity, require raising rates for

See NMUSA Meets on page 10.

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October 7, 2009: Annual Membership Luncheon featuring: Carol Jones, NM Investment Advisors, to talk about "The Market and Utility Investments". Also featuring industry updates from Edison Electric Institute (EEI) and American Gas Association (AGA).

For more information, please see page 11.



Lenton Malry

From the President

The New Mexico Utility Shareholders Alliance (NMUSA) continues to grow both in membership and involvement in issues that are important to our shareholder members.

NMUSA members have actively been working on issues at the local, state and federal level that could impact how utility companies operate. It's part of what we do and we take our work seriously. We also appreciate the efforts of our member volunteers: Bruce Barnaby for attending the New Mexico First Town Hall Meeting on Energy and Bill Hagler for attending the tour of PNM's San Juan Generating Station after its environmental upgrade.

We hope to see all of you at the annual Membership Meeting that will be held on October 7, 2009. We'll be at a new location with plenty of parking and great food. Remember, this event is free for dues-paying members of the NMUSA. If you have not yet paid dues for 2009, we hope you'll send them in with the membership form on page 11.

A handwritten signature in black ink that reads "Lenton Malry". The signature is written in a cursive, flowing style.

New Mexico First - Town Hall Meeting on Energy

A Town Hall Meeting on Growing New Mexico's Energy Economy was held by New Mexico First* on May 14-16, 2009. As with previous Town Hall Meetings on energy, NMUSA participates and keeps members informed about the recommendations.

The implementation team has assigned the recommendations to four committees: Renewables, Transmission, Regulations/Planning, and Conservation/Efficiency. These committees will take the recommendations to policy makers in state and federal government.

While each of these recommendations will have impact on utility shareholders, transmission may be of the most interest. All transmission lines are heavily loaded and transmitting the electricity from renewable energy sources to the markets that require renewable energy adds to that load. Most of the transmission lines in New Mexico are owned and operated by public utilities. Increasing the capacity of these lines or building additional lines is the issue. The New Mexico Legislature passed a law creating the Renewable Energy Transmission Authority (RETA) to address this issue. Investors willing to lend the hundreds of millions of dollars needed must be found.

* New Mexico First is a nonpartisan, nonprofit organization co-founded by Senator Jeff Bingaman and retired Senator Pete Domenici to engage citizens in public policy in order to improve the state.



Annette Gardiner
President

Although New Mexico Gas Company is just seven months “young”, we have made significant progress toward our goal of providing a seamless transition for our natural gas customers and creating a reputation for premier customer service. We closed on the purchase of PNM’s natural gas utility asset on January 30, 2009. Since then, we’ve opened our new call center and now serve our customers at 22 Business Offices across the state.

In July, we completed the transfer of over 200 computer systems and 119 customer service, information technology, accounting and human resources employees almost seven months earlier than originally planned. This accomplishment was made possible due to the meticulous planning and detailed systems testing performed by our experienced employees. On the first day following the final computer and employee migrations, customer service employees were assisting customers without any disruption of service. I’m very proud of our employee’s accomplishments.

Under the terms of the sale approved by the New Mexico Public Regulation Commission, New Mexico Gas Company will not request an increase in base rates that would go into effect before February 2012. We have also committed to spend over \$21 million in each of the next three years to maintain and improve our natural gas infrastructure. One example of our capital improvement efforts is the recently completed Santa Fe bypass project. This project involved installing eight miles of 20-inch transmission pipeline and two border stations. Among the many successes of this project was recycling approximately 400,000 gallons of water for use at a municipal golf course. This upgrade will enhance our ability to meet the growing needs of the Santa Fe, Los Alamos, Espanola and Taos areas.

What’s in the future for New Mexico Gas Company? Given current market forecasts, we expect natural gas prices to remain relatively low this upcoming heating season. This is a result of new natural gas discoveries combined with higher national storage levels.

New Mexico Gas Company is helping our customers stretch their energy dollars by providing information on how to reduce their consumption through our energy efficiency programs. We also established HEAT New Mexico, a heating assistance fund aimed at helping income-qualifying customers with their natural gas bills during the heating season. For every dollar that our customers contribute to the fund, the company pledges \$1.50 up to a maximum of \$150,000 this year.

New Mexico Gas Company is headquartered and managed in New Mexico and is a subsidiary of Continental Energy Systems LLC, a utility holding company. Through its subsidiaries, Continental Energy Systems currently serves approximately 835,000 natural gas customers in Alaska, Michigan and New Mexico and distributes electricity to 36,000 residential and commercial accounts in Texas.

New Mexico Gas Company facts at a glance:

- Number of residential customers - 458,638
- Number of commercial/industrial customers - 36,832
- Number of transportation meters - 3,448
- Miles of transmission pipelines – 1,485
- Miles of distribution pipelines – 10,158
- Number of employees - 747

It has been a very busy year for the state’s newest utility. In the future, New Mexico Gas Company will continue to find the best way to deliver natural gas safely and reliably to New Mexicans. We look forward to a long and mutually beneficial relationship with our most important asset – our customers and neighbors.

PNM Renewable Plan Seeks to Balance New Sources and Cost

By Pat Vincent-Collawn, PNM President and Chief Operating Officer

New Mexico's renewable portfolio standard (RPS) will result in the addition of a significant amount of renewable energy to New Mexico's electric grid in the next couple of years. This is good news for the environment and for the creation of new, green jobs in our state. But regulated utilities like PNM are challenged to add these more expensive new sources of power while minimizing the cost that ultimately is passed on to retail customers.

In July, PNM filed a renewable procurement plan with the N.M. Public Regulation Commission (PRC) that lays out how our company will meet the state RPS and its various requirements. For 2010, the RPS requires that we rely on renewable energy to meet six percent of our customers' energy needs; for 2011, that number rises to 10 percent.

In addition, the New Mexico RPS beginning in 2010 has targets for specific kinds of energy, requiring a certain amount of wind, solar, distributed generation and other resources. And investor-owned utilities in the state must meet these targets while staying within the state's reasonable cost threshold. For 2011, this means that the cost of adding renewables and meeting these various requirements cannot increase energy costs by more than two percent. Under New Mexico law, the cost of complying with the RPS and its requirements is passed on to customers.

PNM's plan, which must be approved by the PRC, represents a road map for how we'll meet the RPS and minimize new cost for our 500,000 customers in what already is a rising-price environment.

Under the plan, PNM would:

- Add 70 or so megawatts of new utility-scale solar and wind to our system in 2011;
- Launch a new program in which PNM would own four MW of new solar photovoltaic capacity to be sited on the property of participating customers, who would receive a lease payment for doing so;
- Begin to use biogas, derived from livestock waste, to help fuel Luna Energy Facility near Deming; and
- Modify and place some limits on our small and large customer-owned solar PV programs, which pay participating customers both for excess energy sent on to the grid and for the environmental attributes of the energy they produce (known as renewable energy certificates or RECs).

The piece of our proposal that has gotten the most attention and unfortunately generated some controversy is our proposed changes to existing customer-owned solar programs, which help contribute to our state requirement for distributed generation resources. Between the energy and RECs purchased, this represents the most expensive power in our entire energy portfolio.

We have proposed the changes -- including an overall capacity limit on the large program and an annual new capacity limit on the small program -- to ensure that we meet the state's distributed generation requirement but still have plenty of funds left over to try to meet the other requirements of the RPS and stay within the reasonable cost threshold.

We've also proposed to reduce the REC payment in the large program from the current 15 cents per kilowatt hour to 13 cents per kWh, to match what is paid in the small program. Within three months of launching the large program earlier this year, we had applications for 300 percent more capacity than we thought we would get in the program's first full year -- a sign to us that with Photovoltaic (PV) prices dropping, the state-approved incentive may be too high. As a regulated utility with a responsibility to all of our customers, we have to be vigilant that while we work to encourage renewable development in our state, we guard against over subsidization of one group of customers by all others.

Under our plan, New Mexico will see a significant amount of new solar, wind and other renewable capacity added in the next two years, and it will be done in a way that minimizes new costs for our customers.

We Must Address Climate Change, But It's Not Free

By Don Brandt, Paul J. Bonavia and Richard Silverman

Editor's note: The following article was published in several Arizona newspapers last month.

While the state of our economy dominates the news, global warming remains a high priority issue for our nation and the world. In recent years, the United Nations Intergovernmental Panel on Climate Change (IPCC) and many scientists have predicted a significant increase in the world average temperature by 2050 as a result of numerous factors, including the emission of greenhouse gases (GHGs) such as carbon dioxide (CO₂), which can trap heat in the atmosphere.

The governments of many of the world's major nations have decided to reduce these emissions to avert the potentially damaging weather changes warming might cause.

As the leaders of Arizona's largest electric utilities, our goal is to provide safe, reliable power to our customers at the lowest possible cost. And while some still question some of the IPCC's conclusions, we have to address this very important issue. For a wide array of reasons, including energy independence, national security, political, environmental and societal factors, we believe Arizona and the nation must accelerate the transition to a cleaner energy future.

Currently pending in Congress is a bill that would cap the emissions of GHGs into the atmosphere. And last month, President Obama proposed that all businesses emitting greenhouse gases buy a government permit for each ton of gas emitted. The President proposed that the federal government would auction 100 percent of the permits. The President's own economists estimate the cost of a permit to be between \$20 and \$30 per ton.

In 2012, the first year of the proposed auction, at \$20 a ton, the costs to our operations would amount to a greater than 10 percent increase in your price of electricity. We would expect this cost to recur annually and to increase over time. Some experts have predicted the price could reach \$75 per ton, which could result in more than a 40 percent price increase for our customers.

We cannot predict the ultimate impact of the law without seeing its final language and provisions. However, our customers and state leaders should have a clear understanding that adapting our electricity generation to the requirement of climate change policy will carry considerable costs.

There are, however, several ways to mitigate these costs; including the allocation of the permits without charge in the early years, thus limiting the costs of reducing emissions. In addition, any greenhouse gas emission reduction program should incorporate well-considered alternative solutions, including off-sets from remedial actions such as planting trees that absorb CO₂ from the atmosphere.

We remain committed to increasing our use of clean, renewable resources and to helping our customers achieve greater energy efficiency. Additionally, we will invest in new technology that reduces CO₂ emissions from our coal and gas-fired generation plants when such equipment comes to market. Unfortunately, such technology does not currently exist, and even our most optimistic prediction does not envision commercial availability until after 2020.

We must craft a well-balanced climate change policy that combines realistic emission reduction goals with the technology currently available. We cannot willfully ignore the detrimental economic effects of an ill-conceived policy on our customers, especially in the light of the current economy.

In an ever more interdependent and competitive global economy, during difficult economic conditions, we must weigh carefully and appropriately the benefits of greenhouse gas reduction and its effects on climate change along with the costs to achieve those benefits. Our customers deserve nothing less.

Don Brandt is Chairman and CEO of Arizona Public Service; Paul J. Bonavia is Chairman, President and CEO of UniSource Energy Corporation, parent company of UniSource Energy Services; and Richard Silverman is General Manager of Salt River Project.

High Lonesome Mesa Wind Project Dedication Hosts Dignitaries



Honorable Jeff Bingaman
U. S. Senator

For centuries, little has changed in windswept, empty country surrounding Albuquerque. Since the first Spanish settlers arrived in the region in the 1500s, generations of farmers and ranchers have scratched a living from the corrugated, juniper-dotted rangeland. But this past summer, this timeless land was thrust into the 21st century as technology began to harness its abundant wind.

In late August, nearly 100 utility industry representatives and dignitaries gathered in

Torrance County, about 90 miles southeast of Albuquerque, for the dedication of the High Lonesome Mesa wind energy project, a 100-megawatt wind farm that is the largest source of renewable energy for APS, Arizona's largest utility.

The wind project's 40 turbines rise from the mesa like giant pinwheels, each generating 2.5-megawatts of pollution-free, renewable electricity. The 100 megawatts of power the project generates is enough to serve approximately 24,000 homes and is sent to Arizona through the Four Corners substation. High Lonesome Mesa's output eclipses the 90 megawatts of power generated by the southern New Mexico's Aragon Mesa wind farm, from which APS also purchases electricity.

"The climate-friendly energy provided by the High Lonesome Mesa project is part of APS' growing renewable energy portfolio designed to provide reliable, affordable and sustainable electricity for our customers," said Don Robinson, president and chief operating officer of APS. "With wind from New Mexico and solar from Arizona, our customers are able to take advantage of the best resources each state has to offer."

The High Lonesome Mesa project was selected from a pool of applicants that responded to APS' 2007 renewable energy request for proposal. The project was originally developed by Foresight Wind and is currently owned and operated by Edison Mission Energy, a subsidiary of Edison International.

While cattle still graze on the New Mexico rangeland as they have since the 16th century, the wind turbines of the High Lonesome Mesa wind project leave no doubt that the region is fully embracing the 21st century potential of renewable energy.

Editor's Note: Other speakers at the event included: Edison Mission Group's CEO, Ron Litzinger; Edison International's Chairman, Ted Craver; and Foresight Wind Energy's President & CEO, Warren Byrne.

Attendees included PRC Commissioners David King and Jason Marks; New Mexico Secretary of Energy, Minerals & Natural Resources, Joanna Prukup; New Mexico Secretary of Economic Development, Fred Mondragon; Secretary of State, Mary Herrera; and NMUSA Executive Director, Carla J. Sonntag.



Donald G. Robinson
President & COO
Arizona Public Service



Dedication ceremony tent with wind towers on top of the High Lonesome Mesa.

Xcel Energy's Partnership with Communities

Xcel Energy's commitment to Roswell and southeastern New Mexico goes far beyond providing the energy to power our lives. Through some new and enhanced community programs, the company seeks to empower customers to create a sustainable energy future and thriving communities.

This summer, the company unveiled its new efficiency programs aimed at delaying the need for new power generation sources, saving money on customer bills and reducing the environmental impact of wasteful energy usage. The programs are directed at both residential and business customer classes.

An example of a residential efficiency program is the refrigerator recycling effort. Many customers choose to hang onto an old refrigerator when they purchase a new one. Often these older, inefficient appliances are relegated to the garage and are left running. The units waste valuable energy and run up bills unnecessarily. Qualified customers can have Xcel Energy pick up, transport and dispose of old refrigerators, and get a \$35 cash incentive as an added bonus.

Other residential efficiency programs include discounts on efficient home lighting, evaporative cooling and heat pump rebates and a host of home energy services.

Efficiency programs aren't limited to just residential users. For commercial and industrial customers, Xcel Energy is offering rebates and other incentives for businesses that improve the efficiency of lighting and cooling. The company is also offering incentives for industrial customers who replace inefficient motors and power drives with new equipment that maximizes power usage.

To further explore the new efficiency programs, you can access information online at www.xcelenergy.com, or by calling Xcel Energy's efficiency representative, Denzil Dunn, at (575) 391-3223.

Helping customers save money and use energy wisely is only part of Xcel Energy's commitment to making southeastern New Mexico communities better places to live. Through the Xcel Energy Foundation, the company has been investing in the nonprofit community as a means to build a better quality of life in the communities it serves.

The Foundation grants money to nonprofit organizations through four main focus areas: education, environment, economic sustainability, and arts & culture. Since last winter, the company has given almost \$60,000 to nonprofit organizations in southeastern New Mexico. This is in addition to the matches made to local organization for employee United Way and other nonprofit contributions, as well as matches made for hours employees put into worthwhile community projects.

Our success as a company is directly tied to the success of our communities. Government can only do so much to build quality of life – most of our gains come through the private sector working through our many nonprofit agencies. So we view our nonprofit support as an investment in our shared success.

This partnership started in Roswell in 1904 when Maynard Gunsell was granted an electric franchise to serve the 2,000 residents of Roswell. Later that year the fledgling utility was named the Roswell Electric Light Company, and later changed its name to the Roswell Public Service Company.

In 1925, that company was sold to Chicago investors who renamed it Southwestern Public Service Company (SPS), still the name of Xcel Energy's New Mexico operating company today.

SPS now serves almost 400,000 customers in Texas and New Mexico. Xcel Energy, which includes SPS, serves another three million electric and gas customers in five other western and midwestern states. It is a holding company with four distinct operating companies serving electric and gas customers from Minnesota, the Dakotas, Wisconsin and Michigan in the north to Colorado, New Mexico and Texas in the south.

Southwestern Public Service Company, based in Amarillo, serves a 45,000 square-mile territory that includes eastern and southeastern New Mexico, the Texas Panhandle and the Texas South Plains.

Roswell is one of three regional offices for Southwestern Public Service. Close to 35 employees work in two Roswell locations carrying out diverse tasks that include engineering design, electricity operations, sales, customer relations, community relations and governmental affairs.

So Where's the Nuclear Power?

America is paying a hefty price for more than a generation of “no nukes,” not the least of which is a painful attempt to wean itself from the dirtier energy sources that contribute to climate change, threaten economic growth and sometimes dangerously influence foreign policy.

As energy legislation moves from the House to the Senate this fall, lawmakers should make nuclear energy a priority, beginning with eliminating, or at least streamlining, the regulatory hurdles that have stymied construction of nuclear power plants.

The Waxman-Markey energy bill that narrowly passed the House certainly had that opportunity, but it virtually ignored nuclear energy as it charted the nation's clean-energy options. This is a serious omission. As the world's biggest producer of greenhouse gases and consumer of fossil fuels, the U.S. can't credibly attack climate change and achieve energy freedom without substantially increasing its number of operating nuclear plants.

Here's a good place to jumpstart this conversation. Late last month, Rep. Joe Pitts, R-Pa., proposed a measure to speed the building of nuclear power plants. Several years ago, Congress and federal regulators thought that they had effectively streamlined an approval process that virtually everyone associated with nuclear power agreed wasn't working. While the changes looked good on paper, nuclear plants still languished in mounds of regulatory uncertainty.

Among other things, Pitts' proposal would accelerate review of nuclear plant designs and technologies, eliminate conflicting and confusing messages from regulators to power companies, and speed up existing private-public partnerships formed to commercialize next-generation plants. Better ideas may come along, but Pitts deserves praise for prodding lawmakers to consider ways to get new plants off of drawing boards and online producing electricity.

Without a doubt, some of the nuclear industry's problems were self-inflicted, namely its history of cost overruns, dependence on government subsidies and technical issues. Remaining stuck in that mindset would mean ignoring that times have changed.

Some environmental groups – if not all – that ardently opposed nuclear plants now favor construction of new reactors as a green alternative. Nuclear power plants don't emit carbon dioxide or other greenhouse gases, unlike coal, the main alternative to produce electricity. Coal is cheap and plentiful and dirty. Even the NIMBY factor has greatly diminished, according to research polls.

Yet the U.S. has not built a new reactor in about 30 years, which is why only about 20 percent of the nation's electricity comes from the 104 nuclear power plants still in operation.

Those plants churn out about 75 percent of all clean energy produced in the U.S., far more than solar and wind technologies combined. Solar and wind are crucial parts of America's energy future, but until they can handle more of the baseload needs, we need the reliable, 24/7 electricity that nuclear reactors produce.

Nuclear energy is the most viable form of carbon-free, baseload power available. Whether Pitts' bill is the solution or the starting point for discussion, Congress needs to make nuclear a larger part of America's energy future.

*This editorial was published in **The Dallas Morning News**, August 10, 2009.*

The SAFE Nuclear Act

U.S. Rep. Joe Pitts, R-Pa. recently proposed the Streamline America's Future Energy Nuclear Act to speed along development of a new generation of nuclear power plants. The proposal would:

- Direct the Nuclear Regulatory Commission to develop broad guidelines for nuclear plant designs instead of mandating use of a specific nuclear technology.
- Require federal regulators to speak with a single, comprehensive voice on nuclear energy issues.
- Accelerate several Department of Energy public-private partnerships that are intended to develop and commercialize next-generation reactors.



Utility Regulation by Robert Swartwout

This is the fifth and final article in a multipart series that reviews regulatory process development. The information has been excerpted from the original publication "Current Utility Regulatory Practice From a Historical Perspective" published in the "Natural Resources Journal of UNM Law School", Spring 1992.

THE REGULATORY COMPACT

The critical and dominating public interest characteristic of private businesses such as public utilities that justifies their regulation by government dates all the way back to Lord Hale in the 1600s. Utilities are still affected with the public interest and it is upon that bedrock that the regulatory compact was founded.

Whereas the term "regulatory compact" is used frequently regarding the regulation of private utilities by government in the United States, there is, to my knowledge, no standard definition. It will be defined herein as the expression of the nature and intent of the relationship between the regulated utilities and their investors, customers and the general public. It is the set of mutual rights, benefits, and obligations that exist for both the utilities and the public in the regulatory scheme. As with every just and reasonable interaction, for every right or benefit granted, there is a concomitant obligation.

The regulatory compact provides that (1) utilities give up certain rights for the benefit of a monopoly territory granted by government, and that (2) the customers of the utilities give up the right to choose the supplier of the utility commodity within that territory for the assurance of government regulation of the price the utility may charge for that commodity.

Further, the regulatory compact is an ongoing mutual relationship between the customers of utilities and the general public, and utility managers and investors. That relationship is one of sensitive balance that must be maintained under the long standing and common sense standards of justness and reasonableness. As is the nature of such a compact, each party, both the utilities and their customers, is obliged to accept the costs as well as the benefits that can occur from time to time. Neither the utilities nor their customers can pick and choose when it is convenient to operate under the compact and then, later, choose to go back into the compact with everything being forgiven.

The regulatory compact is not a switch that may be turned off every now and then and then turned back on with the expectation of easy and immediate return to the former condition. When the compact is not in use, there may be many unpredictable dislocations and disturbances that may not be readily correctable, if correctable at all. In order for the regulatory compact to remain operable and effective, the sensitive balance of its associated rights, benefits, and obligations must be maintained.

Government is the administrator, mediator, judge, and overseer of the regulatory compact and, therefore, government has the primary responsibility for its maintenance. Most important, then, is the manner in which government, through its regulatory commissions, state legislatures, the Congress, and the courts, administers and assures the balanced continuation of the compact.

Finally, history shows that public interest based regulatory compact is the foundation for the unique utility regulatory process found in the United States. The social science of economics, the applied science of engineering, the practical discipline of accounting, and all manner of theories, analyses, methods and practices are necessary in the actual practice of the regulation of investor owned utilities, but such are the tools of application and not the reason and basis for utility regulation under the regulatory compact. If this most basic lesson of history is lost, the tail of technocracy, academia, and the current popular wisdom will wag the dog of the primary need to protect the public interest as expressed in the regulatory compact.

Robert L. Swartwout is a retired Professional Engineer with over 41 years in the utility business. During this time, Mr. Swartwout spent 15 years in state utility regulation and 15 years as president of investor owned utility companies. Mr. Swartwout has several published papers on the subject of utility regulation. The article from which this has been excerpted has been cited in state and federal Supreme Court cases.

NMUSA Meets [continued from page 1.](#)

others. According to Ernst & Young's Demographic Profile of Utility Shareholders, "The income and age composition of direct utility company stock holdings is more concentrated among lower income and elderly taxpayers." This can make rate structures based on income more detrimental to utility shareholders in this demographic because they generally will not qualify for the lower rates, but will be hardest hit by the requirement of higher rates to subsidize low income households.

NMUSA has spent considerable time meeting with many other groups, including low-income advocates, environmental groups, utility company personnel, and multiple governmental agencies to address the needs of low-income households. An agreement was reached by all participants for legislation introduced during the 2009 session that would address these needs, but it failed to pass. All parties have agreed to continue working together on this very important issue.

Senate Pro Tempore Tim Jennings spoke about the state's budget deficit and how important every decision made by New Mexico elected officials is to the state's citizens and its economy. He discussed the necessary decision to increase contributions to the state's retirement plan for some state employees - including teachers. This was passed in the 2009 legislative session in order to assure solvency of the fund and avoid layoffs or job eliminations. While the decision was not well accepted by some, it highlighted the significance of the difficult decision our state lawmakers are being forced to make concerning financial matters.

Senator Stuart Ingle, Minority Leader, talked about the necessity for common sense decision-making at every level of state government. He spoke about the state's economy and what needs to be done as we recover. Senator Ingle recognized that not all decisions made by the legislature may be easy, but as elected officials, they must not operate on personal agendas but work to represent the best interests of their constituents.

Representative Keith Gardner, Minority Whip, spoke about the difficulties facing small business owners in New Mexico and cautioned against further taxation that would affect these businesses. Representative Gardner discussed the two types of taxes currently being used in our state and nation: 1) straight taxes such as sales and income taxes as well as those under consideration in President Obama's health care plan; and 2) reverse taxes found in mandated minimum wages at both the state and federal levels. Further increases of any kind would adversely affect business operations.

Also in attendance were Representatives Nora Espinosa and Dennis J. Kintigh as well as Ron Montoya for Public Regulation Vice Chair David King.

Sonia Phillips, Manager, Governmental Affairs - New Mexico and Mike McLeod, Regional Manager, Community Service, Xcel Energy, gave a joint presentation on Xcel Energy, issues it faces such as regulatory lag, and the company's energy supply portfolio plans.

PNM Completes Environmental Upgrade at San Juan Generating Station

PNM has completed a three-year, \$330 million environmental upgrade at its 1,798-megawatt San Juan Generating Station located near Farmington, N.M. Data from the first three of the plant's four units to be upgraded shows an approximate:

- 80 percent drop in mercury emissions,
- 20 percent drop in sulfur dioxide emissions,
- 30 percent drop in nitrogen oxide emissions, and
- a significant reduction in particulate matter emissions.

The upgrades are the result of a cooperative agreement that PNM signed in 2005 with the N.M. Environment Department, the Grand Canyon Trust and the Sierra Club. PNM operates the plant on behalf of several other utilities among which are Arizona Public Service, El Paso Electric and Tucson Electric Power.

October 7, 2009 Annual NMUSA Membership Meeting - Albuquerque, NM

Featuring: **Carol Jones, Financial Advisor, New Mexico Investment Advisors**

Ms. Jones has been in the securities business since 1976 and has served on a committee for the state securities regulators organization (NASAA). Ms. Jones often appears in the local media and has done a weekly radio stock market report since 1999.

The meeting will also feature industry updates from Edison Electric Institute (EEI) and American Gas Association (AGA).

Don't miss this presentation by Carol Jones on "The Market and Utility Investments".

The luncheon is free for dues paying members and a guest. All others are \$25. If you have not paid dues for 2009, please complete the form below and return with your annual dues.

Albuquerque Grand Airport Hotel, 2910 Yale Blvd. SE, Albuquerque, NM 87106

Membership in the NMUSA is more important than ever. Our involvement in legislative and regulatory issues makes a difference - just like your membership in the NMUSA makes a difference. Use the application below and be a part of the only gas and electric utility shareholder association in the state!

We're working for YOU!

Join the Alliance NOW!

If you aren't a member or haven't paid dues for 2009, 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) and membership meetings.

Name

Spouse's Name (if applicable)

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City State Zip

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

- | | |
|---|---|
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| <input type="checkbox"/> Other _____ | |

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

Mail to: **New Mexico Utility Shareholders Alliance, 1003 Tomas Ct. SW, Albuquerque, NM 87121-8065**

E-mail: nmusa@rt66.com

Telephone: (505) 836-4223 FAX (505) 836-4522

From the Executive Director . . .

It has been another strong quarter for the New Mexico Utility Shareholders Alliance (NMUSA). We are pleased to be involved in so many different activities that could have significant impact on our stock ownership. Involvement by our members has grown as we continue to reach out into our communities throughout the state.

With the cooling weather comes the annual NMUSA Membership Luncheon. We always look forward to these meetings and the opportunity to see many of you again.

We were happy to be able to hold a meeting in Roswell, NM for our members in that part of the state. It was a pleasure to enjoy a nice lunch, hosted by Xcel Energy, with so many of our elected officials and hear their insight into the state's legislature. We are fortunate to have the quality leadership we find in Senators Jennings and Ingle as well as Representatives Gardner, Espinosa and Kintigh. We appreciate the fact that they care enough about utility shareholders to spend that time with us and to listen when we bring issues of concern to them.

We look forward to seeing you October 7th and enjoying an informative luncheon meeting.

My best,



Carla J. Sonntag

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