PUBLIC SERVICE CO OF NEW MEXICO
Form 424B5
May 07, 2008

Filed Pursuant to Rule 424(b)(5)
File No. 333-150024
333-106079

The information in this preliminary prospectus supplement is not complete and may be changed. The registration statement to which this preliminary prospectus supplement relates is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated May 7, 2008

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 29, 2008)

Public Service Company of New Mexico

$350,000,000 % Senior Unsecured Notes Due 2018

This is an offering by Public Service Company of New Mexico of $350,000,000 of % Senior Unsecured Notes Due 2018. Interest is payable on the notes on and of each year beginning , 2008. The notes will mature on , 2018.

We may redeem the notes in whole at any time or in part from time to time at the redemption prices described under ‘‘Description of the Notes — Optional Redemption’’ in this prospectus supplement.

The notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior unsecured debt and senior to any future subordinated unsecured debt that we may incur.

The notes will not be listed on any securities exchange or quoted on any automated quotation system. Currently there is no public trading market for the notes.

Investing in the notes involves risks. ‘‘Risk Factors’’ begin on page S-5.

Per Note
Total Public Offering Price(1) % $ Underwriting Discount % $ Proceeds before expenses to Public

Service
Company of New Mexico % $

(1) Plus accrued interest from , 2008, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about , 2008.

Joint Book-Running Managers

Lehman Brothers Merrill Lynch & Co. Citi Deutsche Bank Securities

Morgan Stanley
RBC Capital Markets Wachovia Securities

Banc of America Securities LLC Credit Suisse JPMorgan Wedbush Morgan Securities Inc.

May , 2008

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire prospectus supplement as well as the accompanying prospectus and the documents incorporated by reference that are described under ‘‘Where You Can Find More Information’’ herein. In the event that the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us, or information to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus supplement and the accompanying prospectus to ‘‘PNM,’’ ‘‘we,’’ ‘‘our’’ and ‘‘us’’ refer to Public Service Company of New Mexico. Unless otherwise indicated, financial information included or incorporated by reference herein is for PNM and its subsidiaries on a consolidated basis.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully before making an investment decision.

The Company

General

We are a public utility company that was organized under the laws of the State of New Mexico on May 9, 1917. We are an integrated public utility with regulated operations primarily engaged in the generation, transmission and distribution of electricity, transmission and distribution and sale of natural gas, and unregulated operations primarily focused on the sale and marketing of electricity in the western United States. PNM is a wholly-owned subsidiary of PNM Resources, Inc. (‘‘PNMR’’), an investor-owned holding company of energy and energy-related businesses.

Recent Developments

On January 12, 2008, we entered into an agreement (the ‘‘Gas Assets Agreement’’) with Continental Energy Systems LLC (‘‘Continental’’) and New Mexico Gas Company, Inc. (‘‘NMGC’’), a subsidiary of Continental, to sell our natural gas operations to NMGC for $620 million in cash, subject to adjustment based on, among other things, the amount of certain assets and liabilities attributable to our natural gas operations at closing. We expect to use the net after-tax proceeds of that transaction to retire debt, fund future electric capital expenditures and for other corporate purposes. The Gas Assets Agreement contains a number of customary representations and warranties and indemnification provisions as well as closing conditions, including regulatory and third-party approvals. The parties may terminate the agreements under certain circumstances. In addition, the Gas Assets Agreement includes a provision that no terms can be imposed in connection with the final regulatory approvals that could reasonably be expected to have a material adverse effect or impose any material adverse requirements on the buyer or its affiliates, operations or assets. Subject to the receipt of all required approvals, the transaction is expected to close by year-end 2008.

On April 24, 2008, the New Mexico Public Regulation Commission (the ‘‘NMPRC’’) issued a final order in our electric rate case, resulting in a revenue increase of $34.4 million. New rates reflecting the $34.4 million increase are effective for bills rendered on and after May 1, 2008. The NMPRC also authorized a return on equity (‘‘ROE’’) of 10.1 percent. We had requested a $76.9 million rate increase, an ROE of 10.75 percent and a fuel and purchased power cost adjustment clause to allow us to timely recover the higher cost of fuel and energy needed to serve residential and business customers. In its final order, the NMPRC also disallowed recovery associated with our renewable energy certificates that are being deferred as regulatory assets and capped the recovery of coal mine decommissioning costs at $100.0 million. We are considering the filing of a motion for rehearing and a notice of appeal to the New Mexico Supreme Court on the April 24th decision on our rate case. Under New Mexico law an appeal is allowed without filing for rehearing. We and other parties have 30 days from the issuance of the final order to file for either rehearing or appeal. If a motion for rehearing is filed, the NMPRC must act on the motion within 20 days or it is deemed denied. If a motion for rehearing is filed, parties have 30 days to file a notice of appeal after disposition of the motion. An appeal may be filed even if a rehearing motion is pending.

The NMPRC will hear arguments regarding our application to implement an emergency fuel-adjustment clause during a hearing scheduled to begin on May 12, 2008. Two intervenors in our rate case, the New Mexico Attorney General’s

Office, which serves as the residential and small business consumer advocate in rate case proceedings, and the International Brotherhood of Electrical Workers Local 611, support our request for an emergency fuel clause. There can be no assurance that our request will be successful.

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On May 1, 2008, we announced that we entered into a binding commitment for a short-term letter of credit facility in an aggregate principal amount of $100.0 million (the ‘‘PNM Letter of Credit Facility’’). The PNM Letter of Credit Facility is subject to conditions and final documentation. Also, on May 1, 2008, we announced that we have entered into agreements to sell our share of power, approximately 135 megawatts, from Palo Verde Nuclear Generating Station Unit 3. The long-term power-sale deals begin May 1 and run through December 31, 2010. As part of the sales agreements, we received $70.6 million in pre-payments.

On May 5, 2008, we entered into a delayed draw term loan facility in an aggregate principal amount of up to $300.0 million which expires on April 30, 2009 (the ‘‘PNM Delayed Draw Term Facility’’).

Concurrent Offering

Concurrently with this offering, our parent company, PNMR, will remarket $ aggregate principal amount of its Senior Notes, Series A Due 2015, on behalf of their holders and will offer an additional $ principal amount of its Senior Notes, Series A Due 2015, by means of a separate prospectus and prospectus supplement (the remarketing and the reopening offering are collectively the ‘‘concurrent offering’’). The offering of notes is not conditioned on the completion of PNMR’s concurrent offering. There can be no assurance that PNMR’s concurrent offering will be completed.

Corporate Information

Our principal executive office is located at Alvarado Square, Albuquerque, New Mexico 87158, and our telephone number is (505) 241-2700. We also maintain a website at www.pnm.com. Our website and the information contained therein are not part of this prospectus supplement.

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The Notes Offering

Issuer Public Service Company of New Mexico.

Securities $350,000,000 aggregate principal amount of % Senior Unsecured Notes Due 2018.

Denominations The notes will be issued in denominations of $1,000 and integral multiples thereof.

Maturity Date , 2018.

Interest Rate % per year.

Interest Payment Dates We will pay interest in arrears each and , beginning , 2008.

Mandatory Redemption We will not be required to make mandatory redemption or sinking fund payments on the notes.

Optional Redemption We may redeem some or all of the notes at any time and from time to time at a redemption price equal to the greater of:

- 100% of the principal amount thereof; and
- the sum of the present values of the remaining principal amount and interest on the notes being redeemed discounted to the applicable redemption date

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the applicable redemption date as described under ‘‘Description of the Notes — Optional Redemption’’ in this prospectus supplement and under ‘‘Description of Senior Unsecured Notes — Redemption’’ in the accompanying prospectus.

Ranking The notes will be our senior unsecured obligations and will rank equally in right of payment with all our existing and future senior unsecured debt. The notes will be senior in right of payment to any future subordinated unsecured debt that we may incur. As of March 31, 2008, we had $1,350.9 million aggregate principal amount of short-term and long-term senior debt outstanding, $65.0 million of which is in the form of first mortgage bonds, secured by a mortgage lien on our ownership interest in Palo Verde Nuclear Generating Station (‘‘PVNGS’’). See ‘‘Description of the Notes — Ranking’’ below.

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Certain Covenants The indenture that will govern the notes limits our ability, among other things:

- to create liens without equally and ratably securing the notes; and
- to engage in certain sale/leaseback transactions.

The indenture also limits our ability to engage in mergers, consolidations and certain sales of assets.

These covenants are subject to important exceptions and qualifications, as described under ‘‘Description of Senior Unsecured Notes — Restrictions on Liens,’’ ‘‘Description of Senior Unsecured Notes — Restrictions on Sale and Lease-Back Transactions’’ and ‘‘Description of Senior Unsecured Notes — Restrictions on Mergers and Sale of Assets’’ in the accompanying prospectus.

Use of Proceeds We will use the net proceeds from this offering to pay down outstanding borrowings under our unsecured revolving credit facility (the ‘‘PNM Revolving Facility’’). See ‘‘Use of Proceeds’’ below.

Ratings As of May 6, 2008, ratings on our senior unsecured notes were as follows:

- S&P: BB+ (stable)
- Moody’s: Baa3 (under review for possible downgrade)

Investors are cautioned that a security rating is not a recommendation to buy, sell or hold securities, that it is subject to revision or withdrawal at any time by the assigning rating organization, and that each rating should be evaluated independently of any other rating.

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RISK FACTORS

Before you invest in our notes, you should carefully consider the risks described below. In addition, you should carefully consider any risks set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2007 and Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, both of which are incorporated by reference in this prospectus supplement. See also ‘‘Where You Can Find More Information’’ about future filings which we will make with the SEC, some of which may contain additional risk factors, and are incorporated by reference into this prospectus supplement. If any of the risks actually occurs, our business, financial condition, results of operations and cash flows could be harmed.

Any failure to meet our debt obligations could harm our business, financial condition and results of operations.

As of May 6, 2008, we had short-term debt outstanding of $340.0 million. In addition, our $300.0 million aggregate principal amount of 4.4% senior unsecured notes are due on September 15, 2008.

We are exploring financial alternatives to meet these obligations, and we currently believe that our internal cash generation, credit arrangements and access to capital markets will provide sufficient resources to meet capital requirements and retire or refinance the senior unsecured notes described above at maturity. To cover the difference in the amounts and timing of cash generation and cash requirements, we intend to use short-term borrowings under liquidity arrangements described below and future liquidity arrangements that we may enter into.

The credit ratings of our debt were recently downgraded. There has also been an overall deterioration of the credit markets in general. If our cash flow and capital resources are insufficient to fund our debt obligations (as a result of our emergency application for a fuel adjustment clause not being granted or otherwise), we may be forced to sell assets, seek additional equity or debt capital or restructure our debt. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a further reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms and would result in an increase in the interest rates applicable under our credit facilities. Our cash flow and capital resources may be insufficient to pay interest and principal on our debt in the future, including payments on the notes. If that should occur, our capital raising or debt restructuring measures may be unsuccessful or inadequate to meet our scheduled debt service obligations, which could cause us to default on our obligations and further impair our liquidity.

In addition to our current indebtedness, we may incur substantially more debt.

We may incur substantially more debt in the future. The indenture governing the notes does not restrict our ability to incur additional indebtedness. As of May 6, 2008, we had $713.5 million of liquidity arrangements, not including the binding commitment for the PNM Letter of Credit Facility. The liquidity arrangements consist of $400.0 million from the PNM Revolving Facility, $300.0 million from the PNM Delayed Draw Term Facility, and $13.5 million in local lines of credit. As of May 6, 2008, we had borrowed $340.0 million under the PNM Revolving Facility, had no borrowings under the PNM Delayed Draw Term Facility, and had no borrowings under the local lines of credit. In addition, as of May 6, 2008, we had $14.8 million in letters of credit outstanding, which reduces the available capacity under the PNM Revolving Facility.

We have a commercial paper program under which we may issue up to $300.0 million in commercial paper for up to 365 days. The commercial paper is unsecured and the proceeds are used for short-term cash management needs. The PNM Revolving Facility serves as support for our outstanding commercial paper. As a result, the aggregate borrowings under our commercial paper program and PNM Revolving Facility cannot exceed the $400.0 million limit under the PNM Revolving Facility. As of May 6, 2008, we had no commercial paper outstanding under this program.

To the extent that we incur new debt either under the facilities described above or any new facilities, this new debt will be combined with our current debt levels and the risks described herein and incorporated by reference could substantially increase.

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We cannot make any assurances that the proposed sale of our natural gas operations will be consummated, and failure to complete the transaction would result in the incurrence of costs, the amounts of which could adversely impact our future business and financial results, and could affect our ability to make payments on our debt obligations.

Consummation of our natural gas operations sale is subject to various conditions, including receiving approval from the NMPRC, the Federal Energy Regulatory Commission, and expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and satisfaction of other closing conditions. There is no assurance that all of the various conditions will be satisfied. In addition, the Gas Assets Agreement includes a provision that no terms can be imposed in connection with the final regulatory approvals that could reasonably be expected to have a material adverse effect or impose any material adverse requirements on the buyer or its affiliates, operations or assets. If the transactions contemplated by the Gas Assets Agreement are not consummated by January 12, 2009, such agreement will terminate pursuant to its terms, subject to a six-month extension under certain circumstances.

If the gas operations sale is not completed for any reason:

- we will not receive the $620 million sale price for the natural gas operations and will not be able to utilize the after-tax proceeds from the sale to, among other things, make payments on our debt obligations;
- we will be subject to numerous expenses, including having incurred certain costs relating to the proposed transactions that are payable whether or not the transaction is completed, including legal, consulting and accounting fees, and having had management focused on completing the proposed transaction, instead of on pursuing another business strategy, including acquisition or investment opportunities that could have been beneficial to us; and
- the profit margin for our natural gas distribution business could be adversely affected if we do not obtain adequate rate relief, including in our pending gas rate case appeal.

As a result of these and other factors, our business, financial results and financial condition could be adversely affected.

The notes have no established trading market or history, and liquidity of trading markets for the notes may be limited.

The notes will constitute a new issue of securities with no established trading market. Although the underwriters have indicated that they intend to make a market in the notes, they are not obligated to do so and any of their market-making activities may be terminated or limited at any time. In addition, we do not intend to apply for a listing of the notes on any securities exchange or interdealer quotation system. As a result, there can be no assurance as to the liquidity of markets that may develop for the notes, the ability of noteholders to sell their notes or the prices at which notes could be sold. The notes may trade at prices that are lower than their initial purchase price depending on many factors, including prevailing interest rates and the markets for similar securities. The liquidity of trading markets for the notes may also be adversely affected by general declines or disruptions in the markets for debt securities. Those market declines or disruptions could adversely affect the liquidity of and market for the notes independent of our financial performance or prospects.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, and other documents that we file with the SEC that relate to future events or our expectations, projections, estimates, intentions, goals, targets and strategies, are made pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements often can be identified by the words ‘‘believe’’, ‘‘expect’’, ‘‘anticipate’’, ‘‘estimate’’ or similar expressions. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates and we assume no obligation or duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Since actual results may differ materially from those expressed or implied by these forward-looking statements, we caution readers not to place undue reliance on these statements. Our business, financial condition, cash flow and operating results are influenced by many factors, which are often beyond our control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. These factors include:

- Conditions affecting our ability to access the financial markets, including actions by the ratings agencies affecting our credit ratings,
- State and federal regulatory and legislative decisions and actions, including our pending application for an emergency fuel adjustment clause,
- The risk that the closings of the pending sales of our natural gas utility and certain wholesale electricity, natural gas and transmission contracts may not occur due to regulatory or other reasons,
- The performance of our generating units and our transmission systems, including PVNGS, the San Juan Generating Station (‘‘SJGS’’) and the Four Corners Plant,
- Collections experience,
- Insurance coverage available for claims made in litigation,
- Fluctuations in interest rates,
- Weather,
- Water supply,
- Changes in fuel costs,
- Availability of fuel supplies,
- The effectiveness of risk management and commodity risk transactions,
- Seasonality and other changes in supply and demand in the market for electric power,
- Variability of wholesale power prices and natural gas prices,
- Volatility and liquidity in the wholesale power markets and the natural gas markets,
- Changes in the competitive environment in the electric and natural gas industries,
- The ability to secure

long-term power sales,

- The risk that we may have to commit to substantial capital investments and additional operating costs to comply with new environmental control requirements including possible future requirements to address concerns about global climate change,
- The risks associated with completion of generation, including pollution control equipment at SJGS, transmission, distribution and other projects, including construction delays and unanticipated cost overruns,
- The outcome of legal proceedings, including our pending gas rate case appeal,
- Changes in applicable accounting principles, and
- The performance of state, regional and national economies.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million, after deducting the underwriting discount and our estimated offering expenses. We expect to use the net proceeds from this offering to pay down outstanding borrowings under the PNM Revolving Facility. Our borrowings under the PNM Revolving Facility at May 6, 2008, totaled $340.0 million at a weighted average interest rate of 4.04%. Amounts borrowed under the PNM Revolving Facility were used for general corporate purposes. Certain of the underwriters or their affiliates are lenders under the PNM Revolving Facility and, accordingly, will receive a portion of the proceeds from this offering. See ‘‘Underwriting — Relationships and FINRA Conduct Rules.’’

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our ratio of earnings to fixed charges for the periods indicated:

Three Months Ended March 31,	Year Ended December 31,				
2008	2007	2006	2005	2004	2003
N/M*	1.42	2.33	1.80	2.94	2.01

* The ratio of earnings to fixed charges for the three months ended March 31, 2008 is not meaningful since the earnings available for fixed charges are negative. The shortfall in the earnings available for fixed charges to achieve a ratio of earnings to fixed charges of 1.00 amounts to $44.2 million for the three months ended March 31, 2008.

Our ratio of earnings to fixed charges is computed by dividing our earnings by our fixed charges. For the purposes of such computations:

- earnings consist of earnings from continuing operations before income taxes plus fixed charges, less capitalized interest;
- fixed charges consist of the continuing operations portions of interest expensed and capitalized, amortization of debt discount, premium and capitalized expenses related to indebtedness and estimated interest costs within rental expense; and
- our natural gas operations are treated as discontinued operations for financial reporting and, accordingly, the earnings before income taxes and portions of the fixed charges attributable to our natural gas operations are excluded from the ratio of earning to fixed charges. Earnings before income taxes and fixed charges attributable to discontinued operations were $36.2 million and $3.2 million for the three months ended March 31, 2008 and $25.9 million and $13.1 million for the year ended December 31, 2007. The ratio of earnings to fixed changes, including the discontinued operations, would have been 0.63 and the shortfall to achieve a ratio of earnings to fixed charges of 1.00 would have been $8.0 million for the three months ended March 31, 2008. The ratio of earnings to fixed charges including the discontinued operations would have been 1.66 for the year ended December 31, 2007.

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CAPITALIZATION

The following table shows our capitalization at March 31, 2008 on an actual basis and as adjusted to reflect this offering and application of the estimated net proceeds as described in ‘‘Use of Proceeds.’’ The as adjusted information does not reflect the concurrent offering relating to $350.0 million aggregate principal amount of senior notes of PNMR or the application or proceeds therefrom. You should read this table together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

	March 31, 2008	
	Actual	As Adjusted
	(in thousands)	
Short-term debt	$ 345,000	$ — (1)
Current installments of long-term debt	299,980	299,980
Total short-term debt and current installments of long-term debt	644,980	299,980
Long-term debt, excluding current installments:		
Notes offered hereby	—	350,000
Other long-term debt	705,870	705,870
Unamortized discounts	(165)	(165)
Total long-term debt, excluding current installments	705,705	1,055,705
Cumulative preferred stock	11,529	11,529
Total common stockholder’s equity	1,393,388	1,393,388
Total capitalization	$ 2,755,602	$ 2,760,602

(1) Does not reflect the payment of the underwriting discount and expenses of the offering or the additional short-term debt incurred since March 31, 2008. Short-term debt as of May 6, 2008 was $340.0 million. The payment of these costs and increase in short-term borrowings will result in less reduction of short-term debt to take into account these amounts.

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LIQUIDITY AND CAPITAL RESOURCES

Statements of Cash Flows

The information set forth below should be read together with the Consolidated Statements of Cash Flows in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2008 incorporated by reference hereto. The changes in our cash flows are summarized as follows:

Year Ended December 31,				2007/2006	2006/2005
	2007	2006	2005	Change	Change
(In millions)					
Net cash flows from operating activities	$ 188.9	$ 97.5	$ 171.3	$ 91.4	$ (73.8)
Net cash flows from investing activities	(286.7)	(219.1)	(151.0)	(67.6)	(68.1)
Net cash flows from financing activities	90.2	120.8	(24.1)	(30.6)	144.9
Net change in cash and cash equivalents	$ (7.6)	$ (0.8)	$ (3.8)	$ (6.8)	$ 3.0