



PNM Resources
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September 5, 2008

VIA E-MAIL (to: rule-comments@sec.gov) AND U.S. MAIL

Office of the Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: File No. S7-18-08
Securities and Exchange Commission Release No. 33-8940, Security Ratings

Ladies and Gentlemen:

PNM Resources, Inc. ("PNM Resources") extends its thanks to the Securities and Exchange Commission (the "Commission") for providing this opportunity to comment on the Commission's proposed rule amendments relating to Security Ratings released under File Number S7-18-08 and published in the Federal Register on July 11, 2008.

First, as a general matter, PNM Resources has reviewed and endorses the comments submitted by the Edison Electric Institute on behalf of the electric utility industry. We believe the proposed rule changes to the Form S-3 eligibility requirements will adversely affect our largest electric utility subsidiary and adversely affect a significant number of other electric utilities. We further believe that the proposed changes to the Form S-3 eligibility requirements are not necessary or appropriate with respect to traditional corporate debt securities and preferred stock. Finally, if the Commission should find it necessary to eliminate the investment grade standard for Form S-3 eligibility, PNM Resources believes the proposed \$1 billion debt issuance threshold is not an appropriate alternative standard.

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, New Mexico, with 2007 consolidated operating revenues of \$2.4 billion, including discontinued operations. Through its utility and energy subsidiaries, PNM Resources serves electricity to more than 859,000 homes and businesses in New Mexico and Texas and natural gas to more than 495,000 customers in New Mexico. Its utility subsidiaries are Public Service Company of New

Mexico ("PNM") and Texas-New Mexico Power ("TNMP"). Another subsidiary is First Choice Power, a deregulated competitive retail electric provider in Texas. With generation resources of approximately 2,700 megawatts, PNM Resources and its subsidiaries market power throughout the Southwest, Texas and the West. In addition, the company has a 50-percent ownership of EnergyCo, which owns approximately 920 megawatts of generation.

Each of PNM Resources and PNM are reporting companies under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and maintain shelf registration statements on Form S-3 for the public offering of debt securities and, in the case of PNM Resources, equity securities. PNM Resources is a well-known seasoned issuer ("WKSI") with a publicly-held market capitalization in excess of \$1 billion; PNM, as a subsidiary issuer with no publicly traded common stock, is not a WKSI but is S-3 eligible. These Form S-3 registration statements have provided both the holding company and PNM, the traditional state-regulated operating company, with significant flexibility in accessing the capital markets. This need for flexibility has been highlighted with the difficult conditions in the debt capital markets over the last year and particularly in May 2008, when both PNM Resources and PNM were able to quickly and successfully conduct registered public offerings of an aggregate of \$700 million of debt securities and the settlement of stock purchase contracts resulting in the issuance of over 9.4 million shares of PNM Resources' common stock.

If the changes to the Form S-3 eligibility requirements are adopted as proposed, PNM will lose its ability to use a Form S-3 registration statement because it has not issued \$1 billion of debt securities over the past three years. PNM would be required to either use the more expensive and time consuming, as well as less flexible, Form S-1 or conduct unregistered offerings as private placements or offerings limited to qualified institutional buyers under Rule 144A. This would create a significant difficulty for PNM as a traditional operating company that has relied on its ability to periodically conduct public offerings of debt securities as market conditions have improved and has \$300.0 million of senior unsecured notes that mature this month, for which it is evaluating the economics of several options for refunding. As the largest subsidiary of the WKSI holding company, PNM, including discontinued operations, accounted for 68% of PNM Resources operating revenues for the year ended December 31, 2007 and 70% of its total assets at December 31, 2007. As a result, PNM and its financial condition are as well-known and well-followed in the marketplace as is PNM Resources. Yet, under the proposed rule amendments, PNM Resources (because it is the issuer of publicly-held common stock) will remain a WKSI, while PNM will lose eligibility to use Form S-3 at all. We do not believe that this is an appropriate result of public policy, particularly given the current national concerns relating to climate change and the need to improve the reliability of the national power grid, both of which will require substantially increased capital expenditures by the electric utility industry for the foreseeable future.

PNM Resources agrees with the view expressed in the EEI comment letter that many other utility holding company systems will experience a similar result if the investment-grade securities eligibility standard is eliminated from Form S-3. The organizational structure of PNM Resources and its subsidiaries is typical for the utility sector. PNM Resources also agrees with the EEI comment letter that if any securities rating changes are to be made to the Form S-3 eligibility requirements, they should be limited to the complex, asset-backed securities that have been involved in the recent market turmoil. We do not believe it is appropriate or necessary to

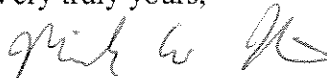
adversely impact a significant portion of the electric utility industry in order to achieve reform with respect to asset-backed securities and collateralized debt obligations.

If the Commission should determine to remove securities ratings as an eligibility criterion for Form S-3 eligibility, PNM Resources agrees with EEI that the proposed \$1 billion debt issuance test is not an appropriate alternative standard of eligibility. PNM Resources believes that its reporting subsidiary PNM, in particular, is well known in the market and should remain eligible for short-form registration. In evaluating an investment in PNM Resources, analysts closely follow the operations of each of PNM and TNMP, which together comprised over 76% of PNM Resources' annual consolidated net earnings in 2007. PNM Resources believes that any subsidiary of a WKSI that files reports with the SEC and is of significant size will be closely followed by analysts in evaluating an investment in the WKSI parent. Alternatively, the state regulatory commission in New Mexico regulates the issuance of securities by PNM, and the alternative proposal in the EEI comment letter relating to eligibility based on state regulation would also have a neutral result for PNM.

PNM Resources appreciates the efforts of the Commission to reduce conflicts in the credit rating process, improve comparability among credit rating agencies and increase the transparency of the credit ratings process, but we nevertheless strongly believe that any changes to the Form S-3 eligibility requirements should not impact the ability of utility companies to efficiently issue traditional investment grade corporate debt securities and preferred stock, particularly during a period when national policy calls for significantly increased capital expenditures by the electric utility industry.

If the Commission has any questions regarding this letter, please contact my colleague Charles L. Moore, Associate General Counsel, PNM Resources, Inc. at (505) 241-4935.

Very truly yours,



Michael W. Rico
Assistant Treasurer
PNM Resources, Inc.