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PNM Resources, Inc. Q2 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Our question-and-answer session will be conducted electronically today. (Operator instructions). We will turn first to Lasan Johong with RBC Capital Markets.

Lasan Johong – RBC Capital Markets

Thank you. Nice quarter by the way.

Jeff Sterba

Thank you, Johong.

Lasan Johong – RBC Capital Markets

Pat, if I'm not mistaken, there is at least one, potentially one more rate filing coming at PNM, correct?

Jeff Sterba

Yes.

Lasan Johong – RBC Capital Markets

Do you know when that might be or for how much?

Pat Vincent-Collawn

It'll be around this time next year, Lasan, and no, we haven't put together the numbers yet, we are just working on that right now.

Jeff Sterba

And remember that Lasan will be one that we anticipate using the future test your provision that we got in the rate case – I mean in the legislative session.

Lasan Johong – RBC Capital Markets

Right. And that is going to decrease the lag, right?

Jeff Sterba

Yes.

Lasan Johong – RBC Capital Markets

Was it eliminated?

Jeff Sterba

You're pretty close. I mean you never – I don't know that you ever get it eliminated to zero. Part of that will depend on what we actually file and how the commission responds.

Pat Vincent-Collawn

Lasan, the legislation is very good. It really gives you most future test years, it is still a little bit behind, because it the data when you file. Ours would be date, the projected data, when the rates go into effect. So the legislation is very good but it is just that it will end up what we actually file.

Lasan Johong – RBC Capital Markets

Okay. That makes sense. Right now, Texas, I hear, is going through a very bad drought/high temperature weather period. This definitely bodes ill for First Choice Power in the sense that, yes, demand goes up, but if you haven't bought enough power to offset that increase in demand, you then have to go out into the market and buy expensive power. So the question becomes is First Choice Power ready for this and can Optim Energy benefit on the other side from this particular situation developing?

Jeff Sterba

Well, one of the things, Lasan, you are right that they are – that one they have to have a drought largely restricted to – I mean in the Houston area, more than areas. On the heat, you also have to look, Texas is not a small state, and you have to look at the regions. And so in fact the Houston area, which is an important load piece for us, they have had hotter whether the normal and hotter weather than last year. But if you look at Dallas, which is also an important load piece for us, they have had cooler weather than normal and cooler weather than last year. So it is not all across the board. You really have to start looking at the individual areas.

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