

arrangements, which were entered into in 1985 and 1986, that are accounted for as operating leases. There are currently eight separate lease agreements with eight different trusts whose beneficial owners are five different institutional investors. Four of those leases, which relate to interests in PVNGS Unit 1 (the "Unit 1 Leases"), expire on January 15, 2015, and four of those leases, which relate to interests in PVNGS Unit 2 (the "Unit 2 Leases"), expire on January 15, 2016.

Under the terms of each of the leases, PNM has an option to purchase the leased assets at fair market value at the end of the leases, but does not have a fixed price purchase option. In addition, PNM has options to renew the leases at fixed rates set forth in each of the leases for two years beyond the termination of the original lease terms. The option periods on certain leases may be further extended for up to an additional six years (the "Maximum Option Period") if the appraised remaining useful lives and fair value of the leased assets are greater than parameters set forth in the leases. If PNM elects to extend the leases, it will have the option to purchase the leased assets at fair market value at the end of the extended lease terms.

Each lease provides that no later than three years prior to the expiration of the lease, PNM must give notice to the lessor if it wishes to "retain" the leased assets (but without specifying whether it would purchase the leased assets or extend the lease) or "return" the leased assets to the lessor. Furthermore, each lease provides that, if PNM gives notice to "retain" the leased assets, PNM must give notice as to which of the purchase or renewal options it will exercise no later than two years prior to the expiration of the lease. The elections PNM makes under each of the leases is independent of the elections made under the other leases.

On January 6, 2012, in accordance with the notice provisions, PNM notified each of the lessors in the Unit 1 Leases that PNM will "retain" the assets leased under that lease upon the expiration of the basic lease term on January 15, 2015. PNM will be required to specify by notice to each of the lessors by January 15, 2013, which of the alternatives it will select, that is, whether on January 15, 2015 it will extend the Unit 1 Leases, or purchase the leased assets. Each of the Unit 1 Leases is subject to the Maximum Option Period lease extension provisions.

There are similar notice provisions with respect to each of the Unit 2 Leases. PNM must provide notice of its intent to "retain" or "return" the leased assets by January 15, 2013. If PNM gives notice to "retain" the leased assets, PNM must give notice as to which of the purchase or renewal options it will exercise no later than January 15, 2014. One of the Unit 2 Leases contains the Maximum Option Period lease extension provision and the other three do not have that provision.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

PNM RESOURCES, INC.
PUBLIC SERVICE COMPANY OF NEW MEXICO

(Registrants)

Date: January 9, 2012

/s/ Thomas G. Sategna
Thomas G. Sategna
Vice President and Corporate Controller
(Officer duly authorized to sign this report)