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May 22, 1986

VIA FEDERAL EXPRESS

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File # 00431-238

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Re: Public Service Company of New Mexico

Dear Ed:

This will confirm our telephone conversation of today concerning the materials provided to the Staff on April 23, 1986. You requested a report on the status of the holding company restructuring by PNM, which is as follows:

- (1) The PNM shareholders approved the restructuring at their annual meeting on May 20, 1986. This was a significant milestone which has been successfully passed.
- (2) The New Mexico Public Service Commission has scheduled hearings on PNM's application and has scheduled issuance of a Public Service Commission order by June 30, 1986. A 30-day period would have to expire before the order becomes non-appealable.
- (3) The application for an exemption from regulation under the Public Utility Holding Company Act of 1935 is pending before the Securities and Exchange Commission. We have requested that an order be issued in a time frame consistent with the New Mexico Public Service Commission approval process.

Although there are other conditions to be met, the

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foregoing conditions are the most significant.

If you have any questions, or if I can be of any further assistance, please let me know.

Yours very truly,

KELEHER & McLEOD, P.A.

By Charles L. Moore
Charles L. Moore

CLM/mu

cc: Mr. A. J. Robison
Mr. Bob Starnes
Art Gehr, Esq.
Tim Toy, Esq.

