

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-28004)

Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")

July 27, 2005

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by **August 22, 2005**, to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-9303, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After **August 22, 2005**, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

PNM Resources, Inc., et al. (70-10280)

PNM Resources, Inc. (“PNM Resources”), a registered holding company, PNMR Services Company (“Services”), a wholly-owned service company subsidiary of PNM Resources, and Public Service Company of New Mexico (“PNM”), a public utility company subsidiary of PNM Resources, all located at Alvarado Square (MS-0920), Albuquerque, New Mexico 87158 and Texas-New Mexico Power Company (“TNMP”), an electric public utility subsidiary of PNM Resources, 4100 International Plaza, Fort Worth, Texas, 76109 (collectively, “Applicants”), have filed an application-declaration (“Application”) under sections 9, 10 and 13(b) of the Act and rules 54, 88, 90, 91 and 93 under the Act.

I. Background

PNM Resources is a holding company that has recently registered under the Act.¹ Prior to June 6, 2005, PNM Resource’s active subsidiaries included PNM, Avistar Inc. (“Avistar”), a nonutility company engaged in developing and marketing power system technologies, and PNMR Development and Management Corporation (“PNMR Development”), a company engaged in contract administration concerning the Luna Energy power generation project. On June 6, 2005, the Commission issued an order (the “Acquisition Order”) authorizing PNM Resources to acquire all of the voting securities of TNP Enterprises, Inc. (“TNP Enterprises”), a public utility holding company then-claiming exemption by rule 2 under the Act.² The

¹ PNM Resources filed a notice of registration under the Act on December 30, 2004. In PNM Resources, Inc., Holding Co. Act Release No. 27934 (December 30, 2004), PNM Resources committed to file this application to qualify its service company under rule 88 within thirty days of registration; the Application was filed January 28, 2005.

² Holding Co. Act Release No. 27979 (June 1, 2005). TNP Enterprises has since filed a notification of registration under the Act.

Acquisition Order authorized Services to provide services to TNP Enterprises and its active subsidiaries. The Acquisition Order also authorized transferring shared services employees and their functions from subsidiaries of TNP Enterprises to Services. As of June 6, 2005, the active subsidiaries of TNP Enterprises included TNMP, FCP Enterprises, Inc., a Delaware corporation, and an intermediate subsidiary parent of First Choice Power Special Purpose, L.P. (“First Choice”), and First Choice, an energy-marketer.³ The recipients of such services are referenced herein as “Service Recipients.”

II. Current Requests

Applicants seek authorization for the continued operation of Services and for it to continue to provide services, at cost in accordance with the Commission’s regulations, to PNM Resources and to PNM Resources’ other active subsidiaries: PNM, Avistar, Inc., PNMR Development,⁴ TNMP, FCP Enterprises, Inc. and First Choice. These services are to be provided in accordance with rules 90 and 91 under the Act. As of January 1, 2005, PNM Resources ceased providing services, which required personnel, to its affiliates and only retained its lessor and sub-lessor interest in office and office-related properties used in its subsidiaries operations. Services has entered into an administrative services agreement between PNM

³ First Choice is a Texas limited partnership and a bankruptcy remote special purpose entity certificated retail electric (“REP”) provider in Texas to which the original REP certificate of First Choice Power was transferred pursuant to an Order of the Public Utility Commission of Texas. A new certificate was granted to First Choice Power, Inc., which is now First Choice Power, L.P., also a subsidiary of TNP Enterprises and FCP Enterprises, Inc. These entities are collectively called “First Choice.”

⁴ PNMR Development is engaged in contract administration concerning the Luna Energy power generation project. PNM Resources, Holding Co. Act Release No. 27934 (December 30, 2004) describes the Luna energy project and authorizes the formation of subsidiaries for project development purposes.

Resources and Services (“Services Agreement”).⁵ Services requests authorization to provide services pursuant to rules 90 and 91 to authorized affiliate Service Recipients on terms substantially identical to the Services Agreement. PNM and Avistar have consented to the amendment and assignment from PNM Resources to Services of their previously existing service agreements so as to conform to the terms of the Services Agreement and enable PNM Resources to cease rendering affiliate services.

Applicants request authority under section 13(b) of the Act for TNMP to sublease and provide access to its existing offices and related facilities owned or leased by it at cost to Services and to First Choice. TNMP’s leasehold interests were obtained by TNMP prior to the acquisition of TNP Enterprises by PNM Resources. Before the acquisition, TNMP provided certain shared services to First Choice and TNPE Enterprises. Prior to the acquisition, employees occupied TNMP’s leased offices and related facilities which are leased from a non-affiliate. In connection with the acquisition closing, the services agreements between TNMP and First Choice and between TNMP and TNP Enterprises were terminated, and the new services agreements initiated with Services. The office space used by the discrete group of “shared services” employees at the TNMP office building will continue to be associated with those employees (who will not need to move physically), and the cost associated with the space specific to First Choice will be directly assigned to First Choice. In light of the transfer of shared services employees from TNMP to Services, TNMP requests authority to lease such offices and

⁵ The only service function that will remain at PNM Resources is the provision by it of access to offices to Services and PNM. Otherwise, Services proposes to provide its Serviced Recipients with all administrative, management, and support services as described in the Application.

related facilities at cost to Services, and authority for Services to provide access at cost to a portion of such offices and related facilities to First Choice.

PNM Resources requests authority to continue its practice of subleasing insubstantial space in its Alvarado Square office building to certain non-affiliates. PNM Resources subleases insubstantial space in its Alvarado Square office building to several non-affiliated tenants that are engaged in businesses that pertain to the functions of the complex.

Applicants further request that the Commission authorize reporting under rule 93 that is consistent with the form of accounts required by rate regulatory agencies, including Federal Power Act Form 1, to the extent there is a conflict between such accounts and those prescribed pursuant to 17 C.F.R. part 256. Applicants are not requesting relief from rule 94. Services' accounting and cost allocation methods and procedures are structured so as to comply with the Commission's standards for service companies in registered holding company systems. Services' billing system will use the "Uniform System of Accounts for Mutual Service Companies," established by the Commission for holding company systems. Services will utilize the chart of accounts specified in the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts for Public Utilities and Licensees (18 C.F.R. § 101).

Finally, PNM requests authority to provide generating plant operating dispatch services to its affiliates at cost in compliance with rules 90 and 91. Specifically, PNM requests authority to provide joint dispatch services to its affiliates in connection with PNM's generation resources and affiliate generation resources at cost. PNM Resources' dispatch center supports its control area function and will be predominantly used to support PNM plant dispatch and related transactions. PNM provides electrical control services from much of New Mexico, including the services area of PNM and TNMP in New Mexico.

III. Description of Services

Services' capitalization consists of 1,000 shares of common stock, no par value. It is anticipated that Services will finance its business through working capital, equipment and assets contributed by PNM Resources and issuance of debt securities exempted under rule 52(b) to associate companies or unaffiliated parties or otherwise authorized by the Act, rules and Commission orders. PNM Resources has contributed to Services certain physical property and contract rights as are necessary for Services to succeed to the services function previously performed by PNM Resources. PNM Resources has contributed \$5 million cash to Services.⁶ Approximately six hundred employees have transferred to the payroll of Services from PNM Resources and its affiliates. In order to provide substantially the same services as were previously provided by PNM Resources, Services has entered into leases and subleases with PNM Resources to occupy essentially the same office space that PNM Resources used for corporate support services at rates established at cost. Applicants state that this arrangement avoids the transactional costs that would otherwise be incurred in transferring property rights.

Applicants commit that no material change in the organization of Services, the type and character of the companies to be serviced, the methods of allocating cost to Service Recipients, or in the scope or character of the services to be rendered subject to section 13 of the Act, or any rule or order under the Act, shall be made unless and until Services shall first have given the Commission written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the Commission shall notify Services within the 60-day period that a question exists as to whether the proposed change

⁶ PNM Resources further intends to loan funds to Services at the effective cost of capital as authorized by rule 52(b).

is consistent with the provisions of section 13 of the Act, or of any rule under the Act, or Commission order, then the proposed change shall not become effective unless and until Services shall have filed with the Commission an appropriate declaration regarding such proposed change and the Commission shall have permitted such declaration to become effective.

Applicants have determined that the existing methods of allocating costs presented in the Services Agreement are consistent with those approved by the NMPRC on June 28, 2001. Under these cost allocations, the costs for services will be assigned to the companies that cause or benefit from those services. All charges for service shall be distributed among Service Recipients, to the extent possible, based on direct assignment. Costs which cannot be directly charged will be allocated using an appropriate cost allocation methodology that will take into account the cost causation of the type of service to be allocated. The application of a specific allocation method will be determined based upon principles of cost responsibility traditionally applied in electric and gas utility accounting and regulation such that each functional area supported by Services bears a fair share of fixed costs in addition to paying the variable costs associated with specific activities. Charges for all services provided by Services to its Service Recipients under the Service Agreements will be on an "at cost" basis as determined under rules 90 and 91 of the Act.

AGL Resources Inc. (70-10304)

AGL Resources Inc. ("AGL"), Ten Peachtree Place, Suite 1000, Atlanta, Georgia 30309, a registered holding company has filed an application-declaration under sections 6(a), 7, 9(a), 10, 11 and 12(b) of the Act.

Generally, AGL requests authority to organize and finance one or more direct or indirect subsidiaries to engage in certain gas- and energy-related nonutility businesses in Canada, Mexico and/or the United States.

I. Background

AGL distributes natural gas to more than 2.2 million end-use customers through public-utility company subsidiaries organized in Georgia (Atlanta Gas Light Company), Tennessee (Chattanooga Gas Company), Virginia (Virginia Natural Gas Inc. and Virginia Gas Distribution Company) and New Jersey (Pivotal Utility Holdings, Inc.). Pivotal Utility Holdings owns and operates utility facilities in New Jersey, Florida and Maryland through the following divisions: Elizabethtown Gas, Florida City Gas, and Elkton Gas.

AGL is also involved in various energy- and gas-related nonutility businesses, including: retail natural gas marketing to end-use customers in Georgia; natural gas asset management and related logistics activities for its own utilities as well as for other non-affiliated companies; operation of high deliverability underground natural gas storage; and construction and operation of telecommunications conduit and fiber infrastructure within select metropolitan areas. The common stock of AGL is listed on the New York Stock Exchange.

Through various subsidiaries, Sequent, LLC ("Sequent"), an indirect, wholly-owned subsidiary company of AGL, is engaged in the optimization of natural gas assets, gas transportation and storage, producer and peaking services and the wholesale marketing of natural gas. Sequent's asset optimization business focuses on capturing value from idle or underutilized natural gas assets, which are typically amassed by companies via investments in, or contractual rights to, natural gas transportation and storage facilities. Margins are typically created in this business by participating in transactions that balance the needs of varying markets and time

horizons. Sequent provides its customers with natural gas from the major producing regions and market hubs primarily in the Eastern and Mid-Continental United States. Sequent also purchases transportation and storage capacity to meet its delivery requirements and customer obligations in the marketplace. Sequent's customers benefit from its logistics expertise and ability to deliver natural gas at prices that are advantageous relative to the other alternatives available to its end-use customers.

II. Requests For Authority

AGL requests authority to acquire interests in energy- and gas-related nonutility businesses operating in Canada, Mexico and/or the U.S ("Foreign Nonutility Businesses").⁷ Typically, these investments would be made through one or more direct or indirect subsidiaries of Sequent and funded by acquisitions of equity and debt securities of Foreign Nonutility Businesses, borrowings from AGL's nonutility money pool by Foreign Nonutility Businesses, and guarantees. AGL would limit its direct and indirect investments in Foreign Nonutility Businesses to an aggregate amount not to exceed \$300 million ("Investment Limit") in the form of equity, debt and guarantees, including nonutility money pool borrowings, through September 31, 2008 ("Authorization Period"). AGL's public utility subsidiary companies would not directly or indirectly acquire any Foreign Nonutility Businesses and they would not provide funding for, extend credit to, or guarantee the obligations of, Foreign Nonutility Businesses.

The specific nonutility businesses in which AGL seeks authorization to invest include: (1) energy management services and other energy conservation related businesses; (2) the maintenance and monitoring of utility equipment; (3) the provision of utility related or derived

⁷ Investments in gas- and energy-related businesses that may be acquired under rule 58 would be subject to the investment limits under that rule, not the limit described below.

software and services; (4) engineering, consulting and technical services, operations and maintenance services; (5) brokering and marketing of natural gas, electricity and other energy commodities and providing incidental related services, such as fuel management, storage and procurement; and (6) oil and gas exploration, development, production, gathering, transportation, storage, processing and marketing activities, and related or incidental activities. AGL does not seek authority to acquire any assets that would cause any subsidiary to be or become an "electric-utility company" or "gas-utility company," as those terms are defined in sections 2(a)(3) and 2(a)(4) of the Act.

AGL requests authority for all Foreign Nonutility Businesses to participate as borrowers and lenders in the nonutility money pool authorized by Commission order dated April 1, 2004 (Holding Co. Act Release No. 27828). Participation in the nonutility money pool would include unsecured short-term borrowing, contributing surplus funds, and lending and extending credit to other nonutility money pool participants.

For the Commission by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland
Deputy Secretary