

PNM aims to boost business at banks in NM

Winthrop Quigley / Journal Staff
Writer



Public Service Company of New Mexico has divided its latest \$50 million revolving credit facility among nine banks with significant operations in New Mexico, including some smaller community banks.

The company, a subsidiary of PNM Resources and the state's largest electric utility, said its goal is to secure competitive financing and at the same time increase business at New Mexico's banks.

Assistant Treasurer Leo Gonzalez told the Journal that PNM has a \$400 million revolving credit facility with 11 large out-of-state banks, including U.S. Bank and Bank of Albuquerque, which is unit of an Oklahoma banking company. The company recently decided it needed to increase its facility by \$50 million and decided to borrow it from banks within its service territory, Gonzalez said.

The funds will be used for capital expenditures required to maintain and expand the company's electric utility operations.

A revolving credit facility is similar to a line of credit. At any given time Public Service Co. might have \$200 million to \$250 million borrowed. It usually rolls over borrowed funds – repays loans and borrows funds again – every 30 days.

U.S. Bank and Bank of Albuquerque are managing the facility on behalf of the other participating banks. Those banks are Bank of the West, Community Bank of Santa Fe, First National Bank of Santa Fe, Four Corners Community Bank of Farmington, Southwest Capital Bank of Las Vegas, Washington Federal, and Western Bank of Alamogordo.

Each bank had to commit to lending at least \$1 million at interest rates matching those offered by the company's current revolving credit lenders. Gonzalez said Public Service Co. currently pays about 1.4 percent.

The company plans to spend more than \$1 billion on capital improvements over the next five years.