

March 13, 2012

Via email to director@fasb.org

Technical Director Financial Account Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 2011-230, Revenue Recognition Topic (Topic 605)

Dear Technical Director:

PNM Resources, Inc. ("PNMR") appreciates the opportunity to respond to the Proposed ASU issued by the FASB.

PNMR is a regulated energy company in the United States with approximately \$5.2 billion of assets, \$1.7 billion in annual revenues, and a market capitalization of approximately \$1.5 billion. Our subsidiaries are involved in the generation, transmission and distribution of electricity in New Mexico and Texas.

PNMR is a member of Edison Electric Institute ("EEI"). We have reviewed the March 12, 2012 comment letter submitted by EEI and generally agree with the comments and concerns raised in their letter, except for their comments regarding the disclosure requirements set forth in the Proposed ASU. Our comments on the disclosure requirements are provided below.

We believe the Proposed ASU fails to recognize that many entities do not have complex patterns of revenue recognition. The Proposed ASU would impose disclosure requirements on those entities that would not provide meaningful information. For example, many entities merely sell goods and services to their customers, who are obligated to pay for the goods or services upon the exchange. These arrangements do not typically give rise to items that meet the definitions of Contract Asset or Contract Liability that are proposed to be added to the Master Glossary. However, the disclosures proposed in paragraph 117 of the Proposed ASU and ASC 605-10-50-9 would appear to require such entities to provide a reconciliation of Contract Assets for each period that would show a beginning balance of zero, an addition for the amount of revenue generated, a reduction for amounts transferred to receivables (which would equal the amount of revenue), and an ending balance of zero. It seems unlikely that this is the FASB's intent and we suggest that the final ASU be modified to clarify that such meaningless disclosures are not required.

We understand that there are entities that have complex arrangements with their customers and that the disclosures set forth in Proposed ASU would provide meaningful information to users of financial statements. However, we believe the FASB should acknowledge that there are entities for which such information is not meaningful and would merely clutter up the financial statements. These entities should be able to satisfy the disclosure requirements by providing the qualitative information summarized in paragraph 109 of the Proposed ASU without providing the quantitative detail required of more complex entities.

Even for complex entities, we believe the volume of disclosures set forth in the Proposed ASU are excessive and suggest the FASB reduce and simplify the disclosure requirements for those entities. Specifically, we are concerned about the FASB's apparent tendency to require roll-forward reconciliations of balance sheet accounts in each of its proposed amendments. This trend is increasing the complexity and volume of disclosures in financial statements, making it harder for users to discern important information.

It is also unclear to us if the proposed definition of Contract Liability would encompass advances from customers that are intended to assure collectability of eventual receivables rather than advance payments for specified goods or services. For example, in the utility industry, it is common for customers to provide deposits upon obtaining service that serve as collateral in the event of non-payment by the customers. Such deposits are not contracts requiring the utility to deliver specified quantities of service and are fully refundable if the customers leave the utility system and have paid for services provided. The aggregate of customer deposits is typically not significant to a utility's balance sheet. To provide a roll-forward reconciliation of such balance for each period would not seem to provide much meaningful information to users of financial statements.

In addition, we believe that the proposed amendment to Topic 270 on interim disclosures (Question 5 of the Proposed ASU) are inconsistent with the principle that interim reporting should reflect only significant changes since the last annual reporting period. We see little, if any, value in providing the disclosures set forth in the proposed amendment to ASC 270-10-50-1 for nearly all entities. These disclosures should only be required if the entity does not have consistent patterns for these items or there have been significant changes in the entity's business. Requiring the additional disclosures as proposed will unnecessarily add complexity to the current disclosure requirements. We also believe that the additional disclosure requirements may overwhelm and potentially confuse users of the financial statements. If additional disclosures are required, they should adequately balance the needs of users and the impact to preparers in gathering and presenting the information in a meaningful and cost effective manner. We recommend that the FASB consider having further outreach efforts on the needs of financial statement users and the costs to preparers when determining the disclosure requirements for revenue for both annual and interim financial statements.

Given that the Proposed ASU is to be applied retroactively and expanding upon EEI's comment on the Effective Date, we believe that entities should be provided a minimum of six (and preferably 12) months to assess the requirements of the final ASU prior to the date to which it would be applied retroactively. Since it appears that a final ASU will not be issued in a timeframe that would allow issuers adequate time to analyze its requirements prior to January 1, 2013, we believe the effective date should not be prior to annual periods beginning after January 1, 2016, which would be applied retroactively to January 1, 2014 for public companies.

Sincerely,

Henry A. Ingalls

Director, SEC Reporting and GAAP Analysis

PNM Resources, Inc.

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