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pending litigation brought by Public Service Company of New Mexico (the "Company") in New York state court against Western Resources, Inc. ("Western Resources") in connection with the Agreement and Plan of Restructuring and Merger dated November 8, 2000 to which the Company and Western Resources, among others, are parties. On November 19, 2001, Western Resources moved to dismiss or stay the Company's complaint. In its motion, Western Resources contends that the Company's claims against Western Resources are not yet ripe for judicial resolution. The Company intends to vigorously oppose this motion.

On November 19, 2001, Western Resources filed suit against the Company in New York state court seeking hundreds of millions of dollars in damages. Western Resources makes several different claims concerning the Company's actions surrounding the KCC rate and split-off cases including breach of contract and breach of the implied covenant of good faith. In the suit, Western Resources contends that the Company interfered in and failed to assist Western Resources during the KCC proceedings resulting in the adverse orders, which are the basis of the Company's suit. Furthermore, Western Resources contends that the Company acted so that it would be able to derail the transaction and possibly negotiate better terms. Western Resources further alleges that the Company has failed to satisfy certain conditions precedent to consummating the transaction. The Company denies that it acted inappropriately. The Company intends to continue to pursue its suit against Western Resources and to vigorously contest the Western suit. However, it is unable to predict the outcome of these proceedings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW MEXICO

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(Registrant)

Date: November 30, 2001

/s/ John R. Loyack

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John R. Loyack  
Vice President, Corporate Controller  
and Chief Accounting Officer  
(Officer duly authorized to sign this report)