

**SAN JUAN UNIT 3
STATUS REPORT
December 2008**

EQUIVALENT AVAILABILITY FACTOR

October 2008: 80.55%
2008 Y-T-D: 66.17%

UNIT CAPACITY FACTOR

October 2008: 77.49%
2008 Y-T-D: 63.73%

OPERATIONAL NOTES (Unit Outages/Significant De-rates)

10/30/2008: San Juan Unit 3 tripped offline on 10/30/2008 at 7:52 am MST due to a main fuel trip due to issues with the DCS. Unit was back online by 12:50 pm MST.

10/31/2008: San Juan Unit 3 was taken off-line at about 02:45 am MST on 10/31/08 to repair secondary superheater tube leaks. The unit was returned to service at about 12:30 pm MST on 11/04/08.

SAN JUAN PROJECT UPDATE

San Juan Project Capital Budget Items (CBI)

PNM is recommending that the Unit 3 HP/IP Turbine Rotor be replaced at a cost of \$14,368,000. There are a multitude of benefits for replacing the Unit 3 turbine rotor at this time, including a capacity increase of the turbine generator of about 24 MW. PNM has characterized the Unit 3 turbine rotor replacement as routine maintenance.

PNM's proposed turbine rotor replacement recommendation is being evaluated. Other considerations being evaluated beyond what is presented in PNM's CBI package for the Unit 3 HP/IP Turbine Rotor Replacement include California's SB 1368 and AB 32, and Governor Schwarzenegger's Executive Order increasing the state's Renewable Energy Standard to 33 percent renewable power by 2020.

Monthly Operating Report and O&M Update

- SCPPA's O&M and Capital cost for the San Juan Project year-to-date through October 2008 was \$40,925,368 or 7.4% over budget.
- The average bus bar energy cost for Unit 3 year-to-date through October 2008 was \$50.62 per MWH (excluding capital).
- The equivalent forced outage rate for Unit 3 year-to-date through October 2008 was 11.06%. This compares to an equivalent forced outage rate for 2007 of 9.00%.