

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

1ST REVISED RIDER NO. 27
CANCELING ORIGINAL RIDER NO. 27

REGULATORY
COMMISSION

2011 APR 22 AM 11:53

SO2 CREDIT

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EXPLANATION OF RIDER FOR SO2 CREDITS: Pursuant to the New Mexico Public Regulation Commission's (NMPRC) Final Order in NMPRC Case No. 08-00273-UT, Public Service Company of New Mexico ("PNM" or the "Company") establishes this Rider to enable the pass through of SO2 credits to PNM customers.

APPLICABILITY: All PNM Retail customers taking electric service under Rate Classes 1A, 1B, 2A, 2B, 3B, 3C, 4B, 5B, 6, 10A, 10B, 11B, 14B, 15B, 17B, 20, or 30B.

METHODOLOGY:

The SO2 Credit Rider shall be used to credit customers their share of any net revenues received by PNM from sales of SO2 allowances. The credit shall be made in the second month following the sales. However, if sale revenue in a month does not equal at least \$500,000, the revenue will be carried forward, and not credited, until the accumulated amount of revenue equals at least \$500,000. Credits shall be based on the actual kWh sales for the month the credit is made. PNM will calculate SO2 credits to be applied by rate class based upon class energy sales. PNM will file a SO2 Monthly Report that shows the amount of sales revenue and the amount credited on a monthly and cumulative basis. The SO2 Credit Rider will also be used to credit customers for past revenues from SO2 allowances described below.

RIDER RATES:

The SO2 credit, differentiated by voltage class, applies to all kilowatt-hours ("kWh") consumed by customers taking retail service under PNM's Retail Energy Rate Schedules listed above, and will appear on the customer's monthly bill as a line item calculated on all kWh of delivered energy.

EXPLANATION OF SO2 CREDIT FOR REVENUES FROM PAST SALES: Pursuant to the New Mexico Public Regulation Commission's (NMPRC) Final Order in NMPRC Case No. 08-00273-UT, the Company will pass through SO2 credits in the amount of \$26,334,232, representing the amount of revenues from past sales of SO2 allowances previously received by PNM. The credit shall be implemented in two phases: \$14,266,181 shall be credited in billings over the period July 1, 2009 through June 30, 2010; \$12,068,051 shall be credited in billings over the period July 1, 2010 through March 31, 2011. Any under- or over-crediting that occurs shall be true-up by rate class following the second phase. Once the true-up amounts are determined they shall be credited or collected over a two-month period.

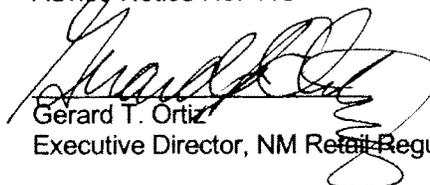
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REPLACED BY NMPRC

BY Final Order Case #08-00273-UT

Advice Notice No. 418


Gerard T. Ortiz
Executive Director, NM Retail Regulatory Services

GCG#511884

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SO2 credit amounts as a result of NMPRC Case 08-00273-UT

PNM Rate Schedule	SO2 Credits (from 7/1/09 - 6/30/10)	SO2 Credits (from 7/1/10 - 3/31/11)	Total SO2 Credits (from 7/1/09 - 3/31/11)	
1 - Residential	(\$5,189,696)	(\$4,390,069)	(\$9,579,765)	
2 - Small Power	(\$1,571,484)	(\$1,329,350)	(\$2,900,834)	
3 - General Power TOU	(\$3,216,753)	(\$2,721,116)	(\$5,937,869)	
4B - Large Power TOU _{1,2}	(\$2,595,451)	(\$2,195,544)	(\$4,790,995)	X
5B - Industrial Power (Mines 46/115 kV) ₂	(\$148,890)	(\$125,947)	(\$274,837)	X
10 - Irrigation Pumping	(\$30,529)	(\$25,825)	(\$56,354)	
11B - Wtr/Swg Pump TOU	(\$333,267)	(\$281,917)	(\$615,185)	
14B - Industrial Power (Mines 115 kV) ₁	(\$33,042)	\$0	(\$33,042)	X
15B - Industrial Power (Universities 115 kV)	(\$194,571)	(\$164,591)	(\$359,162)	
17B - Industrial Power (Manuf., 12.5 kV, 10MW)	\$0	\$0	\$0	
30B - Industrial Power (Manuf., 12.5 kV, 30MW)	(\$867,091)	(\$733,490)	(\$1,600,581)	
6 - Private Area Lighting	(\$21,526)	(\$18,209)	(\$39,735)	
20 - Streetlighting	(\$79,025)	(\$66,849)	(\$145,875)	
Totals	(\$14,266,181)	(\$12,068,051)	(\$26,334,232)	

Notes:

1. Effective with 2/2010 bill, the sole customer in Rate Schedule 14B transferred electric service to Rate Schedule 4B. Remaining SO2 Credits transferred from Rate Schedule 14B to Rate Schedule 4B.
2. Effective with the 2/2009 bill, a Rate Schedule 4B customer transferred electric service to Rate Schedule 5B. All Allocated SO2 Credits transferred from Rate Schedule 4B to Rate Schedule 5B.

X
X
X
X
X

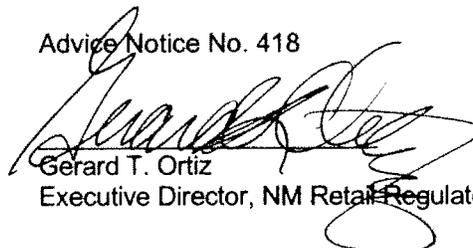
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SO2 credit rates as a result of NMPRC Case 08-00273-UT

PNM Rate Schedule	SO2 Credit Rate (from 7/1/09 - 6/30/10)	SO2 Credit Rate (from 7/1/10 - 3/31/11)	SO2 Credit Reconciliation Rate (from 5/1/11 - 6/29/11)	
<u>Secondary Voltage Classes</u>				
1 - Residential	(\$0.001725)	(\$0.001890)	\$0.000410	x
2 - Small Power	(\$0.001725)	(\$0.001890)	(\$0.001346)	x
3 - General Power TOU	(\$0.001725)	(\$0.001890)	(\$0.001020)	x
6 - Private Area Lighting	(\$0.001725)	(\$0.001890)	(\$0.000780)	x
10 - Irrigation Pumping	(\$0.001725)	(\$0.001890)	(\$0.000056)	x
20 - Streetlighting	(\$0.001725)	(\$0.001890)	(\$0.000123)	x
<u>Primary Voltage Classes</u>				
4B - Large Power TOU	(\$0.001698)	(\$0.001860)	(\$0.001389)	x
11B - Wtr/Swg Pump TOU	(\$0.001698)	(\$0.001860)	(\$0.001573)	x
<u>Substation Voltage Classes</u>				
17B - Industrial Power (Manuf., 12.5 kV, 10MW)	(\$0.001678)	(\$0.001838)	\$0.000000	x
30B - Industrial Power (Manuf., 12.5 kV, 30MW)	(\$0.001678)	(\$0.001838)	(\$0.000100)	x
<u>Subtransmission Voltage Classes</u>				
5B - Industrial Power (Mines 46/115 kV)	(\$0.001665)	(\$0.001823)	(\$0.000797)	x
<u>Transmission Voltage Classes</u>				
14B - Industrial Power (Mines 115 kV)	(\$0.001662)	(\$0.001820)	\$0.000000	x
15B - Industrial Power (Universities 115 kV)	(\$0.001662)	(\$0.001820)	(\$0.001293)	x

TERRITORY: All territory served by the Company under PNM Electric Services tariffs.

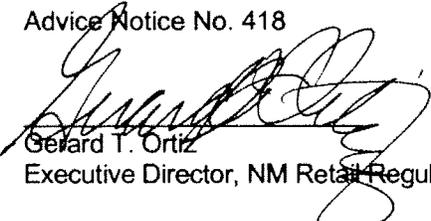
DURATION: The SO2 Credit shall remain in effect until terminated by the Commission.

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REPLACED BY NMPRC
BY Final order Case # 08-00273-UT

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