

Rate of return by rate classification.

PNM 530 Schedules N Series

Schedule N-1: Rate of return by rate classification.

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This schedule is also being provided electronically, see index for location.

Public Service Company of New Mexico
Schedule N-1 Rate of Return by Rate Classification
Base Period Ending 6/30/2016
Test Period Ending 12/31/2018

	Residential	Small Power	General Power	General Power	Large Power	Mines Schedule 5 Industrial Power	Irrigation
	Schedule 1 Residential	Schedule 2 Small Power	Schedule 3B General Power	Schedule 3C GP Low LF	Schedule 4 Large Power	(Mines, Multi Volt)	Schedule 10 Irrigation
Total PNM Consolidated	1	2	3	4	5	6	7
(a) Base Period - Current Rates							
Rate Base ⁽¹⁾	\$2,327,814,669	\$1,210,044,548	\$305,276,759	\$376,331,093	\$51,403,200	\$221,435,074	\$11,138,270
Net Operating Income (present rates) ⁽²⁾	\$180,633,362	\$73,778,754	\$29,831,872	\$38,647,464	\$8,036,589	\$17,986,189	\$1,530,237
Rate of Return (present rates)	7.76%	6.10%	9.77%	10.27%	15.63%	8.12%	13.74%
Relative Rate of Return	1.00	0.79	1.26	1.32	2.01	1.05	1.77

(b.1) Test Period - Proposed Rates (Unbanded)							
Rate Base ⁽³⁾	\$2,381,200,287	\$1,212,704,725	\$322,102,405	\$388,160,071	\$53,142,425	\$233,791,548	\$11,449,194
Net Operating Income (proposed rates) ⁽⁴⁾	\$178,747,208	\$91,032,907	\$24,178,943	\$29,137,628	\$3,989,190	\$17,549,799	\$859,445
Rate of Return (proposed rates)	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%
Relative Rate of Return	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(b.2) Test Period - Proposed Rates (Banded)							
Rate Base ⁽⁵⁾	\$2,381,200,287	\$1,212,704,725	\$322,102,405	\$388,160,071	\$53,142,425	\$233,791,548	\$11,449,194
Net Operating Income (proposed rates) ⁽⁶⁾	\$179,387,323	\$81,933,708	\$26,135,451	\$33,957,005	\$7,230,918	\$17,591,187	\$1,066,824
Rate of Return (proposed rates)	7.53%	6.76%	8.11%	8.75%	13.61%	7.52%	9.32%
Relative Rate of Return	1.00	0.90	1.08	1.16	1.81	1.00	1.24

(c) Explanation of adjustments

Please refer to PNM Exhibit HEM-3 and the testimony of PNM Witness Monroy for further discussion of base period adjustments and adjustments from adjusted base period to test period.

Please refer to the direct testimony of PNM Witness Chan for an explanation of allocations to rate classes and proposed revenues before and after banding.

Reference:

- (1) PNM Exhibit SAV-4, Page 1-2, Line 11
- (2) PNM Exhibit SAV-4, Page 1-2, Line 36
- (3) PNM Exhibit SAV-4, Page 137-138, Line 2
- (4) PNM Exhibit SAV-4, Page 137-138, Line 26
- (5) PNM Exhibit SAV-4, Page 137-138, Line 2
- (6) Worksheet "RoFR after Banding.xlsx", Sheet1, Line 26

Public Service Company of New Mexico
Schedule N-1 Rate of Return by Rate Classification
Base Period Ending 6/30/2016
Test Period Ending 12/31/2018

	Wtr/Swg Pumping Schedule 11 Water & Sewage 8	Universities Schedule 15 Industrial Power (Universities 115 kV) 9	Manufacturing Schedule 30 Industrial Power (Manuf, 12.5 kV) 10	Industrial Schedule 33B Large Service for Station Power 11	Schedule 35B Lg Power Service >= 3,000 kW 12	Schedule 36B Special Service Rate Renew. Energy Res. 13	Private Lighting Schedule 6 Private Area Lighting 14	Streetlighting Schedule 20 Streetlighting 15
[a] Base Period - Current Rates								
Rate Base ⁽¹⁾	\$29,642,330	\$9,638,934	\$55,457,328	\$377,942	\$27,558,855	\$0	\$3,431,717	\$19,356,347
Net Operating Income (present rates) ⁽²⁾	\$2,166,426	\$1,360,303	\$3,573,671	\$64,461	\$576,248	\$0	\$848,593	\$1,816,444
Rate of Return (present rates)	7.31%	14.11%	6.44%	17.06%	2.09%	0.00%	24.73%	9.38%
Relative Rate of Return	0.94	1.82	0.83	2.20	0.27	0.00	3.19	1.21

[b.1] Test Period - Proposed Rates (Unbanded)								
Rate Base ⁽³⁾	\$35,874,163	\$10,530,237	\$49,980,198	\$395,909	\$28,910,092	\$4,861,667	\$3,022,902	\$18,245,906
Net Operating Income (proposed rates) ⁽⁴⁾	\$2,692,930	\$790,463	\$3,751,814	\$29,719	\$2,170,165	\$364,946	\$226,917	\$1,369,647
Rate of Return (proposed rates)	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%
Relative Rate of Return	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

[b.2] Test Period - Proposed Rates (Banded)								
Rate Base ⁽⁵⁾	\$35,874,163	\$10,530,237	\$49,980,198	\$395,909	\$28,910,092	\$4,861,667	\$3,022,902	\$18,245,906
Net Operating Income (proposed rates) ⁽⁶⁾	\$2,149,801	\$1,000,422	\$3,205,116	\$47,814	\$1,782,202	\$364,946	\$720,185	\$1,758,745
Rate of Return (proposed rates)	5.99%	9.50%	6.41%	12.08%	6.16%	7.51%	23.82%	9.64%
Relative Rate of Return	0.80	1.26	0.85	1.60	0.82	1.00	3.16	1.28

[c] Explanation of adjustments

Please refer to PNM Exhibit HEM-3 and the testimony of PNM Witness Monroy for further discussion of base period adjustments and adjustments from adjusted base period to test period.

Please refer to the direct testimony of PNM Witness Chan for an explanation of allocations to rate classes and proposed revenues before and after banding.

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