

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR REVISION OF ITS RETAIL )  
ELECTRIC RATES PURSUANT TO ADVICE )  
NOTICE NO. 507 )**

**Case No. 14-00332-UT**

**PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )**

**Applicant )**

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**HENRY E. MONROY**

**DECEMBER 11, 2014**

**NMPRC CASE NO. 14-00332-UT**  
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**WITNESS FOR**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO**

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AFFIDAVIT

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1                                   **I.       INTRODUCTION AND PURPOSE**

2   **Q.     PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3   **A.**    My name is Henry E. Monroy. I am the Director, Cost of Service and Internal  
4            Audit for PNM Resources, Inc. (“PNM Resources”). My address is 414 Silver  
5            Avenue, SW, Albuquerque, New Mexico 87102.

6

7   **Q.     PLEASE DESCRIBE YOUR RESPONSIBILITIES AS DIRECTOR, COST  
8            OF SERVICE AND INTERNAL AUDIT.**

9   **A.**    As Director, Cost of Service and Internal Audit, I am responsible for revenue  
10           requirement-related work for all regulated subsidiaries of PNM Resources,  
11           including Public Service Company of New Mexico (“PNM” or “Company”) and  
12           Texas New Mexico Power Company (“TNMP”). This responsibility includes  
13           preparation of revenue requirement analysis and required testimony for regulatory  
14           filings. I am also responsible for the oversight of the Internal Audit function at  
15           PNM Resources.

16

17 **Q.     HAVE YOU PREVIOUSLY TESTIFIED IN UTILITY REGULATION  
18           PROCEEDINGS?**

19 **A.**    Yes. My educational background and professional experience is summarized in  
20           PNM Exhibit HEM-1, which includes a tabulation of cases before the New  
21           Mexico Public Regulation Commission (“NMPRC” or “Commission”), Public

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1 Utility Commission of Texas and Federal Energy Regulatory Commission  
2 (“FERC”), in which I have testified.

3  
4 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
5 **PROCEEDING?**

6 **A.** The purpose of my testimony is to:

7 (1) Present and support the base, adjusted base, and test period cost of service  
8 studies as well as certain related schedules required by the Commission to be  
9 filed pursuant to 17.9.530 NMAC (“Rule 530”), as supplemented by 17.1.3  
10 NMAC (“FTY Rule”);

11 (2) Provide a summary of how the total PNM cost of service is allocated among  
12 PNM’s NMPRC jurisdictional customers, FERC customers and the remaining  
13 segments;

14 (3) Support PNM’s request for continuation of its Renewable Energy Rider No.  
15 36 (“Rider No. 36”) in this proceeding;

16 (4) Explain the methodologies used to allocate the PNMR Services Company  
17 (“PNMR Services”) and PNM Resources costs to PNM;

18 (5) Describe and provide support for a number of adjustments to the base period  
19 to develop an adjusted base period;

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1 (6) Explain the methodology used to develop the test period cost of service, and  
2 provide the necessary support for adjustments made in the linkage data to  
3 develop the test period cost of service; and

4 (7) Request Commission approval to establish regulatory asset and liability  
5 treatment regarding recovery of certain costs over a straight-line basis  
6 compared to a present-value accretion basis as required by Generally  
7 Accepted Accounting Principles (“GAAP”)  
8

9 **Q. PLEASE LIST THE SCHEDULES THAT YOU ARE SPONSORING.**

10 **A.** I am sponsoring the following Rule 530 Schedules: A-1, A-3 through A-5, B-1  
11 through B-7, C-1 through C-3, D-1, D-2, E-1 through E-4, F-1, H-1 through H-8,  
12 H-14 through H-16, I-1 through I-3, J-1, J-2, K-1 through K-3, K-5 through K-7,  
13 P-2 through P-4, P-7, P-12, and Q-6. Each of these schedules was prepared by me  
14 or under my direct supervision.  
15

16 **Q. HAS PNM COMPLIED WITH NMAC RULE 17.1.3.11 REGARDING**  
17 **ELECTRONIC FILING REQUIREMENTS.**

18 **A.** Yes. PNM is providing PNM Exhibit HEM-2 and HEM-3 in electronic format.  
19 PNM Exhibit HEM-2 provides the unadjusted base period cost of service,  
20 adjustments made to derive an adjusted base period cost of service and the test  
21 period cost of service. PNM Exhibit HEM-3 provides the electronic workpapers



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1 utilized to develop the adjusted base period and the test period cost of service that  
2 is provided in PNM Exhibit HEM-2. These files are being provided electronically  
3 on a CD, so amounts in schedules and workpapers can be traced, and assumptions  
4 used to develop the test period are provided in working electronic files.

**II. SUMMARY OF KEY CONCLUSIONS**

7  
8 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE DEVELOPMENT OF**  
9 **THE REVENUE REQUIREMENTS BEING REQUESTED IN THIS**  
10 **PROCEEDING.**

11 **A.** The test period utilized to determine the revenue requirements for the rates  
12 requested in this proceeding is based on the projected twelve months ending  
13 December 31, 2016. The amounts requested in rate base are based on a projected  
14 13-month average balance, from December 2015 through December 2016. The  
15 revenue requirements are derived by using a future test year period as defined by  
16 17.1.3.7(G) NMAC and were developed in accordance with the requirements of  
17 the FTY Rule and the applicable provisions of Rule 530. To develop the test  
18 period revenue requirements, PNM began with an unadjusted base period based  
19 on the twelve months ending June 30, 2014. PNM performed certain adjustments  
20 to develop an adjusted base period, and provides information and adjustments  
21 included in the linkage data, to develop the future test year period. The

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1 assumptions and methodology used to develop these revenue requirements are  
2 discussed in detail below.

3  
4 **Q. PLEASE SUMMARIZE THE REQUESTED TEST PERIOD REVENUE**  
5 **REQUIREMENTS.**

6 **A.** The test period revenue requirements are \$983,316,658. This amount consists of a  
7 non-fuel revenue requirement of \$765,056,912 and a fuel revenue requirement of  
8 \$218,259,746. PNM is requesting an increase in total revenue requirements of  
9 \$107,441,397, consisting of an \$114,464,858 increase related to non-fuel revenue  
10 requirements and a decrease of \$7,023,461 related to fuel revenue requirements.  
11 PNM has projected revenue requirements proposed to be collected under PNM's  
12 Rider No. 36 in 2016 of \$44,036,887. PNM is projecting a decrease to the  
13 revenue requirements under Rider No. 36 of \$686,800. HEM Table 1 below  
14 provides a summary of the requested revenue requirements and provides a  
15 comparison to existing revenues.

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**Table HEM-1  
Revenue Deficiency Summary**

Line No.	Description	PNM Retail	Renewables	PNM Electric Retail
1	<b>Non-Fuel Revenue</b>	\$ 650,592,054	\$ 44,723,687	\$ 695,315,741
2	Base Fuel Revenue	176,877,288	-	176,877,288
3	Current FPPCAC Factor Revenue, excluding prior undercollection	48,405,919	-	48,405,919
4				
5	<b>Total Fuel Revenue</b>	<u>225,283,207</u>	<u>-</u>	<u>225,283,207</u>
6	<b>Total Revenues at existing rates</b>	<u>\$ 875,875,261</u>	<u>\$ 44,723,687</u>	<u>\$ 920,598,948</u>
7				
8				
9	<b>Revenue Requirement Requested</b>			
10	Non-Fuel Revenue Requirement	\$ 765,056,912	\$ 44,036,887	\$ 809,093,799
11	Fuel Revenue Requirement	218,259,746	-	218,259,746
12	<b>Total Test Period Revenues per Revenue Requirement</b>	<u>\$ 983,316,658</u>	<u>\$ 44,036,887</u>	<u>\$ 1,027,353,545</u>
13				
14	<b>Deficiency</b>			
15	Non-Fuel Deficiency - As Requested	\$ 114,464,858	\$ (686,800)	\$ 113,778,057
16	Fuel Deficiency - As Requested	(7,023,461)	-	(7,023,461)
17	<b>Rate Deficiency - As Requested</b>	<u>\$ 107,441,397</u>	<u>\$ (686,800)</u>	<u>\$ 106,754,596</u>
18				
19	<b>Rate Deficiency Percent Increase</b> (Line 17 divided by Line 6)	12.27%	-1.54%	11.60%

1 **Q. PLEASE SUMMARIZE THE KEY DRIVERS FOR THE INCREASE IN**  
2 **REVENUE REQUIREMENTS FROM THE 2010 RATE CASE.**

3 **A.** PNM has not filed for a base rate increase in over four years. During this time,  
4 PNM has invested significant capital to strengthen the transmission and  
5 distribution system to provide safe and reliable service to customers. In addition,  
6 by the end of the test period PNM will have added substantially to its generation  
7 fleet, including the La Luz Facility and 40 MW of solar facilities. Another key  
8 driver of the increase is the decline in retail sales in the PNM service territory.  
9 Finally, PNM is requesting to update its depreciation rates on its capital  
10 investments, which results in a significant increase over current depreciation  
11 expense. Overall, O&M expenses are not a major driver in the requested rate  
12 increase, as PNM has effectively managed its O&M expenses over the past four  
13 years to control cost increases, and customers are also receiving the benefit of the

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1           fifty percent reduction in lease expense associated with 104 MW of Unit 1 and 10  
2           MW of Unit 2 leases in the Palo Verde Nuclear Generating Station (“Palo Verde”  
3           or “PVNGS”).  
4

5           **III.    BASE PERIOD AND ADJUSTED BASE PERIOD COST OF SERVICE**

6           **Q.    WHAT PERIOD WAS USED TO DEVELOP THE BASE PERIOD AND**  
7           **ADJUSTED BASE PERIOD REVENUE REQUIREMENTS?**

8           **A.**    The base period reflects PNM operations for the twelve-month period ended June  
9           30, 2014, and is based on PNM’s books and records. PNM Exhibit HEM-2 COS  
10          BASE ADJ reflects the base period and a summary of adjustments made to the  
11          base period to develop the adjusted base period revenue requirements.  
12

13          **Q.    PLEASE DESCRIBE THE UNADJUSTED BASE PERIOD.**

14          **A.**    The unadjusted base period data comes from the financial accounting books and  
15          records of PNM, which include the production, transmission and distribution  
16          operations of the company. PNM receives costs allocated from PNMR Services,  
17          a subsidiary of PNM Resources which provides support services to PNM  
18          Resources and its subsidiaries, including PNM. Only the PNMR Services costs  
19          allocated to PNM are included in PNM’s financial books and records.  
20

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1 **Q. WHAT COSTS ARE ALLOCATED FROM PNMR SERVICES OR PNM**  
2 **RESOURCES TO PNM?**

3 **A.** Costs incurred by PNMR Services are allocated based on a Cost Allocation  
4 Manual (“CAM”). The CAM is filed with the NMPRC annually<sup>1</sup> and identifies  
5 the method of allocating PNMR Services costs for charging affiliates. The cost  
6 assignment methods are based on selected cost drivers which meet the following  
7 five criteria: (1) cost causative; (2) measurable; (3) objective; (4) stable or  
8 predictable; and (5) consistently applicable. The CAM provides a complete  
9 description of the services provided by PNMR Services. PNM’s share of cost  
10 allocations from PNMR Services are included in the base period, and are reflected  
11 as Administrative and General (“A&G”) expenses. For the purposes of this filing,  
12 these services will be referred to as Shared Services. Certain assets that are held  
13 at either PNM Resources or PNMR Services, including the headquarters building  
14 and computer software and hardware, are allocated to PNM based on the CAM.  
15 Because the assets are not recorded on the financial books and records of PNM,  
16 the allocation of these assets and related accumulated deferred income taxes  
17 (“ADIT”) are reflected as an adjustment to the base period, as discussed later in  
18 my testimony. These allocated assets are included in the revenue requirements as  
19 they are an integral requirement for PNM to provide electric service to its  
20 customers.

21  

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<sup>1</sup> The currently effective CAM was filed with the Commission on August 8, 2014.

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1 **Q. WHAT BUSINESS SEGMENTS RECEIVE ALLOCATIONS OF THE**  
2 **ADJUSTED BASE PERIOD REVENUE REQUIREMENTS?**

3 **A.** The total PNM revenue requirement is allocated to the following segments:

- 4 • PNM Electric Retail – For purposes of this filing, PNM Electric Retail  
5 consists of two sub-segments: PNM Retail and Renewables. PNM Retail  
6 consists of the revenue requirements associated with the base rates for which  
7 PNM is requesting Commission approval in this proceeding. The Renewables  
8 sub-segment includes all cost components, including rate base, operating  
9 expenses, income tax credits, and return collected under Rider No. 36. PNM  
10 Electric Retail customers include all residential, commercial, industrial, and  
11 other public authority customers that receive retail electric service from PNM  
12 in New Mexico ;
- 13 • FERC wholesale generation customers, including Navopache Electric  
14 Cooperative (“NEC”), City of Gallup, City of Aztec and the Jicarilla Apache  
15 Nation (“JAN”). As discussed later in my testimony, the City of Aztec  
16 wholesale contract expires in June 2016, and the City of Gallup contract  
17 expired on June 29, 2014. PNM has reflected the expiration of these contracts  
18 in the test period revenue requirement allocations;
- 19 • FERC Wholesale Transmission customers, including those who take network  
20 transmission service and long-term firm point to point service; and

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- 1           • Excluded, which includes PNM’s interest in PVNGS Unit 3 and other costs  
2           not allocated to the other segments described above.

3  
4   **Q.   HAVE YOU INCLUDED THE REVENUE REQUIREMENTS**  
5   **ASSOCIATED WITH RIDER NO. 36 IN YOUR CALCULATION OF THE**  
6   **OVERALL REVENUE REQUIREMENTS IN THIS CASE?**

7   **A.**   Yes. All costs currently authorized by the Commission and being recovered  
8       under Rider No. 36 have been included in PNM’s revenue requirements for the  
9       adjusted base period. PNM has also included the projected costs associated with  
10      the renewable energy procurements that were approved by the Commission in  
11      NMPRC Case No. 14-00158-UT in the linkage data and in the test period.  
12      Pursuant to the Stipulation filed in NMPRC Case No. 14-00158-UT, PNM has  
13      included the 40 MW Solar facilities to be constructed in 2015 (“40 MW Solar  
14      Facility”) as a system resource and has included those costs in the PNM Retail  
15      sub-segment rather than the Renewables sub-segment.

16  
17   **Q.   WHAT ARE THE PROJECTED REDUCED REVENUE**  
18   **REQUIREMENTS TO BE COLLECTED IN RIDER NO. 36 IN 2016?**

19   **A.**   PNM has projected the estimated costs to be collected under Rider No. 36 in  
20      calendar year 2016 to be \$44,036,887. In 2015, PNM has projected the revenue  
21      requirement to be collected under Rider No. 36 to be \$44,723,687. This reflects a

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1 net reduction of revenue requirements for PNM retail customers of \$686,800 in  
2 2016.

3

4 **Q. WHY IS PNM PROJECTING A DECREASE IN COSTS TO BE**  
5 **COLLECTED UNDER RIDER NO. 36?**

6 **A.** The annual revenue requirements for the 65.5 MW of PNM owned solar facilities  
7 now in service decline each year as the net book value of the investment declines  
8 due to the on-going depreciation of the facility. A principal advantage to  
9 customers of the use of a rate rider to recover costs of renewable resources is that  
10 they receive the benefit of the declining revenue requirements promptly through  
11 the annual reset of the rider rate. PNM witness Gerard Ortiz provides additional  
12 justification for continued use of Rider No. 36.

13

14 **Q. PLEASE EXPLAIN WHY PNM HAS INCLUDED REVENUE**  
15 **REQUIREMENTS FOR THE RENEWABLES SUB-SEGMENT IN THIS**  
16 **PROCEEDING.**

17 **A.** Although Rider No. 36 is the mechanism PNM currently uses to recover  
18 compliance costs associated with the Renewable Portfolio Standard (“RPS”)  
19 under the New Mexico Renewable Energy Act, the Amended Stipulation  
20 approved in the 2010 Rate Case, provides that Rider No. 36 will no longer be  
21 effective with the entry of a final order in this case, unless the final order



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1 specifically authorizes its continued use. PNM is requesting specific  
2 authorization in this proceeding for continued use of Rider No. 36 and if approval  
3 is granted, Rider No. 36 rates will continue to be set in PNM's annual Renewable  
4 Energy Plan filings. However, if Rider No. 36 is not authorized for continued  
5 use, the associated revenue requirements would be recovered in base rates. The  
6 change in the revenue requirements associated with renewables, whether  
7 recovered under Rider No. 36 or in base rates, will impact customers beginning  
8 January 1, 2016, the anticipated effective date of the new rates being requested.  
9

10 **Q. IS PNM ASKING THE COMMISSION TO APPROVE THE 2016 RATE**  
11 **FOR RIDER NO. 36 IN THIS PROCEEDING?**

12 **A.** No. PNM is asking the Commission for approval to continue use of Rider No. 36.  
13 PNM is proposing to continue to set the rates collected under Rider No. 36 in  
14 renewable energy procurement plan proceedings, consistent with current practice.  
15 PNM will include its request to reset the Rider No. 36 rate for calendar year 2016  
16 in the 2016 Renewable Plan Filing due to be filed in June 2015. However, PNM  
17 has included the forecasted revenue requirements to be collected under Rider No.  
18 36 in this proceeding, since PNM must seek recovery for continuation of Rider  
19 No. 36 pursuant to paragraph 22 of the Amended Stipulation in the 2010 Rate  
20 Case. If the Commission does not approve the continuation of Rider No. 36 in  
21 this proceeding, then the Renewables sub-segment revenue requirements included

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1 in the test period cost of service will need to be consolidated with the PNM Retail  
2 revenue requirements and incorporated into the base rates set in this proceeding.

3  
4 **Q. HOW WERE COSTS ALLOCATED AMONG PNM ELECTRIC RETAIL,  
5 FERC WHOLESALE GENERATION, FERC WHOLESALE  
6 TRANSMISSION, AND EXCLUDED?**

7 **A.** Most allocations between the PNM Retail and FERC jurisdictions are based on  
8 customer demand, customer energy, and plant-related values. Costs allocated to  
9 Renewables and Excluded are typically directly assigned based on the costs  
10 associated with those generating resources. However, certain indirect costs, i.e.,  
11 general and intangible plant (“G&I”) and A&G are allocated based on the  
12 allocators as shown in PNM Exhibit HEM-2 COS BASE ALLOC and PNM  
13 Exhibit HEM-2 COS TEST.

14  
15 **Q. HOW WERE THE ALLOCATORS FOR GENERATION AND  
16 TRANSMISSION DEMAND CALCULATED?**

17 **A.** The generation and transmission allocators were calculated as follows:  
18 • Generation Demand: Generation plant that is not directly assigned is  
19 allocated based on a 12-month coincident peak (“12 CP”) demand calculation.  
20 • Transmission Demand: Transmission plant is allocated based on the peak  
21 load on the transmission system which often will occur at a different hour or

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1 day from the generation demand peak due to the heavy third-party use of  
2 PNM's transmission system. PNM Retail customers, FERC wholesale  
3 generation customers, and network integration transmission service customers  
4 are allocated costs on a 12 CP allocator based on their peak load coincident  
5 with PNM's transmission system peak. Long-term firm point-to-point  
6 customers under PNM's Open Access Transmission Tariff ("OATT") are  
7 allocated costs based on their contract reservations, regardless of their use  
8 coincident with the transmission system peak hour.

9  
10 The support for the generation and transmission demand allocators for the  
11 adjusted base period is included in PNM Exhibit HEM-2 COS BASE ALLOC.

12  
13 **Q. WHAT CAPITAL STRUCTURE WAS USED IN THE DETERMINATION**  
14 **OF THE ADJUSTED BASE PERIOD REVENUE REQUIREMENTS?**

15 **A.** The capital structure utilized in the determination of adjusted base period revenue  
16 requirements is PNM's actual capital structure as of June 30, 2014. The resulting  
17 capital structure for the adjusted base period consists of 49.27% long-term debt,  
18 0.47% preferred stock, and 50.26% common equity.

19

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1 **Q. WHAT RETURN ON EQUITY (“ROE”) DID PNM USE IN THE**  
2 **DEVELOPMENT OF ADJUSTED BASE REVENUE REQUIREMENTS?**

3 **A.** The ROE last approved by the NMPRC was 10.00% in the 2010 Rate Case, and is  
4 reflected in the adjusted base period. PNM used an ROE of 10.5% in the test  
5 period, as recommended by PNM witness Robert Hevert.

6

7 **Q. WHAT COST OF DEBT DID PNM USE IN THE DEVELOPMENT OF**  
8 **ADJUSTED BASE PERIOD REVENUE REQUIREMENTS?**

9 **A.** PNM utilized its actual embedded cost of debt of 6.35% for the debt component  
10 of the capital structure in the development of adjusted base period revenue  
11 requirements. The support for the calculation of the cost of debt is included in  
12 Rule 530 Schedule G-3.

13

14 **Q. WHAT COST OF PREFERRED STOCK IS PNM USING IN THE**  
15 **DETERMINATION OF ADJUSTED BASE PERIOD REVENUE**  
16 **REQUIREMENTS?**

17 **A.** PNM is using its actual embedded cost of 4.62% for the preferred stock  
18 component of the capital structure in the adjusted base period. The support for  
19 the cost of preferred stock is included in Rule 530 Schedule G-5.

20

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1   **Q.   PLEASE SUMMARIZE THE ADJUSTMENTS THAT WERE MADE TO**  
2       **RATE BASE ITEMS TO DEVELOP THE ADJUSTED BASE PERIOD**  
3       **RATE BASE.**

4   **A.**   PNM made the following rate base adjustments to the base period to develop its  
5       adjusted base period:

6       • Net Plant in Service: Adjusted net plant in service to reflect a 13 month  
7       average, from June 2013 through June 2014, removed the balances associated  
8       with the Palo Verde Asset Retirement Costs, and included the allocation of  
9       plant in service assets recorded on PNMR Services Company and PNM  
10      Resources. Neither the Palo Verde Asset Retirement Obligations (“ARO”) nor the Asset Retirement Costs are included in plant in service, as costs associated with final decommissioning of PVNGS are ultimately funded to an external trust. This treatment is consistent with prior rate case filings. See PNM Exhibit HEM-3 WP NP-1.

15      • ADIT: Adjusted ADIT balances to reflect amounts that are included in the requested cost of service. In addition, ADIT balances have been adjusted to reflect a 13 month average. Please refer to the testimony of PNM witness Matthew Harland.

19      • Regulatory Assets and Liabilities: Adjusted regulatory assets and liabilities to reflect a 13 month average. See PNM Exhibit HEM-3 WP RA-1.

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- 1           • Other Rate Base: Adjusted balances to reflect a 13 month average. Removed  
2           balances associated with Retirement Work in Progress (“RWIP”),  
3           Construction Work in Progress (“CWIP”), PVNGS AROs, and PVNGS Dry  
4           Cask Storage balances. As discussed above, PVNGS AROs are removed  
5           from rate base, as ultimate decommissioning costs associated with PVNGS is  
6           funded to an external trust. PVNGS Dry Cask Storage balances reflect a non-  
7           cash liability on the books and records of PNM, and therefore are removed  
8           from the cost of service. This treatment is consistent with prior rate case  
9           filings. PNM is not seeking recovery of capital amounts reflected in RWIP or  
10          CWIP in the test period, and therefore, these balances have been removed  
11          from the adjusted base period. See PNM Exhibit HEM-3 WP ORB-1.
- 12          • Working Capital: Adjusted working capital balances to reflect a 13 month  
13          average. See PNM Exhibit HEM-3 WP WC-1. In addition, PNM has  
14          performed a lead-lag study and has included a negative \$1,248,244 as a cash  
15          working capital adjustment See Rule 530 Schedule E-1 (Base) for supporting  
16          calculations.
- 17

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1   **Q.   PLEASE SUMMARIZE THE ADJUSTMENTS THAT WERE MADE TO**  
2       **O&M EXPENSES TO DEVELOP THE ADJUSTED BASE PERIOD O&M**  
3       **EXPENSES.**

4   **A.**   PNM made the following operating expense adjustments to the base period to  
5       develop its adjusted base period:

- 6       • Fuel-Related Expense: Removed the impacts associated with the San Juan  
7       Coal Mine fire, expenses associated with settlement of prior San Juan audit  
8       issues, compensating tax refunds on gas facilities and the settlement of Luna  
9       Gas Imbalance recorded during the base period. These adjustments were  
10      made to provide an adjusted base period fuel expense that is more reflective of  
11      current fuel costs, and removes one-time items that are not expected to recur  
12      in the future. In addition, PNM removed the impacts associated with the  
13      balancing account under PNM’s fuel and purchased power cost adjustment  
14      clause (“FPPCAC”) and also removed adjustments to surface and  
15      underground coal mine reclamation. The coal mine reclamation adjustments  
16      were recorded during the base period to true-up the liability balance at the end  
17      of the accounting calendar year in accordance with GAAP. The true-up  
18      amounts are not expected to recur, and therefore have been removed to reflect  
19      normalized base fuel and fuel-related costs. PNM has included the  
20      amortization of only \$100 million of surface mine reclamation expenses in the  
21      allocation of costs to PNM Retail. See PNM Exhibit HEM-3 WP Fuel-1.

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- 1           • Operations and Maintenance (“O&M”) Expense: A summary of adjustments  
2           made to O&M expense to develop the adjusted base period can be found in  
3           PNM Exhibit HEM-3 WP OM-2. The following adjustments were made:
- 4           ○ Normalized planned outage expenses associated with PNM generation  
5           facilities based on a five-year historical average. See PNM Exhibit  
6           HEM-3 WP OM-4.
  - 7           ○ Removed the portion of retiree pension expense that is attributed to  
8           employees formerly employed by Gas operations when PNM owned a  
9           gas company. The portion removed is based on a 42% allocation that  
10          was established in NMPRC Case No. 08-00078-UT. See PNM Exhibit  
11          HEM-3 WP OM-5.
  - 12          ○ Normalized active medical and dental expense by removing  
13          adjustments recorded in the base period. These adjustments are based  
14          on quarterly actuarial studies on PNM’s incurred but not reported  
15          (“IBNR”) claims balance. See PNM Exhibit HEM-3 WP OM-11.
  - 16          ○ Annualized labor to reflect the current active positions and current  
17          salaries as of June 20, 2014 (the last payroll period in the base period).  
18          See PNM Exhibit HEM-3 WP LA-1.
  - 19          ○ Removed Energy Efficiency expenses from the base period, as these  
20          costs are recovered under a separate rate rider.



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- 1           ○ Adjusted transmission O&M expenses by the imputed value of a  
2           transmission service exchange with Western Area Power  
3           Administration (“WAPA”) to reflect 134 MW of transmission capacity  
4           provided to PNM by WAPA to deliver a portion of the Palo Verde  
5           output to New Mexico at Four Corners. This treatment is consistent  
6           with prior rate case filings. See PNM Exhibit HEM-3 WP-OM-6.
- 7           ○ Removed non-allowable legal expenses from the base period. Please  
8           refer to the testimony of PNM witness Leonard Sanchez for further  
9           discussion.
- 10          ○ Removed non-allowable advertising expenses from the base period.  
11          Please refer to the testimony of PNM witness Roger Larsen for further  
12          discussion.

13  
14 **Q. PLEASE SUMMARIZE THE ADJUSTMENTS THAT WERE MADE TO**  
15 **SHARED SERVICES O&M EXPENSES TO DEVELOP THE ADJUSTED**  
16 **BASE PERIOD O&M EXPENSES.**

17 **A.** PNM made two types of adjustments to O&M expenses related to Shared  
18 Services. First, PNM reclassified depreciation expense, payroll taxes and property  
19 taxes, and certain revenue credits recorded at PNMR Services that are recorded as  
20 A&G expense on PNM’s books and records, and reclassified these expenses to  
21 the applicable sections in the cost of service to ensure the costs are allocated

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1 appropriately to the jurisdictions. Please see PNM Exhibit HEM-3 WP SS-2 for  
2 these reclassification adjustments. Second, PNM made the following expense  
3 adjustments to the base period to develop its adjusted base period for Shared  
4 Services O&M:

- 5 • Removed other income and deductions recorded at PNMR Services that are  
6 allocated to PNM;
- 7 • Removed the portion of Edison Electric Institute dues associated with  
8 lobbying expenses (PNM Exhibit HEM-3 WP SS-9);
- 9 • Removed certain non-recurring expenses that were recorded during the base  
10 period, reflective of one-time costs incurred to facilitate a process  
11 improvement initiative (PNM Exhibit HEM-3 WP-SS-10);
- 12 • Removed the portion of incentive compensation not being requested in this  
13 proceeding, as discussed by PNM witness Gail Vavruska-Marcum (PNM  
14 Exhibit HEM-3 WP SS-11);
- 15 • Removed certain miscellaneous expenses not being requested in this  
16 proceeding;
- 17 • Removed non-allowable legal expenses recorded at PNMR Services Company  
18 that are allocated to PNM, as discussed by PNM witness Leonard Sanchez;
- 19 • Removed non-allowable advertising expenses recorded at PNMR Services  
20 Company that are allocated to PNM, as discussed by PNM witness Roger  
21 Larsen; and

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- 1           • Annualized labor to reflect the current active positions and current salaries as  
2           of June 20, 2014 (the last payroll period in the base period). See PNM Exhibit  
3           HEM-3 WP LA-2.

4  
5           Please refer to PNM Exhibit HEM-3 WP SS-1 for detail of PNMR Services  
6           adjustment made to the base period.

7  
8   **Q. DID YOU MAKE ANY ADJUSTMENTS TO THE NEW MEXICO**  
9   **INSPECTION AND SUPERVISION (“I&S”) FEES TO DERIVE THE**  
10 **ADJUSTED BASE PERIOD?**

11 **A.** Yes. PNM removed I&S Fees from the base period. PNM recalculated test  
12 period I&S fees based on the test period revenue requirements calculation  
13 included in this filing.

14  
15 **Q. WHAT ADJUSTMENTS WERE MADE RELATED TO INCOME TAX**  
16 **EXPENSE TO DERIVE THE ADJUSTED BASE PERIOD?**

17 **A.** PNM made certain income tax adjustments to properly reflect an adjusted base  
18 period. Please refer to the testimony of PNM witness Matthew Harland for  
19 discussion of adjustments made to federal and state income tax expense.

20

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1 **Q. WHAT ADJUSTMENTS TO ENERGY AND DEMAND ALLOCATORS**  
2 **DID PNM MAKE REGARDING FERC WHOLESALE CUSTOMERS?**

3 **A.** In developing the adjusted base period revenue requirements, PNM annualized  
4 the JAN forecasted loads used in the calculation of allocation factors. The  
5 adjustment is necessary as the JAN agreement did not begin until May 2014.

6  
7 **Q. WHAT ARE THE ADJUSTED BASE PERIOD REVENUE**  
8 **REQUIREMENTS?**

9 **A.** The PNM retail adjusted base period revenue requirements total \$925,397,596  
10 and are provided in PNM Exhibit HEM-2 COS BASE ALLOC. These revenue  
11 requirements include \$243,585,143 associated with Base Fuel costs and  
12 \$681,812,453 associated with non-fuel revenue requirements.

13  
14 **Q. ARE THERE ANY CHANGES TO THE COST COMPONENTS**  
15 **INCLUDED IN BASE FUEL IN THE ADJUSTED BASE PERIOD FROM**  
16 **THE COMPONENTS CURRENTLY INCLUDED IN BASE FUEL AND**  
17 **PNM'S FPPCAC?**

18 **A.** No. PNM has not made any changes to the cost components included in the base  
19 fuel calculations from what was approved in NMPRC Case No. 13-00187-UT,  
20 where PNM's application for continuation of a FPPCAC was approved. I address  
21 later in my testimony PNM's request to include certain fuel-related components

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1 currently recovered in base rates and not in base fuel rates, in its calculation and  
2 determination of base fuel revenue requirements in the test period.

3  
4 **IV. TEST PERIOD REVENUE REQUIREMENTS**

5 **Q. WHAT PERIOD WAS USED TO DEVELOP THE TEST PERIOD**  
6 **REVENUE REQUIREMENTS?**

7 **A.** The test period reflects PNM's projected operations for the twelve-month period  
8 ended December 31, 2016. The test period was developed through the  
9 information developed and included in the Company's annual operating plan and  
10 forecasted information. The methodologies used to develop the amounts included  
11 in the test period revenue requirements are discussed below. As required under  
12 the FTY Rule, 17.1.3.12(D) NMAC, PNM has included the required linkage data  
13 from the adjusted base period to the test period revenue requirements.

14  
15 **A. *Rate Base***

16  
17 **Q. PLEASE DESCRIBE THE ADJUSTMENTS THAT WERE MADE TO**  
18 **RATE BASE IN THE TEST PERIOD COST OF SERVICE STUDY.**

19 **A.** The rate base adjustments made in the test period cost of service study include  
20 adjustments to: Net Plant in Service, ADIT, Regulatory Assets and Liabilities,  
21 Other Rate Base Items, and Working Capital. Please refer to Mr. Harland's

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1 testimony for discussion of ADIT and projected amounts of ADIT included in the  
2 test period revenue requirements. The other areas are discussed below.

3  
4 **Net Plant In Service**

5 **Q. PLEASE DESCRIBE HOW THE NET PLANT IN SERVICE WAS**  
6 **DEVELOPED FOR THE TEST PERIOD.**

7 **A.** The net plant in service balance included in the test period is based on a 13-month  
8 average of forecasted plant in service balances during the period December 2015  
9 through December 2016. PNM developed its net plant in-service balances for this  
10 period, beginning with net plant in service as of June 30, 2014. PNM forecasted  
11 the net plant in service balance, for each month, from July 2014 through  
12 December 2016. Projected monthly plant clearings for generation, transmission,  
13 distribution, and G&I and projected plant retirements were used to determine the  
14 monthly gross plant in service balances. Please refer to PNM witness Chris Olson  
15 and PNM witness Aubrey Johnson for discussion of the projected capital  
16 investment clearings included in the linkage data and test period revenue  
17 requirements. The accumulated depreciation balances were developed by taking  
18 the actual accumulated depreciation balances as of June 30, 2014 and forecasting  
19 increases to the accumulated depreciation balance based on monthly depreciation  
20 expense and forecasted retirements. The monthly depreciation expense from July  
21 2014 through December 2015 is calculated using PNM's currently approved

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1 depreciation rates. PNM utilized the proposed depreciation rates requested in this  
2 proceeding from January 2016 through December 2016. I discuss the proposed  
3 requested change to depreciation rates later in my testimony.

4  
5 **Q. HAVE YOU PREPARED A SCHEDULE THAT PROVIDES THE**  
6 **MONTHLY NET PLANT IN SERVICE BALANCES FROM THE END OF**  
7 **THE BASE PERIOD TO THE END OF THE TEST PERIOD FOR NET**  
8 **PLANT IN SERVICE?**

9 **A.** Yes. PNM Exhibit HEM- 3 WP NP-2 provides a schedule of monthly net plant  
10 in service balances from June 30, 2014, through December 31, 2016, the end of  
11 the test period.

12  
13 **Q. HAVE YOU MADE SIMILAR ADJUSTMENTS TO NET PLANT IN**  
14 **SERVICE FOR THE TEST PERIOD REVENUE REQUIREMENTS AS**  
15 **YOU MADE FOR THE ADJUSTED BASE PERIOD?**

16 **A.** Yes. PNM Exhibit HEM-3 WP NP-5 provides a schedule of adjustments made to  
17 the net plant in service balances to determine the amount included in the test  
18 period revenue requirements. These adjustments include reflecting net plant in  
19 service based on a 13 month average, removal of PVNGS Asset Retirement Costs  
20 and inclusion of assets allocated from PNMR Services and PNM Resources.

21

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1 **Q. DID PNM INCLUDE THE 40 MW SOLAR FACILITY THAT WAS**  
2 **APPROVED BY THE COMMISSION IN CASE NO. 14-00158-UT?**

3 **A.** Yes. PNM has reflected the 40 MW Solar Facility in the projected generation  
4 plant in-service monthly balances. PNM has forecasted the in-service date of  
5 these facilities to be in the fourth quarter of 2015. As per the stipulation filed in  
6 that proceeding and approved by the Commission, PNM has included the 40 MW  
7 Solar Facility as a system resource and has not requested recovery of the costs of  
8 the facility through Rider No. 36.

9  
10 **Q. DOES THE FORECASTED CAPITAL INVESTMENT IN THE 40 MW**  
11 **SOLAR FACILITY EXCEED THE \$79.3 MILLION CERTIFIED COST**  
12 **APPROVED IN CASE NO. 14-00158-UT?**

13 **A.** No. The forecasted capital investment associated with the 40 MW Solar Facility  
14 is reflected as \$79,299,999. This amount is the certified cost as approved in  
15 NMPRC Case No. 14-00158-UT.

16  
17 **Q. DID PNM INCLUDE IN THE NET PLANT IN SERVICE THE**  
18 **PROJECTED ACQUISITION OF LEASES OF 64 MW IN PALO VERDE**  
19 **UNIT 2?**

20 **A.** Yes. PNM has included the ownership of 64 MW of Palo Verde Unit 2 as part of  
21 the projected production plant in service in the test period. PNM has included an



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1 acquisition adjustment related to this transaction in rate base based upon an  
2 acquisition date of January 2016. As discussed further in my testimony below,  
3 PNM has removed the lease expense associated with these facilities from the test  
4 period revenue requirements. Please refer to PNM witness Elisabeth Eden for  
5 further discussion of the Palo Verde Unit 2 lease acquisitions. PNM witness  
6 Gerard Ortiz discusses the justification for including the full acquisition cost in  
7 rate base.

8  
9 **Q. HAS PNM INCLUDED THE 40 MW LA LUZ GAS GENERATING**  
10 **FACILITY APPROVED IN CASE NO. 13-00175-UT?**

11 **A.** Yes. PNM has included the 40 MW La Luz Gas Generating Facility in the  
12 production plant in service, with a forecasted in-service date of December 2015.

13  
14 **Q. IS THE FORECASTED INITIAL PLANT IN SERVICE BALANCE FOR**  
15 **THE LA LUZ FACILITY UNDER THE \$56 MILLION CAP**  
16 **ESTABLISHED IN CASE NO. 13-00175-UT?**

17 **A.** Yes. The forecasted capital construction cost for the La Luz Generating Station,  
18 is included in rate base at a value of \$55,759,949 million, which is slightly below  
19 the cap.

20

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1 **Q. HOW DOES PNM IDENTIFY, PLAN, AND APPROVE CAPITAL**  
2 **PROJECTS THAT ARE REQUESTED IN THE TEST PERIOD REVENUE**  
3 **REQUIREMENTS?**

4 A. The annual capital budgeting process starts with initiatives identified during the  
5 business planning process. Costs to execute these plans are estimated over the  
6 planning period. Inputs and assumptions that drive the capital budgets of each  
7 organization are developed, and capital loads for each project are calculated by  
8 the budget system to derive total capital cost for each project. On a macro level,  
9 the assumptions utilized for capital budgets relate to economic, regulatory,  
10 environmental, and strategic issues or initiatives. PNM Exhibit HEM-7 provides  
11 details regarding PNM's capital budget process, including how PNM identifies,  
12 plans, and approves capital projects.

13

14 **Q. PLEASE DESCRIBE THE APPLICATION OF CAPITAL LOADS AND**  
15 **AFUDC TO CAPITAL PROJECTS.**

16 A. The projected capital amounts associated with the clearings that are included in  
17 the linkage data and test period includes projected costs associated with capital  
18 loads. The capital loads are calculated for each project based on projected capital  
19 spend. These loads include Payroll Loads, Stores Loads, A&G Load, and  
20 AFUDC. Labor rates, capital carrying costs and loading factors used in the capital

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1 budget are provided in PNM Exhibit HEM-8. A description of these loads and  
2 how the amounts are determined are provided below:

3 **a) Capitalized A&G Loads** - Administrative and General (“A&G”) load is a  
4 predetermined overhead rate for major and minor projects that is used to  
5 allocate the expenses of corporate services personnel that cannot be readily  
6 assigned to particular O&M, construction or special accounts. Corporate  
7 services play an important role in a utility's construction program, from  
8 planning and budgeting for capital expenditures and raising new capital to  
9 finance the expenditures, to recruiting and training a workforce to perform  
10 the construction work, providing risk management and insurance services for  
11 construction work, auditing the work, and completing the property  
12 accounting activities to close the work order. These are all essential elements  
13 of successful construction projects. The A&G load rate is based on an A&G  
14 study performed by PA Consulting in 2012, which surveyed shared services  
15 functions to determine the amount of time used to support capital projects.  
16 The rate is applied to eligible construction/retirement projects (labor and non-  
17 labor) and eligible merchandise and jobbing work and the offset is in A&G  
18 expense (acct. 922).

19  
20 **b.) Capitalized Payroll Loads** - Payroll Loads consist of Payroll Taxes  
21 (“PRT”), Injuries and Damages (“I&D”), and Pension and Benefits (“P&B”).

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1           The purpose of Payroll Loads is to recognize the additional overhead expense  
2           to capital labor for PRT and the offset which reduces taxes other than income  
3           account 408, I&D which offsets A&G account 924, and P&B which offsets  
4           A&G account 926. PNM records these overhead costs in total for the  
5           company, versus at an employee or project level. The allocation of these  
6           costs to capital projects is based on labor dollars charged to the project. The  
7           P&B rate is based on projected benefit costs for the year.

8

9           **c.) Stores and Non-Stores Loads** – The Stores Load rate is used to allocate  
10          supply items that are issued from or returned to Company storerooms. A  
11          component of the Stores Load rate consists of salaries and other expenses  
12          incurred in the operation of the general store rooms. The Stores Load rate is  
13          applied to major units of property (e.g., transformers, cables, meters, etc.)  
14          that were issued during the month and that were designated as being eligible  
15          to receive a stores load. The non-stores load rate is used for non-stock supply  
16          items or items that are not processed through the Company storerooms and  
17          only applies to Distribution and Transmission. These are items generally  
18          delivered directly to the job sites. The application of the load rates for both  
19          stores and non-stores load is calculated in the budget system.

20

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1           c.) **AFUDC** - The budget system also generates the calculation of AFUDC rates.  
2           Projected AFUDC rates were based on a combination of 1) projected twelve-  
3           month average for short-term debt balances and short-term interest expense,  
4           and projected rolling thirteen-month averages for CWIP balances, and 2)  
5           projected long-term debt balances, long-term interest expense and preferred  
6           and common equity balances. The calculation of the AFUDC rates is  
7           provided in PNM Exhibit HEM-10.

8  
9           **Q. HOW HAS THE CAPITAL BUDGET BEEN INCORPORATED INTO**  
10           **THE LINKAGE DATA AND TEST PERIOD?**

11          **A.** PNM's capital budget is used to estimate plant in service based upon projected  
12          clearings. PNM expects to place 677 capital projects in service between July 1,  
13          2014, and December 31, 2016, resulting in plant additions of \$1,009,261,748.  
14          This amount excludes retirements of existing net plant, which is discussed later in  
15          my testimony. The chart below provides a summary of these capital projects by  
16          business area.

Company	Number of Projects	Total Clearings
Generation	273	\$ 617,209,159
Distribution	215	\$ 162,600,146
PNMR Services Co	101	\$ 56,045,553
Transmission	88	\$ 173,406,891
<b>Totals</b>	<b>677</b>	<b>\$1,009,261,748</b>

Note: Totals may not sum due to rounding

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1 Most of the projects are in Generation (61% or \$617,209,159) and Distribution  
2 and Transmission (33% or \$336,007,037). The development of the direct project  
3 cost and schedule estimates for these projects are discussed further in the  
4 testimonies of PNM witnesses Chris Olson and Aubrey Johnson.

5  
6 PNM Exhibit HEM-9 includes capital budget summaries for each of the 677  
7 capital projects. The capital budget summaries are electronic and provided on a  
8 CD and can be viewed individually by clicking the link on the index provided.  
9 These summaries provide basic information on each project including Project  
10 Name, Project ID, Project Location, Project Need Justification, Project  
11 Alternatives, Technical Aspects, etc. In addition to this summary information,  
12 monthly spend and clearing data is provided by cost category for each project.  
13 Please note that if a project cleared between July 1, 2014, and December 31,  
14 2016, additional monthly spend and clearing data was provided on these specific  
15 projects through calendar year 2019, if applicable. This additional information  
16 was included to provide a complete picture of the future clearings associated with  
17 projects included in this rate case filing. Clearings related to these projects  
18 occurring after December 2016, are not included in the cost of service, however.  
19 Projects for which documentation is not provided are those carried over from  
20 2014 where spending is complete and final clearings to Plant in Service are  
21 pending.

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1 In addition to capital projects listed in the index in PNM Exhibit HEM-9, PNM  
2 also projects capitalized costs of nuclear fuel. The nuclear fuel projection is  
3 provided by Arizona Public Service Company. PNM calculates its ownership  
4 share and then adds AFUDC at the appropriate rate.

5  
6 **Q. PLEASE DESCRIBE HOW PNM HAS ADJUSTED DEPRECIATION AND**  
7 **PLANT IN SERVICE FOR RETIREMENTS AND COST OF REMOVAL.**

8 **A.** PNM determined estimated average retirement rates (dollar amount) by major  
9 operating unit (i.e., distribution, transmission, individual generating plants and  
10 corporate) based on historical experience, adjusting as necessary for changes in  
11 capital spending patterns. For the test period, retirements were calculated as  
12 follows:

- 13 • General plant (i.e., plant accounts 390 – 399) for distribution, transmission,  
14 generation and corporate – based on projected retirements, for linkage data  
15 and test period;
- 16 • Distribution and transmission, excluding general plant – retirements are  
17 forecasted based on two full calendar year historic average (i.e., 2012 – 2013  
18 for linkage data and test period);
- 19 • Individual generating plants and corporate, excluding general plant –  
20 retirements are forecasted based on five full calendar year historic average  
21 (i.e., 2009 – 2013 for linkage data and test period).

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1 Retirement values calculated using the methods described above are applied using  
2 “contra” funding projects, as reductions to electric plant in service on a monthly,  
3 quarterly or semiannual basis as appropriate. Equivalent reductions are made to  
4 the accumulated provisions for depreciation and amortization. Depreciation and  
5 amortization rates are also applied to the electric plant in service reductions to  
6 produce proportionate reductions to depreciation and amortization expenses.  
7 PNM Exhibit HEM-4 provides the calculated retirement adjustments that were  
8 applied for the linkage data and test period.

9  
10 For cost of removal, PNM determines an estimated average cost of removal rate  
11 (percentage) associated with capital expenditures by major operating unit (i.e.,  
12 distribution, transmission, individual generating plants and corporate) based on  
13 historical experience, adjusting for changes in capital spend patterns as necessary.  
14 PNM Exhibit HEM-5 includes the calculation for the rate as well as the  
15 application of the cost of removal for plant in service and depreciation.

16  
17 Similar to retirements, cost of removal is applied using “contra” funding projects  
18 and the rates are applied as reductions to monthly clearings to electric plant in  
19 service. Equivalent reductions are made to the accumulated provisions for  
20 depreciation and amortization. Depreciation and amortization rates are also  
21 applied to the electric plant in service reductions to produce proportionate



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1 reductions to accumulated provisions for depreciation and amortization and  
2 depreciation and amortization expenses.

3  
4 **Q. DOES THIS CONCLUDE YOUR DISCUSSION OF TEST PERIOD NET**  
5 **PLANT IN-SERVICE?**

6 **A.** Yes.

7  
8 **Regulatory Assets and Liabilities**

9 **Q. HAVE YOU PREPARED AN EXHIBIT THAT SUMMARIZES**  
10 **REGULATORY ASSETS AND LIABILITIES IN THE TEST PERIOD**  
11 **REVENUE REQUIREMENTS?**

12 **A.** Yes. PNM Exhibit HEM-3 WP RA-2 is a summary of all Regulatory Assets and  
13 Liabilities in the test period. The Regulatory Assets and Liabilities are separated  
14 into two groups: those assets and liabilities that have been approved in prior  
15 Commission proceedings; and those assets and liabilities for which PNM is  
16 seeking approval in this proceeding.

17  
18 **Q. HOW DID PNM PROJECT THE TEST PERIOD BALANCES**  
19 **ASSOCIATED WITH REGULATORY ASSETS AND LIABILITIES?**

20 **A.** For the regulatory assets and liabilities that have been previously approved or  
21 included in prior rate case filings, PNM projected the balances based on the

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1 existing amortization schedules for these regulatory assets and liabilities.

2 Specifically:

3 • Surface Coal Mine Decommissioning – Forecasted balance based on existing  
4 amortization schedule. PNM has only included the rate base portion  
5 attributable to the buyout costs as was approved in NMPRC Case No. 07-  
6 00077-UT. The amortization expense included in the PNM Retail revenue  
7 requirements reflects the amortization of the \$100 million cap on surface  
8 reclamation costs for SJGS and Four Corners.

9 • Palo Verde Units 1 and 2 Prudence Audit and Combustion Engineering –  
10 Forecasted balance based on existing amortization schedule.

11 • Palo Verde DOE Spent Fuel Refund – At the end of June 30, 2014, PNM had  
12 approximately two months remaining of the unamortized balance. This  
13 balance was based on the DOE Spent Fuel Refund ordered in the 2010 Rate  
14 Case. As discussed later, PNM is proposing to record additional refunds  
15 received in the fourth quarter of 2014 and expected refunds in 2015 related to  
16 DOE Spent Fuel as a regulatory liability.

17 • Deferred Coal Costs – Forecasted balance based on amortization of deferred  
18 coal costs to align the costs incurred with the period that customers receive the  
19 benefit. (NMPRC Case No. 08-00092-UT)

20 • Las Vegas Decommissioning Regulatory Asset and Liability – PNM is  
21 proposing to begin amortization of these assets and liabilities, beginning on

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1 January 1, 2016, and is requesting recovery of these balances over a two year  
2 period. These balances were authorized in NMPRC Case No. 10-00264-UT.

- 3 • PCB Refinancing Hedge – Reflects loss associated with reacquisition of debt.

4 These amounts are included in the cost benefit analysis performed on loss on  
5 reacquired debt, as discussed by PNM witness Jason Peters. Because PNM  
6 has demonstrated a net benefit to customers, I have included the forecasted  
7 balance in rate base consistent with the Commission’s past treatment of  
8 similar costs.

- 9 • Renewables Federal Grant and State Credit – Forecasted balances amortized  
10 based on useful life of the underlying renewable investment. These balances  
11 are recovered under Rider No. 36.

12  
13 **Q. PLEASE IDENTIFY THE REGULATORY ASSETS AND LIABILITIES**  
14 **FOR WHICH PNM IS REQUESTING COMMISSION APPROVAL IN**  
15 **THIS PROCEEDING.**

16 **A.** PNM is requesting approval: 1) for collection of deferred expenses incurred as a  
17 result of its exit from the Alvarado Square building in downtown Albuquerque  
18 and the consolidation of its offices into the PNM headquarters building (these  
19 deferred expenses are referred to as “Alvarado Square Lease regulatory asset”), 2)  
20 for collection of projected expenses to be incurred to re-program PNM’s Time of  
21 Use (“TOU”) meters to accommodate proposed changes in PNM’s TOU rates

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1 (“TOU regulatory asset”), 3) for creation of a regulatory asset for recovery of  
2 incremental expenses incurred in this proceeding (“Rate Case Expenses  
3 regulatory asset”), and 4) for creation of a regulatory liability to pass on to  
4 customers certain DOE Spent fuel refunds expected to be received between the  
5 end of the base period and the beginning of the test period (“PV DOE Settlement  
6 regulatory liability”). Please refer to Mr. Peters’ testimony for further discussion  
7 of these regulatory assets and liabilities. In addition, PNM is requesting the  
8 creation of a regulatory liability to recognize expenses associated with AROs on a  
9 straight-line basis, instead of using an accretion method, as required under  
10 generally accepted accounting principles (“GAAP”), discussed below

11  
12 **Q. HOW IS RATE BASE IMPACTED BY THE PROPOSED CHANGE IN**  
13 **THE RECOVERY OF DECOMMISSIONING EXPENSE ASSOCIATED**  
14 **WITH AROS?**

15 **A.** PNM is proposing to collect accretion expense from customers for its Production  
16 Plant, excluding Palo Verde, on a straight-line basis. PNM will continue to  
17 include the resulting ARO liability and will include the proposed ARO regulatory  
18 liability in rate base. Consistent with prior cases, PNM will exclude the ARO  
19 liabilities associated with Palo Verde.

20

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1 **Q. WHAT IS AN ARO AND HOW IS IT RECORDED?**

2 **A.** An ARO represents an entity's legal obligation associated with the retirement of a  
3 long-lived asset and is recorded by recognizing a liability for the present value of  
4 legal obligations to retire the long-lived asset. This liability is capitalized as a  
5 component of the long-lived asset. Annually, PNM records accretion expense in  
6 the income statement to recognize the passage of time, with an offset recorded as  
7 an increase to the ARO liability.

8

9 **Q. PLEASE EXPLAIN ACCRETION EXPENSE AS IT RELATES TO AN**  
10 **ARO LIABILITY.**

11 **A.** The liability related to an ARO is recorded on a present value basis. Accretion  
12 expense is the amount needed to increase the ARO liability to the amount needed  
13 to pay for required decommissioning upon retirement of the asset. Accretion  
14 expense is calculated by applying the discount rate used to calculate the present  
15 value liability to the ARO liability balance. As a result, accretion expense  
16 compounds, which results in progressively increasing expense as the balance of  
17 the liability grows.

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1 **Q. HOW IS THE CAPITALIZED PORTION OF THE ARO AMORTIZED TO**  
2 **EXPENSE?**

3 **A.** The portion of the ARO that is recorded as capital is amortized to expense on a  
4 straight-line basis over the life of the long-lived asset and is included in  
5 depreciation expense.

6  
7 **Q. WHY IS PNM PROPOSING TO CHANGE HOW ACCRETION**  
8 **EXPENSES RELATED TO AROS ARE CHARGED TO CUSTOMERS?**

9 **A.** PNM is proposing to collect accretion expense from customers for its Production  
10 Plant, excluding Palo Verde, on a straight-line basis because accretion expense  
11 increases as the balance of the ARO liability grows. Charging these costs to  
12 customers on a straight-line basis is more equitable to customers because it  
13 properly matches cost causation with the receipt of benefits from the use of the  
14 asset, and thus avoids intergenerational inequities. PNM will record a regulatory  
15 liability resulting from timing differences between straight-line collection of  
16 decommissioning expense and accretion of the asset retirement obligation. Please  
17 refer to PNM Exhibit HEM-3 WP OA-4 which provides the calculation of the  
18 change in accretion expense to a straight-line recovery. PNM is asking the  
19 Commission to approve this treatment and allow the creation of a regulatory  
20 liability, to reflect the difference between the accretion expenses that would be

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1 collected under GAAP compared to the amount collected from customers under a  
2 straight-line approach.

3  
4 **Q. HOW WILL CUSTOMERS RECEIVE THE BENEFIT OF THE**  
5 **REGULATORY LIABILITY?**

6 **A.** Given the nature of accretion expense, during the early life of the long-lived asset,  
7 the ARO accretion expense will be lower than straight-line recovery, resulting in  
8 a growing regulatory liability. As time progresses, the ARO accretion expense  
9 will exceed the straight-line recovery and the resulting reduction in the regulatory  
10 liability will accrue to customers. Under PNM's proposal, customers over time  
11 will pay actual ARO accretion expense, but will do so in a manner that mitigates  
12 intergenerational inequities.

13  
14 **Q. WHY IS PNM NOT PROPOSING A CHANGE TO THE RECOVERY OF**  
15 **PALO VERDE DECOMMISSIONING EXPENSE AND OTHER NON-**  
16 **PRODUCTION DECOMMISSIONING EXPENSES FOR WHICH THERE**  
17 **ARE AROS?**

18 **A.** PNM collects decommissioning expense for Palo Verde from customers based on  
19 contributions to the decommissioning trust. These contributions are similar from  
20 year to year, providing a mechanism to equitably collect these costs from  
21 customers contemporaneous with customers' receipt of plant benefits.

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1 Decommissioning expenses related to other non-production AROs are not  
2 material. As of June 30, 2014, PNM's ARO liability balance for  
3 decommissioning costs not related to production plant was approximately \$1.4  
4 million and the base period accretion on such obligations is approximately \$0.1  
5 million. Based on this information, PNM is not proposing a change to the  
6 recovery of the non-production decommissioning expense associated with AROs.

7  
8 **Q. DOES THIS CONCLUDE YOUR DISCUSSION OF REGULATORY**  
9 **ASSETS & LIABILITIES?**

10 **A.** Yes.

11  
12 **Other Rate Base Items**

13 **Q. PLEASE IDENTIFY THE "OTHER RATE BASE ITEMS" IN THE TEST**  
14 **PERIOD REVENUE REQUIREMENTS.**

15 **A.** PNM has included the following items in the other rate base section of the test  
16 period revenue requirements. Please refer to PNM Exhibit HEM-3 WP ORB-3  
17 for a summary of the following:

- 18 • Customer deposits – PNM has utilized a 13-month average of customer  
19 deposit balances to include as a rate base reduction. The test period balances  
20 match the adjusted base period balances as PNM does not forecast any  
21 significant changes to these balances.



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- 1           • AROs – PNM has included the forecasted ARO liability balances, based on  
2           current accretion expense estimates. PNM is requesting recovery of accretion  
3           expense on a straight-line basis for its production facilities, excluding Palo  
4           Verde. Currently accretion expense is recovered in rates based on a  
5           discounted present value analysis. This is discussed earlier in my testimony.
- 6           • Injuries and Damages – PNM has utilized a 13-month average of injuries and  
7           damages balances to include as a rate base reduction. The test period balances  
8           match the adjusted base period balances as PNM does not forecast any  
9           significant changes to these balances.
- 10          • Accelerated Management Performance Plan (“AMPP”) – PNM has included a  
11          reduction in rate base associated with the AMPP. The inclusion of the AMPP  
12          balance in rate base was approved in the final order in Case No. 07-00077-  
13          UT. Please refer to Mr. Peters’ testimony for further discussion of the  
14          AMPP.
- 15          • High Lonesome Mesa – PNM has forecasted the balance of the customer  
16          funded interconnection transmission project. This rate base reduction is  
17          allocated to Excluded just as plant in service for this project is allocated.
- 18          • Unamortized Gain on Eastern Interconnect Project (“EIP”) – Forecasted  
19          balance based on existing amortization schedule. This balance is fully  
20          amortized by the first quarter of 2015 and, therefore, there is no balance  
21          included in the test period.

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- 1           • Rights of Way – PNM has forecasted monthly rights of way balances,  
2           beginning with actual balances as of June 30, 2014, less monthly amortization  
3           from July 2014 through December 2016, plus any rights of way renewals  
4           projected from July 2014 through December 2016. PNM included any  
5           forecasted amortization of rights of way renewals from July 2014 through  
6           December 2016. Rights of way amortization expense is included in operating  
7           expenses as discussed below. See PNM Exhibit HEM-3 WP OM-10.
- 8           • Acquisition Adjustments – PNM has included in rate base the EIP Acquisition  
9           Adjustment and the Palo Verde Units 1 and 2 Acquisition Adjustments that  
10          were approved by the Commission in NMPRC Case No. 07-00077-UT. In  
11          addition, PNM has included the acquisition adjustment associated with the  
12          purchase of the 64 MW of Palo Verde Unit 2 leases, as discussed earlier in my  
13          testimony. The balances included in the test period were developed based on  
14          set amortization periods.
- 15          • Prepaid Pension Asset – PNM has forecasted the balance of the Prepaid  
16          Pension Asset associated with PNM Retail’s share of the defined benefit  
17          pension plan. Please refer to Mr. Peters’ testimony for further discussion of  
18          this item.
- 19          • Unamortized loss on reacquired debt – PNM has forecasted the balances  
20          based on set amortization schedules.

21

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1 **Q. HAS PNM PERFORMED A COST-BENEFIT ANALYSIS FOR**  
2 **INCLUSION IN RATE BASE OF THE UNAMORTIZED LOSS ON**  
3 **REACQUIRED DEBT AND THE PREPAID PENSION ASSET?**

4 **A.** Yes, as discussed by Mr. Peters, PNM has included these items in rate base to the  
5 extent that customers receive a net benefit as a result of these transactions.

6

7 **Q. DOES THIS CONCLUDE YOUR DISCUSSION ON OTHER RATE BASE**  
8 **ITEMS?**

9 **A.** Yes.

10

11 **Working Capital**

12 **Q. PLEASE DESCRIBE HOW YOU HAVE DEVELOPED THE TEST**  
13 **PERIOD BALANCES FOR COAL AND NUCLEAR FUEL STOCK?**

14 **A.** For coal fuel stock, PNM has forecasted the expected coal inventory balances  
15 based on projected coal utilization at San Juan Generating Station (“San Juan” or  
16 “SJGS”), accounting for the new Fuel and Inventory Supply Agreement entered  
17 into by SJGS exiting and remaining participants, and reflecting the sale of  
18 inventory in the fourth quarter of 2014 to facilitate the chemical pre-treatment  
19 process at SJGS. See PNM Exhibit HEM-3 WP WC-3 for the detail of  
20 calculations and projections for the test period. The nuclear fuel stock balances

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1           have been forecasted based on projected nuclear fuel amortization at PVNGS,  
2           plus any new nuclear fuel capital acquisitions.

3  
4   **Q.   PLEASE DESCRIBE HOW YOU HAVE DEVELOPED THE TEST**  
5   **PERIOD BALANCES FOR MATERIALS AND SUPPLIES?**

6   **A.**   PNM has utilized the 13-month average balances for materials and supplies  
7           included in the adjusted base period as the balances in the test period revenue  
8           requirements. PNM does not forecast any significant changes in these balances  
9           and so the adjusted base period is a reasonable representation of balances  
10          expected during the test period.

11  
12   **Q.   PLEASE DESCRIBE HOW YOU HAVE DEVELOPED THE TEST**  
13   **PERIOD BALANCES FOR PREPAYMENTS?**

14   **A.**   Except for coal prepayments and transmission prepayments discussed later in my  
15           testimony, PNM has utilized the 13-month average balances for prepayments  
16           included in the adjusted base period as the balances in the test period revenue  
17           requirements. PNM does not forecast any significant changes in these balances  
18           and so the adjusted base period is a reasonable representation of balances  
19           expected during the test period.

20

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1   **Q.   PLEASE DESCRIBE THE PREPAID COAL ASSET PNM INCLUDED IN**  
2   **THE TEST PERIOD REVENUE REQUIREMENTS?**

3   **A.**   Under the coal contract with San Juan Coal Company (“SJCC”), coal is mined  
4       based on a coal forecast provided by San Juan Generating Station. In the normal  
5       course of operations, SJCC has built up an inventory of coal that has been mined,  
6       but not yet delivered to the SJGS participants including PNM. Under the SJCC  
7       coal contract, PNM is charged for the inventoried coal in the year the coal is  
8       mined. PNM assigns the costs associated with this coal to a prepaid asset account  
9       as these dollars reflect coal that will be delivered in a future period.

10

11   **Q.   HOW DID PNM FORECAST THE PREPAID COAL BALANCE FOR THE**  
12   **TEST PERIOD?**

13   **A.**   PNM used current coal forecasts and coal inventory plans to determine the  
14       amount of coal that is expected to be mined but not delivered and burned, thereby  
15       increasing the prepaid balance in the test period. The test period prepaid balance  
16       also reflects projected draw downs on the prepaid coal balance. These occur  
17       primarily during long-wall moves when coal production at the SJCC coal mine  
18       does not occur. See PNM Exhibit HEM–3 WP WC-5.

19

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1   **Q.    HOW DID PNM FORECAST THE TRANSMISSION PREPAYMENTS**  
2   **INCLUDED IN THE TEST PERIOD REVENUE REQUIREMENTS?**

3   **A.**    The transmission prepayments consist of the following categories: 1) general  
4           prepayments including insurance that are allocated to the transmission function,  
5           2) Navajo right-of-way renewal payments, and 3) EIP lease prepayments.

6

7           For general transmission prepayments, PNM used the 13-month average balances  
8           for prepayments included in the adjusted base period as the balances in the test  
9           period revenue requirements because PNM does not expect any significant  
10          changes to these balances.

11

12          PNM makes an annual right-of-way payment to the Navajo Tribe in April of each  
13          year for the following year. PNM has forecasted the expected annual payments to  
14          develop the prepayment balance included in the linkage data and through the test  
15          period.

16

17          The EIP lease prepayments are set to expire before the beginning of the test  
18          period, as PNM will purchase the EIP line at the expiration of the lease. PNM has  
19          reflected the expiration of the lease prepayment balance in the linkage data and  
20          has not included any balance associated with this item in the test period revenue  
21          requirements. Please see PNM Exhibit HEM-3 WP WC-4.

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1 **Q. WHAT AMOUNT OF CASH WORKING CAPITAL HAS PNM**  
2 **INCLUDED IN THE TEST PERIOD?**

3 **A.** PNM included a cash working capital amount of \$94,829 in the test period  
4 revenue requirements. The cash working capital allowance is based on the lead-  
5 lag study performed by PricewaterhouseCoopers, LLP. The calculation of the  
6 cash working capital amount is included in Rule 530 Schedule E-1 (test). This  
7 represents an increase in cash working capital over the adjusted base period, the  
8 main driver is the reduction of the semi-annual lease payments at Palo Verde  
9 Units 1 and 2 from the adjusted base period to the test period.

10

11 **Q. DOES THIS CONCLUDE YOUR DISCUSSION OF WORKING**  
12 **CAPITAL?**

13 **A.** Yes.

14

15 **B. *O&M Expenses***

16 **Q. PLEASE DESCRIBE THE COMPONENTS OF O&M EXPENSES**  
17 **INCLUDED IN THE TEST PERIOD.**

18 **A.** O&M expenses include production, transmission, distribution, customer-related  
19 and A&G. PNM has identified specific FERC accounts within the production  
20 O&M accounts that are classified as base fuel expense.

21

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1 **Q. PLEASE DESCRIBE THE COMPONENTS OF BASE FUEL EXPENSE.**

2 **A.** Base fuel expense includes the cost of fuel for coal, nuclear, natural gas, economy  
3 power purchases, and off-system sales. Other components of base fuel expense  
4 are the long-term purchased power agreement (“PPA”) for the New Mexico Wind  
5 Energy Center. Pursuant to NMPRC Case No. 13-00187-UT, PNM has reflected  
6 the sharing of off-system sales margin, wherein PNM customers receive 90% of  
7 off-system sales margins and PNM shareholders retain 10%.

8

9 **Q. WHAT WILL HAPPEN TO THE OFF-SYSTEM SHARING BETWEEN**  
10 **CUSTOMERS AND SHAREHOLDERS IN 2017?**

11 **A.** As agreed to in NMPRC Case No. 13-00187-UT, the current 90%-10% sharing of  
12 off-system sales margins will terminate at the end of 2016. PNM customers will  
13 receive 100% of off-system sales margins beginning in 2017 and PNM will not be  
14 able to share in off-system sales margins until January 1, 2020, at the earliest.  
15 The changes to base fuel resulting from termination of the off-system sales  
16 margin sharing will be reflected in the FPPCAC factor.

17

18 **Q. IS PNM REQUESTING TO INCLUDE NEW COST COMPONENTS IN**  
19 **BASE FUEL IN THIS PROCEEDING?**

20 **A.** Yes. PNM is requesting that coal and nuclear fuel handling expenses and the cost  
21 to purchase of spinning reserves be included in the determination of base fuel



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1 expense. Coal handling expenses are recorded in FERC account 501 and nuclear  
2 fuel handling expenses are recorded in FERC account 518, but both of these  
3 components of fuel expense have previously been recovered through non-fuel  
4 base rates, and not as a component of base fuel. The purchase of spinning  
5 reserves is currently recorded as purchased power expense in FERC account 555.

6  
7 **Q. WHY IS PNM REQUESTING INCLUSION OF FUEL HANDLING COSTS**  
8 **AS A COMPONENT OF BASE FUEL?**

9 **A.** Fuel handling costs are recorded in fuel accounts as defined by the FERC  
10 Uniform System of Accounts and are generally considered to be components of  
11 fuel costs. These costs also qualify as base fuel expenses in NMPRC Rule No.  
12 550. 17.9.550.22 Appendix NMAC lists the FERC accounts that are allowed in  
13 the fuel and purchased power cost calculation and FERC Accounts 501 and 518  
14 are included. Fuel handling costs fluctuate periodically and are tied to the overall  
15 production of the generating facility, and thus to the quantity of fuel used.  
16 Finally, inclusion of fuel handling expenses will ensure that future changes in  
17 these costs, either increases or decreases, will pass through to customers on a  
18 timely basis through PNM's FPPCAC. One example of changes to fuel handling  
19 expenses has been the recent development related to the permanent storage of  
20 spent nuclear fuel. In the base period, PNM incurred approximately \$2.7 million  
21 for nuclear fuel storage expenses associated with spent fuel. However, as of May

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1           2014, PNM is no longer required to pay for permanent nuclear fuel storage as part  
2           of its monthly fuel expense. In the future, inclusion of these costs in base fuel  
3           will ensure that customers are only charged for actual fuel-related charges that are  
4           incurred and are not required to pay costs that are no longer being incurred  
5           because they were embedded in non-fuel base rates.

6  
7   **Q.    WHY IS PNM REQUESTING INCLUSION OF SPINNING RESERVES AS**  
8   **A COMPONENT OF BASE FUEL?**

9   **A.**    Rule 550 Appendix also contemplates inclusion of spinning reserves as a cost that  
10       will pass through the FPPCAC by identifying FERC Account 555 as one of the  
11       fuel-related accounts to which Rule 550 applies. There is also a separate line item  
12       in the Appendix for spinning reserves. The purchase of spinning reserves is a  
13       dispatch decision based on the economics of available generation. The source and  
14       cost of spinning reserves vary from month to month and to assure that customers  
15       pay the proper amount for reserves and receive the full benefits of economic  
16       dispatch, these costs should flow through the FPPCAC.

17  
18   **Q.    IS PNM REQUESTING ANY OTHER CHANGES TO THE CURRENT**  
19   **FPPCAC RIDER NO. 23?**

20   **A.**    PNM is requesting in this proceeding to change the 12-month period used to set  
21       the annual FPPCAC factor. Currently, the 12-month annual reset period runs

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1 from July to June. PNM is requesting that the annual FPPCAC factor be based on  
2 a calendar year, from January to December. A calendar year FPPCAC factor will  
3 align the forecasting of base fuel expenses with the annual budgeting cycles that  
4 PNM currently performs. PNM is proposing to continue to reset the FPPCAC  
5 factor on a quarterly basis as described in Table HEM-2 below:

**Table HEM-2**

	<b>Ending Balancing Account</b>	<b>Projected Fuel Expense Period</b>	<b>FPPCAC Factor effective</b>
Annual	October	November, Year x1 – December Year x2	January
Quarterly	January	February, Year x2 – December, Year x2	April
Quarterly	April	May, Year x2 – December, Year x2	July
Quarterly	July	August, Year x2 – December Year x2	October

6 **Q. WHAT AMOUNT OF BASE FUEL EXPENSE IS INCLUDED IN THE**  
7 **TEST PERIOD REVENUE REQUIREMENTS?**

8 **A.** Test period base fuel expense, net of off-system sales margins, is \$218,259,746.  
9 PNM is proposing to reset the base fuel rate in this proceeding. The calculated  
10 base fuel rate is \$0.026255 per kWh and is derived by dividing base fuel expense  
11 by projected test period sales of 8,312,976,406 kWh.

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1 **Q. WHAT FPPCAC FACTOR WILL APPLY AS OF JANUARY 1, 2016?**

2 **A.** The initial annual FPPCAC factor, effective January 1, 2016, will be zero as PNM  
3 is requesting to reset the annual base fuel rate in this proceeding. The first  
4 FPPCAC factor that will be implemented after new rates become effective will be  
5 based on the January 2016 actual balancing account and will be requested for  
6 implementation in April, 2016.

7  
8 **Q. HOW DO THE CITY OF AZTEC CONTRACT AND THE PALO VERDE  
9 DOE SETTLEMENT AFFECT BASE FUEL?**

10 **A.** PNM has included the projected revenues from the City of Aztec contract as well  
11 as the amortization of the Palo Verde DOE Settlement regulatory liability in the  
12 calculation of base fuel for the reasons that follow. The City of Aztec FERC  
13 wholesale generation contract is set to expire on June 30, 2016 and, therefore,  
14 PNM has excluded the City of Aztec from the energy and demand allocators to  
15 derive the PNM Retail revenue requirements. However, PNM will continue to  
16 receive revenues under the City of Aztec contract through June 30, 2016. Hence,  
17 PNM has included in the base fuel calculation the PNM Retail share of revenues  
18 received from the City of Aztec in 2016. In addition, as discussed in Mr. Peters'  
19 testimony PNM is requesting that the Commission establish a regulatory liability  
20 for settlements received from the DOE related to nuclear spent fuel for periods  
21 through June 2014 and amortized over 24 months. Since PNM is requesting that

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1 fuel handling costs be included as a component of base fuel, PNM proposes that  
2 these credits be provided to customers through base fuel.

3

4 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO O&M EXPENSES**  
5 **IN THE TEST PERIOD REVENUE REQUIREMENTS.**

6 **A.** The starting point for the test period O&M was the adjusted base period O&M.  
7 Except for the specific items discussed below, Non-labor O&M expenses in the  
8 adjusted base period were escalated at the rate of 1.5% for one year, based on the  
9 average consumer price index, to project test year O&M expense. PNM Exhibit  
10 HEM-3 WP OM-1 provides the calculation of the portion of test period O&M that  
11 is based on the 1.5% escalation factor. PNM Exhibit HEM-3 WP OM-3 provides  
12 a summary of the specific O&M items that were individually projected to develop  
13 test period levels. In addition, PNM Exhibit HEM-3, WP OM-1 provides a  
14 reconciliation of O&M expense from the base period, through the adjusted base  
15 period and into the test period revenue requirements.

16

17 **Q. WHY DID YOU USE THE AVERAGE CONSUMER PRICE INDEX FOR**  
18 **NON-LABOR O&M EXPENSES?**

19 **A.** The consumer price index is a well-known and conservative aggregate measure of  
20 inflation. PNM has historically applied the annual consumer price index to non-  
21 labor O&M in developing annual and long range forecasts, and has effectively

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1 controlled O&M to stay within these projections. While no index will capture all  
2 of the specific business changes that PNM may experience in 2016 the consumer  
3 price index is reasonable, and conservative, predictor of the increase in O&M  
4 costs that PNM will experience from the base period to the test period.

5  
6 **Q. ARE THERE FUEL-RELATED O&M COSTS INCLUDED IN THE**  
7 **REVENUE REQUIREMENTS THAT ARE NOT INCLUDED IN THE**  
8 **CALCULATION OF BASE FUEL?**

9 **A.** Yes, there are three categories of fuel-related expenses that are not in PNM's Base  
10 Fuel calculation and will not be subject to the FPPCAC. These are costs  
11 associated with coal mine decommissioning, fixed gas transportation costs, and  
12 demand costs associated with the Valencia PPA. These costs are included in non-  
13 fuel revenue requirements.

14  
15 **Q. HOW DID PNM FORECAST FUEL-RELATED O&M COSTS IN THE**  
16 **TEST PERIOD?**

17 **A.** PNM forecasted the following components of fuel-related costs for the test period  
18 revenue requirements, specifically:

- 19 • Gas Plants Fuel Transportation – PNM includes gas transportation costs, most  
20 third party transmission costs, and Valencia Station demand charges in its  
21 Fuel-Related O&M costs. Gas transportation costs in the test period are

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1 projected based on current gas delivery contracts. The test period estimated  
2 volume gas used in the test period is based on the expected dispatch of PNM's  
3 gas units. In addition, PNM is forecasting the need to acquire firm transport  
4 to ensure reliability of gas supply to its generation fleet and is also projecting  
5 an additional gas transportation contract to serve the La Luz facility. This is  
6 discussed in more detail by PNM witness Chris Olson. See PNM Exhibit  
7 HEM-3 WP Fuel-5;

- 8 • Valencia Demand Payments – Valencia demand charges are based on contract  
9 rates and capacity. The test period estimates are based on contractual  
10 escalations. Additionally, the Valencia contract requires PNM to pay the  
11 property tax on that facility and those costs in the test period are based on the  
12 previous years' experience. See PNM Exhibit HEM-3 WP Fuel-1; and
- 13 • Coal Mine Decommissioning – PNM has continued the amortization of the  
14 surface mine reclamation costs which are capped for recovery at \$100  
15 million. In addition, PNM has continued amortization of previously deferred  
16 underground mine reclamation costs in the annual amount of approximately  
17 \$38,160. PNM has forecasted the reclamation costs associated with the  
18 underground coal mine, which is discussed in further detail below.

19

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1 **Q. PLEASE DESCRIBE THE COSTS ASSOCIATED WITH THE**  
2 **DECOMMISSIONING OF THE UNDERGROUND COAL MINE AT**  
3 **SJGS?**

4 **A.** PNM and the participants of SJGS are obligated under the San Juan Underground  
5 Coal Sales Agreement to pay for certain mine reclamation activities to meet state  
6 and federal requirements. Under GAAP, PNM is required to recognize this  
7 obligation on its books and records and has recorded the present value of the  
8 expected future costs PNM expects to incur for the reclamation activities.  
9 Annually, PNM records accretion expense to recognize the time value of money  
10 associated with this obligation. Recognition of this expense under an  
11 accretion/present value approach, results in lower expenses in the early years of  
12 the obligation, and higher expenses in the later years or near the time the ultimate  
13 reclamation activities will occur.

14

15 **Q. HAS PNM PREPARED AN EXHIBIT THAT QUANTIFIES THE**  
16 **EXPECTED UNDERGROUND COAL MINE CASH OUTLAYS,**  
17 **PRESENT VALUE CALCULATIONS AND ACCRETION EXPENSE?**

18 **A.** Yes. PNM Exhibit HEM-3 WP Fuel-4 provides a detailed reconciliation of  
19 expected future cash outlays for mine reclamation activities. These amounts are  
20 estimates and are subject to change as more refined estimates are developed. In  
21 addition, coal mine reclamation requirements may change in the future and new



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1 technological developments may increase or reduce the projected costs.  
2 However, the cost projections included in developing test period revenue  
3 requirements reflect PNM's best projection of these costs at this time and are the  
4 estimates PNM uses to record the expense in its financial records. The estimates  
5 are performed in accordance with GAAP.

6  
7 **Q. PLEASE DESCRIBE HOW PNM WILL RECOVER RECLAMATION**  
8 **COSTS ASSOCIATED WITH THE SJGS UNDERGROUND MINE.**

9 **A.** PNM is proposing to recover these costs on a straight-line basis so that customers  
10 that benefit from the operation of the SJGS pay their appropriate share of the  
11 costs, including future costs, of operating the plant, including a fair portion of  
12 mine reclamation costs. Recovery of mine reclamation costs on a straight-line  
13 basis provides for equitable recovery from customers today and in the future and  
14 removes potential intergenerational inequities. Otherwise, customers in the  
15 future would be burdened with a disproportionate amount of underground mine  
16 reclamation costs.

17

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1 **Q. WHAT AMOUNT IS INCLUDED IN THE TEST PERIOD REVENUE**  
2 **REQUIREMENTS FOR UNDERGROUND MINE RECLAMATION**  
3 **COSTS?**

4 **A.** PNM has included in the test period revenue requirements its estimated costs  
5 associated with mine reclamation activities for the underground mine at SJGS  
6 based on the remaining total projected costs to be incurred, from January 2016  
7 through the end of reclamation activities at 2066, divided by the total remaining  
8 years of expected cash outflows to reclaim the coal mine that serves SJGS. PNM  
9 included this amount in the coal mine decommissioning forecasted expense. See  
10 PNM Exhibit HEM-3 WP Fuel-4.

11

12 **Q. IS PNM REQUESTING ANY SPECIAL ACCOUNTING ORDERS FROM**  
13 **THE COMMISSION TO RECOVER THE RECLAMATION COSTS**  
14 **FROM THE UNDERGROUND MINE ON A STRAIGHT LINE BASIS?**

15 **A.** Yes. As described above, absent a specific Commission order, PNM would be  
16 required to continue to recognize the expense associated with the underground  
17 mine reclamation based on accretion expense, which will unfairly burden  
18 customers in the future. PNM is asking the Commission for the authority to  
19 establish a regulatory liability to recognize the additional expense PNM has  
20 requested by collecting the mine reclamation activities on a straight-line basis.  
21 Using the GAAP methodology, accretion expense in the early years is lower and

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1 escalates over time, resulting in lower costs in the early years and higher costs in  
2 the later years. The straight-line approach requested by PNM will better match  
3 cost causation with benefits received. As the mine reclamation cash flows are not  
4 expected to occur for about 30 years, the straight-line method results in additional  
5 expense in the early years, which creates a regulatory liability on PNM's books  
6 and records. This regulatory liability will reverse out over time.

7  
8 **Q. PLEASE SUMMARIZE THE O&M EXPENSE CATEGORIES**  
9 **INCLUDED IN THE TEST PERIOD REVENUE REQUIREMENTS THAT**  
10 **ARE FORECASTED BASED ON ALREADY ESTABLISHED**  
11 **AMORTIZATION SCHEDULES OR OTHER FIXED TERMS.**

12 **A.** PNM Exhibit HEM-3 WP OM-3 provides a summary of the adjustments to O&M  
13 that have been specifically identified based on amortizations as follows:

- 14 • Right-of-way Amortizations – Amortization of existing right-of-way balances  
15 have been included in the test period revenue requirements based on existing  
16 amortization schedules. In addition, PNM has included in the right-of-way  
17 amortization, the right-of-way renewals expected to occur between July 2014  
18 and December 2015, and also included any projected amortization of right-of-  
19 way renewals expected to occur in the test period of January 2016 through  
20 December 2016. Please see PNM Exhibit HEM-3 WP OM-10.
- 21 • Palo Verde Adjustments –

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- 1           ○ Palo Verde Unit 1 and Unit 2 Lease Expense – PNM has included the  
2           lease expense associated with Palo Verde Unit 1 leases based on the  
3           scheduled lease payments. PNM has reflected the reduction in lease  
4           expense associated with Palo Verde Unit 1 leases, beginning in 2015,  
5           since PNM exercised its option to extend the Unit 1 leases, which  
6           resulted in the lease expense being reduced by half, when compared to  
7           amounts reflected in the adjusted base period. PNM has reflected the  
8           elimination of the Palo Verde Unit 2 lease expense for the 64 MW that  
9           PNM will acquire from the current lease owners. Please see PNM  
10          Exhibit HEM-3 WP OM-8.
- 11          ○ Palo Verde Combustion and Engineering, Prudency Audit – PNM  
12          reflected the expected credits included in the test period based on  
13          existing amortization schedules of these balances. Please see PNM  
14          Exhibit HEM-3 WP OM-8.
- 15          ○ Palo Verde Decommissioning Credits – PNM is requesting recovery of  
16          Palo Verde Units 1 and 2 decommissioning costs based on the current  
17          funding requirements for the nuclear decommissioning trust. Please  
18          see PNM Exhibit HEM-3 WP OM-8.
- 19

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1 **Q. PLEASE SUMMARIZE THE O&M EXPENSES INCLUDED IN THE**  
2 **TEST PERIOD REVENUE REQUIREMENTS THAT ARE FORECASTED**  
3 **INDIVIDUALLY, NOT USING THE CPI.**

4 **A.** PNM Exhibit HEM-3 WP OM-3 provides a summary of the adjustments to O&M  
5 that have been specifically identified and forecasted based on individual factors.  
6 Specifically, these include Labor, Retiree Pension and Retiree Medical, Active  
7 Medical and Dental premiums, EIP lease expense, loadings of A&G, Injuries and  
8 Damages, Pension and Benefits on capital projects, Planned Outages, and O&M  
9 expenses associated with SJGS and Four Corners. In addition, PNM forecasted  
10 O&M expenses associated with the 40 MW Solar Facility, the 40 MW La Luz gas  
11 peaking facility, the Rio Bravo Generating Station, and additional insurance  
12 premiums for cyber security. Adjustments made to O&M expenses that are  
13 recorded at PNMR Services are identified and discussed separately below.

14  
15 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO LABOR**  
16 **EXPENSES FROM THE ADJUSTED BASE PERIOD TO THE TEST**  
17 **PERIOD REVENUE REQUIREMENTS.**

18 **A.** Base labor was escalated from the adjusted base period, using a 2.5% annual labor  
19 escalator, for non-union employees, and a 2.0% annual labor escalator for union  
20 employees, effective April of each year. The 2.5% labor escalator is based on  
21 historical trends of average pay raises. The 2.0% labor escalator for union

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1 employees is based on current collective bargaining agreements. Please see PNM  
2 Exhibit HEM-3 WP-LA-1.

3  
4 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO RETIREE**  
5 **PENSION AND RETIREE MEDICAL EXPENSE FROM THE ADJUSTED**  
6 **BASE PERIOD TO THE TEST PERIOD REVENUE REQUIREMENTS.**

7 **A.** PNM has forecasted retiree pension and medical expenses in the test period based  
8 on information provided by actuaries, including assumptions on return on assets,  
9 mortality rates, benefit expenses and other factors. Please see PNM Exhibit  
10 HEM-3 WP OM-5 for retiree pension and retiree medical expenses included in  
11 the adjusted base period and test period revenue requirements.

12  
13 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO ACTIVE**  
14 **MEDICAL AND DENTAL PREMIUMS FROM THE ADJUSTED BASE**  
15 **PERIOD TO THE TEST PERIOD REVENUE REQUIREMENTS.**

16 **A.** PNM has forecasted active medical and dental premiums in the test period based  
17 on premiums expected to be incurred during the test period. The forecasted  
18 expense is based on historical claims experience and the impacts of the wellness  
19 programs PNM has implemented. Please see PNM Exhibit HEM-3 WP OM-11  
20 for active medical and dental premiums included in the adjusted base period and  
21 the test period revenue requirements.

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1 **Q. HOW DID PNM FORECAST THE A&G, INJURIES AND DAMAGES,**  
2 **AND PENSION AND BENEFITS CAPITAL LOADS FOR THE TEST**  
3 **PERIOD REVENUE REQUIREMENTS?**

4 **A.** As discussed earlier in my testimony, the amount of capital loads included in the  
5 test period revenue requirements are based on the projected capital spend that is  
6 included in PNM's forecast for calendar year 2016. The resulting capital loads  
7 are included as a reduction to O&M expense, reflected in the A&G expense  
8 accounts. See PNM Exhibit HEM-3 WP OM-12 for capital loads in the adjusted  
9 base period and the test period revenue requirements.

10

11 **Q. HOW DID PNM FORECAST PLANNED OUTAGE EXPENSES**  
12 **INCLUDED IN THE TEST PERIOD REVENUE REQUIREMENTS?**

13 **A.** Planned outage expenses occur at various times depending on the type of  
14 generating plant and the needs of the plant. At SJGS, a planned major outage of a  
15 unit typically occurs every 2 to 3 years. At Palo Verde, planned major outages  
16 occur every 18 months during refueling. The timing of planned major outages at  
17 gas facilities varies depending on the number of starts of the unit and other  
18 factors. PNM typically expends large amounts of O&M and capital dollars during  
19 planned major outages. Given the variability in the occurrence of planned  
20 outages, the amount of O&M expense related to planned outages can vary  
21 significantly from year to year. Consequently, PNM normalized the amount of

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1       planned outage expenses included in its test period revenue requirements.  
2       Including a normalized level of planned outage expense makes the test period  
3       more representative of PNM's operations during the time when rates will be in  
4       effect.

5  
6       **Q.    HOW DID PNM NORMALIZE PLANNED OUTAGE EXPENSE FOR THE**  
7       **TEST PERIOD REVENUE REQUIREMENTS?**

8       **A.**    PNM calculated the average planned outage expenses at each generating unit,  
9       except SJGS Units 2 and 3, from 2009 through 2013. PNM then escalated the  
10       historical averages using the 1.5% escalation rate discussed earlier to derive the  
11       planned outage expense for each unit in the adjusted base period. PNM then  
12       escalated the adjusted base period planned outage expenses by the annual 1.5%  
13       escalation rate to determine planned outage expense in the test period. PNM made  
14       an additional adjustment to Four Corners planned outage expense because of the  
15       greater than usual amount of planned outage expense that PNM expects to incur  
16       for that plant in and after the test period. PNM excluded the planned outage  
17       expense associated with SJGS Units 2 and 3, because PNM is forecasting the  
18       abandonment of these units at December 31, 2017, and does not expect any  
19       significant planned outages through the end of the test period. Please see PNM  
20       Exhibit HEM-3 WP OM-4 for the detailed calculation of the normalization of



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1           planned outage expenses included in the adjusted base period and the test period  
2           revenue requirements.

3  
4   **Q.   PLEASE DESCRIBE THE ADJUSTMENTS MADE TO EIP LEASE**  
5           **EXPENSES FROM THE ADJUSTED BASE PERIOD TO THE TEST**  
6           **PERIOD REVENUE REQUIREMENTS.**

7   **A.**   PNM has contracted to purchase the 40% interest in the EIP transmission line that  
8           it currently leases from Tortoise Capital Resources Corp. As such, PNM has  
9           removed the EIP lease expense from the adjusted base period and is forecasting  
10          no lease expense in the test period revenue requirements.

11  
12   **Q.   WHAT DID PNM USE TO FORECAST O&M EXPENSES ASSOCIATED**  
13          **WITH SJGS IN THE TEST PERIOD REVENUE REQUIREMENTS?**

14   **A.**   PNM used budgeted amounts for 2016 from PNM's Annual Operating Plan  
15          ("AOP") that was developed during the third and fourth quarters of 2014. The  
16          AOP budget captures the expected changes in O&M expenses at SJGS as a result  
17          of the expected retirement of SJGS Units 2 and 3. These projections reflect a  
18          reduction in labor and non-labor O&M expenses as the facility expects to incur  
19          lower maintenance expense associated with these two units. Please refer to  
20          Olson's testimony for further discussion of the SJGS O&M expenses. PNM has  
21          excluded the SJGS labor from the labor normalization adjustment that was

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1 performed to develop the test period revenue requirements for base labor to  
2 capture these projected labor savings and to ensure that PNM did not double  
3 count the labor at SJGS. In addition, the 2016 AOP at SJGS does not reflect any  
4 major planned outage expense. Planned outage expenses were included for SJGS  
5 in the planned outage adjustment described above.

6  
7 **Q. HOW DID THE COMPANY FORECAST O&M EXPENSES**  
8 **ASSOCIATED WITH THE FOUR CORNERS PLANT IN THE TEST**  
9 **PERIOD REVENUE REQUIREMENTS?**

10 **A.** For O&M expenses other than planned outage expenses PNM used 2016  
11 budgeted amounts from its Annual Operating Plan (“AOP”) that was developed  
12 during the third and fourth quarters of 2014. The AOP budget captures the  
13 additional O&M expenses that PNM expects to incur for that plant in 2016. The  
14 PNM’s AOP is based on budget data provided to PNM by Arizona Public Service  
15 Co., the operating agent for Four Corners. Expenses related to the planned  
16 outages are handled separately as discussed earlier in my testimony.

17  
18 **Q. HOW DID PNM FORECAST THE CYBER LIABILITY INSURANCE IN**  
19 **THE TEST PERIOD REVENUE REQUIREMENTS?**

20 **A.** PNM used market pricing information to forecast the cost in the test period.  
21 Please see PNM Exhibit HEM-3 WP OM-16.

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1   **Q.   PLEASE DESCRIBE THE O&M EXPENSES FORECASTED FOR THE 40**  
2       **MW SOLAR FACILITY, RIO BRAVO GENERATING STATION, AND 40**  
3       **MW LA LUZ GAS PEAKING FACILITY FOR THE TEST PERIOD**  
4       **REVENUE REQUIREMENTS.**

5   **A.**   PNM has included in test period revenue requirements the O&M expenses  
6       expected to be incurred to operate and maintain these facilities using the amounts  
7       included in the orders granting CCNs for the respective facilities.  These facilities  
8       were not in service during the base period.     The Rio Bravo generating station  
9       was acquired in July 2014. Prior to the acquisition PNM purchased the output  
10      under a PPA. The PPA expense was from the adjusted base period and replaced  
11      in the test period by depreciation and O&M expenses. Please refer to PNM  
12      Exhibit HEM-3 WP OM-13 for the Rio Bravo Generating Station, PNM Exhibit  
13      HEM-3 WP OM-14 for the 40 MW La Luz facility, and PNM Exhibit HEM-3  
14      WP OM-15 for the 40 MW Solar Facility.

15

16   **Q.   PLEASE SUMMARIZE THE O&M EXPENSES INCLUDED IN THE**  
17      **TEST PERIOD REVENUE REQUIREMENTS THAT ARE ALLOCATED**  
18      **FROM PNMR SERVICES.**

19   **A.**   PNM Exhibit HEM-3 WP SS-1 provides a summary of the adjustments to O&M  
20      that have been specifically identified and forecasted based on individual factors.  
21      Specifically, these include Labor, Incentive Compensation, and Active Medical

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1 and Dental premiums. The adjustments made for Labor expenses and Active  
2 Medical and Dental premiums allocated from PNMR Services to PNM are the  
3 same as those discussed above for these types of expenses when incurred directly  
4 by PNM.

5  
6 **Q. HOW DID PNM ALLOCATE PNMR SERVICES O&M EXPENSES TO**  
7 **PNM IN THE TEST PERIOD REVENUE REQUIREMENTS?**

8 **A.** PNM utilized the CAM allocation rates to allocate adjusted O&M expenses from  
9 PNMR Services to PNM. All adjustments referenced in my testimony related to  
10 PNMR Services reflect total dollars and not dollars that are allocated to PNM.  
11 Please refer to PNM Exhibit HEM-3 WP-SS-1 for allocation of dollars to PNM.

12  
13 **Q. WHAT INCENTIVE COMPENSATION HAS PNM INCLUDED IN THE**  
14 **TEST PERIOD REVENUE REQUIREMENTS?**

15 **A.** The development of incentive compensation amounts for the test period revenue  
16 requirements is discussed in more detail by PNM witness Gail Vavruska-Marcum.  
17 PNM Exhibit HEM-3 WP SS-11 provides the detail of incentive compensation  
18 amounts included in the test period revenue requirements.

19

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1 **Q. DOES THIS CONCLUDE YOUR DISCUSSION OF TEST PERIOD**  
2 **REVENUE REQUIREMENTS RELATED TO O&M?**

3 **A.** Yes, it does.

4

5 *C. Depreciation and Amortization Expense*

6 **Q. IS PNM PROPOSING NEW DEPRECIATION RATES IN THIS FILING?**

7 **A.** Yes. As testified to by PNM witness Dane Watson, PNM completed a  
8 depreciation study in 2013 based on December 31 2012 data and 12, and  
9 subsequently asked Mr. Watson to update the study as of December 31, 2013.  
10 Pursuant to 17.3.340.10(D) NMAC, PNM is filing this study with the  
11 Commission and is proposing that new depreciation rates become effective with  
12 the rates set in this case. PNM represents to the Commission that it does not  
13 intend to implement the new depreciation rates without approval from the  
14 Commission in this case.<sup>2</sup>

15

16 **Q. HOW DO THE REQUESTED DEPRECIATION RATES IMPACT**  
17 **REVENUE REQUIREMENTS?**

18 **A.** PNM Exhibit HEM-3 WP DEP-3 shows the impact of the requested change in  
19 depreciation rates. The updated depreciation rates, applied to the calendar year

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<sup>2</sup> Please see 17.3.340.10(E) NMAC.

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1           2016 forecasted gross plant balances, result in an increase to depreciation expense  
2           of \$26,788,903.

3  
4   **Q.     HOW HAS PNM PROJECTED DEPRECIATION AND AMORTIZATION**  
5   **EXPENSES FOR THE TEST PERIOD?**

6   **A.**    Depreciation expense on plant additions and existing assets for the test period is  
7           based upon the depreciation rates proposed in this case and PNM has also adjusted  
8           the test period accumulated depreciation reserve to reflect the new depreciation rates  
9           becoming effective January 1, 2016.

10  
11          Depreciation expense for plant additions was included in the test period based on  
12          projected clearings of CWIP to plant in service. For example, if a plant addition is  
13          forecasted to be in service in July 2016, then the additional depreciation expense  
14          and related accumulated depreciation reserve were determined for the period of  
15          August through December 2016 rather than on a full year as is done when  
16          annualizing a historical test period. This approach better represents PNM's actual  
17          depreciation expenses during the period when new service are in effect.  
18          Depreciation expense is calculated by PNM's budget system and included for  
19          both the linkage data and test period based on the system-generated projections.  
20          Please see PNM Exhibit HEM-3 WP DEP-1 and WP DEP-2.

21

**DIRECT TESTIMONY OF  
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1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY ON DEPRECIATION**  
2 **EXPENSE IN THE TEST PERIOD REVENUE REQUIREMENTS?**

3 **A.** Yes.

4

5 *D. General Taxes*

6 **Q. PLEASE DESCRIBE HOW PROPERTY TAXES WERE FORECASTED**  
7 **IN THE TEST PERIOD REVENUE REQUIREMENT.**

8 **A.** Property taxes are forecasted in the test period by multiplying the taxable gross  
9 plant in service forecasted balance as of December 2015 times the expected  
10 property tax rates to be in place in 2016. To estimate the property tax rates in  
11 2016, PNM escalated the current property tax rates annually by 2.5%. In  
12 addition, current property tax rates include an adjustment to reflect an economic  
13 obsolescence adjustment that lowers PNM's current property tax expense. PNM  
14 has forecasted no adjustment for economic obsolescence in 2016, as with the  
15 filing of this rate proceeding PNM expects to earn its full allowed return. Please  
16 see PNM Exhibit HEM-3 WP GT-2 for calculation of property tax expense  
17 reflected in the test period revenue requirements.

18

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HENRY E. MONROY  
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1   **Q.   PLEASE DESCRIBE HOW PAYROLL TAXES WERE FORECASTED IN**  
2       **THE TEST PERIOD REVENUE REQUIREMENTS.**

3   **A.**   As discussed earlier, PNM normalized the labor expenses included in the test  
4       period revenue requirements. In addition, PNM adjusted the labor expenses to  
5       reflect expected annual merit increases for wages paid to PNM employees. PNM  
6       calculated the expected payroll tax expense to be incurred in the test period, based  
7       on the forecasted labor dollars. PNM applied 7.68% to base labor dollars to  
8       calculate the cost of social security, Medicare and federal and state unemployment  
9       taxes. PNM has not calculated a credit to the payroll tax expense for capitalized  
10      labor in the general taxes section based on the methodology used to forecast the  
11      payroll tax expense in the linkage data and test period. PNM only included  
12      payroll tax expense expected to be incurred for labor that is recorded to the  
13      income statement, and not for labor that is capitalized. As a result, the amount of  
14      payroll taxes included in the test period revenue requirements is already reflected  
15      net of any payroll taxes that would be capitalized. Please see PNM Exhibit HEM-  
16      3 WP LA-6 and WP LA-7.

17



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1   **Q.   WHAT ARE THE OTHER COMPONENTS OF GENERAL TAXES AND**  
2       **HOW WERE THEY FORECASTED IN THE TEST PERIOD REVENUE**  
3       **REQUIREMENTS?**

4   **A.**   The other components of general taxes include Native American taxes, and other  
5       miscellaneous taxes paid on jointly owned facilities, including Four Corners and  
6       PVNGS. PNM has forecasted the Native American taxes based on amounts  
7       included in the annual operating plan. Please see PNM Exhibit HEM-3 WP GT-1  
8       for reconciliation of other general tax expense reflected in the adjusted base  
9       period compared to the test period revenue requirements.

10

11       ***E.    Other Allowable Expenses***

12   **Q.   PLEASE IDENTIFY THE COMPONENTS INCLUDED FOR RECOVERY**  
13       **IN OTHER ALLOWABLE EXPENSES BASED ON AMORTIZATION**  
14       **SCHEDULES.**

15   **A.**   PNM Exhibit HEM-3 WP OA-1 summarizes the requested other allowable  
16       expenses used to develop the test period revenue requirements, and include the  
17       following:

- 18       • Amortization of renewable federal grant
- 19       • Amortization of renewable regulatory assets included in Rider No. 36

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- 1           • Amortization of previously approved EIP and Palo Verde Units 1 and 2  
2           acquisition adjustments, and proposed Palo Verde Unit 2 64 MW lease  
3           acquisition adjustment
- 4           • Amortization of regulatory assets and liabilities requested in this proceeding,  
5           including Las Vegas Decommissioning Regulatory Asset and Liability, TOU  
6           Regulatory Asset, Alvarado Square Lease Regulatory Asset, Rate Case  
7           Expenses Regulatory Asset – PNM has included in the test period revenue  
8           requirement the amortization of these assets and liabilities in the test period  
9           revenue requirements. There is no amortization expense associated with these  
10          assets and liabilities in the adjusted base period or the linkage data as  
11          amortization does not begin until rates from this proceeding are effective,  
12          which PNM is projecting to be January 1, 2016.
- 13          • Amortization of loss on reacquired debt – Inclusion of loss on reacquired debt  
14          has been reflected in the linkage data and the test period revenue requirements  
15          based on existing amortization schedules. Loss on reacquired debt is  
16          amortized over the remaining life of the term of the bonds that were issued  
17          and reacquired.

18

19   **Q.   PLEASE IDENTIFY THE OTHER COMPONENTS INCLUDED FOR**  
20   **RECOVERY   IN   OTHER   ALLOWABLE   EXPENSES   AND**

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1       **ASSUMPTIONS USED TO DEVELOP THE TEST PERIOD REVENUE**  
2       **REQUIREMENTS.**

3    **A.**    PNM included recovery of interest on customer deposits. PNM does not expect  
4       any significant changes to customer deposit balances nor interest charged on  
5       customer deposits, so PNM used the amounts included in the adjusted base period  
6       as the forecast for the test period revenue requirements. In addition, other  
7       allowable expenses include recovery of accretion expense associated with AROs,  
8       as was discussed earlier in my testimony.

9  
10       ***F.     Income Tax Calculation***

11   **Q.    HOW HAS PNM FORECASTED THE INCOME TAX EXPENSES**  
12       **INCLUDED IN THE TEST PERIOD REVENUE REQUIREMENTS?**

13   **A.**    The forecasted income tax expense included in the test period revenue  
14       requirements is based on the 35% federal and 6.6% state income tax rates that are  
15       expected in 2016. The state income tax rate is lower than reflected in the base  
16       period and adjusted base period as a result of the 2013 amendments to NMSA  
17       1978, Section 7-2A-5,<sup>3</sup> which phases in lower state corporate tax rates over five  
18       years. Please refer to PNM witness Matthew Harland for further discussion of the  
19       income tax expense included in the test period revenue requirements.

20  

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<sup>3</sup> Laws 2013, Chap. 160, Section 3.

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1       **G.     *Revenue Credits***

2       **Q.     PLEASE DESCRIBE THE COMPONENTS OF REVENUE CREDITS AND**  
3       **HOW THESE AMOUNTS WERE FORECASTED FOR THE TEST**  
4       **PERIOD REVENUE REQUIREMENTS.**

5       **A.**     Revenue credits consist of the following:

- 6           • Rent for electric property – represents revenues received by PNM from third-  
7           parties who connect to our existing transmission and distribution assets or  
8           tenants who utilize space in PNM Resources facilities. PNM has forecasted  
9           an increase in revenues based on the general escalation rate of 1.5% as  
10          reflected in general O&M, discussed above.
- 11          • Late Payment Charges and Miscellaneous Charges revenues – reflects  
12          revenues collected under Rate 16, “Special Charges”. As discussed in more  
13          detail by PNM witness Julio Aguirre, PNM is requesting a change in rates  
14          charged under Rate 16 in this filing. PNM has forecasted the test period  
15          revenue credits based on the adoption of the new rates proposed in this filing.  
16          See PNM Exhibit HEM-3 WP RC-2.
- 17          • Other retail revenue – other distribution revenues reflect revenues received  
18          from certain FERC transmission wholesale customers for payment for  
19          utilization of certain distribution assets, and other transmission revenues  
20          reflect revenues received from participation in OATi WestConnect programs.

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1 PNM has forecasted an increase to these revenue credits based on the general  
2 escalation rate of 1.5% as reflected in general O&M, discussed above.

- 3 • Generation-related transmission revenues – include generation ancillary  
4 services provided to other utilities as well as reimbursement of financial  
5 power losses incurred on PNM’s transmission system. PNM has forecasted an  
6 increase to these revenue credits based on the general escalation rate of 1.5%  
7 as reflected in general O&M, discussed above.

- 8 • Revenues associated with a transmission redispatch contract that were  
9 included in the adjusted base period have been eliminated in the test period  
10 revenue requirements as this contract expired and was not renewed.

- 11 • Transmission-related ancillary services – PNM has forecasted an increase to  
12 these revenue credits based on the general escalation rate of 1.5% as reflected  
13 in general O&M, discussed above.

- 14 • As discussed earlier, revenue credits include PNM’s share of miscellaneous  
15 revenue credits recorded at PNMR Services. These revenues consist primarily  
16 of rental income received from tenants in PNM Resources’ buildings as well  
17 as parking fees collected. PNM has forecasted an increase to these revenue  
18 credits based on the general escalation rate of 1.5% as reflected in general  
19 O&M, discussed above.

20

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1 **Q. PLEASE DESCRIBE THE REVENUE CREDIT ASSOCIATED WITH**  
2 **THE ECONOMY SERVICE CUSTOMER.**

3 **A.** PNM provides economy service to one large industrial customer located in  
4 southern New Mexico. Under the economy service agreement, PNM procures  
5 energy and delivers it to the economy service customer. The energy that PNM  
6 procures represents a pass through for PNM, as the economy service customer  
7 reimburses PNM for all energy purchases made. In addition, the economy service  
8 customer pays PNM for providing certain transmission and sub-transmission  
9 services to deliver the power to the customer. The revenue credit included in the  
10 test period revenue requirements reflects the forecasted amount of revenues  
11 expected to be collected from the economy service customer in 2016, net of the  
12 forecasted cost of energy.

13  
14 **Q. HOW HAS PNM DETERMINED THE ALLOCATORS INCLUDED IN**  
15 **THE TEST PERIOD REVENUE REQUIREMENTS?**

16 **A.** The generation and transmission allocators were calculated as follows:

- 17 • Generation Demand: Production plant that is not directly assigned is allocated  
18 based on a forecasted 12 CP demand calculation. The City of Aztec contract  
19 is set to expire in June 2016. PNM has removed the City of Aztec demand  
20 during the entire 12 months included in the test period revenue requirements.  
21 To compensate customers for the reallocation of costs during the first six

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1 months of the test period that the City of Aztec contract is still in service,  
2 PNM has included a credit of off-system sales associated with this contract in  
3 its calculation and determination of the annual FPPCAC factor to begin  
4 January 1, 2016. Inclusion in the FPPCAC will ensure that customers receive  
5 the actual off-system sales that are received and, at the expiration of the  
6 contract, the off-system sales will expire and no longer be reflected in the  
7 setting of the FPPCAC factor.

- 8 • Transmission Demand: Transmission plant is allocated based on the  
9 forecasted peak load on the transmission system. PNM retail customers,  
10 FERC wholesale generation customers, and network integration transmission  
11 service customers are allocated costs on a 12 CP allocator based on their peak  
12 load coincident with PNM's transmission system peak. Forecasted long-term  
13 firm point-to-point customers under PNM's OATT are allocated costs based  
14 on their contract reservations, regardless of their use coincident with the  
15 transmission system peak hour.

16  
17 The support for the generation and transmission demand allocators for the test  
18 period is included in PNM Exhibit HEM-2 WP COS TEST.

19

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1 **Q. WHAT CAPITAL STRUCTURE WAS USED IN THE DETERMINATION**  
2 **OF THE TEST PERIOD REVENUE REQUIREMENTS?**

3 **A.** The capital structure utilized in the determination of test period revenue  
4 requirements consists of 50.00% long-term debt, 0.40% preferred stock, and  
5 49.60% common equity. Please refer to PNM witness Elisabeth Eden for  
6 discussion of forecasting assumptions used to develop the capital structure.

7  
8 **Q. WHAT ROE IS PNM PROPOSING TO USE IN THE DETERMINATION**  
9 **OF THE TEST PERIOD REVENUE REQUIREMENTS?**

10 **A.** PNM is proposing to use an ROE of 10.5% in the test period, as recommended by  
11 PNM witness Robert Hevert.

12

13 **V. CONCLUSION**

14 **Q. PLEASE SUMMARIZE THE REGULATORY ASSET AND LIABILITIES**  
15 **TREATMENT YOU ARE REQUESTING APPROVAL FOR IN THIS**  
16 **PROCEEDING?**

17 **A.** PNM is requesting Commission approval to establish regulatory assets and  
18 liabilities related to the recovery of underground coal mine reclamation expense  
19 and accretion expense associated with AROs. In both of these instances, under  
20 GAAP, PNM is required to record these expenses based on accretion, which  
21 results in lower expenses in the early years, and higher expenses in the later years.



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1 To avoid this intergenerational equity issue on cost allocation, PNM is requesting  
2 Commission authority to recognize these costs over a straight-line basis, and  
3 record offsetting regulatory assets and liabilities on its financial statements.  
4

5 **Q. WHAT ARE YOUR GENERAL CONCLUSIONS?**

6 **A.** PNM's cost of service has been developed using a test period which best reflects  
7 its expected operating conditions when the rates set in this case will be in effect.  
8 That test period, calendar year 2016, was developed in accordance with the  
9 Commission's FTY Rule, including providing the linkage data and adjusted base  
10 period to trace the development of the test period results. The details of the base  
11 period, adjusted base period, linkage data and the test period are properly shown  
12 on the Rule 530 Schedules in accordance with Rule 530 as supplemented by the  
13 FTY Rule. The test period results demonstrate revenue requirements that are just  
14 and reasonable, as further supported by other PNM witnesses.  
15

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 **A.** Yes.

GCG#519020

Résumé of Henry E. Monroy

# PNM Exhibit HEM-1

Is contained in the following 2 pages.

**HENRY E. MONROY**  
**EDUCATIONAL AND PROFESSIONAL SUMMARY**

Name: Henry E. Monroy

Address: PNM Resources Inc.  
MS 0915  
414 Silver SW  
Albuquerque, NM 87102

Position: Director, Cost of Service and Internal Audit

Education: Bachelor of Accountancy, New Mexico State University, 2001  
Certified Public Accountant in the State of New Mexico, December 2012

Employment: Employed by Public Service Company of New Mexico since 2003.  
Positions held within the Company include:

Director, Cost of Service and Corporate Budget  
Director, Utility Accounting  
Manager, Cost of Service  
Senior Manager, Derivative Accounting  
Manager, Energy Analysis and Accounting  
Project Manager  
Senior Accountant

Testimony Filed:

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 352. – NMPRC – Case No. 08-00273-UT, filed September 22, 2008.
- In the Matter of Texas-New Mexico Power Company’s Request for Approval of an Advance Metering System (AMS) Deployment and AMS Surcharge. – PUCT – Docket No. 38036, filed May, 2010.
- In the Matter of the Application of Public Service Company of New Mexico for the Abandonment and Decertification of the Generating Station in Las Vegas, New Mexico, NMPRC – Case No. 10-00264-UT, filed August 30, 2010.

- Initial Filing of PNM to Revise Sheets in its OATT, Coordination Tariff, and GFAs Reflecting Implementation of Transmission Formula Rate – FERC – Docket Nos. ER13-685-000, ER13-687-000 and ER13-690-000, filed December 2012.
- In the Matter of Public Service Company of New Mexico’s Renewable Energy Portfolio Procurement Plan for 2014 and Proposed 2014 Rider Rate Under Rate Rider No. 36. – NMPRC – Case No. 13-00183-UT, filed June 1, 2013.
- In the Matter of the Application of Public Service Company of New Mexico for Continued use of Fuel and Purchased Power Cost Adjustment Clause. – NMPRC – Case No. 13-00187-UT, filed May 28, 2013.
- In the Matter of Application of PNM for Approval to Abandon San Juan Generating Station Units 2 and 3, Issuance of CCNs for Replacement Power Resources, Issuance of Accounting Order and Determination of Ratemaking Principles and Treatment – NMPRC – Case No. 13-00390-UT, filed December 20, 2013.
- In the Matter of the Application of PNM for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements – Case No. 12-00007-UT, filed February 28, 2014.
- In the Matter of Public Service Company of New Mexico’s Application for a Certificate of Public Convenience and Necessity and Related Approvals for the La Luz Energy Center – Case No. 13-00175-UT, filed March 21, 2014.
- In the Matter of Public Service Company of New Mexico’s Renewable Energy Portfolio Procurement Plan for 2015 and Proposed 2015 Rider Rate Under Rate Rider No. 36. – NMPRC – Case No. 14-00158-UT, filed June 2, 2014.

Revenue Requirements – Base Period, Adjusted Base Period, and Test  
Period

# PNM Exhibit HEM-2

Is contained in the following 68 pages.

# **COS BASE ADJ**

*Adjustments to Base Period Cost of Service*

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
<b>Rate Base</b>								
1	<b>Net Plant</b>							
2								
3	<b>Net Production Plant</b>							
4								
5	Steam Production Net Plant	680,171,483	(6,159,891)					
6								
7	Nuclear Production Net Plant - Palo Verde 1 & 2	235,675,866	(1,753,583)					
8	Nuclear Production Net Plant - Palo Verde 3	126,344,155	(773,578)					
9	Total Nuclear Production Net Plant	362,020,021	(2,527,161)	-	-	-	-	-
10								
11	Other Production Plant - Gas	253,422,804	3,322,173					
12	Other Production Plant - Renewable	128,827,401	(16,872,112)					
13	Total Other Production Net Plant	382,250,204	(13,549,939)	-	-	-	-	-
14								
15	Total Net Production Plant	1,424,441,709	(22,236,991)	-	-	-	-	-
16								
17	<b>Net Transmission Plant</b>							
18								
19	Step-Up Transformers - Excluding PV3	8,307,217	152,474					
20	Step-Up Transformers - PV3	234,514	37,906					
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,541,731	190,380	-	-	-	-	-
22								
23	Transmission System Net Plant - Allocated	348,035,071	(26,053,999)					
24	Transmission System Net Plant - PV 3	4,441,117	(517,152)					
25	Transmission System Net Plant - High Lonesome Mesa	19,312,384	706,000					
26	Transmission System Net Plant - Dedicated Retail	4,194,352	117,763					
27	Transmission System Net Plant - Dedicated FERC	269,285	14,843					
28	Total Transmission System Net Plant	376,252,209	(25,732,545)	-	-	-	-	-
29								
30	Total Net Transmission Plant	384,793,940	(25,542,165)	-	-	-	-	-
31								
32								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
<b>Rate Base</b>				
1	<b>Net Plant</b>			
2				
3	<b>Net Production Plant</b>			
4				
5	Steam Production Net Plant			674,011,592
6				
7	Nuclear Production Net Plant - Palo Verde 1 & 2			233,922,283
8	Nuclear Production Net Plant - Palo Verde 3			125,570,578
9	Total Nuclear Production Net Plant	-	-	359,492,860
10				
11	Other Production Plant - Gas			256,744,976
12	Other Production Plant - Renewable			111,955,289
13	Total Other Production Net Plant	-	-	368,700,265
14				
15	Total Net Production Plant	-	-	1,402,204,718
16				
17	<b>Net Transmission Plant</b>			
18				
19	Step-Up Transformers - Excluding PV3			8,459,691
20	Step-Up Transformers - PV3			272,420
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	-	-	8,732,111
22				
23	Transmission System Net Plant - Allocated			321,981,071
24	Transmission System Net Plant - PV 3			3,923,965
25	Transmission System Net Plant - High Lonesome Mesa			20,018,384
26	Transmission System Net Plant - Dedicated Retail			4,312,116
27	Transmission System Net Plant - Dedicated FERC			284,128
28	Total Transmission System Net Plant	-	-	350,519,664
29				
30	Total Net Transmission Plant	-	-	359,251,775
31				
32				



PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1	
33	<u>Net Distribution Plant</u>								
34									
35	Distribution Substations Net Plant - Dedicated FERC	1,460,994	499,918						
36	Distribution Substations Net Plant - PNM	133,777,324	(2,834,655)						
37	Distribution Substations Net Plant - Renewables	2,109,309	(99,581)						
38	Total Distribution Substations Net Plant	137,347,627	(2,434,318)	-	-	-	-	-	
39									
40	Primary Distribution System Net Plant - PNM	295,972,933	(10,930,792)						
41	Primary Distribution System Net Plant - Renewables	1,107,456	(72,876)						
42	Total Primary Distribution Net Plant	297,080,389	(11,003,668)	-	-	-	-	-	
43									
44	Secondary Distribution System Net Plant - PNM	182,532,009	(4,257,746)						
45	Secondary Distribution System Net Plant - Renewables	397,240	(68,558)						
46	Total Secondary Distribution Net Plant	182,929,249	(4,326,304)	-	-	-	-	-	
47									
48	Services Net Plant - PNM	51,996,220	(471,571)						
49									
50	Meters Net Plant - PNM	35,834,800	(1,506,324)						
51									
52	Private Lighting - 371	427,521	(10,090)						
53	Street Lighting - 373	11,246,239	(318,682)						
54	Total Lighting Net Plant	11,673,760	(328,772)	-	-	-	-	-	
55									
56	Total Net Plant Distribution Plant	716,862,045	(20,070,957)						
57									
58									
59	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>								
60									
61	Production General & Intangible Net Plant	5,409,345	(122,446)						
62	Transmission General & Intangible Net Plant	24,782	2,416						
63	PV Unit 3 General & Intangible Net Plant	1,290,979	44,423						
64	Renewables General & Intangible Net Plant	21,517	169,753						
65	Bulk Power Operations	2,018,125	147,486						
66	Energy Management System Facilities	5,591,719	572,848						
67	Other Division Offices/Customer Service	25,601,118	(719,483)						
68	Communications - Transmission	21,953,994	(1,854,856)						
69	Production Related (Shared Services)	-	23,380,907						
70	Transmission Related (Shared Services)	-	6,363,175						
71	Distribution/Customer Related (Shared Services)	-	37,815,853						
72	Total Net Plant General & Intangible Plant - PNM	61,911,578	65,800,076	-	-	-	-	-	
73									
74	Total Net Plant	2,588,009,272	(2,050,037)	-	-	-	-	-	
75									

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
33	<u>Net Distribution Plant</u>			
34				
35	Distribution Substations Net Plant - Dedicated FERC			1,960,912
36	Distribution Substations Net Plant - PNM			130,942,669
37	Distribution Substations Net Plant - Renewables			2,009,727
38	Total Distribution Substations Net Plant	-	-	134,913,309
39				
40	Primary Distribution System Net Plant - PNM			285,042,141
41	Primary Distribution System Net Plant - Renewables			1,034,580
42	Total Primary Distribution Net Plant	-	-	286,076,722
43				
44	Secondary Distribution System Net Plant - PNM			178,274,263
45	Secondary Distribution System Net Plant - Renewables			328,683
46	Total Secondary Distribution Net Plant	-	-	178,602,945
47				
48	Services Net Plant - PNM			51,524,648
49				
50	Meters Net Plant - PNM			34,328,476
51				
52	Private Lighting - 371			417,431
53	Street Lighting - 373			10,927,557
54	Total Lighting Net Plant	-	-	11,344,988
55				
56	Total Net Plant Distribution Plant	-	-	696,791,087
57				
58				
59	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>			
60				
61	Production General & Intangible Net Plant			5,286,899
62	Transmission General & Intangible Net Plant			27,198
63	PV Unit 3 General & Intangible Net Plant			1,335,402
64	Renewables General & Intangible Net Plant			191,270
65	Bulk Power Operations			2,165,611
66	Energy Management System Facilities			6,164,567
67	Other Division Offices/Customer Service			24,881,634
68	Communications - Transmission			20,099,138
69	Production Related (Shared Services)			23,380,907
70	Transmission Related (Shared Services)			6,363,175
71	Distribution/Customer Related (Shared Services)			37,815,853
72	Total Net Plant General & Intangible Plant - PNM	-	-	127,711,654
73				
74	Total Net Plant	-	-	2,585,959,235
75				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1	
76	<b>Accumulated Deferred Income Taxes</b>								
77	Injury & Damages	4,026,703			225,560			-	
78	Deferred PV Gain	263,138			31,267			-	
79	Alvarado Square Lease	(1,518,212)		-				-	
80	Deferred Coal Costs	(1,148,770)		(268,335)				-	
81	Renewable NOL ADIT	26,804,026	(543,030)					-	
82	Palo Verde Construction Credits 1 & 2	126,602	-	14,069				-	
83	Pension Prepaid Tax Qualified	(65,473,656)	-		5,703,322			-	
84	Pension Prepaid Tax AMPP	2,646,733	-		114,813			-	
85	Eastern Interconnect Project Prepaid Tax	111,058	-		83,293			-	
86	LXP Policy Write-offs	957,131	-					-	
87	Capitalized Interest	22,774,966	(703,704)					-	
88	Palo Verde Dry Cask Storage PV 1 & 2	3,209,219	-		(3,209,219)			-	
89	Palo Verde Dry Cask Storage PV 3	1,565,905	-		(1,565,905)			-	
90	Contributions In Aid of Construction	34,706,688	758,889					-	
91	Palo Verde Prudence Amortization 1&2	68,462	-	35,664				-	
92	Coal Mine Decommissioning	(4,414,698)	-	(357,948)				-	
93	Pollution Control Facilities	(531,718)	(9,270)					-	
94	FERC Customer Depreciation	1,263,292	1,370					-	
95	Renewable ADIT	(36,908,138)	3,066,814					-	
96	Liberalized Depreciation - Other	(14,927,146)	2,268,642					-	
97	Liberalized Depreciation - Generation	(359,184,873)	9,316,345					-	
98	Liberalized Depreciation - Distribution	(182,199,256)	(3,757,172)					-	
99	Liberalized Depreciation - Transmission	(74,262,105)	4,979,350					-	
100	Palo Verde 3 Liberalized Depreciation	(66,819,375)	(574,778)					-	
101	Palo Verde Start-Up Amortization	250,026	-					-	
102	Nuclear Fuel Amortization PV 1&2	5,765,043	(285,262)					-	
103	Nuclear Fuel Amortization PV 3	2,882,522	(142,631)					-	
104	Debt AFUDC	(18,702,297)	838,907					-	
105	Pre-1981 Repair Allowance	(22,138,422)	-					-	
106	Palo Verde Licensing Amortization	(4,307,634)	71,990					-	
107	Asset Retirement Obligation	39,254,174	-		(33,825,228)			-	
108	Afton Writedown	7,914,712	-					-	
109	Loss on Reacquired Debt	(3,404,220)	-		(81,767)			-	
110	Book Capitalized Interest	(7,041,923)	171,241					-	
111	Prepaid Expenses	(3,683,436)	44,055					-	
112	Net Operating Loss NOL	101,549,278	1,520,244					-	
113	Deferred Federal Tax Credits	7,582,687	478,668					-	
114	PCB Refinancing	(6,683,316)	-	(167,158)				-	
115	LVGS Decommission	407,639	-	(22,968)				-	
116	Deferred NM AETC	1,637,744	-	38,410				-	
117	Rate Case Expenses	(130,691)	-		26,198			-	
118	TOU	-	-	-				-	
119	DOE Refund	29,341	-	88,022				-	
120	Total Accumulated Deferred Income Taxes	(607,682,799)	-	17,500,667	(640,244)	(32,497,667)	-	-	

121

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
76	<b>Accumulated Deferred Income Taxes</b>			
77	-	-	-	4,252,263
78	-	-	-	294,405
79	-	-	-	(1,518,212)
80	-	-	-	(1,417,105)
81	-	-	-	26,260,996
82	-	-	-	140,672
83	-	-	-	(59,770,335)
84	-	-	-	2,761,546
85	-	-	-	194,351
86	-	-	-	957,131
87	-	-	-	22,071,262
88	-	-	-	-
89	-	-	-	-
90	-	-	-	35,465,577
91	-	-	-	104,126
92	-	-	-	(4,772,647)
93	-	-	-	(540,988)
94	-	-	-	1,264,662
95	-	-	-	(33,841,324)
96	-	-	-	(12,658,504)
97	-	-	-	(349,868,528)
98	-	-	-	(185,956,428)
99	-	-	-	(69,282,755)
100	-	-	-	(67,394,153)
101	-	-	-	250,026
102	-	-	-	5,479,781
103	-	-	-	2,739,891
104	-	-	-	(17,863,390)
105	-	-	-	(22,138,422)
106	-	-	-	(4,235,644)
107	-	-	-	5,428,946
108	-	-	-	7,914,712
109	-	-	-	(3,485,988)
110	-	-	-	(6,870,682)
111	-	-	-	(3,639,381)
112	-	-	-	103,069,522
113	-	-	-	8,061,355
114	-	-	-	(6,850,474)
115	-	-	-	384,671
116	-	-	-	1,676,154
117	-	-	-	(104,494)
118	-	-	-	-
119	-	-	-	117,362
120	Total Accumulated Deferred Income Taxes			
121	-	-	-	(623,320,043)

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1	
122	<b>Regulatory Assets &amp; Liabilities</b>								
123									
124	Coal Mine Decommissioning-Surface	11,151,043		904,139					
125	PV 1&2 Prudence Audit	(310,183)		(161,584)					
126	PV 1&2 Combustion Engineering	(319,784)		(35,538)					
127	Palo Verde DOE Spent Fuel Refund	(74,111)		(222,333)					
128	Deferred Coal Costs	2,901,668		677,785					
129	Reg Asset LVGS Decommission	228,653		(12,883)					
130	Reg Liab LVGS Decommission	(1,258,304)		70,897					
131	PCB Refinancing Hedge	16,881,325		422,223					
132	Reg Liab Renewables Fed Grant	(21,295,495)		(481,446)					
133	Reg Liab Renewables St Credit	(4,136,761)		(97,020)					
134	Alvarado Square Lease	3,834,837		-					
135	ARO Liability								
136	TOU Regulatory Asset								
137									
138	Total Regulatory Assets & Liabilities	7,602,888	-	1,064,239	-	-	-	-	
139									
140	<b>Other Rate Base Items</b>								
141									
142	Customer Deposits	(12,913,972)			(755,644)				
143	RWIP-Production	768,852			(768,852)				
144	RWIP-Transmission	424,246			(424,246)				
145	RWIP-Distribution	1,078,969			(1,078,969)				
146	RWIP-PV 3	37,437			(37,437)				
147	ARO Liability - Production	(68,477,399)			56,138,175				
148	ARO Liability - Transmission	-			-				
149	ARO Liability - Distribution	(1,430,428)			56,729				
150	ARO Liability - PV 3	(29,243,914)			29,243,914				
151	Injures and Damages PNM	(10,171,010)			(569,739)				
152	AMPP - Expense in Excess of Funding	(6,685,357)			(290,006)				
153	PV 1&2 Dry Cask Storage	(8,106,135)			8,106,135				
154	PV 3 Dry Cask Storage	(3,955,305)			3,955,305				
155	PV 1&2 Excess Gain Amortization	(664,658)			(78,978)				
156	NMITC Renewable Credit Solar	-			-				
157	High Lonesome Mesa -	(17,464,614)			(1,168,912)				
158	Unamortized Gain on EIP	(133,242)			(99,932)				
159	CWIP - Production	47,367,362			(47,367,362)				
160	CWIP - Transmission	29,544,201			(29,544,201)				
161	CWIP - Distribution	21,211,086			(21,211,086)				
162	CWIP - PV 3	12,654,666			(12,654,666)				
163	CWIP - Renewables	2,864,016			(2,864,016)				
164	CWIP - Production Related	959,560			(959,560)				
165	Pueblos Transmission Rights-of-Way	53,184,148			1,437,273				
166	Pueblos Distribution Rights-of-Way	1,218,117			58,485				
167	EIP Acquisition Adjustment	6,738,639			292,984				
168	PV 1&2 Acquisition Adjustment	3,758,348			182,555				
169	Prepaid Pension Asset	165,379,278			(14,405,965)				
170	Unamortized Loss on Reacquired Debt	8,598,687			206,536				
171	Rate Case Expense	330,112			(66,172)				
172	PV 2 Lease Acquisition Adjustment	-			-				
173	Total Other Rate Base Items	196,871,690	-	-	(34,667,654)	-	-	-	
174									

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
122	<b>Regulatory Assets &amp; Liabilities</b>			
123				
124	Coal Mine Decommissioning-Surface			12,055,182
125	PV 1&2 Prudence Audit			(471,767)
126	PV 1&2 Combustion Engineering			(355,322)
127	Palo Verde DOE Spent Fuel Refund			(296,444)
128	Deferred Coal Costs			3,579,453
129	Reg Asset LVGS Decommission			215,770
130	Reg Liab LVGS Decommission			(1,187,407)
131	PCB Refinancing Hedge			17,303,548
132	Reg Liab Renewables Fed Grant			(21,776,941)
133	Reg Liab Renewables St Credit			(4,233,781)
134	Alvarado Square Lease			3,834,837
135	ARO Liability			
136	TOU Regulatory Asset			
137				
138	Total Regulatory Assets & Liabilities	-	-	8,667,127
139				
140	<b>Other Rate Base Items</b>			
141				
142	Customer Deposits			(13,669,616)
143	RWIP-Production			-
144	RWIP-Transmission			-
145	RWIP-Distribution			-
146	RWIP-PV 3			-
147	ARO Liability - Production			(12,339,224)
148	ARO Liability - Transmission			-
149	ARO Liability - Distribution			(1,373,699)
150	ARO Liability - PV 3			-
151	Injuries and Damages PNM			(10,740,749)
152	AMPP - Expense in Excess of Funding			(6,975,363)
153	PV 1&2 Dry Cask Storage			-
154	PV 3 Dry Cask Storage			-
155	PV 1&2 Excess Gain Amortization			(743,636)
156	NMITC Renewable Credit Solar			-
157	High Lonesome Mesa -			(18,633,526)
158	Unamortized Gain on EIP			(233,174)
159	CWIP - Production			-
160	CWIP - Transmission			-
161	CWIP - Distribution			-
162	CWIP - PV 3			-
163	CWIP - Renewables			-
164	CWIP - Production Related			-
165	Pueblos Transmission Rights-of-Way			54,621,421
166	Pueblos Distribution Rights-of-Way			1,276,602
167	EIP Acquisition Adjustment			7,031,623
168	PV 1&2 Acquisition Adjustment			3,940,902
169	Prepaid Pension Asset			150,973,313
170	Unamortized Loss on Reacquired Debt			8,805,222
171	Rate Case Expense			263,939
172	PV 2 Lease Acquisition Adjustment			
173	Total Other Rate Base Items	-	-	162,204,037
174				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
175 <b>Working Capital</b>								
176								
177 <b>Fuel Stock</b>								
178 Production Fuel Stock	17,129,472					1,898,896		
179 PV 1&2 Nuclear Fuel (120.1 - .5)	54,254,697					(507,742)		
180 PV 3 Nuclear Fuel (120.1 - .5)	23,960,921					1,551,804		
181 Total Fuel Stock	95,345,090	-	-	-	-	2,942,958	-	-
182								
183 <b>Materials &amp; Supplies</b>								
184 Production	27,617,132					(409,377)		
185 Transmission	898,030					49,449		
186 Distribution	6,058,329					(703,705)		
187 Palo Verde Unit 3	5,543,821					56,699		
188 Total Materials & Supplies	40,117,312	-	-	-	-	(1,006,934)	-	-
189								
190 <b>Prepayments</b>								
191 Production	26,837,423					(5,628,093)		
192 Transmission	12,014,308					(2,979,254)		
193 Distribution	4,250,271					(1,452,209)		
194 Renewables	16,000					6,604		
195 Palo Verde Unit 3	1,261,654					(39,213)		
196 Total Prepayments	44,379,657	-	-	-	-	(10,092,165)	-	-
197								
198 Total Cash Working Capital	-	-	-	-	-	-	-	-
199								
200 Total Working Capital	179,842,059	-	-	-	-	(8,156,141)	-	-
201								
202 Total Rate Base Adjustments & Working Capital	(223,366,162)	-	17,500,667	423,995	(67,165,320)	(8,156,141)	-	-
203								
204 Total Net Original Cost Rate Base	2,364,643,110	(2,050,037)	17,500,667	423,995	(67,165,320)	(8,156,141)	-	-
205								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
175	<b>Working Capital</b>			
176				
177	<b>Fuel Stock</b>			
178				19,028,368
179				53,746,955
180				25,512,726
181				98,288,049
182				
183	<b>Materials &amp; Supplies</b>			
184				27,207,755
185				947,480
186				5,354,624
187				5,600,520
188				39,110,378
189				
190	<b>Prepayments</b>			
191				21,209,330
192				9,035,055
193				2,798,062
194				22,604
195				1,222,440
196				34,287,491
197				
198			(1,248,244)	(1,248,244)
199				
200			(1,248,244)	170,437,674
201				
202			(1,248,244)	(282,011,205)
203				
204			(1,248,244)	2,303,948,030
205				



PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
206	<u>Operations and Maintenance Expense</u>							
207								
208	<u>Production Fuel related expenses</u>							
209								
210	<u>Production - Base Fuel Related</u>							
211	Steam Generation	172,006,240						15,528,550
212	Steam Fuel Handling and Disposal	-						-
213	Nuclear	25,754,348						-
214	Nuclear Disposal	-						-
215	Gas Generation	36,263,100						4,465,229
216	Renewables - Owned	-						-
217	Wind (NMWEC)	13,829,770						-
218	Renewables - PPA	-						-
219	Purchased Power Energy	43,282,783						-
220	Spinning reserves	-						-
221	Total Fuel Costs (before OSS)	291,136,242	-	-	-	-	-	19,993,779
222								
223	Off-system Sales	(37,735,750)						-
224	Off-system Sales - PV 3	(38,215,125)						-
225	Off-system Sales Credit	1,220,563						-
226	Load Side from Transmission Customers	-						-
227	Physical Sales of Gas (under FAC hedge plan)	256,826						-
228	Total Other Fuel	(74,473,486)	-	-	-	-	-	-
229								
230	Total Fuel (net OSS)	216,662,756	-	-	-	-	-	19,993,779
231								
232	<u>Production - Non Fuel Items</u>							
233	Coal Fuel Handling	12,314,208						-
234	Nuclear Fuel Handling	3,423,112						-
235	Gas Plants Fuel Transportation	11,062,907						-
236	Gas PPA - Rio Bravo - Demand	7,236,909						-
237	Gas PPA - Valencia - Demand	19,076,321						-
238	Purchase Power for Economy Service Customer	-						-
239	Economy purchase Power Demand	-						-
240	Deferred Energy	(12,051,369)						12,051,369
241	REC Purchases and Renewable Energy Amortization	10,180,808						-
242	Gas Swaps - Non Fuel Clause Settlements and Excess Gas Physical P	-						-
243	Gas Swaps - Settlements - City of Aztec	-						-
244	Coal Mine Decommissioning - Allowed	7,583,966						(784,336)
245	Coal Mine Decommissioning - Disallowed	1,741,399						(697,727)
246	Coal Mine Decommissioning - FERC	241,663						(104,247)
247	Hedge - FERC	-						-
248	Spinning reserves	191,442						-
249	Broker Fees	185,721						-
250	Total Non Fuel Items	61,187,085	-	-	-	-	-	10,465,060
251								
252	Total Fuel Related Expense	277,849,841	-	-	-	-	-	30,458,839
253								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
206	<u>Operations and Maintenance Expense</u>			
207				
208	<u>Production Fuel related expenses</u>			
209				
210	<u>Production - Base Fuel Related</u>			
211				187,534,790
212				-
213				25,754,348
214				-
215				40,728,329
216				-
217				13,829,770
218				-
219				43,282,783
220				-
221				311,130,021
222				
223				(37,735,750)
224				(38,215,125)
225				1,220,563
226				-
227				256,826
228				(74,473,486)
229				
230				236,656,535
231				
232	<u>Production - Non Fuel Items</u>			
233				12,314,208
234				3,423,112
235				11,062,907
236				7,236,909
237				19,076,321
238				-
239				-
240				-
241				10,180,808
242				-
243				-
244				6,799,630
245				1,043,672
246				137,416
247				-
248				191,442
249				185,721
250				71,652,146
251				
252				308,308,681
253				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
254	<u>O&amp;M</u>							
255	<u>Steam Production</u>							
256	Oper-Sup & Eng-Prod	5,029,842					(16,194)	
257	Oper-Steam Expense-Major	8,619,505					(6,869)	
258	Oper-Electric Exp-Major	4,854,220					268,755	
259	Oper-Misc Steam Power Exp	4,213,657					64,304	
260	Oper-Rents-Steam Power	160,482					-	
261	Maint-Sup & Eng-Steam	3,853,867					11,205	
262	Maint-Sup & Eng-Steam - Renewables	2,801					(2,801)	
263	Maint-Structures-Steam	5,265,793					431,250	
264	Maint-Boiler Plant	22,915,608					1,397,752	
265	Maint-Electric Plant	3,169,833					586,376	
266	Maint-Gen & Elec Plant	3,138,767					125,207	
267	<u>Nuclear Production</u>							
268	Oper-Sup & Eng-Nuclear	5,594,808					(2,540)	
269	Oper-Coolants and Water	2,730,540					-	
270	Oper-Steam Expenses-Nuclear	2,104,592					244,789	
271	Oper-Electric Exp	2,077,626					-	
272	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE	7,451,833					-	
273	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	(1,612,538)					-	
274	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Arr	60,013,614					-	
275	Oper-Rents-Nuclear - PV 1&2 CE Credit	(323,169)					-	
276	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	(157,956)					-	
277	Maint-Sup & Eng-Nuclear	1,852,227					8,872	
278	Maint-Structures-Major	460,330					21,034	
279	Maint-Reactor Plant	2,744,751					554,695	
280	Maint-Elec Plant	3,193,323					397,799	
281	Maint-Misc Nuclear Plant	822,838					(36,552)	
282	Palo Verde 3 - Nuclear Production, FERC 517,519-532,	16,010,724					-	
283	<u>Other Production</u>							
284	Oper-Sup & Eng-Other	3,502,472					758,015	
285	Oper-Sup & Eng-Other - Renewables	-					-	
286	Oper-Oth Pwr Gen Exp-Other	-					-	
287	Oper-Oth Pwr Gen Exp-Other - Renewables	8,603					(242)	
288	Maint - Structures	3,548					(3,408)	
289	Maint-Gen & Elec Plant	6,129,430					198,529	
290	Maint-Gen & Elec Plant - Renewables	867,973					6,339	
291	Maint-Gen & Elec Plant	2,764,604					430,660	
292	Maint-Gen & Elec Plant - Renewables	-					45,548	
293	Total Production O&M	177,464,547	-	-	-	-	5,482,523	-
294								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
254	<u>O&amp;M</u>			
255	<u>Steam Production</u>			
256	Oper-Sup & Eng-Prod			5,013,648
257	Oper-Steam Expense-Major			8,612,637
258	Oper-Electric Exp-Major			5,122,975
259	Oper-Misc Steam Power Exp			4,277,961
260	Oper-Rents-Steam Power			160,482
261	Maint-Sup & Eng-Steam			3,865,071
262	Maint-Sup & Eng-Steam - Renewables			-
263	Maint-Structures-Steam			5,697,043
264	Maint-Boiler Plant			24,313,360
265	Maint-Electric Plant			3,756,208
266	Maint-Gen & Elec Plant			3,263,974
267	<u>Nuclear Production</u>			
268	Oper-Sup & Eng-Nuclear			5,592,268
269	Oper-Coolants and Water			2,730,540
270	Oper-Steam Expenses-Nuclear			2,349,381
271	Oper-Electric Exp			2,077,626
272	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE			7,451,833
273	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit			(1,612,538)
274	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Arr			60,013,614
275	Oper-Rents-Nuclear - PV 1&2 CE Credit			(323,169)
276	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization			(157,956)
277	Maint-Sup & Eng-Nuclear			1,861,098
278	Maint-Structures-Major			481,364
279	Maint-Reactor Plant			3,299,445
280	Maint-Elec Plant			3,591,123
281	Maint-Misc Nuclear Plant			786,286
282	Palo Verde 3 - Nuclear Production, FERC 517,519-532,			16,010,724
283	<u>Other Production</u>			
284	Oper-Sup & Eng-Other			4,260,487
285	Oper-Sup & Eng-Other - Renewables			-
286	Oper-Oth Pwr Gen Exp-Other			-
287	Oper-Oth Pwr Gen Exp-Other - Renewables			8,360
288	Maint - Structures			139
289	Maint-Gen & Elec Plant			6,327,959
290	Maint-Gen & Elec Plant - Renewables			874,313
291	Maint-Gen & Elec Plant			3,195,264
292	Maint-Gen & Elec Plant - Renewables			45,548
293	Total Production O&M	-	-	182,947,070
294				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1	
295	<u>Transmission O&amp;M (560-574, excluding 565):</u>								
296	Oper-Sup & Eng-ETrans	1,708,069					4,196		
297	Oper-Load Dispatch-ETrans	819,093					110,312		
298	Oper-Station Exp-ETrans	498,155					79,370		
299	Oper-Overhead Lines-ETrans	15,131					83,853		
300	Oper-Undergrd Line-ETrans	-					-		
301	Oper-Misc Transmission-E	2,715,572					212,748		
302	Oper-Rents-Transmission-E	12,353,928					-		
303	Maint Sup & Eng-ETrans	(5,380)					6,452		
304	Maint-Structures-ETrans	4,136					(3,377)		
305	Maint-Sta Equip-ETrans	2,841,742					74,486		
306	Maint-Overhead Lns-ETrans	576,134					(57,458)		
307	Maint-Und Lines-ETrans	1,202					-		
308	Maint-Misc Trans Plt-Maj-E	-					-		
309	Maint-Trans Plant-NonMaj-E	3,416					(3,348)		
310	HLM - Transmission O&M	20,000					-		
311	Total Transmission O&M, excluding FERC 565	21,551,196	-	-	-	-	507,235	-	
312		-							
313	<u>Transmission O&amp;M by Others (565):</u>								
314	Owned Generation Wheeling	8,513,636					225		
315	PV 3 Wheeling	198,338					-		
316	Retail Wheeling	1,941,064					-		
317	FERC Wholesale Customer Wheeling	2,390,845					-		
318	WAPA Swap	-					2,315,963		
319	Transmission by Others	3,719,478					-		
320	Total Transmission by Others, FERC 565	16,763,361	-	-	-	-	2,316,188	-	
321									
322	Total Transmission O&M	38,314,557	-	-	-	-	2,823,422	-	
323									
324	<u>Total Dist O&amp;M (580-598)</u>								
325									
326	<u>PNM Street &amp; Private Lighting</u>								
327	Oper-Street Light/Signal-E	70,358					(37,851)		
328	Oper-Customer Install-EDis	-					-		
329	Maint-Streetlight/Signal-E	1,148,274					(155,301)		
330	Total Street and Private Lighting	1,218,632	-	-	-	-	(193,152)	-	
331		-							
332	<u>PNM Meters</u>								
333	Oper-Meter Expense-EDist	2,762,072					228,670		
334	Maint-Meters-EDist	379,077					(35,956)		
335	Total Meters	3,141,148	-	-	-	-	192,715	-	
336		-							

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
295	<u>Transmission O&amp;M (560-574, excluding 565):</u>			
296	Oper-Sup & Eng-ETrans			1,712,265
297	Oper-Load Dispatch-ETrans			929,405
298	Oper-Station Exp-ETrans			577,525
299	Oper-Overhead Lines-ETrans			98,984
300	Oper-Undergrd Line-ETrans			-
301	Oper-Misc Transmission-E			2,928,320
302	Oper-Rents-Transmission-E			12,353,928
303	Maint Sup & Eng-ETrans			1,072
304	Maint-Structures-ETrans			759
305	Maint-Sta Equip-ETrans			2,916,228
306	Maint-Overhead Lns-ETrans			518,676
307	Maint-Und Lines-ETrans			1,202
308	Maint-Misc Trans Plt-Maj-E			-
309	Maint-Trans Plant-NonMaj-E			68
310	HLM - Transmission O&M			20,000
311	Total Transmission O&M, excluding FERC 565	-	-	22,058,431
312				
313	<u>Transmission O&amp;M by Others (565):</u>			
314	Owned Generation Wheeling			8,513,861
315	PV 3 Wheeling			198,338
316	Retail Wheeling			1,941,064
317	FERC Wholesale Customer Wheeling			2,390,845
318	WAPA Swap			2,315,963
319	Transmission by Others			3,719,478
320	Total Transmission by Others, FERC 565	-	-	19,079,549
321				
322	Total Transmission O&M	-	-	41,137,979
323				
324	<u>Total Dist O&amp;M (580-598)</u>			
325				
326	<u>PNM Street &amp; Private Lighting</u>			
327	Oper-Street Light/Signal-E			32,507
328	Oper-Customer Install-EDis			-
329	Maint-Streetlight/Signal-E			992,973
330	Total Street and Private Lighting	-	-	1,025,480
331				
332	<u>PNM Meters</u>			
333	Oper-Meter Expense-EDist			2,990,742
334	Maint-Meters-EDist			343,121
335	Total Meters	-	-	3,333,863
336				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
337	<u>All Other Distribution O&amp;M</u>							
338	Oper-Sup & Eng-EDist	2,774,177					62,975	
339	Oper-Load Dispatch-EDist	(2,417)					2,417	
340	Oper-Station Exp-EDist	256,327					(18,851)	
341	Oper-Overhead Lines-EDist	2,172,325					(326,788)	
342	Oper-Undergrd Line-EDist	523,652					(24,732)	
343	Oper-Undergrd Line-Edist - Renewables	638,145					(187,204)	
344	Oper-Misc Dist Exp-EDist	6,062,338					201,225	
345	Oper-Rents-Distribution-E	119,366					-	
346	Maint-Sup & Eng-EDist	985,454					(9,485)	
347	Maint-Structures-EDist	64,718					(1,387)	
348	Maint-Station Equip-EDist	1,320,440					(119,420)	
349	Maint-Overhead Lns-EDist	2,738,520					(121,806)	
350	Maint-Und Lines-EDist	1,581,634					(230,230)	
351	Maint-Line Transform-EDist	602					111	
352	Maint-Misc Dist Plant-E	564,686					-	
353	Total Other Distribution O&M	19,799,967	-	-	-	-	(773,174)	-
354		-						
355	Total Distribution O&M	24,159,747	-	-	-	-	(773,612)	-
356		-						
357	<u>Customer Related O&amp;M</u>							
358								
359	<u>PNM Related Customer Accounts Exp</u>							
360	Supervision-Customer Accts	159,865					1,491	
361	Meter Reading Expenses	4,505,839					(30,481)	
362	Customer Record and Coll	7,540,628					(69,464)	
363	Uncollectible Expenses	3,577,699					-	
364	Misc Customer Accts Exp	(55,912)					-	
365	Cust Service/Inf Expenses	7,933					(0)	
366	Supervision-Customer Svc	1,068					-	
367	Customer Assistance Exps	731,969					(1,714)	
368	Inform/Instruc Advert Exps	-					-	
369	Misc Cust Svc & Info Exp	-					-	
370	Demo & Selling Expenses - Excluding Production	24,388					-	
371	Demo & Selling Expenses - Production	5,088,810					(346,707)	
372	Advertising Expense	-					-	
373	Sales Expense	2,456					(2,456)	
374								
375	Total Customer Related O&M	21,584,743	-	-	-	-	(449,331)	-
376		-						

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
337	<u>All Other Distribution O&amp;M</u>			
338				2,837,153
339				-
340				237,476
341				1,845,538
342				498,920
343				450,941
344				6,263,563
345				119,366
346				975,969
347				63,331
348				1,201,020
349				2,616,714
350				1,351,405
351				713
352				564,686
353				19,026,793
354				
355				23,386,136
356				
357	<u>Customer Related O&amp;M</u>			
358				
359	<u>PNM Related Customer Accounts Exp</u>			
360				161,356
361				4,475,358
362				7,471,164
363				3,577,699
364				(55,912)
365				7,933
366				1,068
367				730,255
368				-
369				-
370				24,388
371				4,742,104
372				-
373				-
374				
375				21,135,412
376				



PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
377	<u>Administrative &amp; General Expense</u>							
378								
379	Production - Admin and General Salaries	(2,856,306)					217,659	
380	Transmission - Admin and General Salaries	186,089					(4,116)	
381	Distribution - Admin and General Salaries	1,193,111					785,872	
382	Production - AG Office Supplies Exp	(224,254)					(331)	
383	Transmission - AG Office Supplies Exp	215,802					(849)	
384	Distribution - AG Office Supplies Exp	1,325,759					(715)	
385	A&G Charged to CWIP - Production	(1,162,218)					-	
386	A&G Charged to CWIP - Transmission	(3,209,256)					-	
387	A&G Charged to CWIP - Distribution	(5,108,127)					-	
388	Production Related - Shared Services	35,784,178					(11,169,480)	
389	Transmission Related - Shared Services	7,628,863					(2,614,087)	
390	Distribution/Customer Related - Shared Services	48,951,252					(15,146,106)	
391	Production - Outside Services	(644,048)					-	
392	Transmission - Outside Services	222,608					(132,203)	
393	Distribution - Outside Services	1,673,533					(16,947)	
394	Production - Property Insurance	1,465,283					-	
395	Transmission - Property Insurance	92,575					-	
396	Not Used	-					-	
397	Distribution - Property Insurance	66,018					-	
398	Production - Injuries or Damages-Safety	827,636					7,023	
399	Transmission - Injuries or Damages-Safety	53,819					-	
400	Distribution - Injuries or Damages-Safety	2,170,302					28,350	
401	Production - Empl Pension and Benefits	7,662,542					125,727	
402	Transmission - Empl Pension and Benefits	(113,498)					69,072	
403	Distribution - Empl Pension and Benefits	5,664,487					38,887	
404	Production - Regulatory Commission Exp	1,143,802					39,416	
405	Transmission - Regulatory Commission Exp	48,673					1,799	
406	Distribution - Regulatory Commission Exp	19,884,275					(19,391,541)	
407	Direct Assigned - FERC Generation	475,509					-	
408	Direct Assigned - FERC Transmission	77,841					-	
409	Production - Misc AG Expenses	7,653,579					93,142	
410	Transmission - Misc AG Expenses	43,931					-	
411	Distribution - Misc AG Expenses	669,958					-	
412	Production - Rents-Cust	-					-	
413	Transmission - Rents-Cust	153					-	
414	Distribution - Rents-Cust	17,004					-	
415	Production - Maint of General Plant	(64,772)					-	
416	Transmission - Maint of General Plant	780,345					62,067	
417	Distribution - Maint of General Plant	340,819					(68,485)	
418	Renewables - A&G (920-935)	72,160					-	
419	PV3 - A&G (920 - 935)	5,934,864					-	
420	Total Administrative & General Expense	138,944,290	-	-	-	-	(47,075,845)	-
421								
422	Total Operations & Maintenance Expense	461,654,969	-	-	-	-	(39,992,842)	10,465,060
423								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
377	<u>Administrative &amp; General Expense</u>			
378				
379	Production - Admin and General Salaries			(2,638,648)
380	Transmission - Admin and General Salaries			181,973
381	Distribution - Admin and General Salaries			1,978,983
382	Production - AG Office Supplies Exp			(224,584)
383	Transmission - AG Office Supplies Exp			214,953
384	Distribution - AG Office Supplies Exp			1,325,044
385	A&G Charged to CWIP - Production			(1,162,218)
386	A&G Charged to CWIP - Transmission			(3,209,256)
387	A&G Charged to CWIP - Distribution			(5,108,127)
388	Production Related - Shared Services			24,614,698
389	Transmission Related - Shared Services			5,014,776
390	Distribution/Customer Related - Shared Services			33,805,146
391	Production - Outside Services			(644,048)
392	Transmission - Outside Services			90,405
393	Distribution - Outside Services			1,656,586
394	Production - Property Insurance			1,465,283
395	Transmission - Property Insurance			92,575
396	Not Used			-
397	Distribution - Property Insurance			66,018
398	Production - Injuries or Damages-Safety			834,659
399	Transmission - Injuries or Damages-Safety			53,819
400	Distribution - Injuries or Damages-Safety			2,198,652
401	Production - Empl Pension and Benefits			7,788,270
402	Transmission - Empl Pension and Benefits			(44,426)
403	Distribution - Empl Pension and Benefits			5,703,373
404	Production - Regulatory Commission Exp			1,183,217
405	Transmission - Regulatory Commission Exp			50,473
406	Distribution - Regulatory Commission Exp			492,734
407	Direct Assigned - FERC Generation			475,509
408	Direct Assigned - FERC Transmission			77,841
409	Production - Misc AG Expenses			7,746,721
410	Transmission - Misc AG Expenses			43,931
411	Distribution - Misc AG Expenses			669,958
412	Production - Rents-Cust			-
413	Transmission - Rents-Cust			153
414	Distribution - Rents-Cust			17,004
415	Production - Maint of General Plant			(64,772)
416	Transmission - Maint of General Plant			842,412
417	Distribution - Maint of General Plant			272,334
418	Renewables - A&G (920-935)			72,160
419	PV3 - A&G (920 - 935)	-	-	5,934,864
420	Total Administrative & General Expense	-	-	91,868,445
421				
422	Total Operations & Maintenance Expense	-	-	432,127,187
423				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1	
424	<b><u>Depreciation and Amortization Expense</u></b>								
425									
426	<u>Production Depreciation</u>								
427	Steam Production Plant	19,456,875							
428	Nuclear Production Plant - Palo Verde 1 & 2	7,407,147							
429	Nuclear Production Plant - Palo Verde 3	2,876,426							
430	Other Production Plant - Gas	9,151,425							
431	Other Production Plant - Renewable	5,353,712							
432	Total Production Depreciation Expense	44,245,585	-	-	-	-	-	-	
433		-							
434	<u>Transmission Depreciation</u>								
435	Step-Up Transformers - Excluding PV3	122,643							
436	Step-Up Transformers - PV3	10,661							
437	Transmission System Plant - Allocated	11,036,185							
438	Transmission System Plant - PV 3	47,074							
439	Transmission System Plant - High Lonesome Mesa	1,412,000							
440	Transmission System Net Plant - Dedicated Retail	235,527							
441	Transmission System Plant - Dedicated FERC	31,050							
442	Total Transmission Depreciation	12,895,140	-	-	-	-	-	-	
443		-							
444	<u>Distribution Depreciation</u>								
445	Distribution Substations Net Plant - Dedicated FERC	23,823							
446	Distribution Substations Net Plant - PNM	15,036,492							
447	Distribution Substations Net Plant - Renewables	270,109							
448	Primary Distribution System Net Plant - PNM	4,850,168							
449	Primary Distribution System Net Plant - Renewables	25,600							
450	Secondary Distribution System Net Plant - PNM	2,424,069							
451	Secondary Distribution System Net Plant - Renewables	12,795							
452	Services Net Plant - PNM	5,734,197							
453	Meters Net Plant - PNM	1,602,399							
454	Private Lighting - 371	28,942							
455	Street Lighting - 373	220,315							
456	Total Distribution Depreciation	30,228,910	-	-	-	-	-	-	
457		-							
458	<u>General Depreciation</u>								
459	Production General & Intangible Net Plant	358,963							
460	Transmission General & Intangible Net Plant	-							
461	PV Unit 3 General & Intangible Net Plant	124,911							
462	Renewables General & Intangible Net Plant	18,601							
463	Bulk Power Operations	1,616,779							
464	Energy Management System Facilities	90,027							
465	Other Division Offices/Customer Service	3,024,538							
466	Communications - Transmission	3,879,035							
467	Production Related (Shared Services)	-							
468	Transmission Related (Shared Services)	-							
469	Distribution/Customer Related (Shared Services)	-							
470	Total General Depreciation	9,112,854	-	-	-	-	-	-	
471		-							
472	Total Depreciation Expense	96,482,489	-	-	-	-	-	-	
473		-							

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
424	<b>Depreciation and Amortization Expense</b>			
425				
426	<u>Production Depreciation</u>			
427				19,456,875
428				7,407,147
429				2,876,426
430				9,151,425
431				5,353,712
432				44,245,585
433				
434	<u>Transmission Depreciation</u>			
435				122,643
436				10,661
437				11,036,185
438				47,074
439				1,412,000
440				235,527
441				31,050
442				12,895,140
443				
444	<u>Distribution Depreciation</u>			
445				23,823
446				15,036,492
447				270,109
448				4,850,168
449				25,600
450				2,424,069
451				12,795
452				5,734,197
453				1,602,399
454				28,942
455				220,315
456				30,228,910
457				
458	<u>General Depreciation</u>			
459				358,963
460				-
461				124,911
462				18,601
463				1,616,779
464				90,027
465				3,024,538
466				3,879,035
467	2,747,321			2,747,321
468	650,701			650,701
469	5,282,121			5,282,121
470	8,680,143	-	-	17,792,998
471				
472	8,680,143	-	-	105,162,632
473				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
474 <b>General Taxes</b>								
475								
476 <u>Property Taxes</u>								
477 <u>Production Property Taxes</u>								
478 Steam Production Plant	4,947,711							
479 Nuclear Production Plant - Palo Verde 1 & 2	968,386							
480 Nuclear Production Plant - Palo Verde 3	1,182,514							
481 Other Production Plant - Gas	2,964,941							
482 Other Production Plant - Renewable	1,020,083							
483 Total Production Property Taxes	11,083,634	-	-	-	-	-	-	-
484								
485 <u>Transmission Property Taxes</u>								
486 Step-Up Transformers - Excluding PV3	69,038							
487 Step-Up Transformers - PV3	15,409							
488 Transmission System Plant - Allocated	2,892,373							
489 Transmission System Plant - PV 3	77,805							
490 Transmission System Plant - High Lonesome Mesa	163,261							
491 Transmission System Plant - Dedicated Retail	35,458							
492 Transmission System Plant - Dedicated FERC	2,276							
493 Total Transmission Property Taxes	3,255,619	-	-	-	-	-	-	-
494								
495 <u>Distribution Property Taxes</u>								
496 Distribution Substations Net Plant - Dedicated FERC	17,721							
497 Distribution Substations Net Plant - PNM	1,622,631							
498 Distribution Substations Net Plant - Renewables	25,585							
499 Primary Distribution System Net Plant - PNM	3,589,958							
500 Primary Distribution System Net Plant - Renewables	13,433							
501 Secondary Distribution System Net Plant - PNM	2,213,994							
502 Secondary Distribution System Net Plant - Renewables	4,818							
503 Services Net Plant - PNM	630,680							
504 Meters Net Plant - PNM	434,653							
505 Private Lighting - 371	5,186							
506 Street Lighting - 373	136,410							
507 Total Distribution Property Taxes	8,695,067	-	-	-	-	-	-	-
508								
509 <u>General Property Taxes</u>								
510 Production General & Intangible Net Plant	132,941							
511 Transmission General & Intangible Net Plant	209							
512 PV Unit 3 General & Intangible Net Plant	15,882							
513 Renewables General & Intangible Net Plant	170							
514 Bulk Power Operations	27,627							
515 Energy Management System Facilities	119,446							
516 Other Division Offices/Customer Service	310,525							
517 Communications - Transmission	185,592							
518 Production Related (Shared Services)	-							
519 Transmission Related (Shared Services)	-							
520 Distribution/Customer Related (Shared Services)	-							
521 Total General Property Taxes	792,393	-	-	-	-	-	-	-
522								
523								
524 Total Property Taxes	23,826,713	-	-	-	-	-	-	-
525								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
474	<b>General Taxes</b>			
475				
476	<u>Property Taxes</u>			
477	<u>Production Property Taxes</u>			
478				4,947,711
479				968,386
480				1,182,514
481				2,964,941
482				1,020,083
483				11,083,634
484				
485	<u>Transmission Property Taxes</u>			
486				69,038
487				15,409
488				2,892,373
489				77,805
490				163,261
491				35,458
492				2,276
493				3,255,619
494				
495	<u>Distribution Property Taxes</u>			
496				17,721
497				1,622,631
498				25,585
499				3,589,958
500				13,433
501				2,213,994
502				4,818
503				630,680
504				434,653
505				5,186
506				136,410
507				8,695,067
508				
509	<u>General Property Taxes</u>			
510				132,941
511				209
512				15,882
513				170
514				27,627
515				119,446
516				310,525
517				185,592
518	297,139			297,139
519	57,770			57,770
520	304,067			304,067
521	658,977	-	-	1,451,370
522				
523				
524	658,977	-	-	24,485,690
525				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
526	<b>Payroll Taxes</b>							
527	Production Related	1,561,891						
528	Transmission Related	92,265						
529	Distribution Related	2,340,061						
530	Total Payroll Taxes	3,994,217	-	-	-	-	-	-
531								
532	<b>Other Taxes</b>							
533	Misc Taxes - Production Related	48,481						
534	Misc Taxes - Renewable	(60,933)						
535	Misc Taxes - Transmission Related	(7,645)						
536	Misc Taxes - Distribution Related	(6,702)						
537	Regulatory Commission Fees (I&S) PNM	4,985,652						
538	Joint Projects Four Corners	308,677						
539	Joint Projects PVNGS	1,747,852						
540	Joint Projects Transmission	34						
541	Native American Taxes - Production	1,519,121						
542	Native American Taxes - Transmission	806,632						
543	Native American Taxes - Distribution	133,292						
544	Total Other Taxes	9,474,461	-	-	-	-	-	-
545								
546	Total General Taxes	37,295,392	-	-	-	-	-	-
547								
548	<b>Other Allowable Expenses</b>							
549								
550	Interest on Customer Deposits	198,398						
551	Amort Loss on Reacquired Debt	1,295,531						
552	Amort Renewable Energy Credits	2,380,062						
553	Carrying charges on renewables	577,452						
554	Amort Retail rate case exp	-						
555	PV DOE Settlement from 10-00086-UT	(444,667)						
556	Renewable Grant Amortization	(1,307,471)						
557	Accretion ARO - Production Related	5,203,904						
558	Accretion ARO - PV 3	2,262,688						
559	Accretion ARO - Distribution Related	113,760						
560	Amort PV 2 Lease Acquisition Adjustment	-						
561	Amort EIP Acquisition Adjustment	585,969						
562	Amort PV 1&2 Acquisition Adjustment	365,110						
563								
564								
565								
566								
567								
568								
569								
570								
571								
572		-						
573		-						
574	Total Other Allowable Expenses	11,230,737	-	-	-	-	-	-
575								
576								
577	Total Operating Expenses	823,326,342	-	-	-	-	(39,992,842)	30,458,839
578	(Excl Income & Revenue Related Taxes)							
579								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
526	<u>Payroll Taxes</u>			
527	950,143			2,512,034
528	91,798			184,063
529	1,327,393			3,667,454
530	2,369,334	-	-	6,363,551
531				
532	<u>Other Taxes</u>			
533				48,481
534				(60,933)
535				(7,645)
536				(6,702)
537			(4,985,652)	-
538				308,677
539				1,747,852
540				34
541				1,519,121
542				806,632
543				133,292
544	-	-	(4,985,652)	4,488,810
545				
546	3,028,311	-	(4,985,652)	35,338,051
547				
548	<u>Other Allowable Expenses</u>			
549				
550				198,398
551				1,295,531
552				2,380,062
553				577,452
554				-
555				(444,667)
556				(1,307,471)
557				5,203,904
558				2,262,688
559				113,760
560				-
561				585,969
562				365,110
563				
564				
565				
566				
567				
568				
569				
570				
571				
572				
573				
574	Total Other Allowable Expenses	-	-	11,230,737
575				
576				
577	Total Operating Expenses	-	(4,985,652)	820,515,142
578	(Excl Income & Revenue Related Taxes)			
579				



PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
580	Total Net Original Cost Rate Base	2,364,643,110	(2,050,037)	17,500,667	423,995	(67,165,320)	(8,156,141)	-
581	Weighted Cost of Capital	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
582	Return on Rate Base	193,427,806	(167,693)	1,431,555	34,683	(5,494,123)	(667,172)	-
583								
584	<b>Federal Income Tax</b>							
585	<u>Return Adjustments</u>							
586	Interest on Long Term Debt	(74,013,329)	64,166	(547,771)	(13,271)	2,102,275	255,287	-
587								
588	<u>Tax/Book Adjustments</u>							
589	Domestic Production Activity Deduction	-						
590	Non-deductible Meals	287,551						
591	Eastern Interconnect Project	(192,061)						
592	Palo Verde 1 & 2 Gain Amort Flow Through	(151,789)						
593	Palo Verde 1 & 2 Prudence Audit Flow Through	(137,426)						
594	AFUDC Equity Flow Through	(3,899,451)						
595	AFUDC Equity Flow Through - Renewables	(374,995)						
596	Federal Grant Amortization - Renewables	(1,126,743)						
597	Federal Grant Basis Adj - Renewables	563,371						
598	Gain/Loss Flow Through	255,552						
599	ACRS Flow Through	1,873,775						
600	San Juan ACRS Flow Through	(86,813)						
601	Four Corners SO2 Reversal Flow Through	617,456						
602	SL/GL Depreciation	342,346						
603	Amortization of EIP Prepaid Tax Reversal	160,080						
604	Total Tax/Book Adjustments	(1,869,147)	-	-	-	-	-	-
605								
606	Total Return Adjustments	(75,882,477)	64,166	(547,771)	(13,271)	2,102,275	255,287	-
607								
608	Net Taxable Equity Return	117,545,330	(103,527)	883,784	21,412	(3,391,849)	(411,885)	-
609								
610	<u>Federal Tax Adjustments</u>							
611								
612	<u>Net Provision For Deferred Income Tax</u>							
613	Excess Payroll Tax Reversal	(24,446)						
614	ARAM Deferred Tax Reversal	(684,110)						
615	Total Provision For Deferred Income Tax	(708,556)	-	-	-	-	-	-
616								
617	<u>Investment Tax Credits</u>							
618	Palo Verde 1&2 Production ITC Amortization	(1,137,730)						
619	Generation ITC Amortization	(619,132)						
620	Renewables ITC Amortization	(10,638)						
621	PV Valley Transmission ITC Amortization	(19,242)						
622	Research and Development Credit	(285,272)						
623	All Other ITC Amortization	(310,402)						
624	Total Investment Tax Credit Amortization & R&D Credit	(2,382,416)	-	-	-	-	-	-
625								
626	Total Federal Tax Adjustments	(3,090,972)	-	-	-	-	-	-
627								
628	Adjusted Equity Return	114,454,358	(103,527)	883,784	21,412	(3,391,849)	(411,885)	-
629	Federal Tax Factor (0.35/1-0.35)	53.8462%	53.8462%	53.8462%	53.8462%	53.8462%	53.8462%	53.8462%
630	Federal Income Tax	61,629,322	(55,745)	475,884	11,529	(1,826,382)	(221,785)	-
631	Add:							
632	Total Provision For Deferred Income Tax	(708,556)	-	-	-	-	-	-
633	EIP Amortization	160,080	-	-	-	-	-	-
634	Total Investment Tax Credit Amortization & R&D Credit	(2,382,416)	-	-	-	-	-	-
635								
636	Net Allowable Federal Income Tax	58,698,430	(55,745)	475,884	11,529	(1,826,382)	(221,785)	-
637								

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
580	Total Net Original Cost Rate Base	-	(1,248,244)	2,303,948,030
581	Weighted Cost of Capital	8.18%	8.18%	8.18%
582	Return on Rate Base	-	(102,106)	188,462,949
583				
584	<b>Federal Income Tax</b>			
585	<u>Return Adjustments</u>			
586	Interest on Long Term Debt	-	39,070	(72,113,573)
587				
588	<u>Tax/Book Adjustments</u>			
589	Domestic Production Activity Deduction	-	-	-
590	Non-deductible Meals	224,574		512,125
591	Eastern Interconnect Project	(7,803)		(199,864)
592	Palo Verde 1 & 2 Gain Amort Flow Through	(6,167)		(157,956)
593	Palo Verde 1 & 2 Prudence Audit Flow Through	(5,584)		(143,010)
594	AFUDC Equity Flow Through	-		(3,899,451)
595	AFUDC Equity Flow Through - Renewables	-		(374,995)
596	Federal Grant Amortization - Renewables	13,311		(1,113,432)
597	Federal Grant Basis Adj - Renewables	(6,656)		556,716
598	Gain/Loss Flow Through	-		255,552
599	ACRS Flow Through	-		1,873,775
600	San Juan ACRS Flow Through	-		(86,813)
601	Four Corners SO2 Reversal Flow Through	-		617,456
602	SL/GL Depreciation	-		342,346
603	Amortization of EIP Prepaid Tax Reversal	6,504		166,584
604	Total Tax/Book Adjustments	218,180	-	(1,650,968)
605				
606	Total Return Adjustments	218,180	39,070	(73,764,541)
607				
608	Net Taxable Equity Return	218,180	(63,036)	114,698,408
609				
610	<u>Federal Tax Adjustments</u>			
611				
612	<u>Net Provision For Deferred Income Tax</u>			
613	Excess Payroll Tax Reversal	-	-	(24,446)
614	ARAM Deferred Tax Reversal	(28,787)		(712,897)
615	Total Provision For Deferred Income Tax	(28,787)	-	(737,343)
616				
617	<u>Investment Tax Credits</u>			
618	Palo Verde 1&2 Production ITC Amortization	-	-	(1,137,730)
619	Generation ITC Amortization	-	-	(619,132)
620	Renewables ITC Amortization	-	-	(10,638)
621	PV Valley Transmission ITC Amortization	-	-	(19,242)
622	Research and Development Credit	-	-	(285,272)
623	All Other ITC Amortization	(81,118)		(391,520)
624	Total Investment Tax Credit Amortization & R&D Credit	(81,118)	-	(2,463,534)
625				
626	Total Federal Tax Adjustments	(109,905)	-	(3,200,877)
627				
628	Adjusted Equity Return	108,275	(63,036)	111,497,531
629	Federal Tax Factor (0.35/1-0.35)	53.8462%	53.8462%	53.8462%
630	Federal Income Tax	58,302	(33,943)	60,037,183
631	Add:			
632	Total Provision For Deferred Income Tax	(28,787)	-	(737,343)
633	EIP Amortization	6,504	-	166,584
634	Total Investment Tax Credit Amortization & R&D Credit	(81,118)	-	(2,463,534)
635				
636	Net Allowable Federal Income Tax	(45,099)	(33,943)	57,002,890
637				

PNM Exhibit HEM - 2 COS BASE ADJ

	Unadjusted Base Period PNM	PNM Exhibit HEM-3 WP NP-1	ADIT Adjustment	PNM Exhibit HEM-3 WP RA-1	PNM Exhibit HEM-3 WP ORB-1	PNM Exhibit HEM-3 WP WC-1	PNM Exhibit HEM-3 WP OM-2	PNM Exhibit HEM-3 WP Fuel-1
638 <b>State Income Tax</b>								
639								
640 Return on Rate Base	193,427,806	(167,693)	1,431,555	34,683	(5,494,123)	(667,172)	-	-
641 Less: Return Adjustments								
642 Interest on Long Term Debt	(74,013,329)	64,166	(547,771)	(13,271)	2,102,275	255,287	-	-
643 Tax/Book Adjustments	(2,029,227)	-	-	-	-	-	-	-
644 Add: Net Allowable F I T	58,698,430	(55,745)	475,884	11,529	(1,826,382)	(221,785)	-	-
645 22 MW, Battery project and PV Farm PTC	(1,016,248)							
646 State Taxable Income	175,067,432	(159,272)	1,359,668	32,941	(5,218,230)	(633,670)	-	-
647 State Tax Factor (Rate/1-Rate)	7.45%	7.45%	7.45%	7.45%	7.45%	7.45%	7.45%	7.45%
648 State Income Tax	13,042,524	(11,866)	101,295	2,454	(388,758)	(47,208)	-	-
649								
650 Add: 22 MW, Battery project and PV Farm PTC	(1,016,248)							
651 Net Allowable State Income Tax	12,026,276	(11,866)	101,295	2,454	(388,758)	(47,208)	-	-
652								
653								
654 Return on Rate Base	193,427,806	(167,693)	1,431,555	34,683	(5,494,123)	(667,172)	-	-
655								
656 Total Operating Expenses	823,326,342	-	-	-	-	-	(39,992,842)	30,458,839
657 (Excluding Income & Rev Related Taxes)								
658								
659 Net Allowable Federal Income Tax	58,698,430	(55,745)	475,884	11,529	(1,826,382)	(221,785)	-	-
660								
661 Net Allowable State Income Tax	12,026,276	(11,866)	101,295	2,454	(388,758)	(47,208)	-	-
662								
663								
664 <b>Revenue Credits:</b>								
665 Sale of SO2 Credits	(4)							
666 Rent For Electric Property Transmission	(414,893)							
667 Rent for Electric Property - Distribution	(4,540,940)							
668 Late Payment Charges	(949,353)							
669 Misc Service Charge Revenue	(1,062,708)							
670 Other Retail Revenue - Transmission	(18,783)							
671 Other Retail Revenue - Distribution	(391,236)							
672 Generation Ancillary Services Credit	(2,224,768)							
673 Real Power Losses (Financial)	(494,584)							
674 Transmission redispatch contract revenues	(407,782)							
675 Ancillary Services-Sch 1 Transmission	(430,039)							
676 Ancillary Services-Sch 2-5	(2,243,392)							
677 Ancillary Services-Sch 1 ST PTP	(35,837)							
678 Economy Service Customer Revenue Credits	(4,330,871)							
679 Shared Services Misc Revenue								
680								
681								
682								
683								
684 Total Revenue Credits	(17,545,192)	-	-	-	-	-	-	-
685								
686 Total Revenue Requirements Before Revenue Tax	1,069,933,662	(235,304)	2,008,734	48,666	(7,709,263)	(936,165)	(39,992,842)	30,458,839
687								
688 Revenue Tax Factor (I&S Fee) (Revenue Tax Rate/1-Revenue Tax Rate)								
689 Revenue Tax								
690								
691 NON-FUEL REVENUE REQUIREMENT	853,270,907	(235,304)	2,008,734	48,666	(7,709,263)	(936,165)	(39,992,842)	10,465,060
692 FUEL REVENUE REQUIREMENT	216,662,756	-	-	-	-	-	-	19,993,779
693 <b>TOTAL REVENUE REQUIREMENT</b>	<b>1,069,933,662</b>	<b>(235,304)</b>	<b>2,008,734</b>	<b>48,666</b>	<b>(7,709,263)</b>	<b>(936,165)</b>	<b>(39,992,842)</b>	<b>30,458,839</b>

PNM Exhibit HEM - 2 COS BASE ADJ

	PNM Exhibit HEM-3 WP SS-2	Tax Adjustment	Cash Working Capital & NM S&I Adjustment	Adjusted Base Period PNM
638	<b>State Income Tax</b>			
639				
640	Return on Rate Base	-	(102,106)	188,462,949
641	Less: Return Adjustments			
642	Interest on Long Term Debt	-	39,070	(72,113,573)
643	Tax/Book Adjustments	211,676	-	(1,817,552)
644	Add: Net Allowable F I T	(45,099)	(33,943)	57,002,890
645	22 MW, Battery project and PV Farm PTC			(1,016,248)
646	State Taxable Income	166,576	(96,979)	170,518,466
647	State Tax Factor (Rate/1-Rate)	7.45%	7.45%	7.45%
648	State Income Tax	12,410	(7,225)	12,703,626
649				
650	Add: 22 MW, Battery project and PV Farm PTC			(1,016,248)
651	Net Allowable State Income Tax	12,410	(7,225)	11,687,378
652				
653				
654	Return on Rate Base	-	(102,106)	188,462,949
655				
656	Total Operating Expenses	11,708,454	(4,985,652)	820,515,142
657	(Excluding Income & Rev Related Taxes)			
658				
659	Net Allowable Federal Income Tax	(45,099)	(33,943)	57,002,890
660				
661	Net Allowable State Income Tax	12,410	(7,225)	11,687,378
662				
663				
664	<b>Revenue Credits:</b>			
665	Sale of SO2 Credits			(4)
666	Rent For Electric Property Transmission			(414,893)
667	Rent for Electric Property - Distribution			(4,540,940)
668	Late Payment Charges			(949,353)
669	Misc Service Charge Revenue			(1,062,708)
670	Other Retail Revenue - Transmission			(18,783)
671	Other Retail Revenue - Distribution			(391,236)
672	Generation Ancillary Services Credit			(2,224,768)
673	Real Power Losses (Financial)			(494,584)
674	Transmission redispatch contract revenues			(407,782)
675	Ancillary Services-Sch 1 Transmission			(430,039)
676	Ancillary Services-Sch 2-5			(2,243,392)
677	Ancillary Services-Sch 1 ST PTP			(35,837)
678	Economy Service Customer Revenue Credits			(4,330,871)
679	Shared Services Misc Revenue	(112,042)		(112,042)
680				-
681				-
682				-
683				-
684	Total Revenue Credits	(112,042)	-	(17,657,234)
685				
686	Total Revenue Requirements Before Revenue Tax	11,596,412	(32,689)	1,060,011,125
687				
688	Revenue Tax Factor (I&S Fee) (Revenue Tax Rate/1-Revenue 1			0.5086%
689	Revenue Tax		5,390,930	5,390,930
690				
691	NON-FUEL REVENUE REQUIREMENT	11,596,412	(32,689)	828,745,520
692	FUEL REVENUE REQUIREMENT	-	-	236,656,535
693	<b>TOTAL REVENUE REQUIREMENT</b>	<b>11,596,412</b>	<b>(32,689)</b>	<b>1,065,402,055</b>

# **COS BASE ALLOC**

*Allocation of Adjusted Base Period Cost of Service*

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
<b>Rate Base</b>								
1	<b>Net Plant</b>							
2								
3	<b>Net Production Plant</b>							
4								
5	Steam Production Net Plant	Gen Dmd	674,011,592	629,231,609.66	-	629,231,610	44,779,982	-
6								
7	Nuclear Production Net Plant - Palo Verde 1 & 2	Gen Dmd	233,922,283	218,380,954	-	218,380,954	15,541,329	-
8	Nuclear Production Net Plant - Palo Verde 3	Excluded	125,570,578	-	-	-	-	125,570,578
9	Total Nuclear Production Net Plant		359,492,860	218,380,954	-	218,380,954	15,541,329	125,570,578
10								
11	Other Production Plant - Gas	Gen Dmd	256,744,976	239,687,354	-	239,687,354	17,057,623	-
12	Other Production Plant - Renewable	Direct Assignment	111,955,289	-	109,654,239	109,654,239	-	2,301,050
13	Total Other Production Net Plant		368,700,265	239,687,354	109,654,239	349,341,592	17,057,623	2,301,050
14								
15	Total Net Production Plant		1,402,204,718	1,087,299,918	109,654,239	1,196,954,156	77,378,934	127,871,628
16								
17	<b>Net Transmission Plant</b>							
18								
19	Step-Up Transformers - Excluding PV3	Gen Dmd	8,459,691	7,897,646	-	7,897,646	562,045	-
20	Step-Up Transformers - PV3	Excluded	272,420	-	-	-	-	272,420
21	Total Transmission Station Equipment - Step-up Xfmr and Aux		8,732,111	7,897,646	-	7,897,646	562,045	272,420
22								
23	Transmission System Net Plant - Allocated	Trans Dmd	321,981,071	188,197,936	-	188,197,936	133,783,135	-
24	Transmission System Net Plant - PV 3	Excluded	3,923,965	-	-	-	-	3,923,965
25	Transmission System Net Plant - High Lonesome Mesa	Excluded	20,018,384	-	-	-	-	20,018,384
26	Transmission System Net Plant - Dedicated Retail	Retail	4,312,116	4,312,116	-	4,312,116	-	-
27	Transmission System Net Plant - Dedicated FERC	FERC	284,128	-	-	-	284,128	-
28	Total Transmission System Net Plant		350,519,664	192,510,052	-	192,510,052	134,067,263	23,942,349
29								
30	Total Net Transmission Plant		359,251,775	200,407,698	-	200,407,698	134,629,308	24,214,769
31								
32								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
33	<u>Net Distribution Plant</u>							
34								
35	Distribution Substations Net Plant - Dedicated FERC	FERC	1,960,912	-	-	-	1,960,912	-
36	Distribution Substations Net Plant - PNM	Retail	130,942,669	130,942,669	-	130,942,669	-	-
37	Distribution Substations Net Plant - Renewables	Direct Assignment	<u>2,009,727</u>	-	<u>2,009,727</u>	<u>2,009,727</u>	-	-
38	Total Distribution Substations Net Plant		134,913,309	130,942,669	2,009,727	132,952,397	1,960,912	-
39								
40	Primary Distribution System Net Plant - PNM	Retail	285,042,141	285,042,141	-	285,042,141	-	-
41	Primary Distribution System Net Plant - Renewables	Direct Assignment	<u>1,034,580</u>	-	<u>1,034,580</u>	<u>1,034,580</u>	-	-
42	Total Primary Distribution Net Plant		286,076,722	285,042,141	1,034,580	286,076,722	-	-
43								
44	Secondary Distribution System Net Plant - PNM	Retail	178,274,263	178,274,263	-	178,274,263	-	-
45	Secondary Distribution System Net Plant - Renewables	Direct Assignment	<u>328,683</u>	-	<u>328,683</u>	<u>328,683</u>	-	-
46	Total Secondary Distribution Net Plant		178,602,945	178,274,263	328,683	178,602,945	-	-
47								
48	Services Net Plant - PNM	Retail	51,524,648	51,524,648	-	51,524,648	-	-
49								
50	Meters Net Plant - PNM	Retail	34,328,476	34,328,476	-	34,328,476	-	-
51								
52	Private Lighting - 371	Retail	417,431	417,431	-	417,431	-	-
53	Street Lighting - 373	Retail	<u>10,927,557</u>	<u>10,927,557</u>	-	<u>10,927,557</u>	-	-
54	Total Lighting Net Plant		11,344,988	11,344,988	-	11,344,988	-	-
55								
56	Total Net Plant Distribution Plant		696,791,087	691,457,185	3,372,991	694,830,175	1,960,912	-
57								
58								
59	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>							
60								
61	Production General & Intangible Net Plant	Gen Dmd	5,286,899	4,935,648	-	4,935,648	351,251	-
62	Transmission General & Intangible Net Plant	Trans Dmd	27,198	15,897	-	15,897	11,301	-
63	PV Unit 3 General & Intangible Net Plant	Excluded	1,335,402	-	-	-	-	1,335,402
64	Renewables General & Intangible Net Plant	Direct Assignment	191,270	-	191,270	191,270	-	-
65	Bulk Power Operations	Prod W&S	2,165,611	1,843,288	-	1,843,288	132,429	189,895
66	Energy Management System Facilities	Gen/Trans Dmd	6,164,567	4,313,289	-	4,313,289	1,851,278	-
67	Other Division Offices/Customer Service	Retail	24,881,634	24,881,634	-	24,881,634	-	-
68	Communications - Transmission	Trans Dmd	20,099,138	11,747,946	-	11,747,946	8,351,192	-
69	Production Related (Shared Services)	Prod W&S	23,380,907	19,900,956	-	19,900,956	1,429,759	2,050,193
70	Transmission Related (Shared Services)	Trans W&S	6,363,175	3,715,904	-	3,715,904	2,641,502	5,769
71	Distribution/Customer Related (Shared Services)	Retail	<u>37,815,853</u>	<u>37,815,853</u>	-	<u>37,815,853</u>	-	-
72	Total Net Plant General & Intangible Plant - PNM		127,711,654	109,170,414	191,270	109,361,684	14,768,711	3,581,259
73								
74	Total Net Plant		2,585,959,235	2,088,335,215	113,218,499	2,201,553,714	228,737,865	155,667,656
75								

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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
76	<b>Accumulated Deferred Income Taxes</b>							
77	MDC	MDC	4,252,263	3,686,185	10,344	3,696,529	256,301	299,433
78	MDC	MDC	294,405	-	-	-	294,405	-
79	MDC	MDC	(1,518,212)	(1,518,212)	-	(1,518,212)	-	-
80	MDC	MDC	(1,417,105)	(1,417,105)	-	(1,417,105)	-	-
81		Direct Assignment	26,260,996	-	26,260,996	26,260,996	-	-
82	MDC	MDC	140,672	140,672	-	140,672	-	-
83	MDC	MDC	(59,770,335)	(51,813,482)	(145,391)	(51,958,872)	(3,602,601)	(4,208,862)
84	MDC	MDC	2,761,546	2,393,919	6,717	2,400,636	166,450	194,460
85	MDC	MDC	194,351	113,598	-	113,598	80,753	-
86	190	Retail	957,131	957,131	-	957,131	-	-
87	190	Total Net Pit	22,071,262	18,640,124	-	18,640,124	2,041,675	1,389,463
88	MDC	MDC	-	-	-	-	-	-
89	MDC	MDC	-	-	-	-	-	-
90	190	Retail	35,465,577	35,465,577	-	35,465,577	-	-
91	MDC	MDC	104,126	104,126	-	104,126	-	-
92	MDC	MDC	(4,772,647)	(4,772,647)	-	(4,772,647)	-	-
93	281	FERC	(540,988)	-	-	-	(540,988)	-
94	282	FERC Transmission	1,264,662	-	-	-	1,264,662	-
95		Direct Assignment	(33,841,324)	-	(33,770,641)	(33,770,641)	-	(70,684)
96	282	G&I Pit	(12,658,504)	(10,820,736)	(18,958)	(10,839,695)	(1,463,843)	(354,967)
97	282	Gen Dmd	(349,868,528)	(326,623,962)	-	(326,623,962)	(23,244,565)	-
98	282	Retail	(185,956,428)	(185,956,428)	-	(185,956,428)	-	-
99	282	Trans Dmd	(69,282,755)	(40,495,770)	-	(40,495,770)	(28,786,985)	-
100	282	Excluded	(67,394,153)	-	-	-	-	(67,394,153)
101	282	FERC	250,026	-	-	-	250,026	-
102	282	Energy	5,479,781	5,096,805	-	5,096,805	382,976	-
103	282	Excluded	2,739,891	-	-	-	-	2,739,891
104	282	Total Net Pit	(17,863,390)	(15,086,396)	-	(15,086,396)	(1,652,431)	(1,124,563)
105	282	Gen Dmd	(22,138,422)	(20,667,590)	-	(20,667,590)	(1,470,832)	-
106	282	PV	(4,235,644)	(2,626,413)	-	(2,626,413)	(197,351)	(1,411,880)
107	MDC	MDC	5,428,946	5,104,390	-	5,104,390	324,556	-
108	282	Gen Dmd	7,914,712	7,388,874	-	7,388,874	525,838	-
109	MDC	MDC	(3,485,988)	(3,485,988)	-	(3,485,988)	-	-
110	283	Total Net Pit	(6,870,682)	(5,802,584)	-	(5,802,584)	(635,564)	(432,533)
111	283	Gen Dmd	(3,639,381)	(3,397,588)	-	(3,397,588)	(241,793)	-
112	190	Total Net Pit	103,069,522	87,046,615	-	87,046,615	9,534,320	6,488,586
113	190	Energy	8,061,355	7,497,955	-	7,497,955	563,400	-
114	MDC	Retail	(6,850,474)	(6,850,474)	-	(6,850,474)	-	-
115	MDC	Retail	384,671	384,671	-	384,671	-	-
116	MDC	Direct Assignment	1,676,154	-	1,676,154	1,676,154	-	-
117	MDC	Retail	(104,494)	(104,494)	-	(104,494)	-	-
118	MDC	Retail	-	-	-	-	-	-
119	MDC	Retail	117,362	117,362	-	117,362	-	-
120	Total Accumulated Deferred Income Taxes		(623,320,043)	(507,301,865)	(5,980,778)	(513,282,643)	(46,151,591)	(63,885,808)
121								



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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
122	<b>Regulatory Assets &amp; Liabilities</b>							
123								
124	Coal Mine Decommissioning-Surface	182	Retail	12,055,182	12,055,182	-	12,055,182	-
125	PV 1&2 Prudence Audit	254	Retail	(471,767)	(471,767)	-	(471,767)	-
126	PV 1&2 Combustion Engineering	254	Retail	(355,322)	(355,322)	-	(355,322)	-
127	Palo Verde DOE Spent Fuel Refund		Retail	(296,444)	(296,444)	-	(296,444)	-
128	Deferred Coal Costs	182	Retail	3,579,453	3,579,453	-	3,579,453	-
129	Reg Asset LVGS Decommission		Retail	215,770	215,770	-	215,770	-
130	Reg Liab LVGS Decommission		Retail	(1,187,407)	(1,187,407)	-	(1,187,407)	-
131	PCB Refinancing Hedge	182	Retail	17,303,548	17,303,548	-	17,303,548	-
132	Reg Liab Renewables Fed Grant		Renewables	(21,776,941)	-	(21,776,941)	-	-
133	Reg Liab Renewables St Credit		Renewables	(4,233,781)	-	(4,233,781)	-	-
134	Alvarado Square Lease		Retail	3,834,837	3,834,837	-	3,834,837	-
135	ARO Liability		Gen Dmd					
136	TOU Regulatory Asset		Retail					
137								
138	Total Regulatory Assets & Liabilities			8,667,127	34,677,849	(26,010,722)	8,667,127	-
139								
140	<b>Other Rate Base Items</b>							
141								
142	Customer Deposits	235	Retail	(13,669,616)	(13,669,616)	-	(13,669,616)	-
143	RWIP-Production	108	Gen Dmd	-	-	-	-	-
144	RWIP-Transmission	108	Trans Dmd	-	-	-	-	-
145	RWIP-Distribution	108	Retail	-	-	-	-	-
146	RWIP-PV 3	108	Excluded	-	-	-	-	-
147	ARO Liability - Production	230	Gen Dmd	(12,339,224)	(11,519,431)	-	(11,519,431)	(819,793)
148	ARO Liability - Transmission	230	Trans Dmd	-	-	-	-	-
149	ARO Liability - Distribution	230	Retail	(1,373,699)	(1,373,699)	-	(1,373,699)	-
150	ARO Liability - PV 3	230	Excluded	-	-	-	-	-
151	Injuries and Damages PNM	228	Total W&S	(10,740,749)	(9,310,900)	(26,127)	(9,337,027)	(647,389)
152	AMPP - Expense in Excess of Funding		Total W&S	(6,975,363)	(6,046,776)	(16,967)	(6,063,744)	(420,433)
153	PV 1&2 Dry Cask Storage		Gen Dmd	-	-	-	-	-
154	PV 3 Dry Cask Storage		Excluded	-	-	-	-	-
155	PV 1&2 Excess Gain Amortization	253	FERC	(743,636)	-	-	-	(743,636)
156	NMITC Renewable Credit Solar	253	Renewables	-	-	-	-	-
157	High Lonesome Mesa -	253	Excluded	(18,633,526)	-	-	-	(18,633,526)
158	Unamortized Gain on EIP	253	Trans Dmd	(233,174)	(136,290)	-	(136,290)	(96,884)
159	CWIP - Production	107	Gen Dmd	-	-	-	-	-
160	CWIP - Transmission	107	Trans Dmd	-	-	-	-	-
161	CWIP - Distribution	107	Retail	-	-	-	-	-
162	CWIP - PV 3	107	Excluded	-	-	-	-	-
163	CWIP - Renewables	107	Renewables	-	-	-	-	-
164	CWIP - Production Related	107	Prod PIt	-	-	-	-	-
165	Pueblos Transmission Rights-of-Way	186	Trans Dmd	54,621,421	31,926,221	-	31,926,221	22,695,200
166	Pueblos Distribution Rights-of-Way	186	Retail	1,276,602	1,276,602	-	1,276,602	-
167	EIP Acquisition Adjustment	114	Trans Dmd	7,031,623	4,109,984	-	4,109,984	2,921,639
168	PV 1&2 Acquisition Adjustment	114	Gen Dmd	3,940,902	3,679,077	-	3,679,077	261,826
169	Prepaid Pension Asset		Total W&S	150,973,313	130,875,175	367,241	131,242,416	9,099,774
170	Unamortized Loss on Reacquired Debt	189	Retail	8,805,222	8,805,222	-	8,805,222	-
171	Rate Case Expense	186	Retail	263,939	263,939	-	263,939	-
172	PV 2 Lease Acquisition Adjustment							
173	Total Other Rate Base Items			162,204,037	138,879,507	324,146	139,203,654	32,250,305
174								(9,249,922)
175	<b>Working Capital</b>							
176								
177	<b>Fuel Stock</b>							
178	Production Fuel Stock	151	Energy	19,028,368	17,698,495	-	17,698,495	1,329,874
179	PV 1&2 Nuclear Fuel (120.1 - .5)	120	Energy	53,746,955	49,990,634	-	49,990,634	3,756,321

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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
180	PV 3 Nuclear Fuel (120.1 - .5)	120	Excluded	25,512,726	-	-	-	25,512,726
181	Total Fuel Stock			98,288,049	67,689,129	-	67,689,129	25,512,726
182								
183	<u>Materials &amp; Supplies</u>							
184	Production	154	Gen Dmd	27,207,755	25,400,126	-	25,400,126	1,807,629
185	Transmission	154	Trans Plt	947,480	528,549	-	528,549	355,067
186	Distribution	154	Retail	5,354,624	5,354,624	-	5,354,624	-
187	Palo Verde Unit 3	154	Excluded	5,600,520	-	-	-	5,600,520
188	Total Materials & Supplies			39,110,378	31,283,299	-	31,283,299	2,162,696
189								5,664,383
190	<u>Prepayments</u>							
191	Production	165	Gen Dmd	21,209,330	19,800,225	-	19,800,225	1,409,105
192	Transmission	165	Trans Plt	9,035,055	5,040,182	-	5,040,182	3,385,879
193	Distribution	165	Retail	2,798,062	2,798,062	-	2,798,062	-
194	Renewables	165	Direct Assignment	22,604	-	22,604	22,604	-
195	Palo Verde Unit 3	165	Excluded	1,222,440	-	-	-	1,222,440
196	Total Prepayments			34,287,491	27,638,469	22,604	27,661,073	4,794,985
197								1,831,433
198	Total Cash Working Capital			(1,248,244)	(1,248,244)		(1,248,244)	-
199								-
200	Total Working Capital			170,437,674	125,362,653	22,604	125,385,257	12,043,875
201								33,008,542
202	Total Rate Base Adjustments & Working Capital			(282,011,205)	(208,381,856)	(31,644,750)	(240,026,605)	(1,857,411)
203								(40,127,188)
204	Total Net Original Cost Rate Base			2,303,948,030	1,879,953,359	81,573,749	1,961,527,108	226,880,454
205								115,540,468

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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
206	<u>Operations and Maintenance Expense</u>							
207								
208	<u>Production Fuel related expenses</u>							
209								
210	<u>Production - Base Fuel Related</u>							
211	501	Direct Assignment	187,534,790	174,288,523	-	174,288,523	13,246,268	-
212	501	Direct Assignment	-	-	-	-	-	-
213	518	Direct Assignment	25,754,348	15,954,819	-	15,954,819	1,214,746	8,584,783
214	518	Direct Assignment	-	-	-	-	-	-
215	547	Direct Assignment	40,728,329	37,012,019	-	37,012,019	2,879,493	836,818
216	547	Direct Assignment	-	-	-	-	-	-
217	555	Direct Assignment	13,829,770	13,795,674	-	13,795,674	-	34,096
218	555	Direct Assignment	-	-	-	-	-	-
219	555	Direct Assignment	43,282,783	27,343,947	-	27,343,947	2,397,295	13,541,540
220	555	Direct Assignment	-	-	-	-	-	-
221	Total Fuel Costs (before OSS)		311,130,021	268,394,982	-	268,394,982	19,737,802	22,997,236
222								
223	447	Direct Assignment	(37,735,750)	(26,287,083)	-	(26,287,083)	(11,448,667)	-
224	447	Direct Assignment	(38,215,125)	-	-	-	-	(38,215,125)
225	447	Direct Assignment	1,220,563	1,220,418	-	1,220,418	-	145
226	456.1	Direct Assignment	-	-	-	-	-	-
227	Physical Sales of Gas (under FAC hedge plan)		256,826	256,826	-	256,826	-	-
228	Total Other Fuel		(74,473,486)	(24,809,838)	-	(24,809,838)	(11,448,667)	(38,214,980)
229								
230	Total Fuel (net OSS)		236,656,535	243,585,143	-	243,585,143	8,289,135	(15,217,744)
231								
232	<u>Production - Non Fuel Items</u>							
233	501	Energy	12,314,208	11,453,580	-	11,453,580	860,628	-
234	518	Energy	3,423,112	3,183,874	-	3,183,874	239,238	-
235	547	Energy	11,062,907	10,289,731	-	10,289,731	773,176	-
236	555	Gen Dmd	7,236,909	6,756,103	-	6,756,103	480,806	-
237	555	Gen Dmd	19,076,321	17,808,929	-	17,808,929	1,267,393	-
238	555	Retail	-	-	-	-	-	-
239	Economy purchase Power Demand		-	-	-	-	-	-
240	Deferred Energy		-	-	-	-	-	-
241	555	Renewables	10,180,808	-	10,180,808	10,180,808	-	-
242	Gas Swaps - Non Fuel Clause Settlements and Excess Gas Physical Purchases		-	-	-	-	-	-
243	Gas Swaps - Settlements - City of Aztec		-	-	-	-	-	-
244	501.15	Retail	6,799,630	6,799,630	-	6,799,630	-	-
245	501.15	Excluded	1,043,672	-	-	-	-	1,043,672
246	501.15	FERC	137,416	-	-	-	137,416	-
247	Hedge - FERC		-	-	-	-	-	-
248	Spinning reserves		191,442	178,723	-	178,723	12,719	-
249	Broker Fees		185,721	173,382	-	173,382	12,339	-
250	Total Non Fuel Items		71,652,146	56,643,952	10,180,808	66,824,761	3,783,713	1,043,672
251								
252	Total Fuel Related Expense		308,308,681	300,229,096	10,180,808	310,409,904	12,072,848	(14,174,071)
253								

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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded	
254	<u>O&amp;M</u>								
255	<u>Steam Production</u>								
256	Oper-Sup & Eng-Prod	500	Gen Dmd	5,013,648	4,680,551	-	4,680,551	333,097	-
257	Oper-Steam Expense-Major	502	Gen Dmd	8,612,637	8,040,430	-	8,040,430	572,206	-
258	Oper-Electric Exp-Major	505	Gen Dmd	5,122,975	4,782,615	-	4,782,615	340,360	-
259	Oper-Misc Steam Power Exp	506	Gen Dmd	4,277,961	3,993,742	-	3,993,742	284,219	-
260	Oper-Rents-Steam Power	507	Gen Dmd	160,482	149,820	-	149,820	10,662	-
261	Maint-Sup & Eng-Steam	510	Energy	3,865,071	3,594,945	-	3,594,945	270,126	-
262	Maint-Sup & Eng-Steam - Renewables	510	Renewables O&M	-	-	-	-	-	-
263	Maint-Structures-Steam	511	Gen Dmd	5,697,043	5,318,543	-	5,318,543	378,500	-
264	Maint-Boiler Plant	512	Energy	24,313,360	22,614,124	-	22,614,124	1,699,236	-
265	Maint-Electric Plant	513	Energy	3,756,208	3,493,691	-	3,493,691	262,518	-
266	Maint-Gen & Elec Plant	514	Gen Dmd	3,263,974	3,047,122	-	3,047,122	216,852	-
267	<u>Nuclear Production</u>								
268	Oper-Sup & Eng-Nuclear	517	Gen Dmd	5,592,268	5,220,729	-	5,220,729	371,539	-
269	Oper-Coolants and Water	519	Gen Dmd	2,730,540	2,549,128	-	2,549,128	181,412	-
270	Oper-Steam Expenses-Nuclear	520	Gen Dmd	2,349,381	2,193,293	-	2,193,293	156,088	-
271	Oper-Electric Exp	523	Gen Dmd	2,077,626	1,939,593	-	1,939,593	138,033	-
272	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	Gen Dmd	7,451,833	6,956,748	-	6,956,748	495,085	-
273	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	Retail	(1,612,538)	(1,612,538)	-	(1,612,538)	-	-
274	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortization	525	Gen Dmd	60,013,614	56,026,430	-	56,026,430	3,987,185	-
275	Oper-Rents-Nuclear - PV 1&2 CE Credit	525	Retail	(323,169)	(323,169)	-	(323,169)	-	-
276	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525	FERC	(157,956)	-	-	-	(157,956)	-
277	Maint-Sup & Eng-Nuclear	528	Energy	1,861,098	1,731,028	-	1,731,028	130,070	-
278	Maint-Structures-Major	529	Gen Dmd	481,364	449,383	-	449,383	31,981	-
279	Maint-Reactor Plant	530	Energy	3,299,445	3,068,850	-	3,068,850	230,595	-
280	Maint-Elec Plant	531	Energy	3,591,123	3,340,143	-	3,340,143	250,980	-
281	Maint-Misc Nuclear Plant	532	Gen Dmd	786,286	734,046	-	734,046	52,239	-
282	Palo Verde 3 - Nuclear Production, FERC 517,519-532	517,519-532	Excluded	16,010,724	-	-	-	-	16,010,724
283	<u>Other Production</u>								
284	Oper-Sup & Eng-Other	546	Energy	4,260,487	3,962,726	-	3,962,726	297,761	-
285	Oper-Sup & Eng-Other - Renewables	546	Renewables O&M	-	-	-	-	-	-
286	Oper-Oth Pwr Gen Exp-Other	549	Energy	-	-	-	-	-	-
287	Oper-Oth Pwr Gen Exp-Other - Renewables	549	Renewables O&M	8,360	-	8,079	8,079	-	282
288	Maint - Structures	552	Gen Dmd	139	130	-	130	9	-
289	Maint-Gen & Elec Plant	553	Energy	6,327,959	5,885,704	-	5,885,704	442,255	-
290	Maint-Gen & Elec Plant - Renewables	553	Renewables O&M	874,313	-	844,842	844,842	-	29,471
291	Maint-Gen & Elec Plant	556	Gen Dmd	3,195,264	2,982,977	-	2,982,977	212,287	-
292	Maint-Gen & Elec Plant - Renewables	556	Renewables O&M	45,548	-	44,013	44,013	-	1,535
293	Total Production O&M			182,947,070	154,820,785	896,933	155,717,718	11,187,340	16,042,013
294									

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
295	<u>Transmission O&amp;M (560-574, excluding 565):</u>							
296	560	Trans Dmd	1,712,265	1,000,819	-	1,000,819	711,446	-
297	561	Trans Dmd	929,405	543,237	-	543,237	386,168	-
298	562	Trans Dmd	577,525	337,563	-	337,563	239,961	-
299	563	Trans Dmd	98,984	57,856	-	57,856	41,128	-
300	564	Trans Dmd	-	-	-	-	-	-
301	566	Trans Dmd	2,928,320	1,711,603	-	1,711,603	1,216,717	-
302	567	Trans Dmd	12,353,928	7,220,871	-	7,220,871	5,133,057	-
303	568	Trans Dmd	1,072	627	-	627	445	-
304	569	Trans Dmd	759	444	-	444	315	-
305	570	Trans Dmd	2,916,228	1,704,535	-	1,704,535	1,211,693	-
306	571	Trans Dmd	518,676	303,166	-	303,166	215,510	-
307	572	Trans Dmd	1,202	702	-	702	499	-
308	573	Trans Dmd	-	-	-	-	-	-
309	574	Trans Dmd	68	40	-	40	28	-
310	560-564,566-57	Excluded	20,000	-	-	-	-	20,000
311	Total Transmission O&M, excluding FERC 565		22,058,431	12,881,463	-	12,881,463	9,156,968	20,000
312								
313	<u>Transmission O&amp;M by Others (565):</u>							
314	565	Gen Dmd	8,513,861	7,948,217	-	7,948,217	565,644	-
315	565	Excluded	198,338	-	-	-	-	198,338
316	565	Retail	1,941,064	1,941,064	-	1,941,064	-	-
317	565	FERC	2,390,845	-	-	-	2,390,845	-
318	565	Gen Dmd	2,315,963	2,162,095	-	2,162,095	153,868	-
319	565	Gen Dmd	3,719,478	3,472,363	-	3,472,363	247,115	-
320	Total Transmission by Others, FERC 565		19,079,549	15,523,739	-	15,523,739	3,357,472	198,338
321								
322	Total Transmission O&M		41,137,979	28,405,202	-	28,405,202	12,514,439	218,338
323								
324	<u>Total Dist O&amp;M (580-598)</u>							
325								
326	<u>PNM Street &amp; Private Lighting</u>							
327	585	Retail	32,507	32,507	-	32,507	-	-
328	587	Retail	-	-	-	-	-	-
329	596	Retail	992,973	992,973	-	992,973	-	-
330	Total Street and Private Lighting		1,025,480	1,025,480	-	1,025,480	-	-
331								
332	<u>PNM Meters</u>							
333	586	Retail	2,990,742	2,990,742	-	2,990,742	-	-
334	597	Retail	343,121	343,121	-	343,121	-	-
335	Total Meters		3,333,863	3,333,863	-	3,333,863	-	-
336								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
337	<u>All Other Distribution O&amp;M</u>							
338	Oper-Sup & Eng-EDist	Retail	2,837,153	2,837,153	-	2,837,153	-	-
339	Oper-Load Dispatch-EDist	Retail	-	-	-	-	-	-
340	Oper-Station Exp-EDist	Retail	237,476	237,476	-	237,476	-	-
341	Oper-Overhead Lines-EDist	Retail	1,845,538	1,845,538	-	1,845,538	-	-
342	Oper-Undergrd Line-EDist	Retail	498,920	498,920	-	498,920	-	-
343	Oper-Undergrd Line-EDist - Renewables	Renewables	450,941	-	450,941	450,941	-	-
344	Oper-Misc Dist Exp-EDist	Retail	6,263,563	6,263,563	-	6,263,563	-	-
345	Oper-Rents-Distribution-E	Retail	119,366	119,366	-	119,366	-	-
346	Maint-Sup & Eng-EDist	Retail	975,969	975,969	-	975,969	-	-
347	Maint-Structures-EDist	Retail	63,331	63,331	-	63,331	-	-
348	Maint-Station Equip-EDist	Retail	1,201,020	1,201,020	-	1,201,020	-	-
349	Maint-Overhead Lns-EDist	Retail	2,616,714	2,616,714	-	2,616,714	-	-
350	Maint-Und Lines-EDist	Retail	1,351,405	1,351,405	-	1,351,405	-	-
351	Maint-Line Transform-EDist	Retail	713	713	-	713	-	-
352	Maint-Misc Dist Plant-E	Retail	564,686	564,686	-	564,686	-	-
353	Total Other Distribution O&M		19,026,793	18,575,852	450,941	19,026,793	-	-
354								
355	Total Distribution O&M		23,386,136	22,935,195	450,941	23,386,136	-	-
356								
357	<u>Customer Related O&amp;M</u>							
358								
359	<u>PNM Related Customer Accounts Exp</u>							
360	Supervision-Customer Accts	Retail	161,356	161,356	-	161,356	-	-
361	Meter Reading Expenses	Retail	4,475,358	4,475,358	-	4,475,358	-	-
362	Customer Record and Coll	Retail	7,471,164	7,471,164	-	7,471,164	-	-
363	Uncollectible Expenses	Retail	3,577,699	3,577,699	-	3,577,699	-	-
364	Misc Customer Accts Exp	Retail	(55,912)	(55,912)	-	(55,912)	-	-
365	Cust Service/Inf Expenses	Retail	7,933	7,933	-	7,933	-	-
366	Supervision-Customer Svc	Retail	1,068	1,068	-	1,068	-	-
367	Customer Assistance Exps	Retail	730,255	730,255	-	730,255	-	-
368	Inform/Instruc Advert Exps	Retail	-	-	-	-	-	-
369	Misc Cust Svc & Info Exp	Retail	-	-	-	-	-	-
370	Demo & Selling Expenses - Excluding Production	Retail	24,388	24,388	-	24,388	-	-
371	Demo & Selling Expenses - Production	Sales	4,742,104	3,931,204	-	3,931,204	308,237	502,663
372	Advertising Expense	Retail	-	-	-	-	-	-
373	Sales Expense	Retail	-	-	-	-	-	-
374								
375	Total Customer Related O&M		21,135,412	20,324,513	-	20,324,513	308,237	502,663
376								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded	
377	<b>Administrative &amp; General Expense</b>								
378									
379	Production - Admin and General Salaries	920	Prod W&S	(2,638,648)	(2,245,918)	-	(2,245,918)	(161,355)	(231,374)
380	Transmission - Admin and General Salaries	920	Trans W&S	181,973	106,267	-	106,267	75,541	165
381	Distribution - Admin and General Salaries	920	Retail	1,978,983	1,978,983	-	1,978,983	-	-
382	Production - AG Office Supplies Exp	921	Prod W&S	(224,584)	(191,158)	-	(191,158)	(13,733)	(19,693)
383	Transmission - AG Office Supplies Exp	921	Trans W&S	214,953	125,526	-	125,526	89,232	195
384	Distribution - AG Office Supplies Exp	921	Retail	1,325,044	1,325,044	-	1,325,044	-	-
385	A&G Charged to CWIP - Production	922	Prod W&S	(1,162,218)	(989,237)	-	(989,237)	(71,070)	(101,911)
386	A&G Charged to CWIP - Transmission	922	Trans W&S	(3,209,256)	(1,874,110)	-	(1,874,110)	(1,332,237)	(2,910)
387	A&G Charged to CWIP - Distribution	922	Retail	(5,108,127)	(5,108,127)	-	(5,108,127)	-	-
388	Production Related - Shared Services	9229	Prod W&S	24,614,698	20,951,113	-	20,951,113	1,505,206	2,158,380
389	Transmission Related - Shared Services	9229	Trans W&S	5,014,776	2,928,479	-	2,928,479	2,081,750	4,547
390	Distribution/Customer Related - Shared Services	9229	Retail	33,805,146	33,805,146	-	33,805,146	-	-
391	Production - Outside Services	923	Prod W&S	(644,048)	(548,190)	-	(548,190)	(39,384)	(56,474)
392	Transmission - Outside Services	923	Trans W&S	90,405	52,794	-	52,794	37,529	82
393	Distribution - Outside Services	923	Retail	1,656,586	1,656,586	-	1,656,586	-	-
394	Production - Property Insurance	924	Prod Plt	1,465,283	1,232,604	-	1,232,604	87,720	144,960
395	Transmission - Property Insurance	924	Trans Plt	92,575	51,643	-	51,643	34,692	6,240
396	Not Used								
397	Distribution - Property Insurance	924	Retail	66,018	66,018	-	66,018	-	-
398	Production - Injuries or Damages-Safety	925	Prod W&S	834,659	710,431	-	710,431	51,040	73,188
399	Transmission - Injuries or Damages-Safety	925	Trans W&S	53,819	31,429	-	31,429	22,342	49
400	Distribution - Injuries or Damages-Safety	925	Retail	2,198,652	2,198,652	-	2,198,652	-	-
401	Production - Empl Pension and Benefits	926	Prod W&S	7,788,270	6,629,084	-	6,629,084	476,258	682,927
402	Transmission - Empl Pension and Benefits	926	Trans W&S	(44,426)	(25,943)	-	(25,943)	(18,442)	(40)
403	Distribution - Empl Pension and Benefits	926	Retail	5,703,373	5,703,373	-	5,703,373	-	-
404	Production - Regulatory Commission Exp	928	Prod W&S	1,183,217	1,007,111	-	1,007,111	72,355	103,752
405	Transmission - Regulatory Commission Exp	928	Trans W&S	50,473	29,475	-	29,475	20,952	46
406	Distribution - Regulatory Commission Exp	928	Retail	492,734	492,734	-	492,734	-	-
407	Direct Assigned - FERC Generation	928	NEC	475,509	-	-	-	475,509	-
408	Direct Assigned - FERC Transmission	928	FERC Transmission	77,841	-	-	-	77,841	-
409	Production - Misc AG Expenses	930	Prod W&S	7,746,721	6,593,720	-	6,593,720	473,717	679,284
410	Transmission - Misc AG Expenses	930	Trans W&S	43,931	25,654	-	25,654	18,237	40
411	Distribution - Misc AG Expenses	930	Retail	669,958	669,958	-	669,958	-	-
412	Production - Rents-Cust	931	Prod W&S	-	-	-	-	-	-
413	Transmission - Rents-Cust	931	Trans W&S	153	89	-	89	64	0
414	Distribution - Rents-Cust	931	Retail	17,004	17,004	-	17,004	-	-
415	Production - Maint of General Plant	935	Prod W&S	(64,772)	(55,132)	-	(55,132)	(3,961)	(5,680)
416	Transmission - Maint of General Plant	935	Trans W&S	842,412	491,943	-	491,943	349,705	764
417	Distribution - Maint of General Plant	935	Retail	272,334	272,334	-	272,334	-	-
418	Renewables - A&G (920-935)	920-935	Renewables O&M	72,160	-	69,728	69,728	-	2,432
419	PV3 - A&G (920 - 935)	920-935	Excluded	5,934,864	-	-	-	-	5,934,864
420	Total Administrative & General Expense			91,868,445	78,115,378	69,728	78,185,106	4,309,506	9,373,833
421									
422	Total Operations & Maintenance Expense			432,127,187	361,245,025	11,598,410	372,843,434	32,103,235	27,180,518
423									

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
424	<b>Depreciation and Amortization Expense</b>							
425								
426	<b>Production Depreciation</b>							
427	Steam Production Plant	Gen Dmd	19,456,875	18,164,199	-	18,164,199	1,292,676	-
428	Nuclear Production Plant - Palo Verde 1 & 2	Gen Dmd	7,407,147	6,915,031	-	6,915,031	492,116	-
429	Nuclear Production Plant - Palo Verde 3	Excluded	2,876,426	-	-	-	-	2,876,426
430	Other Production Plant - Gas	Gen Dmd	9,151,425	8,543,422	-	8,543,422	608,002	-
431	Other Production Plant - Renewable	Direct Assignment	5,353,712	-	5,285,540	5,285,540	-	68,173
432	Total Production Depreciation Expense		44,245,585	33,622,652	5,285,540	38,908,192	2,392,794	2,944,599
433								
434	<b>Transmission Depreciation</b>							
435	Step-Up Transformers - Excluding PV3	Gen Dmd	122,643	114,495	-	114,495	8,148	-
436	Step-Up Transformers - PV3	Excluded	10,661	-	-	-	-	10,661
437	Transmission System Plant - Allocated	Trans Dmd	11,036,185	6,450,650	-	6,450,650	4,585,535	-
438	Transmission System Plant - PV 3	Excluded	47,074	-	-	-	-	47,074
439	Transmission System Plant - High Lonesome Mesa	Excluded	1,412,000	-	-	-	-	1,412,000
440	Transmission System Net Plant - Dedicated Retail	Retail	235,527	235,527	-	235,527	-	-
441	Transmission System Plant - Dedicated FERC	FERC	31,050	-	-	-	31,050	-
442	Total Transmission Depreciation		12,895,140	6,800,672	-	6,800,672	4,624,733	1,469,735
443								
444	<b>Distribution Depreciation</b>							
445	Distribution Substations Net Plant - Dedicated FERC	FERC	23,823	-	-	-	23,823	-
446	Distribution Substations Net Plant - PNM	Retail	15,036,492	15,036,492	-	15,036,492	-	-
447	Distribution Substations Net Plant - Renewables	Direct Assignment	270,109	-	270,109	270,109	-	-
448	Primary Distribution System Net Plant - PNM	Retail	4,850,168	4,850,168	-	4,850,168	-	-
449	Primary Distribution System Net Plant - Renewables	Direct Assignment	25,600	-	25,600	25,600	-	-
450	Secondary Distribution System Net Plant - PNM	Retail	2,424,069	2,424,069	-	2,424,069	-	-
451	Secondary Distribution System Net Plant - Renewables	Direct Assignment	12,795	-	12,795	12,795	-	-
452	Services Net Plant - PNM	Retail	5,734,197	5,734,197	-	5,734,197	-	-
453	Meters Net Plant - PNM	Retail	1,602,399	1,602,399	-	1,602,399	-	-
454	Private Lighting - 371	Retail	28,942	28,942	-	28,942	-	-
455	Street Lighting - 373	Retail	220,315	220,315	-	220,315	-	-
456	Total Distribution Depreciation		30,228,910	29,896,583	308,504	30,205,087	23,823	-
457								
458	<b>General Depreciation</b>							
459	Production General & Intangible Net Plant	Gen Dmd	358,963	335,114	-	335,114	23,849	-
460	Transmission General & Intangible Net Plant	Trans Dmd	-	-	-	-	-	-
461	PV Unit 3 General & Intangible Net Plant	Excluded	124,911	-	-	-	-	124,911
462	Renewables General & Intangible Net Plant	Direct Assignment	18,601	-	18,601	18,601	-	-
463	Bulk Power Operations	Prod W&S	1,616,779	1,376,142	-	1,376,142	98,867	141,770
464	Energy Management System Facilities	Gen/Trans Dmd	90,027	62,991	-	62,991	27,036	-
465	Other Division Offices/Customer Service	Retail	3,024,538	3,024,538	-	3,024,538	-	-
466	Communications - Transmission	Trans Dmd	3,879,035	2,267,296	-	2,267,296	1,611,739	-
467	Production Related (Shared Services)	Prod W&S	2,747,321	2,338,417	-	2,338,417	168,001	240,903
468	Transmission Related (Shared Services)	Trans W&S	650,701	379,990	-	379,990	270,121	590
469	Distribution/Customer Related (Shared Services)	Retail	5,282,121	5,282,121	-	5,282,121	-	-
470	Total General Depreciation		17,792,998	15,066,609	18,601	15,085,210	2,199,613	508,175
471								
472	Total Depreciation Expense		105,162,632	85,386,516	5,612,644	90,999,161	9,240,964	4,922,508
473								



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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
474	<u>General Taxes</u>							
475								
476	<u>Property Taxes</u>							
477	<u>Production Property Taxes</u>							
478		Gen Dmd	4,947,711	4,618,995	-	4,618,995	328,716	-
479		Gen Dmd	968,386	904,048	-	904,048	64,338	-
480		Excluded	1,182,514	-	-	-	-	1,182,514
481		Gen Dmd	2,964,941	2,767,956	-	2,767,956	196,985	-
482		Direct Assignment	1,020,083	-	998,341	998,341	-	21,742
483		Total Production Property Taxes	11,083,634	8,290,999	998,341	9,289,340	590,038	1,204,256
484								
485	<u>Transmission Property Taxes</u>							
486		Gen Dmd	69,038	64,451	-	64,451	4,587	-
487		Excluded	15,409	-	-	-	-	15,409
488		Trans Dmd	2,892,373	1,690,592	-	1,690,592	1,201,781	-
489		Excluded	77,805	-	-	-	-	77,805
490		Excluded	163,261	-	-	-	-	163,261
491		Retail	35,458	35,458	-	35,458	-	-
492		FERC	2,276	-	-	-	2,276	-
493		Total Transmission Property Taxes	3,255,619	1,790,501	-	1,790,501	1,208,644	256,475
494								
495	<u>Distribution Property Taxes</u>							
496		FERC	17,721	-	-	-	17,721	-
497		Retail	1,622,631	1,622,631	-	1,622,631	-	-
498		Direct Assignment	25,585	-	25,585	25,585	-	-
499		Retail	3,589,958	3,589,958	-	3,589,958	-	-
500		Direct Assignment	13,433	-	13,433	13,433	-	-
501		Retail	2,213,994	2,213,994	-	2,213,994	-	-
502		Direct Assignment	4,818	-	4,818	4,818	-	-
503		Retail	630,680	630,680	-	630,680	-	-
504		Retail	434,653	434,653	-	434,653	-	-
505		Retail	5,186	5,186	-	5,186	-	-
506		Retail	136,410	136,410	-	136,410	-	-
507		Total Distribution Property Taxes	8,695,067	8,633,510	43,836	8,677,346	17,721	-
508								
509	<u>General Property Taxes</u>							
510		Gen Dmd	132,941	124,109	-	124,109	8,832	-
511		Trans Dmd	209	122	-	122	87	-
512		Excluded	15,882	-	-	-	-	15,882
513		Direct Assignment	170	-	170	170	-	-
514		Prod W&S	27,627	23,515	-	23,515	1,689	2,422
515		Gen/Trans Dmd	119,446	83,576	-	83,576	35,871	-
516		Retail	310,525	310,525	-	310,525	-	-
517		Trans Dmd	185,592	108,479	-	108,479	77,113	-
518		Prod W&S	297,139	252,914	-	252,914	18,170	26,055
519		Trans W&S	57,770	33,736	-	33,736	23,982	52
520		Retail	304,067	304,067	-	304,067	-	-
521		Total General Property Taxes	1,451,370	1,241,042	170	1,241,213	165,745	44,412
522								
523								
524		Total Property Taxes	24,485,690	19,956,052	1,042,347	20,998,399	1,982,148	1,505,142
525								

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	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
526	<u>Payroll Taxes</u>							
527	Production Related	Prod W&S	2,512,034	2,138,150	-	2,138,150	153,613	220,272
528	Transmission Related	Trans W&S	184,063	107,487	-	107,487	76,409	167
529	Distribution Related	Dist W&S	3,667,454	3,596,737	70,717	3,667,454	-	-
530	Total Payroll Taxes		6,363,551	5,842,374	70,717	5,913,091	230,021	220,439
531								
532	<u>Other Taxes</u>							
533	Misc Taxes - Production Related	Gen Dmd	48,481	45,260	-	45,260	3,221	-
534	Misc Taxes - Renewable	Renewables	(60,933)	-	(60,933)	(60,933)	-	-
535	Misc Taxes - Transmission Related	Trans Dmd	(7,645)	(4,468)	-	(4,468)	(3,176)	-
536	Misc Taxes - Distribution Related	Retail	(6,702)	(6,702)	-	(6,702)	-	-
537	Regulatory Commission Fees (I&S) PNM	Retail	-	-	-	-	-	-
538	Joint Projects Four Corners	Gen Dmd	308,677	288,169	-	288,169	20,508	-
539	Joint Projects PVNGS	PV	1,747,852	1,083,798	-	1,083,798	81,438	582,617
540	Joint Projects Transmission	Trans Dmd	34	20	-	20	14	-
541	Native American Taxes - Production	Gen Dmd	1,519,121	1,418,194	-	1,418,194	100,927	-
542	Native American Taxes - Transmission	Trans PIt	806,632	449,978	-	449,978	302,285	54,370
543	Native American Taxes - Distribution	Dist PIt	133,292	132,272	645	132,917	375	-
544	Total Other Taxes		4,488,810	3,406,519	(60,288)	3,346,232	505,591	636,987
545								
546	Total General Taxes		35,338,051	29,204,945	1,052,777	30,257,722	2,717,761	2,362,568
547								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
548	<b>Other Allowable Expenses</b>							
549								
550	Interest on Customer Deposits	431	Retail	198,398	198,398	-	198,398	-
551	Amort Loss on Reacquired Debt	407.3	Retail	1,295,531	1,295,531	-	1,295,531	-
552	Amort Renewable Energy Credits	555	Renewables	2,380,062	-	2,380,062	2,380,062	-
553	Carrying charges on renewables	419.0	Direct Assignment	577,452	-	577,452	577,452	-
554	Amort Retail rate case exp	408.2	Retail	-	-	-	-	-
555	PV DOE Settlement from 10-00086-UT	407	Retail	(444,667)	(444,667)	-	(444,667)	-
556	Renewable Grant Amortization	407	Renewables	(1,307,471)	-	(1,307,471)	(1,307,471)	-
557	Accretion ARO - Production Related	403/411	Gen Dmd	5,203,904	4,858,167	-	4,858,167	345,737
558	Accretion ARO - PV 3	403/411	Excluded	2,262,688	-	-	-	2,262,688
559	Accretion ARO - Distribution Related	403/411	Retail	113,760	113,760	-	113,760	-
560	Amort PV 2 Lease Acquisition Adjustment		Gen Dmd					
561	Amort EIP Acquisition Adjustment		Trans Dmd	585,969	342,499	-	342,499	243,470
562	Amort PV 1&2 Acquisition Adjustment		Gen Dmd	365,110	340,853	-	340,853	24,257
563								
564								
565								
566								
567								
568								
569								
570								
571								
572								
573								
574	Total Other Allowable Expenses			11,230,737	6,704,541	1,650,043	8,354,584	613,464
575								2,262,688
576								
577	Total Operating Expenses			820,515,142	726,126,170	19,913,873	746,040,044	52,964,560
578	(Excl Income & Revenue Related Taxes)							21,510,539
579								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
580	Total Net Original Cost Rate Base		2,303,948,030	1,879,953,359	81,573,749	1,961,527,108	226,880,454	115,540,468
581	Weighted Cost of Capital		8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
582	Return on Rate Base		188,462,949	153,780,185	6,672,733	160,452,918	18,558,821	9,451,210
583								
584	<b>Federal Income Tax</b>							
585	<u>Return Adjustments</u>							
586	Interest on Long Term Debt	MDC	(72,113,573)	(58,842,540)	(2,553,258)	(61,395,799)	(7,101,358)	(3,616,417)
587								
588	<u>Tax/Book Adjustments</u>							
589	Domestic Production Activity Deduction	MDC						
590	Non-deductible Meals	Total Net PIt	512,125	432,511	-	432,511	47,373	32,240
591	Eastern Interconnect Project	Trans Dmd	(199,864)	(116,821)	-	(116,821)	(83,043)	-
592	Palo Verde 1 & 2 Gain Amort Flow Through	FERC	(157,956)	-	-	-	(157,956)	-
593	Palo Verde 1 & 2 Prudence Audit Flow Through	Retail	(143,010)	(143,010)	-	(143,010)	-	-
594	AFUDC Equity Flow Through	Gen Dmd	(3,899,451)	(3,640,379)	-	(3,640,379)	(259,072)	-
595	AFUDC Equity Flow Through - Renewables	Renewables	(374,995)	-	(374,995)	(374,995)	-	-
596	Federal Grant Amortization - Renewables	Renewables	(1,113,432)	-	(1,113,432)	(1,113,432)	-	-
597	Federal Grant Basis Adj - Renewables	Renewables	556,716	-	556,716	556,716	-	-
598	Gain/Loss Flow Through	Retail	255,552	255,552	-	255,552	-	-
599	ACRS Flow Through	Retail	1,873,775	1,873,775	-	1,873,775	-	-
600	San Juan ACRS Flow Through	Retail	(86,813)	(86,813)	-	(86,813)	-	-
601	Four Corners SO2 Reversal Flow Through	Retail	617,456	617,456	-	617,456	-	-
602	SL/GL Depreciation	Retail	342,346	342,346	-	342,346	-	-
603	Amortization of EIP Prepaid Tax Reversal	Trans Dmd	166,584	97,368	-	97,368	69,216	-
604	Total Tax/Book Adjustments		(1,650,968)	(368,014)	(931,712)	(1,299,726)	(383,482)	32,240
605								
606	Total Return Adjustments		(73,764,541)	(59,210,554)	(3,484,970)	(62,695,524)	(7,484,840)	(3,584,177)
607								
608	Net Taxable Equity Return		114,698,408	94,569,630	3,187,763	97,757,393	11,073,981	5,867,034
609								
610	<u>Federal Tax Adjustments</u>							
611								
612	<u>Net Provision For Deferred Income Tax</u>							
613	Excess Payroll Tax Reversal	Total W&S	(24,446)	(21,192)	(59)	(21,251)	(1,473)	(1,721)
614	ARAM Deferred Tax Reversal	Total Net PIt	(712,897)	(602,072)	-	(602,072)	(65,946)	(44,879)
615	Total Provision For Deferred Income Tax		(737,343)	(623,264)	(59)	(623,323)	(67,419)	(46,601)
616								
617	<u>Investment Tax Credits</u>							
618	Palo Verde 1&2 Production ITC Amortization	Gen Dmd	(1,137,730)	(1,062,141)	-	(1,062,141)	(75,589)	-
619	Generation ITC Amortization	Gen Dmd	(619,132)	(577,998)	-	(577,998)	(41,134)	-
620	Renewables ITC Amortization	Renewables	(10,638)	-	(10,638)	(10,638)	-	-
621	PV Valley Transmission ITC Amortization	Trans Dmd	(19,242)	(11,247)	-	(11,247)	(7,995)	-
622	Research and Development Credit	PV	(285,272)	(176,890)	-	(176,890)	(13,292)	(95,091)
623	All Other ITC Amortization	Total Net PIt	(391,520)	(330,655)	-	(330,655)	(36,217)	(24,648)
624	Total Investment Tax Credit Amortization & R&D Credit		(2,463,534)	(2,158,932)	(10,638)	(2,169,570)	(174,226)	(119,738)
625								
626	Total Federal Tax Adjustments		(3,200,877)	(2,782,195)	(10,697)	(2,792,893)	(241,645)	(166,339)
627								
628	Adjusted Equity Return		111,497,531	91,787,435	3,177,065	94,964,500	10,832,335	5,700,695
629	Federal Tax Factor (0.35/1-0.35)		53.8462%	53.8462%	53.8462%	53.8462%	53.8462%	53.8462%
630	Federal Income Tax		60,037,183	49,424,046	1,710,729	51,134,775	5,832,801	3,069,608
631	Add:							
632	Total Provision For Deferred Income Tax		(737,343)	(623,264)	(59)	(623,323)	(67,419)	(46,601)
633	EIP Amortization		166,584	97,368	-	97,368	69,216	-
634	Total Investment Tax Credit Amortization & R&D Credit		(2,463,534)	(2,158,932)	(10,638)	(2,169,570)	(174,226)	(119,738)
635								
636	Net Allowable Federal Income Tax		57,002,890	46,739,219	1,700,032	48,439,250	5,660,371	2,903,269

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
637								
638	<b>State Income Tax</b>							
639								
640	Return on Rate Base		188,462,949	153,780,185	6,672,733	160,452,918	18,558,821	9,451,210
641	Less: Return Adjustments							
642	Interest on Long Term Debt		(72,113,573)	(58,842,540)	(2,553,258)	(61,395,799)	(7,101,358)	(3,616,417)
643	Tax/Book Adjustments		(1,817,552)	(465,383)	(931,712)	(1,397,094)	(452,698)	32,240
644	Add: Net Allowable F I T		57,002,890	46,739,219	1,700,032	48,439,250	5,660,371	2,903,269
645	22 MW, Battery project and PV Farm PTC	Renewables	(1,016,248)	-	(1,016,248)	(1,016,248)	-	-
646	State Taxable Income		170,518,466	141,211,481	3,871,546	145,083,027	16,665,137	8,770,302
647	State Tax Factor (Rate/1-Rate)		7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%
648	State Income Tax		12,703,626	10,520,255	288,430	10,808,686	1,241,553	653,388
649								
650	Add: 22 MW, Battery project and PV Farm PTC	Renewables	(1,016,248)	0	(1,016,248)	(1,016,248)	0	0
651	Net Allowable State Income Tax		11,687,378	10,520,255	(727,818)	9,792,438	1,241,553	653,388
652								
653								
654	Return on Rate Base		188,462,949	153,780,185	6,672,733	160,452,918	18,558,821	9,451,210
655								
656	Total Operating Expenses		820,515,142	726,126,170	19,913,873	746,040,044	52,964,560	21,510,539
657	(Excluding Income & Rev Related Taxes)							
658								
659	Net Allowable Federal Income Tax		57,002,890	46,739,219	1,700,032	48,439,250	5,660,371	2,903,269
660								
661	Net Allowable State Income Tax		11,687,378	10,520,255	(727,818)	9,792,438	1,241,553	653,388
662								
663								
664	<b>Revenue Credits:</b>							
665	Sale of SO2 Credits	411 FERC	(4)	-	-	-	(4)	-
666	Rent For Electric Property Transmission	454 Trans PIt	(414,893)	(231,447)	-	(231,447)	(155,481)	(27,965)
667	Rent for Electric Property - Distribution	454 Retail	(4,540,940)	(4,540,940)	-	(4,540,940)	-	-
668	Late Payment Charges	451 Retail	(949,353)	(949,353)	-	(949,353)	-	-
669	Misc Service Charge Revenue	451 Retail	(1,062,708)	(1,062,708)	-	(1,062,708)	-	-
670	Other Retail Revenue - Transmission	456 Trans Dmd	(18,783)	(10,979)	-	(10,979)	(7,804)	-
671	Other Retail Revenue - Distribution	456 Retail	(391,236)	(391,236)	-	(391,236)	-	-
672	Generation Ancillary Services Credit	456100 Gen Dmd	(2,224,768)	(2,076,959)	-	(2,076,959)	(147,809)	-
673	Real Power Losses (Financial)	456100 Gen Dmd	(494,584)	(461,725)	-	(461,725)	(32,859)	-
674	Transmission redispatch contract revenues	456100 Gen Dmd	(407,782)	(380,690)	-	(380,690)	(27,092)	-
675	Ancillary Services-Sch 1 Transmission	456100 Trans Dmd	(430,039)	(251,358)	-	(251,358)	(178,681)	-
676	Ancillary Services-Sch 2-5	456100 Trans Dmd wo NITS	(2,243,392)	(1,645,752)	-	(1,645,752)	(597,640)	-
677	Ancillary Services-Sch 1 ST PTP	456100 Trans Dmd	(35,837)	(20,947)	-	(20,947)	(14,890)	-
678	Economy Service Customer Revenue Credits		(4,330,871)	(4,330,871)	-	(4,330,871)	-	-
679	Shared Services Misc Revenue		(112,042)	(95,776)	(168)	(95,943)	(12,957)	(3,142)
680								
681								
682								
683								
684	Total Revenue Credits		(17,657,234)	(16,450,741)	(168)	(16,450,909)	(1,175,218)	(31,107)
685								
686	Total Revenue Requirements Before Revenue Tax		1,060,011,125	920,715,088	27,558,652	948,273,740	77,250,087	34,487,298
687								
688	Revenue Tax Factor (I&S Fee) (.00506/1-.00506)		0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%
689	Revenue Tax		5,390,930	4,682,508	140,156	4,822,664	392,873	175,393
690								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base	PNM Retail	Renewables	PNM Electric Retail	Total FERC	Excluded
			Period PNM	Jurisdiction		Jurisdiction	Jurisdiction	
691	NON-FUEL REVENUE REQUIREMENT		828,745,520	681,812,453	27,698,808	709,511,261	69,353,825	49,880,435
692	FUEL REVENUE REQUIREMENT		236,656,535	243,585,143	-	243,585,143	8,289,135	(15,217,744)
693	<b>TOTAL REVENUE REQUIREMENT</b>		<b>1,065,402,055</b>	<b>925,397,596</b>	<b>27,698,808</b>	<b>953,096,404</b>	<b>77,642,960</b>	<b>34,662,691</b>
694								
695	<u>Weighted Cost of Capital</u>							
696	Long Term Debt		3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
697	Preferred Stock		0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
698	Common Stock		5.03%	5.03%	5.03%	5.03%	5.03%	5.03%
699	Total Weighted Cost of Capital		8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
700								
701	Federal Income Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
702								
703	Effective State Income Tax Rate		7.06%	7.06%	7.06%	7.06%	7.06%	7.06%
704								
705	I&S Fee Rate		0.506%	0.506%	0.506%	0.506%	0.506%	0.506%
706								
707	<u>Key Allocators</u>							
708								
709	Sales (MWh)		10,085,878	8,360,870	-		655,557	1,069,451
710	Allocator	Sales	100.00%	82.90%	0.00%		6.50%	10.60%
711								
712	<u>Wage and Salary Ratios</u>							
713	Production	Other Prod O&M	63.57%	56,534,306	48,119,891	0	3,457,112	4,957,303
714		Prod W&S	100.00%	100.00%	85.12%	0.00%	6.12%	8.77%
715	Transmission	Trans O&M	5.38%	4,780,642	2,791,752	0	1,984,556	4,335
716		Trans W&S	100.00%	100.00%	58.40%	0.00%	41.51%	0.09%
717	Distribution	Dist O&M	16.42%	14,604,122	14,322,520	281,602	0	0
718		Dist W&S	100.00%	100.00%	98.07%	1.93%	0.00%	0.00%
719								
720	Total PTDCAS		85.37%	75,919,070	65,234,163	281,602	5,441,668	4,961,637
721	Allocator		100.00%	100.00%	85.93%	0.37%	7.17%	6.54%
722								
723	Customer Accounting	CA O&M	8.96%	7,964,665	7,964,665	-	-	-
724	Cust Service & Information	CS&I O&M	0.85%	759,932	759,932	-	-	-
725	Sales	Sales O&M	4.82%	4,285,481	3,556,413	-	277,131	451,937
726	Total PTDCAS		100.00%	88,929,147	77,515,173	281,602	5,718,799	5,413,574
727	Allocator	PTDCAS	100.00%	100.00%	87.17%	0.32%	6.43%	6.09%
728								
729	Administrative and General			26,838,097	22,840,699	-	1,258,963	2,738,436
730								
731	Total Wages and Salaries			115,767,245	100,355,872	281,602	6,977,762	8,152,010
732	Allocator	Total W&S	100.00%	100.00%	86.69%	0.24%	6.03%	7.04%
733								

PNM Exhibit HEM - 2 COS BASE ALLOC

	FERC Account	Allocator	Adjusted Base Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
734	<u>Net Plant In Service Ratios</u>							
735								
736	Total Production Plant		1,292,550,479	1,087,299,918	-		77,378,934	127,871,628
737	Allocator	Prod Pit	100.00%	84.12%	0.00%		5.99%	9.89%
738								
739	Total Transmission Plant		359,251,775	200,407,698	-		134,629,308	24,214,769
740	Allocator	Trans Pit	100.00%	55.78%	0.00%		37.47%	6.74%
741								
742	Total Distribution Plant		696,791,087	691,457,185	3,372,991		1,960,912	-
743	Allocator	Dist Pit	100.00%	99.23%	0.48%		0.28%	0.00%
744								
745	Total General & Intangible Plant		127,711,654	109,170,414	191,270		14,768,711	3,581,259
746	Allocator	G&I Pit	100.00%	85.48%	0.15%		11.56%	2.80%
747								
748	Total Net Plant		2,472,740,736	2,088,335,215	-		228,737,865	155,667,656
749	Allocator	Total Net Pit	100.00%	84.45%	0.00%		9.25%	6.30%
750								
751	<u>Net Plant In Service Ratios</u>							
752	<u>Without Production Stations &amp; PV Valley Transmission</u>							
753								
754								
755	Production Plant without Excluded		1,292,550,479	1,087,299,918	-		77,378,934	127,871,628
756	Transmission Plant without Excluded		359,251,775	200,407,698	-		134,629,308	24,214,769
757	Distribution Plant		696,791,087	691,457,185	3,372,991		1,960,912	-
758	Total Net Plant Without Excluded Plant		2,348,593,342	1,979,164,800	3,372,991		213,969,154	152,086,397
759	Allocator	Net Pit w/o Excl	100.00%	84.27%	0.14%		9.11%	6.48%
760								
761	Generation Demand allocator		16,641,522	15,535,893	-		1,105,629	-
762		Gen Dmd	100.00%	93.36%	0.00%		6.64%	0.00%
763								
764	Energy allocator		9,686,741	9,009,747	-		676,994	-
765		Energy	100.00%	93.01%	0.00%		6.99%	0.00%
766								
767	Generation and Transmission Demand							
768		Gen/Trans Dmd	100.00%	69.97%	0.00%		30.03%	0.00%
769								
770	Transmission Demand		2,615,841	1,528,853	-		1,086,988	-
771		Trans Dmd	100.00%	58.45%	0.00%		41.55%	0.00%
772								
773	Transmission Demand without Network		2,084,069	1,528,853	-		555,216	-
		Trans Dmd wo NITS	100.00%	73.36%	0.00%		26.64%	0.00%

# **COS TEST**

*Allocation of Test Period Cost of Service*



PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
<b>Rate Base</b>								
1	<b>Net Plant</b>							
2								
3	<b>Net Production Plant</b>							
4								
5	Steam Production Net Plant	Gen Dmd	748,092,975	716,598,261	-	716,598,261	31,494,714	-
6								
7	Nuclear Production Net Plant - Palo Verde 1 & 2	Gen Dmd	354,658,272	339,727,159	-	339,727,159	14,931,113	-
8	Nuclear Production Net Plant - Palo Verde 3	Excluded	136,367,260	-	-	-	-	136,367,260
9	Total Nuclear Production Net Plant		491,025,532	339,727,159	-	339,727,159	14,931,113	136,367,260
10								
11	Other Production Plant - Gas	Gen Dmd	341,030,684	326,673,292	-	326,673,292	14,357,392	-
12	Other Production Plant - Renewable	Direct Assignment	239,829,499	74,629,694	159,618,757	234,248,451	3,279,998	2,301,050
13	Total Other Production Net Plant		580,860,182	401,302,985	159,618,757	560,921,742	17,637,390	2,301,050
14								
15	Total Net Production Plant		1,819,978,690	1,457,628,405	159,618,757	1,617,247,162	64,063,217	138,668,310
16								
17	<b>Net Transmission Plant</b>							
18								
19	Step-Up Transformers - Excluding PV3	Gen Dmd	7,769,542	7,442,445	-	7,442,445	327,098	-
20	Step-Up Transformers - PV3	Excluded	213,566	-	-	-	-	213,566
21	Total Transmission Station Equipment - Step-up Xfmr and Aux		7,983,108	7,442,445	-	7,442,445	327,098	213,566
22								
23	Transmission System Net Plant - Allocated	Trans Dmd	456,493,952	280,469,884	-	280,469,884	176,024,068	-
24	Transmission System Net Plant - PV 3	Excluded	3,930,266	-	-	-	-	3,930,266
25	Transmission System Net Plant - High Lonesome Mesa	Excluded	18,004,888	-	-	-	-	18,004,888
26	Transmission System Net Plant - Dedicated Retail	Retail	4,063,672	4,063,672	-	4,063,672	-	-
27	Transmission System Net Plant - Dedicated FERC	FERC	263,171	-	-	-	263,171	-
28	Total Transmission System Net Plant		482,755,950	284,533,556	-	284,533,556	176,287,239	21,935,155
29								
30	Total Net Transmission Plant		490,739,058	291,976,001	-	291,976,001	176,614,337	22,148,720
31								
32								

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
33	<u>Net Distribution Plant</u>							
34								
35	Distribution Substations Net Plant - Dedicated FERC	FERC	1,410,621	-	-	-	1,410,621	-
36	Distribution Substations Net Plant - PNM	Retail	139,039,619	139,039,619	-	139,039,619	-	-
37	Distribution Substations Net Plant - Renewables	Direct Assignment	3,222,131	-	3,222,131	3,222,131	-	-
38	Total Distribution Substations Net Plant		143,672,370	139,039,619	3,222,131	142,261,750	1,410,621	-
39								
40	Primary Distribution System Net Plant - PNM	Retail	313,318,841	313,318,841	-	313,318,841	-	-
41	Primary Distribution System Net Plant - Renewables	Direct Assignment	1,679,553	-	1,679,553	1,679,553	-	-
42	Total Primary Distribution Net Plant		314,998,394	313,318,841	1,679,553	314,998,394	-	-
43								
44	Secondary Distribution System Net Plant - PNM	Retail	200,729,590	200,729,590	-	200,729,590	-	-
45	Secondary Distribution System Net Plant - Renewables	Direct Assignment	602,372	-	602,372	602,372	-	-
46	Total Secondary Distribution Net Plant		201,331,962	200,729,590	602,372	201,331,962	-	-
47								
48	Services Net Plant - PNM	Retail	61,194,049	61,194,049	-	61,194,049	-	-
49								
50	Meters Net Plant - PNM	Retail	39,177,843	39,177,843	-	39,177,843	-	-
51								
52	Private Lighting - 371	Retail	2,320,583	2,320,583	-	2,320,583	-	-
53	Street Lighting - 373	Retail	11,517,588	11,517,588	-	11,517,588	-	-
54	Total Lighting Net Plant		13,838,171	13,838,171	-	13,838,171	-	-
55								
56	Total Net Plant Distribution Plant		774,212,790	767,298,113	5,504,055	772,802,169	1,410,621	-
57								
58								
59	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>							
60								
61	Production General & Intangible Net Plant	Gen Dmd	5,238,026	5,017,505	-	5,017,505	220,521	-
62	Transmission General & Intangible Net Plant	Trans Dmd	32,034	19,682	-	19,682	12,352	-
63	PV Unit 3 General & Intangible Net Plant	Excluded	1,644,205	-	-	-	-	1,644,205
64	Renewables General & Intangible Net Plant	Direct Assignment	20,654	-	20,654	20,654	-	-
65	Bulk Power Operations	Prod W&S	2,559,966	2,179,359	-	2,179,359	100,147	280,460
66	Energy Management System Facilities	Gen/Trans Dmd	4,788,432	3,484,806	-	3,484,806	1,303,627	-
67	Other Division Offices/Customer Service	Retail	22,791,701	22,791,701	-	22,791,701	-	-
68	Communications - Transmission	Trans Dmd	21,096,916	12,961,945	-	12,961,945	8,134,971	-
69	Production Related (non-specific)	Prod W&S	28,036,539	23,868,164	-	23,868,164	1,096,799	3,071,575
70	Transmission Related (non-specific)	Trans W&S	5,362,257	3,291,418	-	3,291,418	2,065,708	5,131
71	Distribution/Customer Related (non-specific)	Retail	44,335,065	44,335,065	-	44,335,065	-	-
72	Total Net Plant General & Intangible Plant - PNM		135,905,796	117,949,646	20,654	117,970,301	12,934,125	5,001,371
73								
74	Total Net Plant		3,220,836,334	2,634,852,166	165,143,467	2,799,995,633	255,022,300	165,818,401

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded	
75									
76	<b>Accumulated Deferred Income Taxes</b>								
77	Injury & Damages	MDC	Total W&S	4,252,263	3,705,743	-	3,705,743	196,793	349,727
78	Deferred PV Gain	MDC	FERC	160,161	-	-	-	160,161	-
79	Alvarado Square Lease	MDC	Retail	(1,347,249)	(1,347,249)	-	(1,347,249)	-	-
80	Deferred Coal Costs	MDC	Retail	(41,476)	(41,476)	-	(41,476)	-	-
81	Renewable NOL ADIT		Direct Assignment	-	-	-	-	-	-
82	Palo Verde Construction Credits 1 & 2	MDC	Retail	70,865	70,865	-	70,865	-	-
83	Pension Prepaid Tax Qualified	MDC	Total W&S	(61,939,277)	(53,939,345)	-	(53,939,345)	(2,864,437)	(5,090,496)
84	Pension Prepaid Tax AMPP	MDC	Total W&S	2,520,669	2,196,701	-	2,196,701	116,655	207,312
85	Eastern Interconnect Project Prepaid Tax	MDC	Trans Dmd	-	-	-	-	-	-
86	LXP Policy Write-offs	190	Retail	957,131	957,131	-	957,131	-	-
87	Capitalized Interest	190	Total Net Plt	22,774,966	19,638,318	-	19,638,318	1,900,755	1,235,893
88	Palo Verde Dry Cask Storage PV 1 & 2	MDC	Gen Dmd	-	-	-	-	-	-
89	Palo Verde Dry Cask Storage PV 3	MDC	Excluded	-	-	-	-	-	-
90	Contributions In Aid of Construction	190	Retail	34,706,688	34,706,688	-	34,706,688	-	-
91	Palo Verde Prudence Amortization 1&2	MDC	Retail	-	-	-	-	-	-
92	Coal Mine Decommissioning	MDC	Retail	(2,996,647)	(2,996,647)	-	(2,996,647)	-	-
93	Pollution Control Facilities	281	FERC	(956,498)	-	-	-	(956,498)	-
94	FERC Customer Depreciation	282	FERC Transmission	1,329,392	-	-	-	1,329,392	-
95	Renewable ADIT		Direct Assignment	(51,615,384)	(8,410,423)	(42,764,637)	(51,175,059)	(369,641)	(70,684)
96	Liberalized Depreciation - Other	282	G& Plt	(40,933,129)	(35,524,961)	(6,221)	(35,531,182)	(3,895,597)	(1,506,350)
97	Liberalized Depreciation - Generation	282	Gen Dmd	(379,413,215)	(363,439,919)	-	(363,439,919)	(15,973,296)	-
98	Liberalized Depreciation - Distribution	282	Retail	(184,017,277)	(184,017,277)	-	(184,017,277)	-	-
99	Liberalized Depreciation - Transmission	282	Trans Dmd	(78,994,154)	(48,534,008)	-	(48,534,008)	(30,460,146)	-
100	Palo Verde 3 Liberalized Depreciation	282	Excluded	(66,110,993)	-	-	-	-	(66,110,993)
101	Palo Verde Start-Up Amortization	282	FERC	250,026	-	-	-	250,026	-
102	Nuclear Fuel Amortization PV 1&2	282	Energy	11,510,647	10,962,372	-	10,962,372	548,275	-
103	Nuclear Fuel Amortization PV 3	282	Excluded	4,992,248	-	-	-	-	4,992,248
104	Debt AFUDC	282	Total Net Plt	(22,955,942)	(19,794,369)	-	(19,794,369)	(1,915,859)	(1,245,713)
105	Pre-1981 Repair Allowance	282	Gen Dmd	(22,138,422)	(21,206,394)	-	(21,206,394)	(932,028)	-
106	Palo Verde Licensing Amortization	282	PV	(4,570,234)	(2,901,843)	-	(2,901,843)	(145,132)	(1,523,259)
107	Asset Retirement Obligation	MDC	Gen Dmd	6,818,691	6,531,624	-	6,531,624	287,067	-
108	Afton Writedown	282	Gen Dmd	7,914,712	7,581,503	-	7,581,503	333,209	-
109	Loss on Reacquired Debt	MDC	Retail	(3,097,871)	(3,097,871)	-	(3,097,871)	-	-
110	Book Capitalized Interest	283	Total Net Plt	(7,041,923)	(6,072,085)	-	(6,072,085)	(587,705)	(382,133)
111	Prepaid Expenses	283	Gen Dmd	(3,683,436)	(3,528,363)	-	(3,528,363)	(155,073)	-
112	Net Operating Loss NOL	190	Total Net Plt	29,793,283	25,690,048	-	25,690,048	2,486,491	1,616,744
113	Deferred Federal Tax Credits	190	Energy	4,549,612	4,332,905	-	4,332,905	216,707	-
114	PCB Refinancing	MDC	Retail	(6,021,102)	(6,021,102)	-	(6,021,102)	-	-
115	LVGS Decommission	MDC	Retail	365,672	-	-	365,672	-	-
116	Deferred NM AETC	MDC	Renewables	1,485,577	-	1,485,577	1,485,577	-	-
117	Rate Case Expenses	MDC	Retail	(601,359)	(601,359)	-	(601,359)	-	-
118	TOU	MDC	Retail	(88,335)	(88,335)	-	(88,335)	-	-
119	DOE Refund	MDC	Retail	1,875,176	1,875,176	-	1,875,176	-	-
120	Total Accumulated Deferred Income Taxes			(802,191,144)	(642,948,281)	(41,285,280)	(684,233,561)	(50,429,880)	(67,527,703)
121									

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
122	<b>Regulatory Assets &amp; Liabilities</b>							
123								
124	Coal Mine Decommissioning-Surface	182	Retail	7,534,489	7,534,489	-	7,534,489	-
125	PV 1&2 Prudence Audit	254	Retail	-	-	-	-	-
126	PV 1&2 Combustion Engineering	254	Retail	(177,632)	(177,632)	-	(177,632)	-
127	Palo Verde DOE Spent Fuel Refund	254	Retail	(4,755,989)	(4,755,989)	-	(4,755,989)	-
128	Deferred Coal Costs	182	Retail	97,395	97,395	-	97,395	-
129	Reg Asset LVGS Decommission	182	Retail	204,488	204,488	-	204,488	-
130	Reg Liab LVGS Decommission	254	Retail	(1,125,322)	(1,125,322)	-	(1,125,322)	-
131	PCB Refinancing Hedge	182	Retail	15,192,433	15,192,433	-	15,192,433	-
132	Reg Liab Renewables Fed Grant	254	Renewables	(19,369,711)	-	(19,369,711)	(19,369,711)	-
133	Reg Liab Renewables St Credit	254	Renewables	(3,748,681)	-	(3,748,681)	(3,748,681)	-
134	Alvarado Square Lease	182	Retail	3,451,353	3,451,353	-	3,451,353	-
135	ARO Liability	254	Gen Dmd	(892,745)	(855,160)	-	(855,160)	(37,585)
136	TOU Regulatory Asset	182	Retail	225,000	225,000	-	225,000	-
137				-	-	-	-	-
138	Total Regulatory Assets & Liabilities			(3,364,922)	19,791,055	(23,118,392)	(3,327,337)	(37,585)
139								
140	<b>Other Rate Base Items</b>							
141								
142	Customer Deposits	235	Retail	(13,669,616)	(13,669,616)	-	(13,669,616)	-
143	RWIP-Production	108	Gen Dmd	-	-	-	-	-
144	RWIP-Transmission	108	Trans Dmd	-	-	-	-	-
145	RWIP-Distribution	108	Retail	-	-	-	-	-
146	RWIP-PV 3	108	Excluded	-	-	-	-	-
147	ARO Liability - Production	230	Gen Dmd	(14,703,892)	(14,084,858)	-	(14,084,858)	(619,034)
148	ARO Liability - Transmission	230	Trans Dmd	-	-	-	-	-
149	ARO Liability - Distribution	230	Retail	(1,656,844)	(1,656,844)	-	(1,656,844)	-
150	ARO Liability - PV 3	230	Excluded	-	-	-	-	-
151	Injuries and Damages PNM	228	Total W&S	(10,740,749)	(9,360,300)	-	(9,360,300)	(497,077)
152	AMPP - Expense in Excess of Funding		Total W&S	(6,360,553)	(5,543,066)	-	(5,543,066)	(294,363)
153	PV 1&2 Dry Cask Storage		Gen Dmd	-	-	-	-	-
154	PV 3 Dry Cask Storage		Excluded	-	-	-	-	-
155	PV 1&2 Excess Gain Amortization	253	FERC	(401,894)	-	-	-	(401,894)
156	NMITC Renewable Credit Solar	253	Renewables	-	-	-	-	-
157	High Lonesome Mesa -	253	Excluded	(12,788,967)	-	-	-	(12,788,967)
158	Unamortized Gain on EIP	253	Trans Dmd	-	-	-	-	-
159	CWIP - Production	107	Gen Dmd	-	-	-	-	-
160	CWIP - Transmission	107	Trans Dmd	-	-	-	-	-
161	CWIP - Distribution	107	Retail	-	-	-	-	-
162	CWIP - PV 3	107	Excluded	-	-	-	-	-
163	CWIP - Renewables	107	Renewables	-	-	-	-	-
164	CWIP - Production Related	107	Prod Plt	-	-	-	-	-
165	Pueblos Transmission Rights-of-Way	186	Trans Dmd	63,320,726	38,904,254	-	38,904,254	24,416,472
166	Pueblos Distribution Rights-of-Way	186	Retail	2,854,762	2,854,762	-	2,854,762	-
167	EIP Acquisition Adjustment	114	Trans Dmd	5,566,702	3,420,181	-	3,420,181	2,146,520
168	PV 1&2 Acquisition Adjustment	114	Gen Dmd	3,028,128	2,900,644	-	2,900,644	127,484
169	Prepaid Pension Asset		Total W&S	156,351,600	136,256,585	-	136,256,585	7,235,875
170	Unamortized Loss on Reacquired Debt	189	Retail	7,816,489	7,816,489	-	7,816,489	-
171	Rate Case Expense	186	Retail	1,524,454	1,524,454	-	1,524,454	-
172	PV 2 Lease Acquisition Adjustment		Gen Dmd	57,794,535	55,361,385	-	55,361,385	2,433,150
173	Total Other Rate Base Items			237,934,880	204,724,070	-	204,724,070	34,547,134
174								(1,336,325)

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
175	<b>Working Capital</b>							
176								
177	<b>Fuel Stock</b>							
178	151	Energy	35,294,368	33,613,227	-	33,613,227	1,681,141	-
179	120	Energy	60,598,384	57,711,962	-	57,711,962	2,886,422	-
180	120	Excluded	24,398,372	-	-	-	-	24,398,372
181		Total Fuel Stock	120,291,124	91,325,188	-	91,325,188	4,567,564	24,398,372
182								
183	<b>Materials &amp; Supplies</b>							
184	154	Gen Dmd	27,207,755	26,062,308	-	26,062,308	1,145,446	-
185	154	Trans Plt	947,480	563,724	-	563,724	340,993	42,763
186	154	Retail	5,354,624	5,354,624	-	5,354,624	-	-
187	154	Excluded	5,600,520	-	-	-	-	5,600,520
188		Total Materials & Supplies	39,110,378	31,980,656	-	31,980,656	1,486,439	5,643,283
189								
190	<b>Prepayments</b>							
191	165	Gen Dmd	41,984,391	40,216,848	-	40,216,848	1,767,543	-
192	165	Trans Plt	8,279,100	4,925,832	-	4,925,832	2,979,603	373,664
193	165	Retail	2,798,062	2,798,062	-	2,798,062	-	-
194	165	Direct Assignment	22,604	-	22,604	22,604	-	-
195	165	Excluded	1,222,440	-	-	-	-	1,222,440
196		Total Prepayments	54,306,598	47,940,743	22,604	47,963,347	4,747,146	1,596,104
197								
198		Total Cash Working Capital	94,829	94,829	-	94,829	-	-
199								
200		Total Working Capital	213,802,929	171,341,417	22,604	171,364,021	10,801,149	31,637,759
201								
202		Total Rate Base Adjustments & Working Capital	(353,818,257)	(247,091,739)	(64,381,068)	(311,472,807)	(5,119,181)	(37,226,268)
203								
204		Total Net Original Cost Rate Base	2,867,018,077	2,387,760,427	100,762,398	2,488,522,826	249,903,119	128,592,133

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
205								
206	Operations and Maintenance Expense							
207								
208	Production Fuel related expenses							
209								
210	Production - Base Fuel Related							
211	501		201,409,428	191,822,339	-	191,822,339	9,587,089	(0)
212	501		11,562,066	11,011,712	-	11,011,712	550,354	(0)
213	518		26,624,672	16,904,004	-	16,904,004	844,002	8,876,666
214	518		984,905	625,316	-	625,316	31,221	328,367
215	547		29,822,539	28,402,986	-	28,402,986	1,419,553	(0)
216	547		-	-	-	-	-	-
217	555		14,851,885	14,851,885	-	14,851,885	-	-
218	555		-	-	-	-	-	-
219	555		9,057,478	2,642,367	-	2,642,367	2,889,908	3,525,202
220	555		1,080,400	1,028,973	-	1,028,973	51,427	-
221			295,393,373	267,289,583	-	267,289,583	15,373,555	12,730,235
222								
223	447		(56,084,426)	(49,029,837)	-	(49,029,837)	(2,531,376)	(4,523,213)
224			(40,650,471)	-	-	-	-	(40,650,471)
225			-	-	-	-	-	-
226	456.1		-	-	-	-	-	-
227			-	-	-	-	-	-
228			(96,734,897)	(49,029,837)	-	(49,029,837)	(2,531,376)	(45,173,684)
229								
230			198,658,476	218,259,746	-	218,259,746	12,842,179	(32,443,449)
231								
232	Production - Non Fuel Items							
233	501	Energy	-	-	-	-	-	-
234	518	Energy	-	-	-	-	-	-
235	547	Energy	12,322,157	11,735,228	-	11,735,228	586,929	-
236	555	Gen Dmd	-	-	-	-	-	-
237	555	Gen Dmd	19,513,800	18,692,269	-	18,692,269	821,531	-
238	555	Retail	-	-	-	-	-	-
239			-	-	-	-	-	-
240		Excluded	4,329,424	-	-	-	-	4,329,424
241	555	Renewables	21,475,763	-	21,475,763	21,475,763	-	-
242			-	-	-	-	-	-
243		FERC	384,050	-	-	-	384,050	-
244	501.15	Retail	7,540,696	7,540,696	-	7,540,696	-	-
245	501.15	Excluded	1,056,461	-	-	-	-	1,056,461
246	501.15	FERC	129,764	-	-	-	129,764	-
247		FERC	-	-	-	-	-	-
248		Gen Dmd	-	-	-	-	-	-
249		Gen Dmd	180,000	172,422	-	172,422	7,578	-
250			66,932,115	38,140,615	21,475,763	59,616,378	1,929,852	5,385,885
251								
252			265,590,590	256,400,361	21,475,763	277,876,124	14,772,031	(27,057,565)
253								

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded	
254	<u>O&amp;M</u>								
255	<u>Steam Production</u>								
256	Oper-Sup & Eng-Prod	500	Gen Dmd	5,627,870	5,390,937	-	5,390,937	236,933	-
257	Oper-Steam Expense-Major	502	Gen Dmd	13,980,366	13,391,792	-	13,391,792	588,573	-
258	Oper-Electric Exp-Major	505	Gen Dmd	5,563,863	5,329,625	-	5,329,625	234,239	-
259	Oper-Misc Steam Power Exp	506	Gen Dmd	3,983,428	3,815,726	-	3,815,726	167,702	-
260	Oper-Rents-Steam Power	507	Gen Dmd	162,936	156,076	-	156,076	6,860	-
261	Maint-Sup & Eng-Steam	510	Energy	4,012,201	3,821,092	-	3,821,092	191,109	-
262	Maint-Sup & Eng-Steam - Renewables	510	Renewables O&M	-	-	-	-	-	-
263	Maint-Structures-Steam	511	Gen Dmd	3,837,561	3,676,000	-	3,676,000	161,561	-
264	Maint-Boiler Plant	512	Energy	18,976,954	18,073,044	-	18,073,044	903,910	-
265	Maint-Electric Plant	513	Energy	4,814,057	4,584,754	-	4,584,754	229,303	-
266	Maint-Gen & Elec Plant	514	Gen Dmd	4,045,192	3,874,889	-	3,874,889	170,303	-
267	<u>Nuclear Production</u>								
268	Oper-Sup & Eng-Nuclear	517	Gen Dmd	5,676,152	5,437,186	-	5,437,186	238,966	-
269	Oper-Coolants and Water	519	Gen Dmd	2,771,498	2,654,818	-	2,654,818	116,680	-
270	Oper-Steam Expenses-Nuclear	520	Gen Dmd	2,397,071	2,296,155	-	2,296,155	100,917	-
271	Oper-Electric Exp	523	Gen Dmd	2,108,791	2,020,011	-	2,020,011	88,780	-
272	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	Gen Dmd	7,563,610	7,245,182	-	7,245,182	318,428	-
273	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	Retail	(2,498,745)	(2,498,745)	-	(2,498,745)	-	-
274	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortizati	525	Gen Dmd	21,308,093	20,411,022	-	20,411,022	897,071	-
275	Oper-Rents-Nuclear - PV 1&2 CE Credit	525	Retail	(5,427)	(5,427)	-	(5,427)	-	-
276	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525	FERC	(57,670)	-	-	-	(57,670)	-
277	Maint-Sup & Eng-Nuclear	528	Energy	1,908,971	1,818,043	-	1,818,043	90,928	-
278	Maint-Structures-Major	529	Gen Dmd	490,506	469,856	-	469,856	20,650	-
279	Maint-Reactor Plant	530	Energy	3,389,127	3,227,696	-	3,227,696	161,431	-
280	Maint-Elec Plant	531	Energy	3,673,647	3,498,663	-	3,498,663	174,983	-
281	Maint-Misc Nuclear Plant	532	Gen Dmd	799,312	765,661	-	765,661	33,651	-
282	Palo Verde 3 - Nuclear Production, FERC 517,519-532,	517,519-532	Excluded	16,319,425	-	-	-	-	16,319,425
283	<u>Other Production</u>								
284	Oper-Sup & Eng-Other	546	Energy	4,313,246	4,107,798	-	4,107,798	205,449	-
285	Oper-Sup & Eng-Other - Renewables	546	Renewables O&M	-	-	-	-	-	-
286	Oper-Oth Pwr Gen Exp-Other	549	Energy	-	-	-	-	-	-
287	Oper-Oth Pwr Gen Exp-Other - Renewables	549	Renewables O&M	8,486	3,157	5,210	8,367	-	118
288	Maint - Structures	552	Gen Dmd	1,028,127	984,843	-	984,843	43,284	-
289	Maint-Gen & Elec Plant	553	Energy	7,349,505	6,999,434	-	6,999,434	350,072	-
290	Maint-Gen & Elec Plant - Renewables	553	Renewables O&M	1,732,318	644,584	1,063,563	1,708,147	-	24,172
291	Maint-Gen & Elec Plant	556	Gen Dmd	3,852,368	3,690,183	-	3,690,183	162,185	-
292	Maint-Gen & Elec Plant - Renewables	556	Renewables O&M	55,409	20,617	34,019	54,636	-	773
293	Total Production O&M			149,188,249	125,904,671	1,102,792	127,007,463	5,836,298	16,344,489
294									

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	FERC		Adjusted Test Period	PNM Retail		PNM Electric Retail	Total FERC	Excluded	
	Account	Allocator	PNM	Jurisdiction	Renewables	Jurisdiction	Jurisdiction		
295	<u>Transmission O&amp;M (560-574, excluding 565):</u>								
296	Oper-Sup & Eng-ETrans	560	Trans Dmd	1,767,330	1,085,848	-	1,085,848	681,483	-
297	Oper-Load Dispatch-ETrans	561	Trans Dmd	1,028,627	631,988	-	631,988	396,639	-
298	Oper-Station Exp-ETrans	562	Trans Dmd	641,356	394,049	-	394,049	247,307	-
299	Oper-Overhead Lines-ETrans	563	Trans Dmd	102,469	62,957	-	62,957	39,512	-
300	Oper-Undergrd Line-ETrans	564	Trans Dmd	-	-	-	-	-	-
301	Oper-Misc Transmission-E	566	Trans Dmd	2,994,528	1,839,838	-	1,839,838	1,154,690	-
302	Oper-Rents-Transmission-E	567	Trans Dmd	11,041,549	6,783,928	-	6,783,928	4,257,621	-
303	Maint Sup & Eng-ETrans	568	Trans Dmd	20	12	-	12	8	-
304	Maint-Structures-ETrans	569	Trans Dmd	770	473	-	473	297	-
305	Maint-Sta Equip-ETrans	570	Trans Dmd	3,052,752	1,875,611	-	1,875,611	1,177,141	-
306	Maint-Overhead Lns-ETrans	571	Trans Dmd	531,231	326,388	-	326,388	204,842	-
307	Maint-Und Lines-ETrans	572	Trans Dmd	1,220	749	-	749	470	-
308	Maint-Misc Trans Plt-Maj-E	573	Trans Dmd	-	-	-	-	-	-
309	Maint-Trans Plant-NonMaj-E	574	Trans Dmd	33,428	20,538	-	20,538	12,890	-
310	HLM - Transmission O&M	560-564.564	Excluded	20,300	-	-	-	-	20,300
311	Total Transmission O&M, excluding FERC 565			21,215,580	13,022,380	-	13,022,380	8,172,900	20,300
312									
313	<u>Transmission O&amp;M by Others (565):</u>								
314	Owned Generation Wheeling	565	Gen Dmd	8,641,569	8,277,759	-	8,277,759	363,810	-
315	PV 3 Wheeling	565	Excluded	201,313	-	-	-	-	201,313
316	Retail Wheeling	565	Retail	1,970,180	1,970,180	-	1,970,180	-	-
317	FERC Wholesale Customer Wheeling	565	FERC	2,426,708	-	-	-	2,426,708	-
318	WAPA Swap	565	Gen Dmd	2,350,702	2,251,738	-	2,251,738	98,965	-
319	Transmission by Others	565	Gen Dmd	3,775,270	3,616,331	-	3,616,331	158,939	-
320	Total Transmission by Others, FERC 565			19,365,742	16,116,008	-	16,116,008	3,048,421	201,313
321									
322	Total Transmission O&M			40,581,322	29,138,388	-	29,138,388	11,221,321	221,613
323									



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	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
324	<u>Total Dist O&amp;M (580-598)</u>							
325								
326	<u>PNM Street &amp; Private Lighting</u>							
327	585	Retail	33,884	33,884	-	33,884	-	-
328	587	Retail	-	-	-	-	-	-
329	596	Retail	1,015,828	1,015,828	-	1,015,828	-	-
330	Total Street and Private Lighting		1,049,712	1,049,712	-	1,049,712	-	-
331								
332	<u>PNM Meters</u>							
333	586	Retail	3,088,312	3,088,312	-	3,088,312	-	-
334	597	Retail	355,841	355,841	-	355,841	-	-
335	Total Meters		3,444,153	3,444,153	-	3,444,153	-	-
336								
337	<u>All Other Distribution O&amp;M</u>							
338	580	Retail	2,930,008	2,930,008	-	2,930,008	-	-
339	581	Retail	-	-	-	-	-	-
340	582	Retail	242,656	242,656	-	242,656	-	-
341	583	Retail	1,909,293	1,909,293	-	1,909,293	-	-
342	584	Retail	516,135	516,135	-	516,135	-	-
343	584	Renewables	458,018	-	458,018	458,018	-	-
344	588	Retail	6,459,026	6,459,026	-	6,459,026	-	-
345	589	Retail	206,079	206,079	-	206,079	-	-
346	590	Retail	995,182	995,182	-	995,182	-	-
347	591	Retail	64,281	64,281	-	64,281	-	-
348	592	Retail	1,236,974	1,236,974	-	1,236,974	-	-
349	593	Retail	2,669,022	2,669,022	-	2,669,022	-	-
350	594	Retail	1,381,583	1,381,583	-	1,381,583	-	-
351	595	Retail	723	723	-	723	-	-
352	598	Retail	573,156	573,156	-	573,156	-	-
353	Total Other Distribution O&M		19,642,136	19,184,118	458,018	19,642,136	-	-
354								
355	Total Distribution O&M		24,136,002	23,677,984	458,018	24,136,002	-	-
356								
357	<u>Customer Related O&amp;M</u>							
358								
359	<u>PNM Related Customer Accounts Exp</u>							
360	901	Retail	167,243	167,243	-	167,243	-	-
361	902	Retail	4,636,830	4,636,830	-	4,636,830	-	-
362	903	Retail	7,702,657	7,702,657	-	7,702,657	-	-
363	904	Retail	3,631,364	3,631,364	-	3,631,364	-	-
364	905	Retail	(56,750)	(56,750)	-	(56,750)	-	-
365	906	Retail	8,052	8,052	-	8,052	-	-
366	907	Retail	1,084	1,084	-	1,084	-	-
367	908	Retail	760,811	760,811	-	760,811	-	-
368	909	Retail	-	-	-	-	-	-
369	910	Retail	-	-	-	-	-	-
370	912	Retail	24,753	24,753	-	24,753	-	-
371	912	Sales	4,701,781	3,970,654	-	3,970,654	206,408	524,249
372	913	Retail	-	-	-	-	-	-
373	917	Retail	-	-	-	-	-	-
374								
375	Total Customer Related O&M		21,577,825	20,846,698	-	20,846,698	206,408	524,249
376								

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	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded	
377	<u>Administrative &amp; General Expense</u>								
378									
379	Production - Admin and General Salaries	920	Prod W&S	(2,293,904)	(1,952,855)	-	(1,952,855)	(89,738)	(251,311)
380	Transmission - Admin and General Salaries	920	Trans W&S	185,169	113,659	-	113,659	71,333	177
381	Distribution - Admin and General Salaries	920	Retail	2,065,639	2,065,639	-	2,065,639	-	-
382	Production - AG Office Supplies Exp	921	Prod W&S	(785,447)	(668,670)	-	(668,670)	(30,727)	(86,051)
383	Transmission - AG Office Supplies Exp	921	Trans W&S	218,177	133,920	-	133,920	84,048	209
384	Distribution - AG Office Supplies Exp	921	Retail	1,344,920	1,344,920	-	1,344,920	-	-
385	A&G Charged to CWIP - Production	922	Prod W&S	(1,291,463)	(1,099,453)	-	(1,099,453)	(50,523)	(141,488)
386	A&G Charged to CWIP - Transmission	922	Trans W&S	(1,518,971)	(932,363)	-	(932,363)	(585,155)	(1,453)
387	A&G Charged to CWIP - Distribution	922	Retail	(4,288,987)	(4,288,987)	-	(4,288,987)	-	-
388	Production Related - Shared Services	9229	Prod W&S	26,105,487	22,224,214	-	22,224,214	1,021,256	2,860,016
389	Transmission Related - Shared Services	9229	Trans W&S	5,299,248	3,252,743	-	3,252,743	2,041,435	5,071
390	Distribution/Customer Related - Shared Services	9229	Retail	35,594,917	35,594,917	-	35,594,917	-	-
391	Production - Outside Services	923	Prod W&S	(420,405)	(357,901)	-	(357,901)	(16,446)	(46,058)
392	Transmission - Outside Services	923	Trans W&S	91,761	56,324	-	56,324	35,349	88
393	Distribution - Outside Services	923	Retail	1,683,973	1,683,973	-	1,683,973	-	-
394	Production - Property Insurance	924	Prod Plt	1,903,691	1,671,249	-	1,671,249	73,452	158,991
395	Transmission - Property Insurance	924	Trans Plt	132,937	79,094	-	79,094	47,843	6,000
396	Note Used								
397	Distribution - Property Insurance	924	Retail	222,902	222,902	-	222,902	-	-
398	Production - Injuries or Damages-Safety	925	Prod W&S	1,453,936	1,237,770	-	1,237,770	56,878	159,288
399	Transmission - Injuries or Damages-Safety	925	Trans W&S	200,573	123,114	-	123,114	77,267	192
400	Distribution - Injuries or Damages-Safety	925	Retail	2,223,705	2,223,705	-	2,223,705	-	-
401	Production - Empl Pension and Benefits	926	Prod W&S	7,655,119	6,516,983	-	6,516,983	299,471	838,665
402	Transmission - Empl Pension and Benefits	926	Trans W&S	1,021,300	626,886	-	626,886	393,436	977
403	Distribution - Empl Pension and Benefits	926	Retail	5,315,355	5,315,355	-	5,315,355	-	-
404	Production - Regulatory Commission Exp	928	Prod W&S	1,203,423	1,024,502	-	1,024,502	47,078	131,842
405	Transmission - Regulatory Commission Exp	928	Trans W&S	51,342	31,514	-	31,514	19,779	49
406	Distribution - Regulatory Commission Exp	928	Retail	510,908	510,908	-	510,908	-	-
407	Direct Assigned - FERC Generation	928	NEC	-	-	-	-	-	-
408	Direct Assigned - FERC Transmission	928	FERC Transmission	-	-	-	-	-	-
409	Production - Misc AG Expenses	930	Prod W&S	7,959,906	6,776,455	-	6,776,455	311,394	872,057
410	Transmission - Misc AG Expenses	930	Trans W&S	44,590	27,370	-	27,370	17,177	43
411	Distribution - Misc AG Expenses	930	Retail	680,008	680,008	-	680,008	-	-
412	Production - Rents-Cust	931	Prod W&S	-	-	-	-	-	-
413	Transmission - Rents-Cust	931	Trans W&S	155	95	-	95	60	0
414	Distribution - Rents-Cust	931	Retail	17,259	17,259	-	17,259	-	-
415	Production - Maint of General Plant	935	Prod W&S	(65,744)	(55,969)	-	(55,969)	(2,572)	(7,203)
416	Transmission - Maint of General Plant	935	Trans W&S	866,498	531,867	-	531,867	333,802	829
417	Distribution - Maint of General Plant	935	Retail	316,459	316,459	-	316,459	-	-
418	Renewables - A&G (920-935)	920-935	Renewables O&M	73,243	27,253	44,968	72,221	-	1,022
419	PV3 - A&G (920 - 935)	920-935	Excluded	6,095,205	-	-	-	-	6,095,205
420	Total Administrative & General Expense			99,872,882	85,074,859	44,968	85,119,827	4,155,899	10,597,157
421									
422	Total Operations & Maintenance Expense			402,288,395	322,783,215	23,081,540	345,864,755	23,349,778	33,073,392
423									

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	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
424	<b>Depreciation and Amortization Expense</b>							
425								
426	<u>Production Depreciation</u>							
427	Steam Production Plant	Gen Dmd	27,620,237	26,457,425	-	26,457,425	1,162,812	-
428	Nuclear Production Plant - Palo Verde 1 & 2	Gen Dmd	10,954,417	10,493,237	-	10,493,237	461,181	-
429	Nuclear Production Plant - Palo Verde 3	Excluded	4,965,411	-	-	-	-	4,965,411
430	Other Production Plant - Gas	Gen Dmd	12,916,227	12,372,454	-	12,372,454	543,773	-
431	Other Production Plant - Renewable	Direct Assignment	10,166,254	2,463,974	7,525,814	9,989,788	108,292	68,173
432	Total Production Depreciation Expense		66,622,546	51,787,089	7,525,814	59,312,903	2,276,059	5,033,584
433								
434	<u>Transmission Depreciation</u>							
435	Step-Up Transformers - Excluding PV3	Gen Dmd	325,513	311,809	-	311,809	13,704	-
436	Step-Up Transformers - PV3	Excluded	12,979	-	-	-	-	12,979
437	Transmission System Plant - Allocated	Trans Dmd	18,707,438	11,493,850	-	11,493,850	7,213,588	-
438	Transmission System Plant - PV 3	Excluded	315,900	-	-	-	-	315,900
439	Transmission System Plant - High Lonesome Mesa	Excluded	1,412,000	-	-	-	-	1,412,000
440	Transmission System Net Plant - Dedicated Retail	Retail	65,340	65,340	-	65,340	-	-
441	Transmission System Plant - Dedicated FERC	FERC	2,810	-	-	-	2,810	-
442	Total Transmission Depreciation		20,841,980	11,870,999	-	11,870,999	7,230,102	1,740,879
443								
444	<u>Distribution Depreciation</u>							
445	Distribution Substations Net Plant - Dedicated FERC	FERC	29,276	-	-	-	29,276	-
446	Distribution Substations Net Plant - PNM	Retail	5,780,185	5,780,185	-	5,780,185	-	-
447	Distribution Substations Net Plant - Renewables	Renewables	484,393	-	484,393	484,393	-	-
448	Primary Distribution System Net Plant - PNM	Retail	12,399,411	12,399,411	-	12,399,411	-	-
449	Primary Distribution System Net Plant - Renewables	Renewables	38,198	-	38,198	38,198	-	-
450	Secondary Distribution System Net Plant - PNM	Retail	11,424,805	11,424,805	-	11,424,805	-	-
451	Secondary Distribution System Net Plant - Renewables	Renewables	12,325	-	12,325	12,325	-	-
452	Services Net Plant - PNM	Retail	3,912,277	3,912,277	-	3,912,277	-	-
453	Meters Net Plant - PNM	Retail	2,534,992	2,534,992	-	2,534,992	-	-
454	Private Lighting - 371	Retail	47,519	47,519	-	47,519	-	-
455	Street Lighting - 373	Retail	681,980	681,980	-	681,980	-	-
456	Total Distribution Depreciation		37,345,361	36,781,168	534,917	37,316,085	29,276	-
457								
458	<u>General Depreciation</u>							
459	Production General & Intangible Net Plant	Gen Dmd	1,227,663	1,175,978	-	1,175,978	51,685	-
460	Transmission General & Intangible Net Plant	Trans Dmd	9,682	5,948	-	5,948	3,733	-
461	PV Unit 3 General & Intangible Net Plant	Excluded	535,588	-	-	-	-	535,588
462	Renewables General & Intangible Net Plant	Renewables	545	-	545	545	-	-
463	Bulk Power Operations	Prod W&S	349,950	297,921	-	297,921	13,690	38,339
464	Energy Management System Facilities	Gen/Trans Dmd	1,292,419	940,564	-	940,564	351,855	-
465	Other Division Offices/Customer Service	Retail	4,890,599	4,890,599	-	4,890,599	-	-
466	Communications - Transmission	Trans Dmd	2,265,648	1,392,014	-	1,392,014	873,634	-
467	Production Related (Shared Services)	Prod W&S	7,304,092	6,218,145	-	6,218,145	285,739	800,208
468	Transmission Related (Shared Services)	Trans W&S	1,444,565	886,691	-	886,691	556,491	1,382
469	Distribution/Customer Related (Shared Services)	Retail	11,361,370	11,361,370	-	11,361,370	-	-
470	Total General Depreciation		30,682,120	27,169,231	545	27,169,776	2,136,826	1,375,518
471								
472	Total Depreciation Expense		155,492,007	127,608,488	8,061,276	135,669,764	11,672,262	8,149,981

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	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
473								
474	<b>General Taxes</b>							
475								
476	<u>Property Taxes</u>							
477	<u>Production Property Taxes</u>							
478		Gen Dmd	6,825,305	6,537,960	-	6,537,960	287,345	-
479		Gen Dmd	1,259,021	1,206,016	-	1,206,016	53,005	-
480		Excluded	1,423,218	-	-	-	-	1,423,218
481		Gen Dmd	3,691,129	3,535,732	-	3,535,732	155,397	-
482		Renewables O&M	2,870,079	1,067,936	1,762,095	2,830,031	-	40,048
483			16,068,751	12,347,644	1,762,095	14,109,739	495,747	1,463,265
484								
485	<u>Transmission Property Taxes</u>							
486		Gen Dmd	75,543	72,363	-	72,363	3,180	-
487		Excluded	2,312	-	-	-	-	2,312
488		Trans Dmd	4,593,971	2,822,536	-	2,822,536	1,771,435	-
489		Excluded	40,949	-	-	-	-	40,949
490		Excluded	209,932	-	-	-	-	209,932
491		Retail	46,911	46,911	-	46,911	-	-
492		FERC	3,036	-	-	-	3,036	-
493			4,972,653	2,941,809	-	2,941,809	1,777,651	253,193
494								
495	<u>Distribution Property Taxes</u>							
496		FERC	16,322	-	-	-	16,322	-
497		Retail	1,627,927	1,627,927	-	1,627,927	-	-
498		Renewables	34,569	-	34,569	34,569	-	-
499		Retail	3,544,253	3,544,253	-	3,544,253	-	-
500		Renewables	17,397	-	17,397	17,397	-	-
501		Retail	2,255,529	2,255,529	-	2,255,529	-	-
502		Renewables	6,235	-	6,235	6,235	-	-
503		Retail	672,620	672,620	-	672,620	-	-
504		Retail	448,966	448,966	-	448,966	-	-
505		Retail	26,851	26,851	-	26,851	-	-
506		Retail	133,349	133,349	-	133,349	-	-
507			8,784,017	8,709,494	58,202	8,767,696	16,322	-
508								
509	<u>General Property Taxes</u>							
510		Gen Dmd	62,514	59,882	-	59,882	2,632	-
511		Trans Dmd	369	227	-	227	142	-
512		Excluded	18,059	-	-	-	-	18,059
513		Renewables	238	-	238	238	-	-
514		Prod W&S	31,795	27,068	-	27,068	1,244	3,483
515		Gen/Trans Dmd	60,249	43,847	-	43,847	16,403	-
516		Retail	281,421	281,421	-	281,421	-	-
517		Trans Dmd	251,298	154,398	-	154,398	96,901	-
518		Prod W&S	497,417	423,463	-	423,463	19,459	54,495
519		Trans W&S	98,220	60,289	-	60,289	37,838	94
520		Retail	801,102	801,102	-	801,102	-	-
521			2,102,681	1,851,695	238	1,851,933	174,618	76,131
522								
523								
524			31,928,103	25,850,642	1,820,534	27,671,176	2,464,337	1,792,589

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
525								
526	<u>Payroll Taxes</u>							
527		Prod W&S	2,852,180	2,428,128	-	2,428,128	111,578	312,474
528		Trans W&S	789,755	484,761	-	484,761	304,238	756
529		Dist W&S	3,021,543	3,021,543	-	3,021,543	-	-
530		Total Payroll Taxes	6,663,479	5,934,433	-	5,934,433	415,817	313,230
531								
532	<u>Other Taxes</u>							
533		Gen Dmd	-	-	-	-	-	-
534		Renewables O&M	159,001	59,163	97,619	156,782	-	2,219
535		Trans Dmd	-	-	-	-	-	-
536		Retail	5,520	5,520	-	5,520	-	-
537		Retail	-	-	-	-	-	-
538		Gen Dmd	-	-	-	-	-	-
539		PV	1,977,780	1,255,780	-	1,255,780	62,806	659,194
540		Trans Dmd	-	-	-	-	-	-
541		Gen Dmd	1,554,300	1,488,864	-	1,488,864	65,436	-
542		Trans Plt	873,696	519,825	-	519,825	314,438	39,433
543		Dist Plt	137,172	135,947	975	136,922	250	-
544		Total Other Taxes	4,707,469	3,465,098	98,594	3,563,693	442,931	700,846
545								
546		Total General Taxes	43,299,051	35,250,173	1,919,129	37,169,302	3,323,085	2,806,664
547								
548	<u>Other Allowable Expenses</u>							
549								
550	431	Retail	198,398	198,398	-	198,398	-	-
551	407.3	Retail	1,235,520	1,235,520	-	1,235,520	-	-
552	555	Renewables	2,013,082	-	2,013,082	2,013,082	-	-
553	419.0	Renewables	68,199	-	68,199	68,199	-	-
554	408.2	Retail	1,524,454	1,524,454	-	1,524,454	-	-
555	407	Retail	-	-	-	-	-	-
556	407	Renewables	(1,307,467)	-	(1,307,467)	(1,307,467)	-	-
557	403/411	Gen Dmd	8,047,204	7,708,417	-	7,708,417	338,787	-
558	403/411	Excluded	2,788,163	-	-	-	-	2,788,163
559	403/411	Retail	90,832	90,832	-	90,832	-	-
560		Gen Dmd	1,927,743	1,846,585	-	1,846,585	81,158	-
561		Trans Dmd	585,969	360,019	-	360,019	225,950	-
562		Gen Dmd	365,110	349,739	-	349,739	15,371	-
563		Retail	766,967	766,967	-	766,967	-	-
564	406	Retail	150,000	150,000	-	150,000	-	-
565	406	Retail	(750,215)	(750,215)	-	(750,215)	-	-
566	406	Retail	136,326	136,326	-	136,326	-	-
567								
568								
569								
570								
571								
572								
573								
574		Total Other Allowable Expenses	17,840,284	13,617,041	773,815	14,390,856	661,266	2,788,163
575								
576		Total Operating Expenses	817,578,213	717,518,663	33,835,759	751,354,422	51,848,570	14,374,750
577		(Excl Income & Revenue Related Taxes)						
578								

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
579								
580	Total Net Original Cost Rate Base		2,867,018,077	2,387,760,427	100,762,398	2,488,522,826	249,903,119	128,592,133
581	Weighted Cost of Capital		8.29%	8.29%	8.29%	8.29%	8.29%	8.29%
582	Return on Rate Base		237,675,799	197,945,339	8,353,203	206,298,542	20,716,969	10,660,288
583								
584	<b>Federal Income Tax</b>							
585	<u>Return Adjustments</u>							
586	Interest on Long Term Debt	MDC	(87,730,753)	(73,065,469)	(3,083,329)	(76,148,799)	(7,647,035)	(3,934,919)
587								
588	<u>Tax/Book Adjustments</u>							
589	Domestic Production Activity Deduction	Prod Plt	(1,438,021)	(1,262,437)	-	(1,262,437)	(55,485)	(120,099)
590	Non-deductible Meals	Total Net Plt	299,920	258,614	-	258,614	25,031	16,275
591	Eastern Interconnect Project	Trans Dmd	-	-	-	-	-	-
592	Palo Verde 1 & 2 Gain Amort Flow Through	FERC	(157,956)	-	-	-	(157,956)	-
593	Palo Verde 1 & 2 Prudence Audit Flow Through	Retail	-	-	-	-	-	-
594	AFUDC Equity Flow Through	Gen Dmd	-	-	-	-	-	-
595	AFUDC Equity Flow Through - Renewables	Renewables	-	-	-	-	-	-
596	Federal Grant Amortization - Renewables	Renewables	(1,113,432)	-	(1,113,432)	(1,113,432)	-	-
597	Federal Grant Basis Adj - Renewables	Renewables	556,716	-	556,716	556,716	-	-
598	Gain/Loss Flow Through	Retail	-	-	-	-	-	-
599	ACRS Flow Through	Retail	2,102,801	2,102,801	-	2,102,801	-	-
600	San Juan ACRS Flow Through	Retail	342,346	342,346	-	342,346	-	-
601	Four Corners SO2 Reversal Flow Through	Retail	509,207	509,207	-	509,207	-	-
602	SL/GL Depreciation	Retail	(67,302)	(67,302)	-	(67,302)	-	-
603	Amortization of EIP Prepaid Tax Reversal	Trans Dmd	-	-	-	-	-	-
604	Total Tax/Book Adjustments		1,034,279	1,883,229	(556,716)	1,326,513	(188,410)	(103,824)
605								
606	Total Return Adjustments		(86,696,474)	(71,182,240)	(3,640,045)	(74,822,286)	(7,835,445)	(4,038,743)
607								
608	Net Taxable Equity Return		150,979,324	126,763,099	4,713,157	131,476,257	12,881,523	6,621,545
609								
610	<u>Federal Tax Adjustments</u>							
611								
612	<u>Net Provision For Deferred Income Tax</u>							
613	Excess Payroll Tax Reversal	Total W&S	(24,446)	(21,304)	-	(21,304)	(1,131)	(2,011)
614	ARAM Deferred Tax Reversal	Total Net Plt	(160,908)	(138,747)	-	(138,747)	(13,429)	(8,732)
615	Total Provision For Deferred Income Tax		(185,354)	(160,051)	-	(160,051)	(14,560)	(10,742)
616								
617	<u>Investment Tax Credits</u>							
618	Palo Verde 1&2 Production ITC Amortization	Gen Dmd	(114,607)	(109,782)	-	(109,782)	(4,825)	-
619	Generation ITC Amortization	Gen Dmd	(185,950)	(178,122)	-	(178,122)	(7,828)	-
620	Renewables ITC Amortization	Renewables	(10,638)	-	(10,638)	(10,638)	-	-
621	PV Valley Transmission ITC Amortization	Trans Dmd	-	-	-	-	-	-
622	Research and Development Credit	PV	-	-	-	-	-	-
623	All Other ITC Amortization	Total Net Plt	(115,046)	(99,201)	-	(99,201)	(9,602)	(6,243)
624	Total Investment Tax Credit Amortization & R&D Credit		(426,241)	(387,105)	(10,638)	(397,743)	(22,255)	(6,243)
625								
626	Total Federal Tax Adjustments		(611,595)	(547,156)	(10,638)	(557,794)	(36,815)	(16,985)
627								
628	Adjusted Equity Return		150,367,729	126,215,943	4,702,519	130,918,462	12,844,708	6,604,559
629	Federal Tax Factor (0.35/(1-0.35))		53.8462%	53.8462%	53.8462%	53.8462%	53.8462%	53.8462%
630	Federal Income Tax		80,967,308	67,962,489	2,532,128	70,494,617	6,916,387	3,556,304
631	Add:							
632	Total Provision For Deferred Income Tax		(185,354)	(160,051)	-	(160,051)	(14,560)	(10,742)
633	EIP Amortization		-	-	-	-	-	-
634	Total Investment Tax Credit Amortization & R&D Credit		(426,241)	(387,105)	(10,638)	(397,743)	(22,255)	(6,243)
635								
636	Net Allowable Federal Income Tax		80,355,713	67,415,333	2,521,490	69,936,823	6,879,572	3,539,319
637								

PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
638	<b>State Income Tax</b>							
639								
640			237,675,799	197,945,339	8,353,203	206,298,542	20,716,969	10,660,288
641								
642			(87,730,753)	(73,065,469)	(3,083,329)	(76,148,799)	(7,647,035)	(3,934,919)
643			1,034,279	1,883,229	(556,716)	1,326,513	(188,410)	(103,824)
644			80,355,713	67,415,333	2,521,490	69,936,823	6,879,572	3,539,319
645		Renewables	(1,288,800)	-	(1,288,800)	(1,288,800)	-	-
646			230,046,238	194,178,432	5,945,847	200,124,279	19,761,095	10,160,863
647			6.6000%	6.6000%	6.6000%	6.6000%	6.6000%	6.6000%
648			15,183,052	12,815,776	392,426	13,208,202	1,304,232	670,617
649								
650		Renewables	(1,288,800)	-	(1,288,800)	(1,288,800)	-	-
651			13,894,252	12,815,776	(896,374)	11,919,402	1,304,232	670,617
652								
653								
654			237,675,799	197,945,339	8,353,203	206,298,542	20,716,969	10,660,288
655								
656			817,578,213	717,518,663	33,835,759	751,354,422	51,848,570	14,374,750
657								
658								
659			80,355,713	67,415,333	2,521,490	69,936,823	6,879,572	3,539,319
660								
661			13,894,252	12,815,776	(896,374)	11,919,402	1,304,232	670,617
662								
663								
664	<b>Revenue Credits:</b>							
665	411	FERC	(4)	-	-	-	(4)	-
666	454	Trans PIt	(421,116)	(250,552)	-	(250,552)	(151,558)	(19,006)
667	454	Retail	(4,609,054)	(4,609,054)	-	(4,609,054)	-	-
668	451	Retail	(963,593)	(963,593)	-	(963,593)	-	-
669	451	Retail	(1,499,333)	(1,499,333)	-	(1,499,333)	-	-
670	456	Trans Dmd	(19,065)	(11,714)	-	(11,714)	(7,351)	-
671	456	Retail	(397,105)	(397,105)	-	(397,105)	-	-
672	456100	Gen Dmd	(2,258,139)	(2,163,072)	-	(2,163,072)	(95,068)	-
673	456100	Gen Dmd	(502,003)	(480,869)	-	(480,869)	(21,134)	-
674	456100	Gen Dmd	-	-	-	-	-	-
675	456100	Trans Dmd	(436,490)	(268,179)	-	(268,179)	(168,311)	-
676	456100	Trans Dmd wo NITS	(2,277,043)	(1,776,093)	-	(1,776,093)	(500,949)	-
677	456100	Trans Dmd	(36,375)	(22,349)	-	(22,349)	(14,026)	-
678		Retail	(4,813,422)	(4,813,422)	-	(4,813,422)	-	-
679		G&I PIt	(113,723)	(98,697)	(17)	(98,715)	(10,823)	(4,185)
680								
681								
682								
683								
684			(18,346,465)	(17,354,032)	(17)	(17,354,050)	(969,224)	(23,191)
685								
686			1,131,157,511	978,341,080	43,814,060	1,022,155,140	79,780,119	29,221,783
687								
688			0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%
689			5,752,762	4,975,579	222,826	5,198,405	405,740	148,614
690								

PNM Exhibit HEM - 2 COS TEST

	FERC		Adjusted Test Period	PNM Retail			PNM Electric Retail		Total FERC	Excluded
	Account	Allocator		PNM	Jurisdiction	Renewables	Jurisdiction	Jurisdiction		
691	NON-FUEL REVENUE REQUIREMENT		938,251,797	765,056,912	44,036,887	809,093,799	67,343,680	61,813,846		
692	FUEL REVENUE REQUIREMENT		198,658,476	218,259,746	-	218,259,746	12,842,179	(32,443,449)		
693	<b>TOTAL REVENUE REQUIREMENT</b>		<b>1,136,910,273</b>	<b>983,316,658</b>	<b>44,036,887</b>	<b>1,027,353,545</b>	<b>80,185,859</b>	<b>29,370,397</b>		
694										
695	<u>Weighted Cost of Capital</u>									
696	Long Term Debt		3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	
697	Preferred Stock		0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	
698	Common Stock		5.21%	5.21%	5.21%	5.21%	5.21%	5.21%	5.21%	
699	Total Weighted Cost of Capital		8.29%	8.29%	8.29%	8.29%	8.29%	8.29%	8.29%	
700										
701	Federal Income Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	
702										
703	Effective State Income Tax Rate		6.19%	6.19%	6.19%	6.19%	6.19%	6.19%	6.19%	
704										
705	I&S Fee Rate		0.509%	0.509%	0.509%	0.509%	0.509%	0.509%	0.509%	
706										
707	<u>Key Allocators</u>									
708										
709	Sales (MWh)		9,843,590	8,312,976	-	432,614	1,098,000			
710	Allocator	Sales	100.00%	84.45%	0.00%	4.39%	11.15%			
711										
712	<u>Wage and Salary Ratios</u>									
713	Production	Other Prod O&M	63.57%	56,534,306	48,128,983	0	2,211,642	6,193,680		
714		Prod W&S	100.00%	100.00%	85.13%	0.00%	3.91%	10.96%		
715	Transmission	Trans O&M	5.38%	4,780,642	2,934,416	0	1,841,652	4,574		
716		Trans W&S	100.00%	100.00%	61.38%	0.00%	38.52%	0.10%		
717	Distribution	Dist O&M	16.42%	14,604,122	14,604,122	0	0	0		
718		Dist W&S	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%		
719										
720	Total PTD		85.37%	75,919,070	65,667,521	0	4,053,294	6,198,255		
721	Allocator		100.00%	100.00%	86.50%	0.00%	5.34%	8.16%		
722										
723	Customer Accounting	CA O&M	8.96%	7,964,665	7,964,665	-	-	-		
724	Cust Service & Information	CS&I O&M	0.85%	759,932	759,932	-	-	-		
725	Sales	Sales O&M	4.82%	4,285,481	3,622,578	-	187,147	475,329		
726	Total PTDCAS		100.00%	88,929,147	78,014,696	-	4,240,868	6,673,583		
727	Allocator	PTDCAS	100.00%	100.00%	87.73%	0.00%	4.77%	7.50%		
728										
729	Administrative and General			26,838,097	22,873,618	-	1,116,784	2,847,695		
730										
731	Total Wages and Salaries			115,767,245	100,888,315	-	5,357,651	9,521,279		
732	Allocator	Total W&S	100.00%	100.00%	87.15%	0.00%	4.63%	8.22%		



PNM Exhibit HEM - 2 COS TEST

	FERC Account	Allocator	Adjusted Test Period PNM	PNM Retail Jurisdiction	Renewables	PNM Electric Retail Jurisdiction	Total FERC Jurisdiction	Excluded
733								
734	<u>Net Plant In Service Ratios</u>							
735								
736	Total Production Plant		1,660,359,933	1,457,628,405	-		64,063,217	138,668,310
737	Allocator	Prod Plt	100.00%	87.79%	0.00%		3.86%	8.35%
738								
739	Total Transmission Plant		490,739,058	291,976,001	-		176,614,337	22,148,720
740	Allocator	Trans Plt	100.00%	59.50%	0.00%		35.99%	4.51%
741								
742	Total Distribution Plant		774,212,790	767,298,113	5,504,055		1,410,621	-
743	Allocator	Dist Plt	100.00%	99.11%	0.71%		0.18%	0.00%
744								
745	Total General & Intangible Plant		135,905,796	117,949,646	20,654		12,934,125	5,001,371
746	Allocator	G&I Plt	100.00%	86.79%	0.02%		9.52%	3.68%
747								
748	Total Net Plant		3,055,692,867	2,634,852,166	-		255,022,300	165,818,401
749	Allocator	Total Net Plt	100.00%	86.23%	0.00%		8.35%	5.43%
750								
751	<u>Net Plant In Service Ratios</u>							
752	<u>Without Production Stations &amp; PV Valley Transmission</u>							
753								
754								
755	Production Plant without Excluded		1,660,359,933	1,457,628,405	-		64,063,217	138,668,310
756	Transmission Plant without Excluded		490,739,058	291,976,001	-		176,614,337	22,148,720
757	Distribution Plant		774,212,790	767,298,113	5,504,055		1,410,621	-
758	Total Net Plant Without Excluded Plant		2,925,311,781	2,516,902,520	5,504,055		242,088,175	160,817,031
759	Allocator	Net Plt w/o Excl	100.00%	86.04%	0.19%		8.28%	5.50%
760								
761	Generation Demand allocator		17,896,426	17,143,561	-		752,866	-
762		Gen Dmd	100.00%	95.79%	0.00%		4.21%	0.00%
763								
764	Energy allocator		9,379,374	8,932,614	-		446,761	-
765		Energy	100.00%	95.24%	0.00%		4.76%	0.00%
766								
767	Generation and Transmission Demand							
768		Gen/Trans Dmd	100.00%	72.78%	0.00%		27.22%	0.00%
769			2,488,541	1,528,853	-		959,688	-
770	Transmission Demand		100.00%	61.44%	0.00%		38.56%	0.00%
771								
772			1,960,014	1,528,853	-		431,161	-
773	Transmission Demand without Network		100.00%	78.00%	0.00%		22.00%	0.00%

Supporting Revenue Requirements Workpapers

# PNM Exhibit HEM-3

Is contained in the following 236 pages.

# **WP NP-1**

*Summary of Net Plant Base Period Adjustments*

WP NP - 1: Summary of Net Plant Base Period Adjustments

Line No.		A	B	C	D	Reference PNM Exhibit HEM-2 WP COS BASE ADJ,
		WP NP-2, Column O 13 month average	WP NP-3, Column N PV ARO	WP NP-4, Column N Shared Services assets	Total Adjustments to Base Period	
1	<b>Net Plant</b>					
2						
3	<b>Net Plant Production Plant</b>					
4						
5	Steam Production Net Plant	(6,159,891)			(6,159,891)	Line 5
6						
7	Nuclear Production Net Plant - Palo Verde 1 & 2	(4,253,112)	2,499,529		(1,753,583)	Line 7
8	Nuclear Production Net Plant - Palo Verde 3	(1,463,171)	689,593		(773,578)	Line 8
9	Total Nuclear Production Net Plant	(5,716,282)	3,189,122	-	(2,527,161)	Line 9
10						
11	Other Production Plant - Gas	3,322,173			3,322,173	Line 11
12	Other Production Plant - Renewable	(16,872,112)			(16,872,112)	Line 12
13	Total Other Production Net Plant	(13,549,939)	-	-	(13,549,939)	Line 13
14						
15	Total Net Plant Production Plant	(25,426,112)	3,189,122	-	(22,236,991)	Line 15
16						
17	<b>Net Plant Transmission Plant</b>					
18						
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	152,474			152,474	Line 19
20	Step-Up Transformers - PV3	37,906			37,906	Line 20
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	190,380	-	-	190,380	Line 21
22						
23	Transmission System Net Plant - Allocated	(26,053,999)			(26,053,999)	Line 23
24	Transmission System Net Plant - PV 3	(517,152)			(517,152)	Line 24
25	Transmission System Net Plant - High Lonesome Mesa	706,000			706,000	Line 25
26						
27	Transmission System Net Plant - Dedicated Retail	117,763			117,763	Line 26
28	Transmission System Net Plant - Dedicated FERC	14,843			14,843	Line 27
29	Total Transmission System Net Plant	(25,732,545)	-	-	(25,732,545)	Line 28
30						
31	Total Net Plant Transmission Plant	(25,542,165)	-	-	(25,542,165)	Line 30
32						
33						

PNM Exhibit HEM-3

WP NP - 1: Summary of Net Plant Base Period Adjustments

Line No.		A	B	C	D	Reference PNM Exhibit HEM-2 WP COS BASE ADJ,
		WP NP-2, Column O 13 month average	WP NP-3, Column N PV ARO	WP NP-4, Column N Shared Services assets	Total Adjustments to Base Period	
34	<u>Net Plant Distribution Plant</u>					
35						
36	Distribution Substations Net Plant - Dedicated FERC	499,918			499,918	Line 35
37	Distribution Substations Net Plant - PNM	(2,834,655)			(2,834,655)	Line 36
38	Distribution Substations Net Plant - Renewables	(99,581)			(99,581)	Line 37
39	Total Distribution Substations Net Plant	(2,434,318)	-	-	(2,434,318)	Line 38
40						
41	Primary Distribution System Net Plant - PNM	(10,930,792)			(10,930,792)	Line 40
42	Primary Distribution System Net Plant - Renewables	(72,876)			(72,876)	Line 41
43	Total Primary Distribution Net Plant	(11,003,668)	-	-	(11,003,668)	Line 42
44						
45	Secondary Distribution System Net Plant - PNM	(4,257,746)			(4,257,746)	Line 44
46	Secondary Distribution System Net Plant - Renewables	(68,558)			(68,558)	Line 45
47	Total Secondary Distribution Net Plant	(4,326,304)	-	-	(4,326,304)	Line 46
48						
49	Services Net Plant - PNM	(471,571)	-	-	(471,571)	Line 48
50						
51	Meters Net Plant - PNM	(1,506,324)	-	-	(1,506,324)	Line 50
52						
53	Private Lighting - 371	(10,090)	-	-	(10,090)	Line 52
54	Street Lighting - 373	(318,682)	-	-	(318,682)	Line 53
55	Total Lighting Net Plant	(328,772)	-	-	(328,772)	Line 54
56						
57	Total Net Plant Distribution Plant	(20,070,957)	-	-	(20,070,957)	Line 56
58						
59						
60	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>					
61						
62	Production General & Intangible Net Plant	(122,446)	-	-	(122,446)	Line 61
63	Transmission General & Intangible Net Plant	2,416	-	-	2,416	Line 62
64	PV Unit 3 General & Intangible Net Plant	44,423	-	-	44,423	Line 63
65	Renewables General & Intangible Net Plant	169,753	-	-	169,753	Line 64
66	Bulk Power Operations	147,486	-	-	147,486	Line 65
67	Energy Management System Facilities	572,848	-	-	572,848	Line 66
68	Other Division Offices/Customer Service	(719,483)	-	-	(719,483)	Line 67
69	Communications - Transmission	(1,854,856)	-	-	(1,854,856)	Line 68
70	Production Related (Shared Services)	-	-	23,380,907	23,380,907	Line 69
71	Transmission Related (Shared Services)	-	-	6,363,175	6,363,175	Line 70
72	Distribution/Customer Related (Shared Services)	-	-	37,815,853	37,815,853	Line 71
73	Total Net Plant General & Intangible Plant - PNM	(1,759,859)	-	67,559,935	65,800,076	Line 72
74						
75						
76	Total Net Plant	(72,799,094)	3,189,122	67,559,935	(2,050,037)	Line 74
77						

## **WP NP-2**

*Net Plant 13 month average, base and test*

Line No.		A 2013 June	B 2013 July	C 2013 August	D 2013 September	E 2013 October	F 2013 November	G 2013 December	H 2014 January	I 2014 February
1	<b>Net Plant</b>									
2										
3	<b>Net Plant Production Plant</b>									
4										
5	Steam Production Net Plant	658,140,864	661,722,887	669,605,157	672,434,791	673,196,632	673,715,198	679,068,501	677,883,911	678,335,423
6										
7	Nuclear Production Net Plant - Palo Verde 1 & 2	228,607,811	230,385,385	230,851,287	230,382,894	229,659,931	229,105,813	231,561,491	231,501,168	233,273,132
8	Nuclear Production Net Plant - Palo Verde 3	123,893,229	124,144,860	123,987,958	124,089,799	123,788,092	123,427,700	124,104,997	123,470,195	126,030,813
9	Total Nuclear Production Net Plant	352,501,040	354,530,244	354,839,245	354,472,693	353,448,023	352,533,514	355,666,488	354,971,363	359,303,945
10										
11	Other Production Plant - Gas	260,154,083	259,393,085	258,670,674	257,909,603	257,148,533	256,387,462	257,356,564	256,632,317	256,108,066
12	Other Production Plant - Renewable	85,260,657	84,971,774	84,682,889	84,394,005	99,468,683	112,241,981	130,143,216	129,802,450	128,753,049
13	Total Other Production Net Plant	345,414,740	344,364,859	343,353,563	342,303,609	356,617,216	368,629,443	387,499,780	386,434,767	384,861,115
14										
15	Total Net Plant Production Plant	1,356,056,643	1,360,617,990	1,367,797,964	1,369,211,092	1,383,261,871	1,394,878,154	1,422,234,769	1,419,290,041	1,422,500,483
16										
17	<b>Net Plant Transmission Plant</b>									
18										
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	8,613,005	8,584,413	8,557,143	8,529,847	8,502,586	8,475,669	8,467,760	8,441,130	8,414,467
20	Step-Up Transformers - PV3	292,430	291,636	290,674	289,713	288,751	287,789	286,827	285,866	284,904
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,905,435	8,876,049	8,847,817	8,819,559	8,791,337	8,763,458	8,754,588	8,726,996	8,699,371
22										
23	Transmission System Net Plant - Allocated	304,266,861	305,981,419	305,475,762	305,501,808	304,815,699	320,663,521	328,591,140	329,482,122	329,437,011
24	Transmission System Net Plant - PV 3	3,623,239	3,611,725	3,598,784	3,587,635	3,574,707	3,574,472	3,601,070	3,586,016	4,515,441
25	Transmission System Net Plant - High Lonesome Mesa	20,724,384	20,606,718	20,489,051	20,371,384	20,253,718	20,136,051	20,018,384	19,900,718	19,783,051
26	Transmission System Net Plant - Renewables	-	-	-	-	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,429,879	4,410,252	4,390,624	4,370,997	4,351,370	4,331,743	4,312,116	4,292,488	4,272,861
28	Transmission System Net Plant - Dedicated FERC	290,026	297,987	295,378	292,768	290,159	287,551	284,942	282,333	279,723
29	Total Transmission System Net Plant	333,334,388	334,908,100	334,249,600	334,124,593	333,285,652	348,993,338	356,807,652	357,543,677	358,288,087
30										
31	Total Net Plant Transmission Plant	342,239,823	343,784,149	343,097,417	342,944,153	342,076,989	357,756,796	365,562,239	366,270,672	366,987,458
32										
33										

Line No.	PNM Exhibit HEM-2 COS BASE ADJ, Column						WP NP-1, Column A
	Unadjusted Base Period PNM						
	J 2014 March	K 2014 April	L 2014 May	M 2014 June	N 13-Month Average Base Period	O 13-Month Average Adjustment	
1	<b>Net Plant</b>						
2							
3	<b>Net Plant Production Plant</b>						
4							
5	Steam Production Net Plant	679,347,272	678,525,523	680,003,054	680,171,483	674,011,592	(6,159,891)
6							
7	Nuclear Production Net Plant - Palo Verde 1 & 2	233,008,660	232,495,141	231,987,222	235,675,866	231,422,754	(4,253,112)
8	Nuclear Production Net Plant - Palo Verde 3	126,950,759	126,732,134	126,488,112	126,344,155	124,880,985	(1,463,171)
9	Total Nuclear Production Net Plant	359,959,419	359,227,276	358,475,334	362,020,021	356,303,739	(5,716,282)
10							
11	Other Production Plant - Gas	255,452,369	254,862,940	254,186,195	253,422,804	256,744,976	3,322,173
12	Other Production Plant - Renewable	127,957,845	129,665,323	129,249,482	128,827,401	111,955,289	(16,872,112)
13	Total Other Production Net Plant	383,410,214	384,528,264	383,435,677	382,250,204	368,700,265	(13,549,939)
14							
15	Total Net Plant Production Plant	1,422,716,906	1,422,281,062	1,421,914,065	1,424,441,709	1,399,015,596	(25,426,112)
16							
17	<b>Net Plant Transmission Plant</b>						
18							
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	8,387,756	8,360,942	8,334,051	8,307,217	8,459,691	152,474
20	Step-Up Transformers - PV3	236,923	236,120	235,317	234,514	272,420	37,906
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,624,679	8,597,062	8,569,368	8,541,731	8,732,111	190,380
22							
23	Transmission System Net Plant - Allocated	329,762,916	331,546,361	342,194,238	348,035,071	321,981,071	(26,053,999)
24	Transmission System Net Plant - PV 3	4,447,350	4,431,284	4,418,700	4,441,117	3,923,965	(517,152)
25	Transmission System Net Plant - High Lonesome Mesa	19,665,384	19,547,718	19,430,051	19,312,384	20,018,384	706,000
26	Transmission System Net Plant - Renewables	-	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,253,234	4,233,607	4,213,979	4,194,352	4,312,116	117,763
28	Transmission System Net Plant - Dedicated FERC	277,114	274,504	271,894	269,285	284,128	14,843
29	Total Transmission System Net Plant	358,405,999	360,033,473	370,528,863	376,252,209	350,519,664	(25,732,545)
30							
31	Total Net Plant Transmission Plant	367,030,677	368,630,534	379,098,231	384,793,940	359,251,775	(25,542,165)
32							
33							



Line No.		P 2014 July	Q 2014 August	R 2014 September	S 2014 October	T 2014 November	U 2014 December	V 2015 January	W 2015 February	X 2015 March
1	<b>Net Plant</b>									
2										
3	<b>Net Plant Production Plant</b>									
4										
5	Steam Production Net Plant	678,630,238	678,025,320	677,138,575	676,280,594	676,296,211	679,151,585	678,458,154	676,932,307	676,508,670
6										
7	Nuclear Production Net Plant - Palo Verde 1 & 2	237,510,322	237,438,745	238,729,826	240,056,231	240,845,079	247,817,806	247,288,344	246,823,837	246,360,977
8	Nuclear Production Net Plant - Palo Verde 3	126,373,467	126,098,038	126,567,010	127,111,149	126,829,514	129,371,136	129,008,692	128,678,545	128,387,645
9	Total Nuclear Production Net Plant	363,883,789	363,536,782	365,296,836	367,167,380	367,674,592	377,188,942	376,297,037	375,502,383	374,748,622
10										
11	Other Production Plant - Gas	288,117,430	287,909,456	287,068,669	286,944,823	287,392,901	290,383,635	289,492,151	293,799,508	292,897,361
12	Other Production Plant - Renewable	128,391,506	127,955,612	127,519,717	127,083,823	126,647,928	172,024,411	174,008,496	173,449,267	172,890,039
13	Total Other Production Net Plant	416,508,936	415,865,068	414,588,386	414,028,645	414,040,829	462,408,046	463,500,647	467,248,776	465,787,400
14										
15	Total Net Plant Production Plant	1,459,022,963	1,457,427,170	1,457,023,796	1,457,476,620	1,458,011,633	1,518,748,572	1,518,255,838	1,519,683,466	1,517,044,693
16										
17	<b>Net Plant Transmission Plant</b>									
18										
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	8,286,089	8,264,961	8,243,833	8,222,705	8,201,576	8,180,448	8,159,320	8,138,192	8,117,064
20	Step-Up Transformers - PV3	233,712	232,910	232,107	231,305	230,503	229,700	228,898	228,096	227,294
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,519,801	8,497,871	8,475,940	8,454,010	8,432,079	8,410,149	8,388,218	8,366,288	8,344,357
22										
23	Transmission System Net Plant - Allocated	348,371,009	352,224,310	353,002,627	352,304,559	359,305,501	376,166,229	383,176,343	384,915,132	386,531,158
24	Transmission System Net Plant - PV 3	4,425,674	4,410,231	4,394,788	4,379,345	4,363,902	4,348,459	4,327,327	4,306,195	4,285,062
25	Transmission System Net Plant - High Lonesome Mesa	19,257,905	19,203,426	19,148,947	19,094,468	19,039,989	18,985,510	18,931,031	18,876,552	18,822,073
26	Transmission System Net Plant - Renewables	-	-	-	-	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,188,907	4,183,462	4,178,017	4,172,572	4,167,127	4,161,682	4,156,237	4,150,792	4,145,347
28	Transmission System Net Plant - Dedicated FERC	269,051	268,817	268,583	268,348	268,114	267,880	267,646	267,412	267,178
29	Total Transmission System Net Plant	376,512,545	380,290,246	380,992,962	380,219,293	387,144,634	403,929,760	410,858,584	412,516,083	414,050,819
30										
31	Total Net Plant Transmission Plant	365,032,347	388,788,117	389,468,902	388,673,302	395,576,713	412,339,909	419,246,802	420,882,371	422,395,176
32										
33										

Line No.		Y 2015 April	Z 2015 May	AA 2015 June	AB 2015 July
1	<b>Net Plant</b>				
2					
3	<u>Net Plant Production Plant</u>				
4					
5	Steam Production Net Plant	705,658,633	706,303,120	707,288,981	706,272,799
6					
7	Nuclear Production Net Plant - Palo Verde 1 & 2	246,043,349	245,838,968	250,638,395	250,186,402
8	Nuclear Production Net Plant - Palo Verde 3	128,347,786	131,238,221	134,856,806	134,501,005
9	Total Nuclear Production Net Plant	374,391,135	377,077,189	385,495,200	384,687,407
10					
11	Other Production Plant - Gas	292,857,579	296,131,583	295,306,125	294,442,198
12	Other Production Plant - Renewable	172,330,811	171,771,583	171,212,354	170,653,126
13	Total Other Production Net Plant	465,188,390	467,903,165	466,518,480	465,095,324
14					
15	Total Net Plant Production Plant	1,545,238,158	1,551,283,475	1,559,302,661	1,556,055,529
16					
17	<u>Net Plant Transmission Plant</u>				
18					
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	8,095,936	8,074,808	8,054,476	8,034,192
20	Step-Up Transformers - PV3	226,491	225,689	224,887	224,085
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,322,427	8,300,497	8,279,363	8,258,277
22					
23	Transmission System Net Plant - Allocated	394,008,113	393,650,732	394,826,850	394,113,023
24	Transmission System Net Plant - PV 3	4,263,930	4,242,798	4,221,666	4,200,534
25	Transmission System Net Plant - High Lonesome Mesa	18,767,594	18,713,115	18,658,636	18,604,157
26	Transmission System Net Plant - Renewables	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,139,902	4,134,457	4,129,012	4,123,567
28	Transmission System Net Plant - Dedicated FERC	266,944	266,709	266,475	266,241
29	Total Transmission System Net Plant	421,446,483	421,007,812	422,102,639	421,307,522
30					
31	Total Net Plant Transmission Plant	429,768,910	429,308,308	430,382,002	429,565,799
32					
33					

Line No.		WP GT-2, Column A				
		AC	AD	AE	AF	AG
		2015 August	2015 September	2015 October	2015 November	2015 December
1	<b>Net Plant</b>					
2						
3	<u>Net Plant Production Plant</u>					
4						
5	Steam Production Net Plant	705,305,432	707,275,791	706,290,537	735,132,517	756,307,513
6						
7	Nuclear Production Net Plant - Palo Verde 1 & 2	249,935,386	249,813,855	249,806,588	252,853,958	256,942,979
8	Nuclear Production Net Plant - Palo Verde 3	134,244,181	133,963,856	133,732,106	134,383,014	135,463,897
9	Total Nuclear Production Net Plant	384,179,567	383,777,712	383,538,694	387,236,972	392,406,877
10						
11	Other Production Plant - Gas	293,708,453	292,789,382	292,375,771	291,564,992	346,656,740
12	Other Production Plant - Renewable	170,093,898	169,534,670	168,975,441	205,956,420	244,509,497
13	Total Other Production Net Plant	463,802,350	462,324,052	461,351,212	497,521,412	591,166,237
14						
15	Total Net Plant Production Plant	1,553,287,349	1,553,377,554	1,551,180,444	1,619,890,902	1,739,880,627
16						
17	<u>Net Plant Transmission Plant</u>					
18						
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	8,013,909	7,993,625	7,973,341	7,953,058	7,932,774
20	Step-Up Transformers - PV3	223,282	222,480	221,678	220,875	220,073
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,237,191	8,216,105	8,195,019	8,173,933	8,152,847
22						
23	Transmission System Net Plant - Allocated	396,428,355	397,147,104	415,223,387	414,729,470	417,805,836
24	Transmission System Net Plant - PV 3	4,179,401	4,158,269	4,137,137	4,116,005	4,094,873
25	Transmission System Net Plant - High Lonesome Mesa	18,549,678	18,495,199	18,440,720	18,386,241	18,331,762
26	Transmission System Net Plant - Renewables	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,118,122	4,112,677	4,107,232	4,101,787	4,096,342
28	Transmission System Net Plant - Dedicated FERC	266,007	265,773	265,539	265,305	265,070
29	Total Transmission System Net Plant	423,541,564	424,179,023	442,174,015	441,598,808	444,593,884
30						
31	Total Net Plant Transmission Plant	431,778,755	432,395,128	450,369,034	449,772,741	452,746,731
32						
33						

Line No.		AH 2016 January	AI 2016 February	AJ 2016 March	AK 2016 April	AL 2016 May	AM 2016 June	AN 2016 July	AO 2016 August	AP 2016 September
1	<b>Net Plant</b>									
2										
3	<b>Net Plant Production Plant</b>									
4										
5	Steam Production Net Plant	754,021,605	753,780,423	752,456,486	750,480,773	748,300,219	747,013,720	745,533,912	744,988,849	743,142,570
6										
7	Nuclear Production Net Plant - Palo Verde 1 & 2	356,577,470	355,648,931	354,826,855	354,388,407	355,357,137	358,221,257	357,877,681	357,602,679	360,328,245
8	Nuclear Production Net Plant - Palo Verde 3	135,117,754	134,778,630	134,419,096	134,165,573	134,371,088	135,047,619	134,914,133	134,506,670	135,902,222
9	Total Nuclear Production Net Plant	491,695,224	490,427,561	489,245,950	488,553,980	489,728,225	493,268,876	492,791,814	492,109,349	496,230,468
10										
11	Other Production Plant - Gas	345,581,358	344,505,977	344,026,876	342,993,403	342,107,597	341,124,720	340,123,140	339,271,582	338,193,213
12	Other Production Plant - Renewable	243,729,497	242,949,498	242,169,498	241,389,498	240,609,499	239,829,499	239,049,499	238,269,500	237,489,500
13	Total Other Production Net Plant	589,310,856	587,455,474	586,196,374	584,382,901	582,717,096	580,954,219	579,172,640	577,541,082	575,682,713
14										
15	Total Net Plant Production Plant	1,835,027,684	1,831,663,458	1,827,898,810	1,823,417,655	1,820,745,540	1,821,236,814	1,817,498,365	1,814,639,279	1,815,055,751
16										
17	<b>Net Plant Transmission Plant</b>									
18										
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	7,905,569	7,878,364	7,851,158	7,823,953	7,796,748	7,769,542	7,742,337	7,715,132	7,687,927
20	Step-Up Transformers - PV3	218,989	217,904	216,819	215,735	214,650	213,566	212,481	211,396	210,312
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,124,557	8,096,267	8,067,978	8,039,688	8,011,398	7,983,108	7,954,818	7,926,528	7,898,239
22										
23	Transmission System Net Plant - Allocated	421,336,890	420,992,868	420,205,434	420,232,653	448,722,100	467,718,505	474,882,840	473,900,017	477,593,432
24	Transmission System Net Plant - PV 3	4,067,438	4,040,004	4,012,570	3,985,135	3,957,701	3,930,266	3,902,832	3,875,397	3,847,963
25	Transmission System Net Plant - High Lonesome Mesa	18,277,283	18,222,804	18,168,325	18,113,846	18,059,367	18,004,888	17,950,409	17,895,930	17,841,451
26	Transmission System Net Plant - Renewables	-	-	-	-	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,090,897	4,085,452	4,080,007	4,074,562	4,069,117	4,063,672	4,058,227	4,052,782	4,047,337
28	Transmission System Net Plant - Dedicated FERC	264,754	264,437	264,121	263,804	263,488	263,171	262,855	262,538	262,222
29	Total Transmission System Net Plant	448,037,263	447,605,565	447,730,457	447,670,001	475,071,773	493,980,503	501,057,163	499,986,665	503,592,405
30										
31	Total Net Plant Transmission Plant	456,161,820	455,701,833	454,798,435	454,709,689	483,083,171	501,963,611	509,011,982	507,913,194	511,490,644
32										
33										

Line No.		WP NP-5, Column A				WP NP-5, Column B
		AQ 2016 October	AR 2016 November	AS 2016 December	AT 13-Month Average Test Period	AU 13-Month Average Adjustment
1	<b>Net Plant</b>					
2						
3	<u>Net Plant Production Plant</u>					
4						
5	Steam Production Net Plant	742,905,065	741,847,710	744,429,832	748,092,975	3,663,143
6						
7	Nuclear Production Net Plant - Palo Verde 1 & 2	359,847,482	361,338,871	368,110,527	350,543,732	(17,566,794)
8	Nuclear Production Net Plant - Palo Verde 3	136,323,903	137,804,606	140,879,730	135,668,840	(5,210,890)
9	Total Nuclear Production Net Plant	496,171,385	499,143,478	508,990,257	486,212,572	(22,777,684)
10						
11	Other Production Plant - Gas	337,152,118	336,261,924	335,400,237	341,030,684	5,630,446
12	Other Production Plant - Renewable	236,709,500	235,929,501	235,149,501	239,829,499	4,679,998
13	Total Other Production Net Plant	573,861,618	572,191,424	570,549,738	580,860,182	10,310,444
14						
15	Total Net Plant Production Plant	1,812,938,068	1,813,182,612	1,823,969,827	1,815,165,730	(8,804,097)
16						
17	<u>Net Plant Transmission Plant</u>					
18						
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	7,660,721	7,633,516	7,606,311	7,769,542	163,232
20	Step-Up Transformers - PV3	209,227	208,143	207,058	213,566	6,507
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	7,869,949	7,841,659	7,813,369	7,983,108	169,739
22						
23	Transmission System Net Plant - Allocated	476,728,390	475,112,574	479,189,840	456,493,952	(22,695,888)
24	Transmission System Net Plant - PV 3	3,820,529	3,793,094	3,765,660	3,930,266	164,606
25	Transmission System Net Plant - High Lonesome Mesa	17,786,972	17,732,493	17,678,014	18,004,888	326,874
26	Transmission System Net Plant - Renewables	-	-	-	-	-
27	Transmission System Net Plant - Dedicated Retail	4,041,892	4,036,447	4,031,002	4,063,672	32,670
28	Transmission System Net Plant - Dedicated FERC	261,905	261,589	261,272	263,171	1,899
29	Total Transmission System Net Plant	502,639,688	500,936,197	504,925,789	482,755,950	(22,169,838)
30						
31	Total Net Plant Transmission Plant	510,509,637	508,777,856	512,739,158	490,739,058	(22,000,099)
32						
33						

Line No.	A 2013 June	B 2013 July	C 2013 August	D 2013 September	E 2013 October	F 2013 November	G 2013 December	H 2014 January	I 2014 February	
34	<u>Net Plant Distribution Plant</u>									
35										
36	Distribution Substations Net Plant - Dedicated FERC	3,319,092	1,777,816	1,767,884	1,762,329	1,756,769	1,751,207	1,745,641	3,249,677	1,733,414
37	Distribution Substations Net Plant - PNM	123,993,096	127,893,450	129,975,681	130,280,423	130,020,424	130,064,594	132,980,055	132,340,138	131,162,021
38	Distribution Substations Net Plant - Renewables	2,001,406	1,981,550	1,961,694	1,941,838	1,921,982	1,904,056	2,130,510	1,862,415	1,842,559
39	Total Distribution Substations Net Plant	129,313,593	131,652,816	133,705,259	133,984,590	133,699,176	133,719,857	136,856,206	137,452,230	134,737,994
40										
41	Primary Distribution System Net Plant - PNM	276,541,588	276,250,198	276,488,565	278,194,861	279,233,001	281,028,779	289,434,216	289,443,583	289,988,390
42	Primary Distribution System Net Plant - Renewables	767,421	764,705	761,988	759,272	756,552	1,247,225	1,449,913	1,249,816	1,245,990
43	Total Primary Distribution Net Plant	277,309,009	277,014,903	277,250,554	278,954,133	279,989,553	282,276,004	290,884,129	290,693,399	291,234,380
44										
45	Secondary Distribution System Net Plant - PNM	175,108,031	175,310,124	175,066,877	175,657,152	176,033,094	176,282,528	180,149,091	179,877,944	179,635,389
46	Secondary Distribution System Net Plant - Renewables	261,795	260,879	259,963	259,047	258,130	432,808	46,938	449,920	448,606
47	Total Secondary Distribution Net Plant	175,369,826	175,571,003	175,326,841	175,916,199	176,291,223	176,715,336	180,196,029	180,327,864	180,083,994
48										
49	Services Net Plant - PNM	51,435,143	51,054,566	50,585,827	50,454,464	52,200,984	51,802,288	52,284,242	52,003,198	51,594,369
50										
51	Meters Net Plant - PNM	32,918,907	32,910,782	32,780,525	33,133,927	33,840,505	33,708,549	35,101,522	35,001,268	34,866,077
52										
53	Private Lighting - 371	394,208	404,143	406,758	412,642	414,395	414,395	424,790	424,790	425,106
54	Street Lighting - 373	10,758,168	10,755,159	10,791,041	10,744,407	10,729,156	10,844,477	10,948,241	10,952,425	10,978,254
55	Total Lighting Net Plant	11,152,375	11,159,302	11,197,800	11,157,049	11,143,551	11,258,872	11,373,031	11,377,215	11,403,359
56										
57	Total Net Plant Distribution Plant	677,498,854	679,363,372	680,846,804	683,600,363	687,164,993	689,480,905	706,695,157	706,855,174	703,920,174
58										
59										
60	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>									
61										
62	Production General & Intangible Net Plant	5,140,857	4,938,231	5,200,360	5,124,373	5,180,430	5,121,807	5,167,194	5,059,078	5,482,408
63	Transmission General & Intangible Net Plant	30,212	29,701	29,128	28,536	27,965	27,409	26,853	26,500	26,149
64	PV Unit 3 General & Intangible Net Plant	1,375,190	1,292,665	1,424,167	1,390,120	1,350,322	1,318,950	1,304,412	1,271,048	1,269,288
65	Renewables General & Intangible Net Plant	277,242	274,786	272,330	269,874	267,418	264,961	262,505	260,049	250,439
66	Bulk Power Operations	2,311,021	2,266,646	2,222,272	2,177,898	2,133,523	2,089,149	2,233,053	2,186,600	2,194,664
67	Energy Management System Facilities	6,946,382	6,770,030	6,596,477	6,424,443	6,028,639	6,306,354	6,101,758	5,959,468	5,848,116
68	Other Division Offices/Customer Service	23,426,811	23,602,592	23,646,526	23,381,844	23,643,302	24,054,336	26,060,644	25,888,129	25,677,753
69	Communications - Transmission	18,291,074	18,660,846	18,565,102	18,427,212	18,350,444	18,340,883	21,296,301	21,322,636	21,063,213
70										
71										
72										
73	Total Net Plant General & Intangible Plant - PNM	57,798,787	57,835,498	57,956,361	57,224,300	56,982,044	57,523,849	62,452,721	61,973,509	61,812,030
74		-	-	-	-	-	-	-	-	-
75										
76	Total Net Plant	2,433,594,108	2,441,601,008	2,449,698,546	2,452,979,908	2,469,485,896	2,499,639,705	2,556,944,887	2,554,389,397	2,555,220,144
77										
78										
79	Column N = 13 month average, June 2013 - June 2014									
80	Column O = Column N - Column M									
81	Column AT = 13 month average December 2015 - December 2016									
82	Column AU = Column AT - Column AS									
83										

Line No.	PNM Exhibit HEM-2 COS BASE ADJ, Column Unadjusted Base Period PNM						WP NP-1, Column A
	J	K	L	M	N	O	
	2014 March	2014 April	2014 May	2014 June	13-Month Average Base Period	13-Month Average Adjustment	
34	<u>Net Plant Distribution Plant</u>						
35							
36	1,727,935	1,722,345	1,716,754	1,460,994	1,960,912	499,918	
37	133,404,502	133,082,831	133,280,158	133,777,324	130,942,669	(2,834,655)	
38	2,179,914	2,156,379	2,132,844	2,109,309	2,009,727	(99,581)	
39	<u>137,312,352</u>	<u>136,961,555</u>	<u>137,129,756</u>	<u>137,347,627</u>	<u>134,913,309</u>	<u>(2,434,318)</u>	
40							
41	290,808,012	291,056,849	291,106,865	295,972,933	285,042,141	(10,930,792)	
42	1,115,875	1,113,069	1,110,263	1,107,456	1,034,580	(72,876)	
43	<u>291,923,887</u>	<u>292,169,918</u>	<u>292,217,128</u>	<u>297,080,389</u>	<u>286,076,722</u>	<u>(11,003,668)</u>	
44							
45	180,572,457	180,551,633	180,789,086	182,532,009	178,274,263	(4,257,746)	
46	400,155	399,183	398,212	397,240	328,683	(68,558)	
47	<u>180,972,612</u>	<u>180,950,816</u>	<u>181,187,298</u>	<u>182,929,249</u>	<u>178,602,945</u>	<u>(4,326,304)</u>	
48							
49	51,384,838	51,723,488	51,300,801	51,996,220	51,524,648	(471,571)	
50							
51	35,382,557	35,318,082	35,472,684	35,834,800	34,328,476	(1,506,324)	
52							
53	425,106	425,227	427,521	427,521	417,431	(10,090)	
54	10,994,088	11,158,774	11,157,809	11,246,239	10,927,557	(318,682)	
55	<u>11,419,194</u>	<u>11,584,002</u>	<u>11,585,329</u>	<u>11,673,760</u>	<u>11,344,988</u>	<u>(328,772)</u>	
56							
57	<u>708,395,440</u>	<u>708,707,860</u>	<u>708,892,995</u>	<u>716,862,045</u>	<u>696,791,087</u>	<u>(20,070,957)</u>	
58							
59							
60	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>						
61							
62	5,732,348	5,637,913	5,535,347	5,409,345	5,286,899	(122,446)	
63	25,796	25,444	25,096	24,782	27,198	2,416	
64	1,391,185	1,357,489	1,324,411	1,290,979	1,335,402	44,423	
65	21,933	21,795	21,656	21,517	191,270	169,753	
66	2,151,747	2,106,025	2,062,223	2,018,125	2,165,611	147,486	
67	5,968,123	5,870,125	5,727,740	5,591,719	6,164,567	572,848	
68	26,320,693	26,169,744	25,987,753	25,601,118	24,881,634	(719,483)	
69	21,264,198	21,800,806	21,952,082	21,953,994	20,099,138	(1,854,856)	
70							
71							
72							
73	<u>62,876,024</u>	<u>62,989,339</u>	<u>62,636,308</u>	<u>61,911,578</u>	<u>60,151,719</u>	<u>(1,759,859)</u>	
74	-	-	-	-	-	(0)	
75							
76	<u>2,561,019,047</u>	<u>2,562,608,796</u>	<u>2,572,541,599</u>	<u>2,588,009,272</u>	<u>2,515,210,178</u>	<u>(72,799,094)</u>	
77							
78							
79	Column N = 13 month average, June 2013 - June 2014						
80	Column O = Column N - Column M						
81	Column AT = 13 month average December 2015 - December 2016						
82	Column AU = Column AT - Column AS						
83							

Line No.	P 2014 July	Q 2014 August	R 2014 September	S 2014 October	T 2014 November	U 2014 December	V 2015 January	W 2015 February	X 2015 March	
34	<b>Net Plant Distribution Plant</b>									
35										
36	Distribution Substations Net Plant - Dedicated FERC	1,459,008	1,457,023	1,455,038	1,453,053	1,451,067	1,449,082	1,447,097	1,445,112	1,443,126
37	Distribution Substations Net Plant - PNM	135,392,469	138,194,660	139,889,518	141,712,568	144,310,067	147,967,030	147,351,486	146,714,955	146,192,106
38	Distribution Substations Net Plant - Renewables	2,103,775	2,098,242	2,092,709	2,087,175	2,081,642	2,076,108	2,110,369	2,132,445	2,209,243
39	Total Distribution Substations Net Plant	138,955,253	141,749,926	143,437,264	145,252,795	147,842,776	151,492,220	150,908,951	150,292,511	149,844,475
40										
41	Primary Distribution System Net Plant - PNM	295,534,224	295,035,972	294,615,773	294,230,429	293,857,498	294,711,558	295,272,553	295,662,934	296,652,242
42	Primary Distribution System Net Plant - Renewables	1,107,020	1,106,584	1,106,147	1,105,711	1,105,275	1,104,838	1,120,801	1,131,777	1,165,329
43	Total Primary Distribution Net Plant	296,641,244	296,142,555	295,721,920	295,336,140	294,962,773	295,816,396	296,393,354	296,794,711	297,817,572
44										
45	Secondary Distribution System Net Plant - PNM	182,775,797	182,810,798	182,887,038	183,244,430	183,357,980	184,876,437	185,375,955	185,713,174	186,554,481
46	Secondary Distribution System Net Plant - Renewables	397,099	396,959	396,818	396,677	396,536	396,396	402,108	406,042	418,033
47	Total Secondary Distribution Net Plant	183,172,896	183,207,757	183,283,856	183,641,108	183,754,517	185,272,832	185,778,063	186,119,215	186,972,515
48										
49	Services Net Plant - PNM	52,292,681	52,497,729	52,723,138	53,119,972	53,441,819	54,985,061	55,226,954	55,454,589	55,692,702
50										
51	Meters Net Plant - PNM	36,109,307	36,266,713	36,413,115	36,755,296	36,945,505	37,785,913	37,872,095	37,931,646	38,001,415
52										
53	Private Lighting - 371	677,599	924,120	1,172,651	1,496,421	1,802,994	2,613,906	2,569,199	2,524,419	2,481,444
54	Street Lighting - 373	11,252,984	11,255,436	11,260,030	11,271,241	11,279,973	11,388,678	11,398,584	11,406,155	11,419,529
55	Total Lighting Net Plant	11,930,584	12,179,556	12,432,681	12,767,662	13,082,967	14,002,584	13,967,783	13,930,574	13,900,973
56										
57	Total Net Plant Distribution Plant	719,101,964	722,044,236	724,011,975	726,872,973	730,030,356	739,355,007	740,147,201	740,523,246	742,229,651
58										
59										
60	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>									
61										
62	Production General & Intangible Net Plant	5,424,934	5,309,592	5,346,811	5,372,401	5,349,023	5,843,003	5,713,362	5,589,443	5,471,260
63	Transmission General & Intangible Net Plant	25,799	25,434	26,034	26,639	26,841	31,453	30,617	29,827	29,039
64	PV Unit 3 General & Intangible Net Plant	1,287,090	1,260,137	1,288,349	1,321,205	1,291,734	1,472,229	1,431,406	1,392,978	1,357,427
65	Renewables General & Intangible Net Plant	21,460	21,408	21,365	21,320	21,275	21,228	21,179	21,130	21,115
66	Bulk Power Operations	1,972,401	1,926,677	1,880,952	1,866,666	1,828,269	2,038,718	1,985,407	1,932,096	1,878,786
67	Energy Management System Facilities	5,550,865	5,558,722	5,516,166	5,457,347	5,560,391	5,530,599	5,515,474	5,456,235	5,408,434
68	Other Division Offices/Customer Service	25,458,951	25,512,974	25,364,452	25,150,644	25,587,993	25,491,144	25,453,495	25,238,448	25,069,436
69	Communications - Transmission	21,912,301	21,990,892	21,946,311	21,862,147	22,175,651	22,163,293	22,187,488	22,103,488	22,047,639
70										
71										
72										
73	Total Net Plant General & Intangible Plant - PNM	61,653,801	61,605,836	61,390,441	61,078,370	61,841,177	62,591,666	62,338,428	61,763,646	61,283,135
74										
75										
76	Total Net Plant	2,624,811,075	2,629,865,358	2,631,895,114	2,634,101,266	2,645,459,879	2,733,035,154	2,739,988,269	2,742,852,729	2,742,952,654
77										
78										
79	Column N = 13 month average, June 2013 - June 2014									
80	Column O = Column N - Column M									
81	Column AT = 13 month average December 2015 - December 2016									
82	Column AU = Column AT - Column AS									
83										



PNM Exhibit HEM-3  
 WP NP - 2: Net Plant 13 month average workpaper

Line No.		Y	Z	AA	AB
		2015 April	2015 May	2015 June	2015 July
34	Net Plant Distribution Plant				
35					
36	Distribution Substations Net Plant - Dedicated FERC	1,441,141	1,439,156	1,437,170	1,435,185
37	Distribution Substations Net Plant - PNM	145,712,349	145,108,322	144,583,176	144,052,137
38	Distribution Substations Net Plant - Renewables	2,260,893	2,287,838	2,394,550	2,430,123
39	Total Distribution Substations Net Plant	149,414,382	148,835,315	148,414,897	147,917,444
40					
41	Primary Distribution System Net Plant - PNM	298,087,053	298,331,147	300,551,061	301,681,491
42	Primary Distribution System Net Plant - Renewables	1,188,592	1,201,725	1,247,759	1,264,578
43	Total Primary Distribution Net Plant	299,275,644	299,532,872	301,798,820	302,946,068
44					
45	Secondary Distribution System Net Plant - PNM	187,588,268	187,885,240	189,368,586	190,365,326
46	Secondary Distribution System Net Plant - Renewables	426,353	431,057	447,506	453,527
47	Total Secondary Distribution Net Plant	188,014,621	188,316,298	189,816,092	190,818,853
48					
49	Services Net Plant - PNM	56,208,623	56,346,359	56,896,281	57,348,304
50					
51	Meters Net Plant - PNM	38,191,304	38,235,865	38,372,150	38,643,322
52					
53	Private Lighting - 371	2,441,813	2,396,019	2,387,350	2,381,066
54	Street Lighting - 373	11,449,455	11,453,947	11,485,183	11,509,643
55	Total Lighting Net Plant	13,891,268	13,849,966	13,872,533	13,890,709
56					
57	Total Net Plant Distribution Plant	744,995,844	745,116,674	749,170,773	751,564,700
58					
59					
60	Net Plant General & Intangible Plant (303,389-399)				
61					
62	Production General & Intangible Net Plant	5,356,433	5,249,524	5,509,741	5,378,229
63	Transmission General & Intangible Net Plant	28,353	27,744	30,697	29,851
64	PV Unit 3 General & Intangible Net Plant	1,340,432	1,540,622	1,791,322	1,742,555
65	Renewables General & Intangible Net Plant	21,066	21,018	21,000	20,946
66	Bulk Power Operations	1,825,475	1,772,164	1,718,853	1,774,828
67	Energy Management System Facilities	5,410,103	5,334,067	5,302,078	5,234,173
68	Other Division Offices/Customer Service	25,099,308	24,816,887	24,666,993	24,414,089
69	Communications - Transmission	22,112,986	21,988,233	21,853,558	21,740,342
70					
71					
72					
73	Total Net Plant General & Intangible Plant - PNM	61,194,155	60,750,259	60,894,242	60,335,014
74					
75					
76	Total Net Plant	2,781,197,067	2,786,458,716	2,799,749,678	2,797,521,042
77					
78					
79	Column N = 13 month average, June 2013 - June 2014				
80	Column O = Column N - Column M				
81	Column AT = 13 month average December 2015 - December 2016				
82	Column AU = Column AT - Column AS				
83					

Line No.		WP GT-2, Column A				
		AC 2015 August	AD 2015 September	AE 2015 October	AF 2015 November	AG 2015 December
34	Net Plant Distribution Plant					
35						
36	Distribution Substations Net Plant - Dedicated FERC	1,433,200	1,431,215	1,429,229	1,427,244	1,425,259
37	Distribution Substations Net Plant - PNM	143,543,330	143,172,202	143,060,775	142,512,490	142,154,564
38	Distribution Substations Net Plant - Renewables	2,453,780	2,517,382	2,897,430	2,951,882	3,018,665
39	Total Distribution Substations Net Plant	147,430,309	147,120,799	147,387,434	146,891,616	146,598,488
40						
41	Primary Distribution System Net Plant - PNM	302,001,866	302,758,063	307,105,479	307,695,855	309,492,762
42	Primary Distribution System Net Plant - Renewables	1,276,524	1,304,959	1,463,860	1,488,932	1,519,142
43	Total Primary Distribution Net Plant	303,278,391	304,063,022	308,569,338	309,184,788	311,011,903
44						
45	Secondary Distribution System Net Plant - PNM	190,703,021	191,372,124	195,217,110	195,665,702	196,958,214
46	Secondary Distribution System Net Plant - Renewables	457,809	467,977	524,715	533,686	544,491
47	Total Secondary Distribution Net Plant	191,160,830	191,840,101	195,741,825	196,199,388	197,502,705
48						
49	Services Net Plant - PNM	57,506,929	57,656,249	58,081,633	58,217,245	58,734,796
50						
51	Meters Net Plant - PNM	38,714,996	38,769,432	38,987,767	38,967,415	39,204,759
52						
53	Private Lighting - 371	2,373,536	2,364,094	2,357,940	2,347,933	2,344,659
54	Street Lighting - 373	11,528,447	11,559,376	11,585,259	11,599,002	11,644,360
55	Total Lighting Net Plant	13,901,983	13,923,470	13,943,199	13,946,935	13,989,019
56						
57	Total Net Plant Distribution Plant	751,993,437	753,373,072	762,711,198	763,407,387	767,041,670
58						
59						
60	Net Plant General & Intangible Plant (303,389-399)					
61						
62	Production General & Intangible Net Plant	5,273,136	5,170,960	5,076,230	5,205,503	5,458,852
63	Transmission General & Intangible Net Plant	29,187	28,625	28,138	29,823	32,210
64	PV Unit 3 General & Intangible Net Plant	1,704,190	1,664,857	1,629,021	1,658,545	1,718,849
65	Renewables General & Intangible Net Plant	20,895	20,877	20,826	20,808	20,758
66	Bulk Power Operations	1,720,895	1,666,961	2,894,336	2,833,099	2,776,397
67	Energy Management System Facilities	5,176,833	5,138,999	5,331,791	5,268,195	5,261,096
68	Other Division Offices/Customer Service	24,202,671	24,069,710	24,864,012	24,627,880	24,574,384
69	Communications - Transmission	21,650,386	21,608,324	22,131,507	22,027,386	21,943,987
70						
71						
72						
73	Total Net Plant General & Intangible Plant - PNM	59,778,193	59,369,313	61,975,861	61,671,239	61,786,533
74						
75						
76	Total Net Plant	2,796,837,734	2,798,515,068	2,826,236,537	2,894,742,268	3,021,455,561
77						
78						
79	Column N = 13 month average, June 2013 - June 2014					
80	Column O = Column N - Column M					
81	Column AT = 13 month average December 2015 - December 2016					
82	Column AU = Column AT - Column AS					
83						

Line No.	AH 2016 January	AI 2016 February	AJ 2016 March	AK 2016 April	AL 2016 May	AM 2016 June	AN 2016 July	AO 2016 August	AP 2016 September	
34	<u>Net Plant Distribution Plant</u>									
35										
36	Distribution Substations Net Plant - Dedicated FERC	1,422,819	1,420,379	1,417,940	1,415,500	1,413,061	1,410,621	1,408,181	1,405,742	1,403,302
37	Distribution Substations Net Plant - PNM	141,564,446	140,970,419	140,396,224	139,854,596	139,259,113	138,976,803	138,428,971	137,875,023	137,397,842
38	Distribution Substations Net Plant - Renewables	3,004,488	3,010,328	3,002,478	3,009,518	2,999,200	3,248,130	3,250,065	3,257,218	3,299,555
39	Total Distribution Substations Net Plant	145,991,752	145,401,127	144,816,642	144,279,613	143,671,374	143,635,554	143,087,217	142,537,982	142,100,699
40										
41	Primary Distribution System Net Plant - PNM	309,219,155	309,606,459	309,577,079	310,443,853	310,292,075	313,472,382	314,327,088	314,482,820	314,977,024
42	Primary Distribution System Net Plant - Renewables	1,525,218	1,539,632	1,548,578	1,563,777	1,572,006	1,687,180	1,701,754	1,718,657	1,750,262
43	Total Primary Distribution Net Plant	310,744,372	311,146,091	311,125,656	312,007,631	311,864,082	315,159,562	316,028,842	316,201,478	316,727,285
44										
45	Secondary Distribution System Net Plant - PNM	196,917,925	197,168,784	197,288,948	198,044,021	198,099,493	200,719,429	201,512,404	201,845,021	202,471,678
46	Secondary Distribution System Net Plant - Renewables	546,757	552,000	555,292	560,817	563,855	605,069	610,383	616,530	627,926
47	Total Secondary Distribution Net Plant	197,464,682	197,720,783	197,844,240	198,604,838	198,663,348	201,324,498	202,122,787	202,461,551	203,099,604
48										
49	Services Net Plant - PNM	58,930,766	59,294,678	59,573,727	60,244,493	60,480,548	61,186,691	61,861,785	62,155,445	62,437,025
50										
51	Meters Net Plant - PNM	39,145,918	39,081,439	39,047,778	39,154,499	39,107,643	39,096,320	39,225,484	39,212,186	39,192,638
52										
53	Private Lighting - 371	2,340,646	2,336,634	2,332,621	2,328,608	2,324,595	2,320,583	2,316,570	2,312,557	2,308,545
54	Street Lighting - 373	11,611,515	11,600,063	11,574,047	11,568,899	11,535,220	11,509,339	11,501,078	11,473,357	11,447,200
55	Total Lighting Net Plant	13,952,161	13,936,697	13,906,668	13,897,508	13,859,815	13,829,921	13,817,648	13,785,914	13,755,745
56										
57	Total Net Plant Distribution Plant	766,229,651	766,580,815	766,314,710	768,188,581	767,646,810	774,232,547	776,143,763	776,354,555	777,312,996
58										
59										
60	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>									
61										
62	Production General & Intangible Net Plant	5,345,301	5,215,579	5,102,526	5,006,259	5,020,723	5,193,918	5,127,641	5,077,567	5,235,801
63	Transmission General & Intangible Net Plant	31,515	30,613	29,788	29,234	29,756	31,824	31,567	31,353	33,270
64	PV Unit 3 General & Intangible Net Plant	1,673,602	1,628,809	1,582,420	1,543,844	1,543,077	1,587,278	1,570,162	1,532,400	1,628,480
65	Renewables General & Intangible Net Plant	20,843	20,791	20,772	20,720	20,671	20,664	20,622	20,579	20,569
66	Bulk Power Operations	2,738,902	2,701,407	2,663,912	2,626,416	2,588,921	2,551,426	2,513,931	2,476,435	2,438,940
67	Energy Management System Facilities	5,156,229	5,048,749	5,039,748	4,935,348	4,827,520	4,847,541	4,753,364	4,647,164	4,560,940
68	Other Division Offices/Customer Service	24,181,843	23,778,760	23,771,683	23,380,984	22,976,557	22,993,851	22,644,303	22,246,471	21,928,940
69	Communications - Transmission	21,763,917	21,577,338	21,632,282	21,453,258	21,265,978	21,147,878	20,994,033	20,810,875	20,676,637
70										
71										
72										
73	Total Net Plant General & Intangible Plant - PNM	60,912,150	60,002,046	59,843,131	58,996,064	58,273,204	58,374,381	57,655,623	56,842,846	56,523,577
74										
75										
76	Total Net Plant	3,118,331,305	3,113,948,152	3,138,855,086	3,135,311,989	3,129,748,725	3,155,807,353	3,160,309,733	3,155,749,874	3,160,382,968
77										
78										
79	Column N = 13 month average, June 2013 - June 2014									
80	Column O = Column N - Column M									
81	Column AT = 13 month average December 2015 - December 2016									
82	Column AU = Column AT - Column AS									
83										

Line No.		WP NP-5, Column				WP NP-5, Column B
		AQ	AR	A	AT	AU
		2016	2016	AS	13-Month Average	13-Month Average
		October	November	December	Test Period	Adjustment
34	Net Plant Distribution Plant					
35						
36	Distribution Substations Net Plant - Dedicated FERC	1,400,862	1,398,423	1,395,983	1,410,621	14,638
37	Distribution Substations Net Plant - PNM	137,072,784	136,535,263	137,028,994	139,039,619	2,010,624
38	Distribution Substations Net Plant - Renewables	3,526,331	3,549,479	3,712,249	3,222,131	(490,118)
39	Total Distribution Substations Net Plant	141,999,977	141,483,164	142,137,226	143,672,370	1,535,144
40						
41	Primary Distribution System Net Plant - PNM	317,970,342	318,255,208	321,028,683	313,318,841	(7,709,842)
42	Primary Distribution System Net Plant - Renewables	1,858,222	1,883,385	1,966,375	1,679,553	(286,822)
43	Total Primary Distribution Net Plant	319,828,563	320,138,593	322,995,058	314,998,394	(7,996,664)
44						
45	Secondary Distribution System Net Plant - PNM	205,116,656	205,513,255	207,828,850	200,729,590	(7,099,259)
46	Secondary Distribution System Net Plant - Renewables	666,580	675,689	705,441	602,372	(103,070)
47	Total Secondary Distribution Net Plant	205,783,236	206,188,944	208,534,291	201,331,962	(7,202,329)
48						
49	Services Net Plant - PNM	63,088,002	63,333,643	64,201,045	61,194,049	(3,006,996)
50						
51	Meters Net Plant - PNM	39,278,957	39,220,053	39,344,286	39,177,843	(166,443)
52						
53	Private Lighting - 371	2,304,532	2,300,519	2,296,506	2,320,583	24,076
54	Street Lighting - 373	11,442,101	11,412,073	11,409,398	11,517,588	108,190
55	Total Lighting Net Plant	13,746,633	13,712,592	13,705,905	13,838,171	132,267
56						
57	Total Net Plant Distribution Plant	783,725,369	784,076,989	790,917,811	774,212,790	(16,705,021)
58						
59						
60	Net Plant General & Intangible Plant (303,389-399)					
61						
62	Production General & Intangible Net Plant	5,218,833	5,287,507	5,803,836	5,238,026	(565,810)
63	Transmission General & Intangible Net Plant	32,864	33,858	38,587	32,034	(6,553)
64	PV Unit 3 General & Intangible Net Plant	1,650,299	1,749,815	1,965,626	1,644,205	(321,421)
65	Renewables General & Intangible Net Plant	20,526	20,516	20,474	20,654	180
66	Bulk Power Operations	2,401,445	2,363,950	2,437,480	2,559,966	122,487
67	Energy Management System Facilities	4,468,330	4,363,241	4,340,352	4,788,432	448,081
68	Other Division Offices/ Customer Service	21,585,524	21,192,041	21,036,778	22,791,701	1,754,923
69	Communications - Transmission	20,526,191	20,345,443	20,122,095	21,096,916	974,822
70						
71						
72						
73	Total Net Plant General & Intangible Plant - PNM	55,904,010	55,356,371	55,765,227	58,171,936	2,406,709
74						
75						
76	Total Net Plant	3,163,077,083	3,161,393,827	3,183,392,022	3,138,289,514	(45,102,509)
77						
78						
79	Column N = 13 month average, June 2013 - June 2014					
80	Column O = Column N - Column M					
81	Column AT = 13 month average December 2015 - December 2016					
82	Column AU = Column AT - Column AS					
83						

# **WP NP-3**

*Removal of PV ARO Net plant asset*

Line No.		A 2013 June	B 2013 July	C 2013 August	D 2013 September	E 2013 October	F 2013 November	G 2013 December	H 2014 January	I 2014 February	J 2014 March
1	<b>Net Plant</b>										
2											
3											
4	Net PV 1&2 ARO for Removal Calculation	(2,834,696)	(2,827,323)	(2,819,951)	(2,812,578)	(2,805,206)	(2,797,833)	(2,790,460)	(2,146,419)	(2,141,573)	(2,136,727)
5	Net PV 3 ARO for Removal Calculation	(673,381)	(671,692)	(670,003)	(668,314)	(666,625)	(664,936)	(663,247)	(718,028)	(716,584)	(715,140)
6											
7	Column N = 13 month average, June 2013 - June 2014										
8	Column AS = 13 month average December 2015 - December 2016										
9											

Line No.	WP NP-1, Column B										
	K 2014 April	L 2014 May	M 2014 June	N 13-Month Average Base Period	O 2014 July	P 2014 August	Q 2014 September	R 2014 October	S 2014 November	T 2014 December	
1	<b>Net Plant</b>										
2											
3											
4	Net PV 1&2 ARO for Removal Calculation	(2,131,882)	(2,127,036)	(2,122,190)	(2,499,529)	(2,120,408)	(2,118,625)	(2,116,842)	(2,115,059)	(2,113,277)	(2,111,494)
5	Net PV 3 ARO for Removal Calculation	(713,696)	(712,253)	(710,809)	(689,593)	(710,293)	(709,776)	(709,260)	(708,744)	(708,228)	(707,712)
6											
7	Column N = 13 month average, June 2013 - June 2014										
8	Column AS = 13 month average December 2015 - December 201										
9											

Line No.	U 2015 January	V 2015 February	W 2015 March	X 2015 April	Y 2015 May	Z 2015 June	AA 2015 July	AB 2015 August	AC 2015 September	AD 2015 October	
1	<b>Net Plant</b>										
2											
3											
4	Net PV 1&2 ARO for Removal Calculation	(2,109,711)	(2,107,928)	(2,106,145)	(2,104,363)	(2,102,580)	(2,100,797)	(2,099,014)	(2,097,232)	(2,095,449)	(2,093,666)
5	Net PV 3 ARO for Removal Calculation	(707,195)	(706,679)	(706,163)	(705,647)	(705,131)	(704,614)	(704,098)	(703,582)	(703,066)	(702,550)
6											
7	Column N = 13 month average, June 2013 - June 2014										
8	Column AS = 13 month average December 2015 - December 201										
9											



Line No.		AE 2015 November	AF 2015 December	AG 2016 January	AH 2016 February	AI 2016 March	AJ 2016 April	AK 2016 May	AL 2016 June	AM 2016 July	AN 2016 August
1	<b>Net Plant</b>										
2											
3											
4	Net PV 1&2 ARO for Removal Calculation	(2,091,883)	(2,090,100)	(4,292,730)	(4,291,005)	(4,289,280)	(4,287,555)	(4,285,830)	(4,284,105)	(4,282,381)	(4,280,656)
5	Net PV 3 ARO for Removal Calculation	(702,033)	(701,517)	(701,001)	(700,485)	(699,969)	(699,452)	(698,936)	(698,420)	(697,904)	(697,388)
6											
7	Column N = 13 month average, June 2013 - June 2014										
8	Column AS = 13 month average December 2015 - December 201										
9											

PNM Exhibit HEM-3  
 WP NP - 3: Removal of PV ARO asset balance

Line No.		AO	AP	AQ	AR	WP NP-5, Column C
		2016 September	2016 October	2016 November	2016 December	AS 13-Month Average Test Period
1	<b>Net Plant</b>					
2						
3						
4	Net PV 1&2 ARO for Removal Calculation	(4,278,931)	(4,277,206)	(4,275,481)	(4,273,756)	(4,114,540)
5	Net PV 3 ARO for Removal Calculation	(696,871)	(696,355)	(695,839)	(695,323)	(698,420)
6						
7	Column N = 13 month average, June 2013 - June 2014					
8	Column AS = 13 month average December 2015 - December 201					
9						

# **WP NP-4**

*Shared Services 13 month average, base and test*

Line No.	A 2013 June	B 2013 July	C 2013 August	D 2013 September	E 2013 October	F 2013 November	G 2013 December	H 2014 January	I 2014 February	J 2014 March	K 2014 April
1	<b>Net Plant</b>										
2	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>										
3											
4	21,158,488	20,868,968	20,785,381	20,647,773	20,617,173	21,983,275	23,453,859	23,073,722	26,110,444	26,315,265	26,117,716
5	7,326,289	7,334,771	7,333,477	7,257,705	6,875,973	6,548,122	5,955,234	5,815,234	5,833,980	5,797,123	5,694,321
6	36,089,930	35,483,750	35,407,580	35,006,571	34,790,588	36,511,302	39,388,337	38,471,374	38,513,717	41,201,004	40,609,041
7	64,574,707	63,687,489	63,526,438	62,912,049	62,283,734	65,042,699	68,797,431	67,360,330	70,458,141	73,313,392	72,421,078
8											
9	Column N = 13 month average, June 2013 - June 2014										
10	Column AS = 13 month average December 2015 - December 2016										
11											

Line No.	WP NP-1, Column C										
	L 2014 May	M 2014 June	N 13-Month Average Base Period	O 2014 July	P 2014 August	Q 2014 September	R 2014 October	S 2014 November	T 2014 December	U 2014 January	
1	<b>Net Plant</b>										
2	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>										
3											
4	Production Related (non-specific)	26,610,636	26,209,093	23,380,907	25,947,196	25,804,387	25,615,990	25,413,390	25,249,670	27,559,979	27,261,661
5	Transmission Related (non-specific)	5,735,440	5,213,605	6,363,175	5,153,160	5,111,703	5,062,852	5,181,881	5,135,855	5,413,465	5,347,368
6	Distribution/Customer Related (non-specific)	41,105,941	39,026,955	37,815,853	38,584,163	38,324,714	38,049,572	38,647,074	38,481,036	44,627,891	44,073,030
7	Total Net Plant General & Intangible Plant - PNM	73,452,018	70,449,653	67,559,935	69,684,519	69,240,804	68,728,413	69,242,345	68,866,561	77,601,335	76,682,059
8											

9 Column N = 13 month average, June 2013 - June 2014

10 Column AS = 13 month average December 2015 - December 2016

11

Line No.	V 2015 February	W 2015 March	X 2015 April	Y 2015 May	Z 2015 June	AA 2015 July	AB 2015 August	AC 2015 September	AD 2015 October	AE 2015 November	
1	<b>Net Plant</b>										
2	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>										
3											
4	Production Related (non-specific)	26,963,470	26,679,336	26,381,078	26,109,577	26,777,273	26,704,085	26,500,281	26,355,875	26,339,792	26,348,879
5	Transmission Related (non-specific)	5,281,295	5,217,920	5,151,835	5,090,011	5,154,476	5,124,626	5,073,976	5,035,430	4,967,975	4,954,185
6	Distribution/Customer Related (non-specific)	43,518,281	42,986,304	42,431,439	41,917,861	42,553,621	42,436,010	42,030,960	42,090,642	41,637,552	41,578,442
7	Total Net Plant General & Intangible Plant - PNM	75,763,047	74,883,560	73,964,353	73,117,449	74,485,370	74,264,721	73,605,217	73,481,947	72,945,319	72,881,505
8											
9	Column N = 13 month average, June 2013 - June 2014										
10	Column AS = 13 month average December 2015 - December 2016										
11											

Line No.	AF 2015 December	AG 2015 January	AH 2016 February	AI 2016 March	AJ 2016 April	AK 2016 May	AL 2016 June	AM 2016 July
1	<b>Net Plant</b>							
2	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>							
3								
4	Production Related (non-specific)	30,349,279	29,757,720	29,166,162	28,613,449	28,906,366	28,299,146	27,467,730
5	Transmission Related (non-specific)	5,992,791	5,868,665	5,744,539	5,626,599	5,502,368	5,378,137	5,210,339
6	Distribution/Customer Related (non-specific)	48,878,202	47,924,614	46,971,026	46,077,382	45,122,779	44,168,175	43,016,404
7	Total Net Plant General & Intangible Plant - PNM	85,220,272	83,551,000	81,881,727	80,317,431	79,531,512	77,845,458	75,694,473
8								
9	Column N = 13 month average, June 2013 - June 2014							
10	Column AS = 13 month average December 2015 - December 2016							
11								

Line No.	WP NP-5, Column D					AS 13-Month Average Test Period	
	AN 2016 August	AO 2016 September	AP 2016 October	AQ 2016 November	AR 2016 December		
1	<b>Net Plant</b>						
2	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>						
3							
4	Production Related (non-specific)	26,922,421	26,671,702	26,149,259	25,658,436	28,440,770	28,036,539
5	Transmission Related (non-specific)	5,099,719	5,006,362	4,904,658	4,807,749	5,240,880	5,362,257
6	Distribution/Customer Related (non-specific)	42,380,374	41,610,483	40,819,518	40,076,775	45,469,972	44,335,065
7	Total Net Plant General & Intangible Plant - PNM	74,402,514	73,288,546	71,873,435	70,542,960	79,151,622	77,733,860
8							
9	Column N = 13 month average, June 2013 - June 2014						
10	Column AS = 13 month average December 2015 - December 2016						
11							



# **WP NP-5**

*Summary of Net Plant Test Period Adjustments*

Line No.		A	B	C	D	E	Reference PNM Exhibit HEM-2 WP COS Test
		WP NP-2, Column AS 12/31/2016 Balance	WP NP-2, Column AU 13 month average	WP NP-3, Column AS PV ARO	WP NP-4, Column AS Shared Services assets	Adjusted Net Plant Test Period	
1	<b>Net Plant</b>						
2							
3	<b>Net Plant Production Plant</b>						
4							
5	Steam Production Net Plant	744,429,832	3,663,143			748,092,975	Line 5
6							
7	Nuclear Production Net Plant - Palo Verde 1 & 2	368,110,527	(17,566,794)	4,114,540		354,658,272	Line 7
8	Nuclear Production Net Plant - Palo Verde 3	140,879,730	(5,210,890)	688,420		136,367,260	Line 8
9	Total Nuclear Production Net Plant	508,990,257	(22,777,684)	4,812,960	-	491,025,532	Line 9
10							
11	Other Production Plant - Gas	335,400,237	5,630,446			341,030,684	Line 11
12	Other Production Plant - Renewable	235,149,501	4,679,998			239,829,499	Line 12
13	Total Other Production Net Plant	570,549,738	10,310,444	-	-	580,860,182	Line 13
14							
15	Total Net Plant Production Plant	1,823,969,827	(6,804,067)	4,812,960	-	1,819,978,690	Line 15
16							
17	<b>Net Plant Transmission Plant</b>						
18							
19	Step-Up Transformers & Generation Interconnections - Excluding PV3	7,606,311	163,232			7,769,542	Line 19
20	Step-Up Transformers - PV3	207,058	6,507			213,566	Line 20
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	7,813,369	169,739	-	-	7,983,108	Line 21
22							
23	Transmission System Net Plant - Allocated	479,189,840	(22,695,888)			456,493,952	Line 23
24	Transmission System Net Plant - PV 3	3,765,660	164,606			3,930,266	Line 24
25	Transmission System Net Plant - High Lonesome Mesa	17,678,014	326,874			18,004,888	Line 25
26							
27	Transmission System Net Plant - Dedicated Retail	4,031,002	32,670			4,063,672	Line 26
28	Transmission System Net Plant - Dedicated FERC	261,272	1,899			263,171	Line 27
29	Total Transmission System Net Plant	504,925,789	(22,160,838)	-	-	482,755,950	Line 28
30							
31	Total Net Plant Transmission Plant	512,739,158	(22,000,099)	-	-	490,739,058	Line 30
32							
33							

PNM Exhibit HEM-3  
 WP NP - 5: Summary of Test Period Net Plant

Line No.		A	B	C	D	E	Reference PNM Exhibit HEM-2 WP COS Test
		WP NP-2, Column AS 12/31/2016 Balance	WP NP-2, Column AU 13 month average	WP NP-3, Column AS PV ARO	WP NP-4, Column AS Shared Services assets	Adjusted Net Plant Test Period	
34	<b>Net Plant Distribution Plant</b>						
35							
36	Distribution Substations Net Plant - Dedicated FERC	1,395,983	14,838			1,410,821	Line 35
37	Distribution Substations Net Plant - PNM	137,028,994	2,010,624			139,039,619	Line 36
38	Distribution Substations Net Plant - Renewables	3,712,249	(490,118)			3,222,131	Line 37
39	Total Distribution Substations Net Plant	142,137,226	1,535,144	-	-	143,672,370	Line 38
40							
41	Primary Distribution System Net Plant - PNM	321,028,683	(7,709,842)			313,318,841	Line 40
42	Primary Distribution System Net Plant - Renewables	1,966,375	(286,822)			1,679,553	Line 41
43	Total Primary Distribution Net Plant	322,995,058	(7,996,664)	-	-	314,998,394	Line 42
44							
45	Secondary Distribution System Net Plant - PNM	207,828,850	(7,099,259)			200,729,590	Line 44
46	Secondary Distribution System Net Plant - Renewables	705,441	(103,070)			602,372	Line 45
47	Total Secondary Distribution Net Plant	208,534,291	(7,202,329)	-	-	201,331,962	Line 46
48							
49	Services Net Plant - PNM	64,201,045	(3,006,998)	-	-	61,194,049	Line 48
50							
51	Meters Net Plant - PNM	39,344,286	(166,443)	-	-	39,177,843	Line 50
52							
53	Private Lighting - 371	2,298,506	24,078	-	-	2,320,583	Line 52
54	Street Lighting - 373	11,409,398	108,190	-	-	11,517,588	Line 53
55	Total Lighting Net Plant	13,705,905	132,267	-	-	13,838,171	Line 54
56							
57	Total Net Plant Distribution Plant	790,917,811	(16,705,021)	-	-	774,212,790	Line 56
58							
59							
60	<b>Net Plant General &amp; Intangible Plant (303,389-399)</b>						
61							
62	Production General & Intangible Net Plant	5,803,836	(565,810)	-	-	5,238,026	Line 61
63	Transmission General & Intangible Net Plant	38,587	(6,553)	-	-	32,034	Line 62
64	PV Unit 3 General & Intangible Net Plant	1,965,626	(321,421)	-	-	1,644,205	Line 63
65	Renewables General & Intangible Net Plant	20,474	180	-	-	20,654	Line 64
66	Bulk Power Operations	2,437,480	122,487	-	-	2,559,966	Line 65
67	Energy Management System Facilities	4,340,352	448,081	-	-	4,788,432	Line 66
68	Other Division Offices/Customer Service	21,036,778	1,754,923	-	-	22,791,701	Line 67
69	Communications - Transmission	20,122,095	974,822	-	-	21,096,916	Line 68
70	Production Related (non-specific)	-	-	-	28,036,539	28,036,539	Line 69
71	Transmission Related (non-specific)	-	-	-	5,302,257	5,302,257	Line 70
72	Distribution/Customer Related (non-specific)	-	-	-	44,335,065	44,335,065	Line 71
73	Total Net Plant General & Intangible Plant - PNM	55,765,227	2,406,709	-	77,733,860	135,905,796	Line 72
74							
75							
76	Total Net Plant	3,183,392,022	(45,102,509)	4,812,960	77,733,860	3,220,836,334	Line 74
77							

# **WP NP-6**

*Net Plant Reconciliation to Rule 530 Schedule – Base*

Line No.	Utility Account	FERC	A	B	C	D
			Rule 530 Schedule B2, column F	Rule 530 Schedule C1, column G	= A - B	Reference
			6/30/14 Gross Plant	6/30/14 Accumulated Depreciation	6/30/14 Net Plant in Service	
1	Intangible Plant					
2	Organization	301	-	-	-	
3	Misc intangible plant	303	42,157,255	37,014,209	5,143,046	
4	<b>Total Intangible Plant</b>		<b>42,157,255</b>	<b>37,014,209</b>	<b>5,143,046</b>	
5						
6	<u>Steam Production Plant</u>					
7	Land and land rights	310	1,222,566		1,222,566	
8	Land Right of Way	310.1	25,958	13,611	12,347	
9	Structures and Improvements	311	150,934,976	83,288,244	67,646,732	
10	Boiler plant equipment	312	747,602,085	304,464,970	443,137,115	
11	Turbogenerator units	314	197,622,522	82,163,024	115,459,498	
12	Accessory electric equipment	315	77,496,466	45,865,841	31,630,625	
13	Misc power plant equipment	316	31,802,351	13,588,483	18,213,868	
14	Asset Retirement Costs-Steam	317	3,389,504	540,774	2,848,730	
15	<b>Total Steam Production Plant</b>		<b>1,210,096,428</b>	<b>529,924,947</b>	<b>680,171,481</b>	WP NP 2, Column M, Line 5
16						
17	<u>Nuclear Production Plant</u>					
18	Land and land rights	320	412,610	-	412,610	
19	Land Right of Way	320.1	44,622	22,447	22,175	
20	Structures and improvements	321	140,672,716	35,863,498	104,809,218	
21	Reactor plant equipment	322	210,263,071	57,059,686	153,203,385	
22	Turbogenerator units	323	76,762,000	20,584,385	56,177,615	
23	Accessory electric equipment	324	39,434,694	14,513,165	24,921,529	
24	Misc power plant equipment	325	36,401,169	11,094,680	25,306,489	
25	Asset Retirement Costs-Nuclear	326	442,039	3,275,038	(2,832,999)	
26	<b>Total Nuclear Production</b>		<b>504,432,920</b>	<b>142,412,899</b>	<b>362,020,021</b>	WP NP 2, Column M, Line 9
27						
28	<u>Other Production Plant</u>					
29	Land and land rights	340	11,625,440		11,625,440	
30	Land Right of Way	340.1	1,959,313	78,911	1,880,402	
31	Structures and improvements	341	56,579,589	15,827,252	40,752,337	
32	Fuel holders, products, access	342	86,121,376	17,117,145	69,004,231	
33	Prime Movers	343			-	
34	Generators	344	276,291,920	50,208,510	226,083,410	
35	Accessory electric equipment	345	21,377,399	3,113,848	18,263,551	
36	Misc power plant equipment	346	15,894,055	5,006,064	10,887,991	
37	ARO Other Production	347	1,104,006	259,165	844,841	
38	Battery Storage	348	3,405,380	497,377	2,908,003	
39	<b>Total Other Production</b>		<b>474,358,478</b>	<b>92,108,272</b>	<b>382,250,206</b>	WP NP 2, Column M, Line 13
40						
41	<u>Transmission Plant</u>					
42	Land and land rights	350	13,192,472		13,192,472	
43	Land Right of Way	350.1	40,876,489	19,601,879	21,274,610	
44	Structures and improvements	352	27,588,734	7,846,477	19,742,257	
45	Station equipment	353	293,187,685	118,035,137	175,152,548	
46	Station Equipment - Step-up Xfmr and Aux	353.1	14,452,606		14,452,606	
47	Towers and fixtures	354	26,653,606	16,915,855	9,737,751	
48	Poles and fixtures	355	148,171,017	62,710,866	85,460,151	
49	Overhead conductors, devices	356	92,794,731	55,068,889	37,725,842	
50	Underground conduit	357	1,260,363	867,836	392,527	
51	Roads and trails	359	8,701,150	1,037,973	7,663,177	
52	<b>Total Transmission Plant</b>		<b>666,878,853</b>	<b>282,084,912</b>	<b>384,793,941</b>	WP NP 2, Column M, Line 31
53						

WP NP - 6: Total Net Plant by Detail Account Reconciliation to WP NP 2 - Base Period

Line No.	Utility Account	FERC	A	B	C	D
			Rule 530 Schedule B2, column F	Rule 530 Schedule C1, column G 6/30/14 Accumulated Depreciation	= A - B	Reference
			6/30/14 Gross Plant		6/30/14 Net Plant in Service	
54	Distribution Plant					
55	Land and land rights	360	5,311,768	858,598	4,453,170	
56	Land Right of Way	360.1	1,991,692	-	1,991,692	
57	Structures and improvements	361	21,855,892	6,649,779	15,206,113	
58	Station equipment	362	170,393,871	55,949,591	114,444,280	
59	Battery Storage Solar	363	2,824,228	714,919	2,109,309	
60	Poles, towers and fixtures	364	172,348,137	77,517,287	94,830,850	
61	Overhead conductors, devices	365	129,401,730	68,981,674	60,420,056	
62	Underground conduit	366	105,403,712	46,981,121	58,422,591	
63	Undergrnd conductors, devices	367	246,238,832	93,020,398	153,218,434	
64	Line transformers	368	182,740,277	71,003,993	111,736,284	
65	Services	369	54,054,339		54,054,339	
66	Services - Underground	369.1	85,844,042	87,902,161	(2,058,119)	
67	Meters	370	48,923,081	12,571,074	36,352,007	
68	Installs customer premise	371	9,516,983	9,395,562	121,421	
69	Leased Flood Lighting	371.1	306,100		306,100	
70	Leased prop customer premise	372	-		-	
71	Street lighting,signal system	373	18,623,586	7,377,348	11,246,238	
72	Asset Retirement Costs-Distr	374	56,516	49,236	7,280	
73	<b>Total Distribution Plant</b>		<b>1,255,834,787</b>	<b>538,972,741</b>	<b>716,862,046</b>	WP NP 2, Column M, Line 57
74						
75	General Plant					
76	Land and land rights	389	1,858,762		1,858,762	
77	NM Land Improvements	389.1	-		-	
78	Structures and improvements	390	44,974,940	29,408,807	15,566,133	
79	Office furniture, equipment	391	21,622,319	8,424,397	13,197,922	
80	Transportation equipment	392	6,994,762	2,786,293	4,208,469	
81	Stores equipment	393	66,415	54,574	11,841	
82	Tools, shop, garage equipment	394	12,340,840	4,660,070	7,680,770	
83	Laboratory equipment	395	762,642	463,440	299,202	
84	Power operated equipment	396	3,846,249	2,078,893	1,767,356	
85	Communication equipment	397	25,631,345	13,629,013	12,002,332	
86	Miscellaneous equipment	398	291,125	122,154	168,971	
87	Other tangible property	399	682,242	675,468	6,774	
88	<b>Total General Plant</b>		<b>119,071,641</b>	<b>62,303,109</b>	<b>56,768,532</b>	
89						
90	<b>Total Electric Plant In Service</b>	101/106	<b>4,272,830,361</b>	<b>1,684,821,089</b>	<b>2,588,009,272</b>	WP NP 2, Column M, Line 76
91						
92	<b>Electric Plant Purchased</b>	102	-		-	
93						
94	<b>Electric Plant Acquisition Adjustment</b>	114	<b>10,496,986</b>		<b>10,496,986</b>	WP ORB-4, Column A, line 26 + 27
95						
96	<b>Total Electric Plant</b>		<b>4,283,327,348</b>	<b>1,684,821,089</b>	<b>2,598,506,259</b>	
97						
98	<b>Subtotal of Intangible and General Plant</b>		<b>161,228,896</b>	<b>99,317,318</b>	<b>61,911,578</b>	WP NP 2, Column M, Line 73
99	line 49 = line 4 + line 43					

# **WP NP-7**

*Net Plant Reconciliation to Rule 530 Schedule - Test*

Line No.	Utility Account	FERC	A	B	C	Reference
			Rule 530 Schedule B2, column V	Rule 530 Schedule C1, column G 12/31/16 Accumulated Depreciation	= A - B	
			12/31/16 Gross Plant		12/31/16 Net Plant in Service	
1	<u>Intangible Plant</u>					
2	Organization	301	-	-	-	
3	Misc intangible plant	303	50,138,461	42,807,141	7,331,320	
4	<b>Total Intangible Plant</b>		<b>50,138,461</b>	<b>42,807,141</b>	<b>7,331,320</b>	
5						
6	<u>Steam Production Plant</u>					
7	Land and land rights	310	1,248,524	-	1,248,524	
8	Land Right of Way	310.1	-	14,637	(14,637)	
9	Structures and Improvements	311	166,410,923	86,045,417	80,365,506	
10	Boiler plant equipment	312	789,316,168	324,403,288	464,912,880	
11	Turbogenerator units	314	213,170,667	79,253,132	133,917,535	
12	Accessory electric equipment	315	81,566,871	47,319,079	34,247,792	
13	Misc power plant equipment	316	37,043,715	14,592,302	22,451,413	
14	Asset Retirement Costs-Steam	317	7,675,851	375,031	7,300,820	
15	<b>Total Steam Production Plant</b>		<b>1,296,432,718</b>	<b>552,002,885</b>	<b>744,429,832</b>	WP NP 2, Column AS, Line 5
16						
17	<u>Nuclear Production Plant</u>					
18	Land and land rights	320	636,772	-	636,772	
19	Land Right of Way	320.1	-	40,737	(40,737)	
20	Structures and improvements	321	237,696,395	67,618,068	170,078,327	
21	Reactor plant equipment	322	311,335,025	113,606,157	197,728,868	
22	Turbogenerator units	323	120,274,651	39,006,984	81,267,667	
23	Accessory electric equipment	324	54,417,998	27,350,899	27,067,099	
24	Misc power plant equipment	325	60,922,846	23,655,189	37,267,657	
25	Asset Retirement Costs-Nuclear	326	615,614	5,631,010	(5,015,397)	
26	<b>Total Nuclear Production</b>		<b>785,899,301</b>	<b>276,909,044</b>	<b>508,990,257</b>	WP NP 2, Column AS, Line 9
27						
28	<u>Other Production Plant</u>					
29	Land and land rights	340	18,114,737	-	18,114,737	
30	Land Right of Way	340.1	-	184,205	(184,205)	
31	Structures and improvements	341	117,376,661	46,071,892	71,304,769	
32	Fuel holders,producers,accessr	342	91,529,130	22,763,009	68,766,121	
33	Prime Movers	343	-	-	-	
34	Generators	344	416,805,300	80,378,408	336,426,893	
35	Accessory electric equipment	345	67,235,115	4,845,117	62,389,998	
36	Misc power plant equipment	346	17,027,729	6,730,639	10,297,089	
37	ARO Other Production	347	1,833,365	455,687	1,377,678	
38	Battery Storage	348	3,405,380	1,348,723	2,056,658	
39	<b>Total Other Production</b>		<b>733,327,417</b>	<b>162,777,679</b>	<b>570,549,738</b>	WP NP 2, Column AS, Line 13
40						
41	<u>Transmission Plant</u>					
42	Land and land rights	350	54,068,961	-	54,068,961	
43	Land Right of Way	350.1	-	21,540,513	(21,540,513)	
44	Structures and improvements	352	27,268,569	9,178,547	18,090,021	
45	Station equipment	353	365,674,559	131,891,692	233,782,867	
46	Station Equipment - Step-up Xfmr and Aux	353.1	-	-	-	
47	Towers and fixtures	354	30,922,313	18,394,020	12,528,293	
48	Poles and fixtures	355	241,595,831	74,321,359	167,274,472	
49	Overhead conductors, devices	356	101,254,929	60,295,732	40,959,198	
50	Underground conduit	357	1,243,050	924,020	319,030	
51	Roads and trails	359	8,701,150	1,444,321	7,256,828	
52	<b>Total Transmission Plant</b>		<b>830,729,362</b>	<b>317,990,204</b>	<b>512,739,158</b>	WP NP 2, Column AS, Line 31
53						



Line No.	Utility Account	FERC	A	B	C	D
			Rule 530 Schedule B2, column V	Rule 530 Schedule C1, column G 12/31/16 Accumulated	Depreciation	12/31/16 Net Plant in Service
54	Distribution Plant					
55	Land and land rights	360	7,303,460	979,981	6,323,479	
56	Land Right of Way	360.1	-	-	-	
57	Structures and improvements	361	27,858,424	7,894,140	19,964,284	
58	Station equipment	362	185,095,150	65,473,608	119,621,543	
59	Battery Storage Solar	363	6,251,652	1,349,948	4,901,704	
60	Poles, towers and fixtures	364	190,963,239	87,614,092	103,349,146	
61	Overhead conductors, devices	365	152,576,372	76,630,893	75,945,479	
62	Underground conduit	366	107,685,510	52,446,150	55,239,360	
63	Undergrnd conductors, devices	367	269,953,630	102,807,127	167,146,503	
64	Line transformers	368	206,541,128	79,115,699	127,425,430	
65	Services	369	156,885,459	99,455,466	57,429,993	
66	Services - Underground	369.1	-	-	-	
67	Meters	370	54,611,320	14,749,829	39,861,491	
68	Installs customer premise	371	12,291,618	9,995,112	2,296,506	
69	Leased Flood Lighting	371.1	-	-	-	
70	Leased prop customer premise	372	-	-	-	
71	Street lighting, signal system	373	19,414,622	8,005,224	11,409,398	
72	Asset Retirement Costs-Distr	374	56,516	53,023	3,493	
73	<b>Total Distribution Plant</b>		<b>1,397,488,102</b>	<b>606,570,291</b>	<b>790,917,811</b>	WP NP 2, Column AS, Line 57
74						
75	<b>General Plant</b>					
76	Land and land rights	389	1,858,762	-	1,858,762	
77	NM Land Improvements	389.1	-	-	-	
78	Structures and improvements	390	52,619,225	33,027,027	19,592,198	
79	Office furniture, equipment	391	19,188,052	12,357,437	6,830,616	
80	Transportation equipment	392	6,495,905	3,310,826	3,185,079	
81	Stores equipment	393	57,113	57,062	51	
82	Tools, shop, garage equipment	394	11,849,239	5,709,827	6,139,412	
83	Laboratory equipment	395	750,301	620,841	129,460	
84	Power operated equipment	396	3,450,631	2,334,628	1,116,002	
85	Communication equipment	397	22,426,613	12,963,474	9,463,139	
86	Miscellaneous equipment	398	243,418	130,810	112,608	
87	Other tangible property	399	682,242	675,663	6,579	
88	<b>Total General Plant</b>		<b>119,621,501</b>	<b>71,187,594</b>	<b>48,433,906</b>	
89						
90	<b>Total Electric Plant In Service</b>	<b>101/106</b>	<b>5,213,636,861</b>	<b>2,030,244,838</b>	<b>3,183,392,022</b>	WP NP 2, Column AS, Line 76
91						
92	<b>Electric Plant Purchased</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>	
93						
94	<b>Electric Plant Acquisition Adjustment</b>	<b>114</b>	<b>69,765,937</b>	<b>-</b>	<b>69,765,937</b>	WP ORB-4, Column AB, line 26 + 27 + 31
95						
96	<b>Total Electric Plant</b>		<b>5,283,402,797</b>	<b>2,030,244,838</b>	<b>3,253,157,959</b>	
97						
98	<b>Subtotal of Intangible and General Plant</b>		<b>169,759,961</b>	<b>113,994,735</b>	<b>55,765,226</b>	WP NP 2, Column AS, Line 73
99	line 49 = line 4 + line 43					

# **WP RA-1**

*Regulatory Assets and liabilities, Base Period 13 month  
average*

PNM Exhibit HEM-3

WP RA - 1: Regulatory Assets and Liabilities Base Period 13 month average calculation

		A	B	C	D	E	F	G	H
		2013	2013	2013	2013	2013	2013	2013	2014
Line No.	Regulatory Assets & Liabilities	June	July	August	September	October	November	December	January
1									
2									
3	Coal Mine Decommissioning-Surface	12,959,321	12,808,631	12,657,941	12,507,251	12,356,562	12,205,872	12,055,182	11,904,492
4	PV 1&2 Prudence Audit	(633,352)	(606,421)	(579,490)	(552,559)	(525,629)	(498,698)	(471,767)	(444,837)
5	PV 1&2 Combustion Engineering	(390,860)	(384,937)	(379,014)	(373,091)	(367,168)	(361,245)	(355,322)	(349,399)
6	Palo Verde DOE Spent Fuel Refund	(518,778)	(481,722)	(444,667)	(407,611)	(370,555)	(333,500)	(296,444)	(259,389)
7	Deferred Coal Costs	3,280,424	3,300,868	3,322,258	3,338,844	3,741,805	4,121,567	4,516,931	4,069,209
8	Reg Asset LVGS Decommission	203,340	205,338	207,356	209,393	211,450	213,528	215,626	217,744
9	Reg Liab LVGS Decommission	(1,119,005)	(1,130,000)	(1,141,102)	(1,152,313)	(1,163,635)	(1,175,067)	(1,186,612)	(1,198,271)
10	PCB Refinancing Hedge	17,725,770	17,655,400	17,585,030	17,514,659	17,444,289	17,373,918	17,303,548	17,233,177
11	Reg Liab Renewables Fed Grant	(22,258,387)	(22,178,146)	(22,097,905)	(22,017,664)	(21,937,423)	(21,857,182)	(21,776,941)	(21,696,700)
12	Reg Liab Renewables St Credit	(4,330,801)	(4,314,631)	(4,298,461)	(4,282,291)	(4,266,121)	(4,249,951)	(4,233,781)	(4,217,611)
13	Alvarado Square Lease	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837
14	Total Regulatory Assets and Liabilities	8,752,509	8,709,217	8,666,782	8,619,454	8,958,411	9,274,078	9,605,255	9,093,253
15									
16	Column N = 13 month average, July 2013 - June 2014								
17	Column O = Column N - Column M								

PNM Exhibit HEM-3

WP RA - 1: Regualtory Assets and Liabilities Base Period 13 month ave

Line No.	Regulatory Assets & Liabilities	I	J	K	L	M	N	O	Reference PNM Exhibit HEM-2 COS BASE ADJ,
		2014	2014	2014	2014	2014	13-Month Average	13-Month Average	
		February	March	April	May	June	Base Period	Adjustment	
1									
2									
3	Coal Mine Decommissioning-Surface	11,753,802	11,603,113	11,452,423	11,301,733	11,151,043	12,055,182	904,139	Line 124
4	PV 1&2 Prudence Audit	(417,906)	(390,975)	(364,045)	(337,114)	(310,183)	(471,767)	(161,584)	Line 125
5	PV 1&2 Combustion Engineering	(343,476)	(337,553)	(331,630)	(325,707)	(319,784)	(355,322)	(35,538)	Line 126
6	Palo Verde DOE Spent Fuel Refund	(222,333)	(185,278)	(148,222)	(111,167)	(74,111)	(296,444)	(222,333)	Line 127
7	Deferred Coal Costs	3,847,560	3,593,818	3,367,040	3,130,897	2,901,668	3,579,453	677,785	Line 128
8	Reg Asset LVGS Decommission	219,884	222,044	224,225	226,428	228,653	215,770	(12,883)	Line 129
9	Reg Liab LVGS Decommission	(1,210,044)	(1,221,933)	(1,233,938)	(1,246,062)	(1,258,304)	(1,187,407)	70,897	Line 130
10	PCB Refinancing Hedge	17,162,807	17,092,436	17,022,066	16,951,695	16,881,325	17,303,548	422,223	Line 131
11	Reg Liab Renewables Fed Grant	(21,616,459)	(21,536,218)	(21,455,977)	(21,375,736)	(21,295,495)	(21,776,941)	(481,446)	Line 132
12	Reg Liab Renewables St Credit	(4,201,441)	(4,185,271)	(4,169,101)	(4,152,931)	(4,136,761)	(4,233,781)	(97,020)	Line 133
13	Alvarado Square Lease	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	-	Line 134
14	Total Regualtory Assets and Liabilities	8,807,230	8,489,020	8,197,678	7,896,875	7,602,888	8,667,127	1,064,239	Line 138
15									
16	Column N = 13 month average, July 2013 - June 2014								
17	Column O = Column N - Column M								

## **WP RA-2**

*Regulatory Assets and liabilities, Test period 13 month  
average*

PNM Exhibit HEM-3

WP RA - 2: Regulatory Assets and Liabilities Test Period 13 month average calculation

Line No.	Description	A	B	C	D	E	F	G
		WP RA-1, Column M Base Period Balance	Monthly Amortization	July 2014 Balance	August 2014 Balance	September 2014 Balance	October 2014 Balance	November 2014 Balance
1	Coal Mine Decommissioning-Surface	11,151,043	(150,690)	11,000,354	10,849,664	10,698,974	10,548,284	10,397,594
2	PV 1&2 Prudence Audit	(310,183)	26,931	(283,252)	(256,322)	(229,391)	(202,460)	(175,530)
3	PV 1&2 Combustion Engineering	(319,784)	5,923	(313,861)	(307,938)	(302,015)	(296,092)	(290,169)
4	Palo Verde DOE Spent Fuel Refund	(74,111)	37,056	(37,055)	-	(3,625,097)	(3,625,097)	(3,625,097)
5	Deferred Coal Costs	2,901,668		2,666,854	2,432,592	2,204,506	1,969,713	1,740,659
6	Reg Asset LVGS Decommission	228,653	11.79%	230,900	233,168	235,459	237,772	240,109
7	Reg Liab LVGS Decommission	(1,258,304)	11.79%	(1,270,667)	(1,283,151)	(1,295,758)	(1,308,489)	(1,321,345)
8	PCB Refinancing Hedge	16,881,325	(70,370)	16,810,954	16,740,584	16,670,213	16,599,843	16,529,472
9	Reg Liab Renewables Fed Grant	(21,295,495)	80,241	(21,215,254)	(21,135,013)	(21,054,772)	(20,974,531)	(20,894,290)
10	Reg Liab Renewables St Credit	(4,136,761)	16,170	(4,120,591)	(4,104,421)	(4,088,251)	(4,072,081)	(4,055,911)
11	Alvarado Square Lease	3,834,837	(63,914)	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837
12								
13	Total	7,602,888		7,303,217	7,004,000	3,048,705	2,711,699	2,380,330
14								
15		Base Period	Monthly	July 2014	August 2014	September 2014	October 2014	November 2014
16	New Regulatory Assets & Liabilities	Ending Balance	Amortization					
17								
18	<b>Balance</b>							
19	TOU Regulatory Asset (Recover over 2 years)	-	-	-	-	-	-	-
20	ARO Liability	-	-	-	-	-	-	-
21	<b>Activity</b>							
22	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-	-
23	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-	-
24	TOU Regulatory Asset Amortization (Recovery over 2 years)							
25								
26	Note - LVGS Regulatory Asset & Liability grow due							
27	to carrying charges until December 31, 2015							
28	Note 2 - Line 20, reference WP OA-4 for Regulatory ARO Liability							

PNM Exhibit HEM-3

WP RA - 2: Regulatory Assets and Liabilities Test Period 13 month average calc

Line No.	Description	H	I	J	K	L	M	N
		December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
		Balance	Balance	Balance	Balance	Balance	Balance	Balance
1	Coal Mine Decommissioning-Surface	10,246,905	10,096,215	9,945,525	9,794,835	9,644,146	9,493,456	9,342,766
2	PV 1&2 Prudence Audit	(148,599)	(121,668)	(94,737)	(67,807)	(40,876)	(13,945)	-
3	PV 1&2 Combustion Engineering	(284,246)	(278,323)	(272,400)	(266,477)	(260,554)	(254,631)	(248,708)
4	Palo Verde DOE Spent Fuel Refund	(3,625,097)	(3,625,097)	(3,625,097)	(3,625,097)	(3,625,097)	(3,625,097)	(6,341,318)
5	Deferred Coal Costs	1,503,026	1,247,772	1,247,772	1,247,772	1,189,523	1,094,483	1,002,509
6	Reg Asset LVGS Decommission	242,468	244,850	247,256	249,685	252,138	254,615	257,117
7	Reg Liab LVGS Decommission	(1,334,327)	(1,347,437)	(1,360,675)	(1,374,044)	(1,387,544)	(1,401,177)	(1,414,943)
8	PCB Refinancing Hedge	16,459,102	16,388,731	16,318,361	16,247,990	16,177,620	16,107,249	16,036,879
9	Reg Liab Renewables Fed Grant	(20,814,049)	(20,733,808)	(20,653,567)	(20,573,326)	(20,493,085)	(20,412,844)	(20,332,603)
10	Reg Liab Renewables St Credit	(4,039,741)	(4,023,571)	(4,007,401)	(3,991,231)	(3,975,061)	(3,958,891)	(3,942,721)
11	Alvarado Square Lease	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837
12								
13	Total	2,040,278	1,682,501	1,579,873	1,477,138	1,316,046	1,118,055	(1,806,186)
14								
15		December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
16	<b>New Regulatory Assets &amp; Liabilities</b>							
17								
18	<b>Balance</b>							
19	TOU Regulatory Asset (Recover over 2 years)	-	-	-	-	-	-	-
20	ARO Liability	-	-	-	-	-	-	-
21	<b>Activity</b>							
22	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-	-
23	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-	-
24	TOU Regulatory Asset Amortization (Recovery over 2 years)							
25								
26	Note - LVGS Regulatory Asset & Liability grow due							
27	to carrying charges until December 31, 2015							
28	Note 2 - Line 20, refrence WP OA-4 for Regulatory ARO Liability							

PNM Exhibit HEM-3

WP RA - 2: Regulatory Assets and Liabilities Test Period 13 month average calc

	O	P	Q	R	S	T	
	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	
Line No.	Description	Balance	Balance	Balance	Balance	Balance	
1	Coal Mine Decommissioning-Surface	9,192,076	9,041,386	8,890,697	8,740,007	8,589,317	8,438,627
2	PV 1&2 Prudence Audit	-	-	-	-	-	-
3	PV 1&2 Combustion Engineering	(242,785)	(236,862)	(230,939)	(225,016)	(219,093)	(213,170)
4	Palo Verde DOE Spent Fuel Refund	(6,341,318)	(6,341,318)	(6,341,318)	(6,341,318)	(6,341,318)	(6,341,318)
5	Deferred Coal Costs	907,469	812,429	720,455	625,415	533,441	438,401
6	Reg Asset LVGS Decommission	259,643	262,194	264,770	267,371	269,998	272,651
7	Reg Liab LVGS Decommission	(1,428,845)	(1,442,883)	(1,457,060)	(1,471,375)	(1,485,832)	(1,500,430)
8	PCB Refinancing Hedge	15,966,508	15,896,138	15,825,768	15,755,397	15,685,027	15,614,656
9	Reg Liab Renewables Fed Grant	(20,252,362)	(20,172,121)	(20,091,880)	(20,011,639)	(19,931,398)	(19,851,157)
10	Reg Liab Renewables St Credit	(3,926,551)	(3,910,381)	(3,894,211)	(3,878,041)	(3,861,871)	(3,845,701)
11	Alvarado Square Lease	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837	3,834,837
12							
13	Total	(2,031,328)	(2,256,581)	(2,478,882)	(2,704,362)	(2,926,892)	(3,152,604)
14							
15		July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
16	<b>New Regulatory Assets &amp; Liabilities</b>						
17							
18	<b>Balance</b>						
19	TOU Regulatory Asset (Recover over 2 years)	-	-	-	-	-	300,000
20	ARO Liability	-	-	-	-	-	-
21	<b>Activity</b>						
22	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-
23	LVGS Amortization (recovery over 2 years)	-	-	-	-	-	-
24	TOU Regulatory Asset Amortization (Recovery over 2 years)						
25							
26	Note - LVGS Regulatory Asset & Liability grow due						
27	to carrying charges until December 31, 2015						
28	Note 2 - Line 20, refrence WP OA-4 for Regulatory ARO Liability						



PNM Exhibit HEM-3

WP RA - 2: Regulatory Assets and Liabilities Test Period 13 month average calc

	U	V	W	X	Y	Z	
	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	
Line No.	Description	Balance	Balance	Balance	Balance	Balance	
1	Coal Mine Decommissioning-Surface	8,287,938	8,137,248	7,986,558	7,835,868	7,685,179	7,534,489
2	PV 1&2 Prudence Audit	-	-	-	-	-	-
3	PV 1&2 Combustion Engineering	(207,247)	(201,324)	(195,401)	(189,478)	(183,555)	(177,632)
4	Palo Verde DOE Spent Fuel Refund	(6,077,097)	(5,812,875)	(5,548,653)	(5,284,432)	(5,020,210)	(4,755,989)
5	Deferred Coal Costs	343,361	257,519	159,414	67,440	-	-
6	Reg Asset LVGS Decommission	261,290.63	249,930	238,570	227,209	215,849	204,488
7	Reg Liab LVGS Decommission	(1,437,912)	(1,375,394)	(1,312,876)	(1,250,358)	(1,187,840)	(1,125,322)
8	PCB Refinancing Hedge	15,544,286	15,473,915	15,403,545	15,333,174	15,262,804	15,192,433
9	Reg Liab Renewables Fed Grant	(19,770,916)	(19,690,675)	(19,610,434)	(19,530,193)	(19,449,952)	(19,369,711)
10	Reg Liab Renewables St Credit	(3,829,531)	(3,813,361)	(3,797,191)	(3,781,021)	(3,764,851)	(3,748,681)
11	Alvarado Square Lease	3,770,923	3,707,009	3,643,095	3,579,181	3,515,267	3,451,353
12							
13	Total	(3,114,905)	(3,068,008)	(3,033,374)	(2,992,610)	(2,927,311)	(2,794,572)
14							
15		January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
16	<b>New Regulatory Assets &amp; Liabilities</b>						
17							
18	<b>Balance</b>						
19	TOU Regulatory Asset (Recover over 2 years)	287,500	275,000	262,500	250,000	237,500	225,000
20	ARO Liability	(148,791)	(297,582)	(446,372)	(595,163)	(743,954)	(892,745)
21	<b>Activity</b>						
22	LVGS Amortization (recovery over 2 years)	11,360	11,360	11,360	11,360	11,360	11,360
23	LVGS Amortization (recovery over 2 years)	(62,518)	(62,518)	(62,518)	(62,518)	(62,518)	(62,518)
24	TOU Regulatory Asset Amortization (Recovery over 2 years)	12,500	12,500	12,500	12,500	12,500	12,500
25							
26	Note - LVGS Regulatory Asset & Liability grow due						
27	to carrying charges until December 31, 2015						
28	Note 2 - Line 20, refrence WP OA-4 for Regulatory ARO Liability						

PNM Exhibit HEM-3

WP RA - 2: Regulatory Assets and Liabilities Test Period 13 month average calc

	AA	AB	AC	AD	AE	AF
	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
Line No.	Description	Balance	Balance	Balance	Balance	Balance
1	Coal Mine Decommissioning-Surface	7,383,799	7,233,109	7,082,419	6,931,730	6,781,040
2	PV 1&2 Prudence Audit	-	-	-	-	-
3	PV 1&2 Combustion Engineering	(171,709)	(165,786)	(159,863)	(153,940)	(142,094)
4	Palo Verde DOE Spent Fuel Refund	(4,491,767)	(4,227,545)	(3,963,324)	(3,699,102)	(3,170,659)
5	Deferred Coal Costs	-	-	-	-	-
6	Reg Asset LVGS Decommission	193,128	181,767	170,407	159,046	147,686
7	Reg Liab LVGS Decommission	(1,062,805)	(1,000,287)	(937,769)	(875,251)	(812,733)
8	PCB Refinancing Hedge	15,122,063	15,051,692	14,981,322	14,910,951	14,840,581
9	Reg Liab Renewables Fed Grant	(19,289,470)	(19,209,229)	(19,128,988)	(19,048,747)	(18,968,506)
10	Reg Liab Renewables St Credit	(3,732,511)	(3,716,341)	(3,700,171)	(3,684,001)	(3,667,831)
11	Alvarado Square Lease	3,387,439	3,323,525	3,259,611	3,195,698	3,131,784
12						
13	Total	(2,661,833)	(2,529,094)	(2,396,355)	(2,263,617)	(2,130,878)
14						
15		July 2016	August 2016	September 2016	October 2016	November 2016
16	<u>New Regulatory Assets &amp; Liabilities</u>					December 2016
17						
18	<b>Balance</b>					
19	TOU Regulatory Asset (Recover over 2 years)	212,500	200,000	187,500	175,000	162,500
20	ARO Liability	(1,041,536)	(1,190,327)	(1,339,117)	(1,487,908)	(1,636,699)
21	<b>Activity</b>					
22	LVGS Amortization (recovery over 2 years)	11,360	11,360	11,360	11,360	11,360
23	LVGS Amortization (recovery over 2 years)	(62,518)	(62,518)	(62,518)	(62,518)	(62,518)
24	TOU Regulatory Asset Amortization (Recovery over 2 years)	12,500	12,500	12,500	12,500	12,500
25						
26	Note - LVGS Regulatory Asset & Liability grow due					
27	to carrying charges until December 31, 2015					
28	Note 2 - Line 20, reference WP OA-4 for Regulatory ARO Liability					

PNM Exhibit HEM-3

WP RA - 2: Regualtory Assets and Liabilities Test Period 13 month average calc:

Line No.	Description	AG	AH	AI	Reference
		Test Period	13-Month	13-Month	
		Ending Balance	Average Balance	Average Adjustment	
1	Coal Mine Decommissioning-Surface	6,630,350	7,534,489	904,139	PNM Exhibit HEM-2 COS TEST, Line 124
2	PV 1&2 Prudence Audit	-	-	-	PNM Exhibit HEM-2 COS TEST, Line 125
3	PV 1&2 Combustion Engineering	(142,094)	(177,632)	(35,538)	PNM Exhibit HEM-2 COS TEST, Line 126
4	Palo Verde DOE Spent Fuel Refund	(3,170,659)	(4,755,989)	(1,585,330)	PNM Exhibit HEM-2 COS TEST, Line 127
5	Deferred Coal Costs	-	97,395	97,395	PNM Exhibit HEM-2 COS TEST, Line 128
6	Reg Asset LVGS Decommission	136,326	204,488	68,163	PNM Exhibit HEM-2 COS TEST, Line 129
7	Reg Liab LVGS Decommission	(750,215)	(1,125,322)	(375,107)	PNM Exhibit HEM-2 COS TEST, Line 130
8	PCB Refinancing Hedge	14,770,210	15,192,433	422,223	PNM Exhibit HEM-2 COS TEST, Line 131
9	Reg Liab Renewables Fed Grant	(18,888,265)	(19,369,711)	(481,446)	PNM Exhibit HEM-2 COS TEST, Line 132
10	Reg Liab Renewables St Credit	(3,651,661)	(3,748,681)	(97,020)	PNM Exhibit HEM-2 COS TEST, Line 133
11	Alvarado Square Lease	3,067,870	3,451,353	383,484	PNM Exhibit HEM-2 COS TEST, Line 134
12					
13	Total	(1,998,139)	(2,697,177)	(699,038)	
14					
15		Test Period	13-Month	13-Month	
16	New Regulatory Assets & Liabilities	Ending Balance	Average Balance	Average Adjustment	
17					
18	<b>Balance</b>				
19	TOU Regulatory Asset (Recover over 2 years)	150,000	225,000	75,000	PNM Exhibit HEM-2 COS TEST, Line 136
20	ARO Liability	(1,785,490)	(892,745)	892,745	PNM Exhibit HEM-2 COS TEST, Line 135
21	<b>Activity</b>				
22	LVGS Amortization (recovery over 2 years)	136,326	-	136,326	WP OA-1, line 17
23	LVGS Amortization (recovery over 2 years)	(750,215)	-	(750,215)	WP OA-1, line 16
24	TOU Regulatory Asset Amortization (Recovery over 2 years)	150,000	-	150,000	WP OA-1, Line 15
25					
26	Note - LVGS Regulatory Asset & Liability grow due				
27	to carrying charges until December 31, 2015				
28	Note 2 - Line 20, refrence WP OA-4 for Regulatory ARO Liability				

# **WP ORB-1**

*Other Rate Base, Summary of Base Period Adjustments*

Line No.	A Unadjusted Base Period	B WP ORB-2, Column N 13 month average	C Remove Balances <sup>(1)</sup>	D = B + C Total Adjustments to Base Period	E = A + D Adjusted Base Period	F Reference
1	<b>Other Rate Base</b>					
2						
3	Customer Deposits	(12,913,972)	(755,644)	(755,644)	(13,669,616)	
4	RWIP-Production	768,852		(768,852)	-	
5	RWIP-Transmission	424,246		(424,246)	-	
6	RWIP-Distribution	1,078,969		(1,078,969)	-	
7	RWIP-PV 3	37,437		(37,437)	-	
8	ARO Liability - Production	(68,477,399)	1,099,571	55,038,604	(12,339,224)	WP ORB 2, Column O, Line 24
9	ARO Liability - Transmission	-	-	-	-	
10	ARO Liability - Distribution	(1,430,428)	56,729	56,729	(1,373,699)	
11	ARO Liability - PV 3	(29,243,914)		29,243,914	-	
12	Injuries and Damages PNM	(10,171,010)	(569,739)	(569,739)	(10,740,749)	
13	AMPP - Expense in Excess of Funding	(6,685,357)	(290,006)	(290,006)	(6,975,363)	
14	PV 1&2 Dry Cask Storage	(8,106,135)		8,106,135	-	
15	PV 3 Dry Cask Storage	(3,955,305)		3,955,305	-	
16	PV 1&2 Excess Gain Amortization	(664,658)	(78,978)	(78,978)	(743,636)	
17	NMITC Renewable Credit Solar	-	-	-	-	
18	High Lonesome Mesa -	(17,464,614)	(1,168,912)	(1,168,912)	(18,633,526)	
19	Unamortized Gain on EIP	(133,242)	(99,932)	(99,932)	(233,174)	
20	CWIP - Production	47,367,362		(47,367,362)	-	
21	CWIP - Transmission	29,544,201		(29,544,201)	-	
22	CWIP - Distribution	21,211,086		(21,211,086)	-	
23	CWIP - PV 3	12,654,666		(12,654,666)	-	
24	CWIP - Renewables	2,864,016		(2,864,016)	-	
25	CWIP - Production Related	959,560		(959,560)	-	
26	Pueblos Transmission Rights-of-Way	53,184,148	1,437,273	1,437,273	54,621,421	
27	Pueblos Distribution Rights-of-Way	1,218,117	58,485	58,485	1,276,602	
28	EIP Acquisition Adjustment	6,738,639	292,984	292,984	7,031,623	
29	PV 1&2 Acquisition Adjustment	3,758,348	182,555	182,555	3,940,902	
30	Prepaid Pension Asset	165,379,278	(14,405,965)	(14,405,965)	150,973,313	
31	Unamortized Loss on Reacquired Debt	8,598,687	206,536	206,536	8,805,222	
32	Rate Case Expense	330,112	(66,172)	(66,172)	263,939	
33	PV2 Lease Acquisition Adjustment					
34		196,871,690	(14,101,216)	(20,566,438)	(34,667,654)	PNM Exhibit HEM-2 COS Base Adj, 173

<sup>(1)</sup> Removal of June 30, 2014 Balances for items not included in Rate Base (RWIP, PVNGS AROs, PVNGS Dry Cask Storage, and CWIP)

# **WP ORB-2**

*Other Rate Base, 13 month average, base*



Line No.	Other Rate Base Items	J	K	L	M	N	O	Reference
		2014 March	2014 April	2014 May	2014 June	13-Month Average Adjustment	13-Month Average Base Period	
1								
2								
3	Customer Deposits	(13,065,302)	(12,855,067)	(12,887,793)	(12,913,972)	(755,644)	(13,669,616)	
4	ARO Liability - Transmission	-	-	-	-	-	-	
5	ARO Liability - Distribution	(1,401,550)	(1,411,110)	(1,420,736)	(1,430,428)	56,729	(1,373,699)	
6	Injuries and Damages PNM	(10,553,858)	(10,642,798)	(10,621,342)	(10,171,010)	(569,739)	(10,740,749)	
7	AMPP - Expense in Excess of Funding	(6,908,286)	(6,908,286)	(6,908,286)	(6,685,357)	(290,006)	(6,975,363)	
8	PV 1&2 Excess Gain Amortization	(704,147)	(690,984)	(677,821)	(664,658)	(78,978)	(743,636)	
9	NMITC Renewable Credit Solar	-	-	-	-	-	-	
10	High Lonesome Mesa -	(18,049,070)	(17,854,251)	(17,659,433)	(17,464,614)	(1,168,912)	(18,633,526)	
11	Unamortized Gain on EIP	(183,208)	(166,553)	(149,898)	(133,242)	(99,932)	(233,174)	
12	Pueblos Transmission Rights-of-Way	54,116,362	53,979,223	53,812,182	53,184,148	1,437,273	54,621,421	
13	Pueblos Distribution Rights-of-Way	1,247,470	1,237,851	1,227,972	1,218,117	58,485	1,276,602	
14	EIP Acquisition Adjustment	6,885,131	6,836,300	6,787,470	6,738,639	292,984	7,031,623	
15	PV 1&2 Acquisition Adjustment	3,849,625	3,819,199	3,788,773	3,758,348	182,555	3,940,902	
16	Prepaid Pension Asset	166,589,763	166,589,763	166,589,763	165,379,278	(14,405,965)	150,973,313	
17	Unamortized Loss on Reacquired Debt	8,696,461	8,663,870	8,631,278	8,598,687	206,536	8,805,222	
18	Rate Case Expense	248,651	285,126	292,439	330,112	(66,172)	263,939	
19	PV2 Lease Acquisition Adjustment							
20	<b>Total Excluding Production AROs</b>	<b>190,768,043</b>	<b>190,882,282</b>	<b>190,804,568</b>	<b>189,744,048</b>	<b>(15,200,787)</b>	<b>174,543,260</b>	
21								
22	Detail of ARO - Production Liability							
23	Palo Verde Unit 1 & 2 (Excluded from Rate Base)	(53,927,461)	(54,295,327)	(54,665,702)	(55,038,604)	2,472,318	(52,566,285)	
24	All Other Production (Included in Rate Base)	(13,160,113)	(13,235,673)	(13,311,679)	(13,438,795)	1,099,571	(12,339,224)	WP ORB 1, Column E, Line 8
25	ARO Liability - Production Excludign PV3	(67,087,574)	(67,530,999)	(67,977,381)	(68,477,399)	3,571,890	(64,905,509)	Line 23 + Line 24
26	ARO Liability - PV 3 (Excluded from Rate Base)	(28,657,415)	(28,851,595)	(29,047,091)	(29,243,914)	1,128,798	(28,115,116)	
27	<b>Total ARO Liability - Production</b>	<b>(95,744,990)</b>	<b>(96,382,594)</b>	<b>(97,024,473)</b>	<b>(97,721,313)</b>	<b>4,700,688</b>	<b>(93,020,625)</b>	Line 25 + Line 26
28								
29	Note - Palo Verde Unit 1 & 2 and PV Unit 3 AROs							



# **WP ORB-3**

*Other Rate Base, 13 month average, test*







Line No.	Other Rate Base Item	Y	Z	AA	AB	AC	AD	AE
		Apr-16 Balance	May-16 Balance	Jun-16 Balance	Jul-16 Balance	Aug-16 Balance	Sep-16 Balance	Oct-16 Balance
1	Customer Deposits	(13,669,616)	(13,669,616)	(13,669,616)	(13,669,616)	(13,669,616)	(13,669,616)	(13,669,616)
2	RWIP-Production	-	-	-	-	-	-	-
3	RWIP-Transmission	-	-	-	-	-	-	-
4	RWIP-Distribution	-	-	-	-	-	-	-
5	RWIP-PV 3	-	-	-	-	-	-	-
6	ARO Liability - Production	(14,703,892)	(14,703,892)	(14,703,892)	(14,703,892)	(14,703,892)	(14,703,892)	(14,703,892)
7	ARO Liability - Transmission	-	-	-	-	-	-	-
8	ARO Liability - Distribution	(1,641,452)	(1,648,942)	(1,656,484)	(1,664,077)	(1,671,722)	(1,679,419)	(1,687,168)
9	ARO Liability - PV 3	-	-	-	-	-	-	-
10	Injuries and Damages PNM	(10,740,749)	(10,740,749)	(10,740,749)	(10,740,749)	(10,740,749)	(10,740,749)	(10,740,749)
11	AMPP - Expense in Excess of Funding	(6,431,785)	(6,431,785)	(6,431,785)	(6,299,498)	(6,299,498)	(6,299,498)	(6,299,498)
12	PV 1&2 Dry Cask Storage	-	-	-	-	-	-	-
13	PV 3 Dry Cask Storage	-	-	-	-	-	-	-
14	PV 1&2 Excess Gain Amortization	(406,385)	(403,066)	(399,747)	(396,428)	(393,109)	(389,790)	(386,471)
15	NMITC Renewable Credit Solar	-	-	-	-	-	-	-
16	High Lonesome Mesa -	(13,178,604)	(12,983,786)	(12,788,967)	(12,594,149)	(12,399,330)	(12,204,511)	(12,009,693)
17	Unamortized Gain on EIP	-	-	-	-	-	-	-
18	CWIP - Production	-	-	-	-	-	-	-
19	CWIP - Transmission	-	-	-	-	-	-	-
20	CWIP - Distribution	-	-	-	-	-	-	-
21	CWIP - PV 3	-	-	-	-	-	-	-
22	CWIP - Renewables	-	-	-	-	-	-	-
23	CWIP - Production Related	-	-	-	-	-	-	-
24	Pueblos Transmission Rights-of-Way	59,548,987	66,431,389	66,113,792	65,796,194	65,478,596	65,160,999	64,843,401
25	Pueblos Distribution Rights-of-Way	2,897,606	2,880,564	2,863,522	2,846,480	2,829,438	2,812,395	2,795,352
26	EIP Acquisition Adjustment	5,664,363	5,615,532	5,566,702	5,517,871	5,469,040	5,420,209	5,371,379
27	PV 1&2 Acquisition Adjustment	3,088,980	3,058,554	3,028,128	2,997,702	2,967,276	2,936,851	2,906,425
28	Prepaid Pension Asset	167,007,103	166,788,348	166,569,593	166,350,839	166,132,084	165,913,329	165,694,574
29	Unamortized Loss on Reacquired Debt	7,881,672	7,849,080	7,816,489	7,783,897	7,751,305	7,718,714	7,686,122
30	Rate Case Expense	2,540,756	2,413,719	2,286,681	2,159,643	2,032,605	1,905,567	1,778,529
31	PV2 Lease Acquisition Adjustment	63,048,869	62,873,620	62,698,371	62,523,121	62,347,872	62,172,623	61,997,373
32	Total Other Rate Base Items	250,905,853	257,328,971	256,552,038	255,907,340	255,130,303	254,353,213	253,576,070
33								
34	Column AI = 13-month Average of December 2015 - December 2016							
35	Column AI = Sum of Column AH through Column AJ							
36								
37	Customer Deposits and Injuries and Damages							
38	are the same as the Base Period							

Line No.	Other Rate Base Item	AF	AG	AH	AI	AJ	AK	Reference
		Nov-16 Balance	Dec-16 Balance	Test Period Ending Balance	WP ORB-4, Column B 13-Month Adjustment	WP ORB-6, Column C Adjustment	13-Month Average Balance	
1	Customer Deposits	(13,669,616)	(13,669,616)	(13,669,616)	-	-	(13,669,616)	
2	RWIP-Production	-	-	-	-	-	-	
3	RWIP-Transmission	-	-	-	-	-	-	
4	RWIP-Distribution	-	-	-	-	-	-	
5	RWIP-PV 3	-	-	-	-	-	-	
6	ARO Liability - Production	(14,703,892)	(14,703,892)	(14,703,892)	-	-	(14,703,892)	
7	ARO Liability - Transmission	-	-	-	-	-	-	
8	ARO Liability - Distribution	(1,694,970)	(1,702,826)	(1,702,826)	45,982	-	(1,656,844)	
9	ARO Liability - PV 3	-	-	-	-	-	-	
10	Injuries and Damages PNM	(10,740,749)	(10,740,749)	(10,740,749)	-	-	(10,740,749)	
11	AMPP - Expense in Excess of Funding	(6,299,498)	(6,167,211)	(6,167,211)	(193,343)	-	(6,360,553)	
12	PV 1&2 Dry Cask Storage	-	-	-	-	-	-	
13	PV 3 Dry Cask Storage	-	-	-	-	-	-	
14	PV 1&2 Excess Gain Amortization	(383,152)	(379,833)	(379,833)	(22,061)	-	(401,894)	
15	NMITC Renewable Credit Solar	-	-	-	-	-	-	
16	High Lonesome Mesa -	(11,814,874)	(11,620,055)	(11,620,055)	(1,168,912)	-	(12,788,967)	
17	Unamortized Gain on EIP	-	-	-	-	-	-	
18	CWIP - Production	-	-	-	-	-	-	
19	CWIP - Transmission	-	-	-	-	-	-	
20	CWIP - Distribution	-	-	-	-	-	-	
21	CWIP - PV 3	-	-	-	-	-	-	
22	CWIP - Renewables	-	-	-	-	-	-	
23	CWIP - Production Related	-	-	-	-	-	-	
24	Pueblos Transmission Rights-of-Way	64,525,804	64,208,190	64,208,190	(887,463)	-	63,320,726	WP OM 10, Line 20
25	Pueblos Distribution Rights-of-Way	2,778,309	2,761,264	2,761,264	93,498	-	2,854,762	WP OM 10, Line 39
26	EIP Acquisition Adjustment	5,322,548	5,273,717	5,273,717	292,984	-	5,566,702	
27	PV 1&2 Acquisition Adjustment	2,875,999	2,845,573	2,845,573	182,555	-	3,028,128	
28	Prepaid Pension Asset	165,475,820	165,257,065	165,257,065	1,094,535	(10,000,000)	156,351,600	WP ORB 6, Column C, Line 1
29	Unamortized Loss on Reacquired Debt	7,653,531	7,620,939	7,620,939	195,549	-	7,816,489	
30	Rate Case Expense	1,651,492	1,524,454	1,524,454	-	-	1,524,454	WP OA 2, Line 23
31	PV2 Lease Acquisition Adjustment	61,822,124	61,646,875	61,646,875	(3,852,340)	-	57,794,535	
32	Total Other Rate Base Items	252,798,875	252,153,895	252,153,895	(4,219,016)	(10,000,000)	237,934,880	

33  
34 Column AI = 13-month Average of December 2015 - December 2016

35 Column AJ = Sum of Column AH through Column AJ

36

37 Customer Deposits and Injuries and Damages

38 are the same as the Base Period

# **WP ORB-4**

*Other Rate Base, Summary of test period adjustments*

Line No.	Other Rate Base	A	B	C	D	E
		WP ORB-3, Column AH Test Period Ending Balance	WP ORB-3, Column AI 13 month average Adjustment	WP ORB-6 Prepaid Pension Adj	Total Other Rate Base Test Period	Reference
1						
2						
3	Customer Deposits	(13,669,616)	-	-	(13,669,616)	
4	RWIP-Production	-	-	-	-	
5	RWIP-Transmission	-	-	-	-	
6	RWIP-Distribution	-	-	-	-	
7	RWIP-PV 3	-	-	-	-	
8	ARO Liability - Production	(14,703,892)	-	-	(14,703,892)	
9	ARO Liability - Transmission	-	-	-	-	
10	ARO Liability - Distribution	(1,702,826)	45,982	-	(1,656,844)	
11	ARO Liability - PV 3	-	-	-	-	
12	Injuries and Damages PNM	(10,740,749)	-	-	(10,740,749)	
13	AMPP - Expense in Excess of Funding	(6,167,211)	(193,343)	-	(6,360,553)	
14	PV 1&2 Dry Cask Storage	-	-	-	-	
15	PV 3 Dry Cask Storage	-	-	-	-	
16	PV 1&2 Excess Gain Amortization	(379,833)	(22,061)	-	(401,894)	
17	NMITC Renewable Credit Solar	-	-	-	-	
18	High Lonesome Mesa -	(11,620,055)	(1,168,912)	-	(12,788,967)	
19	Unamortized Gain on EIP	-	-	-	-	
20	CWIP - Production	-	-	-	-	
21	CWIP - Transmission	-	-	-	-	
22	CWIP - Distribution	-	-	-	-	
23	CWIP - PV 3	-	-	-	-	
24	CWIP - Renewables	-	-	-	-	
25	CWIP - Production Related	-	-	-	-	
26	Pueblos Transmission Rights-of-Way	64,208,190	(887,463)	-	63,320,726	
27	Pueblos Distribution Rights-of-Way	2,761,264	93,498	-	2,854,762	
28	EIP Acquisition Adjustment	5,273,717	292,984	-	5,566,702	
29	PV 1&2 Acquisition Adjustment	2,845,573	182,555	-	3,028,128	
30	Prepaid Pension Asset	165,257,065	1,094,535	(10,000,000)	156,351,600	
31	Unamortized Loss on Reacquired Debt	7,620,939	195,549	-	7,816,489	
32	Rate Case Expense	1,524,454	-	-	1,524,454	
33	PV2 Lease Acquisition Adjustment	61,646,875	(3,852,340)	-	57,794,535	
34		252,153,895	(4,219,016)	(10,000,000)	237,934,880	
35						



# **WP WC-1**

*Summary of 13 month average, base*



Line No.	Working Capital	J 2014 March	K 2014 April	L 2014 May	M 2014 June	N 13-Month Average Base Period	O 13-Month Average Adjustment	Reference PNM Exhibit HEM-2 COS BASE ADJ,
1								
2								
3	<u>Fuel Stock</u>							
4	Production Fuel Stock	18,357,408	17,991,449	17,280,955	17,129,472	19,028,368	1,898,896	line 178
5	PV 1&2 Nuclear Fuel (120.1 - .5)	51,556,395	54,439,913	55,316,983	54,254,697	53,746,955	(507,742)	line 179
6	PV 3 Nuclear Fuel (120.1 - .5)	27,222,085	24,900,312	25,179,992	23,960,921	25,512,726	1,551,804	line 180
7	Total Fuel Stock	97,135,888	97,331,674	97,777,930	95,345,090	98,288,049	2,942,958	Sum of lines 4-6
8								
9	<u>Materials &amp; Supplies</u>							
10	Production	27,188,010	27,260,548	27,277,972	27,617,132	27,207,755	(409,377)	line 184
11	Transmission	893,585	891,087	889,908	898,030	947,480	49,449	line 185
12	Distribution	5,758,471	6,065,013	6,108,488	6,058,329	5,354,624	(703,705)	line 186
13	Palo Verde Unit 3	5,583,045	5,617,949	5,466,920	5,543,821	5,600,520	56,699	line 187
14	Total Materials & Supplies	39,423,111	39,834,597	39,743,288	40,117,312	39,110,378	(1,006,934)	Sum of lines 10-13
15								
16	<u>Prepayments</u>							
17	Production	21,325,083	22,169,746	23,030,531	26,837,423	21,209,330	(5,628,093)	line 191
18	Transmission	7,160,983	12,763,120	12,121,518	12,014,308	9,035,055	(2,979,254)	line 192
19	Distribution	4,712,027	4,090,680	3,469,332	4,250,271	2,798,062	(1,452,209)	line 193
20	Renewables	23,425	19,419	15,414	16,000	22,604	6,604	line 194
21	Palo Verde Unit 3	1,218,310	1,312,887	1,300,407	1,261,654	1,222,440	(39,213)	line 195
22	Total Prepayments	34,439,829	40,355,852	39,937,203	44,379,657	34,287,491	(10,092,165)	Sum of lines 17-21
23								
24	Column N = 13 month average, July 2013 - June 2014							
25	Column O = Column N - Column M							

# **WP WC-2**

*Summary of 13 month average, test*







Line No.	Working Capital	FERC	AH 13-Month Adjustment	AI 13-Month Average Balance	AJ Reference PNM Exhibit HEM-2 COS TEST,
1					
2	<u>Fuel Stock</u>				
3	Production Fuel Stock	151	(3,295,575)	35,294,368	line 178
4	PV 1&2 Nuclear Fuel (120.1 - .5)	120	(4,133,865)	60,598,384	line 179
5	PV 3 Nuclear Fuel (120.1 - .5)	120	<u>308,861</u>	<u>24,398,372</u>	line 180
6	Total Fuel Stock		(7,120,579)	120,291,124	Sum of lines 3-5
7					
8	<u>Materials &amp; Supplies</u>				
9	Production	154	(409,377)	27,207,755	line 184
10	Transmission	154	49,449	947,480	line 185
11	Distribution	154	(703,705)	5,354,624	line 186
12	Palo Verde Unit 3	154	<u>56,699</u>	<u>5,600,520</u>	line 187
13	Total Materials & Supplies		(1,006,934)	39,110,378	Sum of lines 9-12
14					
15	<u>Prepayments</u>				
16	Production	165	3,682,392	41,984,391	line 191
17	Transmission	165	1,173,467	8,279,100	line 192
18	Distribution	165	(1,452,209)	2,798,062	line 193
19	Renewables	165	6,604	22,604	line 194
20	Palo Verde Unit 3	165	<u>(39,213)</u>	<u>1,222,440</u>	line 195
21	Total Prepayments		3,371,041	54,306,598	Sum of lines 16-20
22					
23					
24					



**WP WC-3**  
*San Juan Fuel Stock*

Line No.	Description	A Tons	B \$	C \$/Ton
1	<b>Force Majure Inventory</b>			
2	12/31/2014 Projected Balance	320,734	14,694,503	45.82
3	1/1/2015 Purchase Exitors Inventory	187,049	4,243,238	22.69
4	Balance after purchase	507,783	18,937,741	37.29
5	Delivered in 2015	2,902,562	147,838,303	50.93
6	Burned in 2015	(2,902,562)	(141,943,931)	48.90
7	12/31/2015 Projected Balance	507,783	24,832,113	48.90
8	Delivered in 2016	3,052,087	169,278,951	55.46
9	Burned in 2016	(3,052,087)	(166,422,880)	54.53
10	12/31/2016 Projected Balance	507,783	27,688,185	54.53
11				
12	<b>Inventory Buildup on PNM Side of the Fence</b>			
13	12/31/2015 Projected Balance	302,181	5,470,380	18.10
14	Purchased in 2016	193,573	3,793,541	19.60
15	12/31/2016 Projected Balance	495,754	9,263,921	18.69
16				
17	<b>SJCC Reserve Pile - Prepayments for WP WC-5, Line 2</b>			
18	12/31/2014 Projected Balance	1,548,296	31,307,575	20.22
19	1/1/2015 Purchase from Exitors	902,952	6,573,000	7.28
20	Increase/(Decrease) to Inventory 2015	114,147	2,375,858	20.81
21	12/31/2015 Projected Balance	2,565,395	40,256,433	15.69
22	Increase/(Decrease) to Inventory 2016	(458,106)	(7,188,649)	15.69
23	12/31/2016 Projected Balance	2,107,289	33,067,784	15.69

Line No.	Description	A	B	C	D	E	F	G
		Jun-14 Balance	Jul-14 Balance	Aug-14 Balance	Sep-14 Balance	Oct-14 Balance	Nov-14 Balance	Dec-14 Balance
1	San Juan Fuel Stock							
2	Coal - Force Majeure Inventory	15,491,635	15,358,779	15,225,924	15,093,069	14,960,214	14,827,358	14,694,503
3	Coal - Inventory Buildup on PNM Side of the Fence	-	-	-	-	-	-	-
4	Oil	1,637,837	1,782,567	1,866,617	1,724,610	1,802,352	1,462,944	1,618,701
5	Total San Juan Fuel Stock	17,129,472	17,141,347	17,092,541	16,817,679	16,762,566	16,290,302	16,313,204
6								
7	Note - Balances for San Juan Coal are based on the projected							
8	activity shown in WP WC-3, Page 1, Column B. PNM Assumed							
9	activity spread evenly across the respective periods.							
10	San Juan Oil is based on Base period balances							

		H	I	J	K	L	M	N
<b>Line No.</b>	<b>Description</b>	<b>Jan-15 Balance</b>	<b>Feb-15 Balance</b>	<b>Mar-15 Balance</b>	<b>Apr-15 Balance</b>	<b>May-15 Balance</b>	<b>Jun-15 Balance</b>	<b>Jul-15 Balance</b>
1	San Juan Fuel Stock							
2	Coal - Force Majeure Inventory	15,539,304	16,384,105	17,228,906	18,073,706	18,918,507	19,763,308	20,608,109
3	Coal - Inventory Buildup on PNM Side of the Fence	-	-	-	-	-	-	-
4	Oil	1,645,501	1,489,402	1,444,991	1,685,261	1,959,874	1,715,101	1,782,567
5	Total San Juan Fuel Stock	17,184,805	17,873,507	18,673,897	19,758,967	20,878,382	21,478,409	22,390,676
6								
7	Note - Balances for San Juan Coal are based on the projected							
8	activity shown in WP WC-3, Page 1, Column B. PNM Assumed							
9	activity spread evenly across the respective periods.							
10	San Juan Oil is based on Base period balances							

Line No.	Description	O	P	Q	R	S	T
		Aug-15 Balance	Sep-15 Balance	Oct-15 Balance	Nov-15 Balance	Dec-15 Balance	Linkage Period Ending Balance
1	San Juan Fuel Stock						
2	Coal - Force Majeure Inventory	21,452,910	22,297,711	23,142,512	23,987,313	24,832,113	24,832,113
3	Coal - Inventory Buildup on PNM Side of the Fence	-	-	-	-	5,470,380	5,470,380
4	Oil	1,866,617	1,724,610	1,802,352	1,462,944	1,618,701	1,618,701
5	Total San Juan Fuel Stock	23,319,527	24,022,321	24,944,864	25,450,256	31,921,194	31,921,194
6							
7	Note - Balances for San Juan Coal are based on the projected						
8	activity shown in WP WC-3, Page 1, Column B. PNM Assumed						
9	activity spread evenly across the respective periods.						
10	San Juan Oil is based on Base period balances						



Line No.	Description	AC Sep-16 Balance	AD Oct-16 Balance	AE Nov-16 Balance	AF Dec-16 Balance	AG 13-Month Average Adjustment	AH 13-Month Average Test Period	Reference
1	San Juan Fuel Stock							
2	Coal - Force Majure Inventory	26,974,167	27,212,173	27,450,179	27,688,185	(1,428,036)	26,260,149	
3	Coal - Inventory Buildup on PNM Side of the Fence	8,315,535	8,631,664	8,947,792	9,263,921	(1,896,771)	7,367,150	
4	Oil	1,685,261	1,959,874	1,715,101	1,637,837	29,231	1,667,069	
5	Total San Juan Fuel Sock	36,974,963	37,803,711	38,113,072	38,589,943	(3,295,575)	35,294,368	WP WC-2, Line 3
6								
7	Note - Balances for San Juan Coal are based on the projected							
8	activity shown in WP WC-3, Page 1, Column B. PNM Assumed							
9	activity spread evenly across the respective periods.							
10	San Juan Oil is based on Base period balances							

# **WP WC-4**

*Transmission Prepayment Detail*



	A	B	C	D	E	F	G	H	I	J	K	L	M	
	WP WC-1, Line 18 Balnce													
Line No.	Description	6/30/2013	7/1/2013	8/1/2013	9/1/2013	10/1/2013	11/1/2013	12/1/2013	1/1/2014	2/1/2014	3/1/2014	4/1/2014	5/1/2014	6/1/2014
	<b>Activity</b>													
1	Navajo ROW		(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	5,951,600	(562,904)	(144,972)
2	EIP Lease		(237,076)	(237,076)	(237,077)	-	-	-	3,319,066	(237,076)	(237,076)	(237,076)	(237,076)	(237,076)
3	Other Prepayments		(83,561)	(83,561)	(83,561)	572,403	(60,264)	(57,518)	(121,359)	(121,359)	(83,113)	(112,387)	158,379	274,837
4	<b>Total</b>		<b>(875,455)</b>	<b>(875,455)</b>	<b>(875,455)</b>	<b>17,586</b>	<b>(615,081)</b>	<b>(612,335)</b>	<b>2,642,890</b>	<b>(913,252)</b>	<b>(875,006)</b>	<b>5,602,137</b>	<b>(641,601)</b>	<b>(107,210)</b>
5														
6	<b>Balances</b>													
7	Navajo ROW	8,838,894	8,284,077	7,729,260	7,174,443	6,619,626	6,064,809	5,509,992	4,955,175	4,400,358	3,845,541	9,797,140	9,234,236	9,089,264
8	EIP Lease	711,229	474,153	237,077	-	-	-	-	3,319,066	3,081,990	2,844,914	2,607,838	2,370,761	2,133,685
9	Other Prepayments	592,422	508,861	425,300	341,738	914,141	853,877	796,359	675,000	553,642	470,529	358,142	516,521	791,359
10	<b>Total</b>	<b>10,142,545</b>	<b>9,267,091</b>	<b>8,391,636</b>	<b>7,516,181</b>	<b>7,533,767</b>	<b>6,918,686</b>	<b>6,306,351</b>	<b>8,949,241</b>	<b>8,035,989</b>	<b>7,160,983</b>	<b>12,763,120</b>	<b>12,121,519</b>	<b>12,014,308</b>

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		N	O	P	Q	R	S	T	U	V	W	X	Y	
		Base Period												
Line No.	Description	Total	Reference	7/1/2014	8/1/2014	9/1/2014	10/1/2014	11/1/2014	12/1/2014	1/1/2015	2/1/2015	3/1/2015	4/1/2015	5/1/2015
<b>Activity</b>														
1	Navajo ROW	250,370		(568,869)	(568,869)	(568,869)	(568,869)	(568,869)	(568,869)	(565,116)	(565,116)	(565,116)	6,305,698	(573,246)
2	EIP Lease	1,422,456		(237,076)	(237,076)	(237,076)	(237,076)	(237,076)	(237,076)	(237,076)	(237,076)	(237,076)	-	-
3	Other Prepayments	198,936		(75,038)	(75,038)	(75,038)	545,793	(53,963)	(46,899)	(112,899)	(112,899)	(74,653)	(103,927)	166,839
4	<b>Total</b>	<b>1,871,763</b>		<b>(880,984)</b>	<b>(880,984)</b>	<b>(880,984)</b>	<b>(260,152)</b>	<b>(859,908)</b>	<b>(852,844)</b>	<b>(915,091)</b>	<b>(915,091)</b>	<b>(876,845)</b>	<b>6,201,771</b>	<b>(406,407)</b>
5														
<b>Balances</b>														
7	Navajo ROW	9,089,264		8,520,395	7,951,526	7,382,657	6,813,788	6,244,919	5,676,050	5,110,934	4,545,818	3,980,702	10,286,400	9,713,154
8	EIP Lease	2,133,685		1,896,609	1,659,533	1,422,457	1,185,381	948,305	711,229	474,153	237,076	-	-	-
9	Other Prepayments	791,359		716,320	641,282	566,243	1,112,037	1,058,073	1,011,175	898,276	785,377	710,725	606,798	773,637
10	<b>Total</b>	<b>12,014,308</b>	<b>WP WC-1, Line 18</b>	<b>11,133,325</b>	<b>10,252,341</b>	<b>9,371,358</b>	<b>9,111,206</b>	<b>8,251,298</b>	<b>7,398,454</b>	<b>6,483,363</b>	<b>5,568,272</b>	<b>4,691,427</b>	<b>10,893,198</b>	<b>10,486,791</b>
11														
12														
13														
14														

	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	
<b>Line No.</b>	<b>Description</b>	<b>6/1/2015</b>	<b>7/1/2015</b>	<b>8/1/2015</b>	<b>9/1/2015</b>	<b>10/1/2015</b>	<b>11/1/2015</b>	<b>12/1/2015</b>	<b>Total Linkage</b>	<b>1/1/2016</b>	<b>2/1/2016</b>	<b>3/1/2016</b>	<b>4/1/2016</b>	<b>5/1/2016</b>
	<b>Activity</b>													
1	Navajo ROW	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(3,388,832)	(581,474)	(581,474)	(581,474)	6,396,216	(581,474)
2	EIP Lease	-	-	-	-	-	-	-	(2,133,685)	-	-	-	-	-
3	Other Prepayments	214,733	(75,038)	(75,038)	(75,038)	545,793	(53,963)	(46,899)	416,828	(75,038)	(75,038)	(75,038)	545,793	(53,963)
4	<b>Total</b>	<b>(358,513)</b>	<b>(648,284)</b>	<b>(648,284)</b>	<b>(648,284)</b>	<b>(27,453)</b>	<b>(627,209)</b>	<b>(620,145)</b>	<b>(5,105,689)</b>	<b>(656,512)</b>	<b>(656,512)</b>	<b>(656,512)</b>	<b>6,942,009</b>	<b>(635,437)</b>
5														
6	<b>Balances</b>													
7	Navajo ROW	9,139,908	8,566,662	7,993,416	7,420,170	6,846,924	6,273,678	5,700,432	5,700,432	5,118,958	4,537,484	3,956,010	10,352,226	9,770,752
8	EIP Lease	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Other Prepayments	988,370	913,332	838,293	763,255	1,309,048	1,255,085	1,208,186	1,208,186	1,133,148	1,058,109	983,071	1,528,864	1,474,901
10	<b>Total</b>	<b>10,128,279</b>	<b>9,479,994</b>	<b>8,831,710</b>	<b>8,183,425</b>	<b>8,155,973</b>	<b>7,528,764</b>	<b>6,908,619</b>	<b>6,908,619</b>	<b>6,252,106</b>	<b>5,595,594</b>	<b>4,939,081</b>	<b>11,881,091</b>	<b>11,245,654</b>

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# **WP WC-5**

*Production Prepayment Detail*



Line No.	Description	FERC	K	L	M	N	O	P	Reference	Q
			Balance 4/1/14	Balance 5/1/14	Balance 6/1/14	Base Period Ending Balance Jun-14	Base Period Adjustments	Base Period 13-Mo Average		Linkage Jul-14
1										
2	San Juan Coal	165	17,110,160	18,450,335	21,603,209	21,603,209	(5,716,162)	15,887,047		23,220,603
3	San Juan Non-Coal	165	835,078	697,858	1,030,753	1,030,753	146,256	1,177,009		1,437,840
4	Four Corners	165	834,077	846,435	863,919	863,919	(58,419)	805,500		617,193
5	Palo Verde Units 1 & 2	165	2,625,774	2,600,815	2,523,307	2,523,307	(78,427)	2,444,881		2,541,300
6	Reeves	165	34,815	25,732	49,455	49,455	(138)	49,316		44,546
7	Afton	165	70,285	53,939	73,022	73,022	15,149	88,171		69,102
8	Luna	165	447,337	292,282	289,428	289,428	79,745	369,173		332,353
9	Lordsburg	165	114,240	12,386	10,661	10,661	141,438	152,099		92,484
10	Production - Other	165	97,981	50,751	393,671	393,671	(157,537)	236,134		457,960
11	Total Production Prepayments		22,169,746	23,030,531	26,837,423	26,837,423	(5,628,093)	21,209,330	WP WC-1, Line 17	28,813,380

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 13 Note - Test Period matches Base Period for all prepayment except San Juan Coal.  
 14 San Juan Coal is estimated using the projected build-up  
 15 illustrated in WP WC-3, Page 1, Line 17 through Line 23.  
 16

Line No.	Description	FERC	R	S	T	U	V	W	X	Y	Z	AA
			Linkage Aug-14	Linkage Sep-14	Linkage Oct-14	Linkage Nov-14	Linkage Dec-14	Linkage Jan-15	Linkage Feb-15	Linkage Mar-15	Linkage Apr-15	Linkage May-15
1												
2	San Juan Coal	165	24,837,997	26,455,392	28,072,786	29,690,181	31,307,575	38,078,563	38,276,551	38,474,539	38,672,528	38,870,516
3	San Juan Non-Coal	165	1,287,558	1,137,276	986,994	1,655,514	1,519,736	1,383,959	1,246,739	1,109,519	972,298	835,078
4	Four Corners	165	625,132	789,335	852,961	881,079	832,779	832,924	862,077	808,827	824,763	834,077
5	Palo Verde Units 1 & 2	165	2,610,310	2,533,687	2,438,822	2,342,151	2,260,232	2,145,379	2,212,424	2,512,629	2,436,621	2,625,774
6	Reeves	165	36,763	28,980	21,197	89,310	80,228	71,145	62,063	52,980	43,897	34,815
7	Afton	165	53,699	38,296	22,894	168,363	152,017	135,670	119,324	102,977	86,631	70,285
8	Luna	165	306,705	342,326	391,357	433,367	654,996	278,781	313,553	379,081	337,686	447,337
9	Lordsburg	165	6,296	225,449	140,966	35,916	206,199	111,306	109,395	491,357	420,626	114,240
10	Production - Other	165	409,007	360,053	311,100	271,332	222,555	173,778	116,707	59,636	145,210	97,981
11	Total Production Prepayments		30,173,467	31,910,795	33,239,077	35,567,213	37,236,317	43,211,506	43,318,833	43,991,546	43,940,260	43,930,102

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 13 Note - Test Period matches Base Period for all prepayment except San Juan Coal.  
 14 San Juan Coal is estimated using the projected build-up  
 15 illustrated in WP WC-3, Page 1, Line 17 through Line 23.  
 16



Line No.	Description	FERC	AB	AC	AD	AE	AF	AG	AH	AI	Reference
			Linkage Jun-15	Linkage Jul-15	Linkage Aug-15	Linkage Sep-15	Linkage Oct-15	Linkage Nov-15	Linkage Dec-15	Total Linkage Ending Balance Dec-15	
1											
2	San Juan Coal	165	39,068,504	39,266,492	39,464,480	39,662,468	39,860,456	40,058,444	40,256,433	40,256,433	
3	San Juan Non-Coal	165	697,858	1,437,840	1,287,558	1,137,276	986,994	1,655,514	1,437,840	1,437,840	
4	Four Corners	165	846,435	617,193	625,132	789,335	852,961	881,079	617,193	617,193	
5	Palo Verde Units 1 & 2	165	2,600,815	2,541,300	2,610,310	2,533,687	2,438,822	2,342,151	2,541,300	2,541,300	
6	Reeves	165	25,732	44,546	36,763	28,980	21,197	89,310	44,546	44,546	
7	Afton	165	53,939	69,102	53,699	38,296	22,894	168,363	69,102	69,102	
8	Luna	165	292,282	332,353	306,705	342,326	391,357	433,367	332,353	332,353	
9	Lordsburg	165	12,386	92,484	6,296	225,449	140,966	35,916	92,484	92,484	
10	Production - Other	165	50,751	457,960	409,007	360,053	311,100	271,332	457,960	457,960	
11	Total Production Prepayments		43,648,701	44,859,269	44,799,950	45,117,871	45,026,747	45,935,477	45,849,210	45,849,210	

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 13 Note - Test Period matches Base Period for all prepayment except San Juan Coal.  
 14 San Juan Coal is estimated using the projected build-up  
 15 illustrated in WP WC-3, Page 1, Line 17 through Line 23.  
 16

Line No.	Description	FERC	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU
			Test Period Jan-16	Test Period Feb-16	Test Period Mar-16	Test Period Apr-16	Test Period May-16	Test Period Jun-16	Test Period Jul-16	Test Period Aug-16	Test Period Sep-16	Test Period Oct-16	Test Period Nov-16	Test Period Dec-16
1														
2	San Juan Coal	165	39,657,379	39,058,324	38,459,270	37,860,216	37,261,162	36,662,108	36,063,054	35,464,000	34,864,946	34,265,892	33,666,838	33,067,784
3	San Juan Non-Coal	165	1,287,558	1,137,276	986,994	1,655,514	1,519,736	1,383,959	1,246,739	1,109,519	972,298	835,078	697,858	1,030,753
4	Four Corners	165	625,132	789,335	852,961	881,079	832,779	832,924	862,077	808,827	824,763	834,077	846,435	863,919
5	Palo Verde Units 1 & 2	165	2,610,310	2,533,687	2,438,822	2,342,151	2,260,232	2,145,379	2,212,424	2,512,629	2,436,621	2,625,774	2,600,815	2,523,307
6	Reeves	165	36,763	28,980	21,197	89,310	80,228	71,145	62,063	52,980	43,897	34,815	25,732	49,455
7	Afton	165	53,699	38,296	22,894	168,363	152,017	135,670	119,324	102,977	86,631	70,285	53,939	73,022
8	Luna	165	306,705	342,326	391,357	433,367	654,996	278,781	313,553	379,081	337,686	447,337	292,282	289,428
9	Lordsburg	165	6,296	225,449	140,966	35,916	206,199	111,306	109,395	491,357	420,626	114,240	12,386	10,661
10	Production - Other	165	409,007	360,053	311,100	271,332	222,555	173,778	116,707	59,636	145,210	97,981	50,751	393,671
11	Total Production Prepayments		44,992,848	44,513,728	43,625,561	43,737,249	43,189,904	41,795,051	41,105,336	40,981,007	40,132,679	39,325,479	38,247,035	38,301,999

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 13 Note - Test Period matches Base Period for all prepayment except San Juan Coal.  
 14 San Juan Coal is estimated using the projected build-up  
 15 illustrated in WP WC-3, Page 1, Line 17 through Line 23.  
 16

Line No.	Description	FERC	AV	AW	AX	Reference
			Total Test Period	Test Period Adjustments	Test Period 13-Mo Average	
1						
2	San Juan Coal	165	33,067,784	3,594,324	36,662,108	
3	San Juan Non-Coal	165	1,030,753	146,256	1,177,009	
4	Four Corners	165	863,919	(58,419)	805,500	
5	Palo Verde Units 1 & 2	165	2,523,307	(78,427)	2,444,881	
6	Reeves	165	49,455	(138)	49,316	
7	Afton	165	73,022	15,149	88,171	
8	Luna	165	289,428	79,745	369,173	
9	Lordsburg	165	10,661	141,438	152,099	
10	Production - Other	165	393,671	(157,537)	236,134	
11	Total Production Prepayments		38,301,999	3,682,392	41,984,391	WP WC-2, Line 16
12						
13	Note - Test Period matches Base Period for all prepayment except San Juan Coal.					
14	San Juan Coal is estimated using the projected build-up					
15	illustrated in WP WC-3, Page 1, Line 17 through Line 23.					
16						

# **WP Fuel-1**

*Summary of Fuel, base and test*

Line No.	A Description	B FERC	D Unadjusted Base Period	E WP Fuel-2		F WP Fuel-2		G WP Fuel-3		I Adjusted Base Period	J Linkage Jul 14 - Jun 15	K Linkage Jan-15 - Dec-15	L Total Test Period
				Remove Fire Refund and Juan Arbitration	Impact Coal Refund and Luna Gas Imbalance	Remove Gas Tax Refund and Luna Gas Imbalance	Coal Mine Decommissioning	Remove FPPCAC Deferral					
1	Production - Base Fuel Related												
2	Steam Generation	501	172,006,240		15,528,550					187,534,790	189,927,911	173,556,648	201,409,428
3	Steam Fuel Handling and Disposal	501	-							-	-	-	11,562,066
4	Nuclear	518	25,754,348							25,754,348	24,832,522	24,650,882	26,624,672
5	Nuclear Disposal	518	-							-	-	-	984,905
6	Gas Generation (includes gas for Valencia and Rio Bravo)	547	36,263,100			4,465,229				40,728,329	36,838,674	36,670,873	29,822,539
7	Renewables - Owned	547	-							-	-	-	-
8	Wind (NMWEC)	555	13,829,770							13,829,770	14,782,575	14,782,575	14,851,885
9	Renewables - PPA	555	-							-	-	-	-
10	Purchased Power Energy (excludes gas for Valencia and Rio Bravo)	555	43,282,783							43,282,783	12,321,196	12,822,685	9,057,478
11	Spinning reserves	555	-							-	-	-	1,080,400
12													
13	Total Fuel Costs (before OSS)		291,136,242		15,528,550	4,465,229				311,130,021	278,702,879	262,483,663	295,393,373
14													
15	Off-system Sales	447	(37,735,750)							(37,735,750)	(39,091,801)	(28,753,466)	(56,084,426)
16	Off-system Sales - PV 3		(38,215,125)							(38,215,125)	(44,172,627)	(48,354,019)	(40,650,471)
17	Off-system Sales Credit		1,220,563							1,220,563	-	-	-
18	Load Side from Transmission Customers	456.1	-							-	-	-	-
19	Physical Sales of Gas (under FAC hedge plan)		256,826							256,826	-	-	-
20	Total Other Fuel		(74,473,486)							(74,473,486)	(83,264,427)	(77,107,485)	(96,734,897)
21													
22	Total Fuel (net OSS)		216,662,756		15,528,550	4,465,229				236,656,535	195,438,451	185,376,179	198,658,476
23													
24	Production - Non Fuel Items												
25	Coal Fuel Handling	501	12,314,208							12,314,208	11,427,663	11,574,564	-
26	Nuclear Fuel Handling	518	3,423,112							3,423,112	919,077	982,241	-
27	Gas Plants Fuel Transportation	547	11,062,907							11,062,907	11,062,907	11,062,907	12,322,157
28	Gas PPA - Rio Bravo - Demand	555	7,236,909							7,236,909	-	-	-
29	Gas PPA - Valencia - Demand	555	19,076,321							19,076,321	19,195,601	19,301,200	19,513,800
30	Purchase power for Economy Service Customer	555	-							-	-	-	-
31	Economy purchase Power Demand - primarily Pueblo Refund for WAPA Allocation		-							-	-	-	-
32	FPPCAC deferral		(12,051,369)							-	12,051,369	-	4,329,424
33	Rec Purchases and Renewable Energy Amortization	555	10,180,808							10,180,808	17,700,360	22,022,113	21,475,763
34	Gas Swaps - Non Fuel Clause Settlements and Excess Gas Physical Purchases		-							-	-	-	-
35	Gas Swaps - Settlements - City of Aztec		-							-	754,694	769,325	384,050
36	Coal Mine Decommissioning - Allowed	501.15	7,583,966					(784,336)		6,799,630	6,817,037	6,834,443	6,889,436
37	Coal Mine Decommissioning - Disallowed	501.15	1,741,399					(697,727)		1,043,672	1,025,341	1,007,010	1,056,461
38	Coal Mine Decommissioning - FERC	501.15	241,663					(104,247)		137,416	137,350	137,284	97,215
39	Spinning reserves	555	191,442							191,442	186,000	240,000	-
40	Broker Fees		185,721							185,721	180,000	180,000	180,000
41	Total Non Fuel Items		61,187,085					(1,586,309)	12,051,369	71,652,146	102,236,009	122,265,153	66,248,306
42													
43	Total Fuel Related Expense		277,849,841		15,528,550	4,465,229		(1,586,309)	12,051,369	308,308,681	297,674,460	307,641,331	264,906,782

1 FERC is informational only. It is calculated based on NM methodology and does not reflect the approved FERC fuel calculation

Line No.	A Description	M WP Fuel-4	N	O	P	Q	R
1	<b>Production - Base Fuel Related</b>						
2	Steam Generation		201,409,428	13,874,638	191,822,339	9,587,089	(0)
3	Steam Fuel Handling and Disposal		11,562,066	11,562,066	11,011,712	550,354	(0)
4	Nuclear		26,624,672	870,324	16,904,004	844,002	8,876,666
5	Nuclear Disposal		984,905	984,905	625,316	31,221	328,367
6	Gas Generation (includes gas for Valencia and Rio Bravo)		29,822,539	(10,905,790)	28,402,986	1,419,553	(0)
7	Renewables - Owned		-	-	-	-	-
8	Wind (NMWEC)		14,851,885	1,022,115	14,851,885	-	-
9	Renewables - PPA		-	-	-	-	-
10	Purchased Power Energy (excludes gas for Valencia and Rio Bravo)		9,057,478	(34,225,305)	2,642,367	2,889,908	3,525,202
11	Spinning reserves		1,080,400	1,080,400	1,028,973	51,427	-
12			-	-	-	-	-
13	Total Fuel Costs (before OSS)		295,393,373	(15,736,648)	267,289,583	15,373,555	12,730,235
14			-	-	-	-	-
15	Off-system Sales		(56,084,426)	(18,348,676)	(49,029,837)	(2,531,376)	(4,523,213)
16	Off-system Sales - PV 3		(40,650,471)	(2,435,346)	-	-	(40,650,471)
17	Off-system Sales Credit		-	(1,220,563)	-	-	-
18	Load Side from Transmission Customers		-	-	-	-	-
19	Physical Sales of Gas (under FAC hedge plan)		-	(256,826)	-	-	-
20	Total Other Fuel		(96,734,897)	(22,261,411)	(49,029,837)	(2,531,376)	(45,173,684)
21			-	-	-	-	-
22	Total Fuel (net OSS)		198,658,476	(37,998,059)	218,259,746	12,842,179	(32,443,449)
23			-	-	-	-	-
24	<b>Production - Non Fuel Items</b>						
25	Coal Fuel Handling		-	(12,314,208)	-	-	-
26	Nuclear Fuel Handling		-	(3,423,112)	-	-	-
27	Gas Plants Fuel Transportation		12,322,157	1,259,250	-	-	-
28	Gas PPA - Rio Bravo - Demand		-	(7,236,909)	-	-	-
29	Gas PPA - Valencia - Demand		19,513,800	437,478	-	-	-
30	Purchase power for Economy Service Customer		-	-	-	-	-
31	Economy purchase Power Demand - primarily Pueblo Refund for WAPA Allocation		-	-	-	-	-
32	FPPCAC deferral		4,329,424	4,329,424	-	-	-
33	Rec Purchases and Renewable Energy Amortization		21,475,763	11,294,955	-	-	-
34	Gas Swaps - Non Fuel Clause Settlements and Excess Gas Physical Purchases		-	-	-	-	-
35	Gas Swaps - Settlements - City of Aztec		384,050	384,050	-	-	-
36	Coal Mine Decommissioning - Allowed	651,259	7,540,696	741,066	-	-	-
37	Coal Mine Decommissioning - Disallowed		1,056,461	12,788	-	-	-
38	Coal Mine Decommissioning - FERC	32,549	129,764	(7,651)	-	-	-
39	Spinning reserves		-	(191,442)	-	-	-
40	Broker Fees		180,000	(5,721)	-	-	-
41	Total Non Fuel Items	683,809	66,932,115	(4,720,031)	-	-	-
42			-	-	-	-	-
43	Total Fuel Related Expense	683,809	265,590,590	(42,718,090)	-	-	-

1 FERC is informational only. It is calculated based on NM methodology and does not reflect

# **WP Fuel-2**

*Fuel Base Period Adjustments*

## PNM Exhibit HEM-3

## WP Fuel-2: San Juan Coal, Gas Tax and Gas settlement Adjustments - Base Period

Line No.	A 100% PNM Share	B San Juan Coal Mine Fire	C San Juan Arbitration Adjustment-in 501000 account -included in FAC	D San Juan Arbitration Adjustment-in 501099 account excluded in FAC	E Total Adjustment	F Reference
1	Jul-13					
2	Aug-13					
3	Sep-13	(18,692,113)			(18,692,113)	
4	Oct-13					
5	Nov-13					
6	Dec-13		449,421	238,145	687,566	
7	Jan-14					
8	Feb-14					
9	Mar-14					
10	Apr-14	(26,806)			(26,806)	
11	May-14		827,366	1,589,657	2,417,023	
12	Jun-14			85,780	85,780	
13	Total	(18,718,919)	1,276,787	1,913,582	(15,528,550)	WP Fuel-1, Column E
14						
15	NMPRC Share	San Juan Coal Mine Fire	San Juan Arbitration Adjustment-in 501000 account -included in FAC	San Juan Arbitration Adjustment-in 501099 account excluded in FAC	Total NMPRC Share Adjustment	
16	Jul-13					
17	Aug-13					
18	Sep-13	(17,370,580)			(17,370,580)	
19	Oct-13					
20	Nov-13			-		
21	Dec-13		417,647		417,647	
22	Jan-14					
23	Feb-14					
24	Mar-14					
25	Apr-14	(24,911)			(24,911)	
26	May-14		768,871	-	768,871	
27	Jun-14			-	-	
28	Total	(17,395,491)	1,186,518	-	(16,208,973)	



## PNM Exhibit HEM-3

## WP Fuel-2: San Juan Coal, Gas Tax and Gas settlement Adjustments - Base Period

	A	B	C	D	E	F
	100% PNM Share	Gas Tax Refund	Luna Gas Imbalance Settlement	Total Adjustments	Reference	
29	Jul-13					
30	Aug-13					
31	Sep-13					
32	Oct-13					
33	Nov-13					
34	Dec-13	(1,381,224)		(1,381,224)		
35	Jan-14					
36	Feb-14					
37	Mar-14		(3,084,005)	(3,084,005)		
38	Apr-14					
39	May-14					
40	Jun-14					
41	Total	(1,381,224)	(3,084,005)	(4,465,229)		WP Fuel-1, Column F
42						
43	NMPRC Share	Gas Tax Refund	Luna Gas Imbalance Settlement	Total NMPRC Share Adjustment		
44	Jul-13					
45	Aug-13					
46	Sep-13					
47	Oct-13					
48	Nov-13					
49	Dec-13	(1,045,828)		(1,045,828)		
50	Jan-14					
51	Feb-14					
52	Mar-14		(954,938)	(954,938)		
53	Apr-14					
54	May-14					
55	Jun-14					
56	Total	(1,045,828)	(954,938)	(2,000,766)		

# **WP Fuel-3**

*Coal Mine Reclamation, base and test*

Line No.	Description	A	B	C	D	E	F	G	H
		Base Period	Base Period Normalization Adjustment	Adjusted Base Period	Linkage Period July 2014-June 2015	Linkage Period Jan 2015-Dec 2015	2016	Straight Line Expense Adjustment	Test Period
1									
2	100M Reg Asset Amortization-SJ	5,239,836		5,239,836	5,239,836	5,239,836	5,239,836		5,239,836
3	100M Reg Asset Amortization-FC	642,516		642,516	642,516	642,516	642,516		642,516
4	SJ Underground Amort reg asset	38,160		38,160	38,160	38,160	38,160		38,160
5	SJ Underground Accretion	3,445,592	(2,614,713)	830,879	847,330	863,781	916,364	617,095	1,533,459
6	SJ Ash Period Costs	(1,782,138)	1,830,378	48,239	49,195	50,150	50,732	34,164	84,897
7	Coal Mine Decommissioning - NM Allowed	7,583,966	(784,336)	6,799,630	6,817,037	6,834,443	6,887,608	651,259	7,538,868
8									
9	SJ Surface Accretion	127,043	142,951	269,993	230,595	191,197	176,621		176,621
10	Four Corners Surface Accretion	1,614,356	(840,677)	773,679	794,746	815,813	877,847		877,847
11	Coal Mine Decommissioning - NM Disallowed	1,741,399	(697,727)	1,043,672	1,025,341	1,007,010	1,054,468	-	1,054,468
12									
13									
14	SJ Surface Accretion	9,079	10,216	19,296	16,480	13,664	8,827		8,827
15	SJ Underground Accretion	246,246	(186,865)	59,380	60,556	61,732	45,799	30,842	76,641
16	SJ Ash Period Costs	(127,364)	130,811	3,448	3,516	3,584	2,536	1,707	4,243
17	Four Corners Surface Accretion	113,702	(58,409)	55,292	56,798	58,304	43,874		43,874
18	Coal Mine Decommissioning - FERC	241,663	(104,247)	137,416	137,350	137,284	101,036	32,549	133,585
19									
20	Totals	9,567,027	(1,586,309)	7,980,718	7,979,727	7,978,737	8,043,112	683,809	8,726,921
21									
22				Base and Linkage			2016 and Test Period		
23	Retail Multiplier			93.33%			95.24%		
24	FERC Multiplier			6.67%			4.76%		
25									
26	Total Accretion, related to Underground - Test Period						<u>\$ 1,015,431</u>		<i>WP Fuel-4, Column A, line 1</i>

27 line 26 = sum of Column F, line 5,6,15,16

# **WP Fuel-4**

*Coal Mine Reclamation, Straight Line Calculation*

	A	B	C	D	
Line No.	Year	Accretion	Straight Line Expense	Adjustment	Reference
1	2016	1,015,431	1,699,240	683,809	WP Fuel-3, line 20, column G
2	2017	1,052,152	1,699,240	647,088	
3	2018	1,089,413	1,699,240	609,827	
4	2019	1,128,367	1,699,240	570,873	
5	2020	1,161,461	1,699,240	537,779	
6	2021	1,195,518	1,699,240	503,722	
7	2022	1,230,565	1,699,240	468,675	
8	2023	1,266,631	1,699,240	432,608	
9	2024	1,303,746	1,699,240	395,494	
10	2025	1,341,939	1,699,240	357,301	
11	2026	1,381,241	1,699,240	317,998	
12	2027	1,421,685	1,699,240	277,555	
13	2028	1,463,303	1,699,240	235,937	
14	2029	1,506,128	1,699,240	193,112	
15	2030	1,565,771	1,699,240	133,469	
16	2031	1,627,775	1,699,240	71,465	
17	2032	1,692,235	1,699,240	7,005	
18	2033	1,759,247	1,699,240	(60,008)	
19	2034	1,828,914	1,699,240	(129,674)	
20	2035	1,901,339	1,699,240	(202,099)	
21	2036	1,976,632	1,699,240	(277,392)	
22	2037	2,054,906	1,699,240	(355,666)	
23	2038	2,136,281	1,699,240	(437,041)	
24	2039	2,220,877	1,699,240	(521,637)	
25	2040	2,308,824	1,699,240	(609,584)	
26	2041	2,400,253	1,699,240	(701,014)	
27	2042	2,495,303	1,699,240	(796,064)	
28	2043	2,594,117	1,699,240	(894,878)	
29	2044	2,696,845	1,699,240	(997,605)	
30	2045	2,803,640	1,699,240	(1,104,400)	
31	2046	2,893,918	1,699,240	(1,194,679)	
32	2047	2,993,898	1,699,240	(1,294,659)	
33	2048	3,097,247	1,699,240	(1,398,007)	
34	2049	3,204,086	1,699,240	(1,504,846)	
35	2050	3,314,543	1,699,240	(1,615,303)	
36	2051	3,428,748	1,699,240	(1,729,508)	
37	2052	3,546,839	1,699,240	(1,847,599)	
38	2053	3,668,957	1,699,240	(1,969,717)	
39	2054	3,207,704	1,699,240	(1,508,464)	
40	2055	2,312,396	1,699,240	(613,157)	
41	2056	1,361,297	1,699,240	337,943	
42	2057	328,877	1,699,240	1,370,363	
43	2058	306,266	1,699,240	1,392,974	
44	2059	281,690	1,699,240	1,417,550	
45	2060	255,039	1,699,240	1,444,200	
46	2061	226,200	1,699,240	1,473,040	
47	2062	195,050	1,699,240	1,504,190	
48	2063	161,463	1,699,240	1,537,777	
49	2064	125,307	1,699,240	1,573,933	
50	2065	86,443	1,699,240	1,612,797	
51	2066	44,725	1,699,240	1,654,515	
52	Total	86,661,230	86,661,230	-	
53	Years	51			
54	Straight Line Expense	1,699,240			

# **WP Fuel-5**

*Gas Fixed Transportation - Test Period*

	A	B	C	D	E	F	G	H
		Base Period Normalization Adjustment	Adjusted Base Period	Linkage Period July 2014-June 2015	Linkage Period Jan 2015-Dec 2015	2016	Test Period Adjustment	Test Period
Line No.	Description	Base Period						
1	Fixed Gas Transportation							
2	Afton	4,585,810	-	4,585,810	4,585,810	4,585,810	-	4,585,810
3	Reeves	-	-	-	-	-	262,800	262,800
4	La Luz	-	-	-	-	-	667,950	667,950
5	Luna	2,983,048	-	2,983,048	2,983,048	2,983,048	-	2,983,048
6	Lordsburg	2,150,166	-	2,150,166	2,150,166	2,150,166	-	2,150,166
7	Rio Bravo	15,283	-	15,283	15,283	15,283	65,700	80,983
8	Valencia	<u>1,328,600</u>	-	<u>1,328,600</u>	<u>1,328,600</u>	<u>1,328,600</u>	<u>262,800</u>	<u>1,591,400</u>
9		11,062,907	-	11,062,907	11,062,907	11,062,907	1,259,250	12,322,157
10								
11								
12	La Luz Transwestern Interconnection Agreement							
13	dth per day	20,000						
14	\$/dth	<u>0.0825</u>						
15	Annual cost	602,250						
16								
17	TW Proposal for Fixed Transportation for Northern Plants							
18	Valencia	262,800						
19	Reeves	262,800						
20	Delta	65,700						
21	La Luz	<u>65,700</u>						
22	Total annual Cost	657,000						
23								
24	Total Test Period Adjustments	1,259,250						

# **WP Fuel-6**

*Detail of Credits in Fuel*



PNM Exhibit HEM-3

W/P Fuel-6: Credits in Base Fuel

Line No.	Description	A Test Period	B New Mexico	C FERC	D Excluded
1	Market Based Off-System Sales	(88,850,125)	(41,145,065)	(2,531,376)	(45,173,684)
2	10% Retained by Shareholder	2,023,278	2,023,278		
3	DOE Refund Credit	(3,170,659)	(3,170,659)		
4	Benefit of Coal Sales to Exiting Participants	(5,339,509)	(5,339,509)		
5	City of Aztec Revenue	(1,397,882)	(1,397,882)		
6	Total	(96,734,897)	(49,029,837)	(2,531,376)	(45,173,684)

# **WP OM-1**

*Summary O&M, base and test*

PNM Exhibit HEM-3  
 WP OM-1 OPERATIONS & MAINTENANCE  
 Excluding Base Fuel and Fuel Related Expenses

Line No.	Description	FERC	A	B	C	D	E	F	G	H	I
			Base Period	OM-2 Adjustment to Base Period	Adjusted Base Period	OM-3 Remove Specifically Forecasted O&M	Remaining O&M to be escalated	Escalation to Test Period	Subtotal Test Period, before Specifically Forecasted O&M	OM-3 Specifically Forecasted Test Period O&M	PNM Exhibit HEM-2 COS TEST Total Test Period O&M
1	<b>Operations and Maintenance Expense</b>										
2											
3	Steam Production										
4	Oper-Sup & Eng-Prod	500	5,029,842	(16,194)	5,013,648	4,837,149	176,499	2,647	179,147	5,448,723	5,627,870
5	Oper-Steam Expense-Major	502	8,619,505	(6,869)	8,612,637	8,478,939	133,697	2,005	135,703	13,844,663	13,980,366
6	Oper-Electric Exp-Major	505	4,854,220	268,755	5,122,975	5,103,006	19,970	300	20,269	5,543,594	5,563,863
7	Oper-Misc Steam Power Exp	506	4,213,657	64,304	4,277,961	4,211,687	66,274	994	67,268	3,916,160	3,983,428
8	Oper-Rents-Steam Power	507	160,482	-	160,482	160,482	-	-	-	162,936	162,936
9	Maint-Sup & Eng-Steam	510	3,853,867	11,205	3,865,071	3,851,552	13,519	203	13,722	3,998,480	4,012,201
10	Maint-Sup & Eng-Steam- Renew	510	2,803	(2,801)	-	-	-	-	-	-	-
11	Maint-Structures-Steam	511	5,265,793	431,250	5,697,043	4,991,863	705,180	10,578	715,758	3,121,803	3,837,561
12	Maint-Boiler Plant	512	22,915,608	1,397,752	24,313,360	23,341,353	972,007	14,580	986,587	17,990,367	18,976,954
13	Maint-Electric Plant	513	3,169,833	586,376	3,756,208	3,515,944	240,264	3,604	243,868	4,570,189	4,814,057
14	Maint-Gen & Elec Plant	514	3,138,767	125,207	3,263,974	3,263,312	662	10	672	4,044,520	4,045,192
15											
16	Nuclear Production										
17	Oper-Sup & Eng-Nuclear	517	5,594,808	(2,540)	5,592,268	-	5,592,268	83,884	5,676,152	-	5,676,152
18	Oper-Coolants and Water	519	2,730,540	-	2,730,540	-	2,730,540	40,958	2,771,498	-	2,771,498
19	Oper-Steam Expenses-Nuclear	520	2,104,592	244,789	2,349,381	543,119	1,806,262	27,094	1,833,356	563,716	2,397,071
20	Oper-Electric Exp	523	2,077,626	-	2,077,626	-	2,077,626	31,164	2,108,791	-	2,108,791
21	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	7,451,833	-	7,451,833	-	7,451,833	111,777	7,563,610	-	7,563,610
22	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	(1,612,538)	-	(1,612,538)	(1,612,538)	-	-	-	(2,498,745)	(2,498,745)
23	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortization	525	60,013,614	-	60,013,614	60,013,614	-	-	-	21,308,093	21,308,093
24	Oper-Rents-Nuclear - PV 1&2 CE Credit	525	(323,169)	-	(323,169)	-	-	-	-	(5,427)	(5,427)
25	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525	(157,956)	-	(157,956)	-	-	-	-	(57,670)	(57,670)
26	Maint-Sup & Eng-Nuclear	528	1,852,227	8,872	1,861,098	870,592	990,507	14,858	1,005,364	903,607	1,908,971
27	Maint-Structures-Major	529	460,330	21,034	481,364	83,841	397,523	5,963	403,486	87,020	490,506
28	Maint-Reactor Plant	530	2,744,751	554,695	3,299,445	1,753,271	1,546,175	23,193	1,569,367	1,819,760	3,389,127
29	Maint-Elec Plant	531	3,193,323	397,799	3,591,123	1,250,156	2,340,966	35,114	2,376,081	1,297,566	3,673,647
30	Maint-Misc Nuclear Plant	532	822,838	(36,552)	786,286	53,738	732,547	10,988	743,536	55,776	799,312
31	Palo Verde 3 - Nuclear Production	517,519-532	16,010,724	-	16,010,724	2,990,027	13,020,698	195,310	13,216,008	3,103,417	16,319,425
32	Other Production										
33	Oper-Sup & Eng-Other	546	3,502,472	758,015	4,260,487	1,312,937	2,947,550	44,213	2,991,764	1,321,482	4,313,246
34	Oper-Sup & Eng-Other - Renewables	546	-	-	-	-	-	-	-	-	-
35	Oper-Oth Pwr Gen Exp-Other	549	-	-	-	-	-	-	-	-	-
36	Oper-Oth Pwr Gen Exp-Other - Renewables	549	8,603	(242)	8,360	-	8,360	125	8,486	-	8,486
37	Maint - Structures	552	3,548	(3,408)	139	-	139	2	141	1,027,986	1,028,127
38	Maint-Gen & Elec Plant	553	6,129,430	198,529	6,327,959	2,414,530	3,913,429	58,701	3,972,131	3,377,374	7,349,505
39	Maint-Gen & Elec Plant - Renewables	553	867,973	6,339	874,313	64,719	809,594	12,144	821,737	910,581	1,732,318
40	Maint-Gen & Elec Plant	556	2,764,604	430,660	3,195,264	2,621,245	574,020	8,610	582,630	3,269,738	3,852,398
41	Maint-Gen & Elec Plant - Renewables	556	45,548	-	45,548	314,109	(268,561)	(4,028)	(272,589)	327,998	55,409
42	Total Production O&M		177,464,547	5,482,523	182,947,070	133,947,522	48,999,548	734,993	49,734,541	99,453,708	149,188,249
43											
44	<b>Transmission O&amp;M (560-574, excluding 565):</b>										
45	Oper-Sup & Eng-ETrans	560	1,708,069	4,196	1,712,265	1,243,340	468,925	7,034	475,959	1,291,371	1,767,330
46	Oper-Load Dispatch-ETrans	561	819,093	110,312	929,405	1,419,991	(490,587)	(7,359)	(497,945)	1,526,573	1,028,627
47	Oper-Station Exp-ETrans	562	498,155	79,370	577,525	200,326	377,199	5,658	382,856	258,500	641,356
48	Oper-Overhead Lines-ETrans	563	15,131	83,853	98,984	98,548	436	7	442	102,027	102,469
49	Oper-Undergrd Line-ETrans	564	-	-	-	-	-	-	-	-	-
50	Oper-Misc Transmission-E	566	2,715,572	212,748	2,928,320	925,544	2,002,776	30,042	2,032,818	961,710	2,994,528
51	Oper-Rents-Transmission-E	567	12,353,928	-	12,353,928	11,981,919	372,009	5,580	377,589	10,663,960	11,041,549
52	Maint Sup & Eng-ETrans	568	(5,380)	6,452	1,072	1,053	19	0	20	-	20
53	Maint-Structures-ETrans	569	4,136	(3,377)	759	-	759	11	770	-	770
54	Maint-Sta Equip-ETrans	570	2,841,742	74,486	2,916,228	1,670,736	1,245,492	18,682	1,264,174	1,788,578	3,052,752
55	Maint-Overhead Lns-ETrans	571	576,134	(57,458)	518,676	198,166	320,511	4,808	325,318	205,912	531,231
56	Maint-Und Lines-ETrans	572	1,202	-	1,202	-	1,202	18	1,220	-	1,220
57	Maint-Misc Trans Plt-Maj-E	573	-	-	-	-	-	-	-	-	-
58	Maint-Trans Plant-NonMaj-E	574	3,416	(3,348)	68	-	68	1	69	33,359	33,428
59	HLM - Transmission O&M	560-564,566-574	20,000	-	20,000	-	20,000	300	20,300	-	20,300
60	Total Transmission O&M, excluding FERC 565		21,551,196	507,235	22,058,431	17,739,623	4,318,808	64,782	4,383,590	16,831,990	21,215,580
61											
62	Transmission O&M by Others (565):										
63	Owned Generation Wheeling	565	8,513,636	225	8,513,861	-	8,513,861	127,708	8,641,569	-	8,641,569
64	PV 3 Wheeling	565	198,138	-	198,138	-	198,138	2,975	201,113	-	201,113
65	Retail Wheeling	565	1,941,064	-	1,941,064	-	1,941,064	29,116	1,970,180	-	1,970,180
66	FERC Wholesale Customer Wheeling	565	2,390,845	-	2,390,845	-	2,390,845	35,863	2,426,708	-	2,426,708
67	WAPA Swap	565	-	2,315,963	2,315,963	-	2,315,963	34,739	2,350,702	-	2,350,702
68	Transmission by Others	565	3,719,478	-	3,719,478	-	3,719,478	55,792	3,775,270	-	3,775,270
69	Total Transmission by Others, FERC 565		16,763,361	2,316,188	19,079,549	-	19,079,549	286,193	19,365,742	-	19,365,742
70											
71	Total Transmission O&M		38,314,557	2,823,422	41,137,979	17,739,623	23,398,357	350,975	23,749,332	16,831,990	40,581,322

PNM Exhibit HEM-3  
 WP OM-1 OPERATIONS & MAINTENANCE  
 Excluding Base Fuel and Fuel Related Expenses

Line No.	Description	FERC	A	B	C	D	E	F	G	H	I
			Base Period	OM-2 Adjustment to Base Period	Adjusted Base Period	OM-3 Remove Specifically Forecasted O&M	Remaining O&M to be escalated	Escalation to Test Period	Subtotal Test Period, before Specifically Forecasted O&M	OM-3 Specifically Forecasted Test Period O&M	PNM Exhibit HEM-2 COS TEST Total Test Period O&M
72											
73	Total Dist O&M (580-598)										
74											
75	PNM Street & Private Lighting										
76	Oper-Street Light/Signal-E	585	70,358	(37,851)	32,507	30,423	2,085	31	2,116	31,768	33,884
77	Oper-Customer Install-EDis	587									
78	Maint-Streetlight/Signal-E	596	1,148,274	(155,301)	992,973	382,030	610,943	9,164	620,107	395,722	1,015,828
79	Total Street and Private Lighting		1,218,632	(193,152)	1,025,480	412,453	613,027	9,195	622,223	427,489	1,049,712
80											
81	PNM Meters										
82	Oper-Meter Expense-EDist	586	2,762,072	228,670	2,990,742	2,548,855	441,887	6,628	448,516	2,639,797	3,088,312
83	Maint-Meters-EDist	597	379,077	(35,956)	343,121	340,658	2,463	37	2,500	353,341	355,841
84	Total Meters		3,141,148	192,715	3,333,863	2,889,513	444,350	6,665	451,015	2,993,138	3,444,153
85											
86	All Other Distribution O&M										
87	Oper-Sup & Eng-EDist	580	2,774,177	62,975	2,837,153	1,764,967	1,072,186	16,083	1,088,268	1,841,739	2,930,008
88	Oper-Load Dispatch-EDist	581	(2,417)	2,417	-	-	-	-	-	-	-
89	Oper-Station Exp-EDist	582	256,327	(18,851)	237,476	55,362	182,114	2,732	184,846	57,810	242,656
90	Oper-Overhead Lines-EDist	583	2,172,325	(326,788)	1,845,538	1,768,027	77,511	1,163	78,674	1,830,620	1,909,293
91	Oper-Undergrd Line-EDist	584	523,652	(74,732)	448,920	479,397	19,522	293	19,815	496,120	516,135
92	Oper-Undergrd Line-EDist - Renewables	584	638,145	(187,204)	450,941	10,724	440,217	6,603	446,820	11,198	458,018
93	Oper-Misc Dist Exp-EDist	588	6,062,338	201,225	6,263,563	4,170,387	2,093,176	31,398	2,124,574	4,334,452	6,459,026
94	Oper-Rents-Distribution-E	589	119,366	-	119,366	117,509	1,857	28	1,885	204,194	206,079
95	Maint-Sup & Eng-EDist	590	985,454	(9,485)	975,969	156,542	819,426	12,291	831,718	163,464	995,182
96	Maint-Structures-EDist	591	64,718	(1,387)	63,331	-	63,331	950	64,281	-	64,281
97	Maint-Station Equip-EDist	592	1,320,440	(119,420)	1,201,020	845,366	355,655	5,335	360,989	875,984	1,236,974
98	Maint-Overhead Lns-EDist	593	2,738,520	(121,806)	2,616,714	526,090	2,090,624	31,359	2,121,983	547,039	2,669,022
99	Maint-Und Lines-EDist	594	1,581,634	(230,230)	1,351,405	477,477	873,928	13,109	887,037	494,546	1,381,583
100	Maint-Line Transform-EDist	595	602	111	713	-	713	11	723	-	723
101	Maint-Misc Dist Plant-E	598	564,686	-	564,686	-	564,686	8,470	573,156	-	573,156
102	Total Other Distribution O&M		19,799,967	(773,174)	19,026,793	10,371,847	8,654,945	129,824	8,784,769	10,857,367	19,642,136
103											
104	Total Distribution O&M		24,159,747	(773,612)	23,386,136	13,673,813	9,712,322	145,685	9,858,007	14,277,995	24,136,002
105											
106	Customer Related O&M										
107	Supervision-Customer Accts	901	159,865	1,491	161,356	118,635	42,722	641	43,363	123,880	167,243
108	Meter Reading Expenses	902	4,505,839	(30,481)	4,475,358	3,228,812	1,246,546	18,698	1,265,244	3,371,586	4,636,830
109	Customer Record and Coll	903	7,540,628	(69,464)	7,471,164	4,094,641	3,376,523	50,648	3,427,170	4,275,487	7,702,657
110	Uncollectible Expenses	904	3,577,699	-	3,577,699	-	3,577,699	53,665	3,631,364	-	3,631,364
111	Misc Customer Accts Exp	905	(55,912)	-	(55,912)	-	(55,912)	(839)	(56,750)	-	(56,750)
112	Cust Service/Inf Expenses	906	7,933	(0)	7,933	-	7,933	119	8,052	-	8,052
113	Supervision-Customer Svc	907	1,068	-	1,068	-	1,068	16	1,084	-	1,084
114	Customer Assistance Exps	908	731,969	(1,714)	730,255	670,854	59,401	891	60,292	700,518	760,811
115	Inform/Instruc Advrt Exp	909	-	-	-	-	-	-	-	-	-
116	Misc Cust Svc & Info Exp	910	-	-	-	-	-	-	-	-	-
117	Demo & Selling Expenses - Non Production	912	24,388	-	24,388	-	24,388	366	24,753	-	24,753
118	Demo & Selling Expenses - Production	912	5,088,810	(346,707)	4,742,104	3,957,255	784,849	11,773	796,622	3,905,159	4,701,781
119	Advertising Expense	913	-	-	-	-	-	-	-	-	-
120	Sales Expense	917	2,456	(2,456)	-	-	-	-	-	-	-
121	Total Customer Related O&M		21,584,743	(449,331)	21,135,412	12,070,197	9,065,216	135,978	9,201,194	12,376,631	21,577,825
122											
123	Administrative & General Expense										

PNM Exhibit HEM-3  
 WP OM-1 OPERATIONS & MAINTENANCE  
 Excluding Base Fuel and Fuel Related Expenses

Line No.	Description	FERC	A	B	C	D	E	F	G	H	I
			Base Period	OM-2	Adjusted Base Period	OM-3	Remove Specifically Forecasted O&M	Remaining O&M to be escalated	Escalation to Test Period	Subtotal Test Period, before Specifically Forecasted O&M	OM-3
124											
125	Production - Admin and General Salaries	920	(2,856,306)	217,659	(2,638,648)	(2,563,494)	(75,153)	(1,127)	(76,281)	(2,217,624)	(2,293,904)
126	Transmission - Admin and General Salaries	920	186,089	(4,116)	181,973	15,965	166,007	2,490	168,497	16,671	185,169
127	Distribution - Admin and General Salaries	920	1,193,111	785,872	1,978,983	1,949,805	29,178	438	29,616	2,036,023	2,065,639
128	Production - AG Office Supplies Exp	921	(224,254)	(331)	(224,584)	(310,429)	85,844	1,288	87,132	(872,579)	(785,447)
129	Transmission - AG Office Supplies Exp	921	215,802	(849)	214,953	-	214,953	3,224	218,177	-	218,177
130	Distribution - AG Office Supplies Exp	921	1,325,759	(715)	1,325,044	-	1,325,044	19,876	1,344,920	-	1,344,920
131	A&G Charged to CWIP - Production	922	(1,162,218)	-	(1,162,218)	(1,162,218)	-	-	-	(1,291,463)	(1,291,463)
132	A&G Charged to CWIP - Transmission	922	(3,209,256)	-	(3,209,256)	(3,209,256)	-	-	-	(1,518,971)	(1,518,971)
133	A&G Charged to CWIP - Distribution	922	(5,108,127)	-	(5,108,127)	(5,108,127)	-	-	-	(4,288,987)	(4,288,987)
134	Production Related - Shared Services	9229	35,784,178	(11,169,480)	24,614,698	24,614,698	-	-	-	26,105,487	26,105,487
135	Transmission Related - Shared Services	9229	7,628,863	(2,614,087)	5,014,776	5,014,776	-	-	-	5,299,248	5,299,248
136	Distribution/Customer Related - Shared Services	9229	48,951,252	(15,146,106)	33,805,146	33,805,146	-	-	-	35,594,917	35,594,917
137	Production - Outside Services	923	(644,048)	-	(644,048)	(739,821)	95,773	1,437	97,210	(517,615)	(420,405)
138	Transmission - Outside Services	923	222,608	(132,203)	90,405	-	90,405	1,356	91,761	-	91,761
139	Distribution - Outside Services	923	1,673,533	(16,947)	1,656,586	-	1,656,586	24,849	1,681,435	2,538	1,683,973
140	Production - Property Insurance	924	1,465,283	-	1,465,283	-	937,392	527,892	7,918	1,367,881	1,903,691
141	Transmission - Property Insurance	924	92,575	-	92,575	-	-	92,575	1,389	93,964	132,937
142	Not Used		-	-	-	-	-	-	-	-	-
143	Distribution - Property Insurance	924	66,018	-	66,018	-	66,018	990	67,008	155,893	222,902
144	Production - Injuries or Damages-Safety	925	827,636	7,023	834,659	(369,365)	1,204,024	18,060	1,222,084	231,852	1,453,936
145	Transmission - Injuries or Damages-Safety	925	53,819	-	53,819	(370,800)	424,620	6,369	430,989	(230,416)	200,573
146	Distribution - Injuries or Damages-Safety	925	2,170,302	28,350	2,198,652	(1,178,115)	3,376,767	50,652	3,427,419	(1,203,714)	2,223,705
147	Production - Empl Pension and Benefits	926	7,662,542	125,727	7,788,270	(763,905)	8,552,175	128,283	8,680,457	(10,253,338)	7,655,119
148	Transmission - Empl Pension and Benefits	926	(113,498)	69,072	(44,426)	(707,434)	663,008	9,945	672,953	348,347	1,021,300
149	Distribution - Empl Pension and Benefits	926	5,664,487	38,887	5,703,373	1,389,615	4,313,758	64,706	4,378,465	936,891	5,315,355
150	Production - Regulatory Commission Exp	928	1,143,802	39,416	1,183,217	84,085	1,099,133	16,487	1,115,620	87,803	1,203,423
151	Transmission - Regulatory Commission Exp	928	48,673	1,799	50,473	3,839	46,634	700	47,334	4,008	51,342
152	Distribution - Regulatory Commission Exp	928	19,884,275	(19,391,541)	492,734	369,058	123,675	1,855	125,530	385,378	510,908
153	Direct Assigned - FERC Generation	928	475,509	-	475,509	-	475,509	7,133	-	-	-
154	Direct Assigned - FERC Transmission	928	77,841	-	77,841	-	77,841	1,168	-	-	-
155	Production - Misc AG Expenses	930	7,653,579	93,142	7,746,721	2,217,177	5,529,544	82,943	5,612,487	2,347,419	7,959,906
156	Transmission - Misc AG Expenses	930	43,931	-	43,931	-	43,931	659	44,590	-	44,590
157	Distribution - Misc AG Expenses	930	669,958	-	669,958	-	669,958	10,049	680,008	-	680,008
158	Production - Rents-Cust	931	-	-	-	-	-	-	-	-	-
159	Transmission - Rents-Cust	931	153	-	153	-	153	2	155	-	155
160	Distribution - Rents-Cust	931	17,004	-	17,004	-	17,004	255	17,259	-	17,259
161	Production - Maint of General Plant	935	(64,772)	-	(64,772)	-	(64,772)	(972)	(65,744)	-	(65,744)
162	Transmission - Maint of General Plant	935	780,345	62,067	842,412	528,028	314,384	4,716	319,100	547,398	866,498
163	Distribution - Maint of General Plant	935	340,819	(68,485)	272,334	39,803	232,531	3,488	236,019	80,441	316,459
164	Renewables - A&G (920-935)	920-935	72,160	-	72,160	-	72,160	1,082	73,243	-	73,243
165	PV3 - A&G (920 - 935)	920-935	5,934,864	-	5,934,864	108,098	5,826,766	87,401	5,914,168	181,038	6,095,206
166	Total Administrative & General Expense		138,344,290	(47,075,845)	91,868,445	54,594,519	37,273,925	559,109	37,271,384	62,601,498	99,872,882
167											
168	Total Operations & Maintenance Expense		400,467,884	(39,992,842)	360,475,042	232,025,673	128,449,368	1,926,741	129,814,459	205,541,821	335,356,280

# **WP OM-2**

*Summary O&M adjustments to base period*

PNM Exhibit HEM-3  
 WP OM-2 Base Period Adjustment Summary

Line No.	Description	FERC	A	B	C	D	E	F	G	H	I	J	K
			OM-4 Column H	WP 55-2	OM-5	OM-11	WP LA-1	Note 1	OM-6	Note 2	Note 3	WP OM 1, Column B Total	Reference
			Normalize Planned Outages	Shared Services adjustment	Remove Gas Portion of Retiree Pension	Normalize Active Medical and Dental	Normalize Labor	Remove EE	WAPA Swap	Remove Non- Allowable Legal	Remove Non-Allowable Advertising		
1	Operations and Maintenance Expense												
2													
3	Steam Production												
4	Oper-Sup & Eng-Prod	500	8,571	-	-	-	(24,765)	-	-	-	-	(16,194)	
5	Oper-Steam Expense-Major	502	60,995	-	-	-	(67,864)	-	-	-	-	(6,869)	
6	Oper-Electric Exp-Major	505	-	-	-	-	268,755	-	-	-	-	268,755	
7	Oper-Misc Steam Power Exp	506	66,843	-	-	-	(2,539)	-	-	-	-	64,304	
8	Oper-Rents-Steam Power	507	-	-	-	-	-	-	-	-	-	-	
9	Maint-Sup & Eng-Steam	510	2,536	-	-	-	8,569	-	-	-	-	11,205	
10	Maint-Sup & Eng-Steam - Renew	510	-	-	-	-	(2,801)	-	-	-	-	(2,801)	
11	Maint-Structures-Steam	511	498,369	-	-	-	(67,119)	-	-	-	-	431,250	
12	Maint-Boiler Plant	512	1,366,573	-	-	-	31,179	-	-	-	-	1,397,752	
13	Maint-Electric Plant	513	586,737	-	-	-	(361)	-	-	-	-	586,376	
14	Maint-Gen & Elec Plant	514	117,084	-	-	-	8,123	-	-	-	-	125,207	
15													
16	Nuclear Production												
17	Oper-Sup & Eng Nuclear	517	-	-	-	-	(2,540)	-	-	-	-	(2,540)	
18	Oper-Coolants and Water	519	-	-	-	-	-	-	-	-	-	-	
19	Oper-Steam Expenses-Nuclear	520	244,789	-	-	-	-	-	-	-	-	244,789	
20	Oper-Electric Exp	523	-	-	-	-	-	-	-	-	-	-	
21	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	-	-	-	-	-	-	-	-	-	-	
22	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	-	-	-	-	-	-	-	-	-	-	
23	Oper-Rents Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortization	525	-	-	-	-	-	-	-	-	-	-	
24	Oper-Rents Nuclear - PV 1&2 CE Credit	525	-	-	-	-	-	-	-	-	-	-	
25	Oper-Rents Nuclear - PV 1&2 Excess Gain Amortization	525	-	-	-	-	-	-	-	-	-	-	
26	Maint-Sup & Eng Nuclear	528	8,872	-	-	-	-	-	-	-	-	8,872	
27	Maint-Structures-Major	529	21,034	-	-	-	-	-	-	-	-	21,034	
28	Maint-Reactor Plant	530	554,695	-	-	-	-	-	-	-	-	554,695	
29	Maint-Elec Plant	531	397,799	-	-	-	-	-	-	-	-	397,799	
30	Maint-Misc Nuclear Plant	532	(36,552)	-	-	-	-	-	-	-	-	(36,552)	
31	Palo Verde 3 - Nuclear Production, FERC 517,519-532, Other Production	517,519-532	-	-	-	-	-	-	-	-	-	-	
32													
33	Oper-Sup & Eng-Other	546	792,410	-	-	-	(34,395)	-	-	-	-	758,015	
34	Oper-Sup & Eng-Other - Renewables	546	-	-	-	-	-	-	-	-	-	-	
35	Oper-Oth Pwr Gen Exp-Other	549	-	-	-	-	-	-	-	-	-	-	
36	Oper-Oth Pwr Gen Exp-Other - Renewables	549	-	-	-	-	(242)	-	-	-	-	(242)	
37	Maint - Structures	552	-	-	-	-	(3,408)	-	-	-	-	(3,408)	
38	Maint-Gen & Elec Plant	553	240,156	-	-	-	(41,626)	-	-	-	-	198,529	
39	Maint-Gen & Elec Plant - Renewables	553	-	-	-	-	6,339	-	-	-	-	6,339	
40	Maint-Gen & Elec Plant	556	-	-	-	-	430,660	-	-	-	-	430,660	
41	Maint-Gen & Elec Plant - Renewables	556	-	-	-	-	45,548	-	-	-	-	45,548	
42	Total Production O&M		4,930,911	-	-	-	551,632	-	-	-	-	5,482,523	PNM Exhibit HEM-2 COS Base Adj
43													
44	Transmission O&M (560-574, excluding 565):												
45	Oper-Sup & Eng ETrans	560	-	-	-	-	4,196	-	-	-	-	4,196	
46	Oper-Load Dispatch ETrans	561	-	-	-	-	110,312	-	-	-	-	110,312	
47	Oper-Station Exp ETrans	562	-	-	-	-	79,370	-	-	-	-	79,370	
48	Oper-Overhead Lines ETrans	563	-	-	-	-	83,853	-	-	-	-	83,853	
49	Oper-Undergrd Line ETrans	564	-	-	-	-	-	-	-	-	-	-	
50	Oper-Misc Transmission-E	566	-	-	-	-	218,061	-	-	(5,313)	-	212,748	
51	Oper-Rents-Transmission-E	567	-	-	-	-	-	-	-	-	-	-	
52	Maint Sup & Eng ETrans	568	-	-	-	-	6,452	-	-	-	-	6,452	
53	Maint-Structures-ETrans	569	-	-	-	-	(3,377)	-	-	-	-	(3,377)	
54	Maint-Sta Equip ETrans	570	-	-	-	-	74,486	-	-	-	-	74,486	
55	Maint-Overhead Lns ETrans	571	-	-	-	-	(57,458)	-	-	-	-	(57,458)	
56	Maint-Lnd Lines ETrans	572	-	-	-	-	-	-	-	-	-	-	
57	Maint-Misc Trans Pnt-Maj-E	573	-	-	-	-	-	-	-	-	-	-	
58	Maint-Trans Plant-NonMaj-E	574	-	-	-	-	(3,348)	-	-	-	-	(3,348)	
59	HLM - Transmission O&M	560-564, 566-574	-	-	-	-	-	-	-	-	-	-	
60	Total Transmission O&M, excluding FERC 565		-	-	-	-	512,547	-	-	(5,313)	-	507,235	PNM Exhibit HEM-2 COS Base Adj
61													
62	Transmission O&M by Others (565):												
63	Owned Generation Wheeling	565	-	-	-	-	225	-	-	-	-	225	
64	PV 3 Wheeling	565	-	-	-	-	-	-	-	-	-	-	
65	Retail Wheeling	565	-	-	-	-	-	-	-	-	-	-	
66	FERC Wholesale Customer Wheeling	565	-	-	-	-	-	-	-	-	-	-	
67	WAPA Swap	565	-	-	-	-	-	2,315,963	-	-	-	2,315,963	
68	Transmission by Others	565	-	-	-	-	-	-	-	-	-	-	
69	Total Transmission by Others, FERC 565		-	-	-	-	225	2,315,963	-	-	-	2,316,188	PNM Exhibit HEM-2 COS Base Adj
70													
71	Total Transmission O&M		-	-	-	-	512,772	2,315,963	-	(5,313)	-	2,823,422	

PNM Exhibit HEM-3  
 WP OM-2 Base Period Adjustment Summary

Line No.	Description	FERC	A	B	C	D	E	F	G	H	I	J	K
			OM-4 Column H	WP 55-2	OM-5	OM-11	WP LA-1	Note 1	OM-6	Note 2	Note 3	WP OM-1, Column B	Reference
			Normalize Planned Outages	Shared Services adjustment	Remove Gas Portion of Retiree Pension	Normalize Active Medical and Dental	Normalize Labor	Remove EE	WAPA Swap	Remove Non-Allowable Legal	Remove Non-Allowable Advertising	Total	
72													
73	Total Dist O&M (\$80,598)												
74													
75	PNM Street & Private Lighting												
76	Oper-Street Light/Signal-E	585	-	-	-	-	(37,851)	-	-	-	-	(37,851)	
77	Oper-Customer Install-EDis	587	-	-	-	-	-	-	-	-	-	-	
78	Maint-Streetlight/Signal-E	596	-	-	-	-	(155,301)	-	-	-	-	(155,301)	
79	Total Street and Private Lighting		-	-	-	-	(193,152)	-	-	-	-	(193,152)	PNM Exhibit HEM-2 COS Base Adj
80													
81	PNM Meters												
82	Oper-Meter Expense-EDist	586	-	-	-	-	228,670	-	-	-	-	228,670	
83	Maint-Meters-EDist	597	-	-	-	-	(35,956)	-	-	-	-	(35,956)	
84	Total Meters		-	-	-	-	192,715	-	-	-	-	192,715	PNM Exhibit HEM-2 COS Base Adj
85													
86	All Other Distribution O&M												
87	Oper-Sup & Eng-EDist	580	-	-	-	-	62,975	-	-	-	-	62,975	
88	Oper-Load Dispatch-EDist	581	-	-	-	-	2,417	-	-	-	-	2,417	
89	Oper-Station Exp-EDist	582	-	-	-	-	(18,851)	-	-	-	-	(18,851)	
90	Oper-Overhead Lines-EDist	583	-	-	-	-	(326,788)	-	-	-	-	(326,788)	
91	Oper-Undergrd Line-EDist	584	-	-	-	-	(24,732)	-	-	-	-	(24,732)	
92	Oper-Undergrd Line-Edist - Renewables	584	-	-	-	-	(187,204)	-	-	-	-	(187,204)	
93	Oper-Misc Dist Exp-EDist	588	-	-	-	-	201,225	-	-	-	-	201,225	
94	Oper-Rents-Distribution-E	589	-	-	-	-	-	-	-	-	-	-	
95	Maint-Sup & Eng-EDist	590	-	-	-	-	(9,485)	-	-	-	-	(9,485)	
96	Maint-Structures-EDist	591	-	-	-	-	(1,387)	-	-	-	-	(1,387)	
97	Maint-Station Equip-EDist	592	-	-	-	-	(119,420)	-	-	-	-	(119,420)	
98	Maint-Overhead Lns-EDist	593	-	-	-	-	(121,806)	-	-	-	-	(121,806)	
99	Maint-Und Lines-EDist	594	-	-	-	-	(230,230)	-	-	-	-	(230,230)	
100	Maint-Line Transform-EDist	595	-	-	-	-	111	-	-	-	-	111	
101	Maint-Misc Dist Plant-E	598	-	-	-	-	-	-	-	-	-	-	
102	Total Other Distribution O&M		-	-	-	-	(773,174)	-	-	-	-	(773,174)	PNM Exhibit HEM-2 COS Base Adj
103													
104	Total Distribution O&M		-	-	-	-	(773,612)	-	-	-	-	(773,612)	
105													
106	Customer Related O&M												
107	Supervision-Customer Accts	901	-	-	-	-	1,491	-	-	-	-	1,491	
108	Meter Reading Expenses	902	-	-	-	-	(30,481)	-	-	-	-	(30,481)	
109	Customer Record and Coll	903	-	-	-	-	(69,464)	-	-	-	-	(69,464)	
110	Uncollectible Expenses	904	-	-	-	-	-	-	-	-	-	-	
111	Misc Customer Accts Exp	905	-	-	-	-	-	-	-	-	-	-	
112	Cust Service/Inf Expenses	906	-	-	-	-	(0)	-	-	-	-	(0)	
113	Supervision-Customer Svc	907	-	-	-	-	-	-	-	-	-	-	
114	Customer Assistance Exps	908	-	-	-	-	(1,714)	-	-	-	-	(1,714)	
115	Inform/Instruc Advrt Exps	909	-	-	-	-	-	-	-	-	-	-	
116	Misc Cust Svc & Info Exp	910	-	-	-	-	-	-	-	-	-	-	
117	Demo & Selling Expenses - Non Production	912	-	-	-	-	-	-	-	(20,937)	-	(146,707)	
118	Demo & Selling Expenses - Production	912	-	-	-	-	(325,769)	-	-	-	-	(325,769)	
119	Advertising Expense	913	-	-	-	-	-	-	-	-	-	-	
120	Sales Expense	917	-	-	-	-	(2,456)	-	-	-	-	(2,456)	
121	Total Customer Related O&M		-	-	-	-	(428,393)	-	-	(20,937)	-	(449,331)	PNM Exhibit HEM-2 COS Base Adj
122													





## **WP OM-3**

*Summary of Specifically Adjusted O&M, base to test*

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	Removal - Specifically Forecasted O&M Items from Base Period											WP OM-1, Column D Total	Reference			
			A	B	C	D	E	F	G	H	I	J	K			L	M	N
			OM-4	OM-7	OM-8	OM-9	OM-05	OM-10	OM-11	OM-17	WP LA-1	WP SS-2	OM-12			WP SS-11		
1	Operations and Maintenance Expense																	
2																		
3	Steam Production																	
4	Oper-Sup & Eng-Prod	500	8,571	4,136,758					394,312		297,508						4,837,149	
5	Oper-Steam Expense-Major	502	60,995	5,763,897					2,481,511		173,036						8,478,939	
6	Oper-Electric Exp-Majr	505		3,556,100					247,301		1,299,604						5,103,006	
7	Oper-Misc Steam Power Exp	506	66,843	2,733,082					1,370,076		41,686						4,211,687	
8	Oper-Rents-Steam Power	507							160,482								160,482	
9	Maint-Sup & Eng-Steam	510	2,536	3,319,266					406,595		123,155						3,851,552	
10	Maint-Sup & Eng-Steam - Renew	510															-	
11	Maint-Structures-Steam	511	506,462	3,888,337					255,610		841,454						4,991,863	
12	Maint-Boiler Plant	512	4,211,974	14,500,485					4,442,258		186,636						23,341,353	
13	Maint-Electric Plant	513	1,164,411	1,744,574					537,333		69,626						3,515,944	
14	Maint-Gen & Elec Plant	514	130,132	1,755,897					1,365,168		12,116						3,263,312	
15																		
16	Nuclear Production																	
17	Oper-Sup & Eng-Nuclear	517															-	
18	Oper-Coolants and Water	519															-	
19	Oper-Steam Expenses-Nuclear	520	543,119														543,119	
20	Oper-Electric Exp	523															-	
21	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524															-	
22	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524			(1,612,538)												(1,612,538)	
23	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortization	525			(323,169)												(323,169)	
24	Oper-Rents-Nuclear - PV 1&2 CE Credit	525			60,013,614												60,013,614	
25	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525			(157,956)												(157,956)	
26	Maint-Sup & Eng-Nuclear	528	870,592														870,592	
27	Maint-Structures-Majr	529	83,841														83,841	
28	Maint-Reactor Plant	530	1,753,271														1,753,271	
29	Maint-Elec Plant	531	1,250,156														1,250,156	
30	Maint-Misc Nuclear Plant	532	53,738														53,738	
31	Palo Verde 3 - Nuclear Production, FERC 517,519-532	517,519-532	2,990,027														2,990,027	
32	Other Production																	
33	Oper-Sup & Eng-Other	546	792,410								520,526						1,312,937	
34	Oper-Sup & Eng-Other - Renewables	546															-	
35	Oper-Oth Pwr Gen Exp-Other	549															-	
36	Oper-Oth Pwr Gen Exp-Other - Renewables	549															-	
37	Maint - Structures	552															-	
38	Maint-Gen & Elec Plant	553	921,155								1,493,374						2,414,530	
39	Maint-Gen & Elec Plant - Renewables	553									64,719						64,719	
40	Maint-Gen & Elec Plant	556		618,932							144,403						2,621,245	
41	Maint-Gen & Elec Plant - Renewables	556									314,109						314,109	
42	Total Production O&M		15,410,234	42,016,827	57,919,952					11,805,050	6,795,459						133,947,522 WP OM-1	
43																		
44	Transmission O&M (560-574, excluding 565):																	
45	Oper-Sup & Eng-ETrans	560		12,698								1,230,642					1,243,340	
46	Oper-Load Dispatch-ETrans	561		247,679								1,172,313					1,419,991	
47	Oper-Station Exp-ETrans	562								6,965		193,361					200,326	
48	Oper-Overhead Lines-ETrans	563										98,548					98,548	
49	Oper-Undergrd Line-ETrans	564															-	
50	Oper-Misc Transmission-E	566										925,544					925,544	
51	Oper-Rents-Transmission-E	567															11,981,919	
52	Maint-Sup & Eng-ETrans	568				2,645,051		9,336,868					1,053				1,053	
53	Maint-Structures-ETrans	569															-	
54	Maint-Sta Equip-ETrans	570										1,659,509					1,670,736	
55	Maint-Overhead Lns-ETrans	571										198,166					198,166	
56	Maint-Und Lines-ETrans	572															-	
57	Maint-Misc Trans Pft-Maj-E	573															-	
58	Maint-Trans Plant-NonMaj-E	574															-	
59	HLM - Transmission O&M	560-564,566-574															-	
60	Total Transmission O&M, excluding FERC 565			271,604		2,645,051		9,336,868			8,018	5,478,083					17,739,623 WP OM-1	
61																		
62	Transmission O&M by Others (565):																	
63	Owned Generation Wheeling	565															-	
64	PV 3 Wheeling	565															-	
65	Retail Wheeling	565															-	
66	FERC Wholesale Customer Wheeling	565															-	
67	WAPA Swap	565															-	
68	Transmission by Others	565															-	
69	Total Transmission by Others, FERC 565																- WP OM-1	
70																		
71	Total Transmission O&M			271,604		2,645,051		9,336,868			8,018	5,478,083					17,739,623	

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	Removal - Specifically Forecasted O&M Items from Base Period											WP OM-1, Column D Total	Reference			
			A	B	C	D	E	F	G	H	I	J	K			L	M	N
			OM-4	OM-7	OM-8	OM-9	OM-05	OM-10	OM-11	OM-17	WP LA-1	WP SS-2	OM-12			WP SS-11	WP OM-1, Column D	
72																		
73	Total Dist O&M (580-598)																	
74																		
75	PNM Street & Private Lighting																	
76	Oper-Street Light/Signal-E	585									30,423					30,423		
77	Oper-Customer Install-EDis	587																
78	Maint-Streetlight/Signal-E	596									382,030					382,030		
79	Total Street and Private Lighting										412,453					412,453	WP OM-1	
80																		
81	PNM Meters																	
82	Oper-Meter Expense-EDist	586									2,548,855					2,548,855		
83	Maint-Meters-EDist	597									340,658					340,658		
84	Total Meters										2,889,513					2,889,513	WP OM-1	
85																		
86	All Other Distribution O&M																	
87	Oper-Sup & Eng-EDist	580									1,764,967					1,764,967		
88	Oper-Load Dispatch-EDist	581																
89	Oper-Station Exp-EDist	582									55,362					55,362		
90	Oper-Overhead Lines-EDist	583									1,768,027					1,768,027		
91	Oper-Undergrd Line-EDist	584									479,397					479,397		
92	Oper-Undergrd Line-EDist - Renewables	584									10,724					10,724		
93	Oper-Misc Dist Exp-EDist	588									4,170,387					4,170,387		
94	Oper-Rents-Distribution-E	589						117,509								117,509		
95	Maint-Sup & Eng-EDist	590									156,542					156,542		
96	Maint-Structures-EDist	591																
97	Maint-Station Equip-EDist	592									845,366					845,366		
98	Maint-Overhead Lns-EDist	593									526,090					526,090		
99	Maint-Und Lns-EDist	594									477,477					477,477		
100	Maint-Line Transform-EDist	595																
101	Maint-Misc Dist Plant-E	598																
102	Total Other Distribution O&M							117,509			10,254,339					10,371,847	WP OM-1	
103																		
104	Total Distribution O&M							117,509			13,556,304					13,673,813		
105																		
106	Customer Related O&M																	
107	Supervision-Customer Accts	901									118,635					118,635		
108	Meter Reading Expenses	902									3,228,812					3,228,812		
109	Customer Record and Coll	903									4,094,641					4,094,641		
110	Uncollectible Expenses	904																
111	Misc Customer Accts Exp	905																
112	Cust Service/Inf Expenses	906																
113	Supervision-Customer Svc	907																
114	Customer Assistance Exps	908									670,854					670,854		
115	Inform/Instruc Advert Exps	909																
116	Misc Cust Svc & Info Exp	910																
117	Demo & Selling Expenses - Non Production	912																
118	Demo & Selling Expenses - Production	912									3,010,288			946,967		3,957,255		
119	Advertising Expense	913																
120	Sales Expense	917																
121	Total Customer Related O&M										11,123,230					12,070,197	WP OM-1	

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	Removal - Specifically Forecasted O&M Items from Base Period											WP OM-1, Column D Total	Reference			
			A	B	C	D	E	F	G	H	I	J	K			L	M	N
			OM-4	OM-7	OM-8	OM-9	OM-05	OM-10	OM-11	OM-17	WP LA-1	WP SS-2	OM-12			WP SS-11	WP OM-1, Column D Total	Reference
122																		
123	Administrative & General Expense																	
124																		
125	Production - Admin and General Salaries	920		(3,273,300)										709,806			(2,563,494)	
126	Transmission - Admin and General Salaries	920												15,965			15,965	
127	Distribution - Admin and General Salaries	920												1,949,805			1,949,805	
128	Production - AG Office Supplies Exp	921		(310,429)													(310,429)	
129	Transmission - AG Office Supplies Exp	921															-	
130	Distribution - AG Office Supplies Exp	921															-	
131	A&G Charged to CWIP - Production	922															(1,162,218)	
132	A&G Charged to CWIP - Transmission	922															(3,209,256)	
133	A&G Charged to CWIP - Distribution	922															(5,108,127)	
134	Production Related - Shared Services	9229												24,614,698			24,614,698	
135	Transmission Related - Shared Services	9229												5,014,776			5,014,776	
136	Distribution/Customer Related - Shared Services	9229												33,805,146			33,805,146	
137	Production - Outside Services	923		(739,821)													(739,821)	
138	Transmission - Outside Services	923															-	
139	Distribution - Outside Services	923															-	
140	Production - Property Insurance	924		825,789						111,603							937,392	
141	Transmission - Property Insurance	924															-	
142	Not Used	924															-	
143	Distribution - Property Insurance	924															-	
144	Production - Injuries or Damages-Safety	925		(296,844)							179,259						(87,585)	
145	Transmission - Injuries or Damages-Safety	925															(370,800)	
146	Distribution - Injuries or Damages-Safety	925												35,568			(1,178,115)	
147	Production - Empl Pension and Benefits	926		(5,803,852)													(704,094)	
148	Transmission - Empl Pension and Benefits	926				1,298,329			3,127,368		1,318,333						(763,905)	
149	Distribution - Empl Pension and Benefits	926				123,744			608,734								(707,434)	
150	Production - Regulatory Commission Exp	928				1,832,624			4,280,120								1,389,615	
151	Transmission - Regulatory Commission Exp	928												84,085			84,085	
152	Distribution - Regulatory Commission Exp	928												3,839			3,839	
153	Direct Assigned - FERC Generation	928												369,058			369,058	
154	Direct Assigned - FERC Transmission	928															-	
155	Production - Misc AG Expenses	930	228,590								1,988,587						2,217,177	
156	Transmission - Misc AG Expenses	930															-	
157	Distribution - Misc AG Expenses	930															-	
158	Production - Rents-Cust	931															-	
159	Transmission - Rents-Cust	931															-	
160	Distribution - Rents-Cust	931															-	
161	Production - Maint of General Plant	935															-	
162	Transmission - Maint of General Plant	935												528,028			528,028	
163	Distribution - Maint of General Plant	935		(68,634)										108,437			39,803	
164	Renewables - A&G (920-935)	920-935															-	
165	PV3 - A&G (920 - 935)	920-935	174,423													(66,125)	108,098	
166	Total Administrative & General Expense		403,013	(9,667,092)			3,254,697		8,016,222	3,597,782	3,804,591	63,434,620	(18,249,313)				54,594,519	
167																		
168	Total Operations & Maintenance Expense		15,813,247	32,621,339	57,919,952	2,645,051	3,254,697	9,454,377	8,016,222	15,410,849	40,757,667	63,434,620	(18,249,313)				232,025,673	

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE
			OM-4	OM-7	OM-8	OM-13	OM-14	OM-15	OM-12	OM-05	OM-10	OM-11	OM-16	OM-17	WP LA-1	WP SS-1	WP SS-11	OM-1, Column H
			Normalized Planned Outages	San Juan O&M	Palo Verde Adjustments	Rio Bravo	La Luz	40MW Renewable	Capital Loads	Retiree and Medical OPEB	ROW	Active Medical and Dental	Cyber Liability Insurance	Four Corners O&M	Labor	Shared Services	WPM Incentive	Total
1	Operations and Maintenance Expense																	
2																		
3	Steam Production																	
4	Oper-Sup & Eng-Prod	500	8,896	4,876,046										253,118	310,664			5,448,723
5	Oper-Steam Expense-Major	502	63,308	9,840,087										3,762,123	179,145			13,844,663
6	Oper-Electric Exp-Major	505		3,894,070										304,044	1,345,480			5,543,594
7	Oper-Misc Steam Power Exp	506	69,377	1,889,503										1,913,751	43,529			3,916,160
8	Oper-Rents-Steam Power	507												162,936				162,936
9	Maint-Sup & Eng-Steam	510	2,632	3,661,463										205,784	128,601			3,998,480
10	Maint-Sup & Eng-Steam - Renew	510																
11	Maint-Structures-Steam	511	525,668	1,992,098										250,026	354,011			3,121,803
12	Maint-Boiler Plant	512	6,515,128	7,676,681										3,604,879	193,679			17,990,367
13	Maint-Electric Plant	513	1,801,125	2,228,546										468,002	72,516			4,570,189
14	Maint-Gen & Elec Plant	514	201,290	1,566,816										2,263,763	12,651			4,044,520
15																		
16	Nuclear Production																	
17	Oper-Sup & Eng-Nuclear	517																
18	Oper-Coolants and Water	519																
19	Oper-Steam Expenses-Nuclear	520	563,716															563,716
20	Oper-Electric Exp	523																
21	Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524																
22	Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524			(2,498,745)													(2,498,745)
23	Oper-Rents-Nuclear, excluding PV 1&2 CE Credit and Excess Gain Amortization	525			(5,427)													(5,427)
24	Oper-Rents-Nuclear - PV 1&2 CE Credit	525			21,308,093													21,308,093
25	Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525			(57,670)													(57,670)
26	Maint-Sup & Eng-Nuclear	528	903,607															903,607
27	Maint-Structures-Major	529	87,020															87,020
28	Maint-Reactor Plant	530	1,819,760															1,819,760
29	Maint-Elec Plant	531	1,297,566															1,297,566
30	Maint-Misc Nuclear Plant	532	55,776															55,776
31	Palo Verde 3 - Nuclear Production, FERC 517.519-532,	517.519-532	3,103,417															3,103,417
32	Other Production																	
33	Oper-Sup & Eng-Other	546	777,939												543,543			1,321,482
34	Oper-Sup & Eng-Other - Renewables	546																
35	Oper-Oth Pwr Gen Exp-Other	549																
36	Oper-Oth Pwr Gen Exp-Other - Renewables	549																
37	Maint - Structures	552																
38	Maint-Gen & Elec Plant	553	912,786		672,986	355,000										1,546,090		1,027,986
39	Maint-Gen & Elec Plant - Renewables	553			407,198	511,300			843,000						67,581			3,377,374
40	Maint-Gen & Elec Plant	556	1,027,106											302,568	1,940,064			910,581
41	Maint-Gen & Elec Plant - Renewables	556																3,269,738
42	Total Production O&M		18,709,013	38,652,414	18,746,251	1,080,184	866,300	843,000						13,490,994	7,065,552			99,453,708
43																		
44	Transmission O&M (\$60-574, excluding 565):																	
45	Oper-Sup & Eng-ETrans	560		6,311											1,285,060			1,291,371
46	Oper-Load Dispatch-ETrans	561		302,422											1,274,151			1,526,573
47	Oper-Station Exp-ETrans	562		57,294											201,206			258,500
48	Oper-Overhead Lines-ETrans	563													102,027			102,027
49	Oper-Undergrid Line-ETrans	564																
50	Oper-Misc Transmission-E	566													961,710			961,710
51	Oper-Rents-Transmission-E	567								10,663,960								10,663,960
52	Maint-Sup & Eng-ETrans	568																
53	Maint-Structures-ETrans	569																
54	Maint-Sta Equip-ETrans	570													1,719,853			1,788,578
55	Maint-Overhead Lns-ETrans	571		68,725											205,912			205,912
56	Maint-Und Lines-ETrans	572																
57	Maint-Misc Trans Pkt-Maj-E	573																
58	Maint-Trans Plant-NonMaj-E	574																
59	HIM - Transmission O&M	560-564,566-574			33,359													33,359
60	Total Transmission O&M, excluding FERC 565			468,110							10,663,960				5,699,920			16,831,990
61																		
62	Transmission O&M by Others (565):																	
63	Owned Generation Wheeling	565																
64	PV 3 Wheeling	565																
65	Retail Wheeling	565																
66	FERC Wholesale Customer Wheeling	565																
67	WAPA Swap	565																
68	Transmission by Others	565																
69	Total Transmission by Others, FERC 565																	
70																		
71	Total Transmission O&M			468,110							10,663,960				5,699,920			16,831,990

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE
			OM-4	OM-7	OM-8	OM-13	OM-14	OM-15	OM-12	OM-05	OM-10	OM-11	OM-16	OM-17	WP LA-1	WP SS-1	WP SS-11	OM-1, Column H
			Normalized Planned Outages	San Juan O&M	Palo Verde Adjustments	Rio Bravo	La Luz	40MW Renewable	Capital Loads	Retiree and Medical OPEB	ROW	Active Medical and Dental	Cyber Liability Insurance	Four Corners O&M	Labor	Shared Services	WPM Incentive	Total
72																		
73	Total Dist O&M (580-598)																	
74																		
75	PNM Street & Private Lighting																	
76	Oper-Street Light/Signal-E	585													31,768			31,768
77	Oper-Customer Install-EDis	587													-			-
78	Maint-Streetlight/Signal-E	596													395,722			395,722
79	Total Street and Private Lighting														427,489			427,489
80																		
81	PNM Meters																	
82	Oper-Meter Expense-EDist	586													2,639,797			2,639,797
83	Maint-Meters-EDist	597													353,341			353,341
84	Total Meters														2,993,138			2,993,138
85																		
86	All Other Distribution O&M																	
87	Oper-Sup & Eng-EDist	580													1,841,739			1,841,739
88	Oper-Load Dispatch-EDist	581													-			-
89	Oper-Station Exp-EDist	582													57,810			57,810
90	Oper-Overhead Lines-EDist	583													1,830,620			1,830,620
91	Oper-Undergrd Line-EDist	584													496,320			496,320
92	Oper-Undergrd Line-Edist - Renewables	584													11,198			11,198
93	Oper-Misc Dist Exp-EDist	588													4,334,452			4,334,452
94	Oper-Rents-Distribution-E	589								204,194					163,464			204,194
95	Maint-Sup & Eng-EDist	590													-			-
96	Maint-Structures-EDist	591													875,984			875,984
97	Maint-Station Equip-EDist	592													547,039			547,039
98	Maint-Overhead Lns-EDist	593													494,546			494,546
99	Maint-Unsd Lines-EDist	594													-			-
100	Maint-Line Transform-EDist	595													-			-
101	Maint-Misc Dist Plant-E	598													-			-
102	Total Other Distribution O&M									204,194					10,653,173			10,857,367
103																		
104	Total Distribution O&M									204,194					14,073,801			14,277,995
105																		
106	Customer Related O&M																	
107	Supervision-Customer Accts	901													123,880			123,880
108	Meter Reading Expenses	902													3,371,586			3,371,586
109	Customer Record and Coll	903													4,275,487			4,275,487
110	Uncollectible Expenses	904													-			-
111	Misc Customer Accts Exp	905													-			-
112	Cust Service/Inf Expenses	906													-			-
113	Supervision-Customer Svc	907													-			-
114	Customer Assistance Exps	908													700,518			700,518
115	Inform/Instruc Advert Exps	909													-			-
116	Misc Cust Svc & Info Exp	910													-			-
117	Demo & Selling Expenses - Non Production	912													-			-
118	Demo & Selling Expenses - Production	912													3,143,400		761,760	3,905,159
119	Advertising Expense	913													-			-
120	Sales Expense	917													-			-
121	Total Customer Related O&M														11,614,872			12,376,631

PNM Exhibit HEM-3  
 WP OM-3 Summary of Specifically Adjusted O&M

Line No.	Description	FERC	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE
			OM-4	OM-7	OM-8	OM-13	OM-14	OM-15	OM-12	OM-5	OM-10	OM-11	OM-16	OM-17	WP LA-1	WP SS-1	WP SS-11	OM-1, Column H
			Normalized Planned Outages	San Juan O&M	Palo Verde Adjustments	Rio Bravo	La Luz	40MW Renewable	Capital Loads	Retiree and Medical OPEB	ROW	Active Medical and Dental	Cyber Liability Insurance	Four Corners O&M	Labor	Shared Services	WPM Incentive	Total
122	Administrative & General Expense																	
123	Production - Admin and General Salaries	920	(2,958,816)												741,192			(2,217,624)
126	Transmission - Admin and General Salaries	920													16,671			16,671
127	Distribution - Admin and General Salaries	920													2,036,023			2,036,023
128	Production - AG Office Supplies Exp	921	(872,579)															(872,579)
129	Transmission - AG Office Supplies Exp	921																-
130	Distribution - AG Office Supplies Exp	921																-
131	A&G Charged to CWIP - Production	922						(1,291,463)										(1,291,463)
132	A&G Charged to CWIP - Transmission	922						(1,518,971)										(1,518,971)
133	A&G Charged to CWIP - Distribution	922						(4,288,987)										(4,288,987)
134	Production Related - Shared Services	9229														26,105,487		26,105,487
135	Transmission Related - Shared Services	9229														5,299,248		5,299,248
136	Distribution/Customer Related - Shared Services	9229														35,594,917		35,594,917
137	Production - Outside Services	923	(517,615)															(517,615)
138	Transmission - Outside Services	923																-
139	Distribution - Outside Services	923				2,538												2,538
140	Production - Property Insurance	924		853,522									233,840	280,519				1,367,881
141	Transmission - Property Insurance	924											38,973					38,973
142	Not Used	924																-
143	Distribution - Property Insurance	924											155,893					155,893
144	Production - Injuries or Damages-Safety	925	272,412					(77,091)							36,530			231,852
145	Transmission - Injuries or Damages-Safety	925						(2,30,416)										(2,30,416)
146	Distribution - Injuries or Damages-Safety	925						(1,240,537)										(1,240,537)
147	Production - Empl Pension and Benefits	926	(5,847,749)					(477,272)	1,565,549		2,800,604		933,530			36,824		(1,203,714)
148	Transmission - Empl Pension and Benefits	926						(764,173)	149,119		963,401							(1,025,338)
149	Distribution - Empl Pension and Benefits	926						(4,114,233)	1,288,500		3,762,624							348,347
150	Production - Regulatory Commission Exp	928														87,803		87,803
151	Transmission - Regulatory Commission Exp	928														4,008		4,008
152	Distribution - Regulatory Commission Exp	928														385,378		385,378
153	Direct Assigned - FERC Generation	928																-
154	Direct Assigned - FERC Transmission	928																-
155	Production - Misc AG Expenses	930	237,259											2,110,160				2,347,419
156	Transmission - Misc AG Expenses	930																-
157	Distribution - Misc AG Expenses	930																-
158	Production - Rents-Cust	931																-
159	Transmission - Rents-Cust	931																-
160	Distribution - Rents-Cust	931																-
161	Production - Maint of General Plant	935																-
162	Transmission - Maint of General Plant	935														547,398		547,398
163	Distribution - Maint of General Plant	935		(32,188)												112,629		80,441
164	Renewables - A&G (920-935)	920-935																-
165	PV3 - A&G (920-935)	920-935	181,038															181,038
166	Total Administrative & General Expense		418,296	(9,103,013)		2,538			(14,003,143)	3,003,168		7,526,629	428,707	3,360,739	3,967,926	66,999,652		62,601,498
167																		
168	Total Operations & Maintenance Expense		19,127,309	30,017,511	18,746,251	1,082,722	866,300	843,000	(14,003,143)	3,003,168	10,868,154	7,526,629	428,707	16,851,733	42,422,070	66,999,652		205,541,821



# **WP OM-4**

*Planned outages*

Line No.	Description	FERC	Unadjusted Base Period	2009	2010	2011	2012	2013	5-year average inflation at 15%	OM-2, Column A		OM-3, Column A		Linkage Period July 2014 - Linkage Period Jan 2015		OM-4, Page 2		DM-3, Column P	
										Normalization Adjustment	Adjusted Base Period	Linkage Period July 2014 - June 2015	Linkage Period Jan 2015 - Dec 2015	Test Period	Test Period	Test Period	Test Period		Four Corners additional outage
1	Total Steam Production		3,444,217	948,260	11,390,526	9,812,813	715,130	6,695,941	6,152,487	2,708,270	6,152,487	6,231,436	6,485,807	3,130,928	9,148,000				
2	Coal																		
3	Gas																		
4	Oil																		
5	Nuclear																		
6	Hydro																		
7	Wind																		
8	Solar																		
9	Biomass																		
10	Geothermal																		
11	Other																		
12	Production - All Other Sources Excl																		
13	Total PV Units 1 and 2																		
14	Total PV Units 1 and 2																		
15	Oper Steam Expenses-Nuclear																		
16	Main-Sub & Eng Nuclear																		
17	Main-Structures-Major																		
18	Main-Elec Plant																		
19	Main-Elec Plant																		
20	Main-Misc Nuclear Plant																		
21	Production - Misc All Expenses																		
22	Total PV Units 1 and 2																		
23	Palo Verde Unit 3 Outage																		
24	Oper Steam Expenses-Nuclear																		
25	Main-Sub & Eng Nuclear																		
26	Main-Structures-Major																		
27	Main-Reactor Plant																		
28	Main-Elec Plant																		
29	Main-Misc Nuclear Plant																		
30	Production - Misc All Expenses																		
31	Total PV Units 3																		
32	Total PV Units 3																		
33	Total Other Production																		
34	Coal																		
35	Gas																		
36	Oil																		
37	Nuclear																		
38	Hydro																		
39	Wind																		
40	Solar																		
41	Biomass																		
42	Geothermal																		
43	Other																		
44	Production - All Other Sources Excl																		
45	Total PV Units 1 and 2																		
46	Total PV Units 1 and 2																		

1.50%

Inflation Rate

Column J = Column I \* Inflation rate \* number of periods [1]

Column K = Column I \* Inflation rate \* # of periods [1,5]

Column L = Column K \* Inflation rate \* # of periods [1]

Column M = Column L \* Inflation rate \* # of periods [1]

Column N = Column M \* Inflation rate \* # of periods [1]

Column O = Column N \* Inflation rate \* # of periods [1]

Column P = Column O \* Inflation rate \* # of periods [1]

Column Q = Column P \* Inflation rate \* # of periods [1]

Column R = Column Q \* Inflation rate \* # of periods [1]

Column S = Column R \* Inflation rate \* # of periods [1]

Column T = Column S \* Inflation rate \* # of periods [1]

Column U = Column T \* Inflation rate \* # of periods [1]

Column V = Column U \* Inflation rate \* # of periods [1]

Column W = Column V \* Inflation rate \* # of periods [1]

Column X = Column W \* Inflation rate \* # of periods [1]

Column Y = Column X \* Inflation rate \* # of periods [1]

Column Z = Column Y \* Inflation rate \* # of periods [1]

Column AA = Column Z \* Inflation rate \* # of periods [1]

Column AB = Column AA \* Inflation rate \* # of periods [1]

Column AC = Column AB \* Inflation rate \* # of periods [1]

Column AD = Column AC \* Inflation rate \* # of periods [1]

Column AE = Column AD \* Inflation rate \* # of periods [1]

Column AF = Column AE \* Inflation rate \* # of periods [1]

Column AG = Column AF \* Inflation rate \* # of periods [1]

Column AH = Column AG \* Inflation rate \* # of periods [1]

Column AI = Column AH \* Inflation rate \* # of periods [1]

Column AJ = Column AI \* Inflation rate \* # of periods [1]

Column AK = Column AJ \* Inflation rate \* # of periods [1]

Column AL = Column AK \* Inflation rate \* # of periods [1]

Column AM = Column AL \* Inflation rate \* # of periods [1]

Column AN = Column AM \* Inflation rate \* # of periods [1]

Column AO = Column AN \* Inflation rate \* # of periods [1]

PNM Exhibit HEM-3

WP OM-4: Planned Outage Adjustments

Four Corners Additional Outage Detail

Line No.	Description	A Actual Outage Expenses	B Escalated Outage Expenses	C Four Corners Budgeted Outages	E Four Corners additional outage	Reference
1						
2	2009 Outages	709,564	764,402			
3	2010 Outages	3,710,961	3,938,679			
4	2011 Outages	2,118,775	2,215,557			
5	2012 Outages	755,158	777,983			
6	2013 Outages	1,871,523	1,871,523			
7	5-Year Average Outage Expenses (Inflated at 1.5%)		1,913,629			
8						
9	Base Period Outage Escalated to the Test period		1,986,199			
10						
11	2016 Budgeted Outages			2,834,089		WP OM-17 , Column F
12	2017 Budgeted Outages			5,869,869		
13	2018 Budgeted Outages			6,647,423		
14	Average 2016-2018 Budgeted Outages			5,117,127		
15						
16	Four Corners Additional Outage Expenses				3,130,928	OM-4, Page 1, Column M, Line 12
17						
18	Column B = Column A Escalated by 1.5% a year					
19	Line 7, Column B = Average Line 2 through Line 6					
20	Line 12, Column C = Average Line 9 through Line 11					
21	Line 14 = Line 12, Column C minus Line 7, Column B					
22						
23	Escalation Rate: 1.5%					
24	Line 9 = Line 7 escalated at 1.5% for 2.5 years					
25	Line 16 = Column C, Line 14 - Column B, Line 9					

# **WP OM-5**

*Retiree Pension and Medical*

PNM Exhibit HEM-3

WP OM-5: Retiree Pension and Medical

Line No.	Description	A	B	C	Reference
		Base Period	WP OM-2, Column C Adjustment to Remove Gas Portion	Adjusted Base Period	
1	<b>Retiree Pension Expense</b>				
2	Production	1,453,839	610,613	843,227	
3	Transmission	137,427	57,719	79,708	
4	Distribution	2,051,819	861,764	1,190,055	
5	<b>Total Retiree Pension</b>	3,643,086	1,530,096	2,112,990	
6					
7	<b>Retiree Medical Expense</b>				
8	Production	455,102	-	455,102	
9	Transmission	44,036	-	44,036	
10	Distribution	642,568	-	642,568	
11	<b>Total Retiree Medical</b>	1,141,707	-	1,141,707	
12					
13	<b>Functionalize Retiree Pension and Medical</b>				
14	Production	1,908,942	610,613	1,298,329	
15	Transmission	181,463	57,719	123,744	
16	Distribution	2,694,388	861,764	1,832,624	
17	<b>Total Retiree Medical and Pension</b>	4,784,792	1,530,096	3,254,697	WP OM-3, Column E
18					
19					
20		<b>Test Period</b>	<b>Adjustment to Remove Gas Portion</b>	<b>Adjusted Test Period</b>	
21	<b>Retiree Pension Expense</b>				
22	Production	2,933,832	1,232,209	1,701,623	
23	Transmission	279,295	117,304	161,991	
24	Distribution	2,412,833	1,013,390	1,399,443	
25	<b>Total Retiree Pension</b>	5,625,960	2,362,903	3,263,057	
26					
27					
28	<b>Retiree Medical Expense</b>				
29	Production	(136,074)	-	(136,074)	
30	Transmission	(12,872)	-	(12,872)	
31	Distribution	(110,943)	-	(110,943)	
32	<b>Total Retiree Medical</b>	(259,889)	-	(259,889)	
33					
34	<b>Functionalize Retiree Pension and Medical</b>				
35	Production	2,797,758	1,232,209	1,565,549	
36	Transmission	266,423	117,304	149,119	
37	Distribution	2,301,890	1,013,390	1,288,500	
38	<b>Total Retiree Medical and Pension</b>	5,366,071	2,362,903	3,003,168	WP OM-3, Column W
39					

42.0% Percentage Attributed to Gas Employees per Case No. 08-00078-UT

Column B = Column A \* 42%, for retiree pension expense only.

Test period expense is reflected before proposed gas spin-off. Please refer to the testimony of Elisabeth Eden.

# **WP OM-6**

*Imputed WAPA Transmission Expense*

**PNM Exhibit HEM-3**

**WP OM-6: WAPA Third Party Transmission Swap**

Line No.	Description	A	B WP AL-4, line 19 WAPA Demand	C OATT Rate	Reference
1	Revenues to PNM if WAPA paid for transmission service (Column B * Column C * 1000)	\$ 3,763,209	1,769	\$ 2.13	
2	Actual Base Period WAPA Revenue	<u>\$ 1,447,246</u>			
3	Costs Imputed to WAPA (line 2 less line 3)	\$ 2,315,963			WP OM-2, Column G

**WP OM-7**  
*San Juan O&M*



PNM Exhibit HEM-3

WP OM-7 San Juan Generating Station O&M

Line No	Description	FERC	A	B	C
			WP OM-3, Column B Base Period	Change from Base Period to Test Period	WP OM-3, Column Q Test Period
1	Oper-Sup & Eng-Prod	500	4,136,758	739,287	4,876,046
2	Oper-Steam Expense-Major	502	5,763,397	4,076,690	9,840,087
3	Oper-Electric Exp-Major	505	3,556,100	337,970	3,894,070
4	Oper-Misc Steam Power Exp	506	2,733,082	(843,579)	1,889,503
5	Maint-Sup & Eng-Steam	510	3,319,266	342,197	3,661,463
6	Maint-Sup & Eng-Steam - Renew	511	3,888,337	(1,896,239)	1,992,098
7	Maint-Structures-Steam	512	14,500,485	(6,823,804)	7,676,681
8	Maint-Boiler Plant	513	1,744,574	483,972	2,228,546
9	Maint-Electric Plant	514	1,755,897	(189,081)	1,566,816
10	Maint-Gen & Elec Plant	556	618,932	408,174	1,027,106
11	Oper-Sup & Eng-ETrans	560	12,698		6,311
12	Oper-Load Dispatch-ETrans	561	247,679	54,743	302,422
13	Oper-Station Exp-ETrans	562	-	57,294	57,294
14	Maint-Sta Equip-ETrans	570	11,227	57,497	68,725
15	Maint-Trans Plant-NonMaj-E	574	-	33,359	33,359
16	Production - Admin and General Salaries	920	(3,273,300)	314,484	(2,958,816)
17	Production - AG Office Supplies Exp	921	(310,429)	(562,150)	(872,579)
18	Production - Outside Services	923	(739,821)	222,207	(517,615)
19	Production - Property Insurance	924	825,789	27,733	853,522
20	Production - Injuries or Damages-Safety	925	(296,844)	569,257	272,412
21	Production - Empl Pension and Benefits	926	(5,803,852)	(43,898)	(5,847,749)
22	Production - Maint of General Plant	935	(68,634)	36,446	(32,188)
			32,621,339	(2,597,442)	30,017,511
			-		-

Note: These numbers do not include outage dollars.

See WP OM-4 for outage adjustments, included SJGS

# **WP OM-8**

*PV Adjustments*

PNM Exhibit HEM-3  
 WP OM-8 PV Adjustments

Line No.	Description	A	B	C	D	E	F	G	H
		Base Period Total	Base Period Adjustments	WP OM-3, Column C Adjusted Base Period Total	Total Test Period	Test Period Adjustments	WP OM-3, Column R Adjusted Test Period Total	Adjusted Base and Test Periods Variance	Reference
1	FERC-524 PV CE Amortization	(71,076)	-	(71,076)	(71,076)		(71,076)	-	
2	FERC-524 Decommission	(1,541,462)	-	(1,541,462)	(2,427,669)		(2,427,669)	886,207	<b>Note 1</b>
3	Total FERC 524	(1,612,538)	-	(1,612,538)	(2,498,745)	-	(2,498,745)	886,207	
4									
5	FERC-525 PV Gain Amortization	(157,956)	-	(157,956)	(57,670)		(57,670)	(100,286)	<b>Note 2</b>
6	FERC-525 PV Lease - Loc 721	34,766,839	-	34,766,839	17,337,060		17,337,060	17,429,779	<b>Note 3</b>
7	FERC-525 PV Lease - Loc 722	25,246,775	-	25,246,775	3,971,033		3,971,033	21,275,742	<b>Note 3</b>
8	FERC-525 PV Prudence	(323,169)	-	(323,169)	(5,427)		(5,427)	(317,742)	<b>Note 2</b>
9	Total FERC 525	59,532,490	-	59,532,490	21,244,996	-	21,244,996	38,287,494	
10									
11	Total PV Adjustments	57,919,952	-	57,919,952	18,746,251	-	18,746,251	39,173,701	
12									

Note 1 - Forecasted decommissioning credit is based on forecasted Palo Verde Accretion expense compared to Palo Verde funding expense. PNM only charges customers for funding of palo Verde Units 1 and 2 nuclear decommissioning trust.

Note 2 - Amortization amounts are based on existing amortization schedules for balances. These amortizations were being amortized over the original life of the Palo Verde Unit 1 and 2 leases, and therefore, the credits are decreasing from the base period to the test period as the amortizations expire.

Note3 - Palo Verde Unit 1 leases went to 1/2 price beginning in January 2015. 64 MW of Palo Verde Unit 2 leases are forecasted to be repurchased on 1/1/16, therefore, the lease expense associated with these owned assets are not forecasted in the test period.

**WP OM-9**  
*EIP Transmission lease*

**PNM Exhibit HEM-3**

**WP OM-9: EIP Transmission Line**

Line No.	Description	FERC	A	B	C	Reference
			Adjusted Base Period	Adjustments Note 1	Test Period	
1	Oper-Rents-Transmission-E	567	2,645,051	(2,645,051)	(0)	OM-3, Colum
2	Total		2,645,051	(2,645,051)	(0)	
3			-			
4	Note 1: PNM has forecasted the purchase of the EIP transmission line in April, 2015,					
5	therefore, there is no EIP transmission lease expense in the test period.					

# **WP OM-10**

*ROW - expense and rate base*

PNM Exhibit ITEM 3  
 WFO-10: Transmission and Distribution ROW activity

Line No.	Description	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Reference
		Ending Balance Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total Base Period	13 Month	
															Average		
1	Existing Transmission ROW Balance	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	53,272,613	
2	Amort. on Existing Transmission ROW Balance		(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	(222,613)	
3	Ending Transmission ROW Balance Excluding Navajo	55,609,127	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	55,380,000	
4	Navajo Transmission Row Balance	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	
5	Balance Renewal Transmission ROW Balance																
6	Renewal Transmission ROW Balance																
7	Amort. on Renewal Transmission ROW Balance																
8	Ending Renewal Transmission ROW Balance																
9	Navajo Transmission Row Balance																
10	Renewal Transmission ROW Balance																
11	Amort. on Existing Transmission ROW Balance																
12	Amort. on Renewal Transmission ROW Balance																
13	Ending Balance on Navajo Transmission ROW	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	8,838,894	
14	Amortization of Navajo Transmission		(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	(554,817)	
15	Ending Balance on Navajo Transmission ROW	8,284,077	7,729,260	7,174,443	6,619,626	6,064,809	5,509,991	4,955,174	4,399,357	3,844,540	3,289,723	2,734,906	2,180,089	1,625,272	1,070,455	51,184,148	
16																	
17	Total Transmission Amortization (Including Navajo)	(82,429)	(771,334)	(756,433)	(741,668)	(726,946)	(712,224)	(697,502)	(682,766)	(668,030)	(653,294)	(638,558)	(623,822)	(609,086)	(594,350)	(579,614)	
18																	
19	Total Transmission ROW Balance - FERC 186	55,836,739	55,609,127	55,380,000	55,151,974	54,923,940	54,695,906	54,467,872	54,239,838	54,011,804	53,783,770	53,555,736	53,327,702	53,099,668	52,871,634	52,643,600	
20	Total Transmission ROW Balance - FERC 186	8,838,894	8,284,077	7,729,260	7,174,443	6,619,626	6,064,809	5,509,991	4,955,174	4,400,357	3,845,540	3,290,723	2,735,906	2,181,089	1,626,272	51,184,148	
21	line 20 = line 3 + line 9																
22																	
23	Existing Distribution ROW																
24	Amortization on Existing Distribution ROW																
25	Ending Distribution ROW	1,335,626	1,325,679	1,315,732	1,305,785	1,295,838	1,285,891	1,275,944	1,265,997	1,256,050	1,246,103	1,236,156	1,226,209	1,216,262	1,206,315	1,196,368	
26	Existing Distribution ROW																
27	Amortization on Existing Distribution ROW																
28	Ending Distribution ROW	1,335,626	1,325,679	1,315,732	1,305,785	1,295,838	1,285,891	1,275,944	1,265,997	1,256,050	1,246,103	1,236,156	1,226,209	1,216,262	1,206,315	1,196,368	
29																	
30	Balance Renewal Distribution ROW Balance																
31	Renewal Distribution ROW																
32	Amortization on Renewal Distribution ROW																
33	Ending Renewal Distribution ROW Balance																
34	Balance Renewal Distribution ROW Balance																
35	Renewal Distribution ROW																
36	Amortization on Renewal Distribution ROW																
37	Ending Renewal Distribution ROW Balance																
38	Total Distribution Amortization	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	
39	Total Distribution ROW Balance - FERC 186	1,335,626	1,325,679	1,315,732	1,305,785	1,295,838	1,285,891	1,275,944	1,265,997	1,256,050	1,246,103	1,236,156	1,226,209	1,216,262	1,206,315	1,196,368	

PNM Exhibit HEM-3  
 WP OM-10: Transmission and Distribution ROW activity

Line No.	Description	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH
		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total Linkage
1	Existing Transmission ROW Balance	53,184,148	52,950,546	52,716,945	52,483,343	52,249,741	52,016,140	51,783,134	51,549,673	51,316,212	51,082,751	50,849,149	50,615,547	50,381,946	50,148,344	49,914,743	49,681,141	49,447,539	49,213,938	53,184,148
2	Amort. on Existing Transmission ROW Balance	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,006)	(233,461)	(233,461)	(233,461)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)
3	Ending Transmission ROW Balance Excluding Navajo	52,950,546	52,716,945	52,483,343	52,249,741	52,016,140	51,783,134	51,549,673	51,316,212	51,082,751	50,849,149	50,615,547	50,381,946	50,148,344	49,914,743	49,681,141	49,447,539	49,213,938	48,980,320	48,980,320
4																				
5																				
6	Balance Renewal Transmission ROW Balance	-	12,520	25,040	37,560	84,680	111,200	137,720	6,012,902	11,787,604	11,735,106	11,681,110	11,627,114	11,573,118	11,519,122	11,465,126	11,411,130	11,357,134	11,303,138	11,249,142
7	Renewal Transmission ROW Balance	20,000	20,000	20,000	54,600	34,000	34,000	5,903,400	5,827,200	-	-	-	65,000	-	-	-	-	-	400,000	-
8	Amort. on Renewal Transmission ROW Balance	(7,480)	(7,480)	(7,480)	(7,480)	(7,480)	(7,480)	(28,218)	(52,498)	(52,498)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)	(53,996)
9	Ending Renewal Transmission ROW Balance	12,520	25,040	37,560	84,680	111,200	137,720	6,012,902	11,787,604	11,735,106	11,681,110	11,627,114	11,573,118	11,519,122	11,465,126	11,411,130	11,357,134	11,303,138	11,249,142	11,195,146
10																				
11																				
12	Navajo Transmission Row Balance	9,089,264	8,520,395	7,951,526	7,382,657	6,813,788	6,244,919	5,676,050	5,110,934	4,545,818	3,980,702	10,286,400	9,713,154	9,139,908	8,566,662	7,993,416	7,420,170	6,846,924	6,273,678	9,089,264
13	Renewal of Navajo Transmission ROW	-	-	-	-	-	-	-	-	-	-	6,878,944	-	-	-	-	-	-	-	6,878,944
14	Amortization of Navajo Transmission	(568,869)	(568,869)	(568,869)	(568,869)	(568,869)	(568,869)	(565,116)	(565,116)	(565,116)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)	(573,246)
15	Ending Balance on Navajo Transmission ROW	8,520,395	7,951,526	7,382,657	6,813,788	6,244,919	5,676,050	5,110,934	4,545,818	3,980,702	10,286,400	9,713,154	9,139,908	8,566,662	7,993,416	7,420,170	6,846,924	6,273,678	5,700,432	5,700,432
16																				
17																				
18	Total Transmission Amortization (including Navajo)	(809,951)	(809,951)	(809,951)	(809,951)	(809,951)	(809,355)	(826,795)	(851,075)	(851,075)	(860,844)	(860,844)	(860,844)	(860,844)	(860,844)	(860,844)	(860,844)	(860,844)	(860,844)	(860,860)
19																				
20	Total Transmission ROW Balance - FERC 186	52,963,066	52,741,985	52,520,303	52,334,421	52,127,340	51,920,854	51,714,934	51,508,816	51,302,698	51,096,580	50,890,462	50,684,344	50,478,226	50,272,108	50,065,990	49,859,872	49,653,754	49,447,636	49,241,518
21	Total Transmission ROW Balance - FERC 165	8,520,395	7,951,526	7,382,657	6,813,788	6,244,919	5,676,050	5,110,934	4,545,818	3,980,702	10,286,400	9,713,154	9,139,908	8,566,662	7,993,416	7,420,170	6,846,924	6,273,678	5,700,432	5,700,432
22																				
23	line 20 = line 3 + line 9																			
24																				
25																				
26	Existing Distribution ROW	1,218,117	1,208,170	1,198,223	1,188,275	1,178,327	1,168,379	1,158,429	1,148,482	1,138,535	1,128,588	1,118,641	1,108,694	1,098,747	1,088,800	1,078,853	1,068,905	1,058,957	1,049,009	1,218,117
27	Amortization on Existing Distribution ROW	(9,947)	(9,947)	(9,948)	(9,948)	(9,948)	(9,950)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)
28	Ending Distribution ROW	1,208,170	1,198,223	1,188,275	1,178,327	1,168,379	1,158,429	1,148,482	1,138,535	1,128,588	1,118,641	1,108,694	1,098,747	1,088,800	1,078,853	1,068,905	1,058,957	1,049,009	1,039,059	1,039,059
29																				
30																				
31	Balance Renewal Distribution ROW Balance	-	-	-	-	-	-	-	-	1,657,943	1,651,006	1,644,069	1,637,132	1,630,195	1,623,258	1,616,321	1,609,384	1,602,447	1,595,510	-
32	Renewal Distribution ROW	-	-	-	-	-	-	-	-	1,664,880	-	-	-	-	-	-	-	-	-	300,000
33	Amortization on Renewal Distribution ROW	-	-	-	-	-	-	-	-	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)
34	Ending Renewal Distribution ROW Balance	-	-	-	-	-	-	-	-	1,657,943	1,651,006	1,644,069	1,637,132	1,630,195	1,623,258	1,616,321	1,609,384	1,602,447	1,595,510	1,888,573
35																				
36																				
37	Total Distribution Amortization	(9,947)	(9,947)	(9,948)	(9,948)	(9,948)	(9,950)	(9,947)	(9,947)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,885)	(16,885)	(16,885)	(16,887)
38																				
39	Total Distribution ROW Balance - FERC 186	1,208,170	1,198,223	1,188,275	1,178,327	1,168,379	1,158,429	1,148,482	2,796,478	2,779,594	2,762,710	2,745,826	2,728,942	2,712,058	2,695,174	2,678,289	2,661,404	2,644,519	2,627,632	2,610,748



PNM Exhibit HEM-3  
 WP OM-10: Transmission and Distribution ROW activity

Line No.	Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total Test Period	Reference
1	Existing Transmission ROW Balance	48,980,320	48,746,659	48,513,398	48,279,937	48,046,335	47,812,733	47,579,132	47,345,530	47,111,928	46,878,327	46,644,725	46,411,124	46,980,320	
2	Amort. on Existing Transmission ROW Balance	(233,461)	(233,461)	(233,461)	(233,602)	(233,602)	(233,822)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(233,602)	(2,802,814)	
3	Ending Transmission ROW Balance Excluding Navajo	48,746,859	48,513,198	48,279,937	48,046,335	47,812,733	47,579,132	47,345,530	47,111,928	46,878,327	46,644,725	46,411,124	46,177,526	46,177,526	
4															
5															
6	Balance Renewal Transmission ROW Balance	11,714,142	11,661,644	11,609,146	11,556,648	11,502,652	11,448,656	11,394,660	11,340,664	11,286,668	11,232,672	11,178,676	11,124,680	11,714,142	
7	Renewal Transmission ROW Balance	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(7,200,000)	
8	Amort. on Renewal Transmission ROW Balance	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(52,498)	(883,458)	
9	Ending Renewal Transmission ROW Balance	11,661,644	11,609,146	11,556,648	11,502,652	11,448,656	11,394,660	11,340,664	11,286,668	11,232,672	11,178,676	11,124,680	11,070,684	11,661,644	
10															
11															
12	Navajo Transmission Row Balance	5,700,433	5,118,958	4,537,484	3,956,010	3,374,536	2,793,062	2,211,588	1,630,114	1,048,640	467,166	(114,308)	(700,782)	5,700,433	
13	Renewal of Navajo Transmission ROW	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(6,977,688)	
14	Amort. on Renewal of Navajo Transmission ROW	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(581,474)	(6,977,688)	
15	Ending Balance on Navajo Transmission ROW	5,118,958	4,537,484	3,956,010	3,374,536	2,793,062	2,211,588	1,630,114	1,048,640	467,166	(114,308)	(700,782)	(1,401,266)	5,118,958	WP WC-4, line 7
16															
17	Total Transmission Amortization (including Navajo)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(867,433)	(10,663,960)	WP OM-3, Column X
18															
19															
20	Total Transmission ROW Balance - FERC 186	60,408,503	60,122,544	59,836,585	59,550,626	59,264,667	58,978,708	58,692,749	58,406,790	58,120,831	57,834,872	57,548,913	57,262,954	60,408,503	WP ORB-3, line 24
21	Total Transmission ROW Balance - FERC 165	5,118,958	4,537,484	3,956,010	3,374,536	2,793,062	2,211,588	1,630,114	1,048,640	467,166	(114,308)	(700,782)	(1,401,266)	5,118,958	WP WC-4, line 7
22															
23															
24															
25															
26	Existing Distribution ROW	1,039,059	1,029,112	1,019,165	1,009,218	999,271	989,324	979,377	969,430	959,483	949,536	939,589	929,642	1,039,059	
27	Amortization on Existing Distribution ROW	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(9,947)	(119,378)	
28	Ending Distribution ROW	1,029,112	1,019,165	1,009,218	999,271	989,324	979,377	969,430	959,483	949,536	939,589	929,642	919,695	919,689	
29															
30															
31	Balance Renewal Distribution ROW Balance	1,888,573	1,881,656	1,874,699	1,867,699	1,860,699	1,853,699	1,846,699	1,839,699	1,832,699	1,825,699	1,818,699	1,811,699	1,888,573	
32	Renewal Distribution ROW	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(8,780)	
33	Amortization on Renewal Distribution ROW	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(6,937)	(8,780)	
34	Ending Renewal Distribution ROW Balance	1,881,656	1,874,699	1,867,699	1,860,699	1,853,699	1,846,699	1,839,699	1,832,699	1,825,699	1,818,699	1,811,699	1,804,699	1,881,656	
35															
36															
37	Total Distribution Amortization	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(16,884)	(204,194)	WP OM-3, Column X
38															
39	Total Distribution ROW Balance - FERC 186	2,910,748	2,893,864	2,876,980	2,860,096	2,843,212	2,826,328	2,809,444	2,792,560	2,775,676	2,758,792	2,741,908	2,725,024	2,910,748	

line 20 = line 3 + line 9

# **WP OM-11**

*Active Medical and Dental*

PNM Exhibit HEM-3  
 WP OM-11: Active Medical and Dental

Line No.	Classification	A	B	C	D	E	F	G	H	I
		Base Period Total	WP OM-2, Column D Base Period Adjustments	WP OM-3, Column G Adjusted Base Period Total	Total Linkage Jul-14 - Jun-15	Total Linkage Jan-15 - Dec- 15	Total Test Period	Test Period Adjustments	WP OM-3, Column Y Adjusted Test Period Total	Adjusted Base and Test Periods Variance
1	Direct									
2	FERC 926									
3	Production	2,473,939	(653,429)	3,127,368	2,978,334	2,750,263	2,800,604	-	2,800,604	(326,764)
4	Transmission	481,942	(126,791)	608,734	1,047,917	946,084	963,401	-	963,401	354,667
5	Distribution	3,379,470	(900,651)	4,280,120	3,806,185	3,694,990	3,762,624	-	3,762,624	(517,497)
6										
7	Total	6,335,351	(1,680,871)	8,016,222	7,832,435	7,391,336	7,526,629	-	7,526,629	(489,593)
8										
9										
10										
				WP SS-1, Column Y	Total Linkage	Total Linkage		Test Period	WP SS-1, Column AF	Adjusted Base and Test Periods Variance
		Base Period Total	Base Period Adjustments	Adjusted Base Period Total	Jul-14 - Jun-15	Jan-15 - Dec- 15	Total Test Period	Adjustments	Adjusted Test Period Total	
11	Services									
12										
13	941	(38,150)	(83,296)	45,146	-	-	-	-	-	(45,146)
14	942	33,761	-	33,761	-	-	-	-	-	(33,761)
15	946	41,165	-	41,165	-	-	-	-	-	(41,165)
16	947	4,177	-	4,177	-	-	-	-	-	(4,177)
17	948	20,315	-	20,315	-	-	-	-	-	(20,315)
18	953	49,927	-	49,927	-	-	-	-	-	(49,927)
19	954	5,509	-	5,509	-	-	-	-	-	(5,509)
20	993	2,855,712	(573,890)	3,429,602	3,302,546	3,423,815	3,508,875	-	3,508,875	79,273
21										
22	Total	2,972,416	(657,186)	3,629,602	3,302,546	3,423,815	3,508,875	-	3,508,875	(120,727)

Note 1: Removed from base period actuarial adjustments to IBNR Reserve balances.

**WP OM-12**  
*Capital Loads*

PNM Exhibit HEM-3  
 WP OM-12: Capital Loads - PNM Direct

Line No.	Classification	A	B	C	D	E	F	G	H	I	J
		Base Period Total	Base Period Adjustments	WP OM-3, Column K Adjusted Base Period Total	Linkage Jul-14 - Jun-15	Linkage Jan-15 - Dec-15	Test Period Dec-16	Total Test Period	Test Period Adjustments	WP OM-3, Column V Adjusted Test Period Total	Adjusted Base and Test Periods Variance
1	<u>FERC-922 A&amp;G Load</u>										
2	Production	(1,228,544)	-	(1,228,544)	(3,559,198)	(3,822,887)	(101,207)	(1,291,463)	-	(1,291,463)	(62,920)
3	Transmission	(3,209,256)	-	(3,209,256)	(5,504,312)	(3,173,521)	(44,950)	(1,518,971)	-	(1,518,971)	1,690,285
4	Distribution	(5,108,127)	-	(5,108,127)	(4,291,729)	(3,610,273)	(365,886)	(4,288,987)	-	(4,288,987)	819,140
5	Total FERC 922	(9,545,927)	-	(9,545,927)	(13,355,239)	(10,606,681)	(512,043)	(7,099,421)	-	(7,099,421)	2,446,505
6											
7	<u>FERC-925 Injuries and Damages Load</u>										
8	Production	(251,780)	-	(251,780)	(82,173)	(75,632)	(5,489)	(77,091)	-	(77,091)	174,689
9	Transmission	(370,800)	-	(370,800)	(275,122)	(218,936)	(15,691)	(230,416)	-	(230,416)	140,384
10	Distribution	(1,213,683)	-	(1,213,683)	(1,435,468)	(1,181,357)	(97,925)	(1,240,537)	-	(1,240,537)	(26,854)
11	Total FERC 925	(1,836,263)	-	(1,836,263)	(1,792,763)	(1,475,924)	(119,105)	(1,548,044)	-	(1,548,044)	288,220
12											
13	<u>FERC-926 Pension and Benefits Load</u>										
14	Production	(704,084)	-	(704,084)	(672,914)	(468,240)	(33,985)	(477,272)	-	(477,272)	226,812
15	Transmission	(1,439,911)	-	(1,439,911)	(988,444)	(726,100)	(52,039)	(764,173)	-	(764,173)	675,738
16	Distribution	(4,723,129)	-	(4,723,129)	(5,159,591)	(3,917,962)	(324,769)	(4,114,233)	-	(4,114,233)	608,896
17	Total FERC 926	(6,867,123)	-	(6,867,123)	(6,820,949)	(5,112,301)	(410,792)	(5,355,678)	-	(5,355,678)	1,511,445
18											
19											
20											
21	Total Captail Loads	(18,249,313)	-	(18,249,313)	(21,968,951)	(17,194,907)	(1,041,941)	(14,003,143)	-	(14,003,143)	4,246,170

# **WP OM-13**

*Rio Bravo*

**PNM Exhibit HEM-3**  
**WP OM-13: Rio Bravo**

Line No.	Description	FERC	A Adjusted Base Period	B Adjustments Note 1	C WP OM-3, Column S Test Period
1	Maint - Structures	552	-	672,986	672,986
2	Maint-Gen & Elec Plant	553	-	407,198	407,198
3					
4	Production - Outside Services	923	-	2,538	2,538
5	Total		-	1,082,722	1,082,722

6

7 Note 1: Rio Bravo (formerly Delta) was accounted for as a purchase power transaction

8 during the base period. PNM acquired Rio Bravo in July 2014. Therefore, PNM has

9 forecasted the expected O&M expense to run this facility in the test period.

# **WP OM-14**

*La Luz*



**PNM Exhibit HEM-3**

**WP OM-14: La Luz**

			A	B	C
				Adjustments	WP OM-3,
Line No.	Description	FERC	Adjusted Base Period	Note 1	Column T
					Test Period
1	Maint - Structures	552	-	355,000	355,000
2	Maint-Gen & Elec Plant	553	-	511,300	511,300
3	Total		-	866,300	866,300
4					-
5	Note 1: La Luz was not in operation during the base period.				
6	Therefore, PNM has forecasted the expected O&M expnese to run this facility				
7	in the test period.				

**WP OM-15**  
*40 MW Solar*

**PNM Exhibit HEM-3**

**WP OM-15: 40 MW Renewables**

	A	B	C	D	E
				Adjustments	WP OM-3, Column U
Line No.	Description	FERC	Adjusted Base Period	Note 1	Test Period
1	Maintenance-Gen & Elec Plant	553	-	843,000	843,000
2	Total		-	843,000	843,000
3					-
4	Note 1: 40 MW Solar Facility was not in operation during the base period.				
5	Therefore, PNM has forecasted the expected O&M expnese to run this facility				
6	in the test period.				

**WP OM-16**  
*Cyber Liability Insurance*

Line No.	A	B	C	D	Reference
1	Total Cyber Liability Insurance	\$ 974,334			
2					
3					
4	Allocation Detail	Company	% Allocation	Dollars Allocated	
5	Generation	00003	24%	233,840	WP OM-3, Column Z
6	Transmission	00002	4%	38,973	WP OM-3, Column Z
7	Distribution	00001	16%	155,893	WP OM-3, Column Z
8	Total PNM Direct		44%	428,707	
9					
10	PNMR Shared Services (Loc 941)	00007	20%	194,867	WP SS-1, Column AG
11					
12	Other Affiliate Companies (TNMP)	00012	12%	116,920	N/A - Not PNM Related
13					
14	San Juan	00003	24%	233,840	Note 1
15					
16		Total		<u>974,334</u>	
17					
18	Note 1 - San Juan portion of Cyber insurance is included San Juan Test Period Budget (WP OM-7, Column C)				

**WP OM-17**  
*Four Corners O&M*

	A	B	C	D	E	F	G
				WO OM-3, Column H			WO OM-3, Column AA
Line No.	FERC	Base Period	Remove Base Period Outages	Base period, Without Planned Outages	Four Corners Test Period Budget	Remove Test Period Outages	Test Period Budget Without Planned Outages
1	500	394,312		394,312	253,118		253,118
2	502	2,481,511		2,481,511	3,762,123		3,762,123
3	505	247,301		247,301	304,044		304,044
4	506	1,370,076		1,370,076	1,913,751		1,913,751
5	507	160,482		160,482	162,936		162,936
6	510	406,595		406,595	205,784		205,784
7	511	255,610		255,610	250,026		250,026
8	512	4,791,114	348,856	4,442,258	6,438,968	2,834,089	3,604,879
9	513	1,047,221	509,888	537,333	468,002		468,002
10	514	1,364,132	(1,036)	1,365,168	2,263,763		2,263,763
11	556	144,403		144,403	302,568		302,568
12	562	6,965		6,965	-		-
13	568	1,053		1,053	-		-
14	924	111,603		111,603	280,519		280,519
15	925	179,259		179,259	36,530		36,530
16	926	1,318,333		1,318,333	933,530		933,530
17	930.2	1,988,587		1,988,587	2,110,160		2,110,160
18	Total	16,268,558	857,709	15,410,849	19,685,822	2,834,089	16,851,733

Note - need to relink so the spreadhseet is a working model  
 Also, show all test period outage costs in FERC 512.

# **WP SS-1**

*Summary of Shared Services, base and test*





Allocation of Shared Services										
Line No.	A	O	P	Q	R	S	T		U	
	Location	Base Period Adjusted Shared Services Sum Column B - Column N	001 - Distribution Column O * 2014 rates	003 - Production Column O * 2014 rates	002 - Transmission Column O * 2014 rates	034 - PNM South Distribution Column O * 2014 rates	035 - PNM South Transmission Column O * 2014 rates		Total PNM Electric adjusted Shared Services Allocation Sum Column P - T	Reference
1										
2	911	8,394,516	2,417,621	2,140,602	445,749	510,387	44,491		5,558,849	
3	912	384,417	110,750.40	80,881	36,020	21,566	1,499		250,716	
4	914	337,291	129,756	29,783	32,043	58,318	12,277		262,176	
5	920	-	-	-	-	-	-		-	
6	924	2,560,415	2,305,398	-	-	255,017	-		2,560,415	
7	941	18,798,137	5,229,642	7,015,465	1,319,629	969,984	54,515		14,589,234	
8	942	4,517,557	4,517,557	-	-	-	-		4,517,557	
9	946	3,363,803	-	3,363,803	-	-	-		3,363,803	
10	947	1,210,643	-	-	1,210,643	-	-		1,210,643	
11	948	975,594	665,550	-	179,509	122,339	8,195		975,594	
12	950	-	-	-	-	-	-		-	
13	951	3,763,924	1,357,647	1,803,672	336,871	251,807	13,927		3,763,924	
14	952	3,124	-	-	-	-	3,124		3,124	
15	953	4,950,087	-	-	-	-	-		-	
16	954	257,965	-	-	-	257,965	-		257,965	
17	956	-	-	-	-	-	-		-	
18	957	-	-	-	-	-	-		-	
19	963	1,736,426	727,042	552,705	95,677	118,424	1,910		1,495,758	
20	964	25,474	9,578	7,232	1,121	1,330	18		19,279	
21	968	15,081,088	5,521,186	4,129,202	645,471	850,573	12,065		11,158,497	
22	973	-	-	-	-	-	-		-	
23	974	282,103	103,278	77,240	12,074	15,911	226		208,728	
24	977	1,941,833	756,538	540,412	98,645	119,229	5,049		1,519,873	
25	980	564,213	96,029	418,138	25,785	17,660	1,185		558,797	
26	982	-	-	-	-	-	-		-	
27	983	-	-	-	-	-	-		-	
28	984	-	-	-	-	-	-		-	
29	992	-	-	-	-	-	-		-	
30	993	14,841,984	5,503,408	4,455,564	417,060	783,657	-		11,159,688	
31	995	-	-	-	-	-	-		-	
32	Grand Total	83,990,595	29,450,980	24,614,698	4,856,296	4,354,166	158,480		63,434,620	

24,614,698 Production WP SS-2, Line 9  
 5,014,776 Transmission WP SS-2, line 10  
 33,805,146 Distribution WP SS-2, line 11

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Line No.	Remove Specifically Adjusted Shared Services						AA	AB
	A	V	W	X	Y	Z		
	Location	Adjusted Base Period 100% PNMR Column O	WP-LA-2, Column F Labor Adjustment	WP SS-11 Remove Incentive Compensation	WP OM-11, Column C - Remove Active Medical/Dental	Adjusted Base Period for Common escalation	Escalation of Share Services O&M Column Z * (Column X Lines 35*36)	Escalated Shared Services O&M Column Z + Column AA
1								
2	911	8,394,516	(5,209,920)	-		3,184,596	47,769	3,232,365
3	912	384,417	(334,216)			50,200	753	50,953
4	914	337,291	(319,276)			18,015	270	18,286
5	920	-				-	-	-
6	924	2,560,415	(1,623,746)			936,669	14,050	950,719
7	941	18,798,137	(10,866,414)	(682)	(45,146)	7,885,895	118,288	8,004,184
8	942	4,517,557	(1,149,371)	(711,023)	(33,761)	2,623,403	39,351	2,662,754
9	946	3,363,803	(1,709,374)	(803,973)	(41,165)	809,291	12,139	821,430
10	947	1,210,643	(217,701)	(163,944)	(4,177)	824,821	12,372	837,194
11	948	975,594	(697,069)		(20,315)	258,210	3,873	262,083
12	950	-				-	-	-
13	951	3,763,924	(1,916,399)	(316,500)		1,531,025	22,965	1,553,990
14	952	3,124	-	(2,829)		295	4	299
15	953	4,950,087	(1,243,715)	(591,322)	(49,927)	3,065,123	45,977	3,111,100
16	954	257,965	-	(113,599)	(5,509)	138,857	2,083	140,939
17	956	-				-	-	-
18	957	-				-	-	-
19	963	1,736,426	(491,595)			1,244,831	18,672	1,263,504
20	964	25,474	(21,141)			4,333	65	4,398
21	968	15,081,088	(4,480,004)			10,601,084	159,016	10,760,100
22	973	-				-	-	-
23	974	282,103	(22,237)			259,866	3,898	263,764
24	977	1,941,833	(581,518)			1,360,315	20,405	1,380,720
25	980	564,213	(37,496)			526,717	7,901	534,618
26	982	-				-	-	-
27	983	-				-	-	-
28	984	-				-	-	-
29	992	-				-	-	-
30	993	14,841,984	(3,157,643)		(3,429,602)	8,254,739	123,821	8,378,560
31	995	-				-	-	-
32	Grand Total	83,990,595	(34,078,834)	(2,703,872)	(3,629,602)	43,578,287	653,674	44,231,962

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 34 Escalation Factor 1.50%  
 35 Period of Escalation 1 (years)  
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Return Specifically Adjusted Shared Services

Line No.	A	AC	AD	AE	AF	AG
	Location	Escalated Shared Services O&M Column Z + Column AA	WP-LA-2, Column H - Test Period Labor	WP SS-11 Test Period Incentive Comp	WP OM-11, Column H Test Period Active Medical/Dental	WP OM-16, Line 10 Cyber Insurance Liability
1						
2	911	3,232,365	5,440,296	-		
3	912	50,953	348,995			
4	914	18,286	333,394			
5	920	-				
6	924	950,719	1,695,546			
7	941	8,004,184	11,346,913	-		194,867
8	942	2,662,754	1,200,194	1,383,550		
9	946	821,430	1,784,961	1,471,115		
10	947	837,194	227,327	286,847		
11	948	262,083	727,893			
12	950	-				
13	951	1,553,990	2,001,140	600,000		
14	952	299		2,380		
15	953	3,111,100	1,298,711	1,039,547		
16	954	140,939		215,142		
17	956	-				
18	957	-				
19	963	1,263,504	513,333			
20	964	4,398	22,075			
21	968	10,760,100	4,678,104			
22	973	-				
23	974	263,764	23,220			
24	977	1,380,720	607,232			
25	980	534,618	39,154			
26	982	-				
27	983	-				
28	984	-				
29	992	-				
30	993	8,378,560	3,297,270		3,508,875	
31	995	-				
32	Grand Total	44,231,962	35,585,757	4,998,580	3,508,875	194,867

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Test Period Allocation of Shared Services

Line No.	A	AH	AI	AJ	AK	AL	AM	AN	
	Location	Adjusted Test Period Shared Services Sum Column AC through AG	001 - Distribution Column AH* 2016 rates	003 - Production Column AH * 2016 rates	002 - Transmission Column AH * 2016 rates	034 - PNM South Distribution Column AH * 2016 rates	035 - PNM South Transmission Column AH * 2016 rates	Total PNM Electric adjusted Shared Services Allocation Sum Column AI - AM	Reference
1									
2	911	8,672,661	2,497,726	2,211,529	460,518	527,298	45,965	5,743,036	
3	912	399,948	115,225.06	84,149	37,475	22,437	1,560	260,846	
4	914	351,679	135,291	31,053	33,410	60,805	12,801	273,360	
5	920	-	-	-	-	-	-	-	
6	924	2,646,265	2,382,697	-	-	263,568	-	2,646,265	
7	941	19,545,963	5,437,687	7,294,553	1,372,127	1,008,572	56,683	15,169,622	
8	942	5,246,498	5,246,498	-	-	-	-	5,246,498	
9	946	4,077,506	-	4,077,506	-	-	-	4,077,506	
10	947	1,351,367	-	-	1,351,367	-	-	1,351,367	
11	948	989,976	675,362	-	182,156	124,143	8,316	989,976	
12	950	-	-	-	-	-	-	-	
13	951	4,155,130	1,498,755	1,991,138	371,884	277,978	15,374	4,155,130	
14	952	2,679	-	-	-	-	2,679	2,679	
15	953	5,449,357	-	-	-	-	-	-	
16	954	356,081	-	-	-	356,081	-	356,081	
17	956	-	-	-	-	-	-	-	
18	957	-	-	-	-	-	-	-	
19	963	1,776,837	743,962	565,567	97,904	121,180	1,955	1,530,567	
20	964	26,474	9,954	7,516	1,165	1,382	19	20,035	
21	968	15,438,204	5,651,927	4,226,980	660,755	870,715	12,351	11,422,727	
22	973	-	-	-	-	-	-	-	
23	974	286,984	105,065	78,576	12,283	16,186	230	212,340	
24	977	1,987,952	774,506	553,247	100,988	122,060	5,169	1,555,970	
25	980	573,772	97,656	425,222	26,221	17,959	1,205	568,264	
26	982	-	-	-	-	-	-	-	
27	983	-	-	-	-	-	-	-	
28	984	-	-	-	-	-	-	-	
29	992	-	-	-	-	-	-	-	
30	993	15,184,706	5,630,489	4,558,449	426,690	801,752	-	11,417,380	
31	995	-	-	-	-	-	-	-	
32	Grand Total	88,520,041	31,002,800	26,105,487	5,134,943	4,592,117	164,305	66,999,652	

26,105,487 Production WP OM-3 Column AC  
 5,299,248 Transmission WP OM-3 Column AC  
 35,594,917 Distribution WP OM-3 Column AC

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# **WP SS-2**

*Summary of Base Period Adjustments, impacts*

Line No.		PNM Share	Reference
1			
2	Unadjusted Base Period Allocations to PNM		
3	Production	35,784,178	WP OM-1, line 134
4	Transmission	7,628,863	WP OM-1, line 135
5	Distribution	48,951,252	WP OM-1, line 136
6	<b>Total</b>	<b>92,364,293</b>	
7			
8	Adjusted Base Period Allocations to PNM		
9	Production	24,614,698	WP OM-3, Column J
10	Transmission	5,014,776	WP OM-3, Column J
11	Distribution	33,805,146	WP OM-3, Column J
12	<b>Total</b>	<b>63,434,620</b>	
13			
14	Base Period Adjustments to SS - PNM Share		
15	Production	(11,169,480)	Line 9 - Line 3
16	Transmission	(2,614,087)	Line 10 - Line 4
17	Distribution	(15,146,106)	Line 11 - Line 5
18	<b>Total</b>	<b>(28,929,673)</b>	WP OM-2, Column B
19			
20	Depreciation		
21	Production	(2,747,321)	PNM Exhibit HEM-2 WP COS Base Adj, Line 467
22	Transmission	(650,701)	PNM Exhibit HEM-2 WP COS Base Adj, Line 468
23	Distribution	(5,282,121)	PNM Exhibit HEM-2 WP COS Base Adj, Line 469
24			
25	Property Taxes		
26	Production	(297,139)	PNM Exhibit HEM-2 WP COS Base Adj, Line 518
27	Transmission	(57,770)	PNM Exhibit HEM-2 WP COS Base Adj, Line 519
28	Distribution	(304,067)	PNM Exhibit HEM-2 WP COS Base Adj, Line 520
29			
30	Payroll Taxes		
31	Production	(950,143)	PNM Exhibit HEM-2 WP COS Base Adj, Line 527
32	Transmission	(91,798)	PNM Exhibit HEM-2 WP COS Base Adj, Line 528
33	Distribution	(1,327,393)	PNM Exhibit HEM-2 WP COS Base Adj, Line 529
34			
35	Revenue Credits		
36	Production	39,838	
37	Transmission	7,644	
38	Distribution	64,560	
39		112,042	PNM Exhibit HEM-2 WP COS Base Adj, Line 679

# **WP SS-3**

*Depreciation Expense, base period*



Line No.	A	B	C	D	E	F	G	H	References
	Location	Reclass Depreciation	001 - Distribution Column B * 2014 rates	003 - Production Column B * 2014 rates	002 - Transmission Column B * 2014 rates	034 - PNM South Distribution Column B * 2014 rates	035 - PNM South Transmission Column B * 2014 rates	Total PNM Electric Adjusted Depreciation Sum Column C - G	
1	911	(1,876,431)	(540,412)	(478,490)	(99,639)	(114,087)	(9,945)	(1,242,573)	
2	912	(9,549)	(2,751)	(2,009)	(895)	(536)	(37)	(6,228)	
3	914	(780,886)	(300,407)	(68,952)	(74,184)	(135,015)	(28,424)	(606,983)	
4	924	(956,095)	(860,868)	-	-	(95,227)	-	(956,095)	
5	941	(1,633,142)	(454,340)	(609,488)	(114,647)	(84,270)	(4,736)	(1,267,481)	
6	942	-	-	-	-	-	-	-	
7	946	-	-	-	-	-	-	-	
8	947	-	-	-	-	-	-	-	
9	948	(303,977)	(207,373)	-	(55,932)	(38,119)	(2,553)	(303,977)	
10	951	(41,451)	(14,951)	(19,863)	(3,710)	(2,773)	(153)	(41,451)	
11	952	-	-	-	-	-	-	-	
12	953	(1,134,818)	-	-	-	-	-	-	
13	954	-	-	-	-	-	-	-	
14	963	-	-	-	-	-	-	-	
15	964	(589,351)	(221,596)	(167,317)	(25,931)	(30,764)	(413)	(446,021)	
16	968	(3,686,201)	(1,349,518)	(1,009,282)	(157,769)	(207,902)	(2,949)	(2,727,420)	
17	974	(109,262)	(40,001)	(29,916)	(4,676)	(6,162)	(87)	(80,843)	
18	977	(1,091,352)	(425,191)	(303,723)	(55,441)	(67,009)	(2,838)	(854,201)	
19	980	-	-	-	-	-	-	-	
20	992	-	-	-	-	-	-	-	
21	993	(184,415)	(68,381)	(55,361)	(5,182)	(9,737)	-	(138,661)	
22	995	-	-	-	-	-	-	-	
23	999	-	-	-	-	-	-	-	
24	Grand Total	(12,396,929)	(4,485,789)	(2,744,402)	(598,005)	(791,601)	(52,136)	(8,671,934)	
25									
26							Production	(2,744,402)	
27							Transmission	(650,141)	
28							Distribution	(5,277,390)	
29								-	
30									
31							Production	(2,919)	WP SS-3, page 2, Line 3
32							Transmission	(560)	WP SS-3, page 2, Line 3
33							Distribution	(4,731)	WP SS-3, page 2, Line 3
34									
35						Total Shared Services	Production	(2,747,321)	WP DEP-1 Column B
36							Transmission	(650,701)	WP DEP-1 Column B
37							Distribution	(5,282,121)	WP DEP-1 Column B
38								(8,680,143)	

1	A	B	C	D	E	F	G	H	Reference
	Location	Reclass BU 8 Depreciation	001 - Distribution Column B* 2014 rates	003 - Production Column B* 2014 rates	002 - Transmission Column B* 2014 rates	034 - PNM South Distribution Column B* 2014 rates	035 - PNM South Transmission Column B* 2014 rates	Total PNM Electric Adjusted BU 8 Depreciation Sum Column C G	
2	911		-	-	-	-	-	-	
3	912		-	-	-	-	-	-	
4	914		-	-	-	-	-	-	
6	924		-	-	-	-	-	-	
7	941		-	-	-	-	-	-	
8	942		-	-	-	-	-	-	
9	946		-	-	-	-	-	-	
10	947		-	-	-	-	-	-	
11	948		-	-	-	-	-	-	
13	951		-	-	-	-	-	-	
14	952		-	-	-	-	-	-	
15	953		-	-	-	-	-	-	
16	954		-	-	-	-	-	-	
19	963		-	-	-	-	-	-	
20	964		-	-	-	-	-	-	
21	968		-	-	-	-	-	-	
22	974		-	-	-	-	-	-	
23	977	(10,489)	(4,087)	(2,919)	(533)	(644)	(27)	(8,210)	
24	980		-	-	-	-	-	-	
28	992		-	-	-	-	-	-	
29	993		-	-	-	-	-	-	
30	995		-	-	-	-	-	-	
31	999		-	-	-	-	-	-	
32	Grand Total	(10,489)	(4,087)	(2,919)	(533)	(644)	(27)	(8,210)	

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Production (2,919) WP SS-3, page1, line  
Transmission (560) WP SS-3, page1, line  
Distribution (4,731) WP SS-3, page1, line

# **WP SS-4**

*Revenue, base period*



# **WP SS-5**

*Property Tax, base period*

	A	B	C	D	E	F	G	H	
	Location	Reclass Property Tax	001 - Distribution Column B * 2014 rates	003 - Production Column B * 2014 rates	002 - Transmission Column B * 2014 rates	004 - Distribution Column B * 2014 rates	005 - Transmission Column B * 2014 rates	Total Electric Adjusted Property Tax Sum Column C - G	References
2	911	-	-	-	-	-	-	-	
3	912	-	-	-	-	-	-	-	
4	914	-	-	-	-	-	-	-	
6	924	-	-	-	-	-	-	-	
7	941	(643,582)	(179,044)	(240,185)	(45,179)	(33,209)	(1,866)	(499,484)	
8	942	-	-	-	-	-	-	-	
9	946	-	-	-	-	-	-	-	
10	947	-	-	-	-	-	-	-	
11	948	-	-	-	-	-	-	-	
13	951	-	-	-	-	-	-	-	
14	952	-	-	-	-	-	-	-	
15	953	-	-	-	-	-	-	-	
16	954	-	-	-	-	-	-	-	
19	963	-	-	-	-	-	-	-	
20	964	-	-	-	-	-	-	-	
21	968	-	-	-	-	-	-	-	
22	974	(22,828)	(8,357)	(6,250)	(977)	(1,287)	(18)	(16,890)	
23	977	(182,193)	(70,983)	(50,704)	(9,255)	(11,187)	(474)	(142,603)	
24	980	-	-	-	-	-	-	-	
28	992	-	-	-	-	-	-	-	
29	993	-	-	-	-	-	-	-	
30	995	-	-	-	-	-	-	-	
31	999	-	-	-	-	-	-	-	
32	Grand Total	(848,603)	(258,384)	(297,139)	(55,412)	(45,683)	(2,358)	(658,977)	

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Production (297,139) WP GT 1, Column B, Line 43  
 Transmission (57,770) WP GT 1, Column B, Line 44  
 Distribution (304,067) WP GT 1, Column B, Line 45

# **WP SS-6**

*Payroll Tax, base period*

Line No.	A	B	C	D	E	F	G	H	References
	Location	Reclass Payroll Tax	001 - Distribution Column B * 2014 rates	003 - Production Column B * 2014 rates	002 - Transmission Column B * 2014 rates	034 - PNM South Distribution Column B * 2014 rates	035 - PNM South Transmission Column B * 2014 rates	Total PNM Electric Adjusted Payroll Tax Sum Column C - G	
1	911	-	-	-	-	-	-	-	
2	912	-	-	-	-	-	-	-	
3	914	-	-	-	-	-	-	-	
4	924	-	-	-	-	-	-	-	
5	941	9,752	2,713	3,639	685	503	28	7,568	
6	942	(29,696)	(29,696)	-	-	-	-	(29,696)	
7	946	(35,009)	-	(35,009)	-	-	-	(35,009)	
8	947	(6,491)	-	-	(6,491)	-	-	(6,491)	
9	948	-	-	-	-	-	-	-	
10	951	-	-	-	-	-	-	-	
11	952	(17)	-	-	-	-	(17)	(17)	
12	953	(20,914)	-	-	-	-	-	-	
13	954	(4,468)	-	-	-	(4,468)	-	(4,468)	
14	963	-	-	-	-	-	-	-	
15	964	-	-	-	-	-	-	-	
16	968	(80)	(29)	(22)	(3)	(4)	(0)	(59)	
17	974	-	-	-	-	-	-	-	
18	977	-	-	-	-	-	-	-	
19	980	-	-	-	-	-	-	-	
20	992	-	-	-	-	-	-	-	
21	993	(3,060,463)	(1,134,820)	(918,751)	(85,999)	(161,592)	-	(2,301,162)	
22	995	-	-	-	-	-	-	-	
23	999	-	-	-	-	-	-	-	
24	Grand Total	(3,147,386)	(1,161,832)	(950,143)	(91,809)	(165,562)	11	(2,369,334)	

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Production (950,143) WP GT 1, Column B, Line 52  
 Transmission (91,798) WP GT 1, Column B, Line 53  
 Distribution (1,327,393) WP GT 1, Column B, Line 54  
 -



# **WP SS-7**

*Total Shared Services, unadjusted base period*



# **WP SS-8**

*Payroll Tax, test period*

	A	B	C	D	E	F	G	H	
	Location	PNM Exhibit HEM-3 WP LA-7 Column O	001 - Distribution Column B* 2014 rates	003 - Production Column B * 2014 rates	002 - Transmission Column B * 2014 rates	034 - PNM South Distribution Column B * 2014 rates	035 - PNM South Transmission Column B * 2014 rates	Total PNM Electric Adjusted Payroll Tax Sum Column C - G	References
1									
2	911	417,815	120,331	106,543	22,186	25,403	2,214	276,677	
3	912	26,803	7,722	5,639	2,511	1,504	105	17,481	
4	914	25,605	9,850	2,261	2,432	4,427	932	19,902	
6	924	130,218	117,248	-	-	12,970	-	130,218	
7	941	871,443	242,435	325,222	61,175	44,966	2,527	676,327	
8	942	92,175	92,175	-	-	-	-	92,175	
9	946	137,085	-	137,085	-	-	-	137,085	
10	947	17,459	-	-	17,459	-	-	17,459	
11	948	55,902	38,136	-	10,286	7,010	470	55,902	
13	951	153,688	55,435	73,647	13,755	10,282	569	153,688	
14	952	-	-	-	-	-	-	-	
15	953	99,741	-	-	-	-	-	-	
16	954	-	-	-	-	-	-	-	
19	963	39,424	16,507	12,549	2,172	2,689	43	33,960	
20	964	1,695	637	481	75	88	1	1,283	
21	968	359,278	131,532	98,370	15,377	20,263	287	265,830	
22	974	1,783	653	488	76	101	1	1,319	
23	977	46,635	18,169	12,979	2,369	2,863	121	36,502	
24	980	3,007	512	2,229	137	94	6	2,978	
28	992	-	-	-	-	-	-	-	
29	993	253,230	93,898	76,020	7,116	13,371	-	190,404	
30	995	-	-	-	-	-	-	-	
31	999	-	-	-	-	-	-	-	
32	Grand Total	2,732,986	945,240	853,513	157,127	146,031	7,277	2,109,189	

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Production 853,513 WP GT 3, Column D, Line 1  
Transmission 164,405 WP GT 3, Column D, Line 2  
Distribution 1,091,271 WP GT 3, Column D, Line 3  
-

**WP SS-9**  
*EEI Dues Adjustment*

	A	B	C	D	E	F
Line No.	EEI Dues Actual	Location	Base Period Actual	% Lobbying	\$ Lobbying	References
1	Regular Activities of EEI	941	396,658	18%	71,398	
2	Industry Issues	941	39,666	40%	15,866	
3	Restoration, Operations, Etc	941	2,500	0	-	
4	Edison Foundation	941	15,000	0	-	
5	<b>TOTAL</b>		453,824		87,265	WP SS-1, Column H, Line 32

**WP SS-10**  
*Non-Recurring Adjustments*





**WP SS-11**  
*Incentive Compensation*

Line No.	Description	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	<b>Base Period</b>						<b>Exclusions</b>					<b>Requested</b>					
2	<b>Total Company</b>	<b>Base Period</b>					<b>Exclusions</b>					<b>Requested</b>					
3		Officers	Non-Officers	Workforce	Union	Total	Officers	Non-Officers	Workforce	Union	Total	Officers	Non-Officers	Workforce	Union	Total	
4	AIP/OIP	1,759,458	4,748,544	-	-	6,508,003	(1,759,458)	(3,561,408)	-	-	(5,320,867)	-	1,187,136	-	-	1,187,136	
5	LTIP Plans	2,607,899	-	-	-	2,607,899	(2,607,899)	-	-	-	(2,607,899)	-	-	-	-	-	
6	Spot Bonus	-	-	1,200,235	316,500	1,516,735	-	-	-	-	-	-	-	1,200,235	316,500	1,516,735	
7	Restricted Stock Awards	739,036	2,219,275	-	-	2,958,311	(739,036)	(2,219,275)	-	-	(2,958,311)	-	-	-	-	-	
8	<b>Total</b>	<b>5,106,393</b>	<b>6,967,820</b>	<b>1,200,235</b>	<b>316,500</b>	<b>13,590,948</b>	<b>(5,106,393)</b>	<b>(5,780,684)</b>	<b>-</b>	<b>-</b>	<b>(10,887,077)</b>	<b>-</b>	<b>1,187,136</b>	<b>1,200,235</b>	<b>316,500</b>	<b>2,703,871</b>	
9																	
10	<b>Total Base By Location</b>	<b>Total Base Period</b>		<b>Exclusions</b>	<b>Total Requested</b>												
11	911	329,833	(329,833)	-													
12	941	190,186	(189,504)	682													
13	942	3,578,317	(2,867,295)	711,023													
14	946	4,163,199	(3,359,226)	803,973													
15	947	901,293	(737,349)	163,944													
16	951	316,500	-	316,500													
17	952	35,733	(32,904)	2,829													
18	953	3,459,777	(2,868,455)	591,322													
19	954	616,111	(502,511)	113,599													
20		<b>13,590,948</b>	<b>(10,887,077)</b>	<b>2,703,872</b>													
21																	
22	<b>Wholesale Power Marketing Bonus (PNM - Direct)</b>						946,967	WP OM-3, Column L, Line 118									
23																	
24																	
25																	
26																	
27																	
28																	
29																	
30																	
31	<b>Test Period</b>						<b>Exclusions</b>					<b>Requested</b>					
32	<b>Total Company</b>	<b>2016 Test Period</b>					<b>Exclusions</b>					<b>Requested</b>					
33		Officers	Non-Officers	Workforce	Union	Total	Officers	Non-Officers	Workforce	Union	Total	Officers	Non-Officers	Workforce	Union	Total	
34	AIP/OIP	2,042,347	3,994,319	-	-	6,036,666	(2,042,347)	(2,995,739)	-	-	(5,038,086)	-	998,580	-	-	998,580	
35	LTIP Plans	2,916,712	-	-	-	2,916,712	(2,916,712)	-	-	-	(2,916,712)	-	-	-	-	-	
36	Spot Bonus	-	-	3,400,000	600,000	4,000,000	-	-	-	-	-	-	-	3,400,000	600,000	4,000,000	
37	Restricted Stock Awards	1,039,170	2,574,879	-	-	3,614,049	(1,039,170)	(2,574,879)	-	-	(3,614,049)	-	-	-	-	-	
38	<b>Total</b>	<b>5,998,229</b>	<b>6,569,198</b>	<b>3,400,000</b>	<b>600,000</b>	<b>16,567,427</b>	<b>(5,998,229)</b>	<b>(5,570,618)</b>	<b>-</b>	<b>-</b>	<b>(11,568,848)</b>	<b>-</b>	<b>998,580</b>	<b>3,400,000</b>	<b>600,000</b>	<b>4,998,580</b>	
39																	
40																	
41	<b>Total Base By Location</b>	<b>Total Test Period</b>		<b>Exclusions</b>	<b>Total Requested</b>												
42	911	191,000	(191,000)	-													
43	941	505,968	(505,968)	-													
44	942	4,285,971	(2,902,421)	1,383,550													
45	946	5,322,416	(3,851,301)	1,471,115													
46	947	990,700	(703,854)	286,847													
47	951	600,000	-	600,000													
48	952	28,474	(26,094)	2,380													
49	953	3,932,286	(2,892,740)	1,039,547													
50	954	710,612	(495,470)	215,142													
51		<b>16,567,427</b>	<b>(11,568,848)</b>	<b>4,998,580</b>													
52																	
53	<b>Wholesale Power Marketing Bonus (PNM - Direct)</b>						761,760	WP OM-3, Column AD, Line 118									
54																	
55																	
56																	
57	See Testimony of Gail Vavruska-Marcum																

# **WP DEP-1**

*Summary of Depreciation, base and test*

PNM Exhibit HEM-3  
 WP DEP.1: Summary of Depreciation

Line No.	Depreciation and Amortization Expense		WP SS-3						Total Test	Reference PNM Exhibit HEM-2 WP COS TEST,	
			A Base Period	B Base Period	C Adj Base Period	D Jul 14 - Jun 15	E Jan 15 - Dec 15	F WP DEP 3, Column B			G WP DEP 3, Column C
	Depreciation	Adjustments	Depreciation	Depreciation	Depreciation	Old Rates	Rate Increase	Depreciation			
1	Production Depreciation										
2	Steam Production Plant	Gen Dmd	19,456,875	-	19,456,875	19,723,511	20,022,426	20,968,207	6,652,030	27,620,237	
4	Nuclear Production Plant - Palo Verde 1 & 2	Gen Dmd	7,407,147	-	7,407,147	6,349,044	6,440,603	9,682,255	1,272,162	10,954,417	
5	Nuclear Production Plant - Palo Verde 3	Excluded	2,876,426	-	2,876,426	4,369,508	4,442,010	4,597,982	367,429	4,965,411	
6	Other Production Plant - Gas	Gen Dmd	9,151,425	-	9,151,425	10,613,658	10,921,191	12,453,677	462,550	12,916,227	
7	Other Production Plant - Renewable	Renewables	5,353,712	-	5,353,712	6,968,019	7,703,980	10,073,907	92,347	10,166,254	
8	Total Production Depreciation Expense		44,245,585	-	44,245,585	48,023,740	49,530,209	57,776,028	8,846,518	66,622,546	Line 432
9	Transmission Depreciation										
11	Step-Up Transformers - Excluding PV3	Gen Dmd	122,643	-	122,643	252,626	247,342	242,701	82,813	325,513	
12	Step-Up Transformers - PV3	Excluded	10,661	-	10,661	9,623	9,615	9,601	3,378	12,979	
13	Transmission System Plant - Allocated	Trans Dmd	11,036,185	-	11,036,185	12,288,917	12,958,966	14,419,576	4,287,862	18,707,438	
14	Transmission System Plant - PV 3	Excluded	47,074	-	47,074	209,787	243,855	243,738	72,161	315,900	
15	Transmission System Plant - High Lonesome Mesa	Excluded	1,412,000	-	1,412,000	1,412,000	1,412,000	1,412,000	-	1,412,000	
16	Transmission System Net Plant - Dedicated Retail	Retail	235,527	-	235,527	65,340	65,340	65,340	-	65,340	
17	Transmission System Plant - Dedicated FERC	FERC	31,050	-	31,050	2,810	2,810	2,810	-	2,810	
18	Total Transmission Depreciation		12,895,140	-	12,895,140	14,241,102	14,939,928	16,395,765	4,446,215	20,841,980	Line 442
19	Distribution Depreciation										
21	Distribution Substations Net Plant - Dedicated FERC	FERC	23,823	-	23,823	23,823	23,823	23,823	5,452	29,276	
22	Distribution Substations Net Plant - PNM	Retail	15,036,492	-	15,036,492	4,746,488	4,882,933	4,917,895	862,291	5,780,185	
23	Distribution Substations Net Plant - Renewables	Renewables	270,109	-	270,109	68,294	77,682	111,193	371,200	484,393	
24	Primary Distribution System Net Plant - PNM	Retail	4,850,168	-	4,850,168	9,516,770	9,664,073	10,056,934	2,342,477	12,399,411	
25	Primary Distribution System Net Plant - Renewables	Renewables	25,600	-	25,600	5,386	6,126	8,768	29,430	38,198	
26	Secondary Distribution System Net Plant - PNM	Retail	2,424,069	-	2,424,069	9,213,158	9,239,939	9,701,802	1,723,003	11,424,805	
27	Secondary Distribution System Net Plant - Renewables	Renewables	12,795	-	12,795	1,738	1,977	2,829	9,496	12,325	
28	Services Net Plant - PNM	Retail	5,734,197	-	5,734,197	5,900,700	5,844,219	6,005,056	(2,092,779)	3,912,277	
29	Meters Net Plant - PNM	Retail	1,602,399	-	1,602,399	1,731,168	1,776,144	1,836,004	698,988	2,534,992	
30	Private Lighting - 371	Retail	28,942	-	28,942	520,521	322,320	145,724	(98,206)	47,519	
31	Street Lighting - 373	Retail	220,315	-	220,315	237,570	172,360	175,082	506,898	681,980	
32	Total Distribution Depreciation		30,228,910	-	30,228,910	31,965,615	32,011,596	32,985,110	4,360,250	37,345,361	Line 456
33	General Depreciation										
35	Production General & Intangible Net Plant	Gen Dmd	358,963	-	358,963	1,420,045	1,415,148	1,389,786	(162,123)	1,227,663	
36	Transmission General & Intangible Net Plant	Trans Dmd	-	-	-	9,516	10,504	9,641	41	9,682	
37	PV Unit 3 General & Intangible Net Plant	Excluded	124,911	-	124,911	472,023	548,165	533,482	2,107	535,588	
38	Renewables General & Intangible Net Plant	Renewables	18,601	-	18,601	585	603	545	(1)	545	
39	Bulk Power Operations	Prod W&S	1,616,779	-	1,616,779	560,430	563,225	583,857	(233,907)	349,950	
40	Energy Management System Facilities	Gen/Trans Dmd	90,027	-	90,027	1,040,619	966,406	863,200	429,219	1,292,419	
41	Other Division Offices/Customer Service	Retail	3,024,538	-	3,024,538	3,937,771	3,656,944	3,266,405	1,624,194	4,890,599	
42	Communications - Transmission	Trans Dmd	3,879,035	-	3,879,035	1,824,236	1,694,138	1,513,214	752,434	2,265,648	
43	Production Related (non-specific)	Prod W&S	-	2,747,321	2,747,321	3,414,130	3,746,541	4,616,236	2,687,856	7,304,092	
44	Transmission Related (non-specific)	Trans W&S	-	650,701	650,701	769,933	819,634	932,886	511,678	1,444,565	
45	Distribution/Customer Related (non-specific)	Retail	-	5,282,121	5,282,121	6,142,648	6,835,600	7,836,947	3,524,423	11,361,370	
46	Total General Depreciation		9,112,854	8,680,143	17,792,998	19,591,934	20,256,908	21,546,200	9,135,920	30,682,120	Line 470
47											
48	Total Depreciation Expense		96,482,489	8,680,143	105,162,632	113,822,392	116,738,641	128,703,104	26,788,903	155,492,007	Line 472

## **WP DEP-2**

*Depreciation expense, by month, linkage and test*

Line No.	Depreciation and Amortization Expense		A	B	C	D	E	F	G	H	I	J	K	L	WP DEP-1, Column H
			Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Test Period
1	Production Depreciation														
2	2 Production Depreciation														
3	Steam Production Plant	Gen Dmd	2,302,106	2,302,191	2,305,600	2,302,524	2,302,133	2,302,407	2,299,415	2,300,904	2,303,844	2,298,905	2,302,419	2,298,790	27,620,237
4	Nuclear Production Plant - Palo Verde 1 & 2	Gen Dmd	662,240	924,613	924,613	924,196	925,260	929,423	937,046	938,378	939,796	947,322	948,377	953,152	10,954,417
5	Nuclear Production Plant - Palo Verde 3	Excluded	410,032	410,180	410,296	410,004	410,329	411,710	413,735	414,368	414,391	418,016	419,506	422,846	4,965,411
6	Other Production Plant - Gas	Gen Dmd	1,074,670	1,074,670	1,074,670	1,076,080	1,076,175	1,076,628	1,076,702	1,076,869	1,077,412	1,077,289	1,077,371	1,077,693	12,916,227
7	Other Production Plant - Renewable	Renewables	854,089	854,089	854,089	854,089	854,089	854,089	854,089	854,089	833,386	833,386	833,386	833,386	10,166,254
8	Total Production Depreciation Expense		5,303,136	5,365,742	5,369,268	5,365,892	5,367,986	5,374,257	5,380,987	5,384,607	5,388,829	5,374,918	5,381,059	5,385,866	66,622,546
9															
10	Transmission Depreciation														
11	Step-Up Transformers - Excluding PV3	Gen Dmd	27,143	27,143	27,143	27,132	27,132	27,132	27,122	27,122	27,122	27,111	27,111	27,101	325,513
12	Step-Up Transformers - PV3	Excluded	1,082	1,082	1,082	1,082	1,082	1,082	1,081	1,081	1,081	1,081	1,081	1,081	12,979
13	Transmission System Plant - Allocated	Trans Dmd	1,458,320	1,470,271	1,472,927	1,540,144	1,543,876	1,543,865	1,588,661	1,609,368	1,610,769	1,622,181	1,623,624	1,623,431	18,707,438
14	Transmission System Plant - PV 3	Excluded	26,330	26,330	26,330	26,327	26,327	26,327	26,324	26,324	26,324	26,320	26,320	26,317	315,900
15	Transmission System Plant - High Lonsome Mesa	Excluded	117,667	117,667	117,667	117,667	117,667	117,667	117,667	117,667	117,667	117,667	117,667	117,667	1,412,000
16	Transmission System Net Plant - Dedicated Retail	Retail	5,445	5,445	5,445	5,445	5,445	5,445	5,445	5,445	5,445	5,445	5,445	5,445	65,340
17	Transmission System Plant - Dedicated FERC	FERC	234	234	234	234	234	234	234	234	234	234	234	234	2,810
18	Total Transmission Depreciation		1,636,221	1,648,172	1,650,828	1,718,031	1,721,762	1,721,752	1,766,534	1,787,241	1,788,642	1,800,040	1,801,482	1,801,275	20,841,980
19															
20	Distribution Depreciation														
21	Distribution Substations Net Plant - Dedicated FERC	FERC	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	29,276
22	Distribution Substations Net Plant - PNM	Retail	481,315	481,295	481,244	481,246	481,278	481,241	481,784	481,802	481,845	482,051	482,501	482,582	5,780,185
23	Distribution Substations Net Plant - Renewables	Renewables	35,766	36,034	36,553	36,908	37,451	37,789	41,343	41,879	42,487	43,538	46,888	47,756	484,393
24	Primary Distribution System Net Plant - PNM	Retail	1,017,127	1,018,644	1,020,961	1,022,960	1,026,655	1,028,387	1,035,151	1,038,948	1,041,341	1,044,255	1,051,269	1,053,713	12,399,411
25	Primary Distribution System Net Plant - Renewables	Renewables	2,820	2,842	2,882	2,911	2,953	2,980	3,260	3,302	3,350	3,433	3,697	3,766	38,198
26	Secondary Distribution System Net Plant - PNM	Retail	933,399	935,008	937,856	939,900	943,673	945,582	954,847	958,059	961,246	964,628	973,534	976,473	11,424,805
27	Secondary Distribution System Net Plant - Renewables	Renewables	910	917	930	939	953	962	1,052	1,066	1,081	1,108	1,193	1,215	12,325
28	Services Net Plant - PNM	Retail	317,913	318,842	320,216	321,368	323,553	324,605	326,841	329,054	330,265	331,436	333,546	334,688	3,912,277
29	Meters Net Plant - PNM	Retail	208,875	209,112	209,321	209,654	210,522	210,817	211,189	212,156	212,585	212,985	213,758	214,018	2,534,992
30	Private Lighting - 371	Retail	3,972	3,970	3,968	3,966	3,963	3,961	3,959	3,957	3,954	3,952	3,950	3,948	47,519
31	Street Lighting - 373	Retail	56,457	56,490	56,587	56,641	56,757	56,789	56,845	56,953	57,003	57,059	57,177	57,222	681,980
32	Total Distribution Depreciation		3,060,994	3,065,593	3,072,957	3,078,932	3,090,201	3,095,553	3,118,711	3,130,214	3,137,597	3,146,885	3,169,953	3,177,770	37,345,361
33															
34	General Depreciation														
35	Production General & Intangible Net Plant	Gen Dmd	122,087	113,961	114,141	113,945	108,253	90,936	90,607	91,438	96,171	95,743	92,355	98,026	1,227,663
36	Transmission General & Intangible Net Plant	Trans Dmd	976	896	898	903	847	678	683	691	736	740	770	863	9,682
37	PV Unit 3 General & Intangible Net Plant	Excluded	49,979	50,066	50,130	50,283	47,154	37,852	38,151	38,161	40,443	41,439	43,806	48,122	535,588
38	Renewables General & Intangible Net Plant	Renewables	53	50	50	50	48	40	40	40	42	43	42	45	545
39	Bulk Power Operations	Prod W&S	29,232	29,232	29,232	29,232	29,232	29,232	29,094	29,094	29,094	29,093	29,093	29,092	349,950
40	Energy Management System Facilities	Gen/Trans Dmd	108,431	108,442	108,448	108,605	108,547	108,555	107,007	107,050	107,052	106,992	106,633	106,947	1,292,419
41	Other Division Office/ Customer Service	Retail	410,310	410,350	410,376	410,967	410,749	410,778	404,922	405,086	405,129	404,865	403,507	403,559	4,890,599
42	Communications - Transmission	Trans Dmd	190,083	190,101	190,113	190,387	190,286	190,299	187,586	187,662	187,683	187,560	186,931	186,955	2,265,648
43	Production Related (non-specific)	Prod W&S	591,559	591,559	592,217	607,219	607,219	603,540	604,835	605,844	611,863	612,998	613,963	661,276	7,304,092
44	Transmission Related (non-specific)	Trans W&S	124,126	124,126	124,231	124,231	124,231	115,944	116,192	116,286	116,675	116,856	117,013	124,654	1,444,565
45	Distribution/Customer Related (non-specific)	Retail	953,588	953,588	954,604	954,604	954,604	921,376	924,202	927,411	930,686	932,438	933,935	1,020,336	11,361,370
46	Total General Depreciation		2,580,424	2,572,372	2,574,440	2,590,426	2,581,171	2,509,229	2,503,320	2,508,765	2,525,584	2,528,768	2,528,049	2,679,574	30,682,120
47															
48	Total Depreciation Expense		12,580,775	12,851,879	12,867,493	12,953,281	12,961,120	12,900,790	12,969,551	13,010,827	13,030,651	13,050,610	13,080,543	13,244,486	155,492,007

# **WP DEP-3**

*Summary of Depreciation Rate Change*

			WP DEP-2, Column M							
Line No.	Depreciation and Amortization Expense		A	B	C	D	E	F	G	H
			Test Period Dep New Rates	Test Period Dep Old Rates	Rate Change Variance	PNM Retail Allocation	Renewables Allocation	FERC Wholesale Allocation	FERC Transmission Allocation	Excluded Allocation
1										
2	<u>Production Depreciation</u>									
3	Steam Production Plant	Gen Dmd	27,620,237	20,968,207	6,652,030	6,371,979	-	280,050	-	-
4	Nuclear Production Plant - Palo Verde 1 & 2	Gen Dmd	10,954,417	9,682,255	1,272,162	1,218,604	-	53,558	-	-
5	Nuclear Production Plant - Palo Verde 3	Excluded	4,965,411	4,597,982	367,429	-	-	-	-	367,429
6	Other Production Plant - Gas	Gen Dmd	12,916,227	12,453,677	462,550	443,076	-	19,473	-	-
7	Other Production Plant - Renewable	Renewables	10,166,254	10,073,907	92,347	-	92,347	-	-	-
8	Total Production Depreciation Expense		66,622,546	57,776,028	8,846,518	8,033,660	92,347	353,082	-	367,429
9										
10	<u>Transmission Depreciation</u>									
11	Step-Up Transformers - Excluding PV3	Gen Dmd	325,513	242,701	82,813	79,326	-	3,486	-	-
12	Step-Up Transformers - PV3	Excluded	12,979	9,601	3,378	-	-	-	-	3,378
13	Transmission System Plant - Allocated	Trans Dmd	18,707,438	14,419,576	4,287,862	2,634,463	-	-	1,653,400	-
14	Transmission System Plant - PV 3	Excluded	315,900	243,738	72,161	-	-	-	-	72,161
15	Transmission System Plant - High Lonesome Mesa	Excluded	1,412,000	1,412,000	-	-	-	-	-	-
16	Transmission System Net Plant - Dedicated Retail	Retail	65,340	65,340	-	-	-	-	-	-
17	Transmission System Plant - Dedicated FERC	FERC	2,810	2,810	-	-	-	-	-	-
18	Total Transmission Depreciation		20,841,980	16,395,765	4,446,215	2,713,789	-	3,486	1,653,400	75,540
19										
20	<u>Distribution Depreciation</u>									
21	Distribution Substations Net Plant - Dedicated FERC	FERC	29,276	23,823	5,452	-	-	5,452	-	-
22	Distribution Substations Net Plant - PNM	Retail	5,780,185	4,917,895	862,291	862,291	-	-	-	-
23	Distribution Substations Net Plant - Renewables	Renewables	484,393	111,193	373,200	-	373,200	-	-	-
24	Primary Distribution System Net Plant - PNM	Retail	12,399,411	10,056,934	2,342,477	2,342,477	-	-	-	-
25	Primary Distribution System Net Plant - Renewables	Renewables	38,198	8,768	29,430	-	29,430	-	-	-
26	Secondary Distribution System Net Plant - PNM	Retail	11,424,805	9,701,802	1,723,003	1,723,003	-	-	-	-
27	Secondary Distribution System Net Plant - Renewables	Renewables	12,325	2,829	9,496	-	9,496	-	-	-
28	Services Net Plant - PNM	Retail	3,912,277	6,005,056	(2,092,779)	(2,092,779)	-	-	-	-
29	Meters Net Plant - PNM	Retail	2,534,992	1,836,004	698,988	698,988	-	-	-	-
30	Private Lighting - 371	Retail	475,119	145,724	(329,395)	(329,395)	-	-	-	-
31	Street Lighting - 373	Retail	681,980	175,082	506,898	506,898	-	-	-	-
32	Total Distribution Depreciation		37,345,361	32,985,110	4,360,250	3,942,672	412,126	5,452	-	-
33										
34	<u>General Depreciation</u>									
35	Production General & Intangible Net Plant	Gen Dmd	1,227,663	1,389,786	(162,123)	(155,298)	-	(6,825)	-	-
36	Transmission General & Intangible Net Plant	Trans Dmd	9,682	9,641	41	25	-	-	16	-
37	PV Unit 3 General & Intangible Net Plant	Excluded	535,588	533,482	2,107	-	-	-	-	2,107
38	Renewables General & Intangible Net Plant	Renewables	545	546	(1)	-	(1)	-	-	-
39	Bulk Power Operations	Prod W&S	349,950	583,857	(233,907)	(199,130)	-	(9,151)	-	(25,626)
40	Energy Management System Facilities	Gen/Trans Dmd	1,292,419	863,200	429,219	312,366	-	5,963	110,890	-
41	Other Division Offices/ Customer Service	Retail	4,890,599	3,266,405	1,624,194	1,624,194	-	-	-	-
42	Communications - Transmission	Trans Dmd	2,265,648	1,513,214	752,434	-	-	-	290,139	-
43	Production Related (non-specific)	Prod W&S	7,304,092	4,616,236	2,687,856	2,288,235	-	105,150	-	294,471
44	Transmission Related (non-specific)	Trans W&S	1,444,565	932,886	511,678	314,074	-	-	197,114	490
45	Distribution/ Customer Related (non-specific)	Retail	11,361,370	7,836,947	3,524,423	3,524,423	-	-	-	-
46	Total General Depreciation		30,682,120	21,546,200	9,135,920	8,171,185	(1)	95,137	598,158	271,441
47										
48	Total Depreciation Expense		155,492,007	128,703,104	26,788,903	22,861,306	504,472	457,158	2,251,558	714,410
49										

50 Note: Column D through H - Allocated based on test period Allocators reflected in PNM Exhibit HEM-2 COS Text



# **WP GT-1**

*Summary of General Taxes, base through test*

PNM Exhibit HEM-3  
 WP GT 1 - Summary Genreal Taxes

Line No.	General Taxes	A	B	C	D	E	F
		Base Period	Base Period Adjustments	Adj Base Period	Jul 14 - Jun 15 Linkage	Jan 15 - Dec 15 Linkage	WP GT-2, Column D Test Period
1	<u>Property Taxes</u>						
2	<u>Production Property Taxes</u>						
3	Steam Production Plant	4,947,711	-	4,947,711	5,737,645	5,814,735	6,825,305
4	Nuclear Production Plant - Palo Verde 1 & 2	968,386	-	968,386	820,650	842,496	1,259,021
5	Nuclear Production Plant - Palo Verde 3	1,182,514	-	1,182,514	932,900	860,363	1,423,218
6	Other Production Plant - Gas	2,964,941	-	2,964,941	2,834,165	3,128,820	3,691,129
7	Other Production Plant - Renewable	1,020,083	-	1,020,083	1,444,241	1,593,694	2,870,079
8	Total Production Property Taxes	11,083,634	-	11,083,634	11,769,600	12,240,108	16,068,751
9							
10	<u>Transmission Property Taxes</u>						
11	Step-Up Transformers - Excluding PV3	69,038	-	69,038	87,606	97,555	75,543
12	Step-Up Transformers - PV3	15,409	-	15,409	19,553	21,773	2,312
13	Transmission System Plant - Allocated	2,892,373	-	2,892,373	3,190,582	3,552,900	4,593,971
14	Transmission System Plant - PV 3	77,805	-	77,805	98,732	109,944	40,949
15	Transmission System Plant - High Lonesome Mesa	163,261	-	163,261	207,171	230,698	209,932
16	Transmission System Plant - Dedicated Retail	35,458	-	35,458	44,994	50,104	46,911
17	Transmission System Plant - Dedicated FERC	2,276	-	2,276	2,889	3,217	3,036
18	Total Transmission Property Taxes	3,255,619	-	3,255,619	3,651,527	4,066,190	4,972,653
19							
20	<u>Distribution Property Taxes</u>						
21	Distribution Substations Net Plant - Dedicated FERC	17,721	-	17,721	18,239	17,690	16,322
22	Distribution Substations Net Plant - PNM	1,622,631	-	1,622,631	1,565,793	1,518,630	1,627,927
23	Distribution Substations Net Plant - Renewables	25,585	-	25,585	26,333	25,540	34,569
24	Primary Distribution System Net Plant - PNM	3,589,958	-	3,589,958	3,271,077	3,172,551	3,544,253
25	Primary Distribution System Net Plant - Renewables	13,433	-	13,433	13,826	13,409	17,397
26	Secondary Distribution System Net Plant - PNM	2,213,994	-	2,213,994	2,174,460	2,108,964	2,255,529
27	Secondary Distribution System Net Plant - Renewables	4,818	-	4,818	4,959	4,810	6,235
28	Services Net Plant - PNM	630,680	-	630,680	649,136	629,583	672,620
29	Meters Net Plant - PNM	434,653	-	434,653	447,372	433,897	448,966
30	Private Lighting - 371	5,186	-	5,186	5,337	5,177	26,851
31	Street Lighting - 373	136,410	-	136,410	140,401	136,172	133,349
32	Total Distribution Property Taxes	8,695,067	-	8,695,067	8,316,933	8,066,425	8,784,017
33							
34	<u>General Property Taxes</u>						
35	Production General & Intangible Net Plant	132,941	-	132,941	169,882	172,164	62,514
36	Transmission General & Intangible Net Plant	209	-	209	299	333	369
37	PV Unit 3 General & Intangible Net Plant	15,882	-	15,882	12,700	11,713	18,059
38	Renewables General & Intangible Net Plant	170	-	170	241	266	238
39	Bulk Power Operations	27,627	-	27,627	35,303	35,778	31,795
40	Energy Management System Facilities	119,446	-	119,446	170,608	189,983	60,249
41	Other Division Offices/Customer Service	310,525	-	310,525	319,612	309,985	281,421
42	Communications - Transmission	185,592	-	185,592	235,509	262,253	251,298
43	Production Related (Shared Services)	-	297,139	297,139	379,706	384,807	497,417
44	Transmission Related (Shared Services)	-	57,770	57,770	73,308	81,633	98,220
45	Distribution/Customer Related (Shared Services)	-	304,067	304,067	312,965	303,539	801,102
46	Total General Property Taxes	792,393	658,977	1,451,370	1,710,134	1,752,454	2,102,681
47							
48							
49	Total Property Taxes	23,826,713	658,977	24,485,690	25,448,195	26,125,176	31,928,103

PNM Exhibit HEM-3  
 WP GT 1 - Summary General Taxes

Line No.	General Taxes	A	B	C	D	E	F
		Base Period	Base Period Adjustments	Adj Base Period	Jul 14 - Jun 15 Linkage	Jan 15 - Dec 15 Linkage	WP GT-2, Column D Test Period
50							-
51	<u>Payroll Taxes</u>						
52	Production Related	1,561,891	950,143	2,512,034	2,783,720	2,794,615	2,852,180
53	Transmission Related	92,265	91,798	184,063	732,802	741,401	789,755
54	Distribution Related	2,340,061	1,327,393	3,667,454	2,802,979	2,836,094	3,021,543
55	Total Payroll Taxes	3,994,217	2,369,334	6,363,551	6,319,502	6,372,110	6,663,479
56							
57	<u>Other Taxes</u>						
58	Misc Taxes - Production Related	48,481	-	48,481	-	-	-
59	Misc Taxes - Renewable	(60,933)	-	(60,933)	346,783	163,082	159,001
60	Misc Taxes - Transmission Related	(7,645)	-	(7,645)	-	-	-
61	Misc Taxes - Distribution Related	(6,702)	-	(6,702)	6,216	5,388	5,520
62	Regulatory Commission Fees (I&S) PNM	4,985,652	(4,985,652)	-	-	-	-
63	Joint Projects Four Corners	308,677	-	308,677	-	-	-
64	Joint Projects PVNGS	1,747,852	-	1,747,852	1,907,930	1,934,634	1,977,780
65	Joint Projects Transmission	34	-	34	-	-	-
66	Native American Taxes - Production	1,519,121	-	1,519,121	1,554,300	1,554,300	1,554,300
67	Native American Taxes - Transmission	806,632	-	806,632	806,778	856,956	873,696
68	Native American Taxes - Distribution	133,292	-	133,292	175,458	133,824	137,172
69	Total Other Taxes	9,474,461	(4,985,652)	4,488,810	4,797,465	4,648,184	4,707,469
70							
71	Total General Taxes	37,295,392	(1,957,341)	35,338,051	36,565,162	37,145,470	43,299,051
72							
73							

74 Note: See PNM Exhibit HEM-2 COS BASE ADJ for detail of base period adjustments

# **WP GT-2**

*Property taxes, test period*

Line No.		A	B	C	D
		December Net Plant	Taxable Net Plant	2016 Tax Rate	2016 Tax Expense
1	<b>Net Plant</b>				
2					
3	<b>Net Plant Production Plant</b>				
4					
5	Steam Production Net Plant	756,307,513	252,102,504	2.71%	6,825,305
6					
7	Nuclear Production Net Plant - Palo Verde 1 & 2	256,942,979	256,942,979	0.49%	1,259,021
8	Nuclear Production Net Plant - Palo Verde 3	135,463,897	135,463,897	1.05%	1,423,218
9	Total Nuclear Production Net Plant	392,406,877	392,406,877		2,682,238
10					
11	Other Production Plant - Gas	346,656,740	115,552,247	3.19%	3,691,129
12	Other Production Plant - Renewable	244,509,497	81,503,166	3.52%	2,870,079
13	Total Other Production Net Plant	591,166,237	197,055,412		6,561,208
14					
15	Total Net Plant Production Plant	1,739,880,627	841,564,793		16,068,751
16					
17	<b>Net Plant Transmission Plant</b>				
18					
19	Step-Up Transformers - Excluding PV3	7,932,774	2,644,258	2.86%	75,543
20	Step-Up Transformers - PV3	220,073	220,073	1.05%	2,312
21	Total Transmission Station Equipment - Step-up Xfmr and Aux	8,152,847	2,864,331		77,855
22					
23	Transmission System Net Plant - Allocated	417,805,836	139,268,612	3.30%	4,593,971
24	Transmission System Net Plant - PV 3	4,094,873	4,094,873	1.00%	40,949
25	Transmission System Net Plant - High Lonesome Mesa	18,331,762	6,110,587	3.44%	209,932
26	Transmission System Net Plant - Renewables	-	-	3.44%	-
27	Transmission System Net Plant - Dedicated Retail	4,096,342	1,365,447	3.44%	46,911
28	Transmission System Net Plant - Dedicated FERC	265,070	88,357	3.44%	3,036
29	Total Transmission System Net Plant	444,593,884	150,927,876		4,894,798
30					
31	Total Net Plant Transmission Plant	452,746,731	153,792,208		4,972,653
32					
33					

Line No.		WP NP-2 & NP-4			
		2015			
		December Net Plant	Taxable Net Plant	2016 Tax Rate	2016 Tax Expense
34	<u>Net Plant Distribution Plant</u>				
35					
36	Distribution Substations Net Plant - Dedicated FERC	1,425,259	475,086	3.44%	16,322
37	Distribution Substations Net Plant - PNM	142,154,564	47,384,855	3.44%	1,627,927
38	Distribution Substations Net Plant - Renewables	3,018,665	1,006,222	3.44%	34,569
39	Total Distribution Substations Net Plant	146,598,488	48,866,163		1,678,818
40					
41	Primary Distribution System Net Plant - PNM	309,492,762	103,164,254	3.44%	3,544,253
42	Primary Distribution System Net Plant - Renewables	1,519,142	506,381	3.44%	17,397
43	Total Primary Distribution Net Plant	311,011,903	103,670,634		3,561,650
44					
45	Secondary Distribution System Net Plant - PNM	196,958,214	65,652,738	3.44%	2,255,529
46	Secondary Distribution System Net Plant - Renewables	544,491	181,497	3.44%	6,235
47	Total Secondary Distribution Net Plant	197,502,705	65,834,235		2,261,764
48					
49	Services Net Plant - PNM	58,734,796	19,578,265	3.44%	672,620
50					
51	Meters Net Plant - PNM	39,204,759	13,068,253	3.44%	448,966
52					
53	Private Lighting - 371	2,344,659	781,553	3.44%	26,851
54	Street Lighting - 373	11,644,360	3,881,453	3.44%	133,349
55	Total Lighting Net Plant	13,989,019	4,663,006		160,200
56					
57	Total Net Plant Distribution Plant	767,041,670	255,680,557		8,784,017
58					
59					
60	<u>Net Plant General &amp; Intangible Plant (303,389-399)</u>				
61					
62	Production General & Intangible Net Plant	5,458,852	1,819,617	3.44%	62,514
63	Transmission General & Intangible Net Plant	32,210	10,737	3.44%	369
64	PV Unit 3 General & Intangible Net Plant	1,718,849	1,718,849	1.05%	18,059
65	Renewables General & Intangible Net Plant	20,758	6,919	3.44%	238
66	Bulk Power Operations	2,776,397	925,466	3.44%	31,795
67	Energy Management System Facilities	5,261,096	1,753,699	3.44%	60,249
68	Other Division Offices/Customer Service	24,574,384	8,191,461	3.44%	281,421
69	Communications - Transmission	21,943,987	7,314,662	3.44%	251,298
70	Production Related (non-specific)	30,349,279	10,116,426	4.92%	497,417
71	Transmission Related (non-specific)	5,992,791	1,997,597	4.92%	98,220
72	Distribution/Customer Related (non-specific)	48,878,202	16,292,734	4.92%	801,102
73	Total Net Plant General & Intangible Plant - PNM	147,006,806	50,148,168		2,102,681
74					
75					
76	Total Net Plant	3,106,675,833	1,301,185,725		31,928,103
77					
78					
79	line 70, 71, 71 - Reference WP NP-4, Column AF				
80	Column B = Column A * 33%, except for Palo Verde				

# **WP GT-3**

*Payroll taxes, test period*

PNM Exhibit HEM-3  
 WP GT 3 - Payroll Taxes Test Period

A	B	C	D	E	F	
Test Period						
Line No.	Description	PNM Exhibit HEM-3 3 WP-LA-8, Column M, PNM Taxes	San Juan Generating Station Payroll Taxes	PNM Exhibit HEM-3 WP-SS-8, Column H, Lines 34-36, Shared Services Payroll Taxes	Total Payroll Taxes	Reference
1	Production	702,393	1,296,275	853,513	2,852,180	
2	Transmission	625,351	-	164,405	789,755	
3	Distribution	1,930,272	-	1,091,271	3,021,543	
4	Total	3,258,015	1,296,275	2,109,189	6,663,479	PNM Exhibit HEM-2 WP COS TEST ADJ Line 530



PNM Exhibit HEM-3  
 WP GT 3 - Payroll Taxes Test Period

A		B	C		D	E	F	G		H	I
		Linkage Jun 2014 -Jul 2015						Linkage Jan 2015 -Dec 2015			
		San Juan Generating						San Juan Generating			
Line No.	Description	Direct PNM Payroll Taxes	Station Payroll Taxes	Shared Services Payroll Taxes	Total Payroll Taxes	Direct PNM Payroll Taxes	Station Payroll Taxes	Shared Services Payroll Taxes	Total Payroll Taxes		
1	Production	652,260	1,341,109	790,350	2,783,720	659,738	1,334,708	800,168	2,794,615		
2	Transmission	580,564	-	152,238	732,802	587,272	-	154,129	741,401		
3	Distribution	1,792,465		1,010,514	2,802,979	1,813,027	-	1,023,067	2,836,094		
4	Total	3,025,289	1,341,109	1,953,103	6,319,502	3,060,037	1,334,708	1,977,365	6,372,110		

# **WP OA-1**

*Summary of Other Allowable Exp, base and test*

PNM Exhibit HEM-3

WP OA-1 - Summary of Other Allowable Expenses

Line No.	Other Allowable Expenses	A Base Period Expense	B Base Period Adjustments	C Adj Base Period Expense	D Jun 14 - Jul 15 Expense	E Jan 15 - Dec 15 Expense	F Test Period Expense	Reference
1	Interest on Customer Deposits	198,398	-	198,398	198,398	198,398	198,398	
2	Amort Loss on Reacquired Debt	1,295,531	-	1,295,531	1,236,051	1,235,520	1,235,520	WP RA-6, Line 18
3	Amort Renewable Energy Credits	2,380,062	-	2,380,062	2,740,320	2,340,200	2,013,082	WP REN 3, Line 24
4	Carrying charges on renewables	577,452	-	577,452	367,509	263,933	68,199	WP REN 3, Line 9
5	Amort Retail rate case exp	-	-	-	-	-	1,524,454	WP OA-2, line 23
6	PV DOE Settlement from 10-00086-UT	(444,667)	-	(444,667)	-	-	-	
7	Renewable Grant Amortization	(1,307,471)	-	(1,307,471)	(1,307,467)	(1,307,467)	(1,307,467)	WP REN 5, Line 12
8	Accretion ARO - Production Related	5,203,904	-	5,203,904	5,507,291	5,822,833	8,047,204	WP OA-3, line 4
9	Accretion ARO - PV 3	2,262,688	-	2,262,688	2,470,962	212,019	2,788,163	WP OA-3, line 6
10	Accretion ARO - Distribution Related	113,760	-	113,760	119,316	122,013	90,832	WP OA-3, line 8
11	Amort PV 2 Lease Acquisition Adjustment	-	-	-	-	-	1,927,743	WP OA-5, line 8
12	Amort EIP Acquisition Adjustment	585,969	-	585,969	585,969	585,969	585,969	
13	Amort PV 1&2 Acquisition Adjustment	365,110	-	365,110	365,110	365,110	365,110	
14	Amortization of AS Lease Regulatory Asset	-	-	-	-	-	766,967	WP RA-4, line 9
15	Amortization TOU Regulatory Asset	-	-	-	-	-	150,000	WP RA-2, Line 24
16	Amortization of LVGS Regulatory Liability	-	-	-	-	-	(750,215)	WP RA-2, line 23
17	Amortization of LVGS Regulatory Asset	-	-	-	-	-	136,326	WP RA-2, line 22
18	Total Other Allowable Expenses	11,230,737	-	11,230,737	12,283,458	9,838,527	17,840,284	
19								

# **WP OA-3**

*Summary of ARO Accretion Expenses*

PNM Exhibit HEM-3

WP OA-3 - Summary of ARO Accretion Expense in Test Period

Line No.	Description	A	B	C	Reference
		2016 Test Period Expense	WP OA-4 Adjust Accretion Expense to Straight- Line Recovery	Requested Accretion Expense - 2016 Test Period	
1	<b>Asset Retirement Obligation - Accretion Expense</b>				
2	Production, Excluding PVNGS	974,451	1,785,490	2,759,941	
3	Production - PVNGS Units 1 and 2	5,287,263	-	5,287,263	
4	Total Production, excluding PVNGS Unit 3	6,261,714	1,785,490	8,047,204	WP OA-1, line 8
5					
6	Production - PVNGS Unit 3	2,788,163	-	2,788,163	WP OA-1, line 9
7					
8	Distribution	90,832	-	90,832	WP OA-1, line 10
9					
10	Total Accretion Expense	9,140,709	1,785,490	10,926,199	
11					

# **WP OA-4**

*Production ARO Expense - Straight-line calculation*

PNM Exhibit HEM-3

WP OA-4 Calculation of Production ARO Accretion Expense to Straightline Expense

Line No.	Year	A	B	C	D	E	F	G	H
		San Juan	Luna	Lordsburg	Afton	Four Corners	Algodones	Reeves	Totals
1	2016	\$ 340,280	\$ 27,107	\$ 80,139	\$ 182,626	\$ 285,779	\$ 28,251	\$ 30,269	\$ 974,451
2	2017	360,147	28,685	85,376	198,040	262,948	30,653	32,842	
3	2018	348,971	30,357	90,955	214,757	284,766	33,258	35,634	
4	2019	369,387	32,128	96,898	232,887	308,402	36,085	38,663	
5	2020	391,005	34,004	103,231	252,549	334,009	39,152	41,949	
6	2021	413,897	35,992	109,977	273,873	361,752	42,480	45,515	
7	2022	438,140	38,099	117,164	297,000	391,809	46,091	49,383	
8	2023	463,812	40,331	124,821	322,083	424,374	50,009	53,581	
9	2024	491,001	42,697	132,978	349,286	459,657	54,260	58,135	
10	2025	519,796	45,205	141,593	378,789	497,885	58,872	63,077	
11	2026	550,293	47,863	150,845	410,788	539,306	63,876	68,438	
12	2027	582,594	50,681	160,703	445,493	584,187	69,305	74,256	
13	2028	613,875	53,668	171,205	483,133	632,817	75,196	80,567	
14	2029	649,945	56,836	182,393	523,957	685,511	81,588	87,416	
15	2030	688,154	60,195	194,313	568,235	742,610	88,523	94,846	
16	2031	728,629	63,757	207,012	616,258	804,484	96,047	102,908	
17	2032	771,507	67,535	220,541	659,339	871,531	104,211	111,655	
18	2033	816,932	71,543	234,955	611,880	944,187	113,069	121,146	
19	2034	865,057	75,794	250,311	663,599	1,022,923	122,680	131,443	
20	2035	916,045	80,304	266,672	719,694	1,108,247	133,110	142,616	
21	2036	970,068	85,090	284,102	780,535	1,200,715			
22	2037	1,027,310	78,167	302,671	846,526	1,300,923			
23	2038	1,087,966	82,537	322,455	918,101	1,409,524			
24	2039	1,152,242	87,151	343,533	995,734	1,527,222			
25	2040	1,220,356	92,022	365,989	1,079,938	1,654,780			
26	2041	1,292,542	97,167	389,914	1,171,270	1,041,505			
27	2042	1,369,047	102,598	415,403	1,160,488				
28	2043	1,450,133	108,333	442,559					
29	2044	1,536,079	114,389	471,491					
30	2045	1,627,182	120,784						
31	2046	1,723,755	41,743						
32	2047	1,826,133							
33	2048	1,934,670							
34	2049	2,049,744							
35	2050	2,171,755							
36	2051	2,301,130							
37	2052	2,438,320							
38	2053	2,206,962							
39	2054	216,549							
40	2055	234,955							
41	2056	254,927							
42	2057	276,595							
43	Total	\$ 41,687,884	\$ 1,992,761	\$ 6,460,196	\$ 15,356,856	\$ 19,681,855	\$ 1,366,716	\$ 1,464,341	
44									

PNM Exhibit HEM-3

WP OA-4 Calculation of Production ARO Accretion Expense to Straightline Expense

Line No.	Year	A	B	C	D	E	F	G	H
		<u>San Juan</u>	<u>Luna</u>	<u>Lordsburg</u>	<u>Afton</u>	<u>Four Corners</u>	<u>Algodones</u>	<u>Reeves</u>	<u>Totals</u>
45	# of remaining years	42	30.3	29	26.9	25.7	20	20	
46	<b>2016 summary</b>								
47	<b>Straightline Expense</b>	992,569	65,695	222,765	570,533	766,826	68,336	73,217	2,759,941
48									
49	<b>Accretion Expense</b>	340,280	27,107	80,139	182,626	285,779	28,251	30,269	974,451
50									
51	<b>Additional Expense in 2016</b>	652,289	38,589	142,626	387,907	481,046	40,084	42,948	1,785,490

52

53 *line 47 = line 43 / line 45*

54 *line 49 = line 1*

55 *line 51 = line 47 - line 49*

56 *line 51, column H agrees to WP RA-2, line 20 and WP OA-3, column B, line 2*



# **WP OA-5**

*PV2 Lease Acquisition calculation*

**PNM Exhibit HEM-3**

**WP OA-5 - Summary of PV 2 Lease Acquisition Adjustment Amortization**

		A	
Line No.	Description	2016 Test Period Expense	Reference
1	<b>PV2 Lease Acquisition Adjustment Amortization Expense</b>		
2	Total Acquisition Adjustment	63,574,617	WP ORB-3, Column V, Line 31
3	Remaining Useful Life	<u>30.23</u>	
4	Annual Amortization Expense	<u>2,102,992</u>	Line 2 / Line 3
5			
6	Monthly Amortization	175,249	Line 4 / 12
7			
8	Test Period Amortization (Line 6 *11)	<u><u>1,927,743</u></u>	WP OA-1, line 8
9			
10	Note 1 - Test Period only contains 11 months of Amortization		

# **WP REN-1**

*Summary of Renewable, Base Period*

PNM Exhibit HEM-3

WP REN 1 - Summary of Renewable Revenue Requirements Base Period

Line No.	Description	Based Period	13-Month Adjustment	Adjusted Base Period	Renewable Allocation	Blue Sky Allocation	PNM Retail Jurisdiction	Reference
1	Gross Plant							
2	Production	139,360,119	(19,303,029)	120,057,090	117,730,414	2,326,676		
3	Transmission	-	-	-	-	-		
4	Distribution Substations	2,824,228	(285,085)	2,539,143	2,539,143	-		
5	Primary Dist System	1,163,834	(70,572)	1,093,261	1,093,261	-		
6	Secondary Dist Systems	415,432	(68,997)	346,435	346,435	-		
7	G&I	24,989	191,415	216,404	216,404	-		
8	Total Gross Plant	143,788,601	(19,536,268)	124,252,333	121,925,657	2,326,676	-	
9								
10	Accumulated Depreciation							
11	Production	10,532,718	(2,430,917)	8,101,801	8,076,175	25,626		
12	Transmission	-	-	-	-	-		
13	Distribution Substations	714,919	(185,504)	529,415	529,415	-		
14	Primary Dist System	56,377	2,304	58,681	58,681	-		
15	Secondary Dist Systems	18,191	(440)	17,752	17,752	-		
16	G&I	3,473	21,662	25,135	25,135	-		
17	Total Accumulated Depreciation	11,325,678	(2,592,895)	8,732,784	8,707,158	25,626	-	
18								
19	Net Plant							
20	Production	128,827,401	(16,872,112)	111,955,289	109,654,239	2,301,050	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 12
21	Transmission	-	-	-	-	-	-	
22	Distribution Substations	2,109,309	(99,581)	2,009,727	2,009,727	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 37
23	Primary Dist System	1,107,456	(72,876)	1,034,580	1,034,580	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 41
24	Secondary Dist Systems	397,240	(68,558)	328,683	328,683	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 45
25	G&I	21,517	169,753	191,270	191,270	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 64
26	Total Net Plant	132,462,923	(16,943,374)	115,519,549	113,218,499	2,301,050	-	
27								
28	ADIT							
29	ADIT on Renewable Plant	(36,908,138)	3,066,814	(33,841,324)	(33,770,641)	(70,684)	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 96
30	NOL ADIT - Renewables	26,804,026	(543,030)	26,260,996	26,260,996	-	-	
31	ADIT on Reg Assets	1,637,744	38,410	1,676,154	1,676,154	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 116
32	Total Renewable ADIT	(8,466,368)	2,562,194	(5,904,174)	(5,833,490)	(70,684)	-	
33								
34	Renewable Reg Assets							
35	Reg Liab Renewables Fed Grant	(21,295,495)	(481,446)	(21,776,941)	(21,776,941)	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 132
36	Reg Liab Renewables St Credit	(4,136,761)	(97,020)	(4,233,781)	(4,233,781)	-	-	PNM Exhibit HEM-2, WP COS Base Alloc, Line 133
37	Total Renewable Reg Assets	(25,432,256)	(578,466)	(26,010,722)	(26,010,722)	-	-	
38								
39	Prepayments	16,000	6,604	22,604	22,604	-	-	
40								
41	Renewable Rate Base	98,580,299	(14,953,041)	83,627,257	81,396,890	2,230,367	-	
42								
43								
44	Weighted Cost of Capital	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	
45								
46	Return on Rate Base - Renewables	8,063,868	(1,223,159)	6,840,710	6,658,266	182,444	-	
47								

PNM Exhibit HEM-3  
 WP REN 1 - Summary of Renewable Revenue Requirements Base Period

Line No.	Description	Based Period	13-Month Adjustment	Adjusted Base Period	Renewable Allocation	Blue Sky Allocation	PNM Retail Jurisdiction	Reference
48	Regulatory Assets/Liabilities							
49	Renewable Energy Credit	4,758,986	1,027,703	5,786,688	5,786,688	-		PNM Exhibit HEM-3, WP REN 3, Column F, Line 3
50	Renewable Energy Owned Facilities	7,452,830	1,604,705	9,057,536	9,057,536	-		PNM Exhibit HEM-3, WP REN 3, Column F, Line 2
51	Total REC Assets/Liabilities	12,211,816	2,632,408	14,844,224	14,844,224	-		
52								
53								
54	Carrying Charges on Reg Assets	577,452	-	577,452	577,452	-		PNM Exhibit HEM-3, WP REN 3, Column F, Line 9
55								
56	Renewable O&M							
57	Renewable O&M Production	928,221	-	928,221	896,933	31,288		PNM Exhibit HEM-2, WP COS Base Alloc, Lines 262, 285, 287, 290, 292
58	Renewable O&M Distribution	450,941	-	450,941	450,941	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 343
59	Renewable O&M A&G	72,160	-	72,160	69,728	2,432		PNM Exhibit HEM-2, WP COS Base Alloc, Line 418
60	Total Renewable O&M	1,451,322	-	1,451,322	1,417,601	33,721		
61								
62	Rec Purchases and REC Amortization	10,180,808	-	10,180,808	10,180,808	-		PNM Exhibit HEM-2, WP COS Base Alloc
63								
64	Renewable Depreciation							
65	Production	5,353,712	-	5,353,712	5,285,540	68,173		PNM Exhibit HEM-2, WP COS Base Alloc, Line 431
66	Transmission	-	-	-	-	-		
67	Distribution Substations	270,109	-	270,109	270,109	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 447
68	Primary Dist System	25,600	-	25,600	25,600	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 449
69	Secondary Dist Systems	12,795	-	12,795	12,795	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 451
70	G&I	18,601	-	18,601	18,601	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 462
71	Total Renewable Depreciation	5,680,817	-	5,680,817	5,612,644	68,173		
72								
73	Renewable Property Tax							
74	Production	1,020,083	-	1,020,083	998,341	21,742		PNM Exhibit HEM-2, WP COS Base Alloc, Line 482
75	Transmission	-	-	-	-	-		
76	Distribution Substations	25,585	-	25,585	25,585	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 498
77	Primary Dist System	13,433	-	13,433	13,433	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 500
78	Secondary Dist Systems	4,818	-	4,818	4,818	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 502
79	G&I	170	-	170	170	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 513
80	Total Renewable Property Taxes	1,064,089	-	1,064,089	1,042,347	21,742		
81								
82	Other Taxes	(60,933)	-	(60,933)	(60,933)	-		PNM Exhibit HEM-2, WP COS Base Alloc, Line 534
83								
84	Renewable Reg Asset Amortization	2,380,062	-	2,380,062	2,380,062	-		PNM Exhibit HEM-3, WP REN 3, Column F, Line 24
85								
86	RR Before Rev Tax, Income Tax	29,337,486	(1,223,159)	28,114,327	27,808,248	306,079		

# **WP REN-2**

*Summary of Renewable, Test Period*

PNM Exhibit HEM-3

WP REN 2 - Summary of Renewable Revenue Requirements Test Period

Line No.	Description	Test Period	13-Month Adjustment	Adjusted Test Period	Renewable Allocation	Blue Sky Allocation	PNM Retail Jurisdiction	FERC Wholesale Jurisdiction	Reference
1	Gross Plant								
2	Production	264,472,495	-	264,472,495	182,845,820	2,326,676	75,961,469	3,338,530	
3	Transmission	-	-	-	-	-	-	-	
4	Distribution Substations	5,022,444	(744,745)	4,277,699	4,277,699	-	-	-	
5	Primary Dist System	2,069,694	(306,901)	1,762,793	1,762,793	-	-	-	
6	Secondary Dist Systems	738,779	(109,549)	629,231	629,231	-	-	-	
7	G&I	24,989	-	24,989	24,989	-	-	-	
8	Total Gross Plant	272,328,402	(1,161,195)	271,167,207	189,540,532	2,326,676	75,961,469	3,338,530	
9									
10	Accumulated Depreciation								
11	Production	29,322,994	(4,679,998)	24,642,996	23,227,063	25,626	1,331,776	58,532	
12	Transmission	-	-	-	-	-	-	-	
13	Distribution Substations	1,310,195	(254,627)	1,055,568	1,055,568	-	-	-	
14	Primary Dist System	103,319	(20,079)	83,240	83,240	-	-	-	
15	Secondary Dist Systems	33,338	(6,479)	26,859	26,859	-	-	-	
16	G&I	4,515	(180)	4,335	4,335	-	-	-	
17	Total Accumulated Depreciation	30,774,362	(4,961,363)	25,812,998	24,397,065	25,626	1,331,776	58,532	
18									
19	Net Plant								
20	Production	235,149,501	4,679,998	239,829,499	159,618,757	2,301,050	74,629,694	3,279,998	PNM Exhibit HEM-2, WP COS Test, Line 12
21	Transmission	-	-	-	-	-	-	-	
22	Distribution Substations	3,712,249	(490,118)	3,222,131	3,222,131	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 37
23	Primary Dist System	1,966,375	(286,822)	1,679,553	1,679,553	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 41
24	Secondary Dist Systems	705,441	(103,070)	602,372	602,372	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 45
25	G&I	20,474	180	20,654	20,654	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 64
26	Total Net Plant	241,554,040	3,800,168	245,354,209	165,143,467	2,301,050	74,629,694	3,279,998	
27									
28	ADIT								
29	ADIT on Renewable Plant	(52,881,685)	1,266,302	(51,615,384)	(42,764,637)	(70,684)	(8,410,423)	(369,641)	PNM Exhibit HEM-2, WP COS Test, Line 96
30	NOL ADIT - Renewables	-	-	-	-	-	-	-	
31	ADIT on Reg Assets	1,485,577	-	1,485,577	1,485,577	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 116
32	Total Renewable ADIT	(51,396,108)	1,266,302	(50,129,806)	(41,279,059)	(70,684)	(8,410,423)	(369,641)	
33									
34	Renewable Reg Assets								
35	Reg Liab Renewables Fed Grant	(18,888,265)	(481,446)	(19,369,711)	(19,369,711)	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 132
36	Reg Liab Renewables St Credit	(3,651,661)	(97,020)	(3,748,681)	(3,748,681)	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 133
37	Total Renewable Reg Assets	(22,539,926)	(578,466)	(23,118,392)	(23,118,392)	-	-	-	
38									
39	Prepayments	22,604	-	22,604	22,604	-	-	-	
40									
41	Renewable Rate Base	167,640,610	4,488,004	172,128,614	100,768,619	2,230,367	66,219,271	2,910,357	
42									
43									
44	Weighted Cost of Capital	8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	
45									
46	Return on Rate Base - Renewables	13,880,643	371,607	14,252,249	8,343,642	184,674	5,482,956	240,978	
47									

PNM Exhibit HEM-3

WP REN 2 - Summary of Renewable Revenue Requirements Test Period

Line No.	Description	Test Period	13-Month Adjustment	Adjusted Test Period	Renewable Allocation	Blue Sky Allocation	PNM Retail Jurisdiction	FERC Wholesale Jurisdiction	Reference
48	Regulatory Assets/Liabilities								
49	Renewable Energy Credit	705,006	-	705,006	705,006	-	-	-	PNM Exhibit HEM-3, WP REN 3, Column F, Line 3
50	Renewable Energy Owned Facilities	1,198,185	-	1,198,185	1,198,185	-	-	-	PNM Exhibit HEM-3, WP REN 3, Column F, Line 2
51	Total REC Assets/Liabilities	1,903,190	-	1,903,190	1,903,190	-	-	-	
52									
53									
54	Carrying Charges on Reg Assets	68,199	-	68,199	68,199	-	-	-	PNM Exhibit HEM-3, WP REN 3, Column F, Line 9
55									
56	Renewable O&M								
57	Renewable O&M Production	1,796,214	-	1,796,214	1,102,792	25,063	668,359	-	PNM Exhibit HEM-2, WP COS Test, Lines 262, 285, 287, 290, 292
58	Renewable O&M Distribution	458,018	-	458,018	458,018	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 343
59	Renewable O&M A&G	73,243	-	73,243	44,968	1,022	27,253	-	PNM Exhibit HEM-2, WP COS Test, Line 418
60	Total Renewable O&M	2,327,474	-	2,327,474	1,605,777	26,085	695,612	-	
61									
62	Rec Purchases and REC Amortization	21,475,763	-	21,475,763	21,475,763	-	-	-	PNM Exhibit HEM-2, WP COS Test
63									
64	Renewable Depreciation								
65	Production	10,166,254	-	10,166,254	7,525,814	68,173	2,463,974	108,292	PNM Exhibit HEM-2, WP COS Test, Line 431
66	Transmission	-	-	-	-	-	-	-	
67	Distribution Substations	484,393	-	484,393	484,393	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 447
68	Primary Dist System	38,198	-	38,198	38,198	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 449
69	Secondary Dist Systems	12,325	-	12,325	12,325	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 451
70	G&I	545	-	545	545	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 462
71	Total Renewable Depreciation	10,701,715	-	10,701,715	8,061,276	68,173	2,463,974	108,292	
72									
73	Renewable Property Tax								
74	Production	2,870,079	-	2,870,079	1,762,095	40,048	1,067,936	-	PNM Exhibit HEM-2, WP COS Test, Line 482
75	Transmission	-	-	-	-	-	-	-	
76	Distribution Substations	34,569	-	34,569	34,569	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 498
77	Primary Dist System	17,397	-	17,397	17,397	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 500
78	Secondary Dist Systems	6,235	-	6,235	6,235	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 502
79	G&I	238	-	238	238	-	-	-	PNM Exhibit HEM-2, WP COS Test, Line 513
80	Total Renewable Property Taxes	2,928,518	-	2,928,518	1,820,534	40,048	1,067,936	-	
81									
82	Other Taxes	159,001	-	159,001	97,619	2,219	59,163	-	PNM Exhibit HEM-2, WP COS Test, Line 534
83									
84	Renewable Reg Asset Amortization			2,013,082	2,013,082				PNM Exhibit HEM-3, WP REN 3, Column F, Line 24
85									
86	RR Before Rev Tax, Income Tax	51,541,313	371,607	53,926,002	43,485,892	321,199	9,769,641	349,270	



# **WP REN-3**

*Summary Renewable Regulatory Assets*

Line No.	Description	A Base Period	B Base Period Adjustments	C Adj Base Period	D Linkage Period Jun 14 - Jul 15	E Linkage Period Jan 15 - Dec 15	F Test Period	Reference	
1	<b>Renewable Regulatory Asset Balances</b>								
2	Regulatory Asset Associated with the PNM-Owned Facilities	7,452,830	1,604,705	9,057,536	5,717,357	4,115,968	1,198,185	WP REN 2, Line 50	
3	Regulatory Asset Associated with the Prior REC Purchases	4,758,986	1,027,703	5,786,688	3,725,966	2,692,946	705,006	WP REN 2, Line 49	
4	<b>Total Renewable Regulatory Asset Balances</b>	<u>12,211,816</u>	<u>2,632,408</u>	<u>14,844,224</u>	<u>9,443,323</u>	<u>6,808,914</u>	<u>1,903,190</u>		
5									
6	<b>Carrying Charges on Renewable Regulatory Assets</b>								
7	Regulatory Asset Associated with the PNM-Owned Facilities	349,413	-	349,413	221,913	159,658	43,182		
8	Regulatory Asset Associated with the Prior REC Purchases	228,039	-	228,039	145,595	104,274	25,017		
9	<b>Total Carrying Charges on Renewable Regulatory Assets</b>	<u>577,452</u>	<u>-</u>	<u>577,452</u>	<u>367,509</u>	<u>263,933</u>	<u>68,199</u>	WP REN 2, Line 54	
10									
11	<b>Amortization of Renewable Regulatory Assets</b>								
12	Regulatory Asset Associated with the PNM-Owned Facilities	3,287,060	-	3,287,060	3,287,060	2,988,245	2,621,845		
13	Regulatory Asset Associated with the Prior REC Purchases	2,066,039	-	2,066,039	2,066,039	2,066,039	1,659,927		
14	<b>Total Amortization of Renewable Regulatory Assets</b>	<u>5,353,099</u>	<u>-</u>	<u>5,353,099</u>	<u>5,353,099</u>	<u>5,054,284</u>	<u>4,281,772</u>		
15									
16	<b>Amortization Accounted for In Cost of Service Expenses</b>								
17	Regulatory Asset Associated with the PNM-Owned Facilities	906,998	-	906,998	546,740	648,045	608,763		
18	Regulatory Asset Associated with the Prior REC Purchases	2,066,039	-	2,066,039	2,066,039	2,066,039	1,659,927		
19	<b>Total Amortization Accounted for In COS Expenses</b>	<u>2,973,037</u>	<u>-</u>	<u>2,973,037</u>	<u>2,612,779</u>	<u>2,714,084</u>	<u>2,268,690</u>		
20									
21	<b>Other Allowable Amortization Expenses of Renewable Regulatory Assets</b>								
22	Regulatory Asset Associated with the PNM-Owned Facilities	2,380,062	-	2,380,062	2,740,320	2,340,200	2,013,082		
23	Regulatory Asset Associated with the Prior REC Purchases	-	-	-	-	-	-		
24	<b>Total Other Allowable Amortization Expenses of Renewable RA</b>	<u>2,380,062</u>	<u>-</u>	<u>2,380,062</u>	<u>2,740,320</u>	<u>2,340,200</u>	<u>2,013,082</u>	WP OA, Line 3	
25									
26	Note 1 - Renewable Regulatory Balances are based on 13-month averages								
27	Note 2 - Carrying Charges are based on 4% of monthly balances								
28	Note 3 - Amortization Accounted for in Cost of Service Expenses are representative of the amortization booked to O&M, Depreciation, and Various Tax Accounts								

# **WP REN-4**

*Summary of 40 MW Solar*

## WP REN 4 - Summary of 40 MW Facility Specific Items

Line No.	Description	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
1	Gross Plant	40,083,520	79,299,999	79,299,999	79,299,999	79,299,999	79,299,999	79,299,999
2	Accum Reserve	-	(104,174)	(318,530)	(532,885)	(747,241)	(961,596)	(1,175,952)
3	Net Plant	40,083,520	79,195,825	78,981,469	78,767,114	78,552,758	78,338,403	78,124,047
4								
5	ADIT	(2,632,088)	(5,193,634)	(5,791,372)	(6,389,110)	(6,986,849)	(7,584,587)	(8,182,325)
6								
7	Rate Base	37,451,431	74,002,191	73,190,097	72,378,003	71,565,910	70,753,816	69,941,722
8								
9								
10	Depreciation Expense - 2016			214,356	214,356	214,356	214,356	214,356
11								
12	Retail Share Allocator - Test Period Gen Dmd		95.79%					
13	FERC Wholesale Allocator - Test Period Gen Dmd		4.21%					
14								

## WP REN 4 - Summary of 40 MW Facility Specific Items

Line No.	Description	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
1	Gross Plant	79,299,999	79,299,999	79,299,999	79,299,999	79,299,999	79,299,999	79,299,999
2	Accum Reserve	(1,390,307)	(1,604,663)	(1,819,019)	(2,033,374)	(2,247,730)	(2,462,085)	(2,676,441)
3	Net Plant	77,909,692	77,695,336	77,480,981	77,266,625	77,052,269	76,837,914	76,623,558
4								
5	ADIT	(8,780,063)	(9,377,802)	(9,975,540)	(10,573,278)	(11,171,016)	(11,768,754)	(12,366,493)
6								
7	Rate Base	69,129,628	68,317,535	67,505,441	66,693,347	65,881,253	65,069,159	64,257,066
8								
9								
10	Depreciation Expense - 2016	214,356	214,356	214,356	214,356	214,356	214,356	214,356
11								
12	Retail Share Allocator - Test Period Gen Dmd	95.79%						
13	FERC Wholesale Allocator - Test Period Gen Dmd	4.21%						
14								

PNM Exhibit HEM-3  
 WP REN 4 - Summary of 40 MW Facility Specific Items

Line No.	Description	13-month Average	Retail Share	FERC Share
1	Gross Plant	79,299,999	75,961,469	3,338,530
2	Accum Reserve	(1,390,307)	(1,331,776)	(58,532)
3	Net Plant	77,909,692	74,629,694	3,279,998
4				
5	ADIT	(8,780,063)	(8,410,423)	(369,641)
6				
7	Rate Base	69,129,628	66,219,271	2,910,357
8				
9				
10	Depreciation Expense - 2016	2,572,267	2,463,974	108,292
11				
12	Retail Share Allocator - Test Period Gen Dmd	95.79%		
13	FERC Wholesale Allocator - Test Period Gen Dmd	4.21%		
14				

# **WP REN-5**

*Renewable Grant Amortizations*

PNM Exhibit HEM-3  
 WP REN 5 - Summary of Renewable Grant Amortizations

Line No.	Description	A Base Period	B Base Period Adjustments	C Adj Base Period	D Linkage Period Jun 14 - Jul 15	E Linkage Period Jan 15 - Dec 15	F Test Period	Reference
<b>1</b>	<b>Renewable Regulatory Asset Balances</b>							
2	Regulatory Liability Renewables Fed Grant	(21,295,495)	(481,446)	(21,776,941)	(20,814,049)	(20,332,603)	(19,369,711)	WP RA 2, Line 9
3	Regulatory Liability Renewables St Grant	(4,136,761)	(97,020)	(4,233,781)	(4,039,741)	(3,942,721)	(3,748,681)	WP RA 2, Line 10
4	<b>Total Renewable Regulatory Asset Balances</b>	<u>(25,432,256)</u>	<u>(578,466)</u>	<u>(26,010,722)</u>	<u>(24,853,790)</u>	<u>(24,275,324)</u>	<u>(23,118,392)</u>	
5								
<b>6</b>	<b>Amortization of Renewable Regulatory Liabilities</b>							
7	Regulatory Liability Renewables Fed Grant	(962,888)	-	(962,888)	(962,888)	(962,888)	(962,888)	
8	Regulatory Liability Renewables St Grant	(194,040)	-	(194,040)	(194,040)	(194,040)	(194,040)	
9	<b>Total Amortization of Renewable Regulatory Liabilities</b>	<u>(1,156,928)</u>	<u>-</u>	<u>(1,156,928)</u>	<u>(1,156,928)</u>	<u>(1,156,928)</u>	<u>(1,156,928)</u>	
10								
11	Amortization of Renewables Fed Grant	(150,539)	-	(150,539)	(150,539)	(150,539)	(150,539)	
12	<b>Total Amortization of Renewable Regulatory Liabilities</b>	<u>(1,307,467)</u>	<u>-</u>	<u>(1,307,467)</u>	<u>(1,307,467)</u>	<u>(1,307,467)</u>	<u>(1,307,467)</u>	WP OA 1, Line 7

13  
 14 Note 1 - Regulatory Liabilities balances are representative of the period 13-month average

15 Note 2 - Federal Grant Amortization is based on a 25-year straight line amortization, State Grant is based on 25-year straight line amortization

16 for grant related to Production and 10-year straight line amortizations related to DOE Battery

17 Note 3 - Monthly Amortization of the Regulatory Asset Associated with the PNM-Owned Facilities includes \$ (12,545) amortization related to the Renewables Federal Grant



# **WP LA-1**

*PNM Direct - Labor Summary*

Line No.	FERC	A	B	C	D	WP OM-2,	WP OM-3,	WP OM-3, Column		
						Column E	Column I	AB	H	
						Normative Labor		Escalation Adj		
						Adjustment	Adjusted Base	(Column I -	Escalate to Test	
						(Column G -	Period	Column G)	Period	
		Base Period GL	San Juan Labor	Base Period less SJ		Column E)				
O&M										
1	500	4,417,005	4,094,732	322,273	(24,765)	297,508	13,155	310,664		
2	502	4,333,902	4,093,002	240,900	(67,864)	173,036	6,108	179,145		
3	505	4,952,544	3,921,694	1,030,849	268,755	1,299,604	45,876	1,345,480		
4	506	1,573,792	1,529,568	44,224	(2,539)	41,686	1,843	43,529		
5	510	4,976,513	4,862,026	114,486	8,669	123,155	5,446	128,601		
6	510-Renew	2,801		2,801	(2,801)	-	-	-		
7	511	2,611,289	2,202,717	408,573	(67,119)	341,454	12,557	354,011		
8	512	11,959,391	11,803,935	155,456	31,179	186,636	7,043	193,679		
9	513	1,573,563	1,503,576	69,987	(361)	69,626	2,890	72,516		
10	514	1,423,383	1,419,391	3,993	8,123	12,116	536	12,651		
11	517	2,540		2,540	(2,540)	-	-	-		
12	546	554,921		554,921	(34,395)	520,526	23,017	543,543		
13	549-Renew	242		242	(242)	-	-	-		
14	552	3,408		3,408	(3,408)	-	-	-		
15	553	1,535,001	-	1,535,001	(41,626)	1,493,374	52,716	1,546,090		
16	553-Renew	58,380		58,380	6,339	64,719	2,862	67,581		
17	555	(0)		(0)	0	-	-	-		
18	556	1,427,250		1,427,250	430,660	1,857,910	82,154	1,940,064		
19	556-Renew	268,561		268,561	45,548	314,109	13,890	327,998		
20	560	1,226,446		1,226,446	4,196	1,230,642	54,417	1,285,060		
21	561	1,062,001		1,062,001	110,312	1,172,313	51,838	1,224,151		
22	562	113,991		113,991	79,370	193,361	7,845	201,206		
23	563	14,695		14,695	83,853	98,548	3,479	102,027		
24	565	(225)		(225)	225	-	-	-		
25	566	707,527	44	707,483	218,061	925,544	36,167	961,710		
26	568	(6,452)		(6,452)	6,452	-	-	-		
27	569	3,377		3,377	(3,377)	-	-	-		
28	570	1,585,100	77	1,585,023	74,486	1,659,509	60,344	1,719,853		
29	571	255,623		255,623	(57,458)	198,166	7,747	205,912		
30	574	3,348		3,348	(3,348)	-	-	-		
31	580	1,701,992		1,701,992	62,975	1,764,967	76,772	1,841,739		
32	581	(2,417)		(2,417)	2,417	-	-	-		
33	582	74,213		74,213	(18,851)	55,362	2,448	57,810		
34	583	2,094,814		2,094,814	(326,788)	1,768,027	62,593	1,830,620		
35	584	504,129		504,129	(24,732)	479,397	16,923	496,320		
36	584-Renew	197,928		197,928	(187,204)	10,724	474	11,198		
37	585	68,273		68,273	(37,851)	30,423	1,345	31,768		
38	586	2,320,184		2,320,184	228,670	2,548,855	90,942	2,639,797		
39	588	3,969,162		3,969,162	201,225	4,170,387	164,065	4,334,452		
40	590	166,028		166,028	(9,485)	156,542	6,922	163,464		
41	591	1,387		1,387	(1,387)	-	-	-		
42	592	964,785		964,785	(119,420)	845,366	30,619	875,984		
43	593	647,896		647,896	(121,806)	526,090	20,948	547,039		
44	594	707,706		707,706	(230,230)	477,477	17,070	494,546		
45	595	(111)		(111)	111	-	-	-		
46	596	537,332		537,332	(155,301)	382,030	13,691	395,722		
47	597	376,614		376,614	(35,956)	340,658	12,683	353,341		
48	901	117,143		117,143	1,491	118,635	5,246	123,880		
49	902	3,259,293		3,259,293	(30,481)	3,228,812	142,774	3,371,586		
50	903	4,164,105		4,164,105	(69,464)	4,094,641	180,846	4,275,487		
51	906	0		0	(0)	-	-	-		
52	908	672,568		672,568	(1,714)	670,854	29,664	700,518		
53	912	3,336,058		3,336,058	(325,769)	3,010,288	133,111	3,143,400		
54	917	2,456		2,456	(2,456)	-	-	-		
55	920	2,308,624	543,840	1,764,784	910,792	2,675,576	118,311	2,793,886		
56	920-Renew	(88,623)		(88,623)	88,623	-	-	-		
57	925	195		195	35,373	35,568	1,256	36,824		
58	926	(82,911)		(82,911)	82,911	-	-	-		
59	928	242,766		242,766	214,216	456,981	20,207	477,189		
60	935	642,883		642,883	(6,418)	636,465	23,562	660,027		
61	Total	75,544,393	35,974,602	39,569,792	1,187,875	40,757,667	1,664,403	42,422,070		
62										
63	Fuel Handling									
64	501	2,125,600	2,125,600	(0)	0	-	-	-		
65										
66	Total	77,669,993	38,100,201	39,569,792	1,187,875	40,757,667	1,664,403	42,422,070		

Line No.	A Functionalize Labor	B FERC	C Base Period GL	D Renew	E San Juan Labor	F Base Period less SJ	G Normalize Labor Adjustment (Column G - Column E)	H Adjusted Base Period	I Escalation Adj (Column I - Column G)	J Escalate to Test Period
67	Distribution	920	1,163,933			1,163,933	785,872	1,949,805	86,218	2,036,023
68		925	7,218			7,218	28,350	35,568	1,256	36,824
69		926	-			-	-	-	-	-
70		928	196,058			196,058	173,001	369,058	16,319	385,378
71		935	176,923			176,923	(68,485)	108,437	4,191	112,629
72	Transmission									
73		920	20,081			20,081	(4,116)	15,965	706	16,671
74		925	-			-	-	-	-	-
75		926	-			-	-	-	-	-
76		928	2,039			2,039	1,799	3,839	170	4,008
77	Generation	935	465,961			465,961	62,067	528,028	19,370	547,398
78										
79		920	1,124,609	(88,623)	543,840	492,147	217,659	709,806	31,387	741,192
80		925	(7,023)		-	(7,023)	7,023	-	-	-
81		926	(82,911)			(82,911)	82,911	-	-	-
82		928	44,669			44,669	39,416	84,085	3,718	87,803
83		935	-			-	-	-	-	-
84	Total		3,022,935	(88,623)	543,840	2,479,095	1,325,496	3,804,591	163,335	3,967,926
85										

# **WP LA-2**

*PNMR Services - Labor Summary*

Line No.	A Location	B Base Period	C Legal Non- Allowable	D Adjusted Base Period	WP SS-1, Column N	WP SS-1, Column W	G Escalation Adj (Column H - Column F)	H Escalate to Test Period	References
					E Normalize Labor Adjustment (Column F - Column D)	F Adjusted Base Period			
1	911	5,018,211	-	5,018,211	191,709	5,209,920	230,376	5,440,296	
2	912	350,149	-	350,149	(15,933)	334,216	14,779	348,995	
3	914	359,281	-	359,281	(40,005)	319,276	14,118	333,394	
4	924	1,650,237	-	1,650,237	(26,491)	1,623,746	71,800	1,695,546	
5	941	10,807,856	62,801	10,870,656	(4,242)	10,866,414	480,499	11,346,913	
6	942	1,921,129	605	1,921,734	(772,364)	1,149,371	50,824	1,200,194	
7	946	1,791,344	23,936	1,815,279	(105,905)	1,709,374	75,586	1,784,961	
8	947	211,464	51,472	262,935	(45,235)	217,701	9,626	227,327	
9	948	480,417	87	480,504	216,565	697,069	30,824	727,893	
10	951	2,180,768	-	2,180,768	(264,369)	1,916,399	84,741	2,001,140	
11	952	1,726	-	1,726	(1,726)	-	-	-	
12	953	1,277,164	-	1,277,164	(33,449)	1,243,715	54,996	1,298,711	
13	954	551	-	551	(551)	-	-	-	
14	963	503,500	-	503,500	(11,905)	491,595	21,738	513,333	
15	964	82,401	-	82,401	(61,261)	21,141	935	22,075	
16	968	4,223,534	-	4,223,534	256,469	4,480,004	198,100	4,678,104	
17	974	10,532	-	10,532	11,705	22,237	983	23,220	
18	977	551,054	-	551,054	30,464	581,518	25,714	607,232	
19	980	43,876	-	43,876	(6,380)	37,496	1,658	39,154	
20	993	3,063,359	-	3,063,359	94,285	3,157,643	139,627	3,297,270	
22	Total	34,528,552	138,899	34,667,451	(588,618)	34,078,834	1,506,923	35,585,757	PNM Exhibit HEM-3, WP SS-1, Column AD, Line 32

# **WP LA-3**

*PNM Direct Labor Detail - Linkage and Test*



	A	N	O	P	Q	R	S	T	U	V	W	X	Y
Line No.	FERC	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
1	500-Non-Union	25,412	25,412	25,412	25,412	25,412	25,412	25,412	25,412	25,412	25,412	25,412	25,412
2	500-Union	-	-	-	-	-	-	-	-	-	-	-	-
3	501-Non-Union	-	-	-	-	-	-	-	-	-	-	-	-
4	501-Union	-	-	-	-	-	-	-	-	-	-	-	-
5	502-Union	14,708	14,708	14,708	14,708	14,708	14,708	14,708	14,708	14,708	14,708	14,708	14,708
6	505-Union	110,466	110,466	110,466	110,466	110,466	110,466	110,466	110,466	110,466	110,466	110,466	110,466
7	506-Non-Union	3,561	3,561	3,561	3,561	3,561	3,561	3,561	3,561	3,561	3,561	3,561	3,561
8	506-Union	-	-	-	-	-	-	-	-	-	-	-	-
9	510-Non-Union	10,519	10,519	10,519	10,519	10,519	10,519	10,519	10,519	10,519	10,519	10,519	10,519
10	510-Union	-	-	-	-	-	-	-	-	-	-	-	-
11	511-Non-Union	4,824	4,824	4,824	4,824	4,824	4,824	4,824	4,824	4,824	4,824	4,824	4,824
12	511-Union	24,223	24,223	24,223	24,223	24,223	24,223	24,223	24,223	24,223	24,223	24,223	24,223
13	512-Non-Union	4,358	4,358	4,358	4,358	4,358	4,358	4,358	4,358	4,358	4,358	4,358	4,358
14	512-Union	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527
15	513-Non-Union	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140
16	513-Union	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
17	514-Non-Union	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035
18	514-Union	-	-	-	-	-	-	-	-	-	-	-	-
19	546-Non-Union	44,462	44,462	44,462	44,462	44,462	44,462	44,462	44,462	44,462	44,462	44,462	44,462
20	553-Non-Union (All Renewal)	5,528	5,528	5,528	5,528	5,528	5,528	5,528	5,528	5,528	5,528	5,528	5,528
21	553-Union	126,937	126,937	126,937	126,937	126,937	126,937	126,937	126,937	126,937	126,937	126,937	126,937
22	556-Non-Union	158,696	158,696	158,696	158,696	158,696	158,696	158,696	158,696	158,696	158,696	158,696	158,696
23	556-Non-Union (renewable)	26,830	26,830	26,830	26,830	26,830	26,830	26,830	26,830	26,830	26,830	26,830	26,830
24	560-Non-Union	105,117	105,117	105,117	105,117	105,117	105,117	105,117	105,117	105,117	105,117	105,117	105,117
25	561-Non-Union	100,135	100,135	100,135	100,135	100,135	100,135	100,135	100,135	100,135	100,135	100,135	100,135
26	562-Non-Union	9,765	9,765	9,765	9,765	9,765	9,765	9,765	9,765	9,765	9,765	9,765	9,765
27	562-Union	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718
28	563-Union	8,377	8,377	8,377	8,377	8,377	8,377	8,377	8,377	8,377	8,377	8,377	8,377
29	566-Non-Union	33,472	33,472	33,472	33,472	33,472	33,472	33,472	33,472	33,472	33,472	33,472	33,472
30	566-Union	45,362	45,362	45,362	45,362	45,362	45,362	45,362	45,362	45,362	45,362	45,362	45,362
31	570-Non-Union	16,888	16,888	16,888	16,888	16,888	16,888	16,888	16,888	16,888	16,888	16,888	16,888
32	570-Union	124,252	124,252	124,252	124,252	124,252	124,252	124,252	124,252	124,252	124,252	124,252	124,252
33	571-Non-Union	7,196	7,196	7,196	7,196	7,196	7,196	7,196	7,196	7,196	7,196	7,196	7,196
34	571-Union	9,683	9,683	9,683	9,683	9,683	9,683	9,683	9,683	9,683	9,683	9,683	9,683
35	580-Non-Union	138,574	138,574	138,574	138,574	138,574	138,574	138,574	138,574	138,574	138,574	138,574	138,574
36	580-Union	12,124	12,124	12,124	12,124	12,124	12,124	12,124	12,124	12,124	12,124	12,124	12,124
37	582-Non-Union	4,729	4,729	4,729	4,729	4,729	4,729	4,729	4,729	4,729	4,729	4,729	4,729
38	583-Non-Union	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739
39	583-Union	148,551	148,551	148,551	148,551	148,551	148,551	148,551	148,551	148,551	148,551	148,551	148,551
40	584-Non-Union (all Renew)	916	916	916	916	916	916	916	916	916	916	916	916
41	584-Union	40,749	40,749	40,749	40,749	40,749	40,749	40,749	40,749	40,749	40,749	40,749	40,749
42	585-Non-Union	2,599	2,599	2,599	2,599	2,599	2,599	2,599	2,599	2,599	2,599	2,599	2,599
43	586-Non-Union	9,266	9,266	9,266	9,266	9,266	9,266	9,266	9,266	9,266	9,266	9,266	9,266
44	586-Union	207,432	207,432	207,432	207,432	207,432	207,432	207,432	207,432	207,432	207,432	207,432	207,432
45	588-Non-Union	161,378	161,378	161,378	161,378	161,378	161,378	161,378	161,378	161,378	161,378	161,378	161,378
46	588-Union	193,892	193,892	193,892	193,892	193,892	193,892	193,892	193,892	193,892	193,892	193,892	193,892
47	590-Non-Union	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371
48	592-Non-Union	7,446	7,446	7,446	7,446	7,446	7,446	7,446	7,446	7,446	7,446	7,446	7,446
49	592-Union	64,446	64,446	64,446	64,446	64,446	64,446	64,446	64,446	64,446	64,446	64,446	64,446
50	593-Non-Union	22,770	22,770	22,770	22,770	22,770	22,770	22,770	22,770	22,770	22,770	22,770	22,770
51	593-Union	22,059	22,059	22,059	22,059	22,059	22,059	22,059	22,059	22,059	22,059	22,059	22,059
52	594-Non-Union	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057
53	594-Union	38,538	38,538	38,538	38,538	38,538	38,538	38,538	38,538	38,538	38,538	38,538	38,538
54	596-Non-Union	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970
55	596-Union	30,512	30,512	30,512	30,512	30,512	30,512	30,512	30,512	30,512	30,512	30,512	30,512
56	597-Non-Union	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
57	597-Union	22,687	22,687	22,687	22,687	22,687	22,687	22,687	22,687	22,687	22,687	22,687	22,687
58	901-Non-Union	10,133	10,133	10,133	10,133	10,133	10,133	10,133	10,133	10,133	10,133	10,133	10,133
59	902-Non-Union	275,794	275,794	275,794	275,794	275,794	275,794	275,794	275,794	275,794	275,794	275,794	275,794
60	903-Non-Union	347,703	347,703	347,703	347,703	347,703	347,703	347,703	347,703	347,703	347,703	347,703	347,703
61	903-Union	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038
62	908-Non-Union	57,302	57,302	57,302	57,302	57,302	57,302	57,302	57,302	57,302	57,302	57,302	57,302
63	912-Non-Union	257,129	257,129	257,129	257,129	257,129	257,129	257,129	257,129	257,129	257,129	257,129	257,129
64	920-Non-Union	228,539	228,539	228,539	228,539	228,539	228,539	228,539	228,539	228,539	228,539	228,539	228,539
65	925-Union	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023
66	928-Non-Union	39,034	39,034	39,034	39,034	39,034	39,034	39,034	39,034	39,034	39,034	39,034	39,034
67	935-Non-Union	10,482	10,482	10,482	10,482	10,482	10,482	10,482	10,482	10,482	10,482	10,482	10,482
68	935-Union	43,669	43,669	43,669	43,669	43,669	43,669	43,669	43,669	43,669	43,669	43,669	43,669
69	Total	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944	3,474,944
70													
71	Column M = Column B + (Col												
72	Column Z = Column M + (Col												



		WP LA-1, Column H											
		A	Z	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ
		Escalation 2% - Union											
Line No.	FERC	2.5% - Non-Union	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total Test Period	
1	500-Non-Union	312,569	26,047	26,047	26,047	26,047	26,047	26,047	26,047	26,047	26,047	26,047	310,664
2	500-Union	-	-	-	-	-	-	-	-	-	-	-	-
3	501-Non-Union	-	-	-	-	-	-	-	-	-	-	-	-
4	501-Union	-	-	-	-	-	-	-	-	-	-	-	-
5	502-Union	180,027	15,002	15,002	15,002	15,002	15,002	15,002	15,002	15,002	15,002	15,002	179,145
6	505-Union	1,352,108	112,676	112,676	112,676	112,676	112,676	112,676	112,676	112,676	112,676	112,676	1,345,480
7	506-Non-Union	43,796	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	43,529
8	506-Union	-	-	-	-	-	-	-	-	-	-	-	-
9	510-Non-Union	129,390	10,782	10,782	10,782	10,782	10,782	10,782	10,782	10,782	10,782	10,782	128,601
10	510-Union	-	-	-	-	-	-	-	-	-	-	-	-
11	511-Non-Union	59,331	4,944	4,944	4,944	4,944	4,944	4,944	4,944	4,944	4,944	4,944	58,969
12	511-Union	296,495	24,708	24,708	24,708	24,708	24,708	24,708	24,708	24,708	24,708	24,708	295,042
13	512-Non-Union	53,602	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	53,275
14	512-Union	141,095	11,758	11,758	11,758	11,758	11,758	11,758	11,758	11,758	11,758	11,758	140,404
15	513-Non-Union	50,922	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	50,612
16	513-Union	22,012	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	21,904
17	514-Non-Union	12,729	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,651
18	514-Union	-	-	-	-	-	-	-	-	-	-	-	-
19	546-Non-Union	546,878	45,573	45,573	45,573	45,573	45,573	45,573	45,573	45,573	45,573	45,573	543,543
20	553-Non-Union (All Renewat	67,996	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	67,581
21	553-Union	1,553,707	129,476	129,476	129,476	129,476	129,476	129,476	129,476	129,476	129,476	129,476	1,546,090
22	556-Non-Union	1,951,966	162,664	162,664	162,664	162,664	162,664	162,664	162,664	162,664	162,664	162,664	1,940,064
23	556-Non-Union (renewable)	330,011	27,501	27,501	27,501	27,501	27,501	27,501	27,501	27,501	27,501	27,501	327,998
24	560-Non-Union	1,292,944	107,745	107,745	107,745	107,745	107,745	107,745	107,745	107,745	107,745	107,745	1,285,060
25	561-Non-Union	1,231,661	102,638	102,638	102,638	102,638	102,638	102,638	102,638	102,638	102,638	102,638	1,224,151
26	562-Non-Union	120,108	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	119,376
27	562-Union	82,233	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853	81,830
28	563-Union	102,529	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544	102,027
29	566-Non-Union	411,709	34,309	34,309	34,309	34,309	34,309	34,309	34,309	34,309	34,309	34,309	409,198
30	566-Union	555,234	46,269	46,269	46,269	46,269	46,269	46,269	46,269	46,269	46,269	46,269	552,512
31	570-Non-Union	207,727	17,311	17,311	17,311	17,311	17,311	17,311	17,311	17,311	17,311	17,311	206,461
32	570-Union	1,520,848	126,737	126,737	126,737	126,737	126,737	126,737	126,737	126,737	126,737	126,737	1,513,393
33	571-Non-Union	89,511	7,376	7,376	7,376	7,376	7,376	7,376	7,376	7,376	7,376	7,376	87,971
34	571-Union	118,522	9,877	9,877	9,877	9,877	9,877	9,877	9,877	9,877	9,877	9,877	117,941
35	580-Non-Union	1,704,456	142,038	142,038	142,038	142,038	142,038	142,038	142,038	142,038	142,038	142,038	1,694,063
36	580-Union	148,404	12,367	12,367	12,367	12,367	12,367	12,367	12,367	12,367	12,367	12,367	147,676
37	582-Non-Union	58,165	4,847	4,847	4,847	4,847	4,847	4,847	4,847	4,847	4,847	4,847	57,810
38	583-Non-Union	21,394	1,783	1,783	1,783	1,783	1,783	1,783	1,783	1,783	1,783	1,783	21,264
39	583-Union	1,818,269	151,522	151,522	151,522	151,522	151,522	151,522	151,522	151,522	151,522	151,522	1,809,356
40	584-Non-Union (all Renew)	11,267	939	939	939	939	939	939	939	939	939	939	11,198
41	584-Union	498,765	41,564	41,564	41,564	41,564	41,564	41,564	41,564	41,564	41,564	41,564	496,320
42	585-Non-Union	31,963	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	31,768
43	586-Non-Union	113,971	9,498	9,498	9,498	9,498	9,498	9,498	9,498	9,498	9,498	9,498	113,276
44	586-Union	2,538,967	211,581	211,581	211,581	211,581	211,581	211,581	211,581	211,581	211,581	211,581	2,526,521
45	588-Non-Union	1,984,948	165,412	165,412	165,412	165,412	165,412	165,412	165,412	165,412	165,412	165,412	1,972,844
46	588-Union	2,373,241	197,770	197,770	197,770	197,770	197,770	197,770	197,770	197,770	197,770	197,770	2,361,607
47	590-Non-Union	164,467	13,706	13,706	13,706	13,706	13,706	13,706	13,706	13,706	13,706	13,706	163,464
48	592-Non-Union	91,585	7,632	7,632	7,632	7,632	7,632	7,632	7,632	7,632	7,632	7,632	91,026
49	592-Union	788,825	65,735	65,735	65,735	65,735	65,735	65,735	65,735	65,735	65,735	65,735	784,958
50	593-Non-Union	280,066	23,339	23,339	23,339	23,339	23,339	23,339	23,339	23,339	23,339	23,339	278,358
51	593-Union	270,004	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	268,681
52	594-Non-Union	25,307	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	25,152
53	594-Union	471,706	39,309	39,309	39,309	39,309	39,309	39,309	39,309	39,309	39,309	39,309	469,394
54	596-Non-Union	24,236	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	24,089
55	596-Union	373,464	31,122	31,122	31,122	31,122	31,122	31,122	31,122	31,122	31,122	31,122	371,633
56	597-Non-Union	77,491	6,458	6,458	6,458	6,458	6,458	6,458	6,458	6,458	6,458	6,458	77,018
57	597-Union	277,684	23,140	23,140	23,140	23,140	23,140	23,140	23,140	23,140	23,140	23,140	276,323
58	901-Non-Union	124,640	10,387	10,387	10,387	10,387	10,387	10,387	10,387	10,387	10,387	10,387	123,880
59	902-Non-Union	3,892,271	282,689	282,689	282,689	282,689	282,689	282,689	282,689	282,689	282,689	282,689	3,371,586
60	903-Non-Union	4,276,742	356,395	356,395	356,395	356,395	356,395	356,395	356,395	356,395	356,395	356,395	4,250,664
61	903-Union	24,945	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079	24,823
62	908-Non-Union	704,816	58,735	58,735	58,735	58,735	58,735	58,735	58,735	58,735	58,735	58,735	700,518
63	912-Non-Union	3,162,684	263,557	263,557	263,557	263,557	263,557	263,557	263,557	263,557	263,557	263,557	3,143,400
64	920-Non-Union	2,811,027	234,252	234,252	234,252	234,252	234,252	234,252	234,252	234,252	234,252	234,252	2,793,886
65	925-Union	37,005	3,084	3,084	3,084	3,084	3,084	3,084	3,084	3,084	3,084	3,084	36,824
66	928-Non-Union	480,116	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	40,010	477,189
67	935-Non-Union	128,924	10,744	10,744	10,744	10,744	10,744	10,744	10,744	10,744	10,744	10,744	128,138
68	935-Union	534,509	44,542	44,542	44,542	44,542	44,542	44,542	44,542	44,542	44,542	44,542	531,889
69	Total	42,662,984	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	3,555,249	42,422,070

70  
 71 Column M = Column B + (Col  
 72 Column Z = Column M + (Col

# **WP LA-4**

*PNMR Services - Labor Detail - Linkage and Test*

WP LA-4 Normalized Labor: Services

WP LA-2, Column F

	A	B	C	D	E	F	G	H	I	J	K	M	
	Normalized Salary												
	June 20, 2014 PP	Column A * 26 pay											
Line No.	Location	Services	periods	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	2.5% escalation
1	911-EXEC	47,642	1,238,703	103,225	103,225	103,225	103,225	103,225	103,225	103,225	103,225	103,225	1,269,671
2	911-Non-Union	152,739	3,971,216	330,935	330,935	330,935	330,935	330,935	330,935	330,935	330,935	330,935	4,070,497
3	912-Non-Union	12,854	334,216	27,851	27,851	27,851	27,851	27,851	27,851	27,851	27,851	27,851	342,572
4	914-Non-Union	12,280	319,276	26,606	26,606	26,606	26,606	26,606	26,606	26,606	26,606	26,606	327,257
5	924-EXEC	5,093	132,422	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	135,732
6	924-Non-Union	57,359	1,491,325	124,277	124,277	124,277	124,277	124,277	124,277	124,277	124,277	124,277	1,528,608
7	941-EXEC	62,536	1,625,926	135,494	135,494	135,494	135,494	135,494	135,494	135,494	135,494	135,494	1,666,574
8	941-Non-Union	355,403	9,240,488	770,041	770,041	770,041	770,041	770,041	770,041	770,041	770,041	770,041	9,471,500
9	942-Non-Union	44,207	1,149,371	95,781	95,781	95,781	95,781	95,781	95,781	95,781	95,781	95,781	1,178,105
10	946-Non-Union	65,745	1,709,374	142,448	142,448	142,448	142,448	142,448	142,448	142,448	142,448	142,448	1,752,109
11	947-Non-Union	8,373	217,701	18,142	18,142	18,142	18,142	18,142	18,142	18,142	18,142	18,142	223,143
12	948-Non-Union	26,810	697,069	58,089	58,089	58,089	58,089	58,089	58,089	58,089	58,089	58,089	714,496
13	951-Non-Union	73,708	1,916,399	159,700	159,700	159,700	159,700	159,700	159,700	159,700	159,700	159,700	1,964,309
14	953-Non-Union	47,835	1,243,715	103,643	103,643	103,643	103,643	103,643	103,643	103,643	103,643	103,643	1,274,808
15	963-Non-Union	18,908	491,595	40,966	40,966	40,966	40,966	40,966	40,966	40,966	40,966	40,966	503,885
16	964-Non-Union	813	21,141	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	21,669
17	968-EXEC	5,030	130,777	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	134,046
18	968-Non-Union	167,278	4,349,227	362,436	362,436	362,436	362,436	362,436	362,436	362,436	362,436	362,436	4,457,958
19	974-Non-Union	855	22,237	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	22,793
20	977-Non-Union	22,366	581,518	48,460	48,460	48,460	48,460	48,460	48,460	48,460	48,460	48,460	596,056
21	980-Non-Union	1,442	37,496	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	38,433
22	993-Non-Union	121,448	3,157,643	263,137	263,137	263,137	263,137	263,137	263,137	263,137	263,137	263,137	3,236,584
23													
24	<b>Grand Total</b>	<b>1,310,724</b>	<b>34,078,834</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>2,839,903</b>	<b>34,930,805</b>
25													
26	Column M = Column B + (Column B * 2.5%)												
27	Column Z = Column M + (Column M * 2.5%)												

	N	O	P	Q	R	S	T	U	V	W	X	Y	
Line No.	Location	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
1	911-EXEC	105,805.92	105,806	105,806	105,806	105,806	105,806	105,806	105,806	105,806	105,806	105,806	105,806
2	911-Non-Union	339,208	339,208	339,208	339,208	339,208	339,208	339,208	339,208	339,208	339,208	339,208	339,208
3	912-Non-Union	28,548	28,548	28,548	28,548	28,548	28,548	28,548	28,548	28,548	28,548	28,548	28,548
4	914-Non-Union	27,271	27,271	27,271	27,271	27,271	27,271	27,271	27,271	27,271	27,271	27,271	27,271
5	924-EXEC	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
6	924-Non-Union	127,384	127,384	127,384	127,384	127,384	127,384	127,384	127,384	127,384	127,384	127,384	127,384
7	941-EXEC	138,881	138,881	138,881	138,881	138,881	138,881	138,881	138,881	138,881	138,881	138,881	138,881
8	941-Non-Union	789,292	789,292	789,292	789,292	789,292	789,292	789,292	789,292	789,292	789,292	789,292	789,292
9	942-Non-Union	98,175	98,175	98,175	98,175	98,175	98,175	98,175	98,175	98,175	98,175	98,175	98,175
10	946-Non-Union	146,009	146,009	146,009	146,009	146,009	146,009	146,009	146,009	146,009	146,009	146,009	146,009
11	947-Non-Union	18,595	18,595	18,595	18,595	18,595	18,595	18,595	18,595	18,595	18,595	18,595	18,595
12	948-Non-Union	59,541	59,541	59,541	59,541	59,541	59,541	59,541	59,541	59,541	59,541	59,541	59,541
13	951-Non-Union	163,692	163,692	163,692	163,692	163,692	163,692	163,692	163,692	163,692	163,692	163,692	163,692
14	953-Non-Union	106,234	106,234	106,234	106,234	106,234	106,234	106,234	106,234	106,234	106,234	106,234	106,234
15	963-Non-Union	41,990	41,990	41,990	41,990	41,990	41,990	41,990	41,990	41,990	41,990	41,990	41,990
16	964-Non-Union	1,806	1,806	1,806	1,806	1,806	1,806	1,806	1,806	1,806	1,806	1,806	1,806
17	968-EXEC	11,171	11,171	11,171	11,171	11,171	11,171	11,171	11,171	11,171	11,171	11,171	11,171
18	968-Non-Union	371,496	371,496	371,496	371,496	371,496	371,496	371,496	371,496	371,496	371,496	371,496	371,496
19	974-Non-Union	1,899	1,899	1,899	1,899	1,899	1,899	1,899	1,899	1,899	1,899	1,899	1,899
20	977-Non-Union	49,671	49,671	49,671	49,671	49,671	49,671	49,671	49,671	49,671	49,671	49,671	49,671
21	980-Non-Union	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203
22	993-Non-Union	269,715	269,715	269,715	269,715	269,715	269,715	269,715	269,715	269,715	269,715	269,715	269,715
23													
24	Grand Total	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900	2,910,900
25													
26	Column M = Column B + I												
27	Column Z = Column M + (												

WP LA-4 Normalized Labor: Services

Line No.	Location	Z 2.5% escalation =Column N*(Column N*.025)	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	Total Test Period
		Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16			
1	911-EXEC	1,301,413	108,451	108,451	108,451	108,451	108,451	108,451	108,451	108,451	108,451	108,451	1,293,477
2	911-Non-Union	4,172,259	347,688	347,688	347,688	347,688	347,688	347,688	347,688	347,688	347,688	347,688	4,146,819
3	912-Non-Union	351,136	29,261	29,261	29,261	29,261	29,261	29,261	29,261	29,261	29,261	29,261	348,995
4	914-Non-Union	335,439	27,953	27,953	27,953	27,953	27,953	27,953	27,953	27,953	27,953	27,953	333,394
5	924-EXEC	139,125	11,594	11,594	11,594	11,594	11,594	11,594	11,594	11,594	11,594	11,594	138,277
6	924-Non-Union	1,566,823	130,569	130,569	130,569	130,569	130,569	130,569	130,569	130,569	130,569	130,569	1,557,269
7	941-EXEC	1,708,238	142,353	142,353	142,353	142,353	142,353	142,353	142,353	142,353	142,353	142,353	1,697,822
8	941-Non-Union	9,708,288	809,024	809,024	809,024	809,024	809,024	809,024	809,024	809,024	809,024	809,024	9,649,091
9	942-Non-Union	1,207,557	100,630	100,630	100,630	100,630	100,630	100,630	100,630	100,630	100,630	100,630	1,200,194
10	946-Non-Union	1,795,912	149,659	149,659	149,659	149,659	149,659	149,659	149,659	149,659	149,659	149,659	1,784,961
11	947-Non-Union	228,722	19,060	19,060	19,060	19,060	19,060	19,060	19,060	19,060	19,060	19,060	227,327
12	948-Non-Union	732,358	61,030	61,030	61,030	61,030	61,030	61,030	61,030	61,030	61,030	61,030	727,893
13	951-Non-Union	2,013,417	167,785	167,785	167,785	167,785	167,785	167,785	167,785	167,785	167,785	167,785	2,001,140
14	953-Non-Union	1,306,678	108,890	108,890	108,890	108,890	108,890	108,890	108,890	108,890	108,890	108,890	1,298,711
15	963-Non-Union	516,482	43,040	43,040	43,040	43,040	43,040	43,040	43,040	43,040	43,040	43,040	513,333
16	964-Non-Union	22,211	1,851	1,851	1,851	1,851	1,851	1,851	1,851	1,851	1,851	1,851	22,075
17	968-EXEC	137,397	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	136,559
18	968-Non-Union	4,569,407	380,784	380,784	380,784	380,784	380,784	380,784	380,784	380,784	380,784	380,784	4,541,544
19	974-Non-Union	23,362	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	1,947	23,220
20	977-Non-Union	610,957	50,913	50,913	50,913	50,913	50,913	50,913	50,913	50,913	50,913	50,913	607,232
21	980-Non-Union	39,394	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	39,154
22	993-Non-Union	3,317,499	276,458	276,458	276,458	276,458	276,458	276,458	276,458	276,458	276,458	276,458	3,297,270
23													
24	<b>Grand Total</b>	<b>35,804,075</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>2,983,673</b>	<b>35,585,757</b>
25													
26	Column M = Column B + I												
27	Column Z = Column M + J												

# **WP LA-5**

*PNM Direct - Labor Normalization calc*

Line No.	FERC	A		B	C	D	E	F
		PNM Labor	San Juan Labor	San Juan Labor	Total Labor less San Juan	Column C * 26 Normalized Labor	Adj for Luna Participant Credit	Base Period Normalized Labor
1	500-Non Union	167,305	155,862		11,443	297,508	-	297,508
2	500-Union	239	239		-	-	-	-
3	501-Non Union	3,226	3,226		-	-	-	-
4	501-Union	30,582	30,582		-	-	-	-
5	502-Union	208,867	202,212		6,655	173,036	-	173,036
6	505-Union	193,577	143,593		49,985	1,299,604	-	1,299,604
7	506-Non Union	58,972	57,368		1,603	41,686	-	41,686
8	506-Union	443	443		-	-	-	-
9	510-Non Union	159,265	154,528		4,737	123,155	-	123,155
10	510-Union	2,175	2,175		-	-	-	-
11	511-Non Union	2,760	588		2,172	56,472	-	56,472
12	511-Union	109,937	98,976		10,961	284,982	-	284,982
13	512-Non Union	55,904	53,942		1,962	51,019	-	51,019
14	512-Union	405,713	400,497		5,216	135,617	-	135,617
15	513-Non Union	2,217	353		1,864	48,468	-	48,468
16	513-Union	25,994	25,180		814	21,157	-	21,157
17	514-Non Union	466	45,672	(45,206)	(1,175,366)	-	-	(1,175,366)
18	514-Union	45,672		45,672	1,187,482	-	-	1,187,482
19	546-Non Union	20,020		20,020	520,526	-	-	520,526
20	553-Non Union	2,489		2,489	64,719	-	-	64,719
21	553-Union	57,437		57,437	1,493,374	-	-	1,493,374
22	556-Non Union	92,413		92,413	2,402,742	230,724	-	2,172,018
23	560-Non Union	47,332		47,332	1,230,642	-	-	1,230,642
24	561-Non Union	45,089		45,089	1,172,313	-	-	1,172,313
25	562-Non Union	4,397		4,397	114,321	-	-	114,321
26	562-Union	3,040		3,040	79,040	-	-	79,040
27	563-Union	3,790		3,790	98,548	-	-	98,548
28	566-Non Union	15,072		15,072	391,870	-	-	391,870
29	566-Union	20,526		20,526	533,673	-	-	533,673
30	570-Non Union	7,605		7,605	197,718	-	-	197,718
31	570-Union	56,223		56,223	1,461,792	-	-	1,461,792
32	571-Non Union	3,240		3,240	84,246	-	-	84,246
33	571-Union	4,382		4,382	113,920	-	-	113,920
34	580-Non Union	62,397		62,397	1,622,326	-	-	1,622,326
35	580-Union	5,486		5,486	142,641	-	-	142,641
36	582-Non Union	2,129		2,129	55,362	-	-	55,362
37	583-Non Union	783		783	20,363	-	-	20,363
38	583-Union	67,218		67,218	1,747,664	-	-	1,747,664
39	584-Non Union	412		412	10,724	-	-	10,724
40	584-Union	18,438		18,438	479,397	-	-	479,397
41	585-Non Union	1,170		1,170	30,423	-	-	30,423
42	586-Non Union	4,172		4,172	108,479	-	-	108,479
43	586-Union	93,861		93,861	2,440,376	-	-	2,440,376
44	588-Non Union	72,665		72,665	1,889,302	-	-	1,889,302
45	588-Union	87,734		87,734	2,281,085	-	-	2,281,085
46	590-Non Union	6,021		6,021	156,542	-	-	156,542
47	592-Non Union	3,353		3,353	87,172	-	-	87,172
48	592-Union	29,161		29,161	758,194	-	-	758,194
49	593-Non Union	10,253		10,253	266,570	-	-	266,570
50	593-Union	9,982		9,982	259,520	-	-	259,520
51	594-Non Union	926		926	24,087	-	-	24,087
52	594-Union	17,438		17,438	453,390	-	-	453,390
53	596-Non Union	887		887	23,069	-	-	23,069
54	596-Union	13,806		13,806	358,962	-	-	358,962
55	597-Non Union	2,837		2,837	73,757	-	-	73,757
56	597-Union	10,265		10,265	266,901	-	-	266,901
57	901-Non Union	4,563		4,563	118,635	-	-	118,635
58	902-Non Union	124,185		124,185	3,228,812	-	-	3,228,812
59	903-Non Union	156,564		156,564	4,070,665	-	-	4,070,665
60	903-Union	922		922	23,976	-	-	23,976
61	908-Non Union	25,802		25,802	670,854	-	-	670,854
62	912-Non Union	115,780		115,780	3,010,288	-	-	3,010,288
63	920-Non Union	118,207	15,300	102,907	2,675,576	-	-	2,675,576
64	925-Union	1,368		1,368	35,568	-	-	35,568
65	928-Non Union	17,576		17,576	456,981	-	-	456,981
66	935-Non Union	4,720		4,720	122,712	-	-	122,712
67	935-Union	19,760		19,760	513,754	-	-	513,754
68	Total	2,967,211	1,390,735	1,576,477	40,988,391	230,724	-	40,757,666

# **WP LA-6**

*Payroll Tax Calculation – Shared Services*



PNM Exhibit HEM-3  
 WP LA-6 Payroll Taxes Adjusted Shared Services Summary

Line No.	Location	Linkage Jul-14 - Jun-15				Linkage Jan-14 - Dec-15				Test Period				Total Test Period Payroll Taxes	References		
		Total Labor	FICA	FUTA	SUTA	Payroll Taxes	Total Labor	FICA	FUTA	SUTA	Payroll Taxes	Total Labor	FICA			FUTA	SUTA
1	911	5,242,482	336,043	19,397	31,455	386,895	5,307,606	340,218	19,638	31,846	391,701	5,440,296	348,723	20,129	48,963	417,815	
2	912	336,305	21,557	1,244	2,018	24,819	340,483	21,825	1,260	2,043	25,128	348,995	22,371	1,291	3,141	26,803	
3	914	321,271	20,593	1,189	1,928	23,710	325,262	20,849	1,203	1,952	24,004	333,394	21,371	1,234	3,001	25,605	
4	924	1,633,895	104,733	6,045	9,803	120,581	1,654,192	106,034	6,121	9,925	122,079	1,695,546	108,685	6,274	15,260	130,218	
5	941	10,934,329	700,890	40,457	65,606	806,953	11,070,159	709,597	40,960	66,421	816,978	11,346,913	727,337	41,984	102,122	871,443	
6	942	1,156,554	74,135	4,279	6,939	85,354	1,170,921	75,056	4,332	7,026	86,414	1,200,194	76,932	4,441	10,802	92,175	
7	946	1,720,058	110,256	6,364	10,320	126,940	1,741,425	111,625	6,443	10,449	128,517	1,784,961	114,416	6,604	16,065	137,085	
8	947	219,061	14,042	811	1,314	16,167	221,782	14,216	821	1,331	16,368	227,327	14,572	841	2,046	17,459	
9	948	701,426	44,961	2,595	4,209	51,765	710,139	45,520	2,628	4,261	52,408	727,893	46,658	2,693	6,551	55,902	
10	951	1,928,377	123,609	7,135	11,570	142,314	1,952,332	125,144	7,224	11,714	144,082	2,001,140	128,273	7,404	18,010	153,688	
11	953	1,251,488	80,220	4,631	7,509	92,360	1,267,035	81,217	4,688	7,602	93,507	1,298,711	83,247	4,805	11,688	99,741	
12	963	494,667	31,708	1,830	2,968	36,506	500,812	32,102	1,853	3,005	36,960	513,333	32,905	1,899	4,620	39,424	
13	964	21,273	1,364	79	128	1,570	21,537	1,381	80	129	1,589	22,075	1,415	82	199	1,695	
14	968	4,508,004	288,963	16,680	27,048	332,691	4,564,004	292,553	16,887	27,384	336,823	4,678,104	299,866	17,309	42,103	359,278	
15	974	22,376	1,434	83	134	1,651	22,654	1,452	84	136	1,672	23,220	1,488	86	209	1,783	
16	977	585,152	37,508	2,165	3,511	43,184	592,421	37,974	2,192	3,555	43,721	607,232	38,924	2,247	5,465	46,635	
17	980	37,730	2,419	140	226	2,784	38,199	2,449	141	229	2,819	39,154	2,510	145	352	3,007	
18	993	3,177,379	203,670	11,756	19,064	234,491	3,216,849	206,200	11,902	19,301	237,403	3,297,270	211,355	12,200	29,675	253,230	
19																	
20	Total	34,291,827	2,198,106	126,880	205,751	2,530,737	34,717,812	2,225,412	128,456	208,307	2,562,175	35,585,757	2,281,047	131,667	320,272	2,732,986	PNM Exhibit HEM-3 WP SS-8
21																	
22		FICA Tax = Column A * 6.41%				FICA Tax = Column F * 6.41%				FICA Tax = Column K * 6.41%							
23		FUTA Tax = Column A * 0.37%				FUTA Tax = Column F * 0.37%				FUTA Tax = Column K * 0.37%							
24		SUTA Tax = Column A * 0.60%				SUTA Tax = Column F * 0.60%				SUTA Tax = Column K * 0.90%							

# **WP LA-7**

*Payroll Tax Calculation - Direct*

PNM Exhibit HEM-3  
 WP LA-7 Payroll Taxes Direct

Line No.	Functionality	Linkage Jul-14 - Jun-15				Total Linkage Jul- 14 -Jun-15	Linkage Jan-14 - Dec-15				Total Linkage Jan- 15 - Dec-15	Test				Total Test Period Payroll Taxes	References
		Total Labor	FICA	FUTA	SUTA		Total Labor	FICA	FUTA	SUTA		Total Labor	FICA	FUTA	SUTA		
1	Production	8,838,218	566,530	32,701	53,029	652,260	8,939,543	573,025	33,076	53,637	659,738	9,145,737	586,242	33,839	82,312	702,393	
2	Transmission	7,866,723	504,257	29,107	47,200	580,564	7,957,610	510,083	29,443	47,746	587,272	8,142,587	521,940	30,128	73,283	625,351	
3	Distribution	24,288,141	1,556,870	89,866	145,729	1,792,465	24,566,759	1,574,729	90,897	147,401	1,813,027	25,133,746	1,611,073	92,995	226,204	1,930,272	
4	Total	40,993,082	2,627,657	151,674	245,958	3,025,289	41,463,912	2,657,837	153,416	248,783	3,060,037	42,422,070	2,719,255	156,962	381,799	3,258,015	PNM Exhibit HEM-3 WP GT-3, Column B, Line 4
5																	
6	FICA Tax = Column A * 6.41%						FICA Tax = Column F * 6.41%					FICA Tax = Column K * 6.41%					
7	FUTA Tax = Column A * 0.37%						FUTA Tax = Column F * 0.37%					FUTA Tax = Column K * 0.37%					
8	SUTA Tax = Column A * 0.60%						SUTA Tax = Column F * 0.60%					SUTA Tax = Column K * 0.90%					
9																	

# **WP RC-1**

*Summary of Revenue Credits*

PNM Exhibit HEM-3  
 WP RC-1: Summary of Revenue Credits

	A	B	C	D	E	F	G	H	I	
						Note 1 Remove	WP RC-2	WP RC-3		
Line No.	Description	Base Period	WP SS-4, Shared Service Revenue	Adjusted Base Period	Escalation Adjustment	Transmission Redispatch	Misc. Service Charge Adj	Economy Service Revenue Credit	Test Period Revenue	Reference
1	Sale of SO2 Credits	(4)	-	(4)					(4)	
2	Rent For Electric Property Transmission	(414,893)	-	(414,893)	(6,223)				(421,116)	
3	Rent for Electric Property - Distribution	(4,540,940)	-	(4,540,940)	(68,114)				(4,609,054)	
4	Late Payment Charges	(949,353)	-	(949,353)	(14,240)				(963,593)	
5	Misc Service Charge Revenue	(1,062,708)	-	(1,062,708)			(436,625)		(1,499,333)	
6	Other Retail Revenue - Transmission	(18,783)	-	(18,783)	(282)				(19,065)	
7	Other Retail Revenue - Distribution	(391,236)	-	(391,236)	(5,869)				(397,105)	
8	Generation Ancillary Services Credit	(2,224,768)	-	(2,224,768)	(33,372)				(2,258,139)	
9	Real Power Losses (Financial)	(494,584)	-	(494,584)	(7,419)				(502,003)	
10	Transmission redispatch contract revenues	(407,782)	-	(407,782)		407,782			-	
11	Ancillary Services-Sch 1 Transmission	(430,039)	-	(430,039)	(6,451)				(436,490)	
12	Ancillary Services-Sch 2-5	(2,243,392)	-	(2,243,392)	(33,651)				(2,277,043)	
13	Ancillary Services-Sch 1 ST PTP	(35,837)	-	(35,837)	(538)				(36,375)	
14	Economy Service Customer Revenue Credits	(4,330,871)	-	(4,330,871)				(482,551)	(4,813,422)	
15	Co 7 Revenue		(112,042)	(112,042)	(1,681)				(113,723)	
16									-	
17									-	
18	<b>Total Revenue Credits</b>	(17,545,192)	(112,042)	(17,657,234)	(177,838)	407,782	(436,625)	(482,551)	(18,346,465)	PNM Exhibit HEM-2 COS TEST ADJ, Line 684
19										
20	Escalation Rate	1.50%								
21	Periods of Escalation (years)	1.00								
22	Column E = Column D * line 20, column B (escalation rate)									
23										
24	Note 1: The Transmission redispatch contract was not renewed, and therefore, no revenue credits are forecasted in the test period.									

# **WP RC-2**

*Summary of Misc. Service Charges*

PNM Exhibiht HEM-3

WP RC-2: Summary of Misc Service Charges

Line No.	Description	A	B	C	D	E	F
		Base Period	Adjustments for Changes to Rate 16	Escalation For Misc Service Charges Not Proposed to Change	Adjustments to Base Period	Test Period Revenue Credits	
1	Returned Checks	(89,117)	(240,058)	-	(240,058)	(329,175)	
2	Elec Coll Charge	(109,890)	(5,852)	-	(5,852)	(115,742)	
3	Elec Conn Chg after hours	(10)	(10)	-	(10)	-	
4	Elc conn Chg normal hours	(704,106)	67,606	-	67,606	(636,500)	
5	Elec meter test charge	(21)	-	(1)	(1)	(22)	
6	Elec Temp serv chg oh	(39,127)	-	(1,183)	(1,183)	(40,309)	
7	Elec serv chg ug	(62,193)	-	(1,880)	(1,880)	(64,072)	
8	Late payment charge	(47)	-	(1)	(1)	(49)	
9	Elec Meter Tampering Charge	(57,972)	(5,228)	-	(5,228)	(63,200)	
10	Miscellaneous	(225)	-	(7)	(7)	(232)	
11							
12							
13	<b>New Fees under Rider 16 propsed changes</b>						
14	OMR Meter installation	-	(33,312)	-	(33,312)	(33,312)	
15	Reconnect at Pole	-	(43,296)	-	(43,296)	(43,296)	
16	Reconnect (DNP)	-	(173,404)	-	(173,404)	(173,404)	
17	<b>Total</b>	(1,062,708)	(433,553)	(3,071)	(436,625)	(1,499,313)	
18							

# **WP RC-3**

*Summary of Economy Service Customer Revenue Credit*



**PNM Exhibit HEM-3**

**WP RC-3: Summary of Economy Service Customer Revenue Credit**

	<b>A</b>	<b>B</b>	<b>C</b>
Line No.	Description	Base Period	Test Period Revenue
1	Economy Service Customer Cost of Energy	33,092,556	36,289,323
2	Economy Service Customer Revenue	(37,423,427)	(41,102,745)
3	<b>Net Revenue Credit to Retail</b>	<b>(4,330,871)</b>	<b>(4,813,422)</b>
4	<i>(Line 1 + Line 2)</i>		
5	Change is Revenue Credit from Base to Test		<u>(482,551)</u>
6	<i>(Line 3, Column C - Line 3, Column B)</i>		<u><u>(482,551)</u></u>

Calculation of Retirements - Capital

# PNM Exhibit HEM-4

Is contained in the following 11 pages.

PNM Exhibit HEM-4  
 Retirement Contra Funding Project Summary

Line No.	Utility Account	Operating Unit	FERC	A	B	C	D	E	F
				2014 Retirements	2015 Retirements	2016 Retirements	2014 Semiannual Retirement Rate (1)	2015 Semiannual Retirement Rate (1)	2016 Semiannual Retirement Rate (1)
<b>1 Retirement Rates - Actual Projected Retirement</b>									
<b>2 General Plant</b>									
3	Office furniture and equipment	BPB	391	(2,775,193)	(59,899)	(52,962)	(1,387,596)	(29,950)	(26,481)
4	Office furniture and equipment	DC1	391	(38,017)	(20,436)	(696,511)	(19,008)	(10,218)	(348,256)
5	Office furniture and equipment	DC34	391	-	-	(12,210)	-	-	(6,105)
6	Stores equipment	DC1	393	-	(3,455)	(5,847)	-	(1,727)	(2,924)
7	Tools, shop and garage equipment	BPB	394	(82,204)	-	-	(41,102)	-	-
8	Tools, shop and garage equipment	DC1	394	(110,938)	(252,820)	(317,534)	(55,469)	(126,410)	(158,767)
9	Laboratory equipment	TC2	394	-	-	(105,500)	-	-	(52,750)
10	Laboratory equipment	DC1	395	-	-	(12,341)	-	-	(6,171)
11	Communication equipment	BPB	397	(123,553)	(68,119)	(643)	(61,776)	(34,059)	(322)
12	Communication equipment	DC1	397	(81,486)	(91,928)	(491,555)	(40,743)	(45,964)	(245,778)
13	Communication equipment	TC2	397	-	(1,827,308)	(2,856,568)	-	(913,654)	(1,428,284)
14	Miscellaneous equipment	DC1	398	-	-	(47,707)	-	-	(23,854)
15	<b>Total General Plant</b>						<b>(1,605,695)</b>	<b>(1,161,983)</b>	<b>(2,299,690)</b>

**Notes:**

(1) Semiannual rates are applied in June and December

**Operating Unit Abbreviations**

- AGS - Afton Generating Station (Location 707)
- BPB - Bulk Power Building (Location 357)
- DC1 - Distribution (Company 1)
- DC34 - Distribution (Company 34)
- FCGS - Four Corners Generating Station (Location 715)
- LGS - Lordsburg Generating Station (Location 703)
- PVNGS1 - Palo Verde Nuclear Generating Station (Location 721)
- PVNGS2 - Palo Verde Nuclear Generating Station (Location 722)
- PVNGS3 - Palo Verde Nuclear Generating Station (Location 723)
- PVNGS4 - Palo Verde Nuclear Generating Station (Location 724)
- RGS - Reeves Generating Station (Location 713)
- SGS1 - San Juan Generating Station (Location 761)
- SGS2 - San Juan Generating Station (Location 762)
- SGS3 - San Juan Generating Station (Location 763)
- SGS4 - San Juan Generating Station (Location 764)
- SGS5 - San Juan Generating Station (Location 765)
- SGS6 - San Juan Generating Station (Location 766)
- SGS7 - San Juan Generating Station (Location 767)
- SJS - San Juan Switchyard (Location 779)
- TC2 - Transmission (Company 2)
- TC35 - Transmission (Company 35)

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account	Operatin	FERC	A 2012 Retirements	B 2013 Retirements	C Annual Average	D Monthly Retirement
<b>1</b>	<b>Retirement Rates - 2 Year Historic Average Rate</b>						
2	<u>Transmission Plant</u>						
3	Structures and improvements	TC2	352	(11,564)	-	(5,782)	(482)
4	Station equipment	TC2	353	(942,622)	(1,056,148)	(999,385)	(83,282)
5	Station equipment	TC35	353	(1,351)	(26,577)	(13,964)	(1,164)
6	Poles and fixtures	TC2	355	(234,876)	(165,192)	(200,034)	(16,669)
7	Poles and fixtures	TC35	355	(3,201)	(29,070)	(16,135)	(1,345)
8	Overhead conductors and devices	TC2	356	(100,183)	(1,473)	(50,828)	(4,236)
9	Overhead conductors and devices	TC35	356	(110)	-	(55)	(5)
<b>10</b>	<b>Total Transmission Plant</b>						<b><u>(107,182)</u></b>
10	<u>Distribution Plant</u>						
11	Structures and improvements	DC1	361	(33,148)	(11,713)	(22,431)	(1,869)
12	Station equipment	DC1	362	(457,799)	(97,990)	(277,894)	(23,158)
13	Station equipment	DC34	362	-	(97)	(48)	(4)
14	Poles, towers and fixtures	DC1	364	(385,014)	(233,765)	(309,390)	(25,782)
15	Poles, towers and fixtures	DC34	364	(104,792)	(190,545)	(147,669)	(12,306)
16	Overhead conductors and devices	DC1	365	(297,926)	(151,168)	(224,547)	(18,712)
17	Overhead conductors and devices	DC34	365	(35,127)	(49,802)	(42,465)	(3,539)
18	Underground conduit	DC1	366	(37,222)	(54,626)	(45,924)	(3,827)
19	Underground conductors and devices	DC1	367	(470,555)	(347,298)	(408,926)	(34,077)
20	Line transformers	DC1	368	(2,063,293)	(846,751)	(1,455,022)	(121,252)
21	Line transformers	DC34	368	(37,359)	(170,976)	(104,168)	(8,681)
22	Services	DC1	369	(122,045)	(41,936)	(81,990)	(6,833)
23	Services	DC34	369	(35,861)	(140,106)	(87,983)	(7,332)
24	Meters	DC1	370	(1,156,047)	(780,069)	(968,058)	(80,672)
25	Meters	DC34	370	(80,131)	(155,746)	(117,939)	(9,828)
26	Installations on customers' premises	DC1	371	(17,413)	(16,342)	(16,877)	(1,406)
27	Street lighting and signal systems	DC1	373	(120,469)	(111,280)	(115,874)	(9,656)
28	Street lighting and signal systems	DC34	373	(26,108)	(54,430)	(40,269)	(3,356)
<b>29</b>	<b>Total Distribution Plant</b>						<b><u>(372,290)</u></b>

**Notes:**

Refer to page 1 for operating unit abbreviations key

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account	Operating Unit	FERC	A	B	C	D	E	F	G
				2009 Retirements	2010 Retirements	2011 Retirements	2012 Retirements	2013 Retirements	Annual Average Retirements	Quarterly Retirement Rate (1)
1	Retirement Rates - 5 Year Historic Average Rate									
2	Steam Production Plant									
3	Structures and improvements	FCGS	311	-	-	(1,978)	-	(14,130)	(3,222)	(805)
4	Structures and improvements	RGS	311	-	(24,459)	-	(126,824)	(194,249)	(69,106)	(17,277)
5	Structures and improvements	SJGS1	311	(6,594)	-	(26,912)	-	(152,680)	(37,237)	(9,309)
6	Structures and improvements	SJGS4	311	-	-	-	(2,188)	(136,234)	(27,684)	(6,921)
7	Structures and improvements	SJGS5	311	(1,961)	-	-	-	-	(392)	(98)
8	Structures and improvements	SJGS6	311	(11,635)	(60,477)	(51,381)	(66,123)	(319,800)	(101,883)	(25,471)
9	Structures and improvements	SJGS7	311	-	-	-	-	(2,093)	(419)	(105)
10	Boiler plant equipment	FCGS	312	(165,640)	(1,384,357)	(729,300)	(1,989,014)	(499,490)	(953,560)	(238,390)
11	Boiler plant equipment	RGS	312	-	(1,138,749)	(2,077,223)	(150,874)	(1,304,619)	(934,293)	(233,573)
12	Boiler plant equipment	SJGS1	312	(2,442,410)	(821,826)	(2,382,220)	(255,988)	228,046	(1,134,880)	(283,720)
13	Boiler plant equipment	SJGS4	312	-	(5,416,191)	(485,799)	(1,024,540)	(2,557,202)	(1,896,746)	(474,187)
14	Boiler plant equipment	SJGS5	312	(4,953)	-	(34,700)	(4,816)	(17,616)	(12,417)	(3,104)
15	Boiler plant equipment	SJGS6	312	(16,900)	(47,789)	(229,987)	(355,201)	(121,802)	(154,336)	(38,584)
16	Boiler plant equipment	SJGS7	312	(30,000)	(6,668)	(21,847)	(6,955)	(49,129)	(22,920)	(5,730)
17	Turbogenerator units	FCGS	314	(368,030)	(301,387)	(342,905)	(245,999)	(104,780)	(272,620)	(68,155)
18	Turbogenerator units	RGS	314	-	(280,323)	(407,425)	(198,866)	(37,633)	(184,849)	(46,212)
19	Turbogenerator units	SJGS1	314	(7,411,650)	-	(2,065,335)	(74,137)	80,483	(1,894,128)	(473,532)
20	Turbogenerator units	SJGS4	314	(12,000)	(9,032,642)	(507,258)	(2,300,165)	1,116,654	(2,147,082)	(536,771)
21	Turbogenerator units	SJGS5	314	(2,707)	(42,667)	-	-	19,400	(5,195)	(1,299)
22	Turbogenerator units	SJGS6	314	(84,385)	-	-	(461,427)	39,037	(101,355)	(25,339)
23	Turbogenerator units	SJGS7	314	-	-	-	-	(20,267)	(4,053)	(1,013)
24	Accessory electric equipment	FCGS	315	(15,321)	(89,617)	-	(18,991)	(9,100)	(26,606)	(6,651)
25	Accessory electric equipment	RGS	315	-	(164,423)	(32,733)	-	(105,951)	(60,621)	(15,155)
26	Accessory electric equipment	SJGS1	315	(219,329)	(22,085)	(1,016,560)	(3,165)	(78,826)	(267,993)	(66,998)
27	Accessory electric equipment	SJGS4	315	-	-	-	-	(70,486)	(14,097)	(3,524)
28	Accessory electric equipment	SJGS5	315	-	-	(26,820)	-	-	(5,364)	(1,341)
29	Accessory electric equipment	SJGS6	315	-	-	-	-	(12,765)	(2,553)	(638)
30	Miscellaneous powerplant equipment	FCGS	316	(22,621)	(4,694)	-	(2,746)	(12,133)	(8,439)	(2,110)
31	Miscellaneous powerplant equipment	RGS	316	-	-	-	-	(677,242)	(135,448)	(33,862)
32	Miscellaneous powerplant equipment	SJGS1	316	-	-	(189)	-	(9,134)	(1,865)	(466)
33	Miscellaneous powerplant equipment	SJGS6	316	-	(16,245)	-	-	-	(3,249)	(812)
34	<b>Total Steam Production Plant</b>									<b>(2,621,153)</b>

Notes:

Refer to page 1 for operating unit abbreviations key

(1) Quarterly rates are applied in March, June, September and November

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account	Operating Unit	FERC	A	B	C	D	E	F	G
				2009 Retirements	2010 Retirements	2011 Retirements	2012 Retirements	2013 Retirements	Annual Average Retirements	Quarterly Retirement Rate (1)
1	<u>Nuclear Production Plant</u>									
2	Structures and improvements	PVNGS1	321	-	(26,721)	(1,478)	(4,850)	(2,126)	(7,035)	(1,759)
3	Structures and improvements	PVNGS2	321	-	(18,803)	(623)	(1,109)	(1,954)	(4,498)	(1,124)
4	Structures and improvements	PVNGS3	321	(2,924)	(25,411)	-	(20,888)	-	(9,845)	(2,461)
5	Structures and improvements	PVNGS4	321	(968,632)	(274,657)	(48,673)	(246,825)	(917,342)	(491,226)	(122,806)
6	Reactor plant equipment	PVNGS1	322	(315,953)	(209,487)	(6,158)	(72,290)	(260,955)	(172,969)	(43,242)
7	Reactor plant equipment	PVNGS2	322	(32,668)	(338,473)	(128,614)	(3,030)	(56,235)	(111,804)	(27,951)
8	Reactor plant equipment	PVNGS3	322	(396,913)	(86,000)	(1,030,578)	(7,842)	(123,020)	(328,871)	(82,218)
9	Reactor plant equipment	PVNGS4	322	(0)	-	-	-	(2,027)	(405)	(101)
10	Turbogenerator units	PVNGS1	323	(275,056)	(281,202)	-	(17,041)	(72,066)	(129,073)	(32,268)
11	Turbogenerator units	PVNGS2	323	(261,379)	(233,968)	(8,144)	(6,257)	(122,642)	(126,478)	(31,619)
12	Turbogenerator units	PVNGS3	323	(520,225)	(24,129)	(211,047)	(108,877)	(301,032)	(233,062)	(58,266)
13	Turbogenerator units	PVNGS4	323	-	(1,376)	-	-	-	(275)	(69)
14	Accessory electric equipment	PVNGS1	324	-	(59,594)	-	(433)	-	(12,005)	(3,001)
15	Accessory electric equipment	PVNGS2	324	(35,715)	(377,724)	(3,480)	(173)	(57,307)	(94,880)	(23,720)
16	Accessory electric equipment	PVNGS3	324	(11,246)	-	(20,909)	-	(22,588)	(10,949)	(2,737)
17	Accessory electric equipment	PVNGS4	324	(17,010)	(55,305)	(43,588)	(46,400)	(60,156)	(44,492)	(11,123)
18	Miscellaneous powerplant equipment	PVNGS1	325	-	(8,363)	-	(255)	(1,725)	(2,069)	(517)
19	Miscellaneous powerplant equipment	PVNGS2	325	(3,192)	-	-	-	(646)	(768)	(192)
20	Miscellaneous powerplant equipment	PVNGS3	325	-	(1,902)	-	-	-	(380)	(95)
21	Miscellaneous powerplant equipment	PVNGS4	325	(118,832)	(128,523)	(35,299)	(15,959)	(518,517)	(163,426)	(40,856)
22	<b>Total Nuclear Production Plant</b>									<b>(486,127)</b>
23	<u>Other Production Plant</u>									
24	Structures and improvements	AGS	341	-	-	(93,904)	-	-	(18,781)	(4,695)
25	Fuel holders, producers and accessories	AGS	342	-	(7,470)	-	-	(50,000)	(11,494)	(2,874)
26	Fuel holders, producers and accessories	LGS	342	-	-	-	-	(37,842)	(7,568)	(1,892)
27	Generators	AGS	344	-	-	-	(110,961)	(42,558)	(30,704)	(7,676)
28	Generators	LGS	344	-	-	-	(440,821)	(17,764)	(91,717)	(22,929)
29	Accessory electric equipment	AGS	345	-	-	-	(27,082)	(157,160)	(36,848)	(9,212)
30	<b>Total Other Production Plant</b>									<b>(49,278)</b>

**Notes:**

Refer to page 1 for operating unit abbreviations key

(1) Quarterly rates are applied in March, June, September and November

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account	Operating Unit	FERC	A	B	C	D	E	F	G	
				2009 Retirements	2010 Retirements	2011 Retirements	2012 Retirements	2013 Retirements	Annual Average Retirements	Quarterly Retirement Rate (1)	
1	<u>Transmission Plant</u>										
2	Structures and improvements	FCGS	352	(5,850)	-	-	-	-	(1,170)	(293)	
3	Structures and improvements	SJGS7	352	-	-	(13,897)	-	-	(2,779)	(695)	
4	Station equipment	FCGS	353	(44,414)	(90,648)	(40,466)	(111,758)	(196,254)	(96,708)	(24,177)	
5	Station equipment	PVNGS1	353	(98,438)	-	-	(2,735)	-	(20,235)	(5,059)	
6	Station equipment	PVNGS2	353	-	-	-	(497)	(800)	(259)	(65)	
7	Station equipment	PVNGS3	353	-	-	(3,556)	-	-	(711)	(178)	
8	Station equipment	PVNGS4	353	-	(89,547)	-	-	-	(17,909)	(4,477)	
9	Station equipment	SJGS1	353	-	-	-	-	(15,719)	(3,144)	(786)	
10	Station equipment	SJGS4	353	-	-	-	(7,417)	(39,551)	(9,394)	(2,348)	
11	Station equipment	SJGS6	353	-	(1,628)	-	(354,196)	(39,310)	(79,027)	(19,757)	
12	Towers and fixtures	PVNGS2	354	-	-	-	-	(6,181)	(1,236)	(309)	
13	Underground conduit	SJGS6	357	-	-	-	(34,626)	-	(6,925)	(1,731)	
14	<b>Total Transmission Plant</b>									<b><u>(59,874)</u></b>	
15	<u>Distribution Plant</u>										
16	Underground conductors and devices	SJGS6	367	-	-	-	(64,710)	-	(12,942)	(3,236)	
17	<u>General Plant</u>										
18	Structures and improvements	BPB	390	-	-	-	(5,000)	-	(1,000)	(250)	
19	Structures and improvements	FCGS	390	-	-	-	(2,920)	-	(584)	(146)	
20	Structures and improvements	SJGS5	390	-	-	-	-	(41,804)	(8,361)	(2,090)	
21	Office furniture and equipment	SJGS6	391	-	(452,517)	-	-	(24,694)	(95,442)	(23,861)	
22	Transportation equipment	FCGS	392	-	-	(29,863)	(301,767)	-	(66,326)	(16,581)	
23	Transportation equipment	PVNGS4	392	(146,080)	(2,432)	(26,092)	(235,274)	(2,743)	(82,524)	(20,631)	
24	Transportation equipment	RGS	392	-	-	-	-	(9,012)	(1,802)	(451)	
25	Transportation equipment	SJGS6	392	-	-	(233,361)	(16,758)	(41,943)	(58,412)	(14,603)	
26	Power operated equipment	FCGS	396	-	-	-	(31,401)	-	(6,280)	(1,570)	
27	Power operated equipment	PVNGS4	396	-	(6,797)	(1,789)	-	-	(1,717)	(429)	
28	Power operated equipment	RGS	396	-	-	-	-	(10,382)	(2,076)	(519)	
29	Power operated equipment	SJGS5	396	-	-	(44,802)	-	-	(8,960)	(2,240)	
30	Power operated equipment	SJGS6	396	-	-	(433,085)	(6,117)	(256,863)	(139,213)	(34,803)	
31	<b>Total General Plant</b>									<b><u>(118,175)</u></b>	

Notes:

Refer to page 1 for operating unit abbreviations key

(1) Quarterly rates are applied in March, June, September and November

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jul-14	B Aug-14	C Sep-14	D Oct-14	E Nov-14	F Dec-14	G Jan-15	H Feb-15	I Mar-15	J Apr-15	K May-15
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>											
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	-	-	(316,112)	-	(316,112)	-	-	-	(316,112)	-	-
5	Reeves Generating Station	-	-	(346,080)	-	(346,080)	-	-	-	(346,080)	-	-
6	San Juan Generating Station	-	-	(1,958,962)	-	(1,958,962)	-	-	-	(1,958,962)	-	-
<b>7</b>	<b>Total Steam Production</b>	-	-	<b>(2,621,153)</b>	-	<b>(2,621,153)</b>	-	-	-	<b>(2,621,153)</b>	-	-
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	-	-	(486,127)	-	(486,127)	-	-	-	(486,127)	-	-
10	<u>Other Production Plant</u>											
11	Afton Generating Station	-	-	(24,457)	-	(24,457)	-	-	-	(24,457)	-	-
12	Lordsburg Generating Station	-	-	(24,821)	-	(24,821)	-	-	-	(24,821)	-	-
<b>13</b>	<b>Total Other Production</b>	-	-	<b>(49,278)</b>	-	<b>(49,278)</b>	-	-	-	<b>(49,278)</b>	-	-
14	Transmission Plant	(107,182)	(107,182)	(167,056)	(107,182)	(167,056)	(107,182)	(107,182)	(107,182)	(167,056)	(107,182)	(107,182)
15	Distribution Plant	(372,290)	(372,290)	(375,525)	(372,290)	(375,525)	(372,290)	(372,290)	(372,290)	(375,525)	(372,290)	(372,290)
16	General Plant	-	-	(118,175)	-	(118,175)	(1,605,695)	-	-	(118,175)	-	-
<b>17</b>	<b>Total</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(2,085,167)</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(479,472)</b>	<b>(479,472)</b>



PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jun-15	B Jul-15	C Aug-15	D Sep-15	E Oct-15	F Nov-15	G Dec-15	H Linkage Period Total	I Jan-16	J Feb-16	K Mar-16
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>											
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	(316,112)	-	-	(316,112)	-	(316,112)	-	(1,896,670)	-	-	(316,112)
5	Reeves Generating Station	(346,080)	-	-	(346,080)	-	(346,080)	-	(2,076,478)	-	-	(346,080)
6	San Juan Generating Station	(1,958,962)	-	-	(1,958,962)	-	(1,958,962)	-	(11,753,772)	-	-	(1,958,962)
<b>7</b>	<b>Total Steam Production</b>	<b>(2,621,153)</b>	<b>-</b>	<b>-</b>	<b>(2,621,153)</b>	<b>-</b>	<b>(2,621,153)</b>	<b>-</b>	<b>(15,726,920)</b>	<b>-</b>	<b>-</b>	<b>(2,621,153)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	(486,127)	-	-	(486,127)	-	(486,127)	-	(2,916,762)	-	-	(486,127)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	(24,457)	-	-	(24,457)	-	(24,457)	-	(146,741)	-	-	(24,457)
12	Lordsburg Generating Station	(24,821)	-	-	(24,821)	-	(24,821)	-	(148,928)	-	-	(24,821)
<b>13</b>	<b>Total Other Production</b>	<b>(49,278)</b>	<b>-</b>	<b>-</b>	<b>(49,278)</b>	<b>-</b>	<b>(49,278)</b>	<b>-</b>	<b>(295,669)</b>	<b>-</b>	<b>-</b>	<b>(49,278)</b>
14	Transmission Plant	(167,056)	(107,182)	(107,182)	(167,056)	(107,182)	(167,056)	(107,182)	(2,288,522)	(107,182)	(107,182)	(167,056)
15	Distribution Plant	(375,525)	(372,290)	(372,290)	(375,525)	(372,290)	(375,525)	(372,290)	(6,720,625)	(372,290)	(372,290)	(375,525)
16	General Plant	(1,280,158)	-	-	(118,175)	-	(118,175)	(1,161,983)	(4,638,710)	-	-	(118,175)
<b>17</b>	<b>Total</b>	<b>(4,979,298)</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(1,641,455)</b>	<b>(32,587,207)</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Apr-16	B May-16	C Jun-16	D Jul-16	E Aug-16	F Sep-16	G Oct-16	H Nov-16	I Dec-16	J Test Period Total
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>										
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>										
4	Four Corners Generating Station	-	-	(316,112)	-	-	(316,112)	-	(316,112)	-	(1,264,446)
5	Reeves Generating Station	-	-	(346,080)	-	-	(346,080)	-	(346,080)	-	(1,384,318)
6	San Juan Generating Station	-	-	(1,958,962)	-	-	(1,958,962)	-	(1,958,962)	-	(7,835,848)
<b>7</b>	<b>Total Steam Production</b>	-	-	<b>(2,621,153)</b>	-	-	<b>(2,621,153)</b>	-	<b>(2,621,153)</b>	-	<b>(10,484,613)</b>
8	<u>Nuclear Production Plant</u>										
9	Palo Verde Nuclear Generating Station	-	-	(486,127)	-	-	(486,127)	-	(486,127)	-	(1,944,508)
10	<u>Other Production Plant</u>										
11	Afton Generating Station	-	-	(24,457)	-	-	(24,457)	-	(24,457)	-	(97,827)
12	Lordsburg Generating Station	-	-	(24,821)	-	-	(24,821)	-	(24,821)	-	(99,285)
<b>13</b>	<b>Total Other Production</b>	-	-	<b>(49,278)</b>	-	-	<b>(49,278)</b>	-	<b>(49,278)</b>	-	<b>(197,112)</b>
14	Transmission Plant	(107,182)	(107,182)	(167,056)	(107,182)	(107,182)	(167,056)	(107,182)	(167,056)	(107,182)	(1,525,681)
15	Distribution Plant	(372,290)	(372,290)	(375,525)	(372,290)	(372,290)	(375,525)	(372,290)	(375,525)	(372,290)	(4,480,417)
16	General Plant	-	-	(2,417,864)	-	-	(118,175)	-	(118,175)	(2,299,690)	(5,072,078)
<b>17</b>	<b>Total</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(6,117,004)</b>	<b>(479,472)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(479,472)</b>	<b>(3,817,315)</b>	<b>(2,779,161)</b>	<b>(23,704,410)</b>

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jul-14	B Aug-14	C Sep-14	D Oct-14	E Nov-14	F Dec-14	G Jan-15	H Feb-15	I Mar-15	J Apr-15	K May-15
<b>1</b>	<b>Proportionate Reductions to Depreciation and Amortization Expenses</b>											
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	-	-	-	(376)	(376)	(751)	(751)	(751)	(751)	(1,127)	(1,127)
5	Reeves Generating Station	-	-	-	(383)	(383)	(767)	(767)	(767)	(767)	(1,150)	(1,150)
6	San Juan Generating Station	-	-	-	(3,031)	(3,031)	(6,062)	(6,062)	(6,062)	(6,062)	(9,093)	(9,093)
<b>7</b>	<b>Total Steam Production</b>	-	-	-	<b>(3,790)</b>	<b>(3,790)</b>	<b>(7,580)</b>	<b>(7,580)</b>	<b>(7,580)</b>	<b>(7,580)</b>	<b>(11,370)</b>	<b>(11,370)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	-	-	-	(852)	(852)	(1,704)	(1,704)	(1,704)	(1,704)	(2,555)	(2,555)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	-	-	-	(51)	(51)	(103)	(103)	(103)	(103)	(154)	(154)
12	Lordsburg Generating Station	-	-	-	(54)	(54)	(107)	(107)	(107)	(107)	(161)	(161)
<b>13</b>	<b>Total Other Production</b>	-	-	-	<b>(105)</b>	<b>(105)</b>	<b>(210)</b>	<b>(210)</b>	<b>(210)</b>	<b>(210)</b>	<b>(315)</b>	<b>(315)</b>
14	Transmission Plant	-	(175)	(350)	(623)	(798)	(1,071)	(1,246)	(1,421)	(1,595)	(1,869)	(2,044)
15	Distribution Plant	-	(819)	(1,638)	(2,462)	(3,281)	(4,104)	(4,923)	(5,742)	(6,561)	(7,385)	(8,204)
16	General Plant	-	-	-	(1,003)	(1,003)	(2,005)	(9,947)	(9,947)	(9,947)	(10,950)	(10,950)
<b>17</b>	<b>Total</b>	-	<b>(994)</b>	<b>(1,988)</b>	<b>(8,834)</b>	<b>(9,827)</b>	<b>(16,674)</b>	<b>(25,609)</b>	<b>(26,603)</b>	<b>(27,597)</b>	<b>(34,443)</b>	<b>(35,437)</b>

**PNM Exhibit HEM-4**  
**Retirement Contra Funding Project Summary**

Line No.	Utility Account Categories and Generating Facilities	A Jun-15	B Jul-15	C Aug-15	D Sep-15	E Oct-15	F Nov-15	G Dec-15	H Linkage Period Total	I Jan-16	J Feb-16	K Mar-16
<b>1</b>	<b>Proportionate Reductions to Depreciation and Amortization Expenses</b>											
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	(1,127)	(1,502)	(1,502)	(1,502)	(1,878)	(1,878)	(2,253)	(17,652)	(3,908)	(3,908)	(3,908)
5	Reeves Generating Station	(1,150)	(1,534)	(1,534)	(1,534)	(1,917)	(1,917)	(2,301)	(18,023)	(7,855)	(7,855)	(7,855)
6	San Juan Generating Station	(9,093)	(12,124)	(12,124)	(12,124)	(15,154)	(15,154)	(18,185)	(142,452)	(22,951)	(22,951)	(22,951)
<b>7</b>	<b>Total Steam Production</b>	<b>(11,370)</b>	<b>(15,160)</b>	<b>(15,160)</b>	<b>(15,160)</b>	<b>(18,950)</b>	<b>(18,950)</b>	<b>(22,740)</b>	<b>(178,127)</b>	<b>(34,714)</b>	<b>(34,714)</b>	<b>(34,714)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	(2,555)	(3,407)	(3,407)	(3,407)	(4,259)	(4,259)	(5,111)	(40,035)	(6,396)	(6,396)	(6,396)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	(154)	(205)	(205)	(205)	(256)	(256)	(308)	(2,411)	(414)	(414)	(414)
12	Lordsburg Generating Station	(161)	(214)	(214)	(214)	(268)	(268)	(322)	(2,520)	(321)	(321)	(321)
<b>13</b>	<b>Total Other Production</b>	<b>(315)</b>	<b>(420)</b>	<b>(420)</b>	<b>(420)</b>	<b>(525)</b>	<b>(525)</b>	<b>(630)</b>	<b>(4,931)</b>	<b>(735)</b>	<b>(735)</b>	<b>(735)</b>
14	Transmission Plant	(2,218)	(2,492)	(2,666)	(2,841)	(3,114)	(3,289)	(3,563)	(31,374)	(5,210)	(5,456)	(5,702)
15	Distribution Plant	(9,023)	(9,846)	(10,665)	(11,484)	(12,308)	(13,127)	(13,950)	(125,521)	(18,781)	(19,823)	(20,864)
16	General Plant	(10,950)	(18,390)	(18,390)	(18,390)	(19,392)	(19,392)	(20,395)	(181,049)	(26,127)	(26,127)	(26,127)
<b>17</b>	<b>Total</b>	<b>(36,431)</b>	<b>(49,714)</b>	<b>(50,708)</b>	<b>(51,702)</b>	<b>(58,548)</b>	<b>(59,542)</b>	<b>(66,388)</b>	<b>(561,038)</b>	<b>(91,964)</b>	<b>(93,252)</b>	<b>(94,539)</b>

PNM Exhibit HEM-4  
Retirement Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Apr-16	B May-16	C Jun-16	D Jul-16	E Aug-16	F Sep-16	G Oct-16	H Nov-16	I Dec-16	J Test Period Total
<b>1</b>	<b>Proportionate Reductions to Depreciation and Amortization Expenses</b>										
2	Intangible Plant	-	-	-	-	-	-	-	-	-	-
3	<u>Steam Production Plant</u>										
4	Four Corners Generating Station	(4,559)	(4,559)	(4,559)	(5,211)	(5,211)	(5,211)	(5,862)	(5,862)	(6,513)	(59,271)
5	Reeves Generating Station	(9,164)	(9,164)	(9,164)	(10,473)	(10,473)	(10,473)	(11,782)	(11,782)	(13,091)	(119,130)
6	San Juan Generating Station	(26,777)	(26,777)	(26,777)	(30,602)	(30,602)	(30,602)	(34,427)	(34,427)	(38,252)	(348,097)
<b>7</b>	<b>Total Steam Production</b>	<b>(40,500)</b>	<b>(40,500)</b>	<b>(40,500)</b>	<b>(46,286)</b>	<b>(46,286)</b>	<b>(46,286)</b>	<b>(52,071)</b>	<b>(52,071)</b>	<b>(57,857)</b>	<b>(526,498)</b>
8	<u>Nuclear Production Plant</u>										
9	Palo Verde Nuclear Generating Station	(7,462)	(7,462)	(7,462)	(8,528)	(8,528)	(8,528)	(9,594)	(9,594)	(10,660)	(97,003)
10	<u>Other Production Plant</u>										
11	Afton Generating Station	(483)	(483)	(483)	(552)	(552)	(552)	(621)	(621)	(690)	(6,280)
12	Lordsburg Generating Station	(375)	(375)	(375)	(428)	(428)	(428)	(482)	(482)	(535)	(4,870)
<b>13</b>	<b>Total Other Production</b>	<b>(858)</b>	<b>(858)</b>	<b>(858)</b>	<b>(980)</b>	<b>(980)</b>	<b>(980)</b>	<b>(1,103)</b>	<b>(1,103)</b>	<b>(1,225)</b>	<b>(11,150)</b>
14	Transmission Plant	(6,079)	(6,325)	(6,571)	(6,947)	(7,193)	(7,439)	(7,816)	(8,062)	(8,438)	(81,239)
15	Distribution Plant	(21,911)	(22,953)	(23,994)	(25,041)	(26,083)	(27,125)	(28,172)	(29,213)	(30,260)	(294,221)
16	General Plant	(27,164)	(27,164)	(27,164)	(39,952)	(39,952)	(39,952)	(40,988)	(40,988)	(42,024)	(403,729)
<b>17</b>	<b>Total</b>	<b>(103,973)</b>	<b>(105,261)</b>	<b>(106,548)</b>	<b>(127,734)</b>	<b>(129,022)</b>	<b>(130,309)</b>	<b>(139,743)</b>	<b>(141,031)</b>	<b>(150,465)</b>	<b>(1,413,840)</b>

Calculation of Cost of Removal - Capital

# PNM Exhibit HEM-5

Is contained in the following 9 pages.

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Operating Units	A 2009 Expenditures	B 2010 Expenditures	C 2011 Expenditures	D 2012 Expenditures	E 2013 Expenditures	F 5 Year Total Expenditures	G 5 Year Average Cost of Removal Rate
1	Cost of Removal Rates							
2	Steam Production Plant							
3	Four Corners Generating Station (Location 715)							
4	Construction Work in Progress (Account 107000)	6,761,033	5,312,586	3,283,751	4,137,323	4,332,092	23,826,783	
5	Retirement Work in Progress (Account 108000)	139,946	814,698	400,349	793,353	70,407	2,218,753	8.52%
6		6,900,979	6,127,284	3,684,099	4,930,676	4,402,498	26,045,536	
7	Reeves Generating Station (Location 713)							
8	Construction Work in Progress (Account 107000)	6,305,989	11,733,865	9,102,734	1,665,808	2,377,131	31,185,528	
9	Retirement Work in Progress (Account 108000)	150,354	285,664	177,677	338,570	170,749	1,123,014	3.48%
10		6,456,343	12,019,529	9,280,411	2,004,379	2,547,880	32,308,542	
11	San Juan Generating Station (Location 761)							
12	Construction Work in Progress (Account 107000)	(284,094)	1,802,042	11,029,447	1,540,940	2,166,178	16,254,513	
13	Retirement Work in Progress (Account 108000)	182,409	78,794	903,576	67,980	98,257	1,331,016	7.57%
14		(101,685)	1,880,835	11,933,023	1,608,920	2,264,436	17,585,528	
15	San Juan Generating Station (Location 762)							
16	Construction Work in Progress (Account 107000)	34,322,683	2,705,883	3,430,344	13,488,941	1,352,402	55,300,253	
17	Retirement Work in Progress (Account 108000)	2,156,314	283,011	219,739	834,458	61,780	3,555,301	6.04%
18		36,478,997	2,988,893	3,650,083	14,323,400	1,414,181	58,855,554	
19	San Juan Generating Station (Location 763)							
20	Construction Work in Progress (Account 107000)	6,888,112	17,956,291	4,783,971	18,364,799	1,541,988	49,535,162	
21	Retirement Work in Progress (Account 108000)	78,949	1,081,887	38,442	614,127	104,753	1,918,159	3.73%
22		6,967,061	19,038,178	4,822,413	18,978,926	1,646,742	51,453,320	
23	San Juan Generating Station (Location 764)							
24	Construction Work in Progress (Account 107000)	4,765,307	7,530,428	2,907,197	2,998,096	12,050,241	30,251,269	
25	Retirement Work in Progress (Account 108000)	97,797	975,332	(12,525)	230,281	881,021	2,171,906	6.70%
26		4,863,104	8,505,760	2,894,672	3,228,377	12,931,263	32,423,175	
27	San Juan Generating Station (Location 765)							
28	Construction Work in Progress (Account 107000)	654,589	500,512	1,764,510	2,145,405	1,830,974	6,895,990	
29	Retirement Work in Progress (Account 108000)	(98)	14,694	53,935	25,493	2,047	96,071	1.37%
30		654,492	515,206	1,818,445	2,170,898	1,833,021	6,992,061	
31	San Juan Generating Station (Location 766) (1)							
32	Construction Work in Progress (Account 107000)	2,385,028	1,777,833	5,645,703	5,451,601	1,326,039	16,586,203	
33	Retirement Work in Progress (Account 108000)	3,654	8,433	43,028	283,025	401,960	740,101	4.27%
34		2,388,682	1,786,266	5,688,731	5,734,625	1,727,999	17,326,304	

Notes:

A portion of each operating unit's retirement work in progress costs may be allocated to other utility plant accounts (i.e., some steam production plant costs may be allocated to transmission plant and general plant)

(1) The location 766 rate is used for projected location 760 cost of removal activity due to a low experience rate (2 years) for location 760 activity.

**PNM Exhibit HEM-5  
Cost of Removal Contra Funding Project Summary**

Line No.	Operating Units	A	B	C	D	E	F	G
		2009 Expenditures	2010 Expenditures	2011 Expenditures	2012 Expenditures	2013 Expenditures	5 Year Total Expenditures	5 Year Average Cost of Removal Rate
1	San Juan Generating Station (Location 767)							
2	Construction Work in Progress (Account 107000)	274,647	725,184	1,389,798	1,463,303	1,844,859	5,697,791	
3	Retirement Work in Progress (Account 108000)	-	50,983	9,816	4,415	17,414	82,629	1.43%
4		<u>274,647</u>	<u>776,167</u>	<u>1,399,615</u>	<u>1,467,719</u>	<u>1,862,273</u>	<u>5,780,420</u>	
5	San Juan Switchyard (Location 779)							
6	Construction Work in Progress (Account 107000)	335,013	764,333	1,055,706	588,773	208,999	2,952,825	
7	Retirement Work in Progress (Account 108000)	2,719	33,959	1,448	18,490	10,901	67,518	2.24%
8		<u>337,733</u>	<u>798,292</u>	<u>1,057,154</u>	<u>607,263</u>	<u>219,901</u>	<u>3,020,343</u>	
9	<u>Nuclear Production Plant</u>							
10	Palo Verde Nuclear Generating Station (Location 721)							
11	Construction Work in Progress (Account 107000)	1,898,183	5,882,256	3,654,031	1,645,894	3,484,810	16,565,174	
12	Retirement Work in Progress (Account 108000)	78,881	361,691	270,866	(144,503)	(40,928)	526,006	3.08%
13		<u>1,977,064</u>	<u>6,243,947</u>	<u>3,924,897</u>	<u>1,501,391</u>	<u>3,443,882</u>	<u>17,091,180</u>	
14	Palo Verde Nuclear Generating Station (Location 722)							
15	Construction Work in Progress (Account 107000)	7,113,854	1,399,335	3,775,652	2,892,220	1,741,682	16,922,743	
16	Retirement Work in Progress (Account 108000)	35,421	401,895	231,358	144,376	(53,927)	759,123	4.29%
17		<u>7,149,275</u>	<u>1,801,230</u>	<u>4,007,010</u>	<u>3,036,596</u>	<u>1,687,755</u>	<u>17,681,866</u>	
18	Palo Verde Nuclear Generating Station (Location 723)							
19	Construction Work in Progress (Account 107000)	3,693,700	4,988,585	1,496,615	3,083,589	6,688,159	19,950,648	
20	Retirement Work in Progress (Account 108000)	119,755	435,291	5,348	289,154	(154,638)	694,911	3.37%
21		<u>3,813,456</u>	<u>5,423,876</u>	<u>1,501,963</u>	<u>3,372,743</u>	<u>6,533,521</u>	<u>20,645,559</u>	
22	Palo Verde Nuclear Generating Station (Locations 724/725) (1)							
23	Construction Work in Progress (Account 107000)	14,272,846	12,440,693	15,989,525	14,855,050	12,262,918	69,821,032	
24	Retirement Work in Progress (Account 108000)	188,867	46,957	161,488	(12,960)	182,602	566,954	0.81%
25		<u>14,461,713</u>	<u>12,487,650</u>	<u>16,151,013</u>	<u>14,842,091</u>	<u>12,445,520</u>	<u>70,387,986</u>	
26	<u>Other Production Plant</u>							
27	Afton Generating Station (Location 707)							
28	Construction Work in Progress (Account 107000)	-	9,381,379	1,353,900	658,408	2,031,462	13,425,149	
29	Retirement Work in Progress (Account 108000)	-	1,644	2,617	7,970	6,566	18,797	0.14%
30		<u>-</u>	<u>9,383,023</u>	<u>1,356,517</u>	<u>666,378</u>	<u>2,038,028</u>	<u>13,443,946</u>	

**Notes:**

A portion of each operating unit's retirement work in progress costs may be allocated to other utility plant accounts (i.e., some steam production plant costs may be allocated to transmission plant and general plant)

(1) A blended location 724/725 rate is used for location 724. All projected activity associated with locations 724 and 725 is assigned to location 724.



PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Operating Units	A	B	C	D
		2012 Expenditures	2013 Expenditures	2 Year Total Expenditures	2 Year Average Cost of Removal Rate
1	Transmission Plant (Company 2)				
2	Construction Work in Progress (Account 107000)	17,524,169	43,691,971	61,216,140	
3	Retirement Work in Progress (Account 108000)	532,188	319,802	851,990	1.37%
4		<u>18,056,357</u>	<u>44,011,773</u>	<u>62,068,130</u>	
5	Transmission Plant (Company 35)				
6	Construction Work in Progress (Account 107000)	1,926,194	1,385,525	3,311,718	
7	Retirement Work in Progress (Account 108000)	136,831	(17,868)	118,963	3.47%
8		<u>2,063,025</u>	<u>1,367,656</u>	<u>3,430,681</u>	
9	Distribution Plant (Company 1)				
10	Construction Work in Progress (Account 107000)	35,611,622	57,961,691	93,573,313	
11	Retirement Work in Progress (Account 108000)	1,583,554	2,151,544	3,735,097	3.84%
12		<u>37,195,176</u>	<u>60,113,235</u>	<u>97,308,411</u>	
13	Distribution Plant (Company 34)				
14	Construction Work in Progress (Account 107000)	5,770,925	6,373,752	12,144,678	
15	Retirement Work in Progress (Account 108000)	492,899	629,682	1,122,582	8.46%
16		<u>6,263,825</u>	<u>7,003,435</u>	<u>13,267,259</u>	

**Notes:**

A portion of each operating unit's retirement work in progress costs may be allocated to other utility plant accounts (i.e., some steam production plant costs may be allocated to transmission plant and general plant)

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jul-14	B Aug-14	C Sep-14	D Oct-14	E Nov-14	F Dec-14	G Jan-15	H Feb-15	I Mar-15	J Apr-15	K May-15
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>											
2	Intangible Plant	(7,281)	(909)	(3,676)	(2,372)	(2,830)	(11,871)	(101)	(228)	(817)	(793)	(8,187)
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	-	(2,693)	(48,195)	(18,433)	-	(51,250)	(2,631)	(4,899)	(19,310)	(1,368)	(963)
5	Reeves Generating Station	(264)	(13,100)	-	-	(7,093)	38	-	-	-	-	(41,862)
6	San Juan Generating Station	(7,705)	(38,746)	(9,012)	(11,029)	(68,000)	(193,155)	(46,916)	(3,157)	(75,289)	(2,329,693)	(80,283)
<b>7</b>	<b>Total Steam Production</b>	<b>(7,969)</b>	<b>(54,539)</b>	<b>(57,208)</b>	<b>(29,462)</b>	<b>(75,093)</b>	<b>(244,367)</b>	<b>(49,547)</b>	<b>(8,056)</b>	<b>(94,599)</b>	<b>(2,331,061)</b>	<b>(123,109)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	(96,446)	(10,828)	(26,980)	(23,109)	(37,481)	(134,152)	(150)	(814)	(2,128)	(9,892)	(108,002)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	-	(196)	-	(111)	(105)	-	-	(7,332)	-	(924)	(154)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	<b>-</b>	<b>(196)</b>	<b>-</b>	<b>(111)</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>(7,332)</b>	<b>-</b>	<b>(924)</b>	<b>(154)</b>
14	Transmission Plant	(22,719)	(71,943)	(41,555)	(11,478)	(131,434)	(344,001)	(148,964)	(49,265)	(47,842)	(167,117)	(13,432)
15	Distribution Plant	(208,307)	(246,645)	(203,540)	(235,194)	(256,990)	(537,306)	(146,270)	(129,057)	(191,116)	(244,226)	(116,704)
16	General Plant	(4,039)	(4,917)	(3,785)	(4,592)	(4,918)	(8,092)	(2,833)	(2,471)	(3,538)	(4,141)	(2,304)
<b>17</b>	<b>Total</b>	<b>(346,761)</b>	<b>(389,977)</b>	<b>(336,744)</b>	<b>(306,318)</b>	<b>(508,851)</b>	<b>(1,279,789)</b>	<b>(347,864)</b>	<b>(197,223)</b>	<b>(340,041)</b>	<b>(2,758,155)</b>	<b>(371,891)</b>

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jun-15	B Jul-15	C Aug-15	D Sep-15	E Oct-15	F Nov-15	G Dec-15	H Linkage Period Total	I Jan-16	J Feb-16	K Mar-16
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>											
2	Intangible Plant	(8,375)	(171)	(1,015)	(751)	(1,036)	(7,672)	(13,712)	(71,797)	(493,596)	(449)	(1,119)
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	-	(615)	(19,922)	(1,325)	-	-	(118,651)	(290,255)	(4,339)	(7,709)	(30,057)
5	Reeves Generating Station	-	-	-	-	-	-	-	(62,281)	-	-	-
6	San Juan Generating Station	(153,904)	(35,463)	(26,662)	(194,911)	(47,051)	(3,198,642)	(1,843,536)	(8,363,153)	-	(185,312)	(35,824)
<b>7</b>	<b>Total Steam Production</b>	<b>(153,904)</b>	<b>(36,078)</b>	<b>(46,584)</b>	<b>(196,235)</b>	<b>(47,051)</b>	<b>(3,198,642)</b>	<b>(1,962,187)</b>	<b>(8,715,689)</b>	<b>(4,339)</b>	<b>(193,020)</b>	<b>(65,882)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	(110,937)	(1,985)	(4,474)	(9,345)	(13,718)	(101,616)	(128,171)	(820,229)	(6,536,031)	(2,475)	(1,287)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	(131)	-	(231)	-	-	(154)	-	(9,338)	-	-	(841)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	<b>(131)</b>	<b>-</b>	<b>(231)</b>	<b>-</b>	<b>-</b>	<b>(154)</b>	<b>-</b>	<b>(9,338)</b>	<b>-</b>	<b>-</b>	<b>(841)</b>
14	Transmission Plant	(36,843)	(10,228)	(106,329)	(31,225)	(284,818)	(68,290)	(133,734)	(1,721,219)	(124,282)	(22,390)	(443,198)
15	Distribution Plant	(278,811)	(220,963)	(146,145)	(203,556)	(503,627)	(146,942)	(298,174)	(4,313,572)	(97,175)	(140,537)	(126,290)
16	General Plant	(5,537)	(3,934)	(2,240)	(2,814)	(10,468)	(2,756)	(4,629)	(78,009)	(1,800)	(2,839)	(2,150)
<b>17</b>	<b>Total</b>	<b>(594,538)</b>	<b>(273,359)</b>	<b>(307,019)</b>	<b>(443,927)</b>	<b>(860,718)</b>	<b>(3,526,072)</b>	<b>(2,540,606)</b>	<b>(15,729,853)</b>	<b>(7,257,223)</b>	<b>(361,711)</b>	<b>(640,767)</b>

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Apr-16	B May-16	C Jun-16	D Jul-16	E Aug-16	F Sep-16	G Oct-16	H Nov-16	I Dec-16	J Test Period Total
<b>1</b>	<b>Reductions to Plant in Service and Accumulated Provisions for Depreciation and Amortization</b>										
2	Intangible Plant	(1,017)	(2,715)	(5,947)	(637)	(2,563)	(3,651)	(7,533)	(4,586)	(23,760)	(547,573)
3	<u>Steam Production Plant</u>										
4	Four Corners Generating Station	(2,109)	(1,461)	-	(946)	(30,523)	(1,991)	(163,436)	-	(147,926)	(390,497)
5	Reeves Generating Station	-	(6)	(19,140)	-	-	-	-	-	-	(19,146)
6	San Juan Generating Station	(24,221)	(7,817)	(25,694)	(33,568)	(133,573)	(29,604)	(10,531)	(92,562)	(157,831)	(736,538)
<b>7</b>	<b>Total Steam Production</b>	<b>(26,331)</b>	<b>(9,284)</b>	<b>(44,834)</b>	<b>(34,513)</b>	<b>(164,096)</b>	<b>(31,595)</b>	<b>(173,967)</b>	<b>(92,562)</b>	<b>(305,757)</b>	<b>(1,146,182)</b>
8	<u>Nuclear Production Plant</u>										
9	Palo Verde Nuclear Generating Station	(12,522)	(35,298)	(78,778)	(8,014)	(20,196)	(47,464)	(26,145)	(60,747)	(248,068)	(7,077,023)
10	<u>Other Production Plant</u>										
11	Afton Generating Station	-	(142)	-	-	(191)	-	-	(138)	(306)	(1,618)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>(191)</b>	<b>-</b>	<b>-</b>	<b>(138)</b>	<b>(306)</b>	<b>(1,618)</b>
14	Transmission Plant	(23,899)	(3,137)	(290,522)	(124,594)	(21,565)	(76,944)	(61,766)	(2,939)	(130,995)	(1,326,231)
15	Distribution Plant	(217,244)	(106,716)	(403,167)	(218,525)	(143,533)	(176,148)	(394,378)	(148,416)	(462,181)	(2,634,310)
16	General Plant	(3,868)	(2,104)	(8,023)	(3,971)	(2,697)	(3,312)	(8,000)	(2,904)	(7,570)	(49,238)
<b>17</b>	<b>Total</b>	<b>(284,880)</b>	<b>(159,395)</b>	<b>(831,271)</b>	<b>(390,255)</b>	<b>(354,841)</b>	<b>(339,114)</b>	<b>(671,789)</b>	<b>(312,292)</b>	<b>(1,178,637)</b>	<b>(12,782,175)</b>

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jul-14	B Aug-14	C Sep-14	D Oct-14	E Nov-14	F Dec-14	G Jan-15	H Feb-15	I Mar-15	J Apr-15	K May-15
<b>1</b>	<b>Proportionate Reductions to Accumulated Provisions for Depreciation and Amortization and Depreciation and Amortization Expenses</b>											
2	Intangible Plant	-	(121)	(137)	(198)	(237)	(284)	(482)	(484)	(488)	(501)	(515)
3	<u>Steam Production Plant</u>											
4	Four Corners Generating Station	-	-	(3)	(61)	(84)	(84)	(146)	(149)	(155)	(178)	(180)
5	Reeves Generating Station	-	(0)	(13)	(13)	(13)	(20)	(20)	(20)	(20)	(20)	(20)
6	San Juan Generating Station	-	(11)	(66)	(79)	(95)	(192)	(469)	(536)	(540)	(648)	(3,982)
<b>7</b>	<b>Total Steam Production</b>	-	<b>(11)</b>	<b>(83)</b>	<b>(154)</b>	<b>(192)</b>	<b>(296)</b>	<b>(635)</b>	<b>(705)</b>	<b>(715)</b>	<b>(847)</b>	<b>(4,182)</b>
8	<u>Nuclear Production Plant</u>											
9	Palo Verde Nuclear Generating Station	-	(172)	(191)	(240)	(281)	(348)	(587)	(588)	(589)	(593)	(610)
10	<u>Other Production Plant</u>											
11	Afton Generating Station	-	-	(0)	(0)	(1)	(1)	(1)	(1)	(16)	(16)	(18)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	-	-	<b>(0)</b>	<b>(0)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(16)</b>	<b>(16)</b>	<b>(18)</b>
14	Transmission Plant	-	(39)	(158)	(226)	(245)	(466)	(1,114)	(1,396)	(1,484)	(1,563)	(1,838)
15	Distribution Plant	-	(459)	(993)	(1,453)	(1,969)	(2,540)	(3,883)	(4,205)	(4,492)	(4,925)	(5,503)
16	General Plant	-	(22)	(50)	(71)	(96)	(124)	(169)	(184)	(198)	(218)	(241)
<b>17</b>	<b>Total</b>	-	<b>(826)</b>	<b>(1,612)</b>	<b>(2,341)</b>	<b>(3,021)</b>	<b>(4,059)</b>	<b>(6,871)</b>	<b>(7,563)</b>	<b>(7,983)</b>	<b>(8,662)</b>	<b>(12,907)</b>

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Jun-15	B Jul-15	C Aug-15	D Sep-15	E Oct-15	F Nov-15	G Dec-15	H Linkage Period Total	I Jan-16	J Feb-16	K Mar-16
<b>1</b>	<b>Proportionate Reductions to Accumulated Provisions for Depreciation and Amortization and Depreciation and Amortization Expenses</b>											
2	Intangible Plant	(651)	(791)	(794)	(810)	(823)	(840)	(968)	(9,125)	(1,197)	(9,423)	(9,431)
<b>3</b>	<b>Steam Production Plant</b>											
4	Four Corners Generating Station	(181)	(181)	(182)	(206)	(207)	(207)	(207)	(2,410)	(527)	(534)	(548)
5	Reeves Generating Station	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(595)	(227)	(227)	(227)
6	San Juan Generating Station	(4,096)	(4,317)	(4,367)	(4,406)	(4,684)	(4,752)	(9,329)	(42,570)	(14,974)	(14,974)	(15,306)
<b>7</b>	<b>Total Steam Production</b>	<b>(4,339)</b>	<b>(4,559)</b>	<b>(4,611)</b>	<b>(4,673)</b>	<b>(4,954)</b>	<b>(5,021)</b>	<b>(9,598)</b>	<b>(45,575)</b>	<b>(15,727)</b>	<b>(15,735)</b>	<b>(16,081)</b>
<b>8</b>	<b>Nuclear Production Plant</b>											
9	Palo Verde Nuclear Generating Station	(803)	(1,001)	(1,005)	(1,013)	(1,029)	(1,054)	(1,235)	(11,340)	(1,697)	(15,671)	(15,675)
<b>10</b>	<b>Other Production Plant</b>											
11	Afton Generating Station	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(184)	(24)	(24)	(24)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	<b>(18)</b>	<b>(18)</b>	<b>(18)</b>	<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(184)</b>	<b>(24)</b>	<b>(24)</b>	<b>(24)</b>
14	Transmission Plant	(1,860)	(1,921)	(1,942)	(2,181)	(2,233)	(2,702)	(2,814)	(24,184)	(3,928)	(4,215)	(4,266)
15	Distribution Plant	(5,758)	(6,363)	(6,874)	(7,237)	(7,763)	(8,824)	(9,155)	(82,395)	(10,345)	(10,577)	(10,912)
16	General Plant	(254)	(284)	(306)	(319)	(334)	(393)	(408)	(3,671)	(350)	(359)	(371)
<b>17</b>	<b>Total</b>	<b>(13,683)</b>	<b>(14,939)</b>	<b>(15,550)</b>	<b>(16,252)</b>	<b>(17,155)</b>	<b>(18,853)</b>	<b>(24,197)</b>	<b>(176,474)</b>	<b>(33,268)</b>	<b>(56,005)</b>	<b>(56,760)</b>

PNM Exhibit HEM-5  
 Cost of Removal Contra Funding Project Summary

Line No.	Utility Account Categories and Generating Facilities	A Apr-16	B May-16	C Jun-16	D Jul-16	E Aug-16	F Sep-16	G Oct-16	H Nov-16	I Dec-16	J Test Period Total
<b>1</b>	<b>Proportionate Reductions to Accumulated Provisions for Depreciation and Amortization and Depreciation and Amortization Expenses</b>										
2	Intangible Plant	(9,449)	(9,466)	(9,512)	(9,611)	(9,621)	(9,664)	(9,725)	(9,850)	(9,927)	(106,876)
3	<u>Steam Production Plant</u>										
4	Four Corners Generating Station	(603)	(607)	(609)	(609)	(611)	(666)	(670)	(967)	(967)	(7,919)
5	Reeves Generating Station	(227)	(227)	(227)	(296)	(296)	(296)	(296)	(296)	(296)	(3,137)
6	San Juan Generating Station	(15,370)	(15,413)	(15,427)	(15,473)	(15,534)	(15,773)	(15,826)	(15,845)	(16,010)	(185,925)
<b>7</b>	<b>Total Steam Production</b>	<b>(16,200)</b>	<b>(16,247)</b>	<b>(16,263)</b>	<b>(16,379)</b>	<b>(16,441)</b>	<b>(16,735)</b>	<b>(16,792)</b>	<b>(17,107)</b>	<b>(17,273)</b>	<b>(196,981)</b>
8	<u>Nuclear Production Plant</u>										
9	Palo Verde Nuclear Generating Station	(15,678)	(15,705)	(15,783)	(15,956)	(15,974)	(16,018)	(16,124)	(16,171)	(16,291)	(176,742)
10	<u>Other Production Plant</u>										
11	Afton Generating Station	(26)	(26)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(313)
12	Lordsburg Generating Station	-	-	-	-	-	-	-	-	-	-
<b>13</b>	<b>Total Other Production</b>	<b>(26)</b>	<b>(26)</b>	<b>(27)</b>	<b>(27)</b>	<b>(27)</b>	<b>(27)</b>	<b>(27)</b>	<b>(27)</b>	<b>(27)</b>	<b>(313)</b>
14	Transmission Plant	(5,281)	(5,336)	(5,343)	(6,009)	(6,295)	(6,343)	(6,519)	(6,655)	(6,662)	(66,851)
15	Distribution Plant	(11,216)	(11,737)	(11,992)	(12,952)	(13,476)	(13,820)	(14,241)	(15,179)	(15,533)	(151,981)
16	General Plant	(381)	(398)	(408)	(444)	(462)	(474)	(489)	(525)	(538)	(5,198)
<b>17</b>	<b>Total</b>	<b>(58,231)</b>	<b>(58,915)</b>	<b>(59,327)</b>	<b>(61,378)</b>	<b>(62,295)</b>	<b>(63,081)</b>	<b>(63,917)</b>	<b>(65,514)</b>	<b>(66,251)</b>	<b>(704,942)</b>

Capital Projects Summary Listing

# PNM Exhibit HEM-6

Is contained in the following 12 pages.



PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
<b>Distribution</b>												
1	10000107	Line Extensions - Residential	1,988,648	(2,436,647)	1,572,714	(1,442,561)	2,011,401	(1,865,117)	2,060,549	(2,033,813)	2,110,408	(2,093,015)
2	10000207	Line Extension - Commercial	1,852,783	(1,776,841)	1,334,277	(1,275,699)	1,368,200	(1,351,742)	1,398,626	(1,383,834)	1,429,478	(1,414,014)
3	10000507	Lighting	155,459	(100,912)	154,438	(148,763)	197,779	(191,904)	202,665	(201,890)	208,112	(207,420)
4	10000607	Distr. Remove & Replace	3,326,975	(4,554,429)	3,443,367	(3,119,401)	3,463,766	(3,456,406)	3,434,275	(3,440,658)	3,401,095	(3,408,359)
5	10000707	System Improvements	2,397,233	(3,076,481)	1,796,645	(1,676,679)	1,851,235	(1,841,411)	1,901,327	(1,892,545)	5,562,898	(5,481,876)
6	10000807	Services	4,414,134	(4,600,793)	4,124,662	(4,124,662)	5,283,951	(5,283,951)	5,423,903	(5,423,903)	5,567,206	(5,567,206)
7	10000907	Transformers	7,795,758	(8,041,524)	5,788,969	(5,788,969)	6,977,110	(6,977,110)	7,733,553	(7,733,553)	8,609,068	(8,609,068)
8	10001007	Meter Equipment	4,937,922	(5,193,345)	2,602,080	(2,602,080)	987,036	(987,036)	1,000,359	(924,474)	1,011,281	(1,087,166)
9	10001207	Pole Replacement	908,500	(1,337,524)	463,392	(449,096)	584,741	(542,221)	602,131	(591,091)	617,835	(611,230)
10	10001307	Cable Replacement	1,370,999	(2,153,673)	501,134	(504,503)	1,184,267	(1,064,286)	528,385	(641,555)	536,953	(535,792)
11	10001614	Hawkins Feeder 22	168,895	(192,754)	-	-	-	-	0	0	-	0
12	10001615	Hawkins Feeder 21	483,087	(483,087)	-	-	-	-	0	0	-	0
13	10001707	Albuquerque Pure Project	2,232,926	(2,343,314)	880,519	(879,827)	-	-	221,406	(229,556)	432,926	(430,529)
14	10001814	Hazeldine Voltage Conversion	455,266	(481,922)	-	-	-	-	0	0	-	0
15	10001914	Keleher Substation and Ball Park 13 Voltage Conversion	600,184	(672,441)	-	-	-	-	0	0	-	0
16	10002010	Four Hills 13 to Lawrence 14 Feeder Tie	291,066	(292,225)	-	-	-	-	0	0	-	0
17	10002014	Ball Park 14 Voltage Conversion	128,818	(151,482)	-	-	-	-	0	0	-	0
18	10002114	Ball Park 11 Voltage Conversion	164,809	(165,440)	-	-	-	-	0	0	-	0
19	10002210	Bird Guard Project ABQ	37,766	(37,327)	-	-	-	-	0	0	-	0
20	10002214	Hawkins Feeder 23	536,424	(553,400)	19,405	(18,567)	18,782	(18,777)	19,405	(19,402)	19,402	(15,874)
21	10002314	Albuquerque Feeder testing and repl	1,346,699	(2,173,022)	-	-	-	-	0	0	-	0
22	10002513	Upgrade the RCCS System	3,510	(3,510)	0	0	0	0	0	0	0	0
23	10002514	Coronado Improvements	-	-	383,036	(383,036)	-	-	0	0	-	0
24	10030514	ESC RO Warehouse Roof Replacement	-	(45,823)	0	0	0	0	0	0	0	0
25	10030610	Communications Equipment Capital Budget	40,321	(40,005)	19,861	(19,861)	20,087	(12,619)	19,911	(27,379)	19	0
26	10030814	Line Dept HVAC Replacement	-	(21,693)	0	0	0	0	0	0	0	0
27	10032014	Ice Machine ESC Tool Room	-	(10,446)	0	0	0	0	0	0	0	0
28	10032114	Desk for Veg Management	1,208	(1,208)	0	0	0	0	0	0	0	0
29	10032214	DOC Ops Upgrades	499,324	(1,597,727)	0	0	0	0	0	0	0	0
30	10034007	ABQ Metro Tools & Equipment	176,720	(178,370)	72,161	(72,161)	72,235	(72,235)	72,219	(72,219)	73,419	0
31	10034012	Tech Serv Distr Tools	49,209	(49,209)	67,030	(67,030)	25,166	(25,166)	25,161	(25,161)	41,924	(41,924)
32	14000107	Line Extensions - Residential	60,960	(44,109)	87,087	(50,545)	111,453	(93,859)	114,232	(111,170)	117,044	(115,111)
33	14000207	Line Extensions - Commercial	19,615	(5,650)	12,426	(11,945)	12,468	(12,122)	12,451	(14,233)	12,451	0
34	14000607	Distr. Remove & Replace	271,947	(299,432)	143,803	(139,322)	178,581	(173,048)	183,354	(182,541)	188,256	(187,468)
35	14000707	Distr. System Improvements	279,422	(415,003)	188,020	(186,138)	234,278	(231,183)	239,929	(239,516)	245,426	(245,023)
36	14000807	Services	136,063	(145,473)	131,418	(131,418)	168,624	(168,624)	173,434	(173,434)	178,403	(178,403)
37	14001612	Tijeras 11 4/0 ACSR to 397 AAC	98,172	(101,058)	-	0	-	0	-	0	-	0
38	14001614	Zamora 12 SCADA controlled V Reg	124,059	(125,834)	0	0	0	0	0	0	0	0
39	14001615	San Antonio 12 Reconstructor	100,085	(100,737)	0	0	0	0	0	0	0	0
40	14001707	Abq East Mtn Pure Project	21,114	(34,862)	9,923	(9,964)	-	-	5,124	(5,141)	10,249	(10,230)
41	14001714	11 and Zamora 11 2/0 ACSR to 397 AAC	274,209	(278,264)	-	0	-	0	-	0	-	0
42	14001814	Sedillo Rd 3-Phase Rebuild	288,798	(289,521)	0	0	0	0	0	0	0	0
43	14001914	Open Meadow Drive 3-Phase Rebuild	154,166	(158,537)	-	0	-	0	-	0	-	0
44	14002014	San Antonio 12 to San Antonio 22 Feeder Tie	1,092,892	(1,207,587)	-	0	-	0	-	0	-	0
45	14002114	Dressage Drive 3-Phase	150,830	(151,809)	-	0	-	0	-	0	-	0
46	20000107	Line Extension - Residential	17,473	(17,595)	4,091	(4,114)	4,229	(4,222)	19,723	(17,428)	19,723	(19,718)
47	20000207	Line Extensions - Commercial	141,204	(126,475)	115,877	(82,585)	118,254	(111,967)	120,594	(118,499)	122,923	(122,000)
48	20000507	Lighting	1,489	(1,489)	967	(967)	956	(967)	967	(967)	970	0
49	20000607	Distr. Remove & Replace	862,837	(907,914)	276,290	(240,437)	282,974	(276,808)	288,673	(287,547)	294,516	(293,198)
50	20000707	Distr. System Improvements	307,736	(421,406)	140,410	(105,101)	145,990	(140,593)	149,093	(147,114)	151,843	(150,694)
51	20000807	Services	268,321	(312,540)	192,338	(192,338)	195,352	(195,352)	200,366	(200,366)	205,500	(205,500)
52	20001207	Pole Replacements	-	-	31,096	(31,096)	-	-	0	0	-	0
53	20001613	Renewable Solar 22MW-Deming	-	(159)	0	0	0	0	0	0	0	0
54	20001707	Deming Pure Project	60,227	(149,478)	38,727	(38,727)	-	-	38,727	(38,727)	77,453	(77,453)
55	20001711	Deming Capital Bird Guard Project	-	-	19,378	(18,127)	0	0	0	0	0	0
56	20001713	Gold 12 Deming West 13	278,604	(300,992)	0	0	0	0	0	0	0	0
57	20001813	Deming Distribution Transformers	329,842	(484,432)	-	0	-	0	-	0	-	0
58	20034009	Deming Tools & Equipment	18,854	(21,800)	11,833	(11,833)	11,919	(11,919)	11,839	(11,839)	11,839	(11,839)
59	30000107	LV-Line Extensions - Residential	6,223	(6,179)	2,572	(1,610)	4,100	1,491	18,613	(17,658)	0	0
60	30000207	Line Extension - Commercial	34,774	(41,747)	13,385	(1,714)	13,649	(11,843)	13,872	(13,494)	15,164	0

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
1	3000607	Distr. Remove & Replace	58,480	(66,116)	10,272	(11,233)	12,739	(12,080)	13,099	(12,947)	13,623	0
2	3000707	Distr. system improvements	60,408	(64,709)	33,263	(27,912)	36,587	(34,630)	37,685	(37,066)	40,243	0
3	3000807	Services	108,919	(105,743)	93,615	(93,598)	116,248	(113,634)	119,732	(119,271)	124,655	0
4	30001207	Pole Replacement	17,148	(21,192)	23,757	0	26,226	(67,051)	25,158	0	27,640	0
5	30001307	Las Vegas Cable Replacements	128,216	(129,044)	16	0	47	0	54	0	58	0
6	30001707	Las Vegas Pure Project	138,024	(173,617)	0	0	0	0	0	0	0	0
7	30034007	Tools & Equipment	8,233	(8,233)	4,233	(4,233)	4,293	(4,293)	4,365	(4,365)	4,429	(4,429)
8	41000107	Line Extensions - Residential	222,141	(235,947)	175,192	(160,707)	225,096	(208,069)	231,806	(228,466)	238,138	(236,070)
9	41000207	Line Extensions - Commercial	995,620	(927,117)	845,140	(823,956)	865,156	(859,915)	891,983	(885,594)	911,340	(906,732)
10	41000607	Distr. Remove & Replace	869,162	(912,467)	649,383	(624,191)	799,095	(773,120)	822,462	(818,272)	843,982	(840,346)
11	41000707	Distr. System Improvements	1,520,832	(2,232,161)	1,183,863	(1,139,824)	1,515,280	(1,470,189)	1,556,785	(1,551,191)	1,593,198	(1,588,211)
12	41000807	Services	1,546,648	(1,590,229)	1,430,872	(1,430,872)	1,760,357	(1,760,357)	1,811,512	(1,811,512)	1,858,551	(1,858,551)
13	41001207	Pole Replacement	128,029	(135,108)	63,253	(56,838)	79,180	(73,293)	81,744	(80,214)	84,484	(83,476)
14	41001307	Cable Replacement	870,257	(1,499,993)	320,729	(323,461)	329,951	(327,939)	336,898	(335,335)	343,637	(342,122)
15	41001612	Santa Fe Bird Guard	65,745	(75,758)	0	(2,894)	43,315	(40,211)	0	0	0	0
16	41001614	Colinas Single Phase loop Galisteo Phase 2	190,218	(190,218)	-	0	-	0	-	0	-	0
17	41001615	Camel Tracks 12 to Beckner 13 Tie	602,893	(602,893)	-	0	-	0	-	0	-	0
18	41001707	Santa Fe Pure Project	193,394	(183,951)	129,152	(127,608)	-	0	184,372	(182,980)	260,957	(230,851)
19	41001711	Rt Marcy 14 A-phase at Pole Y58B104 Upgrade	656	(52,428)	0	0	0	0	0	0	0	0
20	41001714	Halona 11 Voltage Conversion	471,082	(474,585)	0	0	0	0	0	0	0	0
21	41001715	Mejia 14 Fin Del Sidero Rd Line Extension	-	-	651,940	(651,940)	-	0	-	0	-	0
22	41001814	Hickox 11 Voltage Conversion	397,414	(405,294)	0	0	0	0	0	0	0	0
23	41001914	Hickox 12 Voltage Conversion	308,046	(314,079)	0	0	0	0	0	0	0	0
24	41001915	Mejia 14 Estrada Calabasa Line Extension	-	-	1,142,178	(1,142,178)	-	0	-	0	-	0
25	41002113	Downtown Manhattan Feeder phase 1	1,016,409	(1,289,672)	-	0	-	0	-	0	-	0
26	41002115	Downtown Manhattan Feeder phase 2	261,182	(126,276)	2,860	0	990,249	(1,128,016)	-	0	-	0
27	41002213	Beckner 14 to State Pen 13 FDR tie 2013-2014	35	(5,609)	0	0	0	0	0	0	0	0
28	41002314	Halona 14 Voltage Conversion	520,225	(528,108)	-	0	-	0	-	0	-	0
29	41002315	Eldorado Single phase loop redesign phase 2	45,031	(45,031)	-	0	-	0	-	0	-	0
30	41002714	Eldorado Single phase loop redesign phase 1	91,786	(91,786)	-	0	-	0	-	0	-	0
31	41002814	Colinas Single Phase loop Galisteo Phase 1	217,602	(217,602)	-	0	-	0	-	0	-	0
32	41003014	Paseo del Tierra	238,582	(238,582)	-	0	-	0	-	0	-	0
33	41003114	Eldorado to Colinas Tie	-	-	825,136	(825,136)	-	0	-	0	-	0
34	41034007	Tools & Equipment	68,150	(90,241)	48,517	(48,517)	49,259	(49,259)	50,045	(50,045)	50,796	(50,796)
35	50000107	Line Extension - Residential	47,286	(49,173)	22,587	(25,964)	29,011	(27,871)	29,823	(29,544)	30,638	(30,424)
36	50000207	Line Extension - Commercial	202,602	(188,193)	179,603	(174,026)	185,197	(183,676)	190,679	(166,912)	196,449	0
37	50000507	Lighting	33,782	(38,366)	25,938	(24,904)	33,247	(31,874)	34,148	(33,941)	35,074	(34,895)
38	50006067	Distr. Remove & Replace	582,164	(514,531)	442,857	(439,565)	550,440	(533,741)	565,639	(563,126)	581,286	(578,843)
39	5000707	Distr. System Improvements	973,152	(1,038,530)	718,648	(663,088)	898,787	(868,553)	925,155	(920,785)	951,516	(947,090)
40	5000807	Services	498,558	(542,626)	419,182	(419,182)	538,083	(538,083)	553,662	(553,662)	569,755	(569,755)
41	50001613	Renewable Solar 22MW-Dist Valencia	-	977	0	0	0	0	0	0	0	0
42	50001614	Los Morros Feeder 24	386,229	(396,883)	0	0	0	0	0	0	0	0
43	50001707	Belen Pure Project	289,334	(289,889)	85,083	(86,465)	-	0	43,895	(44,193)	87,799	(87,469)
44	60001611	5W Mesa Substation	57,159	(57,240)	0	0	0	0	0	0	0	0
45	60001613	User 14 System Improvements	3,523	(188,289)	0	0	0	0	0	0	0	0
46	60001713	SF Switchgear Replacements	546,515	(628,421)	331,932	(331,932)	473,958	(473,958)	195,608	(195,608)	821,302	(321,302)
47	60001714	College Substation	2,515,390	-	1,003,124	(4,014,084)	-	0	-	0	-	0
48	60001813	Plateau Fiber Project Co 001	924	(147,140)	-	0	-	0	-	0	-	0
49	60001814	La Morada Substation	3,776,163	(4,306,788)	(0)	0	-	0	-	0	-	0
50	60002010	Misc Substation Improvements	730,389	(1,203,604)	351,409	(351,409)	343,659	(343,659)	354,483	(354,483)	354,222	(354,222)
51	60002013	Distr Substation Grounding Repairs	966,254	(490,239)	270,860	(553,799)	14,449	0	454,450	(515,532)	1,498,861	(1,684,510)
52	60002015	Distribution Capital Reallocation Project 2	(8,088,248)	8,088,248	0	0	0	0	0	0	0	0
53	60002110	Misc 46kv Line	154,762	(235,940)	92,794	(26,076)	95,762	(127,776)	94,617	(127,781)	92,578	(118,640)
54	60002113	46 kv Switch Replacement	221,721	(221,721)	-	0	-	0	-	0	-	0
55	60002213	Distribution Breaker Replacement	130	(3,076)	-	0	-	0	-	0	-	0
56	60002313	Emergency and Aging Equip Distr	1,859,033	(1,964,285)	594,330	(594,330)	-	0	1,855,188	(1,855,188)	-	0
57	60002314	ZB 46kv retirement	400,504	(401,943)	-	0	-	0	-	0	-	0
58	60002315	Zamora Substation Upgrade	3,282,845	(3,282,845)	-	0	-	0	-	0	-	0
59	60002409	Corrales Bluff Unit Transformer	1,265,511	-	2,438,799	(3,704,310)	-	0	-	0	-	0
60	60002413	La Mirada Land Acquisition	2	(281)	0	0	0	0	0	0	0	0

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A Expenditures Through End of Linkage	B Clearings Through End of Linkage	C Expenditures Through End of 2016 Test Period	D Clearings Through End of 2016 Test Period	E Years 2017 Expenditures	F Years 2017 Clearings	G Years 2018 Expenditures	H Years 2018 Clearings	I Years 2019 Expenditures	J Years 2019 Clearings
1	60002608	Santo Domingo Substation & Fdcs	36	(850)	0	0	0	0	0	0	0	0
2	60002613	Santo Domingo Sub Improvement	30,660	(820,180)	0	0	0	0	0	0	0	0
3	60002614	PNM Facilities Sale to City of Gall	142,707	(151,289)	0	0	0	0	0	0	0	0
4	60002715	12.5kV breaker replacement	1,964,026	(2,955,494)	238,930	(230,868)	247,289	(246,548)	259,873	(258,952)	261,005	(283,532)
5	60002912	San Clemente Station CO1	89,646	(89,646)	0	0	0	(0)	0	0	3,746,588	0
6	60002913	Winrock Improvements	999,714	(1,021,494)	0	0	0	0	0	0	0	0
7	60003115	Distr Cable Testing and Replace 2015	2,610,970	(2,027,892)	5,329,175	(5,912,253)	0	0	0	0	0	0
8	60003116	Distr Cable Testing and Replace 2016	-	-	3,613,340	(2,548,828)	3,077,302	(4,141,814)	0	0	1,400,000	0
9	60003212	Substation Metering Modifications	135	(21,519)	0	0	0	0	0	0	0	0
10	60004413	Remote Racking	156,127	(163,051)	0	0	0	0	0	0	0	0
11	60005910	Substation Equipment Replacement IA	1,173,352	(1,303,810)	411,985	(416,868)	401,419	(342,506)	680,806	(611,609)	673,430	(678,075)
12	60028013	Outage Communication Project	29,647	(121,210)	78	(1,433)	0	0	0	0	0	0
13	60028014	DOC upgrades	239,845	(239,845)	0	0	0	0	0	0	0	0
14	60028113	DOC Scada System Replace	66,708	(569,275)	0	0	0	0	0	0	0	0
15	60028114	Doc Wall Monitor System Phase II	56,711	(641,159)	0	0	0	0	0	0	0	0
16	60028213	Spidamin-Spidacalc Software	(7)	1,422	0	0	0	0	0	0	0	0
17	60029905	Capital Reallocation	-	507,386	0	0	0	0	0	0	0	0
18	60030013	Specialty Equip & Vehicle Co 001	265,742	(747,059)	0	0	0	0	0	0	0	0
19	60030114	Fleet Retires Co1	-	8,335	0	0	0	0	0	0	0	0
20	60030515	General Serice Wedge Co1	599,784	(599,784)	383,247	(383,247)	384,453	(384,453)	384,360	(384,360)	383,308	(383,308)
21	60032014	Plotter Replacement NM Ops Co1	12,998	(12,998)	0	0	0	0	0	0	0	0
22	60033313	High Resolution Display Wall ESC	24,059	(2,448,220)	0	0	0	0	0	0	0	0
23	60034013	Updated Mobile Comp Line Trucks	150,321	(150,321)	0	0	0	0	0	0	0	0
24	60034214	Reeves Training Center	271,388	-	1,121,112	(10,188)	1,754,784	(97,931)	0	0	0	0
25	60034913	ESC Trash Compactor	12,243	(64,406)	0	0	0	0	0	0	0	0
26	89901007	Line Extension - Residential	248,291	(335,699)	176,338	67,314	225,099	(147,833)	229,467	(217,496)	233,514	(226,823)
27	89900207	Line Extensions - Commercial	17,918,117	(17,019,912)	351,664	(348,863)	361,070	(359,433)	369,882	(368,435)	379,001	(377,541)
28	89900507	Lighting	66,678	(92,517)	77,467	(77,252)	99,115	(98,418)	101,582	(101,476)	104,088	(103,997)
29	89900607	Distr. Remove & Replace	878,478	(1,129,699)	784,487	(763,375)	973,553	(950,909)	998,764	(995,551)	1,024,598	(1,021,509)
30	89900707	Distr. system improvements	993,031	(760,403)	1,029,989	(928,534)	1,293,668	(1,190,328)	1,328,966	(1,309,600)	1,402,420	0
31	89900807	Services	585,754	(616,590)	529,903	(529,903)	678,961	(678,961)	697,337	(697,337)	716,296	(716,296)
32	89901207	Bernalillo Pole Replacement	21,500	(14,747)	28,057	(28,712)	35,413	(32,674)	36,494	(35,750)	37,463	(37,002)
33	89901307	Bernalillo Cable Replacements	363	(8,571)	-	-	-	-	-	-	-	0
34	89901613	Rio Hondo Service Area Reconfiguration	449,088	-	592,578	(1,041,666)	0	0	0	0	0	0
35	89901815	Veranda Feeder 23	486,365	(486,365)	0	0	0	0	0	0	0	0
36	89901707	Bernalillo Pure Project	66,379	(92,623)	17,365	(17,846)	0	(492)	9,003	(8,749)	17,937	(17,684)
37	89901715	Westside Blvd Feeder Tie	178,772	(178,772)	0	0	0	0	0	0	0	0
38	89901815	Veranda 22 to Black Ranch 11 Feeder Tie	402,950	(402,950)	0	0	0	0	0	0	0	0
39	89901915	Veranda 22 Rainbow Blvd Upgrade	291,761	(291,761)	0	0	0	0	0	0	0	0
40	89902113	Veranda 11 to Palm 12 tie in 2013	217,296	(226,569)	0	0	0	0	0	0	0	0
41	90000207	Clayton Line Extension - Commercial	17,561	(8,547)	7,673	(11,154)	8,229	(8,433)	8,053	(8,320)	8,230	0
42	90000607	Clayton Remove and Replace	5,684	(5,058)	4,615	(4,390)	5,804	(5,542)	5,785	(5,809)	6,139	0
43	90000707	Clayton System Improvements	3,113	(2,304)	3,068	(2,997)	3,131	(3,099)	3,139	(3,133)	3,224	0
44	90000807	Clayton Transformers	19,831	(20,920)	10,731	(10,731)	13,273	(13,273)	13,515	(13,515)	13,768	(13,768)
<b>Total Distribution</b>			<b>78,610,334</b>	<b>(88,438,298)</b>	<b>53,965,653</b>	<b>(55,938,004)</b>	<b>45,106,757</b>	<b>(43,874,880)</b>	<b>42,776,941</b>	<b>(42,668,811)</b>	<b>52,799,998</b>	<b>(45,848,378)</b>
<b>Transmission</b>												
45	64807013	Station Hardening Pilot Trns	2,620,182	(2,768,106)	2,598	(1,487,247)	0	0	0	0	0	0
46	64807113	345kV Wood Structure Replacement	2,086,472	(5,015,422)	488,985	(839,379)	0	0	0	0	0	0
47	64807213	Fiber Bulldout OPGW ADS	2,168,948	-	1,066,435	(4,287,043)	0	0	0	0	0	0
48	64807314	West Mesa Capacitor Replacement	1,176,256	(1,176,256)	0	0	0	0	0	0	0	0
49	64807413	Trans Emergency & Aging Equip	1,520,974	(1,879,979)	0	0	0	0	504,308	0	1,592,639	(2,096,947)
50	64807414	ROW Clearing Project-LIDAR	1,401,283	(1,401,283)	0	0	0	0	0	0	0	0
51	64807513	Transmission Breaker Replacement	3,602,889	(4,040,366)	1,090,676	(2,197,715)	0	0	0	0	0	0
52	64807713	115kV Breaker Replace Fault Current	4,182,848	(4,834,368)	606,113	(764,355)	0	0	0	0	0	0
53	64807813	Rio Puerco-Progress 115 kV Line	3,367,624	(5,942,805)	0	0	0	0	0	0	0	0
54	64807913	115 kV Relay Replacement	122	(19,419)	0	0	0	0	0	0	0	0
55	64807916	NERC Compliance Improvements	-	-	488,270	(300,731)	1,408,488	(1,596,027)	0	0	344,238	(344,238)
56	64808013	Metro Splice Replacement	109,382	(240,534)	0	0	0	0	0	0	0	0
57	64808213	SONET System Expansion	137,404	(613,918)	0	0	0	0	0	0	0	0
58	64808413	Spread Spectrum Radio Replacement	116,505	(562,380)	0	0	0	0	0	0	0	0
59	64808513	2013 Microwave System Upgrade	1,670,423	(2,016,238)	485,674	(485,674)	0	0	0	0	0	0
60	64828113	Substation Remote Access	509,220	(569,719)	0	0	0	0	0	0	0	0
61	64830013	Specialty Equip and Vehicle Co 002	687,916	(685,047)	0	0	0	0	0	0	997,913	(997,913)

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A Expenditures Through End of Linkage	B Clearings Through End of Linkage	C Expenditures Through End of 2016 Test Period	D Clearings Through End of 2016 Test Period	E Years 2017 Expenditures	F Years 2017 Clearings	G Years 2018 Expenditures	H Years 2018 Clearings	I Years 2019 Expenditures	J Years 2019 Clearings
1	64830513	General Services	523,600	(1,429,205)	-	0	-	0	-	-	-	0
2	65006010	San Juan Vail	627,125	(721,084)	683,783	(600,846)	269,163	(742,581)	1,225,512	(1,225,512)	423,742	(423,742)
3	65006110	ANPP Transmission	320,635	(917,184)	186,735	(195,999)	243,973	(333,743)	200,968	(283,434)	212,191	(212,191)
4	65006210	SW NM Transmission	291,029	(325,635)	162,541	(166,175)	166,230	(163,066)	166,682	(166,310)	166,846	(331,266)
5	65007010	Misc. Station Improvements	698,268	(1,356,163)	353,828	(365,670)	404,105	(358,443)	405,059	(404,467)	412,569	(782,863)
6	65007013	345/115kV spare Transformer	1,689,229	(1,689,229)	-	0	-	-	-	0	-	0
7	65007014	El Cerro 115kV Breaker	493	(78,604)	-	0	-	0	-	0	(0)	0
8	65007016	Los Morros	14,741	(87,526)	-	0	-	0	(0)	0	(0)	0
9	65007110	Misc. Transmission	922,917	(1,106,021)	323,792	(100,421)	316,084	(333,808)	564,930	(348,429)	590,124	(1,060,286)
10	65007114	Sandoval County Landfill Relocation	584,466	(892,696)	-	0	-	0	-	0	-	0
11	65007115	EIP Purchase 40%	7,223,989	(7,223,989)	0	0	0	0	0	0	0	0
12	65007220	San Juan Shunt Reactor Circuit Breaker	736,809	(1,208,744)	-	0	-	-	-	-	-	0
13	65007313	Blackwater 230kV Transformer repair	(944,739)	995,919	-	0	-	-	-	-	-	0
14	65007314	La Morada Tap	552,299	(552,299)	-	0	-	-	-	-	-	0
15	65007413	Replace Bkvr 230 345kV CVTs	521,736	(545,062)	0	0	0	0	0	0	0	0
16	65007414	NERC Line Clearance 2013	48	(7,650)	0	0	0	0	0	0	0	0
17	65007510	Moriarty Switching Station and Shunt Capacitors	(23)	3,594	0	0	0	0	0	0	0	0
18	65007513	CE/AL Replacement Crossarms	13	(2,091)	0	0	0	0	0	0	0	0
19	65007514	Station hardening	3,642,680	(3,642,680)	5,058,977	(4,107,215)	557,006	(1,306,965)	1,038,342	(1,240,146)	2,500,000	(2,500,000)
20	65007616	Transmission Access Improvements	-	-	570,361	(570,361)	-	-	-	-	-	-
21	65007625	FW Reactor replacement	813,335	(1,601,462)	-	0	-	0	-	0	-	0
22	65007710	Station Equip Replacement IA	957,857	(1,269,991)	450,673	(457,113)	610,867	(469,950)	603,205	(737,124)	630,488	(647,361)
23	65007713	Trans Sub Ground Repairs	635,734	(664,631)	192,053	(175,862)	384,067	(364,979)	425,009	(465,722)	375,096	(375,096)
24	65007714	NERC Tier 3 Funding Projects	1,628,359	(1,632,449)	-	0	-	-	-	-	-	0
25	65007814	College Substation	1,122,025	-	444,293	(1,566,818)	-	-	-	-	-	0
26	65007914	Relay IA	113,267	(110,062)	37,310	(37,405)	37,617	(37,592)	37,654	(37,651)	41,566	(44,704)
27	65008014	TWS Upgrade	-	-	235,978	(235,978)	-	-	-	-	-	-
28	65008114	PNM Facilities Sale to City of Gall	132,483	(140,278)	0	0	0	0	0	0	0	0
29	65008211	Replace OJO 345/115 kv transformer	561,790	(2,454,383)	-	0	(0)	0	(0)	0	(0)	0
30	65008313	345kV Structure Grounding Impr	897,069	(960,254)	-	0	-	-	-	-	-	0
31	65008314	Ambrosia Capacitor Switcher	476,554	(476,554)	-	0	-	-	-	-	-	0
32	65008410	NextEra Red Mesa	-	(31)	0	0	0	0	0	0	0	0
33	65008610	Modify NH Reactor Scheme	12,464	(12,464)	-	0	-	-	-	-	-	0
34	65008715	Corrales Bluff Unit Transformer	127,994	(106,928)	283,764	(304,830)	-	-	-	-	-	0
35	65008807	Transmission Capital Reallocation Project 3	3,994,636	(3,994,636)	0	0	-	-	0	0	0	0
36	65008912	San Clemente Station CO2	535,386	(535,386)	-	0	-	-	-	-	-	0
37	65009012	Rio Puerco 345kV Station Expansion	11,933,954	-	2,251,396	(19,476,722)	-	-	-	-	5,977,175	(5,977,175)
38	65009013	Richmond Switching Station	2,806,032	(2,578,915)	4,578,485	(4,805,602)	-	-	-	-	-	0
39	65009014	Second 345/115 KV Transformer at Yah-Ta-Hey	7,807,738	(7,855,507)	1,693,351	(1,915,582)	-	-	-	-	-	0
40	65009213	Jicarilla Apache Nation Trans IA	26,668	(1,638,791)	0	0	0	0	0	0	0	0
41	65009214	Sandia 345/115kV Spare Transformer	4,598,075	(4,022,529)	3,789,997	0	23,456	(4,389,000)	0	0	0	0
42	65009313	Rio Puerco SVC	26,230,392	-	1,804,699	(30,330,681)	-	-	-	-	-	0
43	65009606	Blackwater Station Life Extensi	180,993	(203,608)	-	0	-	-	-	-	-	0
44	65028014	Vegetation Management Software	503,418	(733,043)	-	0	-	-	-	-	-	0
45	65028113	eTAMIS Upgrade	1,095	(37,518)	0	0	0	0	0	0	0	0
46	65029905	Results Base Pay	-	452,306	0	0	0	0	0	0	0	0
47	65030513	Backup Generator Upgrades	1	(165)	0	0	0	0	0	0	0	0
48	65030515	General Service Wedge Co2	144,570	(144,570)	110,124	(110,124)	110,256	(110,256)	110,224	(110,224)	110,224	(110,224)
49	65030610	2011 Communications Equipment Capital Budget	72,864	(72,053)	38,929	(38,929)	39,947	(29,735)	39,072	(49,285)	38,953	(39,764)
50	65032114	Plotter Replacement NM Ops Co2	53,771	(53,771)	0	0	0	0	0	0	0	0
51	65034010	Co 2 Tools & Equipment	79,226	(219,362)	36,175	(36,175)	36,203	(36,203)	36,207	(36,207)	36,241	0
52	65034012	Tech Serv Transm Tools	366,218	(482,300)	203,345	(203,345)	140,789	(140,789)	140,764	(140,764)	140,635	0
53	65034014	ID Line Fiber Wrap Replacement Phase I (2014)	187,205	(187,205)	-	0	-	-	-	-	-	0
54	65034114	SJ DWDM Upgrade	247,795	(247,795)	-	0	-	-	-	-	-	0
55	65034314	Fiber connectivity Farmington Elec alt route	214,532	(185,448)	138	(29,222)	-	-	-	-	-	0
56	65034414	Telecom Transport Improvements	26,029	(26,029)	-	0	-	-	-	-	-	0
57	65034514	WB 115 OPGW Reconduct Los Morros to Belen	-	-	587,107	(587,107)	-	-	-	-	-	0
58	65034814	Telecom Transport Improvements	117,883	(117,883)	-	0	-	-	-	-	-	0
59	65034914	Power Ops-San Juan Radio Upgrade	-	-	626,763	(626,763)	-	-	-	-	-	0
60	65035014	Corporate LAN Improvements	31,736	(31,736)	-	0	-	-	-	-	-	0
61	65035114	Spread Spectrum Microwave Radio Replacements Phase I	281,168	(224,935)	284,534	(272,614)	343,911	(412,065)	-	-	-	0
		<b>Total Transmission</b>	<b>110,684,081</b>	<b>(84,852,579)</b>	<b>29,217,928</b>	<b>(77,679,202)</b>	<b>5,092,165</b>	<b>(10,825,200)</b>	<b>5,497,936</b>	<b>(5,245,273)</b>	<b>14,590,642</b>	<b>(15,943,771)</b>

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Capital Project Summary

Line No.	Project No.	Project Description	A Expenditures Through End of Linkage	B Clearings Through End of Linkage	C Expenditures Through End of 2016 Test Period	D Clearings Through End of 2016 Test Period	E Years 2017 Expenditures	F Years 2017 Clearings	G Years 2018 Expenditures	H Years 2018 Clearings	I Years 2019 Expenditures	J Years 2019 Clearings
<b>Afton</b>												
1	70716015	Afton Capital Improvements 2015	382,268	(382,268)	-	0	-	0	-	0	-	0
2	70716115	Afton Capital Improvements 2016	-	-	930,473	(930,473)	-	0	-	0	-	0
3	70716610	Afton minimum Load Limitation (OpFlex Turndown)	655,316	(655,316)	217,209	(217,209)	-	0	-	0	-	0
4	70717313	Afton Capital Improvements	410,373	(291,505)	5,072	0	15,195	0	17,405	0	18,572	0
5	70717913	STG - Mini Overhaul	-	(36)	0	0	0	0	0	0	0	0
6	70728913	Afton DCS	1	(14)	0	0	0	0	0	0	0	0
7	70730515	Afton Security Equipment	92,889	(92,889)	-	0	-	0	-	0	-	0
8	70716210	70716210 - Afton Contractual Svc Agreement	5,198,841	(5,198,841)	-	-	6,461,387	(6,461,387)	-	-	-	0
		<b>Total Afton</b>	<b>6,739,688</b>	<b>(6,620,870)</b>	<b>1,152,753</b>	<b>(1,147,682)</b>	<b>6,476,582</b>	<b>(6,461,387)</b>	<b>17,405</b>	<b>-</b>	<b>18,572</b>	<b>-</b>
<b>Lordsburg</b>												
9	70316015	Lordsburg Capital Improvements 2015	54,610	(54,610)	-	0	-	0	-	0	-	0
10	70316114	Combustion Turbine Upgrades	487,297	(1,148,892)	-	0	-	0	-	0	-	0
11	70316115	Lordsburg Capital Improvements 2016	-	-	156,795	(156,795)	-	0	-	0	-	0
12	70317912	Lordsburg capital Improvements	34,772	(34,772)	0	0	0	0	0	0	0	0
		<b>Total Lordsburg</b>	<b>576,678</b>	<b>(1,238,274)</b>	<b>156,795</b>	<b>(156,795)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reeves</b>												
13	71316014	Arc flash for Algones	48	(7,584)	0	0	0	0	0	0	0	0
14	71316314	NERC CIP	204,050	(204,050)	0	0	0	0	0	0	0	0
15	71316813	Reeves U1, U2 PSH Superheater Replacement	(41)	1,118	0	0	0	0	0	0	0	0
16	71316825	Reeves U3 Upper Economizer Replacement	-	-	550,635	(550,635)	-	0	-	0	-	0
17	71317114	U2 Transformer Sudden Pressure Relays (FM Global)	17	-	2	(177)	-	0	-	0	-	0
18	71317613	Cathodic Protection Line Filters	58,453	(220,070)	0	0	0	0	0	0	0	0
19	71317725	Reeves Units 2 & 3 Cooling Tower Upgrades	1,204,339	(1,204,339)	-	0	-	0	-	0	-	0
20	71328014	U1 Boiler Combustion Solution	115,532	(156,803)	0	0	0	0	0	0	0	0
21	71332913	Reeves Security Equipment	1	(22)	0	0	0	0	0	0	0	0
		<b>Total Reeves</b>	<b>1,582,399</b>	<b>(1,791,749)</b>	<b>550,636</b>	<b>(550,812)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Four Corners</b>												
22	71519210	Four Corners Facility Improve	20,705,136	(4,763,887)	11,345,831	(6,409,196)	16,052,107	(5,306,298)	9,639,093	(5,927,438)	10,816,816	(6,562,744)
		<b>Total Four Corners</b>	<b>20,705,136</b>	<b>(4,763,887)</b>	<b>11,345,831</b>	<b>(6,409,196)</b>	<b>16,052,107</b>	<b>(5,306,298)</b>	<b>9,639,093</b>	<b>(5,927,438)</b>	<b>10,816,816</b>	<b>(6,562,744)</b>
<b>Palo Verde 1&amp;2</b>												
23	72123410	PV capital structures all years all units	7,568,405	(4,438,544)	4,894,479	(7,500,322)	4,460,598	(5,794,764)	2,141,083	(596,084)	5,229,412	(5,238,754)
24	72223006	PV - 722 2006 (PV2 asset purchases) (5)	-	-	163,530,000	(163,530,000)	0	0	0	0	0	0
25	72223410	PV capital structures all years all units	6,256,243	(6,535,997)	2,809,818	(1,268,494)	4,858,785	(6,580,165)	6,780,246	(6,288,898)	1,965,094	(3,271,853)
		<b>Total Palo Verde 1&amp;2</b>	<b>13,824,649</b>	<b>(10,974,541)</b>	<b>171,234,296</b>	<b>(172,298,816)</b>	<b>9,319,384</b>	<b>(12,374,929)</b>	<b>8,921,329</b>	<b>(6,884,982)</b>	<b>7,194,505</b>	<b>(8,510,607)</b>
<b>Palo Verde 3</b>												
26	72323009	PV Unit 3 CBIS	15,759	(145,706)	1,779	0	5,331	0	6,106	0	6,516	0
27	72323410	PV capital structures all years all units	5,615,005	(5,681,279)	4,398,504	(3,637,619)	2,677,761	(3,666,854)	4,498,284	(3,475,460)	5,619,229	(4,825,628)
		<b>Total Palo Verde 3</b>	<b>5,630,764</b>	<b>(5,826,985)</b>	<b>4,400,284</b>	<b>(3,637,619)</b>	<b>2,683,092</b>	<b>(3,666,854)</b>	<b>4,504,390</b>	<b>(3,475,460)</b>	<b>5,625,744</b>	<b>(4,825,628)</b>
<b>Palo Verde Common</b>												
28	72423001	PALO VERDE CBI	1,246,097	(8,280,270)	-	0	-	0	-	0	-	0
29	72423008	PV Common	1,065,929	-	105,950	(5,322,259)	-	0	-	0	-	0
30	72423009	PV Common CBIS	732,411	(2,340,610)	147,957	0	443,279	(2,701,463)	326,521	0	348,423	0
31	72423410	PV capital structures all years all units	15,343,701	(19,895,707)	8,770,151	(10,979,114)	8,920,861	(9,525,961)	8,184,662	(9,034,718)	8,700,800	(7,002,876)
32	72523009	PV Water Projects CBIS	26	(1,370)	0	0	0	0	0	0	0	0
33	72523410	PV capital structures all years all units	5,333,760	(2,856,325)	3,433,245	(6,401,596)	3,842,278	(3,092,940)	3,758,645	(3,047,281)	3,970,329	(3,486,726)
		<b>Total Palo Verde Common</b>	<b>23,721,925</b>	<b>(33,374,283)</b>	<b>12,457,303</b>	<b>(22,702,969)</b>	<b>13,206,418</b>	<b>(15,320,364)</b>	<b>12,269,828</b>	<b>(12,081,999)</b>	<b>13,019,553</b>	<b>(10,489,602)</b>
<b>Luna</b>												
34	74416015	Luna Capital Improvements 2015	290,345	(290,345)	-	0	-	0	-	0	-	0
35	74416115	Luna Capital Improvements 2016	-	-	271,536	(271,536)	-	0	-	0	-	0
36	74416811	Luna Capital Improvements	39,967	(178,962)	0	0	0	0	0	0	0	0
37	74417010	Luna GE LTSA	4,156,007	(4,156,007)	-	0	3,486,697	(3,486,697)	3,869,954	(3,869,954)	-	0
		<b>Total Luna</b>	<b>4,486,320</b>	<b>(4,625,314)</b>	<b>271,536</b>	<b>(271,536)</b>	<b>3,486,697</b>	<b>(3,486,697)</b>	<b>3,869,954</b>	<b>(3,869,954)</b>	<b>-</b>	<b>-</b>

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Capital Project Summary

Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
<b>San Juan</b>												
1	76076416	Reverse SJ U4 Acquisition	(22,853,689)	22,772,403	(1,690,312)	1,765,421	(384)	6,561	0	0	0	0
2	76076616	Reverse SJ Common Acquisition	(2,508,752)	2,346,808	(1,852,408)	1,631,003	(403,328)	786,676	0	0	0	0
3	76076716	Reverse SJ U3&4 Acquisition	-	-	(41,639)	31,351	(640)	10,929	0	0	0	0
1	76116051	SJ U1 relay protection	-	(5,218) 0	-	0	0	0	0	0	0	0
2	76116112	Unit 1 Reheat Outlet Header	2,751,213	(3,202,520)	-	0	(0) 0	0	(0) 0	0	(0) 0	0
3	76116114	U1 Boiler Shutoff Platforms - 2014	269,216	(269,216) 0	-	0	-	0	0	0	0	0
4	76116214	Unit 1 Reheater	1,070,463	(1,070,463)	-	0	-	0	-	-	-	-
5	76116215	Unit 1 Absorber Sieve Trays	517,959	(517,959)	-	0	-	0	-	-	-	-
6	76116317	Unit 1 Bottom Ash Controls in DCS	129,785	(129,785)	-	0	-	(0)	-	-	-	-
7	76116320	Unit 1 Economizer and Flame Sprays	1,035,260	(1,035,260)	-	0	-	0	-	-	-	-
8	76116328	Unit 1 Roof replacement	-	-	76,948	(76,948)	-	0	-	-	-	-
9	76116329	Unit 1 Mercury Monitoring	(20)	539 0	-	0	0	0	0	0	0	0
10	76116330	Unit 1 Absorber Riser Tiling	225,953	(571,376)	-	0	-	0	-	-	-	-
11	76116331	Unit 1 Platforms 2013	(84)	2,259 0	-	0	0	0	0	0	0	0
12	76116332	Unit 1 Platforms - 2014	57,407	(59,132) 0	-	0	0	0	0	0	0	0
13	76116334	Unit 1 Platforms - 2015	51,355	(51,355)	-	0	-	0	-	-	-	-
14	76116335	Unit 1 Platforms - 2016	-	-	51,275	(51,275)	-	0	-	-	-	-
15	76116337	Unit 1 Main transformer replacement	244	(3,861)	-	0	-	0	-	-	-	-
16	76116414	SJ U1 Cooling Tower Manhole Rebuild	51,895	(74,393)	-	0	-	0	-	-	2,264,894	0
17	76116415	Unit 1 Economizer CO Controls	-	-	41,092	(41,092)	-	0	-	-	-	-
18	76116512	SJ U1 Acoustic Leak Detection System Installation	45,018	(125,810)	-	0	-	0	-	-	-	-
19	76116513	Unit 1 Main & Auxiliary Transformer Relays	49,785	(70,777)	-	0	-	0	-	-	-	-
20	76116515	Unit 1 CEM Replacement	-	-	230,938	(230,938)	-	0	-	-	-	-
21	76116622	Unit 1 Turbine Trip Block	194,749	(334,971)	-	0	-	0	-	-	-	-
22	76116714	Unit 1 Generator Fluz probe testing equipment	79,648	(79,648) 0	-	0	0	0	0	0	0	0
23	76116715	Unit 1 Primary Air Damper Replacement	233,103	(233,103)	-	0	-	0	-	-	-	-
24	76116814	Unit 1 Dewatering bin	643,953	(646,333) 0	-	0	0	0	0	0	0	0
25	76116914	Unit 1 Cooling tower fan deck & hot water basin	669,646	(669,646)	-	0	-	0	-	-	-	-
26	76116915	Unit 1 Absorber PH Probe Replacement	46,378	(46,378)	-	0	-	0	-	-	-	-
27	76117114	Unit 1 pond Decant Pit & Pipe Reroute	404,442	(404,442)	-	0	-	0	-	-	-	-
28	76117214	Unit 1 Absorber Exterior wall	327,603	(369,328) 0	-	0	-	0	-	-	-	-
29	76117432	Unit 1 Boiler Duct O2 Grid	354,874	(354,877)	-	0	-	0	-	-	-	-
30	76117514	Unit 1 DA & Tripper Deck Roof	260,698	(261,903) 0	-	0	0	0	0	0	0	0
31	76117592	Unit 1 Switchyard Controls to DCS	56,690	(84,144)	-	0	-	0	-	-	-	-
32	76117614	Unit 1 Motor Control Center 1A Replacement - 2015	120,509	(124,306)	-	0	-	0	-	-	-	-
33	76117618	Unit 1 cooling tower MCC's Replacement	1,040,362	(1,366,244)	-	0	-	0	-	-	-	-
34	76117619	Unit 1 Fire Protection Alarm Check Valve	27,649	(41,951) 0	-	0	0	0	0	0	0	0
35	76117632	Intelligent Sootblowing in DCS	50	(1,840)	-	0	-	0	-	-	-	-
36	76117714	Unit 1 Coal Piping Replacement - 2015	123,849	(123,979)	-	0	-	0	-	-	-	-
37	76117715	Condenser Retube	1,988,308	(1,988,308)	-	0	-	0	-	-	-	-
38	76117721	SJ U1 MCC Cubicle Buckets Replacements-2011-2015	4	(118) 0	-	0	0	0	0	0	0	0
39	76117724	Battery Charger Replacement	95,843	(100,705)	-	0	-	0	-	-	-	-
40	76117733	Unit 1 Arc Flash Mitigation	160,510	(166,317)	-	0	-	0	-	-	-	-
41	76117742	Pulverizer Housing Ceramic Installation	118,226	(119,060)	-	0	-	0	-	-	-	-
42	76117743	BOTTOM ASH DRAG CHAIN INSTALLATION	23,005	(23,005)	-	0	-	0	-	-	-	-
43	76117744	Unit 1 Bottom Ash Casing Replacement	557,908	(557,908)	-	0	-	0	-	-	-	-
44	76117746	Unit 1 Demister Pad Replacement	124,263	(124,263)	-	0	-	0	-	-	-	-
45	76117747	Unit 1 Relay Protection-2015	78,448	(84,256)	-	0	-	0	-	-	-	-
46	76117749	Automatic Voltage Regulator Replacement	355,304	(361,090)	-	0	-	0	-	-	-	-
47	76117813	Unit 1 Cooling Tower Riser Coatings	38,869	(38,869)	-	0	-	0	-	-	-	-
48	76117821	SJ U1 feed pump supervisory instrumentation	106,761	(253,952)	-	0	-	0	-	-	-	-
49	76117825	Unit 1 Cooling Tower Slip Stream Filtration	-	-	46,107	(46,107)	-	0	-	-	-	-
50	76117914	Unit 1 Expansion Joint Replacement - 2015	516,815	(517,163)	-	0	-	0	-	-	-	-
51	76117915	Unit 1 Economizer Ash Removal	840,120	(870,089)	-	0	-	0	-	-	-	-
52	76117932	Unit 1 Absorber Nuclear Density Meters	48,702	(96,219) 0	-	0	0	0	0	0	0	0
53	76117934	Unit 1 Absorber Recirc Isolation Valve Install	294,967	(296,001)	-	0	-	0	-	-	-	-
54	76121912	SJ U1 SNCR	28,712,634	(31,280,122)	1,011,768	(1,011,768)	-	0	-	-	-	-
55	76128014	Unit 1 Foxboro I/A Version 8.8 Nerc	180,379	(180,379)	-	0	-	0	-	-	-	-
56	76128023	Unit 1 DCS Self-Documenting Software - 2015	245,000	(245,000)	-	0	-	0	-	-	-	-
57	76216017	Unit 2 Fire Protection Alarm Check Valve	30,403	(43,246) 0	-	0	0	0	0	0	0	0
58	76216121	SJ U2 MCC Cubicles Bucket Replacements	(24)	647 0	-	0	0	0	0	0	0	0
59	76216136	Unit 2 Replace Generator Hydrogen Monitor	5,090	(5,090) 0	-	0	0	0	0	0	0	0
60	76216323	Unit 2 Coal Piping Replacement	-	(12) 0	-	0	0	0	0	0	0	0

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Capital Project Summary

Line No.	Project No.	Project Description	A Expenditures Through End of Linkage	B Clearings Through End of Linkage	C Expenditures Through End of 2016 Test Period	D Clearings Through End of 2016 Test Period	E Years 2017 Expenditures	F Years 2017 Clearings	G Years 2018 Expenditures	H Years 2018 Clearings	I Years 2019 Expenditures	J Years 2019 Clearings
1	76216432	FLY ASH CONTROLS IN DCS	-	6	0	0	0	0	0	0	0	0
2	76216521	SJ U2 Replace Broken Undersized hangers	(258)	6,952	0	0	0	0	0	0	0	0
3	76217132	REPLACE ABSORBER AREA NUCLEAR DENSITY METERS	602	(16,239)	0	0	0	0	0	0	0	0
4	76217421	SJ U2 Pulverizer Classifier Blades	-	5,853	0	0	0	0	0	0	0	0
5	76228122	Unit 2 DCS Self Document Software	4	(130)	0	0	0	0	0	0	0	0
6	76316314	Unit 3 Fire Protection Alarm Check Valve	31,990	(43,847)	0	0	0	0	0	0	0	0
7	76316532	UPGRADE SAMPLE PANEL AND CHEMICAL FEED SYSTEM	232	(6,263)	0	0	0	0	0	0	0	0
8	76317132	ABSORBER MIST ELIMINATOR WASH PIPING	2	(42)	0	0	0	0	0	0	0	0
9	76317221	SJ U3 New hanger - snubbers and support steel	-	(207)	0	0	0	0	0	0	0	0
10	76328014	Unit 3 Foxboro I/A Version 8.8 NERC	79,912	(116,953)	0	0	0	0	0	0	0	0
11	76328015	U3 DCS Self Documenting Software	179,004	(256,247)	0	0	0	0	0	0	0	0
12	76416012	Unit 4 Automatic Voltage Regulator Replacement	569,158	(569,158)	-	0	-	0	-	0	-	0
13	76416019	Unit 4 BT Supervisory Instrumentation Panel	126,951	(126,951)	-	0	-	0	-	0	-	0
14	76416021	Unit 4 FD/PA Fans Supervisory Instrumentation Equipment	93,507	(93,507)	-	0	-	0	-	0	-	0
15	76416025	Unit 4 Baghouse Airlock Isolation	166,362	(166,362)	-	0	-	0	-	0	-	0
16	76416028	Unit 4 Burner Front Fire Protection	-	-	165,749	(165,749)	-	0	-	0	-	0
17	76416029	Unit 4 Fire Protection Alarm Check Valve	25,804	(36,729)	0	0	-	0	-	0	-	0
18	76416034	Unit 4 MCC 4B Replacement - 2015	229,521	(229,521)	-	0	-	0	-	0	-	0
19	76416039	Unit 4 Bottom Ash Drag Chain	5,068,908	(5,068,908)	-	0	-	0	-	0	-	0
20	76416119	Unit 4 DCS Control Logic Modifications - 2015	207,089	(207,089)	-	0	-	0	-	0	-	0
21	76416127	Unit 4 Platforms - 2015	64,849	(64,849)	-	0	-	0	-	0	-	0
22	76416128	Unit 4 Platforms - 2016	-	-	64,605	(64,605)	-	0	-	0	-	0
23	76416132	DCS CONTROL LOGIC UPGRADES AND MODIFICATIONS	98,359	(98,384)	0	0	-	0	-	0	-	0
24	76416134	Unit 4 Relay Protection - 2015	77,600	(77,600)	-	0	-	0	-	0	-	0
25	76416212	Unit 4 Retube Condenser	2,669,176	(2,669,176)	-	0	-	0	-	0	-	0
26	76416215	Unit 4 Superheat Balancing TCs and Study	200,228	-	132,953	(333,181)	-	0	-	0	-	0
27	76416232	FIELD INSTRUMENTATION UPGRADE	654	(17,633)	0	0	-	0	-	0	-	0
28	76416315	Unit 4 Condensate Polisher	-	-	1,654,933	(1,664,933)	-	0	-	0	-	0
29	76416334	Unit 4 Expansion Joint Replacement - 2015	666,398	(666,398)	-	0	-	0	-	0	-	0
30	76416414	Unit 4 Circ Water Pump Motor 4B	-	(46,150)	0	0	-	0	-	0	-	0
31	76416415	Unit 4 Hydrogen Dryer	526,912	(526,912)	-	0	-	0	-	0	-	0
32	76416424	Unit 4 Arc Flash Mitigation-2014	93,855	(93,855)	0	0	-	0	-	0	-	0
33	76416514	U4 Cooling Tower Raw Water Line Rep	165,880	(165,880)	0	0	-	0	-	0	-	0
34	76416515	Unit 4 Absorber PH Probe Replacement	59,903	(59,903)	-	0	-	0	-	0	-	0
35	76416532	CIRC WATER MOTOR GYPSUM FIX	5,215	(140,663)	0	0	-	0	-	0	-	0
36	76416634	Unit 4 Coal Piping Replacement - 2015	153,498	(153,498)	-	0	-	0	-	0	-	0
37	76416715	Unit 4 Economizer CO Controls	-	-	59,565	(59,565)	-	0	-	0	-	0
38	76416732	Unit 4 Absorber Nuclear Density Meters	20,892	(64,500)	0	0	-	0	-	0	-	0
39	76416815	Unit 4 CEM Replacement	-	-	298,001	(298,001)	-	0	-	0	-	0
40	76416915	Unit 4 Cooling Tower Fan VFDs	-	-	497,247	(497,247)	-	0	-	0	-	0
41	76417015	Unit 4 Battery Bank A Replacement	43,319	(43,319)	-	0	-	0	-	0	-	0
42	76417115	Unit 4 Economizer Ash Removal System	1,807,111	(1,807,111)	-	0	-	0	-	0	-	0
43	76417221	SJ U4 AR Pump Gear Box Modifications	5,031	(118,747)	-	0	-	0	-	0	-	0
44	76417415	Unit 4 Absorber Polishing Sieve Tray	382,164	(382,164)	-	0	-	0	-	0	-	0
45	76417515	Unit 4 Attenuator Spray Valve Replacement	529,823	(529,823)	-	0	-	0	-	0	-	0
46	76421912	SJ U4 SNCR	46,036,921	(47,069,574)	1,304,817	(1,304,817)	-	0	-	0	-	0
47	76428015	Unit 4 Foxboro I/A Version 8.8 NERC	263,647	(263,647)	-	0	-	0	-	0	-	0
48	76428518	Unit 4 DCS Self-Documenting Software	343,906	(343,906)	-	0	-	0	-	0	-	0
49	76516013	SJ U1&2 Tripper Deck Fire Protection System	63	(1,691)	0	0	-	0	-	0	-	0
50	76516015	Unit 1&2 Sample Panel and Chemical Feedpump Controls	-	-	51,364	(51,364)	-	0	-	0	-	0
51	76516034	Units 1&2 Pulverizer Mill CO2 Inerting	70,977	(70,977)	-	0	-	0	-	0	-	0
52	76516036	Units 1&2 Maintenance Building Modification	-	-	100,472	(100,472)	-	0	-	0	-	0
53	76516072	SJ U1&2 Ash System Common Controls	21,894	(206,919)	0	0	-	0	-	0	-	0
54	76516114	Units 1&2 High Pressure Ash Water Pump Replacement	96,792	(128,812)	0	0	-	0	-	0	-	0
55	76516115	Units 1&2 Increase Sootblower Line Size	365,373	(376,823)	0	0	-	0	-	0	-	0
56	76516117	Units 1&2 Tripper Deck Lighting Relocation	-	-	110,095	(110,095)	-	0	-	0	-	0
57	76516215	Unit 1&2 Demineralizer Controls	-	-	41,020	(41,020)	-	0	-	0	-	0
58	76516510	Units 1&2 5B Tripper Belt Replacement	54,639	(71,287)	0	0	-	0	-	0	-	0
59	76516715	Units 1&2 Plant Air Compressor Replacement	-	-	385,570	(385,570)	-	0	-	0	-	0
60	76516717	Units 1&2 Roof Refurbishment - 2015	-	-	170,235	(170,235)	-	0	-	0	-	0

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Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
1	76517225	SJ U1&2 Spare Plant Air Compressor Motor	-	-	100,410	(100,410)	0	0	0	0	0	0
2	76517321	SJ Com U1&2 Ash Wtr Swgr (480V LC)	348	(9,886)	0	0	0	0	0	0	0	0
3	76517524	Units 1&2 Roof Refurbishment - 2014	160,587	(161,261)	0	0	0	0	0	0	0	0
4	76517723	Units 1&2 Sootblowing Air Compressor Replacement	1,656	(44,671)	0	0	0	0	0	0	0	0
5	76616019	Plant Common C&D Reclaim Coal Dust Suppression	430,695	(439,510)	0	0	0	0	0	0	0	0
1	76616023	Plant Common North Side Wastewater Electrical Auto Transfer	130,276	(130,276)	-	0	-	0	-	0	-	0
2	76616025	Common Limestone Area Instrumentation Replacement	53,777	(120,364)	-	0	-	0	-	0	-	0
3	76616028	Plant Common Laboratory Roof	59,989	(59,989)	0	0	0	0	0	0	0	0
4	76616029	Plant Common Brine Concentrator 4 Pipe Replacements	110,795	(110,795)	0	0	0	0	0	0	0	0
5	76616030	Plant Common Brine Concentrator 4 Tube Bundle Bypass	-	-	250,105	(250,105)	-	0	-	0	-	0
6	76616031	Plant Common Brine Concentrator 5 Tube Bundle Bypass	251,948	(251,948)	-	0	-	0	-	0	-	0
7	76616035	Plant Common NSWV MCC-2 Cubicle Bucket Replacements - 2015	118,509	(118,509)	-	0	-	0	-	0	-	0
8	76616036	Plant Common Protection Relay Replacement - 2016	-	-	58,454	(58,454)	-	0	-	0	-	0
9	76616046	Plant Common Fiber Optic Cable Between PSPS NERC	163,917	(165,399)	-	0	-	0	-	0	-	0
10	76616051	Plant Common Coal Board Move to Limestone	17,516	-	169,648	(187,163)	-	0	-	0	-	0
11	76616054	Plant Common Roof Refurbishment - 2015	-	-	5,093	(5,093)	-	0	-	0	-	0
12	76616115	Common Cathodic Protection System	52,799	(52,799)	-	0	-	0	-	0	-	0
13	76616116	Common Coal and Ash Handling System 2016	-	-	3,615,690	(3,615,690)	-	0	-	0	-	0
14	76616120	Common Replace Coal Reclaim Chutes	1,829,668	(1,189,284)	1,895,376	(857,674)	100,655	0	115,290	0	123,023	0
15	76616133	PROTECTION RELAY REPLACEMENT-2013	10,489	(45,328)	0	0	-	0	-	0	-	0
16	76616135	Plant Common Replace Piping Containing Asbestos at NSWV - 2015	118,502	(118,502)	-	0	-	0	-	0	-	0
17	76616136	Plant Common Replace Piping Containing Asbestos at NSWV - 2016	-	-	117,755	(117,755)	-	0	-	0	-	0
18	76616215	Common Coal Chute Air Cams	-	-	147,305	(147,305)	-	0	-	0	-	0
19	76616222	Plant Common IDS/PS Installation and Tuning	182,315	(182,315)	0	0	-	0	-	0	-	0
20	76616225	Common Physical Security Enhancements	1,031	(24,338)	-	0	-	0	-	0	-	0
21	76616231	Plant Common Bulk Storage Tank Coating - 2015	176,119	(176,119)	-	0	-	0	-	0	-	0
22	76616233	REPLACE PIPING CONTAINING ASBESTOS AT NSWV-2013	381	(10,280)	0	0	-	0	-	0	-	0
23	76616234	Plant Common Replace Piping Containing Asbestos at NSWV - 2014	54,702	(86,600)	0	0	-	0	-	0	-	0
24	76616235	Plant Common Evaporation Pond Heightening	-	-	1,029,337	(1,029,337)	-	0	-	0	-	0
25	76616311	SJ Plant Common PI Installation	(97)	2,604	0	0	-	0	-	0	-	0
26	76616315	Common Spare 3C Reclaim Conveyor Belt	90,341	(90,341)	-	0	-	0	-	0	-	0
27	76616320	Common Warehouse MCS Replacement	607,962	(607,962)	-	0	-	0	-	0	-	0
28	76616334	Plant Common Lake Outlet Line Coatings	358,283	(360,287)	-	0	-	0	-	0	-	0
29	76616415	Common Tipper Deck Chute	378,929	(378,929)	-	0	-	0	-	0	-	0
30	76616436	Plant Common 4A Fluid Drive Replacement	-	-	70,186	(70,186)	-	0	-	0	-	0
31	76616520	SJ common protection relay	12,912	(127,509)	0	0	-	0	-	0	-	0
32	76616536	Plant Common Administration Building HVAC Controls	-	-	78,612	(78,612)	-	0	-	0	-	0
33	76616815	Common NERC Test Lab Equipment	-	-	72,263	(72,263)	-	0	-	0	-	0
34	76616915	Common Oxidation Blower Backup Power	90,591	(90,591)	-	0	-	0	-	0	-	0
35	76617015	Common Oxidation Blower Separate PLC Control	-	-	60,209	(60,209)	-	0	-	0	-	0
36	76617032	TRIPPER DECK DUST SUPPRESSION	(708)	19,089	0	0	-	0	-	0	-	0
37	76617115	Common NERC Split MESH Network	176,202	(176,202)	-	0	-	0	-	0	-	0
38	76617132	ARC FLASH MITIGATION	9,188	(10,211)	0	0	-	0	-	0	-	0
39	76617215	Common River Station Instrumentation Upgrade	73,579	-	79,335	(146,915)	-	0	-	0	-	0
40	76617232	PLC AND INSTRUMENTATION UPGRADE-LAKE STATION	32,351	(141,823)	0	0	-	0	-	0	-	0
41	76617315	Common A&B Coal Reclaim System Refurbishment	583,362	(583,362)	-	0	-	0	-	0	-	0
42	76617332	Plant Common Shunway Arroyo Slurry Wall and Water Containment	3,667,720	(3,965,714)	-	0	-	0	-	0	-	0
43	76617415	Common Coal Belt On-Line Quality Analyzer	589,639	(589,639)	-	0	-	0	-	0	-	0
44	76617432	RAW WATER RESERVIOR SLURRY WALL	24,433	(221,196)	0	0	-	0	-	0	-	0
45	76617515	Common PBX Replacement and Backup Power	-	-	451,514	(451,514)	-	0	-	0	-	0
46	76617615	Common Lake Station Switchgear	1,831,964	(1,831,964)	-	0	-	0	-	0	-	0
47	76617715	Common River Station Pump Control Valve	72,373	(72,373)	-	0	-	0	-	0	-	0
48	76617724	Plant Common North Side Wastewater Product Line Replacement	283,417	(295,520)	0	0	-	0	-	0	-	0
49	76617732	NERC-CIP ROCKWELL AUTOMATION ASSET CENTRE DEPLOYMENT	1,599	(43,134)	0	0	-	0	-	0	-	0
50	76617815	Common NERC Firewall Upgrade	48,583	-	48,559	(97,141)	-	0	-	0	-	0
51	76617832	NERC-CIP FOXBORO I/A 8.6 SECURE A/D SERVER INSTALLATION	262	(7,077)	0	0	-	0	-	0	-	0
52	76617915	Common Scaffolding	301,137	(301,137)	-	0	-	0	-	0	-	0
53	76617932	Plant Common NERC CIP Change Management System	144,002	(218,357)	-	0	-	0	-	0	-	0
54	76628036	Plant Common Foxboro I/O and CP Replacement - Coal Handling	-	-	71,761	(71,761)	-	0	-	0	-	0
55	76628039	Plant Common CAG Test Lab Equipment NERC	101,623	(111,329)	-	0	-	0	-	0	-	0
56	76628042	Plant Common AB/RS View Hardware/Licensing (Virtualization) NERC	52,005	(52,005)	-	0	-	0	-	0	-	0
57	76628044	Plant Common Multifactor Authentication NERC	84,011	(84,011)	-	0	-	0	-	0	-	0
58	76628045	Plant Common Physical Security NERC	56,887	(71,710)	0	0	-	0	-	0	-	0
59	76628047	Foxboro I/A Version 8.8 Limestone / Coal NERC	170,181	(170,181)	-	0	-	0	-	0	-	0
60	76628066	Plant Common Limestone - Coal Handling DCS Self-Documenting Softw	290,791	(290,791)	-	0	-	0	-	0	-	0



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1	76628215	Common NERC Malware Scanning KIOSK	-	-	36,100	(36,100)	-	0	-	0	-	0
2	76628315	Common NERC Tripwire	86,519	(86,519)	-	0	-	0	-	0	-	0
3	76628415	Common NERC Add Vulnerability Module to SIEM	-	-	181,133	(181,133)	-	0	-	0	-	0
4	76628515	Common Connect CEM NETDAHS to PI Historian	-	-	90,329	(90,329)	-	0	-	0	-	0
5	76628634	Plant Common Foxboro Series 100 I/O and CP Replacement - Limestone	-	-	121,931	(121,931)	-	0	-	0	-	0
6	76630514	Common Laboratory Roof	-	(90) 0	0	0	0	0	0	0	0	0
7	76632413	San Juan Telecom Wiring	26	(704) 0	0	0	0	0	0	0	0	0
8	76716015	Unit 3&4 Cooling Tower Chemical Feed Controls	-	-	99,276	(99,276)	-	0	-	0	-	0
9	76716212	SJ U3&4 Tripper Deck Fire Protection	26	(2,084) 0	0	0	0	0	0	0	0	0
10	76716220	Units 3&4 Roof Refurbishment - 2014	110,542	(110,795) 0	0	0	0	0	0	0	0	0
11	76716314	U3&4 Sootblowing Air Compressor Mot	-	(3,495) 0	0	0	0	0	0	0	0	0
12	76716510	SJ U3&4 HVAC Upgrade	-	(219) 5,162	-	0	-	0	-	0	-	0
13	76717514	Units 3&4 Demineralizer Controls Replacement	34,691	(36,115) 0	0	0	0	0	0	0	0	0
14	76717523	SJ SC Tripper Belt Replacement	6,990	(61,586) 0	0	0	0	0	0	0	0	0
15	76717913	UNITS 3&4 AUXILIARY COOLING TOWER PLENUM STRUCTUR	270,047	(270,047) 0	0	0	0	0	0	0	0	0
16	77916032	DISCONNECT SWITCH REPLACEMENT	209	(5,625) 0	0	0	0	0	0	0	0	0
17	77916110	SJ Four Corners Relay Upgrade	27,577	(38,169) 0	0	0	0	0	0	0	0	0
18	77916136	RELAYS AND METERS	-	-	145,184	(145,184)	-	0	-	0	-	0
19	77916332	YARD LIGHTING IMPROVEMENTS	14	(373) 0	0	0	0	0	0	0	0	0
20	77917723	SJ Switchyard Relays/Meters/Instrs-2013	43,193	(106,630) 0	0	0	0	0	0	0	0	0
21	77917824	SJ Switchyard Relays/Meters/Instrs-2014	89,127	(89,127) 0	0	0	0	0	0	0	0	0
22	77917925	SJ Switchyard Relays/Meters/Instrs-2015	150,147	(150,147) 0	-	0	-	0	-	0	-	0
<b>Total San Juan</b>			<b>96,531,010</b>	<b>(103,064,763)</b>	<b>11,849,958</b>	<b>(11,968,747)</b>	<b>(303,697)</b>	<b>804,166</b>	<b>115,290</b>	<b>-</b>	<b>2,387,917</b>	<b>-</b>
<b>Peaking Generation Station</b>												
23	75218816	MW natural gas peaker 2016 COD	55,759,948	(55,759,948)	-	0	-	0	-	0	-	0
<b>Total Peaking Generation Station</b>			<b>55,759,948</b>	<b>(55,759,948)</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Delta/Rio Bravo</b>												
24	04616014	Vertical Ladder Upgrade	201,574	(201,574) 0	0	0	0	0	0	0	0	0
25	04616015	DCS Upgrade for remote units	151,033	(151,033) 0	-	0	-	0	-	0	-	0
26	04616114	Arc flash For Delta	50,857	(50,857) 0	0	0	0	0	0	0	0	0
27	04616115	Mark VI e upgrade	505,459	(505,459) 0	-	0	-	0	-	0	-	0
28	04616214	NERC CIP	100,923	(100,923) 0	0	0	0	0	0	0	0	0
29	04616215	Rio Bravo Demineralized Water Unit	252,021	(252,021) 0	-	0	-	0	-	0	-	0
30	04616314	CEM's Cisco	200,132	(200,132) 0	0	0	0	0	0	0	0	0
31	04616414	Co2 Fire system Upgrade	19,979	(19,979) 0	0	0	0	0	0	0	0	0
32	04616514	Replace Batteries	40,186	(40,186) 0	0	0	0	0	0	0	0	0
33	04616614	Aux Transformer Install or Diesel Gen	201,148	(201,148) 0	-	0	-	0	-	0	-	0
34	04616714	Remote HMI for Reeves to Operate Delta	200,449	(200,449) 0	0	0	0	0	0	0	0	0
35	04616914	HVAC Installation	15,142	(15,142) 0	0	0	0	0	0	0	0	0
36	04621014	Delta Plant Purchase (6)	38,000,000	(38,000,000) 0	0	0	0	0	0	0	0	0
<b>Total Delta/Rio Bravo</b>			<b>39,938,904</b>	<b>(39,938,904)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bulk Power Building Allocation</b>												
37	35730513	Aztec ADA Door	-	(5,761) 0	0	0	0	0	0	0	0	0
38	35730515	Aztec Security Equipment Upgrades	109,285	(109,285) 0	-	0	49,239	(49,239)	-	0	-	0
39	35730615	Aztec & Data Center Building Improvements	1,281,309	(1,281,309) 0	111,025	(111,025)	279,521	(279,521)	111,192	(111,192)	111,192	(111,192)
40	35731014	Aztec Chiller Replacement	-	(300,908) 0	0	0	0	0	0	0	0	0
41	35732012	Aztec Building Renovations	-	(45,226) 0	0	0	0	0	0	0	0	0
42	35732014	Aztec Bike Cage	-	(4,028) 0	0	0	0	0	0	0	0	0
43	35732414	Aztec Office Bldg Videoconferencing	-	(12,399) 0	0	0	0	0	0	0	0	0
<b>Total Bulk Power Building Allocation</b>			<b>1,390,594</b>	<b>(1,168,464)</b>	<b>111,025</b>	<b>(111,025)</b>	<b>328,760</b>	<b>(328,760)</b>	<b>111,192</b>	<b>(111,192)</b>	<b>111,192</b>	<b>(111,192)</b>
<b>Solar</b>												
44	01401614	2014 Dist Solar	-	(185,973) 0	0	0	0	0	0	0	0	0
45	75318513	Renewable solar generation 20MW 2013	10	(274) 0	0	0	0	0	0	0	0	0
46	75418014	23MW Renewable Project	43,134,221	(45,812,103) 0	0	0	0	0	0	0	0	0
47	75518015	Utility Scale Solar 40 MW	79,299,999	(79,299,999) 0	0	0	0	0	0	0	0	0
<b>Total Solar</b>			<b>122,434,230</b>	<b>(125,298,350)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PNM South Distribution</b>												
48	15001712	Alamogordo Bird Guard	4,986	(4,439) 0	-	0	-	0	9,170	(9,120) 0	-	0
49	15002214	MD#1 Transformer Upgrade	-	-	981,075	(981,075)	-	0	-	0	-	0
50	15003010	SNM Substation Equip Repl	81,133	(86,101) 0	66,874	(67,178)	76,893	(71,868)	76,988	(76,977)	87,520	(93,935)
51	15030510	Communications (CO 34)	69,554	(69,260) 0	38,942	(38,942)	38,983	(38,977)	38,974	(38,976)	46,245	(56,237)
52	15030515	General Service Wedge Co34	54,881	(54,881) 0	54,931	(54,931)	54,988	(54,988)	54,974	(54,974)	54,974	(54,974)
53	15034007	Tools & Equipment	26,881	(26,881) 0	14,599	(14,599)	14,605	(14,605)	14,601	(14,601)	14,592	(14,592)
54	15100107	Line Extension - Residential	193,014	(236,001) 0	104,202	(105,591)	108,321	(110,013)	110,013	(107,009)	112,527	0
55	15100207	Line Extension - Commercial	126,067	(130,407) 0	98,428	(79,653)	102,130	(92,184)	105,031	(103,067)	108,961	0
56	15100507	Lighting	215,781	(180,056) 0	112,117	(127,897)	114,310	(116,746)	117,044	(116,804)	119,803	0
57	15100607	ED Remove & Replace	644,608	(693,828) 0	258,470	(305,121)	263,733	(265,938)	270,692	(269,386)	277,507	(276,087)
58	15100707	ED Remove & Replace	365,669	(537,271) 0	300,342	(296,634)	313,859	(307,656)	322,791	(320,044)	341,207	0
59	15100807	Services	397,269	(426,403) 0	256,300	(256,300)	263,093	(263,093)	270,124	(270,124)	276,988	(276,988)
60	15100907	Transformers	337,177	(340,143) 0	268,541	(266,604)	278,225	(278,188)	284,501	(284,524)	290,913	(290,912)

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A Expenditures Through End of Linkage	B Clearings Through End of Linkage	C Expenditures Through End of 2016 Test Period	D Clearings Through End of 2016 Test Period	E Years 2017 Expenditures	F Years 2017 Clearings	G Years 2018 Expenditures	H Years 2018 Clearings	I Years 2019 Expenditures	J Years 2019 Clearings
1	15101007	Meter Equipment	99,754	(106,564)	74,316	(74,316)	76,634	(76,634)	77,624	(77,624)	79,303	(79,303)
2	15101207	Pole Replacement	-	-	22,740	(18,700)	20	(4,061)	0	0	0	0
3	15101307	Cable Replacement	489,961	(334,800)	101,089	(216,949)	328,968	(259,789)	1,180	(109,661)	0	0
4	15101613	Renewable Solar 22MW-Alamogordo	-	(93) 0	0	0	0	0	0	0	0	0
5	15101614	Alamogordo Feeder 12-12 Reconductor	373,695	(373,695) 0	0	0	0	0	0	0	0	0
6	15101714	Alamogordo Feeder 12-11 Reconductor	780,047	(780,047)	-	0	-	0	-	0	-	0
7	15101807	Alamogordo Pure Project	95,951	(118,799)	52,966	(52,966)	-	0	52,966	(52,966)	105,932	(105,932)
8	15102116	Alamo FDR 12-83 Reconductor	720,396	(907,441) 0	0	0	0	0	0	0	0	0
9	15134007	Tools & Equipment	23,783	(38,281)	14,667	(14,667)	14,683	(14,683)	14,679	(14,679)	14,681	(14,681)
10	15200107	Line Extension - Residential	26,395	(25,776)	22,449	(21,842)	32,257	(31,157)	33,453	(33,105)	34,323	(34,276)
11	15200207	Line Extension - Commercial	60,151	(43,693)	51,322	(48,803)	51,947	(50,656)	52,692	(52,999)	53,299	(53,900)
12	15200507	Lighting	74,563	(98,189)	54,461	(54,461)	61,871	(61,871)	63,296	(63,296)	64,705	(64,705)
13	15200607	ED Remove & Replace	321,570	(283,579)	187,528	(190,548)	192,259	(192,730)	197,355	(196,922)	202,745	(201,009)
14	15200707	ED System Improvements	361,000	(628,008)	98,955	(119,010)	103,007	(104,038)	105,699	(104,680)	108,318	(106,857)
15	15200807	Services	215,091	(235,839)	143,154	(143,154)	147,075	(147,075)	150,869	(150,869)	154,762	(154,762)
16	15200907	Transformers	210,438	(215,077)	121,077	(122,206)	149,758	(148,271)	155,755	(157,082)	158,112	(158,005)
17	15201007	Meter Equipment	96,911	(103,221)	72,293	(72,293)	73,835	(73,835)	51,914	(51,914)	52,982	(52,982)
18	15201207	Pole Replacement	-	-	9,156	(8,637)	3	(522)	-	-	-	0
19	15201307	Cable Replacement	15,366	(12,485)	7,587	(8,904)	9,045	(10,223)	4	(391)	-	0
20	15201613	Ruidoso White Mountain Subdivision	406,710	(419,150)	-	0	-	0	-	0	-	0
21	15201707	Ruidoso Pure Project	23,879	(29,577)	23,879	(23,879)	-	0	23,879	(23,879)	47,757	(47,757)
22	15234007	Tools & Equipment	18,506	(18,506)	11,515	(11,515)	11,531	(11,531)	11,582	(11,582)	11,526	(11,526)
23	15500107	Line Extension - Residential	69,066	(91,376)	34,374	(34,158)	35,615	(35,563)	36,819	(36,623)	38,035	(37,938)
24	15500207	Line Extension - Commercial	134,993	(132,867)	65,306	(76,727)	67,648	(69,025)	69,906	(69,450)	72,398	(70,751)
25	15500507	Lighting	39,906	(51,861)	25,960	(25,960)	32,910	(32,910)	33,734	(33,734)	34,565	(34,565)
26	15500607	ED Remove & Replace	783,586	(905,048)	458,260	(459,170)	470,264	(466,828)	482,744	(479,814)	495,630	(491,933)
27	15500707	ED System Improvements	564,991	(1,036,217)	317,706	(341,925)	331,799	(328,570)	340,266	(337,797)	348,742	(346,527)
28	15500807	Services	557,105	(600,900)	376,153	(376,153)	401,500	(401,500)	412,372	(412,372)	423,146	(423,146)
29	15500907	Transformers	401,855	(439,893)	297,087	(297,087)	314,763	(314,763)	322,577	(322,577)	330,509	(330,509)
30	15501007	Meter Equipment	101,711	(102,911)	64,181	(64,181)	65,040	(65,040)	66,502	(66,502)	67,896	(67,896)
31	15501207	Pole Replacement	-	-	22,740	(18,700)	24	(4,065)	-	0	-	0
32	15501307	Cable Replacement	113,934	(81,790)	340,655	(261,900)	349,557	(333,923)	245,369	(281,515)	6,129	0
33	15501613	Tyrone Circuit 12-395 Reconductor	329,800	(460,849)	0	0	-	0	-	0	-	0
34	15501707	Silver City Pure Project	147,462	(179,779)	95,782	(95,782)	-	0	95,782	(95,782)	191,564	(191,564)
35	15501711	Silver City Capital Blvd Guarding	-	(22,145)	4,434	(4,147)	9,170	(8,862)	0	0	0	0
36	15501715	Silver City 12-17 North Silver 12-1065	-	-	469,322	(469,322)	-	0	-	0	-	0
37	15534007	Tools & Equipment	26,562	(33,996)	17,063	(17,063)	17,148	(17,148)	17,144	(17,144)	-	0
		<b>Total PNM South Distribution</b>	<b>10,202,158</b>	<b>(11,698,222)</b>	<b>6,212,829</b>	<b>(6,339,648)</b>	<b>4,977,473</b>	<b>(4,879,531)</b>	<b>4,791,069</b>	<b>(4,920,565)</b>	<b>4,828,295</b>	<b>(4,144,280)</b>
		<b>PNM South Transmission</b>										
38	22007010	Misc. Trans. Station Imp Foreca	376,220	(411,963)	164,329	(164,120)	165,099	(154,770)	165,301	(165,290)	165,301	(165,290)
39	22007100	Misc. 115kv Trans Imp Forecast	152,036	(156,509)	86,564	(86,564)	87,433	(87,433)	87,917	(87,917)	87,917	(87,917)
40	22007111	SNM Misc 69kv Line Impr.	158,843	(193,963)	84,782	(84,782)	85,662	(85,662)	93,774	(93,774)	93,774	(93,774)
41	22007214	69KV Breaker Replacements	502,312	(561,700)	-	0	-	0	-	0	-	0
42	22007308	HVDC Converter Station-Eddy Cou	386,509	(390,584)	48,772	(44,898)	52,980	(80,449)	57,834	(77,304)	56,806	(56,806)
43	22007314	Amrad Eddy Line Rebuild	4,883,480	(2,361,048)	4,414	(2,526,846)	-	0	-	0	-	0
44	22007410	PD Load Shedding	-	-	41,736	(41,736)	-	0	-	0	-	0
45	22007514	Alamogordo Replacement Capacitor Installation	1,575,417	(2,438,713)	-	0	-	0	-	0	-	0
46	22007714	NERC Tier 3 Funding Projects	1,399,108	(1,344,601)	-	0	-	0	-	0	(0)	0
47	22009008	Alamo 115kv Static Var Compensa	1,956	(67,083) 0	0	0	0	0	0	0	0	0
		<b>Total PNM South Transmission</b>	<b>9,375,880</b>	<b>(7,926,165)</b>	<b>430,597</b>	<b>(2,948,945)</b>	<b>390,775</b>	<b>(408,314)</b>	<b>404,826</b>	<b>(424,285)</b>	<b>403,798</b>	<b>(403,787)</b>
		<b>Production Related</b>										
48	70016108	Capitilization Policy changes co 3	1,378,914	(379,120)	378,037	(94,585)	600,093	0	600,093	0	600,093	0
49	70029905	Generation Reallocation Project 4	3,374,797	(3,819,900) 0	-	0	0	0	0	0	0	0
		<b>Total Production Related</b>	<b>4,753,711</b>	<b>(4,199,020)</b>	<b>378,037</b>	<b>(94,585)</b>	<b>600,093</b>	<b>-</b>	<b>600,093</b>	<b>-</b>	<b>600,093</b>	<b>-</b>
		<b>Corporate</b>										
50	17430714	SFSC Water Heater Replacement	-	(17,219) 0	0	0	0	0	0	0	0	0
51	17430814	SFSC Fleet HVAC Replacement	-	(25,166) 0	0	0	0	0	0	0	0	0
52	17431714	SFSC Heat Source Pump Replacements	5,645	(152,069) 0	0	0	0	0	0	0	0	0
53	17432313	NM Ops SFSC Conf Equipment	126	(3,395) 0	0	0	0	0	0	0	0	0
54	89830514	Downtown Building Improvements	935,771	(935,771) 0	0	0	0	0	0	0	0	0
55	89830714	Downtown Parking Structure Roof	-	(8,862) 0	0	0	0	0	0	0	0	0
56	91128015	MS Upgrade AD	204,656	(204,656) 0	0	0	0	0	0	0	0	0
57	91128112	PowerPlant Version 10 Upgrade	596	(16,054) 0	0	0	0	0	0	0	0	0
58	91128716	PowerPlant v. 10 Add Generational Repairs and Main	-	-	300,108	(300,108)	-	0	-	0	-	0
59	91128915	OpenPages Replacement	248,501	(248,501) 0	-	0	-	0	-	0	-	0
60	92428013	PNM.com Facelift	12	(312) 0	0	0	0	0	0	0	0	0

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
1	92428014	PNM.com Redesign Phase II	1,005,724	(1,262,983)	0	0	0	0	0	0	0	0
2	92428016	Banner NM PV Enhancements	-	-	492,309	(492,309)	-	0	2,992,210	(2,992,210)	2,219,159	(2,219,159)
3	92428115	Customer Service BI Analytics	433,364	(433,364)	-	0	-	0	-	0	-	0
4	92428116	Banner NM PV Enhancements	242,320	(242,320)	-	0	-	0	-	0	-	0
5	92428214	Banner Platform Upgrade	500,000	(500,000)	0	0	0	0	0	0	0	0
6	92428514	Customer Solar Interconnect Web App	104,254	(104,254)	-	0	-	0	-	0	-	0
7	92428814	Banner Enhancements	185,537	(180,344)	-	0	-	0	-	0	-	0
8	94128114	Oracle BIFS	370,835	(370,835)	0	99,146	(99,146)	99,733	(99,733)	99,972	(99,972)	99,972
9	94128314	Production Cost Expansion Planning Software	583,959	(583,959)	-	0	-	0	-	0	-	0
10	94128414	Environmental Screening Process Automation	100,000	(100,000)	0	0	0	0	0	0	0	0
11	94128815	Training Mgmt Tool	196,733	(196,733)	-	0	-	0	-	0	-	0
12	94228914	Sales Logix	91,864	(91,864)	0	0	0	0	0	0	0	0
13	94229714	IT Small Sized Projects	665,264	(665,264)	511,739	(511,739)	809,280	(809,280)	827,589	(827,589)	975,253	(975,253)
14	94230014	Deming Construction Ctr. Security Equipment	58,230	(58,230)	0	0	0	0	0	0	0	0
15	94230714	Santa Fe Building Improvement Contingency	520,187	(520,187)	0	0	0	0	0	0	0	0
16	94230815	Santa Fe Building Improvements	168,287	(168,287)	205,963	(205,963)	201,564	(201,564)	302,667	(302,667)	302,667	(302,667)
17	94230914	Edith Svc Center Building Improvement Contingency	868,348	(868,348)	0	0	0	0	0	0	0	0
18	94231614	ESC Admin Lift	441,575	(441,575)	0	0	0	0	0	0	0	0
19	94231816	Wedge Project	228,369	(228,369)	0	0	0	0	0	0	0	0
20	94231914	Silver City Ruidoso Security Equipment	139,951	(139,951)	0	0	0	0	0	0	0	0
21	94233315	Santa Fe Security Equipment Upgrades	85,678	(85,678)	100,467	(100,467)	100,782	(100,782)	50,445	(50,445)	50,445	(50,445)
22	94628011	Zainet Upgrade - PNM (formally Zainet Upgrade - PNM (2011))	(2)	42	0	0	0	0	0	0	0	0
23	94628013	ETRM	299,640	(550,650)	0	0	0	0	0	0	0	0
24	94628114	Perimeter LAN Device Replacement	35,214	(35,214)	0	0	0	0	0	0	0	0
25	94628214	WPM Data Management Portal	-	-	248,250	(248,250)	-	0	-	0	-	0
26	94628714	EASE Replacement	415,769	(415,769)	-	0	-	0	-	0	-	0
27	94628915	WPM Unit Commitment Software	299,060	(299,060)	-	0	-	0	-	0	-	0
28	94629515	SIGS Material Control System (MCS) Rewrite	454,265	-	445,871	(900,136)	-	0	-	0	-	0
29	94630814	Power Ops Building Improvement Contingency	35,460	(35,460)	0	0	0	0	0	0	0	0
30	94728915	NERC CIP v5 Planning and Implementation	393,393	(393,393)	-	0	-	0	-	0	-	0
31	94829915	NM ARCFM UPGRADE V. 10	279,753	(922,714)	0	0	0	0	0	0	0	0
32	95328015	ARCFM Texas Upgrade to v10.2	100,249	(100,249)	-	0	-	0	-	0	-	0
33	95430714	Deming- CCTV Security Equipment Upgrade	58,698	(58,698)	0	0	0	0	0	0	0	0
34	95430814	Alamogordo Office CCTV Security Equipment Upgrade	58,698	(58,698)	0	0	0	0	0	0	0	0
35	95431514	LV Asphalt Replacement	151,905	(151,905)	0	0	0	0	0	0	0	0
36	96328314	NM Voice System Replacement	571,392	(571,392)	-	-	-	0	-	0	-	0
37	96328412	Computer Platform Refresh-Telecom Blanket 2014	928,260	(928,260)	590,728	(590,728)	598,816	(598,816)	595,525	(595,525)	613,704	(613,704)
38	96329916	Telecom New Technology - B	-	-	593,463	(593,463)	0	0	0	0	0	0
39	96428011	Computer Platform Refresh-PCs Blanket	602,726	(602,726)	610,438	(610,438)	612,212	(612,212)	613,890	(613,890)	614,462	(614,462)
40	96428115	Password Self-Service	244,804	(244,804)	-	0	-	0	-	0	-	0
41	96433114	Computer Platform Refresh	1,619,130	(922,735)	0	0	0	0	0	0	0	0
42	96828014	Continuous Improvements Technology Enhancements	399,869	(399,869)	663,652	(663,652)	591,092	(591,092)	773,910	(773,910)	634,291	(634,291)
43	96828016	Load Balancer Replacement	-	-	354,311	(354,311)	-	0	-	0	-	0
44	96828115	MS Exchange Upgrade	300,110	(300,110)	-	0	-	0	-	0	-	0
45	96828116	Requirements Management Tool	95,696	(95,696)	0	0	0	0	0	0	0	0
46	96828211	Computer Platform Refresh (CPR) Servers/Storage Blanket	724,796	(724,796)	621,760	(621,760)	689,033	(689,033)	582,541	(582,541)	597,166	(597,166)
47	96828215	Enterprise Data Storage Refresh (Aztec Data Center)	751,807	(751,807)	-	0	-	0	-	0	-	0
48	96828216	Enporium Replacement	248,990	(248,990)	-	0	-	0	-	0	-	0
49	96828217	Migrate Selected Record Libraries from DM to Share	-	-	248,788	(248,788)	0	0	0	0	0	0
50	96828316	Information Security New Technology- 2016	-	-	247,985	(247,985)	-	0	-	0	-	0
51	96828323	Host-Based Intrusion Detection System	241,846	(241,846)	-	0	-	0	-	0	-	0
52	96828416	MS Windows 2003 Server Upgrade	126,080	(126,080)	-	0	-	0	-	0	-	0
53	96828514	Desktop of the Future 2014	606,689	(606,689)	0	0	0	0	0	0	0	0
54	96828516	MS Sharepoint 2016	296,981	(296,981)	-	0	-	0	454,043	(454,043)	-	0
55	96828517	Desktop & Mobility of the Future Wkforce	706,193	(1,901,501)	-	0	-	0	-	0	-	0
56	96828615	Enterprise Firewall Replacement	-	-	236,804	(236,804)	-	0	-	0	-	0
57	96828716	Implement Records Management Functionality in Shar	249,696	(249,696)	302,178	(302,178)	-	0	-	0	-	0
58	96828813	HP LUX Platform Upgrade 2013	102,529	(389,270)	0	0	0	0	0	0	0	0
59	96828814	Corporate Safety Metric Dashboard	91,195	(91,195)	-	0	-	0	-	0	-	0
60	96828816	Tech Upgrade - Apps 1	47,040	(47,040)	-	0	-	0	-	0	-	0

PNM Exhibit HEM-6  
Capital Project Summary

Line No.	Project No.	Project Description	A	B	C	D	E	F	G	H	I	J
			Expenditures Through End of Linkage	Clearings Through End of Linkage	Expenditures Through End of 2016 Test Period	Clearings Through End of 2016 Test Period	Years 2017 Expenditures	Years 2017 Clearings	Years 2018 Expenditures	Years 2018 Clearings	Years 2019 Expenditures	Years 2019 Clearings
1	96828914	Event Monitoring Tools	-	-	218,072	(218,072)	-	0	-	0	-	0
2	96828923	Supplier Portal	487,500	(487,500)	21,022	(21,022)	17,822	(17,822)	25,816	(25,816)	30,631	(30,631)
3	96829114	E-Mail Archive and E-Discovery Tool Upgrade/Refresh	602,067	(602,067)	-	0	-	0	-	0	-	0
4	96829115	Enterprise Business Intelligence Upgrade	395,642	(395,642)	-	0	-	0	-	0	-	0
5	96829116	Tech Upgrade - Infra 2	99,376	(99,376)	-	0	-	0	-	0	-	0
6	96829214	CPR Server 2014	59,693	(440,502)	0	0	0	0	0	0	0	0
7	96829216	HPQC Upgrade	256,645	(256,645)	-	0	-	0	-	0	-	0
8	96829222	Network Access Control	226,572	(226,572)	-	0	-	0	-	0	-	0
9	96829312	Core SAN Switch Refresh	503,088	(503,088)	-	0	-	0	-	0	-	0
10	96829314	Data Archiving, Backup and Offsite Storage	-	-	394,326	(394,326)	-	0	-	0	-	0
11	96829413	Document Management-Employee Medical Records	-	-	215,312	(215,312)	-	0	-	0	-	0
12	96829415	GRC Tools	96,945	(96,945)	-	0	-	0	-	0	-	0
13	96829426	Self Service Software Portal	203,466	(203,466)	-	0	-	0	196,580	(196,580)	-	0
14	96829512	Warehouse Automation Project	686,607	(686,607)	-	0	-	0	-	0	-	0
15	96829514	SharePoint Enhancements	279,095	(279,095)	-	0	-	0	-	0	-	0
16	96829515	PNM Backup Infrastructure Upgrade	-	-	600,821	(600,821)	-	0	-	0	-	0
17	96829516	Information Security Platform Upgrade	-	-	244,061	(244,061)	258,986	(258,986)	280,180	(280,180)	-	0
18	96829714	DR Relocation	500,000	(500,000)	0	0	0	0	0	0	0	0
19	96829814	MS Lync Ent. 2010 upgrade to Microsoft Lync Ent. 2016	348,001	(348,001)	-	0	-	0	-	0	-	0
20	96829826	Passport Upgrade/Replacement	7,801,485	(7,801,485)	6,993,490	(6,993,490)	5,000,000	(5,000,000)	-	0	-	0
21	96832114	MS Windows 2003 Upgrade	347,514	(211,114)	0	0	0	0	0	0	0	0
22	96832514	Data Center Network Refresh	1,145,675	(1,145,675)	-	0	-	0	-	0	-	0
23	97730514	Downtown Security and NERC Equipment Upgrades	2,060,652	(2,049,468)	963,433	(963,433)	62,313	(62,313)	30,200	(30,200)	30,200	(30,200)
24	97730515	Downtown Building Improvements	198,386	(198,386)	352,712	(352,712)	349,493	(349,493)	432,291	(432,291)	427,833	(427,833)
25	97731215	Emergency Response Center (Data Center Portable)	50,467	(50,467)	-	0	-	0	-	0	-	0
26	97731614	Downtown Life Safety Code Upgrades	10,106	(4,535)	0	0	0	0	0	0	0	0
27	97732014	Corporate CD Burner Replacement	-	(17,144)	0	0	0	0	0	0	0	0
28	97733116	Graphics Equipment	-	-	80,621	(80,621)	65,925	(65,925)	76,447	(76,447)	80,981	(80,981)
29	99328015	Career Management	100,163	-	101,484	(201,647)	-	0	-	0	-	0
30	99328515	On/off-Boarding Management	99,463	-	100,764	(200,227)	-	0	-	0	-	0
<b>Total Corporate</b>			<b>36,482,325</b>	<b>(38,291,582)</b>	<b>17,160,080</b>	<b>(17,813,971)</b>	<b>9,457,050</b>	<b>(9,457,050)</b>	<b>8,334,305</b>	<b>(8,334,305)</b>	<b>6,676,763</b>	<b>(6,676,763)</b>
<b>Total</b>			<b>643,430,734</b>	<b>(629,792,197)</b>	<b>320,895,542</b>	<b>(379,469,551)</b>	<b>116,873,653</b>	<b>(115,586,099)</b>	<b>101,853,650</b>	<b>(93,944,263)</b>	<b>119,073,888</b>	<b>(103,516,752)</b>

Overview of Capital Budget Process

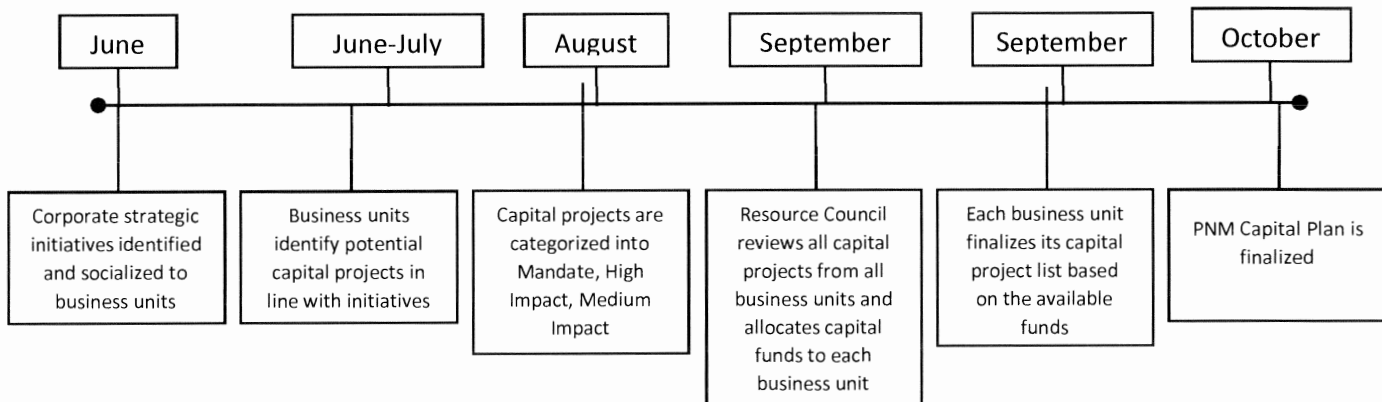
# PNM Exhibit HEM-7

Is contained in the following 3 pages.

## Capital Budgeting and Project Approval Process

PNM's planning cycle consists of four distinct but related planning efforts. The first is PNM's Integrated Resource Plan (IRP), which defines how future power needs in New Mexico will be addressed. PNM filed its 2014-2033 IRP Report with the New Mexico Public Regulation Commission in July 2014. The second cycle is the development of a Long Range Plan (LRP) based on modeling and analysis of varying economic, operational, and financial scenarios over a five-year planning horizon. The final two cycles entail business planning and budgeting. Business planning and budgeting activities are conducted on an annual basis and are the basis for PNM's Annual Operating Plan (AOP), or budget, which is finalized in the fall of each year. Detailed in this section is an overview of the capital budgeting and project approval process, which is completed as part of the AOP.

A graphic illustrating the capital budgeting and approval process is show below:



Like most utilities, PNM's senior management provides the individual business units (e.g., Generation, T&D, Business Technology Services, etc.) with a five-year capital target. This target is based on numerous factors, including strategic objectives set by senior management, environmental compliance requirements, equipment reliability, expected load/customer growth, and system reliability. The targets serve as a guide to the individual business units to enable them to more accurately plan future capital projects.

Based on the five-year capital spend targets and the factors listed above, each business unit develops its strategy and business objectives and identifies the capital projects that must be completed in order to achieve these objectives in the upcoming year. In order for a project to be considered, it must align with the company's strategic and operational performance improvement objectives. Detailed justification summaries for each project are developed. These include information such as a description of the project need, potential impact on customer/stakeholder satisfaction, expected operational improvement, project schedule including in-service date(s), project cost and cash flow estimates, and business unit ranking. Planning engineers then develop guidelines for key materials costs and escalations, labor costs

and escalations, and corporate loadings which are ultimately factored into the final project cost estimate.

In addition to the detailed justification summaries, projects are also categorized into one of three classifications – Mandate, High Impact, or Medium Impact. Mandate projects are projects PNM “Must Do” because they are already underway or they are required due to regulatory, environmental, contractual obligations, or safety concerns. High Impact projects are projects PNM “Should Do” because they have clear beneficial economic or operational outcomes from a cost or reliability perspective, or because not completing these projects could lead to increased economic or operational risk. The last category is Medium Impact projects. These projects are those PNM would “Like to Do” and can be justified due to other factors such as expected performance improvements, cost savings, extension of the useful life of an asset, etc. Below is a table that further describes the characteristics PNM utilizes to classify projects.

Category	Characteristics
Mandate – Must Do	<ul style="list-style-type: none"> <li>• Direct obligation to serve, including portions of blankets</li> <li>• Projects currently underway in which cancellations or delays are not acceptable</li> <li>• Projects required to meet or comply with regulatory, environmental, or contractual requirements</li> <li>• Projects required to maintain or increase safety</li> <li>• Primary projects to be completed within a scheduled outage</li> </ul>
High Impact – Should Do	<ul style="list-style-type: none"> <li>• Projects in which the benefits (decreased costs, increased reliability, increased safety) are clearly evident operationally or economically</li> <li>• Projects where the downside risk of not completing them is high</li> <li>• Projects in which timing of execution is intrinsically tied to a project or an event categorized as “must do” (e.g., scheduled plant outage)</li> </ul>
Medium Impact – Like to Do	<ul style="list-style-type: none"> <li>• Projects identified as meeting customer needs at reduced cost, increasing reliability, increasing or maintaining safe working conditions, or establishing a platform for strategic initiatives</li> <li>• Projects move into a “should do” or “must do” category depending upon funds availability, operational integrity, management direction, or regulatory changes</li> </ul>

Upon completion of the detailed project summaries, the projects are entered into the Prioritization Cube. The Prioritization Cube evaluates all projects in all of the business areas and assigns a recommended priority ranking to each project. PNM’s Resource Council (comprised of the Chief Operations Officer, Chief Financial Officer, Vice President of Customer Service and Business Technology, Vice President of New Mexico Operations, Vice President of Generation, and Director of Supply Chain) reviews the recommended prioritization and the

overall capital request of each business unit. After reviewing, the Resource Council finalizes the amount of capital to be allocated to each business unit for the upcoming year.

Based on the amount of capital allocated, each business unit reviews its projects again and then finalizes the list of projects for the following year. It is important to point out that factors outside of PNM's control including, but not limited to, equipment delivery delays, unforeseen scope changes, or new "Must Do" projects that emerge due to storm damage, wild fires, etc. may result in minor changes to a business unit's capital project list during the year.

Once each business unit finalizes its project list, the Resource Council reconvenes to review any projects that were not funded. If there is a project that a business unit believes must be completed in the next year but for which it does not have an approved budget, the business unit can request additional capital funds from the Resource Council. If the funds are not provided for a project, that project is dropped from the year's capital plans.

Prior to the commencement of a capital project at PNM, the project manager must submit formal documentation, a Capital Development and Approval Process (CDAP) form, before capital funds will be released. This form contains project specific information including a project summary, background, performance analysis, risk analysis, and a final recommendation that has considered potential alternatives and justification for the project (due to the ownership structure at the San Juan Generating Station, PNM currently utilizes a CBI (Capital Budget Item) form in addition to the CDAP at that facility). Upon approval of the CDAP/CBI form, the capital spend is authorized and the funds are released for the project. Due to the nature of the CDAP process, they are submitted near the time of project commencement; therefore a CDAP may not be available for all 2015 or 2016 projects.

It is ultimately the responsibility of the project manager to monitor the status of a specific project, including adherence to the approved budget, scope, and schedule. Though the project manager is responsible for the successful delivery of a project, each business unit has a budget oversight and project monitoring team that continuously evaluates capital projects to ensure spend is within the project guidelines. In an effort to instill the importance of properly managing capital resources, PNM also requires its project managers to report any capital projects that have a projected budget over-run of more than 10%. If a project falls into this category, the project manager must submit a "Request for Additional Funds" document outlining the rationale for the cost overruns and the additional capital needed in order to complete the project. Upon submission of this form, PNM management reviews the rationale for the cost overruns and determines if the project will be provided with additional capital.

Beyond the individual business units, PNM also conducts monthly and quarterly management reviews of its spend on capital projects. During these reviews, management analyzes any differences between budgeted and actual results for a particular period, and, if necessary, has the authority to alter future capital spending on a particular project or for an entire business unit.



Budget Loads

# PNM Exhibit HEM-8

Is contained in the following page.

**2015 Loads on Construction**

**BUDGET - AOP**

Effective: JANUARY 1, 2015  
 Status: APPROVED 09/17/2014 (FINAL REVIEW 09/17/2014)

Loads on Construction

Payroll Loads  
 Engineering & Supervision (E&S) Load  
 Administrative & General (A&G) Load

Minor Material (MML) Load  
 Stores (STL), Non-Stores (NSL), Purchasing (PUR) Load  
 Capital overhead - Legal related to pre-implementation of Smart Meters

**Payroll Loads**

	Electric 001	Trans-mission 002	Bulk Power 003	PNM Comm Utility 006	SNM Dist 034	SNM Transm 035	Corporate 007	TNMP Texas 012
Payroll Taxes (PRT)	7.00%	7.00%	6.74%	7.00%	7.00%	7.00%	8.79%	7.50%
Pension & Benefits (P&B)	22.32%	22.32%	30.46%	22.32%	22.32%	22.32%	17.17%	16.06%
Injuries & Damages (I&D)	6.73%	6.73%	4.92%	6.73%	6.73%	6.73%	2.12%	9.35%
<b>Total</b>	<b>36.05%</b>	<b>36.05%</b>	<b>42.12%</b>	<b>36.05%</b>	<b>36.05%</b>	<b>36.05%</b>	<b>28.08%</b>	<b>32.91%</b>

**Engineering & Supervision Loads**

	Electric 001	Trans-mission 002	Bulk Power 003	PNM Comm Utility 006	SNM Dist 034	SNM Transm 035	Corporate 007	TNMP Texas 012
184071 - Distribution	16.00%				16.00%			8.00%
184070 - Transmission		3.00%				3.00%		4.00%

**Administrative & General Loads**

	Electric 001	Trans-mission 002	Bulk Power* 003	PNM Comm Utility 006	SNM Dist 034	SNM Transm 035	Corporate 007	TNMP Texas 012
922100 - Major		4.16%	see below			4.16%		4.16%
922200 - Minor	8.32%	8.32%	see below		8.32%	8.32%		8.32%
922300 - Other (JPP)		0.82%	see below					

*Bulk Power	OTH	OTH	OTH	OTH	OTH	OTH	OTH	OTH	OTH
	BP BLDG	GENERAL	AFT-702, 707, 708	LOR-703, DLUN-706	REE-713	LV-717, MKTG-731	FC	PV	
Co. 003	357	700	702 703 706	702 703 706	713	717 731	715	720-725	
	CT								
922100 - Major	926			4.16%	4.16%	4.16%			
922200 - Minor	926	8.32%	8.32%	8.32%	8.32%	8.32%	8.32%		
922300 - Other (JPP)	926							0.82%	0.82%

*Bulk Power (continued)	LUNA	LUN D&M	D&M ADJ PNMCR	LUNA	RENEW	SJ FP*	SJ
Co. 003	CT	741-746	741-744	747	751	760	761-786
922100 - Major	926	30.56%	1.39%	-10.19%	4.16%		
922200 - Minor	926	30.56%	2.77%	-10.19%	8.32%	8.32%	2.37%
922300 - Other (JPP)	926						

**Minor Material, Stores, Non-Stores Loads**

	Electric 001	Trans-mission 002	Bulk Power 003	PNM Comm Utility 006	SNM Dist 034	SNM Transm 035	Corporate 007	TNMP Texas 012
MML - Minor Material	7.00%				6.00%			7.30%
STL - Stores	4.00%	4.00%	6.50%	4.00%	4.00%	4.00%	4.00%	18.30%
NSL - Non-Stores	1.50%			1.50%	1.50%			
PUR - Purchasing	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%

Note: Actuals: Above items are applied to specific Passport transaction code; Budget: Items are applied to equivalent cost types (mainly 350, 359).

**Capital Load for Pre-Impl Smart Meter legal**

	Electric 001	Trans-mission 002	Bulk Power 003	PNM Comm Utility 006	SNM Dist 034	SNM Transm 035	Corporate 007	TNMP Texas 012
Smart Meter Capital load								0.79%

Note: Implemented 09/11, expected to run for approximately five years (~09/16).

AFUDC Calculation

# PNM Exhibit HEM-10

Is contained in the following page.

	A	B	C	D	E	F	G	H	I	J	K	L	M	O	P	
		<b>AFUDC Summary - 6 months of Base (Jan 2014 - June 2014) and 6 Months Linkage (July 2014 - Dec 2014)</b>														
		Annual Rate														
		Monthly Rate														
5	AFUDC Debt		3.29%													
6	AFUDC Equity		4.28%													
7	Total AFUDC		7.57%													
9	Ave ST Debt Rate		5.62%													
10	LT Debt Rate		5.83%													
11	Preferred Stock Rate		4.62%													
12	Common Equity Rate		10.00%													
14		Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	12 month avg	13 month avg
15	ST Debt Balance		114,600	116,300	-	-	400	-	23,611	20,773	202	5,008	33,117	58,320	31,028	
16	CWIP Balance	146,145	155,382	152,314	151,482	157,906	162,860	153,709	166,057	186,084	220,683	248,726	261,377	203,308		182,003
18	Preferred stock (prior year end)		11,529													
19	LT Debt (prior year end)		1,190,845													
20	Common Equity (prior year end)		1,268,076													
		<b>AFUDC Summary - 2015</b>														
		Annual Rate														
		Monthly Rate														
27	AFUDC Debt		2.78%													
28	AFUDC Equity		3.85%													
29	Total AFUDC		6.63%													
31	Ave ST Debt Rate		3.05%													
32	LT Debt Rate		5.48%													
33	Preferred Stock Rate		4.62%													
34	Common Equity Rate		10.00%													
36		Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	12 month avg	13 month avg
37	ST Debt Balance		6,887	1,804	-	24,639	72,423	88,316	85,431	62,132	87,313	94,935	219,422	44,409	65,643	
38	CWIP Balance	203,308	212,126	232,502	253,871	253,309	265,583	279,242	310,854	345,369	372,317	368,966	304,992	180,110		275,581
40	Preferred stock (prior year end)		11,529													
41	LT Debt (prior year end)		1,290,845													
42	Common Equity (prior year end)		1,323,128													
		<b>AFUDC Summary - 2016</b>														
		Annual Rate														
		Monthly Rate														
49	AFUDC Debt (1)		2.10%													
50	AFUDC Equity		0.00%													
51	Total AFUDC		2.10%													
53	ST Debt Rate		2.10%													
54	LT Debt Rate		5.56%													
55	Preferred Stock Rate		4.62%													
56	Common Equity Rate		10.50%													
58		Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	12 month avg	13 month avg
59	ST Debt Balance		31,173	184,807	160,905	173,621	306,405	285,957	249,479	226,013	177,506	165,368	227,858	202,635	199,311	
60	CWIP Balance	181,275	189,778	198,003	178,459	186,697	194,941	177,358	173,064	178,254	175,809	176,089	197,158	184,400		183,945
62	Preferred stock (prior year end)		11,529,299													
63	LT Debt (prior year end)		1,415,845													
64	Common Equity (prior year end)		1,434,747													
66	AFUDC Debt Rate Calculation		B53*(O59/P60) + B54[(B63/(B63+B62+B64))(1-(O59/P60))]													
67	AFUDC Equity Rate Calculation		[1-(P59/P60)]*[B55(B62/(B63+B62+B64)) + B45(B64/(B63+B62+B64))]													
69	(1) The STD balance is greater than CWIP, therefore the rate is limited to the calculated short term debt rate of 2.10															

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

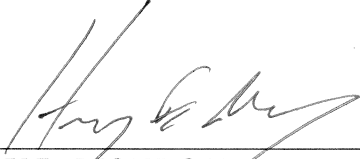
IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR REVISION OF ITS RETAIL ) **Case No. 14-00332-UT**  
ELECTRIC RATES PURSUANT TO ADVICE )  
NOTICE NO. 507 )  
 )  
 )  
PUBLIC SERVICE COMPANY OF NEW MEXICO, )  
Applicant. )  
\_\_\_\_\_ )

**AFFIDAVIT**

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

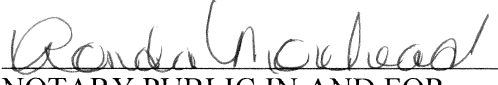
**HENRY E. MONROY, Director, Cost of Service and Internal Audit for PNM Resources, Inc.**, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony and Exhibits of Henry E. Monroy** and it is true and accurate based on my own personal knowledge and belief.

SIGNED this 8<sup>th</sup> day of December, 2014.



**HENRY R. MONROY**

SUBSCRIBED AND SWORN to before me this 8<sup>th</sup> day of December, 2014.



NOTARY PUBLIC IN AND FOR  
THE STATE OF NEW MEXICO

