PNM EXHIBIT HEM-4

Consisting of 3 pages

30 Incremental Revenue Requirement for Undepreciated Investment of Unit 2 & Unit 3

(Line 25 - Line 28)

31

Estimated	Incremental Annual Revenue Requirement for Undepreciated Investment in SJGS Unit 2 and 3		A 2018 Revenue	В
Line No			Requirement	Reference
		-		
1	Regulatory Asset - Undepreciated Investment in Unit 2 & 3	\$	204,995,787	Exhibit HEM-4, Page 2, Column O, Line 36
2				
3	Accumulated Amortization		(5,124,895)	
4				
5	Average Unamortized Regulatory Asset		199,870,892	
6	(Line 1 + Line 3)		(-	
7	ADIT	-	(77,190,139)	
8	Net Regulatory Asset	¢	122 600 754	
		\$	122,680,754	
10 11	(Line 5 + Line 7)			
	WACC		8.18%	Exhibit HEM-3, Column E, Line 8
13	The contract of the contract o		0.10/0	EXHIBIT HEIVI-3, COIUIIIII E, LIIIE 8
14	Carrying Charge on Regulatory Asset	\$	10,035,286	
15	(Line 9 * Line 12)	*	10,033,200	
16				
17	Total Amortization Expense		10,249,789	
18				
19	Income Taxes		3,913,540	
20				
21	Total Non-Fuel Revenue Requirement		24,198,615	
22	(Line 14 + Line 17 + Line 19)			
	PNM Retail Share of Non-Fuel revenue requirement			
23	(Line 21* 93.33%)		22,584,567	
24	Revenue Tax @ 0.508573%	-	114,859	
25	Total PNM Non-Fuel Retail Revenue Requirement, Assuming 20 Year Recovery	\$	22,699,426	
26	(Line 23 + Line 24)			
27				
28 29	PNM Retail Revenue Requirement, Assuming 36 Year Recovery	-	18,575,304	Exhibit HEM-4, Page 3, Column A, Line 25

4,124,122

Exhibit HEM-2, Page 1, Column A, Line 2

Exhibit HEM-4, Page 3, Column A, Line 1

Estimated	Undepreciated investment in SJG A	S Unit 2 and	3 after Exchange for B	or 78 MW in SJGS Unit 4 C	D =	B/C	E	
	D	Nint book on	l 1 00/00/10	Compared IAM Compared in	Φ === 1-\Δ/ ==	6.00/20/42	Estimated Capital Add 07/01/13 - 12/31/	
Line No.	Description San Juan Unit 1	s inet book va	lue as of 06/30/13 95,095,936	Current kW Ownership 170,000	\$ per kvv a:	s of 06/30/13 559		73,048
1		Ş	, ,	,	\$	663		602,718
2	San Juan Unit 2		112,640,507	170,000		686	·	•
3	San Juan Unit 3		170,124,725	248,000				45,958
4	San Juan Unit 4		120,485,000	195,000		618		.46,648
5	San Juan Common & Switchyard		95,478,709	702.000		75.0		77,986
6	Total San Juan	\$	593,824,878	783,000	\$	758	42,1	.46,358
7 8								
9			F	G = B + E +F	H =	G/C	1	
Ū		Estima	ted Additional					
			ed Depreciation -	Estimated Balance at				
10			<u>13 - 12/31/14</u>	<u>01/01/15</u>		s of 01/01/15	Transfer of kV	<u>/</u>
11	San Juan Unit 1	\$	(3,824,170)	\$ 96,744,814	\$	569		-
12	San Juan Unit 2		(4,420,751)	110,822,474		652		-
13	San Juan Unit 3		(7,866,054)	166,904,629		673		(78,000)
14	San Juan Unit 4		(5,971,609)	126,660,039		650		78,000
15	San Juan Common & Switchyard		(3,724,030)	109,032,665				
16	Total San Juan		(25,806,614)	\$ 610,164,621	\$	779		-
17								
18								
19			J	K = G + J		L	M	nal
							Estimated Addition	
				Estimated Net Book Value at	Estimated Ca	pital Additions -	Estimated Addition Accumulated Depres	
20		\$ Value of	Transferred kW	Estimated Net Book Value at 01/01/15, after Transfer		pital Additions - - 12/31/17	Estimated Addition Accumulated Deprect 01/01/15 - 12/31	iation -
20 21	San Juan Unit 1	\$ Value of	Transferred kW	Estimated Net Book Value at 01/01/15, after Transfer \$ 96,744,814			Accumulated Depred 01/01/15 - 12/31	iation -
	San Juan Unit 1 San Juan Unit 2		Transferred kW	01/01/15, after Transfer	01/01/15	- 12/31/17	Accumulated Depred 01/01/15 - 12/31 \$ (8,9)	iation - /17
21			-	01/01/15, after Transfer \$ 96,744,814 110,822,474	01/01/15	- 12/31/17	Accumulated Depred 01/01/15 - 12/31 \$ (8,5) (9,2)	007,004)
21 22	San Juan Unit 2		Transferred kW (52,494,000) 52,494,000	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629	01/01/15	- 12/31/17 19,046,786 - -	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7 (11,0)	siation - /17 907,004) 203,127) 034,189)
21 22 23 24	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4		(52,494,000)	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039	01/01/15	- 12/31/17 19,046,786 - - 8,752,098	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7)	siation - /17 907,004) 203,127) 034,189) 719,003)
21 22 23 24 25	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard		(52,494,000)	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665	01/01/15	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4	\$	(52,494,000)	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 034,189) 719,003)
21 22 23 24 25 26	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard	\$	(52,494,000)	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard	\$	(52,494,000)	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665 \$ 610,164,621	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard	\$	(52,494,000) 52,494,000	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665 \$ 610,164,621 O Estimated Unrecovered	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard	\$ \$ Estimated	(52,494,000) 52,494,000 	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665 \$ 610,164,621 O Estimated Unrecovered Investment in San Juan Unit	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan	\$ \$ Estimated Value:	(52,494,000) 52,494,000 	01/01/15, after Transfer \$ 96,744,814 110,822,474 114,410,629 179,154,039 109,032,665 \$ 610,164,621 O Estimated Unrecovered Investment in San Juan Unit 2 and 3	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan San Juan	\$ \$ Estimated	(52,494,000) 52,494,000 	01/01/15, after Transfer \$ 96,744,814	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan San Juan Unit 1 San Juan Unit 2	\$ \$ Estimated Value:	(52,494,000) 52,494,000 52,494,000 N Ending Net Book at 12/31/2017 106,884,596 101,619,347	01/01/15, after Transfer \$ 96,744,814	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29 30 31 32 33	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan San Juan Unit 1 San Juan Unit 2 San Juan Unit 3	\$ \$ Estimated Value:	(52,494,000) 52,494,000 52,494,000 N Ending Net Book at 12/31/2017 106,884,596 101,619,347 103,376,440	01/01/15, after Transfer \$ 96,744,814	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29 30 31 32 33 34	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan San Juan Unit 1 San Juan Unit 2 San Juan Unit 3 San Juan Unit 4	\$ \$ Estimated Value:	(52,494,000) 52,494,000 52,494,000 - N Ending Net Book at 12/31/2017 106,884,596 101,619,347 103,376,440 170,187,134	01/01/15, after Transfer \$ 96,744,814	<u>01/01/15</u> \$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,7) (11,0) (17,7) (7,3)	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)
21 22 23 24 25 26 27 28 29 30 31 32 33	San Juan Unit 2 San Juan Unit 3 San Juan Unit 4 San Juan Common & Switchyard Total San Juan San Juan Unit 1 San Juan Unit 2 San Juan Unit 3	\$ \$ Estimated Value:	(52,494,000) 52,494,000 52,494,000 N Ending Net Book at 12/31/2017 106,884,596 101,619,347 103,376,440	01/01/15, after Transfer \$ 96,744,814	\$	- 12/31/17 19,046,786 - - 8,752,098 8,211,145	Accumulated Deprec 01/01/15 - 12/31 \$ (8,9,4,11,11,11,11,11,11,11,11,11,11,11,11,1	siation - /17 907,004) 203,127) 934,189) 719,003) 890,328)

В

Undepreciated Investment of SJGS Unit 2 and 3 after Exchange for 78 MW in SJGS Unit 4

Estimated Annual Revenue Requirer	nent of SJGS Unit 2 & 3 Based on Remaining Life of SJGS

Littillateu	Annual Revenue Requirement of 3303 office & 3 based on Remaining Life of 3303		2018 Revenue	ū
Line No	-	R	Requirement	Reference
1	Regulatory Asset - Undepreciated Investment in Unit 2 & 3	\$	204,995,787	Exhibit HEM-4, Page 2, Column O, Line 36
2				
3	Accumulated Amortization	-	(2,847,164)	
4				
5	Average Unamortized Regulatory Asset		202,148,623	
6	(Line 1 + Line 3)		(70.000.700)	
7	ADIT		(78,069,798)	
8 9	Net Regulatory Asset	\$	124,078,825	
10	(Line 5 + Line 7)			
11	(======================================			
12	WACC		8.18%	Exhibit HEM-3, Column E, Line 8
13				
14	Carrying Charge on Regulatory Asset	\$	10,149,648	
15	(Line 9 * Line 12)			
16				
17	Total Amortization Expense		5,694,327	
18				
19	Income Taxes		3,958,139	
20	Tabel New Fred Develope Development		10.002.114	
21 22	Total Non-Fuel Revenue Requirement (Line 14 + Line 17 + Line 19)		19,802,114	
22	·			
23	PNM Retail Share of Non-Fuel revenue requirement (Line 21* 93.33%)		18,481,313	
23	Revenue Tax @ 0.508573%		93,991	
25	Total PNM Non-Fuel Retail Revenue Requirement, Assuming 36 Year Recovery	<u>\$</u>	18,575,304	Exhibit HEM-4, Page 1, Column A, Line 28
26	(Line 23 + Line 24)			

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