PNM EXHIBIT HEM-7

Consisting of 1 page

Line No	_	A 2018 Revenue Requirement	B Reference
1	Gross Plant		
2	Gas Peaker	\$ 178,162,744	
3	Gas Pipeline	10,934,184	
4	Total Gross Plant	189,096,928	
5		:	
6	Accumulated Reserve		
7	Gas Peaker	(1,670,276)	
8	Gas Pipeline	(136,677)	
9	Total Accumulated Reserve	(1,806,953)	
10			
11	Average NBV		
12	Gas Peaker	176,492,468	
13	Gas Pipeline	10,797,507	
14	Total Average NBV	187,289,975	
15	(Line 4 + Line 9)		
16 17	ADIT	(3,318,099)	
18	Rate Base		
19		\$ 183,971,876	
20	(Line 14 + Line 16)		
21	WACC	0.400	- 4 M
22	WACC .	8.18%	Exhibit HEM-3, Column E, Line 8
23	Return on Rate Base (1)		
24	(Line 18 * Line 21)	\$ 11,286,675	
25	(eme 10 Eme 21)		
26	Depreciation Expense		
27	Gas Peaker	3,340,551	
28	Gas Pipeline	273,355	
29	Total Depreciation Expense (1)	3,613,906	
30	· · · · · · · · · · · · · · · · · · ·	3,013,900	
31	Income Taxes	4,401,554	
32		4,401,554	
33	Property Taxes		
34	Gas Peaker	1,069,715	
35	Gas Pipeline	86,976	
36	Total Property Tax (1)	1,156,692	
37			
38	O&M		
39	Gas Peaker	2,251,288	
40	Gas Pipeline	250,000	
	Total O&M (1)	2,501,288	
42			
43	Total Non-Fuel Revenue Requirement	\$ 22,960,114	
44	(Line 23 + Line 29 + Line 31 + Line 36 + Line 41)		
	PNM Retail Share of Non-Fuel revenue requirement		
45	(Line 43 * 93.33%)	21,428,675	
46	Revenue Tax @ 0.508573%	108,980	
47	Total PNM Non-Fuel Retail Revenue Requirement	\$ 21,537,655	Exhibit HEM-2, Page 1, Column A, Line 8
(1) 5 0	(Line 45 + Line 46)		

⁽¹⁾ Reflects 9 months, based on in-service date of 4/1/2018