

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. 595)**

Case No. 22-00270-UT

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

Applicant)

_____)

DIRECT TESTIMONY

OF

HENRY E. MONROY

December 5, 2022

NMPRC CASE NO. 22-00270-UT
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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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AFFIRMATION

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I. INTRODUCTION

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

A. My name is Henry E. Monroy. I am the Vice President, Regulatory and Corporate Controller for Public Service Company of New Mexico ("PNM" or "Company"). My business address is 414 Silver SW, Albuquerque, NM 87102. A description of my position and background is included in PNM Exhibit HEM-1. The exhibit also includes a list of cases in which I have provided testimony at the New Mexico Public Regulation Commission ("Commission" or "NMPRC").

Q. WHAT MAKES THIS GENERAL RATE CASE NECESSARY NOW?

A. PNM is undertaking its energy transition to non-carbon-emitting resources, while maintaining reliability and customer service. This rate case begins to capture these ongoing changes in PNM's cost of service that reflect this energy transition and PNM's pledge to have a carbon-free generation portfolio by 2040. PNM's base rates were last changed by the Commission in Case No. 16-00276-UT (the 2016 Rate Case). Since then, PNM has contained costs and leveraged changes to the ongoing cost of providing service, including those associated with the transition to more renewable resources. Because inflationary pressures and overall costs have increased for PNM to provide the service customers deserve and expect, PNM is asking for an increase in its non-fuel base rates to cover a revenue deficiency of \$63.8 million.

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1 **Q. PLEASE DESCRIBE WHAT DRIVES THIS REVENUE DEFICIENCY.**

2 **A.** The increased costs of providing electricity service are driven by a variety of
3 factors, not least of which are the significant investments PNM has made in its
4 system since the last base rate case. These investments serve customers and have
5 furthered the state’s goal of a carbon-free transition, which PNM aims to achieve
6 by 2040. It is important to note that the energy transition is helping keep rates
7 affordable, and the removal of costs associated with the now abandoned San Juan
8 Generation Station (“SJGS” or “San Juan”) has helped offset other significant
9 increases in PNM’s cost of providing service to its customers. As PNM focuses on
10 the transition to a carbon-free generation portfolio, changes in what our customers
11 will pay for electric service also must recognize anticipated reductions in fuel costs
12 flowing through PNM’s fuel and purchased power adjustment clause (“FPPCAC”
13 or “fuel clause”). These fuel clause reductions reflect the retirement of coal
14 generation and elimination of fuel expenses for previously leased nuclear
15 generation, and their replacement with lower-cost renewable energy sources.

16
17 **Q. WHAT IS THE MONTHLY BILL IMPACT TO AN AVERAGE
18 RESIDENTIAL CUSTOMER AS A RESULT OF THE PROPOSED
19 REVENUE INCREASE AND OTHER PROJECTED CHANGES?**

20 **A.** The average residential customer’s total monthly bill is expected to increase by 68
21 cents per month or 0.8%, when taking into account projected fuel savings, along
22 with other anticipated changes in rate riders in 2024, including the Energy

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1 Transition Charge (“ETC”) that is expected to be in place after the Energy
2 Transition Bonds are issued in the fourth quarter of 2023.

3
4 The system average non-fuel base rate increase will be 8.77%. After banding the
5 impact of the revenue deficiency on all classes, PNM’s requested non-fuel revenue
6 increase results in an average non-fuel base rate impact to the residential customer
7 class of 9.65%.

8
9 As part of this requested increase in non-fuel base rates, PNM has chosen a rate
10 design banding proposal that distributes the cost-of-service impact across all
11 customer classes by setting upper and lower limits for the amounts that rates can
12 increase or decrease for any given customer class. Similar to the 2016 Rate Case,
13 this banding proposal favors the mitigation of impacts to residential customers over
14 principles of cost causation, and recognizes the current state of high inflation and
15 pressures still being felt from the COVID-19 pandemic on our customers. PNM is
16 committed to develop a rate design process that is transparent and stakeholder
17 driven as we continue working toward a modern rate design that will align with
18 PNM’s carbon-free future.

19

20 **Q. WHAT ARE THE KEY DRIVERS OF PNM’S PROPOSED RATE**
21 **CHANGES?**

22 **A.** The key drivers for the non-fuel revenue deficiency are as follows:

23

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1 First, increased costs associated with recovery of investments in transmission,
2 distribution, and generation facilities since 2018, which include investments that
3 have furthered the state’s goal of a carbon-free transition.

4
5 Second, cost reductions associated with the closure of the SJGS Units 1 and 4, and
6 the expiration of 114 MW of Palo Verde Nuclear Generating Station (“Palo Verde”
7 or “PVNGS”) leases. These savings are net of the demand component associated
8 with batteries or energy storage agreements approved as part of the energy
9 transition to carbon-free resources. The energy costs associated with the approved
10 carbon-free resources will flow through PNM’s fuel clause and are reflected in the
11 estimated total monthly bill impact.

12
13 Third, updated depreciation rates, which include the shortening of the terminal
14 dates of certain natural gas-fired facilities, including Afton Generating Station, La
15 Luz Generating Station, Luna Generating Station, and Lordsburg Generation
16 Station to 2040. These updated depreciation rates, which align with the Company’s
17 2040 carbon-free portfolio goal, further increased the revenue deficiency.

18
19 Fourth, increases to operating costs necessary to provide electric service to our
20 customers that also reflect the current inflationary period we are operating under
21 and the expected O&M costs, as described in more detail by PNM witnesses
22 Sanders, Gray, Mendez, Pino, Pitts, and Cervantes.

23

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1 Fifth, energy sales growth since PNM’s last rate case provides a reduction to the
2 required revenue deficiency requested. Customer growth and increased usage on
3 our system since the last rate case helped offset the requested revenue deficiency.

4

5 Finally, the overall cost of capital in this case uses the Company’s actual capital
6 structure and reflects an increase in PNM’s allowed return on equity to 10.25% in
7 order to attract shareholder funding for our capital investment program, which is
8 largely offset by a reduction in PNM’s weighted average cost of debt since the 2016
9 Rate Case.

10

11 **Q. DOES THIS CASE REFLECT THE BROAD CHANGES IN ENERGY**
12 **POLICIES THAT ARE OCCURRING?**

13 **A.** Yes. This rate case begins to capture the changes in the cost of service brought
14 about by the Energy Transition Act (“ETA”) and PNM’s pledge to have a carbon-
15 free portfolio by 2040. While the retirement of baseload coal and nuclear plants in
16 PNM’s generation portfolio will save customers money over time, removing these
17 plants from service cannot be isolated from the changes to the grid to accommodate
18 a carbon-free transition.

19

20 Ultimately, this case reflects the ongoing transformation of PNM’s energy grid—a
21 transformation that can only happen with ongoing investment.

22

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1 **Q. HOW DOES THIS REQUEST CONNECT TO OTHER EFFORTS PNM IS**
2 **UNDERTAKING TO SUPPORT ITS GOAL OF A CARBON-FREE**
3 **PORTOFLIO BY 2040?**

4 **A.** The transition to carbon-free requires a comprehensive commitment on the part of
5 PNM, its customers and regulators through an ongoing, multi-layered investment
6 strategy. As part of that effort, PNM has sought approval of certain modernization
7 projects (“Grid Mod Plan”) consistent with the grid modernization statute, NMSA
8 1978, § 62-8-13, in Case No. 22-00058-UT. While PNM’s Grid Mod Plan focuses
9 on certain key multi-year investments as a platform for our carbon-free transition,
10 PNM cannot capture the full potential of grid modernization without a reliable
11 underlying base infrastructure built to current-day standards. This rate case
12 encompasses investments in that basic level of infrastructure that not only support
13 safe and reliable service, but also support the platform upon which grid
14 modernization projects can be efficiently and effectively deployed. While PNM
15 has removed the cost of proposed Grid Mod Plan investments from its base rate
16 cost of service, the average residential bill impact stated earlier of 0.8% reflects the
17 projected first year impacts from the rider proposed under the Grid Mod Plan.

18

19 **Q. CAN YOU HIGHLIGHT SOME KEY PROPOSALS IN THIS RATE**
20 **FILING?**

21 **A.** Under standard ratemaking principles, customer class cost allocations are intended
22 to reflect customer class cost causation. However, the final proposed increases for
23 customer classes must take into account disparate and significant impacts among

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1 customer classes from strict adherence to that principle. In light of the considerably
2 high inflationary pressures our customers are facing, and recognizing many
3 customers are still recovering from the impacts of the COVID-19 pandemic, our
4 banding proposals reflect a position that ensures all customer classes share in the
5 revenue deficiency. This helps ensure no one customer class sees a disparate
6 increase based on pure cost-causation principles.

7

8 In addition to banding cost impacts of the revenue deficiency, PNM is taking steps
9 to offer services to customers such as fee-free credit card and debit card payment
10 options and expanded no cost Western Union payment services; continuing
11 outreach for low-income customers, including bill assistance programs; and
12 expanded customer service support. PNM is also using an advisory process to help
13 identify rate design proposals in the future to match the evolving way customers
14 are utilizing electricity, and more specifically working to develop time of day rates
15 that reflect today's energy uses and sources of supply.

16

17 PNM proposes to pass along the benefits associated with nuclear fuel production
18 tax credits for Palo Verde as a component of the Inflation Reduction Act of 2022
19 to our customers, as explained in the testimony of PNM witness Morris. PNM is
20 proposing that these customer benefits flow through PNM's FPPCAC and is
21 seeking a variance from the FPPCAC Rule as necessary for this purpose. This will
22 ensure that customers timely receive all of these tax credit benefits. PNM expects
23 to begin to receive this credit when it becomes effective in 2024. Currently, the

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1 lack of details and guidelines from the U.S Treasury Department preclude PNM
2 from being able to accurately quantify this benefit, which is why PNM is requesting
3 inclusion of this benefit in the FPPCAC to ensure customers benefit immediately,
4 once the tax credit is earned.

5

6 **II. GENERAL GOALS OF THE RATE CASE**

7

8 **Q. WHAT ARE THE GOALS OF THIS RATE CASE FILING?**

9 **A.** The goals of this filing are to align the existing annual revenue requirement
10 approved by the Commission with the current cost of providing service, and to
11 adjust rates for our customer classes.

12

13 PNM's approach in this case is straightforward. It focuses on investments since the
14 last rate case and reflects the initial changes to our generation portfolio transition,
15 including PNM's exit from San Juan, and the expiration of the remaining leases for
16 PVNGS. Because of this shift away from large central generation resources to
17 smaller, more distributed resources, the case includes the cost of batteries to store
18 renewable energy during peak times and distribute that energy in later hours, when
19 for example, solar energy is no longer being produced, as well as investments in
20 transmission and distribution systems to accommodate the energy sources
21 necessary to provide customers with clean and reliable energy and ensure safe and
22 reliable operation of the grid. PNM's investments since our last rate review serve
23 to strengthen and replace aging infrastructure, maintain existing generation

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1 resources, and support the changing renewable and distributed energy mix on the
2 system.

3

4 **Q. WHEN WAS PNM’S COST OF SERVICE LAST REVIEWED?**

5 **A.** PNM’s current rates are based on costs from 2018, which were set by the
6 Commission in Case 16-00276-UT (referred to as the “2016 Rate Case” for the year
7 it was filed by PNM). Those rates were implemented in two phases beginning in
8 early 2018, with the second adjustment in early 2019. This filing is the first general
9 review of the Company’s base rates since the 2016 Rate Case and covers the
10 changes to the underlying costs and the investments since 2018 that the Company
11 has already made or will complete over six years, through 2024.

12

13 **Q. WHY IS IT IMPORTANT TO ADDRESS REVENUE SHORTFALLS?**

14 **A.** When rates are insufficient to cover the reasonable costs of providing service,
15 PNM’s ability to provide customer service and reliably maintain its system is
16 impaired. Further, without adequate revenues, PNM cannot attract the capital at
17 favorable rates that are needed over the next several years to fund capital projects.

18

19 **Q. HOW IS PNM APPROACHING CHANGES TO ITS RATE DESIGN?**

20 **A.** PNM looked at where we are headed in our energy transition and is actively
21 engaging with stakeholders to determine the appropriate steps to take to modernize
22 rate design along with its generation portfolio, given the current meter and billing
23 infrastructure in place today. As discussed in the testimony of PNM witness Chan,

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1 PNM has formed a Pricing Advisory Committee (“PRAC”). The purpose and role
2 of the PRAC is to get input from interested stakeholders as PNM considers rate
3 options.

4
5 PNM’s transition to a modern rate design is in a data-gathering phase, and PNM is
6 taking a measured approach that recognizes the limits of what can be accomplished
7 in this case. PNM is proposing in this rate case a time-of-day (“TOD”) pilot. The
8 TOD pilot is designed to get customer feedback on incentivizing changes to
9 customer behavior regarding energy usage through price signals during peak load
10 periods. Additionally, upon approval of the Grid Mod Plan and the resulting
11 implementation of advanced metering infrastructure, PNM will have data about
12 customer usage patterns that will influence future rate design proposals. As more
13 data become available to PNM, it will work with its stakeholders through the PRAC
14 to determine stakeholder-driven approaches to modernizing PNM’s rate design.

15
16 **III. DISCUSSION OF COST-OF-SERVICE STUDY**

17
18 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF PNM’S COST OF SERVICE**
19 **STUDY.**

20 **A.** PNM’s proposed non-fuel base rate changes are based on a fully forecasted future
21 test year in accordance with the Future Test Year Rule. The historical “Base
22 Period” is the twelve-month period ending June 30, 2022. The unadjusted Base
23 Period expenses are derived from PNM’s books and records. As described by PNM

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1 witness Sanders, certain adjustments are made to develop an Adjusted Base Period.
2 PNM's Test Period (reflecting the period when new rates are expected to become
3 effective) is the twelve-month period between January 1 and December 31, 2024.
4 The linkage data from July 1, 2022, through December 31, 2023, allows the
5 Commission and intervenors to see how the Base Period's historical costs contained
6 in PNM's books and records are adjusted and rolled forward to develop a
7 representative annual non-fuel revenue requirement that represents the Test Period
8 costs expected to be incurred when new rates are put in place.

9
10 **Q. WHAT RETURN ON EQUITY IS PNM PROPOSING IN THIS RATE**
11 **CASE?**

12 **A.** PNM recommends a return-on-equity of 10.25% as a reasonable ROE request in
13 this case. PNM witness McKenzie, who is introduced below, proposes a cost of
14 equity range of 10.0% to 11.3%, with a 10.65% midpoint that represents a just and
15 reasonable cost of equity that is adequate to compensate the Company's investors,
16 while maintaining PNM's financing integrity and ability to attract capital on
17 reasonable terms. Although lower than the midpoint of his recommended equity
18 range, PNM witness McKenzie supports PNM's 10.25% request, finding it to be
19 conservative but sufficient to compensate PNM's investors and maintain PNM's
20 financial integrity.

21

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1 **Q. HAS THE COMPANY RESELECTED NEW TERMINAL DATES FOR**
2 **CERTAIN PNM GAS FACILITIES IN THE PROPOSED NEW**
3 **DEPRECIATION RATES?**

4 **A.** Yes. The policy goals established by the Energy Transition Act in 2019 (through
5 amendments to Section 62-16-4) are to transition the state to 100 percent carbon-
6 free energy generation by 2045. PNM's goal is to be carbon-free by 2040, as we
7 believe this transition provides financial and environmental benefits to our
8 customers. To align the retirement dates of PNM's remaining carbon-emitting
9 resources with its goals, PNM directed its depreciation witness, Mr. Dane Watson,
10 to prepare a depreciation study that shortens the terminal retirement date to 2040
11 for any gas plant that retires after that date. While shortening the lives of PNM's
12 gas plants does contribute to the revenue deficiency in this case, it is important that
13 PNM not delay taking the necessary steps required to accomplish the energy
14 transition. Furthermore, intergenerational equities can be considered by shortening
15 the terminal retirement dates for gas plants while they are providing necessary
16 resources to serve customers, which minimizes or avoids paying for remaining
17 undepreciated investments post-retirement when these resources are replaced in the
18 future.

19

20 **Q. DOES THE PROPOSED NON-FUEL REVENUE REQUIREMENT**
21 **REFLECT ALL OF THE COSTS OF CLEANER ENERGY RESOURCES**
22 **THAT WILL BE SERVING CUSTOMERS DURING THE TEST PERIOD?**

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1 **A.** Yes, with the exception of costs associated with the energy component of
2 replacement resources that pass through the FPPCAC. The proposed non-fuel
3 revenue requirement includes the costs associated with the energy storage
4 agreements (“ESA”) for the battery storage facilities that are part of the replacement
5 resources for SJGS and the expired PVNGS lease generation. These batteries also
6 help ensure there are adequate reserves on the system to meet customer demands.
7 In addition to the ESA agreements, the Commission also approved purchased
8 power agreements (“PPA”) that provide energy to replace generation from SJGS
9 and the expired PVNGS leases. The energy costs associated with these PPAs were
10 approved to flow through PNM’s FPPCAC (which also reflects the removal of
11 eliminated coal and nuclear fuel costs) and therefore are not reflected in the non-
12 fuel revenue requirement under review in this proceeding. This benefit of replacing
13 fuel costs from coal and nuclear fuel with solar PPAs is a key component in the
14 energy transition.

15
16 In addition, the requested annual non-fuel base revenue increase does not reflect
17 certain charges and riders that the Commission sets in other proceedings, which
18 include: the annual energy efficiency and renewable energy riders, the
19 Transportation Electrification Program Rider, the Energy Transition Charge
20 (“ETC”) that customers will begin paying once the SJGS energy transition bonds
21 are issued, and the Grid Modernization Rider proposed in Case No. 22-00058-UT.
22 For a fair comparison, PNM has included projected changes from these other riders

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1 and fuel clause when comparing an average residential customer’s current bill with
2 the projected 2024 bill.

3

4 **IV. INTRODUCTION OF APPLICATION AND WITNESSES**

5

6 **Q. WHAT IS INCLUDED IN PNM’S APPLICATION?**

7 **A.**PNM’s rate filing package includes the following:

- 8 1. PNM’s Application, proposed form of Notice and Executive Summary;
- 9 2. Advice Notice No. 595, which contains PNM’s proposed changes to its
10 existing rates and tariffs;
- 11 3. Testimonies and exhibits of PNM witnesses in support of the Application
12 and Advice Notice No. 595, including exhibits that support PNM’s
13 requested rate increase, if the Commission adopts PNM’s proposed revenue
14 requirement;
- 15 4. PNM’s Rule 530 Schedules, which provide all required data for PNM’s
16 Base Period and Test Period, as modified in accordance with the Future Test
17 Year Rule, Rule 17.1.3 NMAC ("FTY Rule"); and
- 18 5. PNM’s fully functional, electronic Cost of Service Model and PNM’s
19 electronic class cost of service and rate design models, which comply with
20 the requirements of the FTY Rule.

21

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1 **Q. PLEASE INTRODUCE THE OTHER WITNESSES TESTIFYING ON**
2 **BEHALF OF PNM AND THE SUBJECT MATTER OF THEIR**
3 **TESTIMONIES.**

4 **A.** There are 21 additional witnesses testifying on behalf of PNM in this case:

- 5 • Kyle T. Sanders, Director of Cost of Service and Corporate Budget,
6 explains how PNM developed its requested revenue requirement; explains
7 the adjustments PNM made to the base period; outlines PNM’s requested
8 regulatory assets and liabilities (including regulatory assets associated with
9 PNM’s abandonment of 114 MW of PVNGS Leased Capacity); and
10 sponsors the fully functional cost of service model;
- 11 • Stella Chan, Director of Pricing, addresses pricing policy from a strategic
12 perspective, including PNM’s efforts to transition to a modern rate design
13 as well as PNM’s proposal in this rate case to mitigate impacts of costs
14 increases on certain customer classes through a banding mechanism, and
15 discusses the importance PNM places on stakeholder engagement as it
16 pursues a modern rate design;
- 17 • Adrien McKenzie, President of FINCAP, Inc., supports PNM’s proposed
18 ROE, confirms the reasonableness of PNM’s proposed capital structure, and
19 addresses related topics, including current economic conditions;
- 20 • R. Brent Heffington, Managing Director of Generation, supports PNM’s
21 capital investments in generation facilities and related non-fuel operations
22 and maintenance expenses (“O&M”), and supports PNM’s nuclear fuel
23 costs associated with PVNGS;

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- 1 • Wesley Gray, Director of Transmission Distribution and Substation Field
2 Operations, supports PNM’s capital investments in transmission and
3 distribution and related O&M expenses; explains PNM’s capital investment
4 process for transmission and distribution; describes PNM’s wildfire
5 mitigation and vegetation management activities; supports costs associated
6 with the BB2 transmission project; and supports PNM’s requested rights-
7 of-way renewals;
- 8 • Sheila M. Mendez, Executive Director of the Enterprise Program
9 Management Office, supports the corporate capital investments needed to
10 maintain facilities, equipment, and reliable computer systems and describes
11 investments needed for robust physical and cyber-security;
- 12 • Mario Cervantes, Director of Customer Experience, addresses customer
13 relations matters, including proposed changes to improve customer
14 payment options such as fee-free options; explains costs associated with
15 customer assistance programs; and addresses customer issues related to the
16 COVID-19 pandemic;
- 17 • Yannick Gagne, Managing Director and Actuary, and Head of the
18 Retirement Business for the Southeast Region for Willis Towers Watson,
19 supports PNM’s contributions to its pension plan and retiree medical
20 benefits, and supports continued inclusion of PNM’s prepaid pension asset
21 in rate base;
- 22 • Sabrina G. Greinel, Executive Director of Treasury, addresses the benefits
23 of maintaining a financially healthy company; supports PNM’s capital

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1 structure and weighted average cost of capital; addresses the prudence of
2 PVNGS decommissioning costs; and addresses certain topics associated
3 with PNM's abandonment of SJGS;

4 • Jason A. Peters, Director of General Accounting, addresses accounting
5 treatment of certain matters in this case;

6 • Angela Pino, Director of Total Rewards, supports employee base salaries
7 and incentive compensation programs, as well as employee benefits;

8 • Leonard A. Sanchez, Associate General Counsel, supports the
9 reasonableness and prudence of PNM's request for recovery of litigation
10 expenses and explains that PNM's legal expense in the show cause
11 proceeding in Case No. 19-00018-UT, which will be recovered through the
12 ETC, are also reasonable and prudent;

13 • Eric Chavez, Communications Representative II, supports the
14 reasonableness of PNM's request for advertising expenses;

15 • Larry T. Morris, Director of Tax, addresses income tax expenses and
16 accumulated deferred income taxes included in rate base; supports PNM's
17 proposals relating to specific tax-related regulatory assets and liabilities;
18 and discusses the Inflation Reduction Act of 2022;

19 • Alan D. Felsenthal, Managing Director at PricewaterhouseCoopers LLP,
20 addresses the ratemaking treatment related to deficient/excess accumulated
21 deferred income taxes and describes changes caused by the federal Tax Cuts
22 and Jobs Act of 2017;

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- 1 • Abraham Casas, Senior Pricing Analyst, addresses the allocation of costs to
2 customer classes via the new fully functional electronic Cost of Service
3 Tool (“COST™”) Model and related cost allocation matters;
- 4 • Dr. Heidi Pitts, Lead Pricing Analyst, supports PNM’s rate design,
5 including a detailed analysis of the rate impact on low-income customers;
6 provides the fully functional electronic Rate Design model; and introduces
7 PNM’s proposed Time-of-Day pilot program;
- 8 • Frank Graves, Principal at The Brattle Group, addresses the prudence of
9 PNM’s past investments at the Four Corners Power Plant;
- 10 • Joseph A. Miller, Jr., President and CEO of Pegasus-Global Holdings Inc.,
11 addresses the reasonableness of recovery of remaining leasehold
12 improvement investments in PVNGS; supports PNM’s decision to abandon
13 the 114 MW leased interest in PVNGS, and addresses others matters related
14 to PVNGS, including decommissioning expenses;
- 15 • Dr. John Stuart McMenamin, Director of Forecasting for Itron Inc., supports
16 PNM’s sales and load forecast, as well as the billing determinants for this
17 rate case; and
- 18 • Dane A. Watson, Managing Partner of the Alliance Consulting Group,
19 supports PNM’s depreciation study and depreciation rates.
- 20

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1 go into effect because the cost-reductions from the closure of SJGS will be reflected
2 in PNM’s new rates.

3

4 **Q. WHAT DOES THE SHOW CAUSE ORDER IN CASE NO. 19-00018-UT**
5 **REQUIRE PNM TO ADDRESS IN THIS RATE CASE?**

6 **A.** The Commission’s Show Cause Order ² required PNM to make a compliance filing
7 with a record of its costs incurred in the Show Cause proceeding in that docket, and
8 imposes the following requirements with respect to the timing of PNM’s issuance
9 of the energy transition bonds:

10

11 PNM shall include in its next base rate case application filing an
12 explanation and defense of the prudence of delaying its bond
13 issuance beyond the San Juan abandonment dates and what actions
14 PNM may take or has taken to protect customers from interest rate
15 increases incurred as a result of PNM’s intended bond issuance
16 delay and to ensure the continued marketability of any energy
17 transition bonds issued by the Company.

18

19 ...[In] addition the prudency review shall include a compliance
20 filing in this docket to enable a review of the prudence of PNM’s
21 new changed plan made after the Financing Order that decided to
22 delay bond issuance beyond the dates of the San Juan abandonment
23 of Units 1 and 4. The two benchmark dates shall establish the
24 interest rates that are in existence at the times of abandonment
25 compared to the dates of actual bond issuance. Benchmark date #1
26 shall be set at 30 days following the date of abandonment of Unit 1.
27 Benchmark date #2 shall be set at 30 days following the
28 abandonment of Unit 4. Such compliance filings shall be filed in this
29 docket no later than October 15, 2022.

30

² *Final Order Adopting Recommended Decision with Additions*, Ordering Paragraph B (including adoption of Recommended Decision Ordering Para. E), Case No. 19-00018-UT (June 29, 2022) (“Show Cause Order”).

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1 I address the explanation and defense of PNM’s decision to time the issuance of the
2 bonds to coincide with the effective date of our rate change. PNM witnesses
3 Greinel and Sanchez address the other requirements from the Final Order in the
4 Show Cause proceeding.

5

6 **Q. WAS PNM PRUDENT IN ITS DECISION TO ISSUE THE BONDS AT OR**
7 **NEAR THE EFFECTIVE DATE OF RATES IN THIS CASE RATHER**
8 **THAN AT THE TIME OF ABANDONMENT OF SJGS?**

9 **A.** Yes. PNM intends to issue the energy transition bonds, begin to collect the ETC,
10 and reflect the changes in its cost of service reflecting the retirement of SJGS and
11 all other changes to its underlying revenue requirements at basically the same time.
12 This filing represents the first general rate review filing since PNM received the
13 authority to issue the Energy Transition Bonds. PNM delayed two earlier rate cases
14 with proposed increases, which benefited customers by keeping base rates at the
15 same level since 2019. Customers have not been harmed by PNM’s decision to
16 delay its request to increase customer rates, which also delayed the bond issuance,
17 because customers have not begun to pay the ETC and therefore have not had to
18 pay twice for SJGS investments, which was the protection outlined in the ETA and
19 approved in the Financing Order. As I discussed earlier, PNM plans to issue the
20 bonds in the fourth quarter of 2023 and then will begin collecting the ETC. The
21 Financing Order states that a customer rate credit to reflect the removal of the SJGS
22 from PNM’s cost of service is to be implemented when the ETC becomes effective

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1 if SJGS costs have not been removed from rates in a general rate case. PNM is
2 following the terms of the Financing Order, and therefore has acted prudently.

3

4 **Q. SHOULD PNM LOOK TO IMMEDIATE FINANCIAL INTEREST RATES**
5 **BEFORE ISSUING THE SJGS ETA BONDS?**

6 **A.** No. It is not prudent or advisable to try and “time” the market for when to issue
7 the energy transition bonds based on current or future interest rate risk movement.
8 An attempt to time the market for some incremental upside in the bonds’ pricing
9 could just as easily be met with an unexpected downside event that makes them
10 more expensive. Given the complex planning and processes that go into a securities
11 issuance like this, it is the best and safest course to not to try to speculate on when
12 it might be better or worse to issue the bonds. This is also discussed by PNM
13 witness Greinel.

14

15 **Q. GIVEN THE PROPOSED TIMING FOR ISSUING THE ENERGY**
16 **TRANSITION BONDS, HOW WILL PNM DETERMINE THE ETC COST**
17 **ALLOCATIONS?**

18 **A.** Consistent with the requirements of the Financing Order, if the bonds are issued
19 and the ETC is put in place prior to the conclusion of this rate case, PNM will
20 initially use the allocation methodology approved in its 2016 Rate Case.³ After the

³ Financing RD at 129-30, 152, Ordering ¶ 13 and ¶¶ 48-49, Case No. 19-00018-UT, (stating that upon the issuance of the Energy Transition Bond, PNM is required to file an advice notice with the Commission that identifies the actual initial energy transition charges to be include on customers’ bills, effective 15 days from the date the advice notice is filed).

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1 issuance of the bonds and once rates are approved in this case, PNM will implement
2 the allocation methodology approved in this rate case through the ETC true-up
3 process and will file a compliance Advice Notice with tariff revision for the ETC
4 to reflect any approved changes in allocations.

5

6 **Q. HAS PNM COMPLIED WITH THE REQUIREMENTS IN THE**
7 **FINANCING ORDER TO ESTABLISH REGULATORY ASSETS AND**
8 **LIABILITIES TO ACCOUNT FOR DIFFERENCES BETWEEN**
9 **ESTIMATED COSTS INCLUDED IN THE ENERGY TRANSITION BOND**
10 **AND THE ACTUAL COSTS INCURRED?**

11 **A.** Yes. PNM has established regulatory assets and liabilities to reconcile the
12 estimated costs included in the energy transition bonds and the actual costs that
13 PNM incurs. However, not all actual costs are known at this time and PNM has
14 not issued the energy transition bonds; therefore, there are no proposed
15 reconciliations in this proceeding. PNM will reconcile the estimates included in
16 the energy transition bonds with the actual costs incurred in future rate cases as
17 final costs are incurred and become known.

18

19 As discussed by PNM witnesses Peters and Sanders, PNM has identified additional
20 plant decommissioning costs above and beyond what was included to be securitized
21 in the Financing Order, because of a change in law with a new San Juan County
22 Ordinance. As a result, PNM is requesting recovery of these additional dollars
23 through its base rates. In addition, the Financing Order identified the authorization

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1 of other regulatory assets for costs associated with the abandonment of SJGS but
2 that did not qualify as energy transition costs as defined by the ETA. PNM has
3 included the request for these items in this proceeding as discussed in more detail
4 by PNM witnesses Heffington and Sanders. These requests are consistent with the
5 provisions in the Financing Order (approving the Recommended Decision which at
6 page 94 notes recovery of actual costs not included in the financing are to be
7 addressed in a general rate case) and the ETA's Sections 62-18-4(B)(10) and (F),
8 which address reconciliations between actual costs and financed costs, and
9 additional cost recovery under the Public Utility Act. While some of these costs
10 are known, some are still subject to revision, and PNM will also reconcile any
11 differences between what is included for recovery and the final costs actually
12 incurred in the same manner discussed above.

13

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1 pursuant to FTY Rule. PNM witness Sanders discusses this information from
2 the financial perspective.

- 3 • Matters raised in the *Order on Joint Motion for Accounting Order* issued on
4 November 18, 2022, in Case No. 21-00083-UT (“Accounting Order”).
- 5 • Introduction of witnesses supporting compliance from PNM’s prior rate case
6 order and other key proceedings related to the filing of this rate case.

7

8 **Q. REGARDING THE FIRST MATTER, WHY IS PNM REQUESTING THAT**
9 **CERTAIN INCOME TAX CREDITS BE INCLUDED IN THE FPPCAC?**

10 **A.** As discussed by PNM witness Morris, the Inflation Reduction Act provides for
11 income tax credits associated with nuclear fuel production; however, no published
12 guidance has yet been provided on how these credits will be calculated. As a result,
13 PNM cannot quantify the benefit expected in the Test Period that should be credited
14 to customers. One solution would be to create a regulatory liability for these
15 refunds, and then account for them in a future rate case. Because nuclear fuel costs
16 are collected through PNM’s FPPCAC, a reasonable alternative to that deferred
17 approached is to flow these actual tax credits back to customers through the
18 FPPCAC, as an offset to the cost of nuclear fuel.

19

20 **Q. DOES THE FPPCAC RULE ALLOW FOR SUCH A CREDIT?**

21 **A.** The FPPCAC does not include income taxes and normally income taxes are
22 recovered through base rates (see Rule 17.9.530.14.H(9) NMAC); however, in this
23 instance the adjustment to income taxes in the Test Period is currently unknowable.

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1 The FPPCAC Rule 17.9.550.6.D NMAC provides that “the objective of a FPPCAC
2 is to flow through to the users of electricity the increases or decreases in applicable
3 fuel and purchased power expense per kilowatt-hour of delivered energy.” Rule
4 17.9.550.7.C defines applicable fuel and purchased power expense as “the fuel
5 and/or purchased power expense that is to be collected through the FPPCAC in
6 accordance with a utility’s commission-approved methodology and forms.” The
7 FPPCAC Rule provides for variances (17.9.550.8 NMAC) where a showing is
8 made of the effect on customers and that the variance will carry out the purpose or
9 intent of the rule and is a reasonable alternative to complying with the rule.

10

11 It is logical to utilize the FPPCAC because the income tax credit will be based on
12 nuclear fuel production costs; and those production costs are included in the
13 nuclear fuel costs that are collected through the FPPCAC. Allowing PNM to offset
14 those fuel costs with the income tax credit provides a direct and immediate benefit
15 to customers, is consistent with the FPPCAC’s objective to flow through increases
16 and decreases in applicable fuel expenses and is a reasonable alternative to
17 recording the tax credits amounts as a regulatory liability when earned, which
18 would then be addressed in a future rate case. A regulatory liability for these
19 amounts would delay the timing of when customers would receive this benefit;
20 therefore the proposal to include in the FPPCAC is reasonable and in our
21 customers’ interests.

22

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1 *A. Compliance With Commission Rule 17.1.2.10(b)(2)(d)*

2

3 **Q. WHAT IS REQUIRED BY RULE 17.1.2.10(B)(2)(D)?**

4 **A.** Rule 17.1.2.10(B)(2)(d) NMAC requires that a utility submit “a concise statement
5 setting forth its compliance or failure to comply with each part of the commission’s
6 final order in each of the utility’s cases decided during the preceding five (5) years,”
7 unless the utility makes an annual informational financing filing on a date certain
8 each year setting forth the information required by the Rule.

9

10 **Q. HAS PNM COMPLIED WITH THE REQUIREMENTS OF RULE**
11 **17.1.2.10(B)(2)(D) NMAC?**

12 **A.** Yes. PNM’s annual informational financing filings, made on or before April 30
13 each year pursuant to 17.1.2.8(A)(3) NMAC and 17.9.510.12 NMAC, include a
14 report on compliance with Commission orders. PNM Exhibit HEM-2 is a copy of
15 PNM’s most recent Final Order Report (“Report”) filed with the Commission as
16 part of its annual reports filed on April 29, 2022. The Report contains a list of
17 requirements resulting from Commission final orders for the previous five years, as
18 well as the dates that PNM has made filings with the Commission because of the
19 listed requirements.

20

21

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1 *B. Compliance With Rule 530*

2

3 **Q. PLEASE SUMMARIZE THE REQUIREMENTS OF RULE 530.**

4 **A.** Rule 530 sets forth filing requirements in support of rate schedules for investor-
5 owned electric utilities. It requires that a utility filing new rate schedules file
6 supporting data in a number of schedules, as set forth at 17.9.530.13 NMAC,
7 commonly referred to as the Rule 530 Schedules. These Rule 530 Schedules
8 provide data pertaining to, among other things, the proposed cost of service,
9 original cost of plant in service, depreciation of plant, operational expense, cost of
10 capital, rate of return and rate design.

11

12 **Q. ARE YOU SPONSORING ANY RULE 530 SCHEDULES?**

13 **A.** Yes. I sponsor Rule 530 Schedules Q-2 and G-10. I also provide an index of Rule
14 530 Schedules and the name of the witness sponsoring each Schedule. Please see
15 PNM Exhibit HEM-3 to my Direct Testimony.

16

17 **Q. ARE THERE ANY SPECIFIC RULE 530 COMPLIANCE**
18 **REQUIREMENTS THAT YOU ARE ADDRESSING IN YOUR DIRECT**
19 **TESTIMONY?**

20 **A.** Yes, I address here the Company's compliance with the Rule 530 requirements
21 pertaining to use of a FTY, and I also address matters relating to Rule 530
22 requirements pertaining to the Company's filings with the Securities and Exchange

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1 Commission (“SEC”). PNM witness Sanders provides additional information on
2 the linkage data and compliance with FTY.

3
4 **Q. DOES PNM’S RATE REVIEW FILING MEET THE REQUIREMENTS OF**
5 **THE FTY RULE?**

6 **A.** Yes. Rule 17.9.530.7(S) defines “Test Year Period” as that term is used in rate
7 review proceedings, and allows the filing utility to adopt a FTY, which PNM has
8 done in this filing. Commission rules permit a public utility to file a rate increase
9 using a fully forecasted test year where the future test year begins on the date when
10 the rates case is expected to be completed, as long as the test year begins no later
11 than thirteen months after filing the application and the advice notice. PNM’s
12 Application and supporting testimonies, exhibits, and models meet the rate case
13 filing requirements set out in Rule 17.9.530 NMAC, as well as the requirements of
14 the FTY Rule as adjusted by the Commission’s November 18, 2022 order in this
15 case. As PNM witness Sanders describes in his Direct Testimony, the FTY period
16 in PNM’s Application commences January 1, 2024, the date that PNM proposes
17 any new rates approved by the Commission would go into effect.

18
19 Additionally, PNM witness Sanders sponsors PNM’s fully functional, electronic
20 cost of service model. PNM’s fully functional electronic cost of service model is
21 compliant with the requirements of the FTY Rule and follows the same format as
22 the model PNM used in its 2016 Rate Case. PNM witnesses Casas and Pitts provide
23 PNM’s functional electronic class cost of service and rate design models.

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1 Further, the FTY Rule (17.1.3.13 NMAC) requires PNM to provide certain
2 historical financial information prepared in the normal course of business for a
3 three-year period. PNM satisfies this requirement by providing its Rule 510
4 compliance filings for year-end 2021, 2020, and 2019. Please see PNM Exhibit
5 HEM-4.

6

7 **Q. PLEASE ADDRESS RULE 530 REQUIREMENTS PERTAINING TO THE**
8 **COMPANY’S FILINGS WITH THE SEC.**

9 **A.** PNM’s most recent SEC Form 10-K and SEC Form 10-Q are being provided in this
10 filing as Rule 530 Schedule Q-4, which is sponsored by PNM witness Peters, and
11 are on file with Commission’s records. Historical SEC Form 10-K’s, SEC Form
12 10-Q’s and other SEC filings, which are voluminous, are publicly available on the
13 PNM Resources, Inc. website and are available for download at any time at:
14 <http://www.pnmresources.com>.

15

16 *C. Accounting Order in Case No. 21-00083-UT*

17 **Q. PLEASE DESCRIBE WHAT THIS SECTION OF YOUR DIRECT**
18 **TESTIMONY ADDRESSES.**

19 **A.** In this section of my testimony, I specifically address the following issues raised in
20 the Accounting Order issued in Case No. 21-00083-UT:

21 1) the standard that should be applied in establishing regulatory assets and
22 regulatory liabilities and whether the Commission should require that they
23 be “unusual” or “infrequently occurring;” and

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1 2) whether a utility’s participation in planning or promoting legislation in
2 advance of the expiration of an approved depreciation schedule should be
3 considered, if at all, in determining whether an expense sought to be
4 included in a regulatory asset may be considered to be of an “unusual
5 nature” or “infrequently occurring,”

6
7 In addition, PNM witnesses Miller and Greinel address whether the renewal of the
8 five leases comprising 114 MW of leased interest in Palo Verde Units 1 and 2 (“PV
9 Leases”) and the repurchase of 64 MW of Palo Verde Unit 2 exposed ratepayers to
10 additional financial liability. PNM witness Miller also addresses the issue raised
11 on “recovery of undepreciated investments in light of the fact that PNM will no
12 longer own the undepreciated investments.” PNM witness Sanders addresses the
13 issue of whether it is appropriate to order a regulatory liability related to the PV
14 Leases and whether such regulatory liability should be returned to customers in the
15 future.

16
17 **Q. PLEASE PROVIDE SOME ACCOUNTING BACKGROUND ON**
18 **REGULATORY ASSETS AND LIABILITIES.**

19 **A.** Generally Accepted Accounting Principles (“GAAP”) provides for the effects of
20 regulatory accounting on rate-regulated entities, such as PNM. Accounting
21 Standards Codification 980-10-05-5 provided below gives a discussion around
22 actions from a regulator that give rise to regulatory assets or regulatory liabilities:

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1 05-5 Regulators sometimes include costs in allowable costs in a period other
2 than the period in which the costs would be charged to expense by an
3 unregulated entity. For the regulated entity, that procedure can do any of the
4 following:

- 5 a. Create assets (future cash inflows that will result from the rate-
6 making process)
- 7 b. Reduce assets (reductions of future cash inflows that will result
8 from the rate-making process)
- 9 c. Create liabilities (future cash outflows that will result from the
10 rate-making process).

11
12 The utilization of regulatory assets and liabilities by a regulator provides a means
13 for customers to either pay in the future for a cost that was incurred in an earlier
14 period of time, or receive a benefit or reduction in future rates from a refund or
15 savings that occurred in an earlier period.

16
17 **Q. DOES GAAP PROVIDE FOR A DEFINITION OF “UNUSUAL NATURE”**
18 **OR “INFREQUENCY OF OCCURRENCE”.**

19 **A.** Yes. GAAP includes definitions for these terms, although they are not applied to
20 regulatory assets or liabilities. The Accounting Standards Codification Master
21 Glossary provides the following general accounting definitions of “infrequency of
22 occurrence” and “unusual nature”:

23 Infrequency of Occurrence

24 The underlying event or transaction should be of a type that would not
25 reasonably be expected to recur in the foreseeable future, taking into
26 account the environment in which the entity operates (see paragraph 225-
27 20-60-3).

28
29 Unusual Nature

30 The underlying event or transaction should possess a high degree of
31 abnormality and be of a type clearly unrelated to, or only incidentally related
32 to, the ordinary and typical activities of the entity, taking into account the
33 environment in which the entity operates (see paragraph 225-20-60-3).

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1 **Q. DOES GAAP INCLUDE ANY QUALIFICATION THAT A REGULATORY**
2 **ASSET OR REGULATORY LIABILITY MUST MEET A STANDARD OF**
3 **“UNUSUAL NATURE” OR “INFREQUENCY OF OCCURRENCE” WHEN**
4 **DETERMINING WHETHER A REGULATORY ASSET OR LIABILITY**
5 **SHOULD BE AUTHORIZED?**

6 **A.** No. GAAP does not include any requirement or qualification that transactions
7 recorded in regulatory assets or liabilities be unusual or infrequent. Application of
8 these strict definitions would result in limiting the Commission’s ability to
9 appropriately authorize regulatory assets and liabilities, which are valid tools and
10 resources for the Commission in establishing customers’ rates in the future.
11 Accounting principles do not require a regulator to restrict its use of regulatory
12 assets and liabilities to “unusual” or “infrequent” transactions, and such a narrow
13 view is not reflected in GAAP codifications. Nor should this Commission adopt
14 such a restrictive policy. The creation of the regulatory asset or liability merely
15 gives the Commission the ability to determine whether certain costs or credits
16 should be paid for or returned to customers. By their nature, each regulatory asset
17 or liability should be evaluated on its individual merits.

18

19 **Q. CAN YOU PROVIDE AN EXAMPLE OF A REGULATORY LIABILITY**
20 **THAT HAS BEEN APPROVED THAT MAY NOT MEET THE NARROW**
21 **DEFINITION OF “UNUSUAL NATURE” OR “INFREQUENCY OF**
22 **OCCURRENCE”.**

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1 **A.** Yes. In December 2017, federal legislation commonly known as the Tax Cuts and
2 Jobs Act established a reduction in the federal income tax rate, from 35% to 21%.
3 As the result of this tax act, PNM recorded regulatory liabilities for the excess
4 deferred income taxes as discussed by PNM witness Morris. Under the
5 Commission’s stated view of the accounting definition of unusual nature or
6 infrequency of occurrence, one could reach the conclusion that that tax law changes
7 are not unusual in that the federal government has the authority to set tax rates; nor
8 is it infrequent in occurrence, as it is foreseeable that tax rates periodically change.
9 Given this narrow definition, one could argue that this regulatory liability would
10 not be granted given the Commission’s strict adherence in applying this accounting
11 criteria. PNM believes that the excess deferred income taxes should be recorded as
12 a regulatory liability, and has done so, and merely uses tax change impacts as an
13 example of how using these strict definitions as the criteria for creating a regulatory
14 asset or liability is not appropriate.

15

16 **Q.** **CAN YOU PROVIDE AN EXAMPLE OF A REGULATORY ASSET THAT**
17 **HAS BEEN APPROVED THAT MAY NOT MEET THE NARROW**
18 **DEFINITION OF “UNUSUAL NATURE” OR “INFREQUENCY OF**
19 **OCCURRENCE”.**

20 **A.** An example is the Commission’s utilization of regulatory assets for recovery of rate
21 case expenses incurred in setting and approving a utility’s base rates. The
22 Commission has consistently established a regulatory asset for numerous cases to
23 provide the utility the ability to recover prudent and reasonable costs from

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1 customers over time. Rate cases are not unusual nor infrequent, and as such, the
2 Commission appropriately does not use that qualification in determining in whether
3 approving a regulatory asset for rate case expenses is appropriate.

4

5 **Q. SHOULD THE COMMISSION COMPLETELY DISREGARD WHETHER**
6 **A TRANSACTION MEETS THE CRITERIA OF “UNUSUAL NATURE”**
7 **OR “INFREQUENCY OF OCCURRENCE”?**

8 **A.** Not necessarily, but it should not be a threshold requirement. There are certain
9 instances or events that do meet one or both criteria and the Commission can use
10 this as the basis for creating a regulatory asset or liability. A good example is the
11 regulatory asset and liability the Commission authorized in response to the COVID-
12 19 pandemic. The pandemic met the narrow definition of unusual nature and
13 infrequency of occurrence and as such the Commission used its authority to order
14 both the establishment of a regulatory asset and a regulatory liability. While this
15 criteria may provide a basis to establish a regulatory asset or liability, it should not
16 be the only criteria that can be considered and should not be used as a limiting factor
17 to preclude establishing regulatory assets or liabilities.

18

19 **Q. IF THE COMMISSION CHOOSES TO APPLY AN “UNUSUAL NATURE”**
20 **OR “INFREQUENCY OF OCCURRENCE” STANDARD REGARDING**
21 **UNDEPRECIATED PV INVESTMENTS AFTER THE EXPIRATION OF**
22 **THE PV LEASES, IS THE STANDARD MET IN THIS INSTANCE?**

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1 **A.** Yes. As a general proposition, the electric utility industry and the state of New
2 Mexico is undergoing a massive transition in moving to a carbon-free future. The
3 impacts of this transition on a utility’s generation portfolio as well as investments
4 in the transmission and distribution systems are unprecedented and still not fully
5 known. As a result, the economics underlying the generation facilities and their
6 continued use can shift very quickly along with the policies that favor or disfavor
7 continued reliance on given types of generation. This type of rapid transition is
8 infrequent in occurrence and unusual in nature, and such transitions are not
9 normally accounted for in establishing depreciation rates for long-lived assets.
10 These events could not have been reasonably foreseen in time to eliminate the
11 undepreciated portion of capital investment through a change in terminal dates.

12
13 As an example, San Juan was seen as an economic resource just ten years ago, but
14 has recently shut down as a result of changing policies and economics. Similarly,
15 recent changes in costs of alternative resources made it prudent for PNM to allow
16 the expiration of the PV Leases, as discussed by PNM witness Miller.

17
18 Therefore, the request for these undepreciated investments to be recovered as a
19 regulatory asset meets both definitions of “unusual nature” and “infrequency of
20 occurrence”.

21

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1 **Q. HOW DOES PNM RESPOND TO ORDERING PARAGRAPH D OF THE**
2 **ACCOUNTING ORDER WHICH PROVIDES IN PART: “THE PARTIES**
3 **SHOULD ADDRESS WHAT ROLE A UTILITY’S PARTICIPATION AND**
4 **PLANNING OR PROMOTING LEGISLATION THAT REQUIRES PLANT**
5 **CLOSURES IN ADVANCE OF THE EXPIRATION OF AN APPROVED**
6 **DEPRECIATION SCHEDULE SHOULD BE CONSIDERED, IF AT ALL,**
7 **IN WHETHER THE EXPENSE SOUGHT TO BE INCLUDED IN A**
8 **REGULATORY ASSET MAY BE CONSIDERED TO BE ‘UNUSUAL’ OR**
9 **‘INFREQUENTLY OCCURRING’”?**

10 **A.** In PNM’s view, this approach means that the Commission could restrict or withhold
11 approvals and recoverability of regulatory assets based on positions PNM takes in
12 the exercise of its First Amendment rights in the legislative process. PNM’s
13 exercise of its First Amendment rights has no relevance to any issue in this case,
14 and as PNM has argued previously, this type of inquiry is improper and an
15 infringement of PNM’s First Amendment right.⁴

16

17 ***D. Compliance Requirements from Prior Commission Orders***

18 **Q. PLEASE DESCRIBE WHAT THIS SECTION OF YOUR DIRECT**
19 **TESTIMONY ADDRESSES.**

20 **A.** This section of my Direct Testimony provides a roadmap of some of the major
21 compliance requirements from PNM’s most recent rate case or other orders

⁴ Motion of Public Service Company of New Mexico for Rehearing on Order on Remaining Issues in Recommended Decision on Motions to Dismiss, Case No. 21-00083-UT.

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1 subsequent to that case. This section is not intended to cover all compliance
2 requirements that are addressed in greater detail in the testimony of the subject
3 matter experts on various rate case issues.

- 4 • Rate design compliance requirements addressed by PNM’s rate design
5 witnesses Chan, Casas, and Pitts include:

- 6 ○ conferring with Rate Schedule 11B customers regarding Coincident
7 Peak (“CP”) demand;
- 8 ○ addressing Commission concerns with Rider No. 8 – Incremental
9 Interruptible Power Rate (“IIPR”);
- 10 ○ reporting on the results from a load research study conducted two
11 municipal rate schedules;
- 12 ○ conducting a mediation regarding TOU periods and rates; and
- 13 ○ implementation of approved Rate Schedule 36B allocation
14 methodologies.

- 15
- 16 • BB2 Line cost recovery (Case No. 18-00243-UT)
 - 17 ○ PNM witness Sanders discusses the jurisdictional allocation of the BB2
18 Project and PNM witness Grey supports the costs and the prudence of
19 the costs associated with the BB2 Project, and outlines the construct
20 under which all transmission investments should be recovered from
21 customers. My testimony also introduces this issue below.

- 22
- 23 • California Independent System Operator (“CAISO”)/Energy Imbalance
24 Market (“EIM”) cost recovery/benefit treatment (Case No. 18-00261-UT)
 - 25 ○ PNM witness Sanders addresses the determination of EIM benefits and
26 PNM’s proposed rate treatment for EIM expenditures and compliance
27 with the related Commission directives.

- 28
- 29 • Four Corners Power Plant (“FCPP”) prudence (Case Nos. 16-00276-UT and
30 21-00017-UT)
 - 31 ○ PNM witness Graves supports the prudence of PNM’s actions related to
32 FCPP.
 - 33 ○ My testimony also discusses FCPP prudence below, and is also
34 addressed by PNM witness Heffington.

- 35
- 36 • Palo Verde Nuclear Generating Station (“PVNGS”) cost recovery of
37 leasehold improvements (Case No. 21-00083-UT)
 - 38 ○ PNM witness Miller addresses the cost recovery associated with
39 leasehold improvements in this case. PNM witness Sanders discusses
40 the details of the PNM leasehold improvement request and PNM

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1 witness Heffington supports the underlying transaction to transfer
2 certain-PNM owned assets to Salt River Project.
3

- 4 • Prudence of San Juan Generating Station Project Nos. 76616418,
5 76616917, 76617016 (Case No. 16-00276-UT)
 - 6 ○ PNM witness Heffington addresses the prudence of San Juan Project
7 Nos. 76616418, 76616917, 76617016 and the reasonableness of their
8 costs in compliance with Paragraph 9 of the Modified Revised
9 Stipulation in Case No. 16-00276-UT.
10

11 **Q. PLEASE EXPLAIN THE BB2 LINE COMPLIANCE REQUIREMENTS,
12 AND WHICH WITNESS SPONSORS PNM'S COMPLIANCE WITH
13 THESE REQUIREMENTS.**

14 **A.** In Case No. 18-00243-UT, PNM sought Commission approval to construct and
15 operate a new 345kV transmission line and associated facilities in Santa Fe and
16 Sandoval Counties, New Mexico, called the “BB2 Project” or “BB2 Line.” PNM
17 also sought approval of the ratemaking principles and treatment that would be
18 applied to these new facilities in PNM’s next general rate case. The Commission’s
19 Final Order in Case No. 18-00243-UT expressly authorized PNM to introduce
20 evidence pertaining to the allocation of the costs of the BB2 Line to all retail
21 customers in a future rate case where it seeks cost recovery.⁵
22

23 The BB2 Line expanded PNM's transmission capacity, improving PNM’s ability to
24 integrate and deliver generating resources to its retail customers, including
25 renewable resources such as wind. This increased transmission capacity also

⁵ Case No. 18-00243-UT, *Order Denying PNM's Motion to Reopen Proceeding, and Final Order Adopting Recommended Decision Except for the Recommended Decision's Findings of Fact and Conclusions of Law 7 and 8 and Decretal Paragraphs D, E, and F*, at ¶ 10 (June 12, 2019).

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1 improves PNM’s access to regional energy markets which create additional
2 opportunities for all customers to benefit from increased optimization of PNM's
3 generating resources. The BB2 Project was constructed as a network upgrade
4 project that is integrated into PNM’s transmission system and provides general
5 benefits to all users, retail and wholesale, of PNM’s transmission system. Because
6 the BB2 Project improves the transmission system as a whole and enables the
7 delivery of retail energy to PNM’s customers, the costs of the Project should be
8 allocated between both PNM retail and FERC Wholesale transmission customers,
9 similar to all other transmission investments.

10
11 PNM witness Gray discusses in greater detail the benefits of the BB2 Project.
12 Generally speaking, the purposes of the transmission system are to deliver energy
13 from geographically dispersed production resources to PNM’s customers as well as
14 to provide transmission service to wholesale customers moving energy across
15 PNM’s system. Therefore, as PNM witness Gray indicates, PNM designs and
16 operates its transmission grid as a single piece of equipment to serve all of its
17 customers, and the BB2 project provides network upgrades to the transmission
18 system. As PNM witness Gray testifies, the BB2 Line and related facilities are an
19 integrated part of PNM’s transmission system that provides benefits to all of PNM’s
20 customers, thereby benefitting the system as whole. PNM witness Gray also
21 concludes that the final costs for the BB2 Project are reasonable and prudent and
22 should be recoverable in rates.

23

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1 PNM witness Sanders supports the jurisdictional allocation of costs associated with
2 the BB2 Project. FERC has declared that all customers, including retail and
3 wholesale transmission customers, directly benefit from network upgrades to a
4 utility’s transmission system. Thus, PNM proposes to allocate costs associated
5 with the BB2 Project in the same manner as its other transmission investments,
6 which is discussed by PNM witness Sanders.

7

8 **Q. WHAT IS THE REGULATORY HISTORY ON THE PRUDENCE OF**
9 **COSTS RELATED TO THE FCPP, AND STATE WHICH WITNESS IS**
10 **ADDRESSING THIS ISSUE?**

11 **A.** In the *Revised Final Order* in 2016 Rate Case, the Commission deferred the issue
12 of prudence until PNM’s next rate case regarding certain FCPP undepreciated
13 investments – \$90.1 million in capital investment in Selective Catalytic Reduction
14 (“SCR”) technology at FCPP and other associated capital expenditures.⁶ While the
15 issue of prudence was deferred for these investments, the Commission nonetheless
16 put the costs associated with the SCR and additional capital investments in rates
17 fully as of January 1, 2019 at a debt-only return.⁷ In this case, PNM is continuing
18 to only collect a debt-only return on these investments in the cost of service study,
19 as discussed by PNM witness Sanders.

20

⁶ Case No. 16-00276-UT, *Revised Order Partially Adopting Certification of Stipulation*, at 23 ¶¶ 66-67 (“*Revised Final Order*”) (Jan. 10, 2018).

⁷ *Id.* at 36, Decretal ¶ 1.

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1 After the 2016 Rate Case, PNM filed an application and supporting testimony to
2 abandon its minority share of 200 MW of the FCPP and securitize its undepreciated
3 investment pursuant to the ETA in Case No. 21-00017-UT. The Hearing Examiner
4 and Commission mandated that the issue of prudence be addressed in that
5 proceeding.⁸ In accordance with this requirement, PNM demonstrated the
6 prudence of the SCR and other related investments in the FCPP. On November 12,
7 2021, the Hearing Examiner in the case issued a Recommended Decision,
8 recommending that the Commission approve the abandonment and sale of PNM’s
9 FCPP interest and concluded that there was a lack of evidence demonstrating any
10 imprudence (“Abandonment RD”). On December 15, 2021, the Commission
11 rejected the Abandonment RD, denying PNM’s Application and mandated the
12 Company restart its case in its *Order on Recommended Decision on Request for*
13 *Approval of the Sale and Abandonment of PNM’s Interest in the Four Corners*
14 *Power Plant and Issuance of a Securitized Financing Order* (“Final Order”).⁹ In
15 denying the Company’s abandonment of FCPP, the Commission also denied a
16 financing order pursuant to the ETA.

17
18 That Final Order is currently on appeal before the New Mexico Supreme Court.

19 PNM believes that if it prevails on appeal, the prudence record and issues from that

⁸ Case No. 21-00017-UT, Order on Sufficiency of PNM’s Application and Scope of Issues in Proceeding, at 22 -23, Ordering ¶ C (Feb. 26, 2021); Case No. 16-00276-UT, Order on Sierra Club’s Motion to Re-Open Docket to Implement the Revised Final Order, at 7, ¶ 24 (The Commission held that “issues related to PNM’s abandonment application and request for a financing order should be litigated in Case No. 21-00017-UT[.]”).

⁹ Case No. 21-00017-UT Final Order.

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1 FCPP record in Case No. 21-00017-UT will control any rate treatment for FCPP
2 going-forward.

3

4 **Q. WHY IS PNM ADDRESSING THE FCPP PRUDENCE IN THIS**
5 **PROCEEDING DESPITE HAVING DEMONSTRATED PRUDENCE ON**
6 **AT LEAST TWO PRIOR OCCASIONS?**

7 **A.** PNM is following the directives of the Commission on this issue, even though PNM
8 has already addressed the prudence issues surrounding the FCPP fully and
9 completely in both the 2016 Rate Case and the FCPP abandonment and financing
10 case now on appeal to the New Mexico Supreme Court.¹⁰ The Commission
11 determined that a prudence review of FCPP was a prerequisite component of
12 PNM's abandonment and financing request filed under the ETA. In fact, the
13 Hearing Examiner essentially required PNM to refile its ETA case so that the
14 Commission could conduct the prudence review in Case No. 21-00017-UT.
15 However, after a full hearing on the prudence issue after which the Hearing
16 Examiner concluded there was a lack of evidence demonstrating any *imprudence*
17 on PNM's part, the Commission nonetheless required another FCPP prudence
18 review to occur in a subsequent abandonment case or other case.

19

20 PNM does not believe that the prudence issues should be litigated in this rate case.

21 While I am not an attorney, I understand generally and agree with the concept that

¹⁰ PNM also believes that it addressed FCPP prudence-related issues in its 2015 rate case, Case No. 15-00261-UT.

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1 PNM should not be forced to re-litigate issues. Nonetheless, out of an abundance
2 of caution and without conceding that the FCPP prudence issues that have already
3 been litigated with no determination of imprudence can now result in a different
4 conclusion, PNM witness Graves again supports the prudence of FCPP
5 investments.

6

7 **Q. PLEASE EXPLAIN THE REQUIREMENT FROM THE 2016 RATE CASE**
8 **THAT PNM SUPPORT THE REASONABLENESS OF CERTAIN SAN**
9 **JUAN PROJECTS, AND WHICH PNM WITNESS SUPPORTS THIS**
10 **REQUIREMENT.**

11 **A.** At the resolution of the 2016 Rate Case, the Commission disallowed recovery of
12 the additional \$36,760,899 in capital expenditures at San Juan (*i.e.*, all projects
13 except the projects proposed to continue the operation of San Juan Units 1 and 4
14 after the retirement of San Juan Units 2 and 3, or Projects Nos. 76616418,
15 76616917, 76617016).¹¹ The Commission required that PNM make a showing
16 regarding the prudence of Project Nos. 76616418, 76616917, 76617016 and the
17 reasonableness of their costs in its next rate case.¹² PNM witness Heffington
18 demonstrates the prudence of these projects. The Modified Stipulation also
19 provides that PNM may seek recovery of the costs associated with the disallowed
20 projects in a future proceeding. PNM is not requesting recovery of the costs from

¹¹ Modified Revised Stipulation at ¶ 9.

¹² Modified Revised Stipulation at ¶ 9.

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1 any of these projects in the Test Period cost of service as the undepreciated balance
2 of SJGS investments will be recovered in the SJGS energy transition bonds.

3

4

VII. CONCLUSION

5

6 **Q. WHAT POINTS WOULD YOU EMPHASIZE IN THE COMMISSION'S**
7 **REVIEW OF PNM'S APPLICATION AND SUPPORTING MATERIALS?**

8 **A.** This rate case is necessary to continue PNM's investment in the energy transition,
9 and so that customers continue to have reliable, high-quality service. Our energy
10 transition in response to climate change and New Mexico's economic growth will
11 increasingly depend on a grid that can accommodate more electrification of the
12 economy using resources that do not emit carbon. These twin goals require
13 sustained investment in the grid. Of equal importance, rate design must be
14 modernized to align with this energy transition. The new data gathered from the
15 TOD pilot in conjunction with deployment of advanced metering infrastructure
16 requested in the Grid Mod Plan will provide the groundwork for advanced rate
17 design proposal in future cases. PNM will use an advisory group, the PRAC, to aid
18 in developing stakeholder-driven proposals consistent with a modernized rate
19 design.

20

21 **Q. ARE THE PROPOSED RATES FAIR, JUST AND REASONABLE?**

22 **A.** Yes. PNM is proposing an annual non-fuel revenue requirement that reflects the
23 reasonable and normal ongoing costs to provide reliable and safe service to

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1 customers, and that provides PNM with an opportunity to earn a reasonable return
2 on its capital investments. The rates are designed to collect no more than that
3 annual revenue requirement based on how customers use PNM’s system. The Test
4 Period cost of service supports the reasonableness of the proposed revenue
5 requirement, and the resulting proposed rates are fair, just and reasonable and
6 should be approved by the Commission. Finally, PNM’s proposal to include future
7 income tax credits for nuclear fuel production as a fuel expense offset in the
8 FPPCAC is reasonable and will provide the benefits of the tax credit to customers
9 in a direct and immediate manner when they are earned.

10

11 Based on the information and data contained in PNM’s testimonies, exhibits,
12 models and schedules, the Commission should approve PNM’s Application and
13 authorize PNM to implement the rates and tariffs contained in Advice Notice 595,
14 with an effective date of January 1, 2024.

15

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

17 **A.** Yes.

GCG#530123

Statement of Qualifications

PNM Exhibit HEM-1

Is contained in the following 4 pages.

HENRY E. MONROY
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Henry E. Monroy

Address: PNM Resources Inc.
MS 1015
414 Silver SW
Albuquerque, NM 87102

Position: Vice-President, Regulatory and Corporate Controller

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

Employment: Employed by PNMR Services Company since 2003.
Positions held within the Company include:

Vice President, Corporate Controller
Controller, Utility Operations
Director, Cost of Service and Audit Services
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, NMPRC 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, NMPRC 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.
- 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, NMPRC Case No. 14-00332-UT, filed December 11, 2014.
- 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, NMPRC Case No. 12-00007-UT, filed February 27, 2015.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2016 and Proposed 2016 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 15-00166-UT, filed June 1, 2015.
- 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 San Juan Gas Plant, NMPRC Case No. 15-00205-UT, filed June 30, 2015.
- 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. 513, NMPRC Case No. 15-00261-UT, filed August 27, 2015.

- In the Matter of the Application of Public Service Company of New Mexico for Prior Approval of the Advanced Metering Infrastructure Project, Determination of Ratemaking Principles and Treatment, and Issuance of Related Accounting Orders, Case No. 15-00312-UT, filed February 26, 2016.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for an 80MW Gas-Fired Generating Plant Located at the San Juan Generating Station, NMPRC Case No. 16-00105-UT, filed April 26, 2016.
- 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. 533, NMPRC Case No. 16-00276-UT, filed December 7, 2016.
- In the Matter of Public Service Company of New Mexico's Application for Approval of its Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 17-00129-UT, filed June 1, 2017.
- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 47422, filed July 19, 2017.
- In the Matter of Public Service Company of New Mexico's Application for Approval Pursuant to 17.9.551 NMAC of Three Purchase Power Agreements in Accordance with Special Service Contract with Facebook Inc, NMPRC Case No. 18-00009-UT, filed January 17, 2018.
- In the Matter of Public Service Company of New Mexico's Application for a Continued use of its Fuel and Purchase Power Cost Adjustment Clause, Case No. 18-00096-UT, filed April 23, 2018.
- In the Matter of the Application of Texas-New Mexico Power Company to Change Rates, PUCT Docket No. 48401, filed May 30, 2018
- In the Matter of Public Service Company of New Mexico's Petition for Approval to Acquire the Western Spirit 345 kV Transmission Project, Case No. 19-00129-UT, filed May 10, 2019.
- Affidavit in Support of Public Service Company of New Mexico's Section 205 filing for the Western Spirit Project. FERC Docket No. ER19-1824. Filed May 10, 2019.
- In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed January 10, 2019.

- In the Matter of Public Service Company of New Mexico Consolidated Application for Approvals for the Abandonment, Financing and Resource Replacement for San Juan Generating Station Pursuant to the Energy Transition Act, NMPRC Docket No. 19-00195-UT filed July 1, 2019
- Joint Report and Application of Texas-New Mexico Power Company, NM Green holdings, Inc. and Avangrid, Inc. for Regulatory Approvals Under PURA 14.101, 39.262, and 39.915. PUCT Docket No. 51547, filed November 23, 2020.
- The Commission's Show Cause Order In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed April 30, 2022.

GCG#530042

PNM Rule 17.9.510 NMAC Final Order Report (April 29, 2022)

PNM Exhibit HEM-2

Is contained in the following 40 pages.

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
15-00312-UT	4/11/2018	<i>In the Matter of PNM's Petition for Prior Approval of the Advanced Metering Infrastructure Project, Determination of Ratemaking Principles and Treatment, and Issuance of Related Accounting Orders</i>		
		Recommended Decision (3/19/2018) Privacy discussion pages 113-114, ...PNM may have more of a plan to address the privacy of customers' consumption data, but they have not provided it. This issue should be addressed in any future AMI plan filing.	Future AMI or Grid Modernization plan filing	
		Recommended Decision (3/19/2018) Cyber Security discussion pages 114-117, Cyber security is obviously an important issue for any AMI plan. It continues to deserve attention in any future plan filing.	Future AMI or Grid Modernization plan filing	
		Recommended Decision (3/19/2018) Health Concerns pages 106-109, ...the conditions of the portion of the population who believe they are electromagnetically sensitive deserve acknowledgment and consideration as decisions are made regarding the implementation of an AMI Project. Accommodations could include reasonable opt-out provisions and fees and perhaps the selection of technologies that minimize the impacts on such people. Such accommodations may be desirable to minimize health risks to customers and address the needs and preferences of PNM's customers. These are issues that can and should be addressed in a public input process of the sort PNM stated in its 2012 Report that it would conduct before bringing a smart meter proposal to the Commission for approval.	Future AMI or Grid Modernization plan filing	
		Recommended Decision (4/19/2018) Energy Efficiency pages 97-100, ...The Hearing Examiner finds that the role of advanced metering in developing future energy efficiency programs and a smart grid should be addressed in any future proposal. PNM should ensure that the infrastructure it installs will be technologically compatible with the interests of PNM and its customers in such programs. These are issues that should be discussed and resolved in the public input process recommended in section 3.a.i above.	Future AMI or Grid Modernization plan filing	
		Recommended Decision (3/19/2018) Opt-out Fees pages 104 - 107, ... A further PNM proposal should be informed with the public participation process described in PNM's 2012 AMI Report. Such a process could likely address PNM's needs in encouraging maximal participation while at the same time addressing the concerns of customers who desire to opt out.	Future AMI or Grid Modernization plan filing	
		Final Order (4/11/2018) Order Paragraph C. Consistent with PNM's statement in its Statement on Exceptions that it will	4/15/2020	4/15/2020

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		continue to evaluate implementation and AMI technology, PNM should include in its next Energy Efficiency Plan application a proposal on the inclusion of an AMI pilot project.		
16-00096-UT	1/11/2017	<i>In the Matter of the Application of PNM for Approval of its 2017 Electric Energy Efficiency Program Plan, Profit Incentive and Revised Rider No. 16 Pursuant to the New Mexico Public Utility Act, Efficient Use of Energy Act, and Energy Efficiency Rule</i>		
		Stipulation (9/29/2016), Stipulated Rate Recovery and Reconciliation Stipulation Paragraph 21: PNM shall continue to collect its annual expenditures and incentives through its revised Rate Rider No. 16 on a uniform percentage of bill basis from all customers within customer classes that have an opportunity to participate in PNM's programs. That uniform percentage shall be equal to 3% of each customer's bill, excluding gross receipts taxes and franchise fees and right-of-way access fees, plus an amount designed to recover PNM's earned incentive. However, PNM shall ensure that the annual amount paid by a customer for program costs under Rate Rider No. 16 shall not exceed \$75,000, in accordance with Section 62-17-6(A), and shall ensure that only customers in classes with an opportunity to participate in PNM programs are charged these amounts. Stipulation Paragraph 23: The revised Rate Rider No. 16 will contain two rate elements: one to recover PNM's program costs, which will be 3.0% subject to the constraints identified in paragraph 21, and one to recover the base incentive amount of 7 .1 % of expenditures in the plan year. PNM will calculate the rate element to recover its base incentive in the Compliance Filing. The revised Rate Rider No. 16 will be applied to customer bills beginning with the January 2017 billing month, for recovery of the 2017 incentive concurrently with recovery of 2017 Plan expenditures.	Date not specified	1/13/2017
		Stipulation (9/29/2016), Stipulated Rate Recovery and Reconciliation Stipulation Paragraph 24: PNM shall true-up actual plan year program expenditures to the amount collected under Rider 16 for program funding (the 3% funding amount described in Section 62-17-6(A)) in its application for plan year 2019, filed in 2018, as described in Paragraph 12. Any true-up adjustment comparing incentive revenue collections to earned incentive shall be made to the incentive rate element in Rate Rider No. 16 in an advice notice filed at the time PNM files its application for plan year 2019. The true-up adjustment to the incentive will take effect in 2018. Non-incentive true-up	EE Plan Year 2019	4/13/2018

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		amounts will be used to adjust the budget in the next year as described in paragraph 12.		
		<p>Stipulation (9/29/2016), Stipulated Incentive Paragraph 17: The stipulated incentive shall be predicated on yearly progress toward achieving PNM's EUEA savings requirement of 658 gigawatt-hours ("GWh") saved in 2020, equal to 8.0% of PNM's 2005 retail sales. Section 62-17-5(G). PNM's verified cumulative savings through calendar year 2015 are 501 GWh, as calculated by the independent evaluator and filed in PNM's 2015 annual report. PNM shall have the opportunity to earn a base incentive for Plan Year 2017 with an additional incentive amount ("adder") for achieving increased levels of cumulative savings that contribute toward PNM meeting its 2020 goal.</p> <p>Stipulation (9/29/2016) Paragraph 18: The base incentive shall be 7.1% of PNM's 2017 plan year expenditures; provided, however, that PNM shall receive the stipulated incentive only if PNM meets or exceeds a minimum of 596 GWh of verified cumulative savings through December 31, 2017. This level of savings represents 7.25 percent of PNM's 2005 retail sales. For purposes of the 2017 Plan, savings of 596 GWh constitutes satisfactory performance and PNM shall not receive an incentive for the Plan Year if it does not meet or exceed this minimum cumulative savings amount.</p> <p>Stipulation (9/29/2016) Paragraph 19: In addition to the base incentive, PNM shall receive an incentive adder of 0.125 percent of PNM's plan year expenditures for each gigawatt-hour of savings achieved in excess of 609 GWh, up to a maximum incentive of 9.0% of the plan year expenditures. For example, if PNM achieves cumulative savings of 610 GWh in 2017 it shall earn an incentive of 7.225% of the plan year expenditures.</p>	Date not specified	1/13/2017
		<p>Stipulation (9/29/2016), Stipulated Programs, Budgets and Savings Paragraph 13: The Signatories agree that PNM will repeat the method for funding EE and load management program plans and for reconciling plan year spending to plan year revenue collection described in Paragraph 12 in its annual application filed for plan years 2018 and 2019. After that, the</p>	Next EE Filing	4/14/2017

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Signatories reserve the right to revisit on a going forward basis the issues resolved by this Stipulation.		
		Stipulation (9/29/2016), Stipulated Programs, Budgets and Savings Paragraph 12: In 2017, when PNM files its application for approval of its 2018 Plan, PNM will calculate the difference between its actual collections through Rider No. 16 and its portfolio expenditures in 2016. If PNM's expenditures in 2016 exceed its Rider No. 16 collections, PNM will subtract this difference, plus carrying charges equal to the customer deposit interest rate for 2016, from its proposed 2018 budget. If PNM's expenditures in 2016 are less than its Rider No. 16 collections, PNM will add the difference plus applicable carrying charges to its proposed 2018 budget. All adjustments to future plan year budgets required by this Paragraph will be based on actual numbers and will be incorporated into those budgets in a way that satisfies statutory cost effectiveness requirements. If during any plan year, it becomes apparent to PNM that unexpected drops or increases in its revenues are likely to cause an adjustment to a future plan year budget of plus or minus ten percent, the Company shall notify the Signatories and meet with all interested Parties to propose procedures to address the situation.	Next EE Filing	4/14/2017
		Stipulation (9/29/2016), Stipulated Programs, Budgets and Savings Paragraph 11: PNM will propose budgets in its applications for plan years 2018 and 2019 that are based upon PNM's estimated revenues in those plan years at the time PNM files its applications for plan approvals and supported by direct testimony and exhibits. PNM will commit to use its most recent load forecast adjusted for any anticipated rate changes as the starting point for its estimated revenues in each year. PNM may also employ other factors in making estimates of its future plan year revenues but those factors must be fully explained and justified in its plan year filings for 2018 and 2019.	Next EE Filing	4/14/2017
		Stipulation (9/29/2016), Stipulated Programs, Budgets and Savings Paragraph 10: Within fifteen (15) days of issuance of a final order by the Commission in PNM's rate case proceeding, NMPRC Case No. 15-00261-UT, PNM will make a compliance filing ("Compliance Filing") in this docket in which it will (a) update the plan year budget using the rates approved in NMPRC Case No. 15-00261-UT to estimate 3% of revenues from all customer billings in the plan year, excluding gross receipts taxes, franchise fees, right-of way access fees, and revenues from any customer that PNM	Date not specified	10/6/2016

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		estimates will exceed \$75,000, and (b) adjust the program budgets to reflect the updated 2017 funding level for PNM' s Portfolio. Stipulation Paragraph 15: ...In its Compliance Filing, PNM shall include recalculations of the UCT for the 2017 Portfolio and programs and will update its Table 1. Stipulation Paragraph 23: ...PNM will calculate the rate element [Rate Rider No. 16] to recover its base incentive in the Compliance Filing.		
		Certification of Stipulation (12/21/2016) Ordering Paragraphs: Paragraph H. Within 10 days of Commission approval of the Stipulation, PNM shall file, subject to a compliance review by Staff, its compliance advice notice to commence collection of program costs under the approved EE Rider, to become effective with the first full billing month after filing the advice notice.	Date not specified	1/13/2017
		Certification of Stipulation (12/221/2016) Other Stipulated Provisions: The Signatories [of the Stipulation] agree in paragraph 25 that in order to incorporate 2016 verified and measured data into its next (2018) EE/LM plan, PNM should be granted a variance from the filing deadline set in 17.7.2.8(A) NMAC so that PNM may file its 2017 annual report and application for approval of its 2018 plan on or before April 3, 2017. (Certification of Stipulation, page 45). (Order granting extension of time to file until April 14, 2017 was issued 3/30/2017)	4/14/2017	4/14/2017
16-00150-UT	1/25/2017	<i>In the Matter of the Application of PNM for Approval of the City of Rio Rancho 2016 Underground Project Rider Pursuant to Advice Notice No. 526</i>		
		Final Order on Recommended Decision (1/25/2017) Ordering Paragraphs: Paragraph F. In the first billing cycle that the rider becomes effective, PNM is ordered to send a bill stuffer consistent with this Order to all of its affected electric customers in the City of Rio Rancho to inform them about the implementation of the rate rider.	No date specified	3/30/2017
16-00276-UT	1/31/2018	<i>In the Matter Of The Application Of The Public Service Company Of New Mexico For Revision Of Its Retail Rates Pursuant to Advice Notice No. 533</i>		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Revised Order Partially Adopting Certification of Stipulation (1/10/2018) Ordering Paragraphs: Paragraph I. If accepted, PNM shall file, under a new Advice Notice, new rates consistent with this Order. Such rates shall be effective for billing for service rendered after February 1, 2018 and January 1, 2019 upon approval as to form and compliance by PRC Staff.</p>	<p>Prior to 2/1/2018 and 1/1/2019</p>	<p>1/23/2018 11/21/2018</p>
		<p>Modified Revised Stipulation (1/23/2018) Page 8, Paragraph 8: The Signatories agree that PNM shall include in its rate base the return of its capital investment of \$90 million in the SCR equipment installed at Four Corners and the additional \$58 million in capital investments at Four Corners proposed for recovery in PNM's Application (referenced collectively as the "\$148 Million Investment").</p> <p>PNM shall only collect a return on its Four Corners \$148 Million Investment equal to PNM's embedded cost of debt. For purposes of demonstrating the base rate non-fuel revenue requirement in future rate cases, PNM shall separate out the presentation of the return on rate base, showing the return on the Four Corners \$148 Million Investment at the embedded cost of debt and the return on the remaining rate base investments based on future weighted average cost of capital determinations.</p>	<p>Effective 2/1/2018</p> <p>Future Rate Case</p>	<p>1/23/2018</p>
		<p>Modified Revised Stipulation (1/23/2018) Page 6, Paragraph 5: If changes to reform the federal corporate income tax laws are enacted to become effective for 2018 and/or 2019 calendar years and are applicable to PNM, PNM shall make an adjustment to the illustrative cost of service for the Phase I and Phase II rate increases to account for the following changes to the calculation of PNM corporate income taxes and cost of debt:</p>	<p>Effective 2/1/2018 and 1/1/2019</p>	<p>1/23/2018 11/21/2018</p>

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Modified Revised Stipulation (1/23/2018) Page 5, Paragraph 1: To reflect the adjustment in paragraph 5 for income tax reduction beginning in 2018, the Signatories further agree that the Phase I increase shall be implemented on February 1, 2018 in one-half of the amount of the permitted increase, and the Phase II increase shall be implemented on January 1, 2019 in the remaining one-half of the amount of the permitted increase.	Effective 2/1/2018 and 1/1/2019	1/23/2018 11/21/2018
		Revised Order Partially Adopting Certification of Stipulation (1/10/2018) Ordering Paragraphs: Paragraph D. Decretal Paragraph B of the Certification is modified to replace the words "within seven days" with "by 12:00 p.m. (noon) on Tuesday January 16, 2018."	1/16/2018	1/16/2018
		Order on Notice of Acceptance (1/17/2018) Ordering Paragraphs: Paragraph F. Because PNM's Notice of Acceptance requested confirmations of modifications to the Revised Stipulation and the Commission's Revised Order not addressed by the other Signatories in their Joint Response and other filings, and because the Commission has struck PNM's unilateral reservation of rights to a cross appeal, both the Signatories and PNM shall file pleadings by 12:00 p.m. (noon) on Friday January 19, 2018 stating whether they accept the terms of this order. If no signatory objects to the provisions of this order, the provisions of this order shall be effective and the parties shall follow the procedures outlined in the Certification of Revised Stipulation	1/19/2018	1/19/2018
		Modified Revised Stipulation (1/23/2018) Page 16, Paragraph 26: PNM shall file a petition to open a new docket regarding an LCFC Mechanism within 30 days after a Final Order in this case.	3/2/2018	3/2/2018
		Modified Revised Stipulation (1/23/2018) Page 13, Paragraph 17: PNM and IIPR customers (Rider No. 8) will jointly propose changes to address Commission concerns, if such agreement can be reached	Next Rate Case	
		Modified Revised Stipulation (1/23/2018) Page 12, Paragraph 16: Within 45 days of a final order closing this docket, PNM shall confer with Rate Schedule 11B customers to discuss potential rate design modifications for future implementation.	3/17/2018	3/7/2018

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Order on Notice of Acceptance (1/17/2018) Ordering Paragraphs: Paragraph D. The Compliance filing required by Section D of the Revised Stipulation shall include 1) an illustrative cost of service that corresponds with the Revised Order as modified by this order; 2) new rates; and 3) Proof of revenue with new rates and billing determinants.	Date not specified	1/23/2018
		Modified Revised Stipulation (1/23/2018) Page 15, Paragraph 23: Phase II rates shall be adjusted on a pro-rata basis if PNM makes an adjustment to the illustrative cost of service to account for tax reform	Before 1/1/2019 if applicable	11/21/2018
		Revised Order Partially Adopting Certification of Stipulation (1/10/2018) Ordering Paragraphs: Paragraph B. If the provisions of this Order modifying the Revised Stipulation are approved by the Signatories, the provisions of the Certification shall be modified to incorporate the Commission's finding in this order that the Certification's findings of imprudence with respect to PNM's continued participation and investment in FCPP shall be vacated and consideration of the issue of PNM's prudence in continuing its participation in FCPP shall be deferred until PNM's next rate case filing.	Next Rate Case	
		Modified Revised Stipulation (1/23/2018) Page 8, Paragraph 9: The revenue requirement associated with the additional \$36,760,899 in capital expenditures at San Juan proposed for recovery in PNM's Application (i.e., all projects except the projects proposed to continue the operation of San Juan Units 1 and 4 after the December 31, 2017 retirement of San Juan Units 2 and 3 -- Projects Nos. 76616418, 76616917, 76617016) shall be disallowed for recovery in this proceeding. PNM shall also make a showing in PNM's next rate case regarding the prudence of Project Nos. 76616418, 76616917, 76617016 at San Juan.	Next Rate Case	
		Modified Revised Stipulation (1/23/2018) Page 17, Paragraph 27: Within 60 days of Final Order, PNM shall request that the designated Mediator convene interested parties to receive input and to develop information relevant to TOU, and options for TOU design elements	4/1/2018	3/29/2018
		Modified Revised Stipulation (1/23/2018) Page 17, Paragraph 28: Within ten (10) days of a Final Order approving this Modified Revised Stipulation in full, PNM shall file a compliance Advice Notice	1/27/2018	1/23/2018

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Paragraph H. The following sentence shall be added to the end of Paragraph 26 of the Modified Revised Stipulation attached as Exhibit B to the Certification: "PNM shall make a similar compliance advice notice filing and a similar process shall be used to implement revised Phase I rates to incorporate the impact of any tax reform changes that shall become effective for calendar year 2018.		
16-00315-UT	5/10/2017	<i>In the Matter Of The Application Of Public Service Company Of New Mexico For Approvals To Enter Into A Long-Term Hazard Sharing Agreement With Tri-State Generation and Transmission Association, Inc.</i>		
		Recommended Decision (4/26/2017) Decretal Paragraphs: Paragraph F. PNM is required to submit in this case docket a report that lists for the prior year the total amount of energy purchased and sold as well as the costs and revenues that were and were not included in PNM's fuel clause for that year. pursuant to this HSA...	Annual	3/30/2018 3/29/2019 03/27/2020
		Recommended Decision (4/26/2017) Decretal Paragraphs: Paragraph F. ...PNM is required to file a notice with this Commission in this case docket within one (1) month of terminating or substantially altering this HSA.	Upon Termination or Alteration	
17-00010-UT	6/21/2017	<i>In the Matter of Amending the Energy Efficiency Rule 17.7.2 NMAC</i>		
		Order Adopting Final Rules Amending Rule 17.7.2 NMAC on Energy Efficiency (6/21/2017) Ordering Paragraph B. The EE Rule revisions attached to this Final Order as Exhibit A, are approved and adopted as final rules. This is an amendment to 17.7.2 NMAC, Sections 7 & 8, effective July 11, 2017.	Future EE filings	4/15/2020
17-00022-UT	8/2/2017	<i>In the Matter of Proposed Amendments to the Integrated Resource Planning Rules 17.7.3 NMAC to Include Energy Storage Resources</i>		
		Final Order Amending IRP Rules 17.7.3 NMAC to Include Energy Storage Resources (8/2/2017): Ordering Paragraph A. The amendment to the IRP Rule, attached to Order as Exhibit 1 is hereby adopted.	Future IRP filings	1/29/2021
17-00076-UT	1/31/2018	<i>In the Matter of the Application of PNM for the Approval of Its 2018 Electric Energy Efficiency Program Plan, Profit Incentive and Revised Rider No 16 Pursuant to the New Mexico Public Utility Act, Efficient Use of Energy Act and Energy Efficiency Rule</i>		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Certification of Stipulation (11/8/2017), Decretal Paragraphs: Paragraph K: Within ten days of issuance of a final order in this case, PNM shall provide the independent evaluator a copy of the final order and recommended decision in this case, accompanied by a cover letter identifying to the independent evaluator the pages and paragraphs of the recommended decision and final order that contain directions to the independent evaluator. Within 15 days of issuance of a final order in this case, PNM shall file a copy of the cover letter in this docket and serve a copy of the cover letter to all persons on the Official Service List.</p>	<p>2/10/2018 2/15/2018</p>	<p>2/8/2018 2/14/2018</p>
		<p>Certification of Stipulation (11/8/2017): Decretal Paragraph D.: If a modified Stipulation consistent with Finding of Facts and Conclusions of Law Nos. 6 and 7 is filed within seven days of issuance of a final order in this case, the Modified Stipulation is approved.</p>	<p>02/07/2018</p>	<p>02/07/2018</p>
		<p>Certification of Stipulation (11/8/2017), Decretal Paragraphs: Paragraph L: If PNM uses its WACC as its discount rate to calculate the UCT of its EE/LM Programs, it shall use its tax-adjusted WACC.</p>	<p>Future EE/LM Analysis</p>	<p>4/13/2018 4/15/2019</p>
		<p>Order Partially Approving Certification of Stipulation (1/31/2018): Paragraph 27: The Commission accepts PNM's argument as valid to the extent that the LM measures reduce or "avoid or offset" the need for or use of additional peaking units or power purchases. Accordingly, the utility should include such a demonstration in its annual reports and the independent evaluator should verify that the LM programs meet these requirements.</p> <p>Certification of Stipulation (11/8/2017) Page 52: PNM did not comply with the Final Order in Case No. 10-00280-UT because the independent evaluator did not verify in the 2016 M&V Report that load reductions from deployment of PNM's LM Programs reduced generation at a peaking unit or shifted demand from peak to off-peak periods. PNM shall comply with this requirement in the future.</p>	<p>Future EE Annual Reports and M&V Reports</p>	<p>4/13/2018 4/15/2019 4/15/2020 4/15/2021</p>
		<p>Certification of Stipulation (11/8/2017), pp. 17 The Stipulation specifically covers plan years 2018 and 2019 and provides that, subject to a limited application to be filed by PNM in 2019, the measures and programs for 2019 would continue in 2020. The limited application to be filed in 2019 would propose an incentive specific to 2020 and a revised rate rider for 2020. (Stipulation, Paragraphs 9, 26)</p>	<p>In 2019</p>	<p>5/17/2019</p>

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Certification of Stipulation (11/8/2017): Decretal Paragraph F.: Within 15 days of issuance of a final order in Case No. 16-00276-UT, PNM shall file an advice notice and 20th Revised Rider No. 16, in the form of Exhibit JCA-3 (Stip.) but updated to incorporate the rates approved in Case No. 16-00276-UT, to be effective for service commencing no earlier than January 1, 2018. The Energy Efficiency Surcharge Factor for 2018 will be effective through December 31, 2018 unless revised by Commission order. The Energy Efficiency Surcharge Factor for 2019 will be effective for service commencing January 1, 2019 and through December 31, 2019 unless revised by Commission order.</p>	2/15/2018	2/08/2018
		<p>Order Partially Approving Certification of Stipulation (1/31/2018): Paragraph 18: The Commission finds that the Certification properly establishes a sufficient basis upon which to find that the use of the tax adjusted WACC more accurately reflects the costs borne by the utility in comparison to those costs which do not reflect the associated tax adjustments.</p>		
17-00126-UT	7/12/2017	<p><i>In The Matter of Public Service Company of New Mexico's Application for Authorizations Pertaining to (1) The Issuance of up to \$450 Million in Senior Unsecured Notes and (2) The Proposed \$50 Million Local Revolving Credit Facility</i></p>		
		<p>Recommended Decision (7/7/2017) Ordering Clauses: Paragraph I. PNM shall file with this Commission, within ninety days following the issuance of each series of the Proposed Notes, the final transactional documents, together with a report verified by an officer of PNM before a notary public, stating the consummation of the securities transactions, the amount of the proceeds, the expenses actually incurred by PNM, and the final terms and conditions of the transactions</p>	90 Days from transaction date	3/12/2018 8/14/2018
		<p>Recommended Decision (7/7/2017) Ordering Clauses: Paragraph J. PNM shall file with this Commission, within ninety days following the execution of the Proposed Local Revolver, the executed Proposed Local Revolver, together with a report verified by an officer of PNM before a notary public, stating the expenses actually incurred by PNM and the final terms and conditions of the Proposed Local Revolver.</p>	90 Days from transaction date	3/12/2018 8/14/2018

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (7/7/2017) Ordering Clauses: Paragraph K. PNM shall not be required to file a short-term financing plan for the borrowings under the Proposed Local Revolver under 17.1.2.8(E) NMAC. PNM shall include a cross-reference to this Order and any other orders approving the Current Revolver in the short-term financing plan.	Date not specified	4/12/2018 4/12/2019
17-00129-UT	11/15/2017	<i>In the Matter of Public Service Company of New Mexico's Application for Approval of Its Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate Under Rate Rider No. 36</i>		
		O'Connell Direct Testimony (page 14, line 5) PNM agrees to publish, not less than 30 days before commencing construction at a new site, a notice in a newspaper of general circulation serving the area where the project is located.	No Date Specified	9/10/2018 9/18/2018 1/10/2019 4/3/2019 6/25/2019
		Final Order Partially Adopting Recommended Decision (11/15/2017), Order Paragraph B. Within seven (7) days of issuance of the Final Order in this case, PNM shall file, under a new Advice Notice, a Revised Rate Rider No. 36, calculated at an amount of per kWh consistent with the Orders contained herein, to be effective for service rendered beginning January 1, 2018.	11/22/2017	11/21/2017
		O'Connell Direct Testimony (page 13, line 19 through page 14, line 10) PNM agrees to make compliance filing demonstrating that it had obtained all necessary permits for 50-MW solar facilities.	No Date Specified	2/14/2020
		Recommended Decision (10/17/2017) Decretal Paragraph F. PNM's request for approval for Plan Year 2018 of a capacity reservation of 2 MW Ac at a price of \$0.0025/kWh of RECs for customer-sited DG solar photovoltaic systems sized over 100 kW Ac and up to 1 MW Ac is approved.		
17-00174-UT	12/19/2018	<i>In the Matter of the Protest to PNM's 2017 Integrated Resource Plan</i>		
		Recommended Decision (10/26/2018) (page 128-129): PNM is...instructed that in the future it shall immediately correct errors in all documents filed with the Commission.	Future IRP filings, as applicable	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (10/26/2018) Ordering Paragraphs: Paragraph D. PNM shall include a separate section on the status of the prior IRP's Action Plan, and a separate section addressing whether PNM has critical facilities susceptible to supply-source or other failures in the filing of any future IRP.	Future IRP filings	1/29/2021
		Recommended Decision (10/26/2018) (page 108): PNM has agreed [in Case No. 16-00276-UT] to perform [analysis] in its next IRP to consider closure of FCPP in 2024 and 2028.	Next IRP	1/29/2021
		Recommended Decision (10/26/2018) Ordering Paragraphs: Paragraph E. PNM shall PNM agreed [sic] to promptly notify the Commission, Staff and Intervenors in this proceeding of a PNM decision to extend either of the Palo Verde 1 and 2 leases, or to exercise its option to purchase the leased assets at fair market value upon the expiration of either lease.	Future PVNGS Lease notification	1/03/2020 3/04/2020 4/10/2020 6/11/2020
		Final Order (12/19/2018) Exception Paragraphs (p. 21): Paragraph 60. ...The credit percentage through 2020 is correct and PNM will have the opportunity to correct the [solar tax credit to be applied for years after 2020] in its next IRP.	Next IRP	1/29/2021
		Recommended Decision (10/26/2018) (page 33): PNM is required to provide a status report of the actions it has taken [regarding 1) compliance with RPS and EE requirements, 2) pursuit of SJGS abandonment, 3) evaluation of joining the California Energy Imbalance Market, 4) retaining PVNGS leased capacity, and 5) developing new transmission to add eastern New Mexico wind resources to PNM's resource mix] in its 2020 IRP.	Next IRP	1/29/2021
		Recommended Decision (10/26/2018) (page 34): Before making an abandonment filing [for SJGS], PNM will re-evaluate the resource mix in the MCEP based on current pricing from the October 2017 RFP.	Prior to the SJGS abandonment filing	Prior to 7/1/2019
18-00085-UT	12/3/2018	<i>In the Matter of an Investigation into the Public Service Company of New Mexico's Coal Silo Collapse and Explosion at the San Juan Generating Station Unit 1 and it's Financial Impact for PNM Ratepayers</i>		
		Final Order (12/3/2018) Ordering Paragraphs: Paragraph B. PNM customers shall be held harmless from any and all costs associated with repairing the coal silo failure at the San Juan Generating Station Unit 1, as well as any and all costs associated with reinforcing the	Future Rate Cases	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		other coal silos at the San Juan Generating Station. PNM will not seek recovery of any additional costs related to the repairs of the failed coal silo or reinforcements of the other coal silos in a future rate case, and Staff will not seek additional disallowances of such costs in a future rate case. Any limitations as to Staff's future ability to seek further disallowances are expressly subject to the accuracy of the representations made to Staff.		
18-00096-UT	6/20/2018	<i>In the Matter of the Application of PNM for Continued Use of its Fuel and Purchased Power Cost Adjustment Clause</i>		
		Final Order (6/20/2018) Ordering Paragraphs Paragraph A. PNM's Application and the relief requested therein is granted, including authorization to continue use of its current FPPCAC, subject to the requirements of 17.9.550 NMAC and any future orders of the Commission. Paragraph B. Approval of the Application and PNM's continued use of its FPPCAC shall not be construed in any way as a determination of the reasonableness or prudence of the amounts charged to customers under the FPPCAC. Paragraph D. This docket is Closed.		
		Final Order (6/20/2018) Ordering Paragraphs Paragraph C. PNM shall make required filings both as Excel-compatible spreadsheets, as well as all fuel-clause related filings in the appropriate formats, to the Commission's fuel clause mailbox (nmprc.fuelclause@state.nm.us) and by paper copy to the Commission's Records Department.	All fuel-clause related filings going forward	6/21/2018 7/20/2018 8/17/2018 9/14/2018 10/19/2018 11/15/2018 12/6/2018 12/13/2018 01/24/2019 02/13/2019 03/15/2019 04/15/2019 05/23/2019 06/17/2019 06/21/2019 07/16/2019 08/22/2019 09/18/2019 09/23/2019

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
				10/21/2019
				11/14/2019
				12/17/2019
				01/24/2020
				02/04/2020
				02/14/2020
				03/13/2020
				04/20/2020
				05/22/2020
				06/18/2020
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				01/14/2022
				02/18/2022
				03/15/2022

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
				03/16/2022 04/18/2022 04/21/2022
		Monroy Direct Testimony (pages 23-24) Update tariff language changes through compliance Advice Notice filing upon Commission approval.	Once	7/13/2018
18-00158-UT	11/28/2018	<i>In the Matter of PNM's Application for Approval of its Renewable Energy Act Plan for 2019 and Proposed 2019 Rider Rate Under Rate Rider No. 36</i>		
		Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: Paragraph D. (3) Address with supporting testimony in every future RPS procurement plan case of the following matters about the Lightning Dock procurement: (a) State the annual energy output by the Dale Burgett Facility for the prior calendar year and the first three months of the following year;	Future RPS cases	6/3/2019 6/1/2020 6/1/2021
		Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: (1) PNM shall obtain prior Commission approval of any material future amendments, or modifications to the Lightning Dock PPA and ensure that this prior Commission approval requirement is expressly included in the PPA. (2) PNM shall, to the extent that rights and duties under the Consent Agreement are triggered, PNM shall report this to the Commission within thirty days of such triggering event.		
		Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: Paragraph D. (3) Address with supporting testimony in every future RPS procurement plan case of the following matters about the Lightning Dock procurement: (b) Identify any change or supplement, including assignments, to the PPA or the Consent Agreement, and explain whether PNM believes the change or supplement is material;	Future RPS cases	6/3/2019 6/1/2020 6/1/2021

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: Paragraph D. (3) Address with supporting testimony in every future RPS procurement plan case of the following matters about the Lightning Dock procurement: (c) Report about any seller Events of Default in the prior calendar year and up until the filing date of the testimony; and</p>	Future RPS cases	6/3/2019 6/1/2020 6/1/2021
		<p>Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: Paragraph D. (3) Address with supporting testimony in every future RPS procurement plan case of the following matters about the Lightning Dock procurement: (d) Report about any future bankruptcy proceeding related to the Lightning Dock procurement during the prior calendar year and up until the filing date of the testimony;</p>	Future RPS cases	6/3/2019 6/1/2020 6/1/2021
		<p>Recommended Decision (11/16/2018), Decretal Paragraphs: Paragraph D. With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall: Paragraph D. (3) Address with supporting testimony in every future RPS procurement plan case of the following matters about the Lightning Dock procurement: (e) Report about changes, if any, to PNM's credit analysis of Lightning Dock and CYRQ Energy and, if no credit analysis was performed that year, include a simple explanation why no new credit analysis was required.</p>	Future RPS cases	6/3/2019 6/1/2020 6/1/2021
		<p>Recommended Decision (11/16/2018), page 37 and Patrick O'Connell Rebuttal Testimony, page 2: PNM agrees to include back-up calculations for the large customer adjustment and RCT limits in annual reports. <i>*This compliance item became moot after the definition of "RCT" changed as part of the ETA.</i></p>	Future RPS Reports beginning 2019	6/3/2019
18-00243-UT	4/16/2019	In the Matter of PNM's Application for Approval of a 345 KV Transmission Line and Associated Facilities Pursuant to the Public Utility Act		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Recommended Decision (3/11/2019) Decretal Paragraphs Paragraph B. PNM is granted a certificate of public convenience and necessity to construct, operate and maintain the Proposed BB2 Project, subject to the following conditions: 1.PNM shall file copies of all construction permits received for the BB2 Project within two weeks of receipt.</p>	<p>within 2 weeks of receipt of permits</p>	<p>6/25/2020 8/21/2020</p>
		<p>Recommended Decision (3/11/2019) Decretal Paragraphs Paragraph B. PNM is granted a certificate of public convenience and necessity to construct, operate and maintain the Proposed BB2 Project, subject to the following conditions: 2. PNM shall file a summary of the actual cost of the BB2 Project for comparison to PNM' s Exhibit JRM-9 on Page 11 of Appendix A within 60 days after all final costs have been incurred and cleared the accounting system.</p>	<p>60 days after final costs are entered into accounting system.</p>	
		<p>Recommended Decision (3/11/2019) Decretal Paragraphs Paragraph B. PNM is granted a certificate of public convenience and necessity to construct, operate and maintain the Proposed BB2 Project, subject to the following conditions: 3. PNM shall file a notice of the date that the BB2 Project is placed into service.</p>	<p>When line placed in service</p>	<p>12/21/2020</p>
		<p>Recommended Decision (3/11/2019) Decretal Paragraphs as amended by Final Order Paragraph F. The ratemaking principles and treatment applicable to the BB2 Project once it is placed into service are that PNM shall not recover any cost of the Proposed BB2 Project from retail ratepayers other than Facebook unless and until otherwise ordered by the Commission. Page 7-9 of Final Order: For the reasons stated therein, the Commission concurs with the Recommended Decision, with the addition of the following sentence to the RD's Finding of Fact and Conclusions of Law #8 and also to Decretal Paragraph F.: "The costs of the BB2 Project shall not be recovered from Facebook through the "Transmission Demand Rate", Exhibits D1 and D2 to the Special Service Rate No. 36B so that there is no double recovery of those costs."</p>	<p>Next Rate Case</p>	
<p>18-00256-UT</p>	<p>9/26/2018</p>	<p>In the Matter of PNM's Application for Authorizations Pertaining to the Proposed Amendment of its \$400 Million Revolving Credit Facility</p>		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Final Order (9/26/19) Ordering Paragraphs Paragraph K. PNM shall file with this Commission, within ninety (90) days following the execution of the Proposed Revolver Amendment, the executed Proposed Revolver Amendment, together with a report verified by an officer of PNM before a notary public, stating the expenses actually incurred by PNM, and the final terms and conditions of the Proposed Revolver Amendment.	90 days after execution	1/4/2019
		Final Order (9/26/19) Ordering Paragraphs Paragraph L. In its Rule 17.1.2.8 (E) NMAC short term financing statement that is filed with its annual report, PNM is not required to include borrowings under the current revolver, as amended by the proposed revolver amendment. PNM is not required to file a short-term financing plan for the borrowings under the Current Revolver, as amended by the Proposed Revolver Amendment, under Commission Rule 17 .1.2.8 (E) NMAC, and PNM shall include a cross-reference to this Final Order and any other orders approving the Current Revolver, in the short-term financing plan.	No date specified	4/12/2019
		Final Order (9/26/19) Ordering Paragraphs Paragraph E. Nothing contained in this Final Order shall be considered a determination by the Commission of the value of any of PNM's properties or business other than for the limited purpose of NMSA 1978, § 62-6-7; the justness or reasonableness of any cost or expense incurred by PNM including any fees or interest charges arising from the authorizations in Paragraph B, above; the appropriateness of including any item within PNM's cost of service; or any other matter other than those expressly determined herein. Paragraph F. The ratemaking treatment of consummation of the Proposed Revolver Amendment and exercise of the two additional one-year extensions is reserved for a future rate proceeding.	Future Rate Case	
18-00261-UT	3/17/2019	In the Matter of PNM's Request for a Commission Order Governing the Accounting Treatment of Costs Related to Joining the Western EIM		
		Final Order Adopting Recommended Decision (3/17/2019) Ordering Paragraphs Paragraph D. PNM is reminded that it is required to comply with the compliance filings as contained in, and ordered by, Decretal Paragraph F of the Recommended Decision, and that those compliance filings shall reference the Docket number of this case, for purposes of filing with the Commission. Recommended Decision (3/18/2019) Decretal Paragraphs Paragraph F. Commencing with the effective date of this Order and until	Annually	3/20/2020 3/31/2021 3/31/2022

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		further Order of the Commission, PNM shall make compliance filings consisting of the following: (i) annual reports of PNM's EIM costs and savings... The annual reports shall be filed within 90 days after the end of each calendar year.		
		<p>Final Order Adopting Recommended Decision (3/17/2019) Ordering Paragraphs Paragraph D. PNM is reminded that it is required to comply with the compliance filings as contained in, and ordered by, Decretal Paragraph F of the Recommended Decision, and that those compliance filings shall reference the Docket number of this case, for purposes of filing with the Commission. Recommended Decision (3/18/2019) Decretal Paragraphs Paragraph F. Commencing with the effective date of this Order and until further Order of the Commission, PNM shall make compliance filings consisting of the following: (ii) the quarterly CAISO reports of EIM benefits. year... The quarterly CAISO reports shall be filed within 30 days after each report's issuance. [last sentenced revised per Order Clarifying Final Order (4/24/2019)]</p> <p>Order Clarifying Final Order (4/24/2019) Ordering Paragraphs Paragraph B. As to Decretal Paragraph D of the Final Order, which in turn adopted Decretal Paragraph F of the March 18, 2019 Recommended Decision in this case, the Joint Motion to Clarify Final Order is granted, in part, to clarify the Final Order as follows: 1. Beginning on the date that PNM begins trading on the EIM, PNM shall file the next available CAISO quarterly report and shall continue filing CAISO quarterly reports thereafter, each filing to be made within 10 business days from the date that the quarterly report is issued by CAISO, and shall continue making those filings until such time as the Commission may order.</p>	Quarterly within 10 days of report issued	8/10/2021 11/05/2021 2/7/2022
		Final Order Adopting Recommended Decision (3/17/2019) Ordering Paragraphs Paragraph D. PNM is reminded that it is required to comply with the compliance filings as contained in, and ordered by, Decretal Paragraph F of the Recommended Decision, and that those compliance filings shall reference the Docket number of this case, for purposes of filing with the Commission. Recommended Decision (3/18/2019) Decretal Paragraphs	Within 5 days of Contract Execution	05/01/2020 07/14/2020

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Paragraph F. ...PNM shall also file copies of all executed contracts with CAISO in this docket within five days of their execution.		
		<p>Order Clarifying Final Order (4/24/2019) Ordering Paragraphs Paragraph B. As to Decretal Paragraph D of the Final Order, which in tum adopted Decretal Paragraph F of the March 18, 2019 Recommended Decision in this case, the Joint Motion to Clarify Final Order is granted, in part, to clarify the Final Order as follows:</p> <p>2. The filed CAISO quarterly reports may be used in PNM's next general rate case to document CAISO's calculation of EIM benefits and for other uses as may be appropriate.</p> <p>3. The filed CAISO quarterly reports may be used to evaluate PNM's rate treatment request to determine some or all of the benefits of PNM's participation in the EIM in PNM's next general rate case in which PNM may seek rate treatment for EIM expenditures.</p>	Future Rate Case	
		Recommended Decision (3/18/2019) Decretal Paragraphs Paragraph D. PNM is granted authority in the form of an accounting order to create a regulatory asset account to record the implementation costs it incurs to join the EIM and to seek ratemaking treatment.	Future Rate Case	
		Recommended Decision (3/18/2019) Decretal Paragraphs Paragraph E. All ratemaking issues, including but not limited to the following, shall be deferred to the rate case in which PNM seeks the recovery of its EIM-related costs: (i) the proper sharing of implementation and ongoing EIM costs based upon the savings achieved and costs incurred in joining and participating in the EIM, (ii) the prudence and reasonableness of specific items of expense recorded in the regulatory asset account and PNM's capital expenditures, (iii) whether PNM should be allowed to recover carrying charges on the costs recorded in the regulatory asset account, and (iv) the appropriate amortization period for the recovery of costs recorded in the regulatory asset account that are determined to be reasonable and prudent and approved for rate recovery.	Future Rate Case	
18-00269-UT	10/17/2018	<i>In the Matter of PNM's Application for Approval of an Amended Special Service Contract with Greater Kudu LLC, Two Purchased Power Agreements Pursuant to 17.9.551 NMAC, Original Rider No. 49, Amended Rate No. 46B and Amended Rider No. 47</i>		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Original Rider No. 49 (p. 2) Rate Methodology (summarized) Return to PNM's other customers the amount in the regulatory liability account and carrying charges.	Subsequent rate case	
		Original Rider No. 49 (p. 2) Rate Methodology (summarized) Begin collection of any under-collection of production costs, plus carrying charges, from Customer in equal monthly amounts over no greater than an 18-month period through Rider No. 49. Book into the regulatory liability account.	Within 4 months of end of rate case test year	
		Restated Special Services Contact (SSC) Section 5.2.1.3 and Exhibit D2 (p.13, p.D2 1-4) Evaluate Customer's Resource's Capacity Value Factors and determine if an under-collection of production costs to Customer occurred. If so, reset Contribution to Production Component in Rate No. 36B as a demand-based rate. Request regulatory liability for the under-collection.	future rate cases	
19-00018-UT	4/1/2020	In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4		
		Recommended Decision (02/21/2020) Decretal Paragraph C: PNM's request for approval to create regulatory assets to recover the costs discussed above that are not eligible for securitization under the ETA is approved as recommended in Section II.B.2 above. PNM is authorized to create regulatory assets to record the costs for which it requests recovery, but the ratemaking determinations on PNM's right to recover the costs and any associated carrying charges is reserved until the general rate case in which PNM seeks the recovery of the costs.	Next Rate Case	
		Recommended Decision (02/21/2020) Ordering Paragraph 13. Upon issuance of the Energy Transition Bonds, PNM shall file an advice notice with the Commission, subject to review by the Commission for errors and corrections, that identifies the actual initial Energy Transition Charges to be included on customers' bills, effective fifteen days from the date the advice notice is filed.	Upon Issuance of ETA Bonds	
		Recommended Decision (02/21/2020) Ordering Paragraph 14. The True-Up Adjustment Mechanism described in the Consolidated Application, including the Supporting Testimony, and in this Financing Order is approved. PNM or its assignee is authorized to recover the Periodic Revenue Requirement through the Energy Transition Charges and shall file with the Commission at	Semi-Annually (then Quarterly) After implementation of the ETC Rider	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>least semiannually (and at least quarterly during two-year period preceding the final maturity date of the Energy Transition Bonds) a True-Up Adjustment Letter as described in this Financing Order. In addition to the semiannual Standard True-Up Adjustments, PNM is authorized to implement optional Standard True-Up Adjustments at any time, without limitation as to frequency, in order to ensure timely payment of scheduled principal of and interest (or deposits to sinking funds in respect of principal and interest) on the Energy Transition Bonds and the payment of other ongoing financing costs, and to implement Non-Standard Adjustments as described above in this Financing Order.</p>		
		<p>Recommended Decision (02/21/2020) Ordering Paragraph 15. In connection with each True-Up Adjustment, PNM shall file an advice notice with the True-Up Adjustment Request Letter to implement the revised Energy Transition Charges.</p>	<p>With True Up Adjustment Request Letter</p>	
		<p>Recommended Decision (02/21/2020) Ordering Paragraph 16. PNM's method of allocating the Periodic Billing Requirement to customer classes and rate schedules and assessing the Energy Transition Charges within rate schedules as described in the Consolidated Application, including the Supporting Testimony, and in this Financing Order is hereby approved. As provided in Section 6(A) of the ETA, the allocation and assessment of energy transition are both subject to the True-Up Adjustment Mechanism. PNM shall file a True-Up Adjustment Request Letter in connection with any general rate case when necessary to reflect any adjustments in the allocation of ETCs as a result of changes in the production cost methodology used in such general rate case.</p>	<p>With Rate Case</p>	
		<p>Recommended Decision (02/21/2020) Ordering Paragraph 29. PNM shall provide the Commission with a copy of each registration statement, prospectus, Current Report on Form 8-K or other filing made with the SEC in connection with any issuance or proposed issuance of the Energy Transition Bonds within 5 business days following the date of such filing with the SEC.</p>	<p>Within 5 Days from SEC Filing</p>	
		<p>Recommended Decision (02/21/2020) Ordering Paragraph 30. In accordance with Section 4(B)(6) of the ETA, PNM shall file with the Commission within 30 days after the issuance of the Energy Transition Bonds, a report describing the final structure and pricing of the Energy Transition Bonds, updated Financing Costs and Section 16 Payments amounts, and an updated calculation of the Energy Transition Charges. In addition, PNM will file final forms of the Transaction Documents.</p>	<p>Within 30 Days from ETA Bond Issuance</p>	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (02/21/2020) Ordering Paragraph 36. In accordance with Section 5(J) of the ETA, PNM shall file a report, within 30 days following receipt of the proceeds from the sale of the Energy Transition Bonds and annually thereafter until all bond proceeds have been disbursed, specifying (1) the gross amount of proceeds arising from the sale of the Energy Transition Bonds, (2) any amounts expended for payment of Upfront Financing Costs (including reimbursement to PNM for such costs paid by PNM), (3) the amount of Section 16 Payments made, (4) the amount of proceeds used to pay Decommissioning and Reclamation Costs, (5) the amount of proceeds used to pay Severance and Job Training Costs, (6) the amount of proceeds used to make capital expenditures for the purpose of providing utility service to customers, (7) the amount of proceeds used to repay indebtedness incurred for the purpose of making any such payments, and (8) the amount of remaining proceeds, if any.	Within 30 Days from ETA Bond Issuance	
19-00129-UT	10/2/19	In the Matter of PNM for Approval to Acquire the Western Spirit 345Kv Transmission Project		
		Recommended Decision Page 33: PNM shall make compliance filings in this docket of any future amendments, revisions, or other material changes to the transmission service agreements filed in this proceeding by PNM.	Within 10 Days of Executed Agreement	10/29/2020
		Recommended Decision Page 33: PNM shall include testimony or exhibits in its general rate case filing packages that demonstrate the Western Spirit costs are excluded from PNM's Retail and FERC jurisdictional costs	Future Rate Cases	
		Recommended Decision Page 39: PNM should file with the Commission the Amended and Restated TCIA within 15 days after execution and approval by FERC	15 Days After Executive and Approval	12/20/2019
19-00158-UT	3/25/2020	In the Matter of the Application of PNM for Approval of PNM Solar Direct Voluntary Renewable Energy Program, Power Purchase Agreement, and Advice Notice Nos. 560 and 561		
		Recommended Decision (03/10/2020) Decretal Paragraph H: In conformity with 17.9.572.18(B) NMAC, PNM will place on file the details of its consumer education program along with the Solar Direct program within sixty days of the issuance of the Final Order. The consumer education program should include, at a minimum, the following information: 1) a description of the renewable energy specific to the Solar Direct program; 2) an explanation of Rider No. 50; 3) an explanation of how customer may enter	Within 60 days of filing of the Final Order.	5/25/20

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		and exit the Solar Direct Program; 4) the amount of additional renewable energy that customers may purchase under the Solar Direct program; 5) who is eligible to participate in the Solar Direct program; and 6) where customers may obtain further information regarding the Solar Direct program.		
		Recommended Decision (03/10/2020) Decretal Paragraph I: Under the terms of Rider No. 50, PNM will retire RECs on behalf of the customer or, if the customer requests, PNM will transfer the appropriate number of RECs to the customer so the customer can retire RECs on its own behalf. PNM will pass through the WREGIS transfer or retirement fee to participating customers. Renewable energy sold and/or associated with RECS sold under Rider No. 50 will not be used to meet the RPS requirements of NMSA 1978, § 62-16-4 (2019) or any successor thereto.	Ongoing basis, once the Solar Direct Program begins, projected to be 3 rd quarter of 2021.	
		Recommended Decision (03/10/2020) Decretal Paragraph K: PNM shall survey all of the customer subscribers in its Sky Blue voluntary program, as well as other PNM customers, regarding future voluntary programs and provide the Commission with the results of that survey by the next RPS case.	Next RPS Case	6/01/2020
		Recommended Decision (03/10/2020) Decretal Paragraph L: PNM will comply with all requirements placed on it in this case, including matters involving future cases before the Commission.		
19-00159-UT	1/29/2020	In the Matter of PNM's Renewable Energy Act Plan for 2020 and Proposed 2020 Rider Rate under Rate Rider No. 36		
		Recommended Decision (12/02/19) Decretal Paragraph G: With regard to the Lightning Dock PPA and the Consent Agreement, PNM shall continue to comply with the reporting requirements established in Case No. 18-00158-UT. The need to continue the reporting requirements shall be evaluated in PNM's next annual renewable energy plan filing in 2020.	Next Renewable Plan Filing (Annual)	6/1/2020

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (12/02/19) Decretal Paragraph H: PNM shall include in its next Renewable Energy Plan filing a description of PNM's future intentions regarding the recovery of its REA plan costs through the Renewable Energy Rider. The description should include PNM's intentions for renewable energy resource acquisitions through traditional CCN and PPA approvals versus annual Renewable Energy Plans and its intentions for cost recovery through base rates, the FPPCAC and the Renewable Energy Rider. The description should consider the increases in RPS requirements mandated in Senate Bill 489 of 2019 and describe the reasonableness of PNM's approach	Next Renewable Plan Filing (Annual)	6/1/2020
19-00187-UT	10/2/19	In the Matter of PNM's Application for Continuation of a Plan to Manage Fuel and Purchased Power Costs by Entering Into Certain Forward Market Transactions		
		Recommended Decision Pages 17 & 18: Reporting Requirements: <ul style="list-style-type: none"> • File a comprehensive annual report by April 30 of every year; • Finding 12. Promote budget billing at least four times a year in either a bill insert or in the bill message field of PNM's bills. 	Annual on April 30 th	4/30/2020 4/30/2021 4/29/2022
		Recommended Decision Page 18: Finding 13. PNM should convene, within 45 days following the filing of the April 30 report, an annual meeting with Staff and the other parties in this case, as well as other interested persons, to review the previous year's results as reported in the annual April 30 report.	No later than 45 days after filing the hedging annual report	5/21/2020 6/7/2021
		Recommended Decision Page 18: Finding 14. PNM and Staff, as well as the other parties in this case and any other persons who are interested, should meet no later than 45 days following the filing of the April 30, 2024 report to address the Plan and to discuss whether and under what terms and conditions the Plan should be continued.	No later than 45 days after filing the 2024 hedging annual report	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Recommended Decision Page 19:</p> <p>Finding 15 and Decretal B. PNM should make a filing by no later than June 30, 2024, concerning the continuation of the Plan.</p>	June 30, 2024	
19-00195-UT	7/29/2020	<p>In the Matter of PNM’s Consolidated Application for Approvals for the Abandonment, Financing, and Resource Replacement for San Juan Generating Station Pursuant to the Energy Transition Act</p>		
		<p>Recommended Decision Part 1 (March 27, 2020) Paragraph 6. PNM’s requests to recover the capacity charges of the 40 MW Arroyo ESA and the 20 MW Jicarilla ESA through PNM’s FPPCAC do not satisfy the standards in the Commission’s LTPPA rule and should be denied. Recovery of the capacity charges should be addressed in PNM’s next base rate case.</p>	Next Rate Case	
		<p>Recommended Decision (06/24/2020) Decretal Paragraph C: PNM shall negotiate and file agreements with the Commission in a new docket for the following projects: a 150 MW Arroyo battery project; the 200 MW solar/100 MW battery project of Bidder #2; and the 100 MW solar/30 MW battery project of Bidder #5. PNM shall also file in the same new docket a plan for the Commission’s approval of the 24 MW addition to its Demand Response program consistent with the guidance set forth in Section V.I above. All of these further filings shall be made within 30 days after the issuance of the final order in this case.</p> <p>Final Order (07/29/2020) Decretal Paragraph C. The Commission grants in part PNM’s request for the Commission for an extension of the time recommended by the RD for PNM to file an application, in a separate docket, seeking approval of proposed final, executed contracts for any replacement resources approved by the Commission that are not currently in evidence within thirty days after entry of this final order, PNM shall file the required application within sixty days of the entry of this order.</p>	Within 60 days after the issuance of the final order in this case.	09/29/2020
		<p>H. PNM shall comply with all requirements established in this Order, including but not limited to, matters involving related future cases before the Commission.</p>		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
19-00294-UT	2/27/2020	Formal Complaint of Catherine Hogan		
		Order Dismissing Formal Complaint (1/8/2021) PNM is advised that the Complainant should be provided notice at such time in the future when PNM submits its 12 th Revised Sample Form No. 68 (Electric Residential Bill form) to the Commission for proposed revision		
20-00069-UT	06/24/2020	In the Matter of the Adoption of an Immediate Emergency Rule Prohibiting the Discontinuation of Residential Customer Public Utility Service During the Time Period of the Governor's Executive Orders 2020-004 through -0010		
		Final Order Decretal Paragraph G. Public utilities shall make monthly informational filings within 15 days of the expiration of each monthly billing period detailing the monthly and total delinquencies from the November 2019 billing period to that month, the number of residential customers that would be subject to termination under the utility's normal procedures, the average value of arrearage for individual delinquent accounts and the total value of arrearage for all delinquent accounts.	Monthly	7/9/2020 8/5/2020 9/9/2020 10/6/2020 11/10/2020 12/10/2020 1/12/2021 2/12/2021 3/12/2021 4/13/2021 5/12/2021 6/10/2021 7/9/2021 8/11/2021 9/10/2021 10/12/2021 11/12/2021 12/9/2021 1/12/2022 2/14/2022 3/15/2022 4/14/2022
		Final Order Decretal Paragraph E. Public utilities choosing to create a regulatory asset shall file quarterly reports with the Commission concerning usage, increased costs and offsetting savings within 30 days of the end of each quarterly period within the deferral	Quarterly, Also see January 27, 2021 Order	7/31/2020 10/30/2021 3/4/2021 5/3/2021

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>period. The first report shall cover the period from March 11, 2020 through June 30, 2020, and be filed by July 31, 2020.</p> <p>January 27, 2021 Final Order Decretal Paragraph A: Decretal Paragraph E of the June 24, 2020 Order Authorizing Creation of a Regulatory Asset by Public Utilities For Costs Associated with Emergency Conditions ("Order") is modified to provide that PNM file the quarterly reports required by the Order within two days of filing its quarterly or annual reports required by the SEC.</p>		<p>7/30/2021 10/29/2021 3/4/2022 4/29/2022</p>
20-00071-UT	4/15/2020	In the Matter of the Application of PNM for the Authorization to Issue up to \$200 Million of Senior Unsecured Notes		
		<p>Recommended Decision (04/09/2020) Decretal Paragraph J: PNM shall be required to file with this Commission, within ninety (90) days following the execution of the proposed securities transactions, a copy of all necessary executed documents, together with a report verified by an officer of PNM before a notary public, stating the expenses actually incurred by PNM, and summarizing the final terms and conditions of the proposed securities transactions. K. The approvals shall be effective for a period of one year from the date of the entry of this Final Order unless PNM applies for and receives an extension thereof.</p>	<p>Within 90 days following the execution of the proposed securities.</p>	<p>6/29/20</p>
20-00087-UT	10/28/2020	In the Matter of The Application of Public Service Company of New Mexico For Approval of Its 2021 Electric Energy Efficiency Program Plan, Profit Incentive and Revised Rider No. 16 Pursuant to The New Mexico Public Utility Act, Efficient Use of Energy Act and Energy Efficiency Rule		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		<p>Recommended Decision (09/17/2020) Decretal Paragraph D: PNM shall study the following CCAE recommendations and implement them if they do not reduce the overall cost effectiveness of the programs and are consistent with market demands: 1. Adopt additional modifications to the Residential Comprehensive Program to maintain program impacts and assist a greater number of low-income households in case the COVID pandemic persists during 2021 and beyond; 2. Add products eligible for midstream incentives in the Residential Comprehensive Program, such as heat pump water heaters and advanced whole house evaporative cooling systems; 3. Make Energy Star-certified smart thermostats eligible for point-of-sale discounts in the Residential Lighting Program; 4. Encourage PNM's retail partners to stock and sell additional energy efficient products as part of the Residential Lighting Program, and make such products eligible for point-of-sale discounts; Recommended Decision Page 42 Case No. 20-00087-UT 5. Modify the Home Works Program if necessary so that it continues in case the COVID pandemic persists during 2021 and beyond; 6. Strive for higher peak demand savings in the New Home Construction Program, for example by emphasizing air conditioning efficiency, smart thermostats and demand response participation; 7. Revise incentives and incentive qualification levels in the New Home Construction Program and the New Construction component of the Commercial Comprehensive Program in light of New Mexico's update of the International Energy Conservation Code (IECC); 8. Support efforts to educate and train builders, contractors and local code officials about the updated IECC; 9. Add rebates for Energy Star-certified ducted and ductless heat pumps to the New Home Construction Program; 10. Increase kit distribution through social service agencies in the Easy Savings Kit Program; 11. Provide additional funding to the Mortgage Finance Authority, cities and community groups in the Energy Smart Program; 12. Explore partnering with New Mexico Gas Company to implement the Multifamily component of the Commercial Comprehensive Program; 13. Consider increasing participation in the HER Program; 14. Track and report capital projects implemented by customers participating in the SEM Program; and 15. Use online SEM training materials, such as those developed by the Northwest Energy Efficiency Alliance.</p>	<p>Date not Specified, but will be reported in the 2/1/2021 report required by Paragraph E.</p>	<p>2/1/2021</p>

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (09/17/2020) Decretal Paragraph E: PNM shall report in this docket by February 1, 2021, the results of its study of CCAE's recommendations and state what recommendations it will and will not implement.	2/1/2021	2/01/2021
		Recommended Decision (09/17/2020) Decretal Paragraph F: PNM shall consult with stakeholders periodically on ways to maximize participation by lower income households in the Residential Comprehensive Program and report on steps it has taken to maximize such participation in its annual Energy Efficiency Program reports	Periodically	04/15/2021
		Recommended Decision (09/17/2020) Decretal Paragraph G: PNM shall provide the following information in its next annual Energy Efficiency Program report: 1. A lighting saturation survey; 2. A description of any updated guidance by the statewide independent evaluator about lighting savings; and 3. An analysis by PNM of the impact of the lighting saturation survey and any updated guidance from the independent evaluator about lighting savings on the prospective cost effectiveness and sustainability of the Residential Lighting Program in the 2021 Plan	Next Annual Energy Efficiency Program Report	04/15/2021
		Recommended Decision (09/17/2020) Decretal Paragraph I: PNM shall file a transmission and distribution avoided cost study with its next application for approval of its energy efficiency and load management programs.	Next Application	
20-00124-UT	11/18/2020	In the Matter of Public Service Company of New Mexico's Application for Approval of it's Renewable Energy Act Plan for 2021 and Proposed 2021 Rider Rate Under Rate Rider No. 36		
		Recommended Decision (10/14/2020) Decretal Paragraph F: PNM shall file, under a new advice notice, a revised Renewable Energy Rider rate of \$0.0082600 per kWh to be effective January 1, 2021. Final Order Partially Adopting Recommended Decision Paragraph B: The advice notice required by decretal paragraph F of the RD shall be adjusted consistent with the RD and this order.		11/30/2020

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (10/14/2020) Decretal Paragraph I: PNM shall include its annual REC bank balances in its annual renewable energy act plans.	Annual	6/1/2021
		Recommended Decision (10/14/2020) Decretal Paragraph J: If PNM seeks to recover in a future renewable energy act plan case, as an RPS compliance cost and outside regulatory asset recovery, the cost of RECs associated with generation from the Manzano facility and “owed” to the Sky Blue program, it shall include as part of its filing in that case: 1. the number of such RECs; 2. the per MWh/REC procurement cost, separately by year if the RECs are associated with generation in different years; 3. the per MWh/REC WREGIS issuance and retirement costs; 4. the issuance date of the REC; and 5. the date of the end of the four-year life of the REC.		6/1/2021
		Recommended Decision (10/14/2020) Decretal Paragraph L: In a renewable energy act plan filing in which PNM proposes to recover, as RPS compliance costs, the costs associated with residual RECs in the Sky Blue regulatory asset, it shall include as part of its filing in that case, for each residual REC that it proposes to use for RPS compliance purposes in the plan year, (1) the issuance date of the REC; and (2) the date of the end of the four-year life of the REC.		6/1/2021
		Recommended Decision (10/14/2020) Decretal Paragraph M: Effective on the date following issuance of a final order in this case, PNM shall not accrue carrying charges on the Sky Blue regulatory asset.		11/18/2020
		Recommended Decision (10/14/2020) Decretal Paragraph N: PNM shall not purchase more than 77,000 MWh annually from the Lightning Dock Geothermal Facility for RPS compliance without Commission approval. PNM may purchase more than 77,000 MWh annually from the Facility without Commission approval if the excess over 77,000 MWh is not used for RPS compliance, but to provide a resource when PNM has insufficient resources for load serving or reliability. Any such excess purchases shall not be subject to the terms of the PPA, but shall be arm’s length, market-based purchases.		
		Recommended Decision (10/14/2020) Decretal Paragraph O: PNM shall continue to record a regulatory liability associated with the Affordable Solar Project discussed in Section XI(A) of this Recommended Decision. In its next renewable energy act plan filing, PNM shall state the updated 2020 revenue requirement of the Affordable Solar Project. If there is a cost overrun from the \$8,674,518 revenue requirement estimated in Case	Next Renewable Energy Act Filing	6/1/2021

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		No. 17-00129-UT, PNM shall present evidence demonstrating the reasonableness of the cost overrun. PNM shall state the amount that it over or under-collected from ratepayers for the Affordable Solar Project under its Renewable Energy Rider in 2020 assuming that the updated 2020 revenue requirement of the Affordable Solar Project had been collected from ratepayers under the Renewable Energy Rider in 2020		
		Recommended Decision (10/14/2020) Decretal Paragraph P: PNM shall continue to comply with the Lightning Dock reporting requirements ordered in Case No. 18-00158-UT.	Next Renewable Energy Act Filing	6/1/2021
20-00182-UT	12/2/2020	In the Matter of the Application of Public Service Company of New Mexico For Approval of Renewable Power Agreements and Energy Storage Agreements and Proposal for Demand Response Plan Pursuant to Final Order in Case No. 19-00195-UT		
		Order Adopting Hearing Examiners Recommendation (October 28, 2020) C. PNM is required to file an application for approval of its proposed DR plan by no later than November 13, 2020.	11/13/2020	11/13/2020
		Recommended Decision (11/13/2020) Decretal Paragraph F: All cost recovery and rate treatment determinations for any costs identified by PNM for purposes of updating expenses being recorded by PNM in a regulatory asset, including determinations regarding the reasonableness or prudence of such costs, are hereby DEFERRED to a future general rate case proceeding in which PNM requests recovery of such costs.	Deferred to Future Rate Case	
20-00205-UT	2/3/2021	In the Matter of the Temporary Moratorium on Residential Utility Disconnections during the Time Period Covid-19 Pandemic Emergency Orders are in Effect as Authorized by Rules 17.9.560, 17.10.650 and 17.12.760 NMAC		

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		c) number of subsequent reconnections made;		3/15/2022 4/14/2022
		Shareholder Assistance Dollars: All public utilities that have created shareholder funds to assist with arrearages for residential customers that have accumulated arrearages since March 18, 2020, the beginning of the temporary moratorium on disconnections, are encouraged not to revert unexpended funds before the beginning of the next LIHEAP moratorium on November 15, 2021 and should endeavor to expend those funds for the stated purposes when the fund was established.		
20-00218-UT	3/24/2021	In the Matter of The Compliance Application of Public Service Company of New Mexico for Approval of Demand Response Plan Pursuant to the Final Order in Case No. 19-00195-UT		
		Recommended Decision (2/22/2021) Decretal Paragraph D: PNM shall undertake another RFP for demand response resources, to be based on all available utility demand response resources once PNM's approved energy efficiency and load management program plan for 2021-2023 has ended, for implementation effective January 1, 2024.	2023 Energy Efficiency Plan	
20-00222-UT	12/9/2021	Order on Certification of Stipulation D. As a sanction for the discovery violations discussed herein, the Joint Applicants are assessed a penalty of ten thousand dollars (\$10,000.00), which sum shall be payable to the Commission within thirty (30) days of the filing of this Order.	Within 30 Days of Order	01/07/2022

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
20-00237-UT	11/10/2021	In the Matter of Public Service Company of New Mexico’s Application for Approval of its 2022-2023 Transportation Electrification Program		
		Recommended Decision (8/30/2021) Decretal Paragraph D: PNM shall file with the Commission a new advice notice that contains the rates and any terms or condition for the TEP approved in the Final Order within five days after the date of the Final Order. Staff shall review the rate and rules and any terms or conditions for the TEP as to form and compliance within five business days after they are filed with the Commission.	11/15/2021	11/22/2021
		Recommended Decision (8/30/2021) Decretal Paragraph I: PNM will file a revised Original Rider No. 53 that contains the first rider rate by the end of February 2023. Original Rider No. 53 with the first rider rate will be charged to customers beginning in the first billing cycle of May 2023, if approved by the Commission, and will continue in effect until further order of the Commission or until a new TEP plan is approved.	By the end of February 2023	
		Recommended Decision (8/30/2021) Decretal Paragraph J: PNM will file quarterly informational filings on the regulatory asset balance detailing expenses recorded through the end of December 2021, March 2022, June 2022, September 2022, and December 2022, and will include the monthly regulatory asset cumulative balance with carrying charges. The quarterly filing will be made the month following each quarter’s end.	Quarterly	1/31/2022 4/29/2022
		Final Order (11/10/2021) Paragraph C: PNM shall make a filing with the Commission when the amount of spaces available to customers who to wish to take service under the WHEV rate but do not take the charger rebate reaches 75% of available subscription capacity to enable the Commission to assess whether the WHEV rate should be made available to additional customers.	As needed	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
21-00017-UT	12/15/2021	In the Matter of the Application of Public Service Company of New Mexico for Approval of the Abandonment of the Four Corners Power Plant and Issuance of a Securitized Financing Order		
		Order on Recommended Decisions (12/15/2021) Paragraph F: In any subsequent refiling of an application for abandonment of FCPP, PNM shall include the modeling it agreed to perform under its agreement under the stipulation in case 16-00276- UT.	Any subsequent refiling of an application for abandonment of FCPP	Order on Appeal with the Supreme Court
		Order on Recommended Decisions (12/15/2021) Paragraph G: In the event PNM does not file an updated application for abandonment of FCPP consistent with this order in a timely fashion or other factors delay the Commission's review of the issues concerning the prudence of expenditures on SCR and other improvements, those issues may be addressed in a separate proceeding.		Order on Appeal with the Supreme Court
21-00031-UT	7/28/2021	In the Matter of Public Service Company of New Mexico's Application for Approval of Two Purchased Power Agreements and an Energy Storage Agreement Pursuant To 17.9.551 NMAC, an Addendum to the Special Service Contract with Greater Kudu LLC, and Amended Rider No. 49		
		Final Order (7/28/2021) Paragraph 32: In PNM's next rate case following the commercial operation of the two facilities, PNM should demonstrate, in its next general rate case filing, that there is no cross subsidization by other ratepayers of the Customer's rates paid.	Next Rate Case	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
21-00101-UT	5/26/2021	In the Matter of the Application of Public Service Company of New Mexico for Authorization to Issue Up to \$350 Million of Senior Unsecured Notes		
		Recommended Decision (5/20/2021) Paragraph J: PNM shall be required to file with the Commission—within ninety (90) days following the execution of the proposed securities transactions—a copy of all necessary executed documents together with a report verified by an officer of PNM before a notary public stating the expenses actually incurred by PNM and summarizing the final terms and conditions of the proposed securities transactions.	Within 90 days following the execution of the proposed securities transactions	9/21/2021 2/11/2022
21-00143-UT	11/17/2021	In the Matter of Public Service Company of New Mexico’s Renewable Energy Act Plan for 2022 and Proposed 2022 Ride Rate Under Rate Rider No. 36		
		Recommended Decision (10/30/2021) Decretal Paragraph C: PNM will comply with the reporting requirements it agreed to through negotiation with Staff and as described in section 4.4. of this recommended decision “PNM will make a compliance filing in the docket for this case by December 31, 2021[,] that provides a narrative description of any new known delays in the San Juan Generating Station replacement resource projects (delays that have not already been addressed in the record for the case).”	By 12/31/2021	12/30/2021
		Recommended Decision (10/30/2021) Decretal Paragraph F: PNM will account for any changes in the actual portfolio cost for 2022 as compared with the estimated costs presented in testimony in this case in the Rider No. 36 reconciliation that will be filed in February 2023.	By 2/1/2023	

CASE	FINAL ORDER DATE	REQUIREMENT	FREQUENCY	COMPLIANCE DATES
		Recommended Decision (10/30/2021) Decretal Paragraph G: PNM will also correct the error it made calculating carrying costs for Sky Blue RECs—discussed in section 4.3.5. of this recommended decision—in the Rider No. 36 reconciliation that will be filed in February 2022”	By 2/1/2022	2/28/2022
21-00215-UT	2/16/2022	In the Matter of Public Service Company of New Mexico’s Request for Approval of New Resources Under 17.9.551 NMAC to Replace 114 MW of Leased Palo Verde Nuclear Generating Station Capacity		
		Commission Order (2/16/2022) Paragraph D: PNM shall further make compliance filings every two months from the date of this order updating the Commission as to the status of the PPAs and ESAs approved by this Order.	Bi-monthly from 2/16/2022	4/15/2022

Summary of Witness Sponsorship of 530 Schedules

PNM Exhibit HEM-3

Is contained in the following 2 pages.

Summary of Witness Sponsorship of 530 Schedules

Schedule	Description	Sponsor
A-1	Summary of the Overall Cost of Service and the Claimed Revenue Deficiency	Sanders
A-2	Summary of the revenue increase or decrease at the proposed rates by rate classes.	Casas/Pitts
A-3	Summary of the Cost of Service Adjustments by Functional Classification:	Sanders
A-4	Summary of Rate Base Case	Sanders
A-5	Summary of Total Capitalization and the Weighted Average Cost of Capital (included in cost of service model, not in library)	Sanders
B-1	Original Cost of Plant in Service by Primary Account	Sanders
B-2	Original Cost of Plant in Service by Detail Account	Sanders
B-3	Original Cost of Plant in Service by Monthly Balances	Sanders
B-4	Construction Work in Progress	Sanders
B-5	Allowance for funds used during construction transferred to plant in service	Sanders
B-6	Plant Held for future Use	Sanders
B-7	Nuclear fuel in process	Sanders
C-1	Accumulated provision for depreciation and amortization by functional classification and detailed plant account	Sanders
C-2	Depreciation rate study	Sanders
C-3	Depreciation and amortization methods	Sanders
D-1 & 2	Original cost of plant in service adjusted to the cost of reproduction as a going concern and other elements of value	Sanders
E-1	Cash working capital allowance	Sanders
E-2	Materials and supplies, prepayments, and deferred charges	Sanders
E-3	Fuel inventories by plant location	Sanders
E-4	Amounts of working capital items charged to operating and maintenance expense	Sanders
F-1	Other property and investments	Sanders
G-1	Capitalization, the cost of capital, and the overall rate of return in conformance with an original cost Rate Base	Greinel
G-2	Capitalization, the cost of capital, and the overall rate of return in conformance with a cost of reproduction as a going concern and other elements of value Rate Base	Greinel
G-3	Embedded cost of borrowed capital with term of maturity in excess of one year from date of issue	Greinel
G-4	Cost of short-term borrowed capital including revolving credit agreements and other notes payable	Greinel
G-5	Embedded cost of preferred stock capital	Greinel
G-6	Ratio of earnings to fixed charges	Greinel
G-7	Issuance restrictions on borrowed and preferred stock capital	Greinel
G-8	Common stock equity capital	Greinel
G-9	Historical activity in common stock, paid-in capital, and retained earnings	Greinel
G-10	Summary of applicant's support for the claimed rate of return on common stock equity capital.	Monroy
H-1	Operation and maintenance expenses	Sanders
H-2	Cost of fuel	Sanders
H-3	Revenue generated through the fuel adjustment clause	Sanders
H-4	Payroll distribution and associated payroll taxes	Sanders
H-5	Expenses associated with advertising, contributions, donations, lobbying and political activities, memberships, and outside services	Sanders
H-6	Other administrative and general expenses	Sanders
H-7	Depreciation and amortization expense	Sanders
H-8	Taxes other than income taxes	Sanders
H-9	Federal and state income taxes	Morris
H-10	Reconciliation of net income per books to net income for income tax purposes	Morris
H-11	Income tax effect as result of applicant joining in a consolidated federal income tax return	Morris
H-12	Accumulated tax deferrals	Morris
H-13	Investment tax credits	Morris
H-14	Expenses associated with affiliated interests	Sanders
H-15	Expenses associated with nonutility services	Sanders
H-16	Explanation of the adjustments to expenses of operation.	Sanders
I-1	Balance sheet	Sanders
I-2	Income statement	Sanders
I-3	Statement of changes in financial position	Sanders
J-1	Construction program	Sanders
J-2	Sources of construction funds	Sanders
K-1	Allocation of Rate Base--jurisdictional	Sanders
K-2	Allocation of Rate Base--functional classification	Casas
K-3	Allocation of Rate Base--demand, energy, and customer	Casas
K-4	Allocation of Rate Base to rate classes	Casas
K-5	Allocation of total expenses--jurisdictional	Sanders
K-6	Allocation of total expenses--functional classification	Casas
K-7	Allocation of total expenses--demand, energy, and customer	Casas
K-8	Allocation of total expenses to rate classes	Casas
L-1	Allocated cost per billing unit of demand, energy and customer	Casas/Pitts
M-1	Allocation factors used to assign items of plant and expenses to the various rate classes	Casas
M-2	Classification factors used to assign items of plant and expenses to demand, energy, and customer	Casas
M-3	Demand and Energy Loss Factors	Gray
N-1	Rate of return by rate classification	Casas/Pitts
O-1	Total revenue requirements by rate classification	Pitts
O-2	Proof of revenue analysis	Pitts
O-3	Comparison of rates for service under the present and proposed schedules	Pitts

O-4	Explanation of proposed changes to existing rate schedules	Pitts
P-1	Peak Demand Information	Pitts
P-2	Plant in service	Sanders
P-3	Property retirements and property investments information	Sanders
P-4	Operation and maintenance expense information	Sanders
P-5	Customer information	Pitts
P-6	Weather data	McMenamin
P-7	Power plant maintenance information	Sanders
P-8	Customer service interruption information	Gray
P-9	Line loss information	Gray
P-10	Reliability indices information	Gray
P-11	Reserve margin information	Sanders
P-12	Fuel statistics information	Sanders
Q-1	Load research program	Chan
Q-2	Description of company	Monroy
Q-3	Annual Report to stockholders	Peters
Q-4	Reports to the Securities and Exchange Commission	Peters
Q-5	Form 1 reports	Peters
Q-6	Opinion of independent public accountants	Peters

PNM Rule 17.9.510 NMAC Compliance Filings 2021, 2020, 2019

PNM Exhibit HEM-4

Is contained in the following 31 pages.

Main Offices
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April 1, 2022

Melanie Sandoval
New Mexico Public Regulation Commission
P.O. Box 1269
Santa Fe, NM 87504

RE: Case No. 12-00007-UT – Affidavit Regarding 2021 Earnings Report

Dear Ms. Sandoval:

In compliance with Decretal Paragraph H(iv) of the Recommended Decision approved by the Final Order in Case No. 12-00007-UT, as amended by the Errata Notice issued June 21, 2012, PNM submits the attached Affidavit of Thomas S. Baker and PNM Exhibit TSB-1 that explains that PNM's Return on Equity for 2021 was 9.149%.

This filing was done electronically. If you have any questions, please email me at phillip.metzger@pnm.com.

Respectfully,

/s/ Phillip Metzger

Phillip Metzger
Sr. Project Manager, Regulatory

Cc: COS – Case No. 12-00007-UT

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PUBLIC SERVICE COMPANY OF)	
NEW MEXICO FOR APPROVAL OF)	Case No. 12-00007-UT
RENEWABLE ENERGY RIDER NO. 36)	
PURSUANT TO ADVICE NOTICE NO. 439)	
AND FOR VARIANCES FROM CERTAIN)	
FILING REQUIREMENTS)	
)	
PUBLIC SERVICE COMPANY OF)	
NEW MEXICO,)	
Applicant.)	
_____)	

AFFIDAVIT OF THOMAS S. BAKER

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

Thomas S. Baker, upon being first duly sworn according to law, under oath, deposes and states:

1. I am the Manager, Cost of Service for PNM Resources Inc. (“PNMR” or “Company”). I have personal knowledge of the matters stated herein.

2. The Recommended Decision issued June 19, 2012, at Decretal Paragraph H(iv), as amended by the Errata Notice issued June 21, 2012, and adopted as part of the Final Order of the Commission issued August 14, 2012, requires PNM to file a pro forma cost of service consistent with that required by 17.3.510.12 NMAC by April 1, 2021. The filing is for the purpose of determining whether PNM’s earnings during calendar year 2021 exceeded a 10.075%¹ return on equity (“ROE”) based on actual accounting records for 2021, in compliance with page 29 of the Recommended Decision in this case.

¹ 10.075% is calculated using a 9.575% allowed ROE plus 50 basis points.

3. My affidavit and the attached exhibit respond to these filing requirements. PNM Exhibit TSB-1 provides documentation based on actual accounting records for 2021 that PNM's ROE for 2021 was 9.149%.

4. The Total Company data reflected on the exhibit is taken directly from PNM's books and records. The rate base amounts are as of December 31, 2021. Operating expenses are reflective of the 12 months ended December 31, 2021. The ROE for 2021 was derived using PNM's actual capital structure and actual cost of debt and preferred stock as of December 31, 2021. PNM made the following adjustments consistent with the ratemaking adjustments included in the cost of service pursuant to the Final Order in NMPRC Case No. 16-00276-UT ("2016 Rate Case"):

- a. PNM removed the impacts of mark-to-market unrealized gains and losses on its derivative instruments.
- b. PNM normalized planned outage expenses based on a 6-year average of historical non-labor planned outage O&M costs.
- c. PNM removed a portion of A&G expenses allocated from PNMR Shared Services, including certain incentive compensation expenses, cost charged to other income and deductions and billed to PNM from PNMR Services, and other miscellaneous expenses.
- d. PNM excluded pension expense associated with the retained gas company's portion of costs.
- e. PNM excluded O&M costs related to the Avangrid merger transaction.
- f. PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement.
- g. PNM excluded costs and revenues associated with energy efficiency programs.

- h. PNM removed the impacts of regulatory disallowances and non-recurring expenses.
- i. PNM included the allocated share of PNM Resources assets in rate base.
- j. PNM included only Accumulated Deferred Income Taxes (“ADIT”) associated with amounts included in rate base.
- k. PNM included the Prepaid Pension Asset in rate base and adjusted the balance consistent with the 2016 Rate Case.
- l. PNM adjusted Rate Base to reflect a 13-month average of the balances.
- m. PNM removed regulatory assets associated with SJGS abandonment that will be recovered through securitization financing.
- n. PNM allocated amounts to the New Mexico Jurisdiction (PNM Retail and Renewables) consistent with the allocation methodology as were reflected in the 2016 Rate Case cost of service.
- o. Pursuant to the Final Order in the 2016 Rate Case, for regulatory purposes, PNM will ignore the GAAP impairment loss associated with Four Corners Power Plant debt-only return on capital additions between July 2016 and December 2018.
- p. Pursuant to GAAP accounting, PNM records accelerated depreciation for its SNCR investment to a deferred debit balance sheet account and A&G expense. PNM reclassified accelerated depreciation expense on its SNCR investment from A&G expense to depreciation expense. PNM also reclassified the accumulated accelerated depreciation on its SNCR investment from Other Rate Base to Net Plant in Service.
- q. Pursuant to ASU 2017-07, PNM records pension expense to Other Income and Deductions (“OID”). However, FERC accounting standards require pension expense to be recorded to A&G expense. PNM has included pension expense in A&G expense.

- r. Pursuant to ASU 2016-02, PNM records a Right of Use (“ROU”) asset and a Future Lease Obligation (“FLO”) liability on the balance sheet. PNM has excluded the ROU asset and FLO liability from rate base as this is a GAAP reporting concept and does not reflect an asset to be collected from customers or a liability that is owed back to customers.

SIGNED this 1st day of April, 2021.

/s/ Thomas S. Baker
THOMAS S. BAKER

GCG#529336

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2021

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2021	Adjustments Yr. Ended 12/31/2021	Adjusted Total Company Yr. Ended 12/31/2021	New Mexico Jurisdiction Yr. Ended 12/31/2021	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II
Summary:					
Total Electric Revenues	1,362,020	1,095 ^A	1,363,115	1,215,036	992,259
Total Expenses, see below	1,206,478	(13,783)	1,192,696	1,085,285	877,047
Net Earnings	155,541	14,878	170,419	129,751	115,213
Equity			1,606,934	1,418,173	1,223,542
Return on Equity			10.605%	9.149%	9.575%
Rate Base:					
Generation Net Plant-in-Service	1,687,117	(40,775) ^H	1,646,342	1,646,602	1,538,040
Transmission Net Plant-in-Service	1,275,292	(364,621) ^H	910,671	420,303	320,809
Distribution Net Plant-in-Service	967,050	(44,834) ^H	922,215	922,215	831,105
General and Intangible Net Plant-in-Service	109,416	87,697 ^I	197,113	186,272	156,529
ADIT	(950,688)	3,655 ^J	(947,033)	(856,057)	(846,963)
Regulatory Assets & Liabilities	143,767	(30,948) ^K	112,819	114,640	122,365
Other Rate Base Items	63,640	10,014 ^L	73,654	118,222	155,905
Working Capital	185,136	4,270 ^M	189,406	188,235	188,694
Total Rate Base	3,480,730	(375,543)	3,105,187	2,740,432	2,466,483
Operation & Maintenance Expense:					
Fuel	228,692		228,692	217,776	196,503
Nuclear Production O&M	60,668	104 ^B	60,771	60,771	64,313
Non-Nuclear Production O&M	110,712	1,130 ^B	111,842	107,328	103,821
Purchased Power Expense	273,092	1,095 ^A	274,187	242,507	83,785
Other O&M Expenses	272,280	(40,360)	231,920	184,760	175,441
Transmission O&M Expenses	44,070	4,293 ^E	48,363	37,181	35,923
Distribution O&M Expenses	28,244	(161) ^P	28,083	28,083	21,244
Customer Service, Accounts & Informational Expense	19,494	(42) ^P	19,452	19,452	16,765
Sales Expense	4,908	(5) ^P	4,903	4,903	4,334
Admin. and General O&M Expenses	175,563	(44,445) ^C	131,118	95,139	97,174
Total Operation & Maintenance Expense	945,444	(38,031)	907,413	813,143	623,863

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2021

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

Description	Total Company Yr. Ended 12/31/2021	Adjustments Yr. Ended 12/31/2021	Adjusted Total Company Yr. Ended 12/31/2021	New Mexico Jurisdiction Yr. Ended 12/31/2021	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase I
Regulatory Disallowances					
Total Regulatory Disallowances	1,194	(1,194) ^F	-	-	(16,311)
Depreciation					
Total Depreciation	167,858	20,883 ^N	188,742	168,021	152,059
Taxes other than Income					
Total Taxes Other than Income	45,873	3,083 ^D	48,955	43,960	44,244
Other Income & Deduction					
Total Other Income & Deduction	(32,771)	256 ^O	(32,515)	-	-
Interest					
Interest Expense	51,360		51,360	40,038	61,807
Income and Revenue Taxes					
Total Tax expense	26,992	1,221 ^G	28,213	19,739	10,938
Preferred Stock Dividend					
Total Preferred Stock Dividend	528		528	385	448
Total Expenses					
Total Expenses	1,206,478	(13,783)	1,192,696	1,085,285	877,047

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2021

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

See attached schedule for jurisdictional allocation details.

PNM Exhibit TSB-1
Page 3 of 5

^A Remove impacts associated with Mark-to-Market valuations

^B \$2,464 Normalized non-labor planned outage expenses, based on a historic 6 year average
(\$1,230) Remove miscellaneous write-offs

^C A&G Expense Adjustments

(\$35,230) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Other income and deductions, and certain legal and advertising costs

\$317 Normalized non-labor planned outage expenses, based on a historic 6 year average

(\$3,397) Removal of non-recurring gas company pension expense

(\$580) Removal of non-recurring merger related transaction costs

(\$4,286) Reclass Accelerated Depreciation Expense for SNCR from A&G O&M to Depreciation Expense

(\$1,269) Miscellaneous write-offs

^D General Taxes allocated to PNM from PNMR Services

^E PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement

^F Removal of regulatory disallowances

^G Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2

^H Net Plant Adjustments

\$5,496 Removal of balances associated with the Palo Verde Asset Retirement Costs

(\$14,188) GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average Accumulated Accelerated Depreciation for SNCR from Other Rate Base to Plant in Service

(\$441,538) Decrease to account for 13-month average

^I \$97,726 Addition of PNMR assets allocated to PNM

(\$10,029) Decrease to account for 13-month average

^J 13-month averaging adjustment associated with plant related ADIT, and correlating adjustments

^K \$6,881 Increase to account for 13-month average of account balances

\$14,188 GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average Accumulated Accelerated Depreciation for SNCR from Other Rate Base to Plant in Service

(\$52,017) Decrease to remove SJGS related regulatory assets to be recovered through securitization

^L (\$12,000) Reduction to prepaid pension asset included in rate base pursuant to NMPRC Case 16-00276-UT final order

\$39,866 increase to account for 13-month average

(\$163,169) Remove CWIP and RWIP balances

\$145,317 Remove Palo Verde Asset Retirement Obligation

^M Working Capital 13-month average of account balances

^N \$4,286 Reclass Accelerated Depreciation for SNCR from A&G O&M to Depreciation Expense

\$17,623 PNMR Services depreciation expense allocated to PNM

(\$1,428) Reduce net Palo Verde ARO accretion expense to equal funding collected in rates

\$956 Remove finance lease amortization

(\$72) Remove Palo Verde ARC depreciation expense

(\$482) Add back depreciation expense associated with FCPP GAAP-only impairment loss

^O Remove non-recurring unrealized gains/(losses)

^P Remove miscellaneous write offs

^Q Under the New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II column, PNM has reflected the general illustrative COS settlement adjustments per the final order in that case

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2021**

**AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)**

PNM Exhibit TSB-1
Page 4 of 5

No.	Description	New Mexico Jurisdiction NMPRC Case 16-00276-UT Phase II		Total Electric Yr. Ended 12/31/2021			
		Amount Outstanding Yr. Ended 12/31/2018	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2021	Average Cost of Debt	Effective Rate	Composite Cost of Capital
Outstanding Debt:							
	Short Term Debt *	438,943	8,364	82,400	1,117		
	Long Term Debt	1,465,870	71,351	1,815,845	48,445		
	Weighted Average Cost of Long Term Debt Capital		2.43%		1.37%		
Capital Structure:							
	Long Term Debt	4.87%	2.43%	1,815,845	47.95%	2.85%	1.37%
	Preferred Stock	4.62%	0.02%	11,529	0.30%	4.62%	0.01%
	Common Equity	9.575%	4.75%	1,959,858	51.75%	9.575%	4.96%
	Total Capitalization		7.20%	3,787,233	100.00%		6.34%

* Short Term Debt includes term loans consistent with NMPRC Case No. 16-00276-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2021

JURISDICTIONAL ALLOCATORS

No.	Description	Year Ended 12/31/2021					Case No. 16-00261-UT				
		Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
Allocators:											
	Total Wages and Salaries	115,767,245 100.00%	110,458,334 95.41%	- 0.00%	3,454,416 2.98%	1,854,494 1.60%	63,144,393 100.00%	57,476,188 91.02%	172,705 0.27%	2,998,018 4.75%	2,497,482 3.96%
	Production Plant	1,452,909,514 100.00%	1,453,169,712 100.02%	- 0.00%	- 0.00%	(260,197) -0.02%	1,401,095,542 100.00%	1,389,065,070 99.14%	- 0.00%	- 0.00%	12,030,472 0.86%
	Transmission Plant	910,671,006 100.00%	420,302,688 46.15%	- 0.00%	490,368,318 53.85%	- 0.00%	627,732,073 100.00%	320,808,912 51.11%	- 0.00%	286,899,409 45.70%	20,023,753 3.19%
	Distribution Plant	922,215,436 100.00%	914,360,354 99.15%	7,855,082 0.85%	- 0.00%	- 0.00%	827,035,497 100.00%	827,035,497 100.00%	- 0.00%	- 0.00%	- 0.00%
	General & Intangible Plant	197,112,884 100.00%	186,271,963 94.50%	- 0.00%	8,275,696 4.20%	2,565,225 1.30%	175,255,556 100.00%	156,293,635 89.18%	- 0.00%	16,180,504 9.23%	2,781,417 1.59%
	Total Net Plant	3,475,053,758 100.00%	2,974,104,717 85.58%	- 0.00%	498,644,014 14.35%	2,305,027 0.07%	3,031,118,668 100.00%	2,693,203,114 88.85%	- 0.00%	303,079,913 10.00%	34,835,642 1.15%
	Generation Demand *	1,451 100.00%	1,451 100.00%	- 0.00%	- 0.00%	- 0.00%	1,451 100.00%	1,451 100.00%	- 0.00%	- 0.00%	- 0.00%
	Energy *	8,827,904 100.00%	8,827,904 100.00%	- 0.00%	- 0.00%	- 0.00%	8,827,904 100.00%	8,827,904 100.00%	- 0.00%	- 0.00%	- 0.00%
	Generation and Transmission Demand *	100.00%	65.35%	0.00%	34.65%	0.00%	100.00%	67.72%	0.00%	32.28%	0.00%
	Transmission Demand *	3,122 100.00%	1,507 48.28%	- 0.00%	1,615 51.72%	- 0.00%	2,903 100.00%	1,504 51.82%	- 0.00%	1,399 48.18%	- 0.00%
	Transmission Demand without Network *	2,739 100.00%	1,507 55.03%	- 0.00%	1,232 44.97%	- 0.00%	1,946 100.00%	1,501 77.12%	- 0.00%	445 22.88%	- 0.00%
* Allocators are consistent with test period allocators approved in Case No. 16-00276-UT											

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April 1, 2021

Melanie Sandoval
New Mexico Public Regulation Commission
P.O. Box 1269
Santa Fe, NM 87504

RE: Case No. 12-00007-UT – Affidavit Regarding 2020 Earnings Report

Dear Ms. Sandoval:

In compliance with Decretal Paragraph H(iv) of the Recommended Decision approved by the Final Order in Case No. 12-00007-UT, as amended by the Errata Notice issued June 21, 2012, PNM submits the attached Affidavit of Thomas S. Baker and PNM Exhibit TSB-1 that explains that PNM's Return on Equity for 2020 was 9.428%.

This filing was done electronically. If you have any questions, please email me at brian.buffington@pnm.com.

Respectfully,

/s/ Brian Buffington

Brian Buffington
Sr. Project Manager, Regulatory

Cc: COS – Case Nos. 12-00007-UT

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PUBLIC SERVICE COMPANY OF)	
NEW MEXICO FOR APPROVAL OF)	
RENEWABLE ENERGY RIDER NO. 36)	
PURSUANT TO ADVICE NOTICE NO. 439)	Case No. 12-00007-UT
AND FOR VARIANCES FROM CERTAIN)	
FILING REQUIREMENTS)	
)	
PUBLIC SERVICE COMPANY OF)	
NEW MEXICO,)	
Applicant.)	
_____)	

AFFIDAVIT OF THOMAS S. BAKER

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

Thomas S Baker, upon being first duly sworn according to law, under oath, deposes and states:

1. I am the Manager, Cost of Service for PNM Resources Inc. (“PNMR” or “Company”). I have personal knowledge of the matters stated herein.

2. The Recommended Decision issued June 19, 2012, at Decretal Paragraph H(iv), as amended by the Errata Notice issued June 21, 2012, and adopted as part of the Final Order of the Commission issued August 14, 2012, requires PNM to file a pro forma cost of service consistent with that required by 17.3.510.12 NMAC by April 1, 2021.. The filing is for the purpose of determining whether PNM’s earnings during calendar year 2020 exceeded a 10.075%¹ return on equity (“ROE”) based on actual accounting records for 2020, in compliance with page 29 of the Recommended Decision in this case.

¹ 10.075% is calculated using a 9.575% allowed ROE plus 50 basis points.

3. My affidavit and the attached exhibit respond to these filing requirements. PNM Exhibit TSB-1 provides documentation based on actual accounting records for 2020 that PNM's ROE for 2020 was 9.428%.

4. The Total Company data reflected on the exhibit is taken directly from PNM's books and records. The rate base amounts are as of December 31, 2020. Operating expenses are reflective of the 12 months ended December 31, 2020. The ROE for 2020 was derived using PNM's actual capital structure and actual cost of debt and preferred stock as of December 31, 2020. PNM made the following adjustments consistent with the ratemaking adjustments included in the cost of service pursuant to the Final Order in NMPRC Case No. 16-00276-UT ("2016 Rate Case"):

- a. PNM removed the impacts of mark-to-market unrealized gains and losses on its derivative instruments.
- b. PNM normalized planned outage expenses based on a 6 year average of historical non-labor planned outage O&M costs.
- c. PNM removed a portion of A&G expenses allocated from PNMR Shared Services, including certain incentive compensation expenses, cost charged to other income and deductions and billed to PNM from PNMR Services, and other miscellaneous expenses.
- d. PNM excluded pension expense associated with the retained gas company's portion of costs.
- e. PNM excluded O&M costs related to the Avangrid merger transaction.
- f. PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement.
- g. PNM excluded costs associated with energy efficiency.

- h. PNM removed the impacts of regulatory disallowances and non-recurring expenses.
- i. PNM included the allocated share of PNM Resources assets in rate base.
- j. PNM included only Accumulated Deferred Income Taxes (“ADIT”) associated with amounts included in rate base.
- k. PNM included the Prepaid Pension Asset in rate base and adjusted the balance consistent with the 2016 Rate Case.
- l. PNM adjusted Rate Base to reflect a 13-month average of the balances.
- m. PNM removed regulatory assets associated with SJGS abandonment that will be recovered through securitization financing.
- n. PNM removed regulatory assets and liability associated with COVID-19 impacts.
- o. PNM allocated amounts to the New Mexico Jurisdiction (PNM Retail and Renewables) consistent with the allocation methodology as were reflected in the 2016 Rate Case cost of service.
- p. Pursuant to the Final Order in the 2016 Rate Case, for regulatory purposes, PNM will ignore the GAAP impairment loss associated with Four Corners Power Plant debt-only return on capital additions between July 2016 and December 2018.
- q. Pursuant to GAAP accounting, PNM records accelerated depreciation for its SNCR investment to a deferred debit balance sheet account and A&G expense. PNM reclassified accelerated depreciation expense on its SNCR investment from A&G expense to depreciation expense. PNM also reclassified the accumulated accelerated depreciation on its SNCR investment from Other Rate Base to Net Plant in Service.

- r. Pursuant to ASU 2017-07, PNM records pension expense to Other Income and Deductions (“OID”). However, FERC accounting standards require pension expense to be recorded to A&G expense. PNM has included pension expense in A&G expense.
- s. Pursuant to ASU 2016-02, PNM records a Right of Use (“ROU”) asset and a Future Lease Obligation (“FLO”) liability on the balance sheet. PNM has excluded the ROU asset and FLO liability from rate base as this is a GAAP reporting concept and does not reflect an asset to be collected from customers or a liability that is owed back to customers.

SIGNED this 1st day of April, 2020.

/s/ Thomas S. Baker
THOMAS S. BAKER

GCG#527866

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2020

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2020	Adjustments Yr. Ended 12/31/2020	Adjusted Total Company Yr. Ended 12/31/2020	New Mexico Jurisdiction Yr. Ended 12/31/2020	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II
Summary:					
Total Electric Revenues	1,139,835	1,046 ^A	1,140,880	1,035,503	992,259
Total Expenses, see below	994,362	3,696	998,058	905,591	877,047
Net Earnings	145,473	(2,650)	142,822	129,912	115,213
Equity			1,565,049	1,377,925	1,223,542
Return on Equity			9.126%	9.428%	9.575%
Rate Base:					
Generation Net Plant-in-Service	1,655,789	3,239 ^H	1,659,028	1,659,276	1,538,040
Transmission Net Plant-in-Service	880,783	(121,097) ^H	759,686	357,711	320,809
Distribution Net Plant-in-Service	901,836	(32,742) ^H	869,095	869,095	831,105
General and Intangible Net Plant-in-Service	103,240	65,451 ^I	168,691	159,551	156,529
ADIT	(906,040)	10,723 ^J	(895,317)	(813,897)	(846,963)
Regulatory Assets & Liabilities	151,761	(45,103) ^K	106,658	106,658	122,365
Other Rate Base Items	154,115	(2,117) ^L	151,998	121,339	155,905
Working Capital	194,971	4,770 ^M	199,741	198,814	188,694
Total Rate Base	3,136,457	(116,876)	3,019,581	2,658,548	2,466,483
Operation & Maintenance Expense:					
Fuel	192,440		192,440	181,111	196,503
Nuclear Production O&M	60,443	1,877 ^B	62,320	62,320	64,313
Non-Nuclear Production O&M	94,759	2,887 ^B	97,646	92,141	103,821
Purchased Power Expense	133,415	1,046 ^A	134,460	120,963	83,785
Other O&M Expenses	249,489	(36,501)	212,988	175,067	175,441
Transmission O&M Expenses	44,916	4,121 ^E	49,037	36,346	35,923
Distribution O&M Expenses	25,202		25,202	25,212	21,244
Customer Service, Accounts & Informational Expense	17,794	-	17,794	17,794	16,765
Sales Expense	3,874	-	3,874	3,874	4,334
Admin. and General O&M Expenses	157,703	(40,622) ^C	117,080	91,841	97,174
Total Operation & Maintenance Expense	730,546	(30,691)	699,854	631,603	623,863

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2020

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 2 of 5

Description	Total Company Yr. Ended 12/31/2020	Adjustments Yr. Ended 12/31/2020	Adjusted Total Company Yr. Ended 12/31/2020	New Mexico Jurisdiction Yr. Ended 12/31/2020	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase I
Regulatory Disallowances					
Total Regulatory Disallowances (<i>Footnote N.</i>)	1,098	(1,098) ^F	-	-	(16,311)
Depreciation					
Total Depreciation	162,488	18,643 ^N	181,131	164,664	152,059
Taxes other than Income					
Total Taxes Other than Income	44,818	2,928 ^D	47,746	43,721	44,244
Other Income & Deduction					
Total Other Income & Deduction	(31,589)	9,946 ^O	(21,644)	-	-
Interest					
Interest Expense	64,616		64,616	47,533	61,807
Income and Revenue Taxes					
Total Tax expense	21,857	3,969 ^G	25,826	17,664	10,938
Preferred Stock Dividend					
Total Preferred Stock Dividend	528		528	407	448
Total Expenses					
Total Expenses	994,362	3,696	998,058	905,591	877,047

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2020

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

See attached schedule for jurisdictional allocation details.

PNM Exhibit TSB-1
Page 3 of 5

- ^A Remove impacts associated with Mark-to-Market valuations
- ^B Normalized non-labor planned outage expenses, based on a historic 6 year average.
- ^C A&G Expense Adjustments
(\$32,013) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Other income and deductions, and certain legal and advertising costs
\$275 Normalized non-labor planned outage expenses, based on a historic 6 year average.
(\$4,525) Removal of non-recurring gas company pension expense.
(\$72) Removal of non-recurring merger related transaction costs.
(\$4,286) Reclass Accelerated Depreciation Expense for SNCR from A&G O&M to Depreciation Expense
- ^D General Taxes allocated to PNM from PNMR Services
- ^E PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement.
- ^F Removal of regulatory disallowances.
- ^G Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2.
- ^H Net Plant Adjustments
\$5,568 Removal of balances associated with the Palo Verde Asset Retirement Costs
(\$9,902) GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average Accumulated Accelerated Depreciation for SNCR from Other Rate Base to Plant in Service
(\$146,266) Decrease to account for 13-month average
- ^I \$78,161 Addition of PNMR assets allocated to PNM.
(\$12,710) Decrease to account for 13-month average
- ^J 13-month averaging adjustment associated with plant related ADIT, and correlating adjustments.
- ^K \$4,878 Increase to account for 13-month average of account balances.
\$9,902 GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average Accumulated Accelerated Depreciation for SNCR from Other Rate Base to Plant in Service
(\$52,022) Decrease to remove SJGS related regulatory assets to be recovered through securitization
(\$7,861) Decrease to remove COVID-19 related regulatory asset and liability
- ^L (\$12,000) Reduction to prepaid pension asset included in rate base pursuant to NMPRC Case 16-00276-UT final order.
\$6,019 increase to account for 13-month average
(\$134,545) Remove CWIP and RWIP balances
\$138,409 Remove Palo Verde Asset Retirement Obligation
- ^M Working Capital 13-month average of account balances.
- ^N \$4,286 Reclass Accelerated Depreciation for SNCR from A&G O&M to Depreciation Expense
\$16,110 PNMR Services depreciation expense allocated to PNM
(\$12) Remove Palo Verde ARC depreciation expense
(\$1,742) Reduce net Palo Verde ARO accretion expense to equal funding collected in rates
- ^O Remove non-recurring unrealized gains/(losses)
- ^P Under the New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II column, PNM has reflected the general illustrative COS settlement adjustments per the final order in that case.

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2020**

**AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)**

No.	Description	New Mexico Jurisdiction NMPRC Case 16-00276-UT Phase II		Total Electric Yr. Ended 12/31/2020			
		Amount Outstanding Yr. Ended 12/31/2018	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2020	Average Cost of Debt	Effective Rate	Composite Cost of Capital
Outstanding Debt:							
	Short Term Debt *	438,943	8,364	50,000	6,278		
	Long Term Debt	1,465,870	71,351	1,665,845	57,354		
	Weighted Average Cost of Long Term Debt Capital		2.43%		1.72%		
Capital Structure:							
	Long Term Debt	4.87%	2.43%	1,665,845	47.84%	3.60%	1.72%
	Preferred Stock	4.62%	0.02%	11,529	0.33%	4.62%	0.02%
	Common Equity	9.575%	4.75%	1,804,743	51.83%	9.575%	4.96%
	Total Capitalization		7.20%	3,482,117	100.00%		6.70%

* Short Term Debt includes term loans consistent with NMPRC Case No. 16-00276-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2020

JURISDICTIONAL ALLOCATORS

No. Description	Year Ended 12/31/2020					Case No. 16-00261-UT				
	Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
Allocators:										
Total Wages and Salaries	115,767,245 100.00%	110,677,807 95.60%	0 0.00%	3,187,840 2.75%	1,901,597 1.64%	63,144,393 100.00%	57,476,188 91.02%	172,705 0.27%	2,998,018 4.75%	2,497,482 3.96%
Production Plant	1,454,939,474 100.00%	1,455,187,621 100.02%	0 0.00%	0 0.00%	(248,147) -0.02%	1,401,095,542 100.00%	1,389,065,070 99.14%	- 0.00%	- 0.00%	12,030,472 0.86%
Transmission Plant	759,685,923 100.00%	357,711,287 47.09%	0 0.00%	383,049,117 50.42%	18,925,519 2.49%	627,732,073 100.00%	320,808,912 51.11%	- 0.00%	286,899,409 45.70%	20,023,753 3.19%
Distribution Plant	869,094,688 100.00%	860,027,008 98.96%	9,067,680 1.04%	0 0.00%	0 0.00%	827,035,497 100.00%	827,035,497 100.00%	- 0.00%	- 0.00%	- 0.00%
General & Intangible Plant	168,691,159 100.00%	159,372,904 94.48%	178,506 0.11%	6,845,274 4.06%	2,294,475 1.36%	175,255,556 100.00%	156,293,635 89.18%	- 0.00%	16,180,504 9.23%	2,781,417 1.59%
Total Net Plant	3,243,165,058 100.00%	2,832,298,820 87.33%	0 0.00%	389,894,392 12.02%	20,971,846 0.65%	3,031,118,668 100.00%	2,693,203,114 88.85%	- 0.00%	303,079,913 10.00%	34,835,642 1.15%
Generation Demand *	1,451 100.00%	1,451 100.00%	0 0.00%	0 0.00%	0 0.00%	1,451 100.00%	1,451 100.00%	- 0.00%	- 0.00%	- 0.00%
Energy *	8,827,904 100.00%	8,827,904 100.00%	0 0.00%	0 0.00%	0 0.00%	8,827,904 100.00%	8,827,904 100.00%	- 0.00%	- 0.00%	- 0.00%
Generation and Transmission Demand *	100.00%	65.08%	0.00%	34.92%	0.00%	100.00%	67.72%	0.00%	32.28%	0.00%
Transmission Demand *	3,144 100.00%	1,505 47.88%	0 0.00%	1,639 52.12%	0 0.00%	2,903 100.00%	1,504 51.82%	- 0.00%	1,399 48.18%	- 0.00%
Transmission Demand without Network *	2,799 100.00%	1,505 53.78%	0 0.00%	1,294 46.22%	0 0.00%	1,946 100.00%	1,501 77.12%	- 0.00%	445 22.88%	- 0.00%
* Allocators are consistent with test period allocators approved in Case No. 16-00276-UT										

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April 17, 2020

Melanie Sandoval
New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
Santa Fe, NM 87501

RE: Case No. 12-00007-UT – Affidavit Regarding 2019 Earnings Report

Dear Ms. Sandoval:

In compliance with Decretal Paragraph H(iv) of the Recommended Decision approved by the Final Order in Case No. 12-00007-UT, as amended by the Errata Notice issued June 21, 2012, and the Commission's March 26, 2020 *Order Granting Variance Extending Time for Filing Pro Forma Cost of Service to April 17, 2020*, PNM submits the attached Affidavit of Thomas S. Baker and PNM Exhibit TSB-1 that explains that PNM's Return on Equity for 2019 was 9.622%.

This filing was done electronically. If you have any questions, please email me at brian.buffington@pnm.com.

Respectfully,

/s/ Brian Buffington

Brian Buffington
Sr. Project Manager, Regulatory

Cc: COS – Case Nos. 12-00007-UT

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO FOR APPROVAL OF) **Case No. 12-00007-UT**
RENEWABLE ENERGY RIDER NO. 36)
PURSUANT TO ADVICE NOTICE NO. 439)
AND FOR VARIANCES FROM CERTAIN)
FILING REQUIREMENTS)
)
PUBLIC SERVICE COMPANY OF)
NEW MEXICO,)
Applicant.)
_____)

AFFIDAVIT OF THOMAS S. BAKER

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

Thomas S Baker, upon being first duly sworn according to law, under oath, deposes and states:

1. I am the Manager, Cost of Service for PNM Resources Inc. (“PNMR” or “Company”).

I have personal knowledge of the matters stated herein.

2. The Recommended Decision issued June 19, 2012, at Decretal Paragraph H(iv), as amended by the Errata Notice issued June 21, 2012, and adopted as part of the Final Order of the Commission issued August 14, 2012, requires PNM to file a pro forma cost of service consistent with that required by 17.3.510.12 NMAC by April 1, 2020. On March 19, 2020, PNM requested an extension to file its 2019 pro forma cost of service on April 17th. The Commission granted PNM’s request on March 26, 2020. The filing is for the purpose of determining whether PNM’s earnings during calendar year 2019 exceeded a 10.075%¹ return on equity (“ROE”) based on actual

¹ 10.075% is calculated using a 9.575% allowed ROE plus 50 basis points.

accounting records for 2019, in compliance with page 29 of the Recommended Decision in this case.

3. My affidavit and the attached exhibit respond to these filing requirements. PNM Exhibit TSB-1 provides documentation based on actual accounting records for 2019 that PNM's ROE for 2019 was 9.622%.

4. The Total Company data reflected on the exhibit is taken directly from PNM's books and records. The rate base amounts are as of December 31, 2019. Operating expenses are reflective of the 12 months ended December 31, 2019. The ROE for 2019 was derived using PNM's actual capital structure and actual cost of debt and preferred stock as of December 31, 2019. PNM made the following adjustments consistent with the ratemaking adjustments included in the cost of service pursuant to the Final Order in NMPRC Case No. 16-00276-UT ("2016 Rate Case"):

- a. PNM removed the impacts of mark-to-market unrealized gains and losses on its derivative instruments.
- b. PNM normalized planned outage expenses based on a 6 year average of historical non-labor planned outage O&M costs.
- c. PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement.
- d. PNM excluded costs associated with energy efficiency.
- e. PNM excluded pension expense associated with the retained gas company's portion of costs.

- f. PNM removed a portion of A&G expenses allocated from PNMR Shared Services, including certain incentive compensation expenses, cost charged to other income and deductions and billed to PNM from PNMR Services, and other miscellaneous expenses.
- g. PNM removed the impacts of regulatory disallowances and non-recurring expenses.
- h. PNM included the allocated share of PNM Resources assets in rate base.
- i. PNM included only Accumulated Deferred Income Taxes (“ADIT”) associated with amounts included in rate base.
- j. PNM included the Prepaid Pension Asset in rate base and adjusted the balance consistent with the 2016 Rate Case.
- k. PNM adjusted Rate Base to reflect a 13-month average of the balances.
- l. PNM allocated amounts to the New Mexico Jurisdiction (PNM Retail and Renewables) consistent with the allocation methodology as were reflected in the 2016 Rate Case cost of service.
- m. Pursuant to the Final Order in the 2016 Rate Case, for regulatory purposes, PNM will ignore the GAAP write-off associated with Four Corners Power Plant disallowed equity return on capital additions between July 2016 and December 2018.
- n. Pursuant to GAAP accounting, PNM records accelerated depreciation for its SNCR investment to a deferred debit balance sheet account and A&G expense. PNM reclassified accelerated depreciation expense on its SNCR investment from A&G expense to depreciation expense. PNM also reclassified the accumulated accelerated depreciation on its SNCR investment from Other Rate Base to Net Plant in Service.

- o. Pursuant to ASU 2017-07, PNM records pension expense to Other Income and Deductions (“OID”). However, FERC accounting standards require pension expense to be recorded to A&G expense. PNM has included pension expense in A&G expense.
- p. Pursuant to ASU 2016-02, PNM records a Right of Use (“ROU”) asset and a Future Lease Obligation (“FLO”) liability on the balance sheet. PNM has removed the ROU asset and FLO liability from rate base as this is a GAAP reporting concept and does not reflect an asset to be collected from customers or a liability that is owed back to customers.

GCG#526857

SIGNED this 3rd day of April, 2020.



THOMAS S. BAKER

SUBSCRIBED AND SWORN to before me this 3rd day of April, 2020.




NOTARY PUBLIC IN AND FOR
THE STATE OF NEW MEXICO

My Commission Expires:

1.21.24

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2019

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2019	Adjustments Yr. Ended 12/31/2019	Adjusted Total Company Yr. Ended 12/31/2019	New Mexico Jurisdiction Yr. Ended 12/31/2019	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II
Summary:					
Total Electric Revenues	1,094,819		1,094,819	985,671	992,259
Total Expenses, see below	1,054,176	(113,308)	940,868	860,649	877,047
Net Earnings	40,643	113,308	153,951	125,022	115,213
Equity			1,475,088	1,299,340	1,223,542
Return on Equity			10.437%	9.622%	9.575%
Rate Base:					
Generation Net Plant-in-Service	1,730,255	(76,027) ^G	1,654,228	1,654,228	1,538,040
Transmission Net Plant-in-Service	792,494	(114,356) ^G	678,138	328,250	320,809
Distribution Net Plant-in-Service	864,045	(19,518) ^G	844,527	844,527	831,105
General and Intangible Net Plant-in-Service	106,853	72,620 ^H	179,474	168,272	156,529
ADIT	(861,434)	7,782 ^I	(853,652)	(807,194)	(846,963)
Regulatory Assets & Liabilities	115,697	2,076 ^J	117,772	115,056	122,365
Other Rate Base Items	(3,924)	162,271 ^K	158,347	124,938	155,905
Working Capital	196,253	3,686 ^L	199,938	195,792	188,694
Total Rate Base	2,940,239	38,533	2,978,773	2,623,869	2,466,483
Operation & Maintenance Expense:					
Fuel	186,612	0	186,612	175,538	196,503
Nuclear Production O&M	59,410	1,097 ^A	60,507	60,506	64,313
Non-Nuclear Production O&M	132,588	4,269 ^A	136,858	126,022	103,821
Purchased Power Expense	80,869		80,869	58,665	83,785
Other O&M Expenses	240,332	(36,836)	203,496	160,865	175,441
Transmission O&M Expenses	41,121	3,866 ^D	44,986	34,425	35,923
Distribution O&M Expenses	22,615	0	22,615	22,612	21,244
Customer Service, Accounts & Informational Expense	17,302	0	17,302	17,299	16,765
Sales Expense	4,031	0	4,031	3,324	4,334
Admin. and General O&M Expenses	155,264	(40,702) ^B	114,562	83,204	97,174
Total Operation & Maintenance Expense	699,813	(31,470)	668,343	581,595	623,863

PUBLIC SERVICE COMPANY OF NEW MEXICO
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STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

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Description	Total Company Yr. Ended 12/31/2019	Adjustments Yr. Ended 12/31/2019	Adjusted Total Company Yr. Ended 12/31/2019	New Mexico Jurisdiction Yr. Ended 12/31/2019	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase I
Regulatory Disallowances					
Total Regulatory Disallowances (<i>Footnote N.</i>)	150,599	(150,599) ^E	-	-	(16,311)
Depreciation					
Total Depreciation	157,407	21,743 ^M	179,150	163,228	152,059
Taxes other than Income					
Total Taxes Other than Income	44,713	2,916 ^C	47,629	43,560	44,244
Other Income & Deduction					
Total Other Income & Deduction	(45,778)	0	(45,778)	-	-
Interest					
Interest Expense	72,856	0	72,856	59,113	61,807
Income and Revenue Taxes					
Total Tax expense	(25,962)	44,102 ^F	18,140	12,683	10,938
Preferred Stock Dividend					
Total Preferred Stock Dividend	528		528	470	448
Total Expenses					
Total Expenses	1,054,176	(113,308)	940,868	860,649	877,047

PUBLIC SERVICE COMPANY OF NEW MEXICO
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See attached schedule for jurisdictional allocation details.

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- ^{A.} Normalized non-labor planned outage expenses, based on a historic 6 year average.
- ^{B.} A&G Expense Adjustments
(\$33,203) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Other income and deductions, and certain legal and advertising costs
\$42 Normalized non-labor planned outage expenses, based on a historic 6 year average.
(\$3,472) Removal of non-recurring gas company pension expense.
(\$4,069) Reclass Accelerated Depreciation Expense for SNCR from A&G O&M to Depreciation Expense
- ^{C.} General Taxes allocated to PNM from PNMR Services
- ^{D.} PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement.
- ^{E.} Removal of regulatory disallowances.
- ^{F.} Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2.
- ^{G.} Net Plant Adjustments
(\$3,675) Removal of balances associated with the Palo Verde Asset Retirement Costs
(\$7,758) GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average Accumulated Accelerated Depreciation for SNCR from Other Rate Base to Plant in Service
(\$83,898) Decrease to account for 13-month average
(\$114,795) Removal of balances associated with Lease Right of Use Assets. Pursuant to GAAP financial reporting, PNM records an asset to represent the future right to use an asset. PNM has removed this ROU asset from rate base for Regulatory purposes.
\$225 Remove remaining NBV associated with PNM's share of 65MW of SJGS unit 4 as PNM's has determined it's investment in the 65MW is impaired under GAAP.
- ^{H.} \$91,469 Addition of PNMR assets allocated to PNM.
(\$8,684) Decrease to account for 13-month average
(\$10,165) Removal of balances associated with Lease Right of Use Assets. Pursuant to GAAP financial reporting, PNM records an asset to represent the future right to use an asset. PNM has removed this ROU asset from rate base for Regulatory purposes.
- ^{I.} 13-month averaging adjustment associated with plant related ADIT, and correlating adjustments.
- ^{J.} \$3,691 Increase to account for 13-month average of account balances.
\$7,758 GAAP accounting requires PNM to record accumulated accelerated depreciation for SNCR to a non-plant balance sheet account. For Regulatory purposes, PNM will reclass 13-Month Average (\$9,374) Decrease to remove regulatory asset established to account for the true up to SJGS coal mine reclamation due to moving to a 2022 shutdown from a 2053 shutdown.
- ^{K.} (\$12,000) Reduction to prepaid pension asset included in rate base pursuant to NMPRC Case 16-00276-UT final order.
\$4,474 increase to account for 13-month average
(\$109,493) Remove CWIP and RWIP balances
\$138,652 Remove Palo Verde Asset Retirement Obligation
\$12,664 Remove Nuclear Fuel Dry Cask Storage Liability balance
\$127,974 Remove future lease obligation liability. Pursuant to GAAP financial reporting, PNM records a liability to represent future lease payment obligations. PNM has removed the liability from rate base for regulatory purposes.
- ^{L.} (\$1,907) Working Capital 13-month average of account balances.
\$5,593 add back transmission ROW's that were recorded to a right of use asset pursuant to GAAP accounting for leases
- ^{M.} \$4,069 Reclass Accelerated Depreciation for SNCR from A&G O&M to Depreciation Expense
\$17,774 PNMR Services depreciation expense allocated to PNM
(\$100) Remove Palo Verde ARC depreciation expense
- ^{N.} Under the New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase I column, PNM has reflected the general illustrative COS settlement adjustments per the final order in that case.

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**AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)**

No.	Description	New Mexico Jurisdiction NMPRC Case 16-00276-UT Phase II		Total Electric Yr. Ended 12/31/2019			
		Amount Outstanding Yr. Ended 12/31/2018	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2018	Average Cost of Debt	Effective Rate	Composite Cost of Capital
Outstanding Debt:							
	Short Term Debt *	286,387	4,706	348,000	7,676		
	Long Term Debt	1,465,870	71,199	1,465,845	63,186		
	Weighted Average Cost of Long Term Debt Capital		2.43%		2.18%		
Capital Structure:							
	Long Term Debt	4.86%	2.43%	1,465,845	50.09%	4.35%	2.18%
	Preferred Stock	4.62%	0.02%	11,529	0.39%	4.62%	0.02%
	Common Equity	9.575%	4.75%	1,449,379	49.52%	9.575%	4.74%
	Total Capitalization		7.20%	2,926,753	100.00%		6.94%

* Short Term Debt includes term loans consistent with NMPRC Case No. 16-00276-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
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JURISDICTIONAL ALLOCATORS

No. Description	Year Ended 12/31/2019					Case No. 16-00261-UT				
	Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
Allocators:										
Total Wages and Salaries	52,772,915 100.00%	48,129,140 91.20%	280,604 0.53%	2,746,049 5.20%	1,617,122 3.06%	63,144,393 100.00%	57,476,188 91.02%	172,705 0.27%	2,998,018 4.75%	2,497,482 3.96%
Production Plant	1,447,759,423 100.00%	1,447,759,422 100.00%	0 0.00%	0 0.00%	1 0.00%	1,401,095,542 100.00%	1,389,065,070 99.14%	- 0.00%	- 0.00%	12,030,472 0.86%
Transmission Plant	678,137,954 100.00%	328,249,735 48.40%	0 0.00%	349,888,219 51.60%	0 0.00%	627,732,073 100.00%	320,808,912 51.11%	- 0.00%	286,899,409 45.70%	20,023,753 3.19%
Distribution Plant	835,805,900 100.00%	835,805,900 100.00%	0 0.00%	0 0.00%	0 0.00%	827,035,497 100.00%	827,035,497 100.00%	- 0.00%	- 0.00%	- 0.00%
General & Intangible Plant	178,954,950 100.00%	167,753,356 93.74%	0 0.00%	8,759,912 4.90%	2,441,682 1.36%	175,255,556 100.00%	156,293,635 89.18%	- 0.00%	16,180,504 9.23%	2,781,417 1.59%
Total Net Plant	3,140,658,227 100.00%	2,779,568,412 88.50%	0 0.00%	358,648,131 11.42%	2,441,684 0.08%	3,031,118,668 100.00%	2,693,203,114 88.85%	- 0.00%	303,079,913 10.00%	34,835,642 1.15%
Generation Demand *	1,853 100.00%	1,853 100.00%	0 0.00%	0 0.00%	0 0.00%	1,451 100.00%	1,451 100.00%	- 0.00%	- 0.00%	- 0.00%
Energy *	9,098,599 100.00%	9,098,599 100.00%	0 0.00%	0 0.00%	0 0.00%	8,827,904 100.00%	8,827,904 100.00%	- 0.00%	- 0.00%	- 0.00%
Generation and Transmission Demand *	100.00%	65.63%	0.00%	34.37%	0.00%	100.00%	67.72%	0.00%	32.28%	0.00%
Transmission Demand *	3,054 100.00%	1,487 48.70%	0 0.00%	1,567 51.30%	0 0.00%	2,903 100.00%	1,504 51.82%	- 0.00%	1,399 48.18%	- 0.00%
Transmission Demand without Network *	2,619 100.00%	1,487 56.80%	0 0.00%	1,131 43.20%	0 0.00%	1,946 100.00%	1,501 77.12%	- 0.00%	445 22.88%	- 0.00%
* Allocators are consistent with test period allocators approved in Case No. 16-00276-UT										

