

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
RENEWABLE ENERGY ACT PLAN)
FOR 2024 AND PROPOSED 2024 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant.)
_____)**

Case No. 23-00 ____-UT

**DIRECT TESTIMONY
OF
THOMAS S. BAKER**

June 1, 2023

**NMPRC CASE NO. 23-00 ____-UT
INDEX TO THE DIRECT TESTIMONY OF THOMAS S. BAKER**

**WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO**

I. INTRODUCTION AND PURPOSE 1

II. REVENUE REQUIREMENT COMPONENTS OF THE 2024 RIDER 2

III. OTHER MATTERS..... 9

PNM EXHIBIT TSB-1 Resume of Thomas S. Baker

PNM EXHIBIT TSB-2 Summary 2024 Renewable Rider Revenue Requirement
-Projected

PNM EXHIBIT TSB-3 2024 Estimated Annual Revenue Requirement for the
PNM-Owned 2011 Facilities

PNM EXHIBIT TSB-4 2024 Estimated Annual Revenue Requirement for the
PNM-Owned 2013 Facilities

PNM EXHIBIT TSB-5 2024 Estimated Annual Revenue Requirement for the
PNM-Owned 2014 facilities

PNM EXHIBIT TSB-6 2024 Estimated Annual Revenue Requirement for the
PNM-Owned 2019 Facilities

PNM EXHIBIT TSB-7 2024 Estimated Annual Revenue Requirement for
Purchased Power Agreements and Renewable Energy
Certificate Purchases

PNM EXHIBIT TSB-8 December 31, 2022 Year End Weighted Average Cost
of Capital

PNM EXHIBIT TSB-9 Estimated Annual Revenue Requirement for the Sky
Blue Regulatory Asset

PNM EXHIBIT TSB-10 Estimated Balance of the Sky Blue Regulatory Asset

AFFIDAVIT

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1

I. INTRODUCTION AND PURPOSE

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

3 **A.** My name is Thomas S. Baker. I serve as Senior Manager, Cost of Service and Corporate
4 Budget, for PNMR Services Company and its affiliates, including Public Service
5 Company of New Mexico (“PNM” or the “Company”). My business address is Public
6 Service Company of New Mexico, 414 Silver SW, Mail Stop 0915, Albuquerque, NM
7 87102.

8

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
10 **PROFESSIONAL EXPERIENCE.**

11 **A.** My educational background and professional experience are summarized in PNM
12 Exhibit TSB-1, which includes a list of cases in which I have testified before the New
13 Mexico Public Regulation Commission (“Commission” or “NMPRC”).

14

15 **Q. HAVE YOU PREPARED ADDITIONAL EXHIBITS?**

16 **A.** Yes, as follows:

- 17 • PNM Exhibit TSB-2: Summary 2024 Renewable Rider Revenue Requirement –
18 Projected;
- 19 • PNM Exhibit TSB-3: 2024 Estimated Annual Revenue Requirement for the PNM-
20 Owned 2011 Facilities;
- 21 • PNM Exhibit TSB-4: 2024 Estimated Annual Revenue Requirement for the PNM-
22 Owned 2013 Facilities;

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

- 1 • PNM Exhibit TSB-5: 2024 Estimated Annual Revenue Requirement for the PNM-
2 Owned 2014 Facilities;
- 3 • PNM Exhibit TSB-6: 2024 Estimated Annual Revenue Requirement for the PNM-
4 Owned 2019 Facilities;
- 5 • PNM Exhibit TSB-7: 2024 Estimated Annual Revenue Requirement for Purchased
6 Power Agreements and Renewable Energy Certificate Purchases;
- 7 • PNM Exhibit TSB-8: December 31, 2022 Year End Weighted Average Cost of
8 Capital.
- 9 • PNM Exhibit TSB-9: Estimated Annual Revenue Requirement for the Sky Blue
10 Regulatory Asset; and
- 11 • PNM Exhibit TSB-10: Estimated Balance of the Sky Blue Regulatory Asset
12 Related to the Unused 2020 Vintage Sky Blue RECs.

13

14 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

15 **A.** The purpose of my testimony is to provide the revenue requirement components of
16 PNM’s Renewable Energy Rider No. 36 (“Rider 36” or “Rider”) rate to be effective
17 January 1, 2024 (“2024 Rider Rate”). I also discuss the annual earnings test and the
18 Rider 36 true-up procedures.

19

20 **II. REVENUE REQUIREMENT COMPONENTS OF THE 2024 RIDER**

21 **Q. PLEASE IDENTIFY THE REVENUE REQUIREMENT COMPONENTS OF**
22 **THE PROPOSED 2024 RIDER RATE.**

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 **A.** PNM Exhibit TSB-2 summarizes the annual revenue requirement used in the derivation
2 of the 2024 Rider Rate. The total estimated annual revenue requirement to be collected
3 under the 2024 Rider Rate is \$59,021,533, and is comprised of the following:

4

- 5 1. \$4,722,382 for PNM-Owned 2011 Solar Facilities;
- 6 2. \$3,661,514 for PNM-Owned 2013 Solar Facilities;
- 7 3. \$4,052,931 for PNM-Owned 2014 Solar Facilities;
- 8 4. \$7,113,767 for PNM-Owned 2019 Solar Facilities;
- 9 5. \$713 for PNM-Owned 2015 Facilities Western Renewable Energy Generation
10 Information System (“WREGIS”) REC fees;
- 11 6. \$0 for the WREGIS REC fees associates with the output from the solar
12 resources at the Mesa Del Sol Micro Grid Project;
- 13 7. \$4,270,447 for the purchases under the Lightning Dock PPA, based on the
14 projected purchase of 41,374 MWh;
- 15 8. \$6,941,165 for the purchases under the Red Mesa Wind PPA, based on the
16 projected purchase of 208,000 MWh;
- 17 9. \$15,590,928 for the purchases under the New Mexico Wind Energy Center
18 (“NMWEC”) PPA, based on the projected purchase of 571,976 MWh;
- 19 10. \$8,594,811 for the purchases under the La Joya II PPA, based on the projected
20 purchase of 491,582 MWh;
- 21 11. \$1,090 for WREGIS REC fees associated with the purchases under the Jicarilla
22 Solar purchased power agreement (“PPA”), based on the projected purchase of
23 136,267 MWh;

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

- 1 12. \$6,674 for WREGIS REC fees associated with the purchases under the Arroyo
2 Solar purchased power agreement, based on the projected purchase of 834,219
3 MWh;
- 4 13. \$3,211 for WREGIS REC fees associated with the purchases under the San
5 Juan 1 Solar purchased power agreement, based on the projected purchase of
6 401,366 MWh;
- 7 14. \$360 for WREGIS REC fees associated with the purchases under the Atrisco
8 Solar purchased power agreement, based on the projected purchase of 45,014
9 MWh;
- 10 15. \$4,017,630 for the REC purchases under PNM’s Distributed Generation
11 (“DG”) REC Purchase Programs as described in the direct testimony of PNM
12 witness Shane Gutierrez;
- 13 16. \$0 for the revenue requirement associated with the 2020 vintage RECs
14 associated with the 1.5 MW solar facility that sources the Sky Blue voluntary
15 renewable energy program;
- 16 17. \$6,172 reduction for the estimated WREGIS fees associated with projected
17 banked RECs;
- 18 18. \$50,000 of estimated costs associated with providing public notice of the 2024
19 Renewable Energy Act (“REA”) Plan filing and the proposed revision of Rider
20 36, and for other direct costs of this filing; and
- 21 19. PNM’s annual WREGIS fee of \$83.
- 22

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 **Q. PLEASE COMPARE THE REVENUE REQUIREMENT FROM THE 2023**
2 **REA PLAN TO THE PROPOSED 2024 PLAN.**

3 **A.** PNM Table TSB-1 below identifies the differences between the revenue requirements
4 between the 2023 Plan, updated as of February 28, 2023, for PNM’s annual Rider true-
5 up filing, and the 2024 Plan.

PNM Table TSB-1				
	Description	2023 Revenue Requirement *	2024 Revenue Requirement	Change
PNM-Owned Facilities				
	PNM-Owned 2011 Facilities Revenue Requirement - 22.5 MW	\$ 4,698,029	\$ 4,722,382	\$ 24,353
	PNM-Owned 2013 Facilities Revenue Requirement - 20 MW	3,705,012	3,661,514	(43,498)
	PNM-Owned 2014 Facilities Revenue Requirement - 23 MW	4,082,691	4,052,931	(29,760)
	PNM-Owned 2019 Facilities Revenue Requirement - 50 MW	7,312,886	7,113,767	(199,119)
	Total REC Fees for PNM-Owned 2015 Facilities - 40MW	742	713	(29)
	Mesa del Sol Microgrid	-	-	-
	Total PNM Owned Facilities Revenue Requirement	19,799,360	19,551,306	(248,054)
Purchased Power Agreements				
	Geothermal PPA	4,018,004	4,270,447	252,443
	Red Mesa PPA	6,805,080	6,941,165	136,085
	New Mexico Wind Energy Center (NMWEC)	15,980,748	15,590,928	(389,820)
	La Joya II	9,391,758	8,594,811	(796,947)
	Jicarilla Solar I PPA	1,102	1,090	(12)
	Arroyo Solar PPA	6,486	6,674	188
	San Juan Solar PPA	-	3,211	3,211
	Atrisco Solar PPA	-	360	360
	Total PPA Revenue Requirement	36,203,178	35,408,686	(794,492)
Renewable Energy Certificates				
	DG Programs REC Purchases	5,151,457	4,017,630	(1,133,827)
	Compliance REC Purchases	-	-	-
	Total REC Revenue Requirements	5,151,457	4,017,630	(1,133,827)
	SkyBlue RECs Revenue Requirement	-	-	-
	WREGIS Fee Adjustment (Estimated Banked RECs)	(4,594)	(6,172)	(1,578)
	Renewable Filing and Reproduction Costs	50,000	50,000	-
	WREGIS Annual Registration Fee	83	83	-
	Total Revenue Requirement	\$ 61,199,484	\$ 59,021,533	\$ (2,177,951)
* 2023 Revenue Requirement is updated for PNM's February 28, 2023 Rider True-Up filing				

6

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 **Q. PLEASE EXPLAIN THE DECREASE IN THE REVENUE REQUIREMENT**
2 **FOR THE PNM-OWNED SOLAR FACILITIES IN 2024 COMPARED TO 2023.**

3 **A.** The estimated annual revenue requirements for PNM-Owned Solar Facilities will
4 decrease primarily due to declining rate base caused by normal ongoing depreciation.
5 A principal advantage of using a rate rider to recover the costs of owned renewable
6 resources is that customers receive the benefit of the declining revenue requirements
7 promptly through the annual reset of the rider rate. PNM Exhibit TSB-3, PNM Exhibit
8 TSB-4, PNM Exhibit TSB-5, and PNM Exhibit TSB-6 present the calculation of the
9 2024 annual revenue requirement for the PNM-Owned 2011 Solar Facilities, PNM-
10 Owned 2013 Solar Facilities, PNM-Owned 2014 Solar Facilities, and PNM-Owned
11 2019 Solar Facilities, respectively. The costs of registering and retiring RECs in
12 WREGIS are also included in the 2024 revenue requirement for these facilities.

13

14 **Q. WHY DOES PNM ONLY INCLUDE WREGIS FEES IN THE REVENUE**
15 **REQUIREMENT FOR THE PNM OWNED 2015 SOLAR FACILITIES AND**
16 **THE ARROYO, JICARILLA, SAN JUAN AND ATRISCO SOLAR**
17 **PROJECTS?**

18 **A.** Pursuant to paragraph 2 of the stipulation approved by the Commission in Case No.
19 14-00158-UT, PNM recovers the majority of costs associated with the PNM-Owned
20 2015 Solar facilities through base rates. PNM has historically recovered the WREGIS
21 fees on the RECs associated with these facilities through the renewable rider rather than
22 base rates because these costs are necessary for demonstrating RPS compliance.

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 Therefore, for the PNM-Owned 2015 solar facilities, the WREGIS fees are included in
2 the Rider 36 annual revenue requirement.

3
4 Similarly, PNM is requesting to recover only WREGIS fees associated with Arroyo,
5 Jicarilla and San Juan 1 solar projects (which were approved in Case No. 19-00195-
6 UT), and the Atrisco Solar project (which was approved in Case No. 21-00215-UT) in
7 this case. PNM is including the associated WREGIS fees in the Rider 36 revenue
8 requirement because the RECs generated from these projects are necessary to
9 demonstrate RPS compliance.

10

11 **Q. PLEASE EXPLAIN THE CHANGE IN PPA REVENUE REQUIREMENTS**
12 **BETWEEN THE 2023 RIDER AND THE 2024 RIDER.**

13 **A.** The amounts included in the 2024 rider revenue requirement are based on PNM's
14 current projections of purchases under the PPAs. These projections can be found in
15 PNM Exhibit TSB-7. La Joya II Wind and New Mexico Wind Energy Center PPAs
16 are expected to have lower production compared to 2023. The revenue requirement for
17 Red Mesa wind is expected to be higher due to the annual price escalation included in
18 the PPA agreement. The Lightning Dock Geothermal PPA revenue requirement has
19 increased due to higher expected production in 2024 and the annual price escalation
20 included in the PPA agreement. Please refer to PNM witness Gutierrez's Direct
21 Testimony for further discussion of the projected MWh of all PPA facilities.

22

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 **Q. PLEASE DESCRIBE THE CHANGE IN THE DG REC PURCHASE**
2 **AMOUNTS BETWEEN THE 2023 RIDER REVENUE REQUIREMENT AND**
3 **THE 2024 RIDER REVENUE REQUIREMENT.**

4 **A.** The amounts included in the 2024 Rider Revenue Requirement are based on PNM's
5 current projections of DG REC purchases. As seen in PNM Table TSB-1, DG REC
6 purchases in 2024 are projected to be \$1,133,827 less compared to 2023. The DG REC
7 forecasts are described by PNM witness Gutierrez. PNM Exhibit TSB-7 presents the
8 estimated annual revenue requirement for the DG REC purchases.

9
10 **Q. DOES PNM HAVE ANY 2020 VINTAGE SKY BLUE RECS THAT IT**
11 **PROPOSES TO RETIRE FOR RPS PURPOSES AND INCLUDE IN THE 2024**
12 **RIDER?**

13 **A.** No. In 2021 all of the 2020 vintage RECs associated with the portion of the Manzano
14 Solar Energy Center for the Sky Blue program were inadvertently retired instead of
15 only retiring a portion of the RECs that were utilized through the Sky Blue program,
16 leaving no 2020 Vintage Sky Blue RECs available for 2024 RPS compliance. Even
17 though the 2020 vintage RECs were retired, the cost of the REC still remain in PNM's
18 underrecovery regulatory asset. PNM is not requesting recovery of the costs related to
19 the 2020 RECs that were inadvertently retired in this case. The \$0 revenue requirement
20 is reflected in PNM Exhibit TSB-9. PNM will continue to evaluate the availability to
21 retire Sky Blue RECs for future RPS compliance, and will seek recovery of associated
22 costs at that time.

23

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

III. OTHER MATTERS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Q. PLEASE DESCRIBE THE TRUE-UP OR RECONCILIATION PROCESS FOR THE 2024 RIDER.

A. Pursuant to Paragraph 8 of the Recommended Decision approved by the Commission in Case No. 12-00007-UT, PNM will file a report on February 28, 2024 that will include the following items:

1. Reconciliation of actual 2023 Rider revenues to actual 2023 procurement costs, and
2. True-up of projected costs included in the 2024 Rider with actual costs to the extent available, including an update to the 2023 year-end Weighted Average Cost of Capital (“WACC”) as shown in PNM Exhibit TSB-8, based on the 2023 year-end WACC. PNM will propose a true-up to the rider based on the amounts calculated above.

Q. PLEASE EXPLAIN THE EARNINGS TEST THAT WAS PUT IN PLACE IN CASE NO. 12-00007-UT.

A. Pursuant to Paragraph H of the Recommended Decision in Case No. 12-00007-UT, PNM will file a pro forma cost of service based on actual accounting records for the 2023 calendar year by April 1, 2024, that will reflect appropriate cost of service adjustments in accordance with the final order in PNM’s most recent general rate case, Case No. 16-00276-UT. If PNM’s retail earned Return on Equity (“ROE”) exceeds the currently approved ROE by 50 basis points or more, the 2024 Rider will be adjusted

**DIRECT TESTIMONY OF
THOMAS S. BAKER
NMPRC CASE NO. 23-00____-UT**

1 to refund the amount of PNM's earnings in excess of 50 basis points above its
2 authorized ROE.

3

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

A. Yes.

GCG#530968

THOMAS S. BAKER
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Thomas S. Baker

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

Position: Sr. Manager, Cost of Service

Education: Masters of Accountancy, New Mexico State University, 2014
Bachelor of Accountancy, New Mexico State University, 2011
Certified Public Accountant in the State of New Mexico, July 2016

Employment: Employed by PNMR Services Company since 2014.
Positions held within the Company include:

Sr. Manager, Cost of Service
Manager, Cost of Service
Project Manager, Cost of Service
Sr. Analyst, Cost of Service
Sr. Analyst, Income Tax

Filed Testimony:

- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2018 (*PNM's Rider No. 36 Reconciliation for 2017.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2019 and Proposed 2019 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 18-00158-UT, filed June 1, 2018 (*PNM's Renewable Rider Plan for 2019.*)
- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2019 (*PNM's Rider No. 36 Reconciliation for 2018.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2020 and Proposed 2020 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 19-00159-UT, filed June 1, 2019 (*PNM's Renewable Rider Plan for 2020.*)
- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 49785, filed July 23, 2019 (*TNMP TCOS Update.*)

- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 50481, filed January 24, 2020 (*TNMP TCOS Update.*)
- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2020 (*PNM's Rider No. 36 Reconciliation for 2019.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2021 and Proposed 2021 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 20-00124-UT, filed June 1, 2020 (*PNM's Renewable Rider Plan for 2021.*)
- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 51107, filed July 24, 2020 (*TNMP TCOS Update.*)
- 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, NMPRC Case No. 20-00182-UT, filed September 28, 2020.
- 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, NMPRC Case No. 21-00017-UT, filed January 8, 2021.
- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 51752, filed January 22, 2021 (*TNMP TCOS Update.*)
- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 26, 2021 (*PNM's Rider No. 36 Reconciliation for 2020.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2022 and Proposed 2022 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 21-00143-UT, filed June 1, 2021 (*PNM's Renewable Rider Plan for 2022.*)
- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 52347, filed July 23, 2021 (*TNMP TCOS Update*)
- Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, Docket No. 53146, filed January 26, 2022 (*TNMP TCOS Update.*)
- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2022 (*PNM's Rider No. 36 Reconciliation for 2021.*)
- Application of Texas-New Mexico Power Company to Amend Its Distribution Cost Recovery Factor, Docket No. 53436, filed April 5, 2022 (*TNMP 2022 DCRF.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2023 and Proposed 2023 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 22-00143-UT, filed June 1, 2022 (*PNM's Renewable Rider Plan for 2023.*)

- 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 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2023 (*PNM's Rider No. 36 Reconciliation for 2022.*)
- Application of Texas-New Mexico Power Company to Amend Its Distribution Cost Recovery Factor, Docket No. 54807, filed April 5, 2023 (*TNMP 2022 DCRF.*)

**PNM Exhibit TSB-2
2024 Renewable Energy Rider
Summary 2024 Renewable Rider Revenue Requirement - Projected**

Line No.	<u>Description</u>	<u>2024 Revenue Requirement</u>	<u>Reference</u>
1	PNM-Owned Facilities		
2	PNM-Owned 2011 Facilities Revenue Requirement - 22.5 MW	\$ 4,722,382	PNM Exhibit TSB-3, page 3, Column M, Line 129
3	PNM-Owned 2013 Facilities Revenue Requirement - 20 MW	3,661,514	PNM Exhibit TSB-4, page 2, Column M, Line 82
4	PNM-Owned 2014 Facilities Revenue Requirement - 23 MW	4,052,931	PNM Exhibit TSB-5, pg. 2, Column M, Line 82
5	PNM-Owned 2019 Facilities Revenue Requirement - 50 MW	7,113,767	PNM Exhibit TSB-6, pg. 2, Column M, Line 78
6	Total REC Fees for PNM-Owned 2015 facilities - 40 MW	713	Note 1
7	REC Fees for Mesa del Sol Microgrid	-	
8	Total PNM Owned Facilities Revenue Requirement	<u>19,551,306</u>	
9			
10	Purchased Power Agreements		
11	Geothermal PPA	4,270,447	PNM Exhibit TSB-7, page 1, Line 9
12	Red Mesa PPA	6,941,165	PNM Exhibit TSB-7, page 1, Line 20
13	New Mexico Wind Energy Center (NMWEC)	15,590,928	PNM Exhibit TSB-7, page 1, Line 31
14	La Joya II	8,594,811	PNM Exhibit TSB-7, page 1, Line 42
15	REC Fees for Jicarilla Solar I PPA	1,090	Note 1
16	REC Fees for Arroyo Solar PPA	6,674	Note 1
17	REC Fees for San Juan Solar PPA	3,211	Note 1
18	REC Fees for Atrisco Solar PPA	360	Note 1
19	Total PPA Revenue Requirement	<u>35,408,686</u>	
20			
21	Renewable Energy Certificates		
22	DG Programs REC Purchases	4,017,630	PNM Exhibit TSB-7, page 2, Line 48
23	2022 Compliance REC Purchases	-	PNM Exhibit TSB-7, page 2, Line 58
24	Total REC Revenue Requirements	<u>4,017,630</u>	
25			
26	2020 SkyBlue RECs Revenue Requirement	-	PNM Exhibit TSB-9, Line 18
27			
28	WREGIS Fee Adjustment (Estimated 2023 Banked RECs)	(6,172)	PNM Exhibit SG-2
29			
30	Renewable Filing and Reproduction Costs	50,000	
31			
32	WREGIS Annual Registration Fee	83	
33			
34	Total 2024 Revenue Requirement	<u>\$ 59,021,533</u>	
35	(Line 8 + Line 19 + Line 24 + Line 26 + Line 28 + Line 30 + Line 32)		

Note 1: Retail share of REC costs associated with PNM-Owned 2015 facilities are estimated to be: 89,072 MWh * \$.008/MWh = \$713 REC Fee.
Retail share of REC costs associated with Jicarilla Solar I Facility are estimated to be: 136,267 MWh * \$.008/MWh = \$1,090 REC Fee.
Retail share of REC costs associated with Arroyo Solar Facility are estimated to be: 834,219 MWh * \$.008/MWh = \$6,674 REC Fee.
Retail share of REC costs associated with San Juan Solar Facility are estimated to be: 401,366 MWh * \$.008/MWh = \$3,211 REC Fee.
Retail share of REC costs associated with Atrisco Solar Facility are estimated to be: 45,014 MWh * \$.008/MWh = \$360 REC Fee.

PNM Exhibit TSB - 3
 2024 Renewable Energy Rider
 2024 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities

Line No.	2024												2024 Projected	
	January	February	March	April	May	June	July	August	September	October	November	December		Revenue Requirement
54	Other Allowable Expenses													
55	Amortization - NM Advanced Energy Credit	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(183,576)
56	Total Other Allowable Expenses	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(183,576)
57														
58	Federal Income Tax													
59	Total Net Original Cost Rate Base	23,327,920	23,259,791	23,191,663	23,123,534	23,055,406	22,987,277	22,919,149	22,851,020	22,782,892	22,714,763	22,646,635	22,578,506	22,578,506
60	Weighted Cost of Capital (PNM Exhibit TSB-8, line 4)	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%
61	Return on Rate Base	124,342	123,979	123,616	123,253	122,890	122,527	122,163	121,800	121,437	121,074	120,711	120,348	1,468,139
62	<u>Less Return Adjustments</u>													
63	Interest on Long Term Debt	(28,193)	(28,110)	(28,028)	(27,946)	(27,863)	(27,781)	(27,699)	(27,616)	(27,534)	(27,452)	(27,369)	(27,287)	(332,879)
64	<u>Tax/Book Adjustments</u>													
65	AFUDC Equity	19	19	19	19	19	19	19	19	19	19	19	19	227
66	Flow Thru Item - ITC - 22 MW Solar	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	467,148
67	Flow Thru Item - ITC - Energy Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
68	Total Permanent Tax/Book Differences	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	467,375
69	Depreciation	205,513	205,513	205,513	205,513	205,513	205,513	205,513	205,513	205,513	205,513	205,513	205,513	2,466,156
70	AFUDC Debt	654	654	654	654	654	654	654	654	654	654	654	654	7,850
71	New Mexico Advanced Energy Credit	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(183,576)
72	Deferred State Income Tax	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(127,607)
73	Total Temporary Tax/Book Differences	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	2,162,823
74														
75	Total Return Adjustments	190,990	191,073	191,155	191,237	191,320	191,402	191,484	191,567	191,649	191,731	191,814	191,896	2,297,320
76														
77	Net Taxable Equity Return	315,333	315,052	314,771	314,490	314,209	313,929	313,648	313,367	313,086	312,805	312,525	312,244	3,765,459
78														
79	<u>Federal Income Tax Adjustments</u>													
80	Total Investment Tax Credit or Grant Amortization	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(962,888)
81	Amortization of Excess Deferred Federal Taxes	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(313,290)
82	Deferred Federal Income taxes before NOL	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(454,193)
83	Total Federal Income Tax Adjustments before NOL	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(144,198)	(1,730,370)
84														
85	Adjusted Equity Return before NOL	171,135	170,854	170,574	170,293	170,012	169,731	169,450	169,170	168,889	168,608	168,327	168,046	2,035,089
86	Net Operating Loss Carryover	-	-	-	-	-	-	-	-	-	-	-	-	-
87	NOL Deferred State Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
88	NOL Deferred Federal Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
89	Adjusted Current Equity Return After NOL	171,135	170,854	170,574	170,293	170,012	169,731	169,450	169,170	168,889	168,608	168,327	168,046	2,035,089
90	Federal Tax Factor (Rate/1-Rate)	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%	26.5823%
91	Current Federal Income Tax	45,492	45,417	45,342	45,268	45,193	45,118	45,044	44,969	44,895	44,820	44,745	44,671	540,973
92	<u>Add:</u>													
93	Amortization of Excess Deferred Federal Taxes	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(26,107)	(313,290)
94	Total Provision for Deferred Income Tax	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(37,849)	(454,193)
95	Total Investment Tax Credit or Grant Amortization	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(80,241)	(962,888)
96														
97	Net Allowable Federal Income Tax	(98,706)	(98,780)	(98,855)	(98,930)	(99,004)	(99,079)	(99,154)	(99,228)	(99,303)	(99,378)	(99,452)	(99,527)	(1,189,397)
98														
99	State Income Tax													
100	Return on Rate Base	124,342	123,979	123,616	123,253	122,890	122,527	122,163	121,800	121,437	121,074	120,711	120,348	1,468,139
101	<u>Less: Return Adjustments</u>													
102	Interest on Long Term Debt	(28,193)	(28,110)	(28,028)	(27,946)	(27,863)	(27,781)	(27,699)	(27,616)	(27,534)	(27,452)	(27,369)	(27,287)	(332,879)
103	Permanent Tax/Book Adjustments	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	467,375
104	Temporary Tax/Book Adjustments	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	180,235	2,162,823
105	Add: Net Allowable FIT	(98,706)	(98,780)	(98,855)	(98,930)	(99,004)	(99,079)	(99,154)	(99,228)	(99,303)	(99,378)	(99,452)	(99,527)	(1,189,397)
106	Production Tax Credits (PTC)	-	-	-	-	-	-	-	-	-	-	-	-	-
107	State Taxable Income	216,627	216,271	215,916	215,560	215,205	214,850	214,494	214,139	213,783	213,428	213,072	212,717	2,576,062
108	State Tax Factor (Rate/1-Rate)	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%	5.9000%
109	State Income Tax	12,781	12,760	12,739	12,718	12,697	12,676	12,655	12,634	12,613	12,592	12,571	12,550	151,988
110	Provision for Deferred State Income Tax	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(10,634)	(127,607)
111	Amortization of Excess Deferred Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
112	Add: State Renewable ITC and PTC	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Net Allowable State Income Tax	2,147	2,126	2,105	2,084	2,063	2,042	2,021	2,000	1,979	1,958	1,937	1,916	24,381

PNM Exhibit TSB - 3
 2024 Renewable Energy Rider
 2024 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities

Line No.	2024												2024 Projected
	January	February	March	April	May	June	July	August	September	October	November	December	Revenue Requirement
114	Revenue Requirement Summary												
115	124,342	123,979	123,616	123,253	122,890	122,527	122,163	121,800	121,437	121,074	120,711	120,348	1,468,139
116	391,182	303,181	442,671	302,486	302,495	469,981	317,809	322,533	424,756	373,948	332,538	411,415	4,394,995
117	(98,706)	(98,780)	(98,855)	(98,930)	(99,004)	(99,079)	(99,154)	(99,228)	(99,303)	(99,378)	(99,452)	(99,527)	(1,189,397)
118	2,147	2,126	2,105	2,084	2,063	2,042	2,021	2,000	1,979	1,958	1,937	1,916	24,381
119	418,965	330,506	469,537	328,894	328,443	495,471	342,840	347,105	448,870	397,602	355,733	434,153	4,698,118
120	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%	0.508573%
121	2,131	1,681	2,388	1,673	1,670	2,520	1,744	1,765	2,283	2,022	1,809	2,208	23,893
122													
123	Revenue Requirements												4,722,012
124	421,096	332,187	471,925	330,566	330,113	497,991	344,584	348,870	451,152	399,624	357,543	436,361	
125	MWh output expected												46,228
126	WREGIS fee \$/MWh												0.008
127	WREGIS Registration Fee												370
128													
129	Total Revenue Requirements												4,722,382

PNM Exhibit TSB-2, line 2

PNM Exhibit TSB - 4
 2024 Renewable Energy Rider
 2024 Estimated Annual Revenue Requirement for the PNM-Owned 2013 Facilities

	A	B	C	D	E	F	G	H	I	J	K	L	M
	2024												2024 Projected
Line No.	January	February	March	April	May	June	July	August	September	October	November	December	Revenue Requirement
77													42,631
78													0.008
79													341
80													
81													
82	Total Revenue Requirements for PNM-Owned 2013 Facilities												3,661,514

PNM Exhibit TSB-2, line 3

PNM Exhibit TSB-5
 2024 Renewable Energy Rider
 2024 Estimated Annual Revenue Requirement for the PNM-Owned 2014 Facilities

	A	B	C	D	E	F	G	H	I	J	K	L	M
	2024												2024 Projected
Line No.	January	February	March	April	May	June	July	August	September	October	November	December	Revenue Requirement
77													57,598
78													0.008
79													461
80													
81													
82	<i>Total Revenue Requirements for PNM-Owned 2014 Facilities</i>												4,052,931

PNM Exhibit TSB-2, line 4

PNM Exhibit TSB-6
 2024 Renewable Energy Rider
 2024 Estimated Annual Revenue Requirement for the PNM-Owned 2019 Facilities

Line No.	2024												2024 Projected
	January	February	March	April	May	June	July	August	September	October	November	December	Revenue Requirement
73													
74													131,965
75													0.008
76													1,056
77													
78	Total Revenue Requirements for PNM-Owned 2019 Facilities												7,113,767

PNM Exhibit TSB-2, line 5

PNM Exhibit TSB - 7
2024 Renewable Energy Rider
2024 Estimated Annual Revenue Requirement for Purchased Power
Agreements and Renewable Energy Certificate Purchases

Line No.	Purchased Power Agreement	Amount	
1	Geothermal PPA		
2	Annual Sales (MWh)	41,374	
3	Price (\$/MWh)	\$ 103.21	
4	Energy/REC Cost	\$ 4,270,282	
5			
6	WREGIS cost per MWh	\$ 0.004	
7	WREGIS fees	\$165	
8			
9	Total Geothermal PPA	\$4,270,447	PNM Exhibit TSB-2, line 11
10	Total Geothermal PPA Cost per MWh	\$ 103.22	
11			
12	Red Mesa PPA		
13	Annual Sales (MWh)	208,000	
14	Price (\$/MWh)	\$ 33.37	
15	Energy/REC Cost	\$ 6,940,333	
16			
17	WREGIS cost per MWh	\$ 0.004	
18	WREGIS fees	\$832	
19			
20	Total Red Mesa PPA	\$6,941,165	PNM Exhibit TSB-2, line 12
21	Total Red Mesa PPA Cost per MWh	\$ 33.37	
22			
23	New Mexico Wind Energy Center (NMWEC) PPA		
24	Annual Sales (MWh)	571,976	
25	Price (\$/MWh)	\$ 27.25	
26	Energy/REC Cost	\$ 15,586,352	
27			
28	WREGIS cost per MWh	\$ 0.008	
29	WREGIS fees	\$4,576	
30			
31	Total NMWEC PPA	\$15,590,928	PNM Exhibit TSB-2, line 13
32	Total NMWEC PPA Cost per MWh	\$ 27.26	
33			
34	La Joya II Wind PPA		
35	Annual Sales (MWh)	491,582	
36	Price (\$/MWh)	\$ 17.48	
37	Energy/REC Cost	\$ 8,592,845	
38			
39	WREGIS cost per MWh	\$ 0.004	
40	WREGIS fees	\$1,966	
41			
42	Total La Joya II PPA	\$8,594,811	PNM Exhibit TSB-2, line 14
43	Total La Joya II PPA Cost per MWh	\$ 17.48	

PNM Exhibit TSB - 7
2024 Renewable Energy Rider
2024 Estimated Annual Revenue Requirement for Purchased Power
Agreements and Renewable Energy Certificate Purchases

Line No.

44			
45	REC Purchases		
46	<i>DG Programs</i>		
47	DG Annual Purchases (MWh)	52,831	
48	Total DG Programs REC Purchases	\$4,017,630	PNM Exhibit TSB-2, line 22
49	Total DG Programs REC Cost per MWh	\$ 76.05	
50			
51	2022 Compliance REC Purchases -MWh	-	
52	Total REC Costs	\$0	
53	Average Price (\$/MWh)	\$1.00	
54			
55	WREGIS cost per MWh	\$0.004	
56	WREGIS fees	\$0	
57			
58	2022 Compliance REC Purchases - True-Up	\$ -	PNM Exhibit TSB-2, line 23

PNM Exhibit TSB - 8
 2024 Renewable Energy Rider
 December 31, 2022 Year End Weighted Average Cost of Capital

Line No.	Capital Component	A Total Capitalization Base Period	B Percentage of Total Capitalization	C Capital Component Cost	D Weighted Average Cost
1	Long Term Debt	1,784,345	48.18%	3.01%	1.45%
2	Preferred Stock	11,529	0.31%	4.62%	0.01%
3	Common Equity	1,907,331	51.50%	9.575%	4.93%
4	Total	<u>3,703,205</u>	<u>100.00%</u>		<u>6.40%</u>

Composite Tax Rate:	25.40%
Tax Gross-Up	
Debt	1.45%
Preferred	0.02%
Common	<u>6.61%</u>
Total	8.08%

PNM Exhibit TSB - 9
2024 Renewable Energy Rider
Estimated Annual Revenue Requirement for the Sky Blue Regulatory Asset

Amortization Period (Years)

1

Line No.	2024	
	Revenue	
	Requirement	
1		
2	-	PNM Exhibit TSB-10, line 19
3		
4	-	
5		
6	-	
7		
8	-	
9		
10	0.00%	
11		
12	-	
13		
14	-	
15		
16	-	
17		
18	-	PNM Exhibit TSB-2, line 26

PNM Exhibit TSB-10
2024 Renewable Energy Rider
Estimated Balance of the Sky Blue Regulatory Asset

	F	G	H	
	2020 Actuals	2021	2022	2023
Line No.				
1				
2	18,509			
3	(15,039)			
4	3,470			
5	(3,470)			
6	-			
7	-			
8				
9	\$ 87.12			
10				
11	-			
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15				
16	-	-	-	-
17	-	-	-	-
18				
19	-	-	-	-
20				
21				
22				
23		0.00%		
24				
25				
26	\$ 1,609,352			
27	18,472			
28	\$ 87.12			
29				
30				
31				
32	\$ 3,799,221			
33	46,014			
34	\$ 82.57			