

PNM EXHIBIT HEM-3

Consisting of 1 page

PNM Exhibit HEM-3
 Illustrative Weighted Average Cost of Capital

HEM-3
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Line No.	A Capital Component	B Total Capitalization Base Period	C Percentage of Total Capitalization	D Capital Component Cost	E Weighted Average Cost
1					
2	Long Term Debt	1,215,870	49.00%	6.35%	3.11%
3					
4	Preferred Stock	11,529	0.46%	4.62%	0.02%
5					
6	Common Equity	1,254,063	50.54%	10.00%	5.05%
7					
8	Total	2,481,462	100.00%		8.18%
9					
10				Statutory Tax Rate, Beginning 2018	38.62%
11					
12					Tax gross up
13				Long Term Debt	3.11%
14				Preferred Stock	0.03%
15				Common Equity	8.23%
16				Pre-Tax WACC	11.37%