

**PNM EXHIBIT HEM-5**

**Consisting of 1page**

Line No	A 2018 Revenue Requirement Before Adjustment	B Adjustment to \$2,500/kW	C 2018 Revenue Requirement	D Reference
1	Gross Plant			
2				
3	231,461,843	191,552,217	423,014,060	
4	8,207,876	-	8,207,876	
5	<b>Total Gross Plant</b>			
6	239,669,719	191,552,217	431,221,936	
7	Accumulated Reserve			
8				
9	(90,952,527)	(3,302,624)	(94,255,151)	
10	(5,315,079)	-	(5,315,079)	
11	<b>Total Accumulated Reserve</b>			
12	(96,267,606)	(3,302,624)	(99,570,230)	
13	Average NBV			
14				
15	140,509,316	188,249,593	328,758,909	
16	2,892,797	-	2,892,797	
17	<b>Total Average NBV</b>			
18	143,402,113	188,249,593	331,651,706	
19	<i>(Line 4 + Line 9)</i>			
20	ADIT			
21				
22	(57,366,268)	(72,701,993)	(130,068,260)	
23	Working Capital			
24				
25	31,909,139	-	31,909,139	
26	<b>Rate Base</b>			
27	117,944,985	115,547,600	233,492,585	
28	<i>(Line 14 + Line 16 + Line 17)</i>			
29	WACC			
30				
31	8.18%	8.18%	8.18%	Exhibit HEM-3, Column E, Line 8
32	Return on Rate Base			
33				
34	9,647,900	9,451,794	19,099,693	
35	<i>(Line 19 * Line 22)</i>			
36	Depreciation Expense			
37				
38	5,876,933	6,605,249	12,482,182	
39	167,160	-	167,160	
40	<b>Total Depreciation Expense</b>			
41	6,044,093	6,605,249	12,649,342	
42	Decommissioning Expense			
43				
44	1,300,000	-	1,300,000	
45	Income Taxes			
46				
47	3,762,468	3,685,991	7,448,459	
48	Property Taxes			
49				
50	1,545,602	2,070,746	3,616,348	
51	31,821	-	31,821	
52	<b>Total Property Tax</b>			
53	1,577,423	2,070,746	3,648,169	
54	O&M			
55				
56	22,933,006	-	22,933,006	
57	Third Party Transmission Expense			
58				
59	5,154,516	-	5,154,516	
60	<b>Total Non-Fuel Revenue Requirement</b>			
61	50,419,405	21,813,779	72,233,184	
62	<i>(Line 24 + Line 30 + Line 32 + Line 34 + Line 39 + Line 41 + Line 43)</i>			
63	PNM Retail Share of Non-Fuel revenue requirement			
64				
65	47,056,431	20,358,800	67,415,231	
66	239,316	103,539	342,856	
67	<b>Total PNM Non-Fuel Retail Revenue Requirement</b>			
68	47,295,747	20,462,339	67,758,087	
69	<i>(Line 47 + Line 48)</i>			

Exhibit HEM-2, Page 1, Column A, Line 6

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