**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

| | | |
|---|---|---|
| **IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S RENEWABLE ENERGY ACT PLAN FOR 2021 AND PROPOSED 2021 RIDER RATE UNDER RATE RIDER NO. 36,** | ) | **Case No. 20-00____-UT** |
| **PUBLIC SERVICE COMPANY OF NEW MEXICO,** | ) | |
| **Applicant.** | ) | |

**DIRECT TESTIMONY**

**OF**

**THOMAS S. BAKER**

**June 1, 2020**

**NMPRC CASE NO. 20-00_____-UT**
**INDEX TO THE DIRECT TESTIMONY OF THOMAS S. BAKER**

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

**DIRECT TESTIMONY OF**
**THOMAS S. BAKER**
**NMPRC CASE NO. 20-00_____-UT**

## I. INTRODUCTION AND PURPOSE

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

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

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

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

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

**A.** Yes, as follows:

- PNM Exhibit TSB-2: Summary 2021 Renewable Rider Revenue Requirement - Projected
- PNM Exhibit TSB-3: 2021 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities
- PNM Exhibit TSB-4: 2021 Estimated Annual Revenue Requirement for the PNM-Owned 2013 Facilities

- PNM Exhibit TSB-5: 2021 Estimated Annual Revenue Requirement for the PNM-Owned 2014 Facilities
- PNM Exhibit TSB-6: 2021 Estimated Annual Revenue Requirement for the PNM-Owned 2019 Facilities
- PNM Exhibit TSB-7: 2021 Estimated Annual Revenue Requirement for Purchased Power Agreements and Renewable Energy Certificate Purchases
- PNM Exhibit TSB-8: December 31, 2019 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

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

**A.** The purpose of my testimony is to provide the revenue requirement components of PNM's Renewable Energy Rider No. 36 ("Rider 36"or "Rider") rate to be effective January 1, 2021 ("2021 Rider Rate"). I also discuss the annual earnings test and the Rider 36 true-up procedures, and I address a requirement from the Commission's final order in Case No. 19-00159-UT regarding the PNM-Owned 2019 Solar Facilities.

## II. REVENUE REQUIREMENT COMPONENTS OF THE 2021 RIDER

**Q. PLEASE IDENTIFY THE REVENUE REQUIREMENT COMPONENTS OF THE PROPOSED 2021 RIDER.**

**A.** PNM Exhibit TSB-2 summarizes the annual revenue requirement used in the derivation of the 2021 Rider Rate. The total estimated annual revenue requirement to be collected under the 2021 Rider Rate is $67,769,085, and is comprised of the following:

1. $4,939,312 for PNM-Owned 2011 Solar Facilities;
2. $3,163,054 for PNM-Owned 2013 Solar Facilities;
3. $3,576,112 for PNM-Owned 2014 Solar Facilities;
4. $7,535,886 for PNM-Owned 2019 Solar Facilities;
5. $764 for PNM-Owned 2015 Facilities Western Renewable Energy Generation Information System ("WREGIS") REC fees;
6. $7,380,239 for the purchases under the Lightning Dock purchased power agreement ("PPA"), based on the projected purchase of 77,000 MWh;
7. $6,547,875 for the purchases under the Red Mesa Wind PPA, based on the projected purchase of 208,223 MWh;
8. $16,521,228 for the purchases under the New Mexico Wind Energy Center ("NMWEC") PPA, based on the projected purchase of 606,106 MWh;
9. $9,391,758 for the purchases under the La Joya II PPA, based on the projected purchase of 537,163 MWh;

10. $6,371,851 for the REC purchases under PNM's Distributed Generation ("DG") REC Purchase Programs as described in the direct testimony of PNM witness Shane Gutierrez;
11. $2,317,250 for the estimated revenue requirement for recovery of the Sky Blue Regulatory Asset accumulated since the inception of the Sky Blue program;
12. $1,328 reduction for the estimated WREGIS fees associated with the projected banked RECs;
13. $25,000 of estimated costs associated with providing public notice of the 2021 Renewable Energy Plan filing and the proposed revision of Rider 36, and for other direct costs of this filing; and
14. PNM's annual WREGIS fee of $83.

**Q. PLEASE COMPARE THE REVENUE REQUIREMENT FROM THE 2020 RIDER TO THE 2021 RIDER.**

**A.** PNM Table TSB-1 below identifies the differences between the revenue requirements for the 2020 Rider, updated February 28, 2020 for PNM's annual Rider true-up filing, and the 2021 Rider.

PNM Table TSB-1

| Description | 2020 Revenue Requirement * | 2021 Revenue Requirement | Change |
|---|---|---|---|
| PNM-Owned Facilities | | | |
| PNM-Owned 2011 Facilities Revenue Requirement - 22.5 MW | $ 4,385,463 | $ 4,939,312 | 553,848 |
| PNM-Owned 2013 Facilities Revenue Requirement - 20 MW | 3,909,381 | $ 3,163,054 | (746,327) |
| PNM-Owned 2014 Facilities Revenue Requirement - 23 MW | 4,283,938 | $ 3,576,112 | (707,825) |
| PNM-Owned 2019 Facilities Revenue Requirement - 50 MW | 8,758,620 | $ 7,535,886 | (1,222,734) |
| Total REC Fees for PNM-Owned 2015 Facilities - 40MW | 928 | $ 764 | (164) |
| Total PNM Owned Facilities Revenue Requirement | 21,338,329 | 19,215,128 | (2,123,201) |
| | | | |
| Purchased Power Agreements | | | |
| Geothermal PPA | 7,200,318 | $ 7,380,239 | 179,921 |
| Red Mesa PPA | 6,419,710 | $ 6,547,875 | 128,165 |
| New Mexico Wind Energy Center (NMWEC) | 16,475,752 | $ 16,521,228 | 45,476 |
| La Joya II | - | $ 9,391,758 | 9,391,758 |
| Total PPA Revenue Requirement | 30,095,780 | 39,841,100 | 9,745,320 |
| | | | |
| Renewable Energy Certificates | | | |
| DG Programs REC Purchases | 7,227,787 | $ 6,371,851 | (855,936) |
| Compliance REC Purchases | - | $ - | - |
| Total REC Revenue Requirements | 7,227,787 | 6,371,851 | (855,936) |
| | | | |
| SkyBlue Regulatory Asset Revenue Requirement | - | 2,317,250 | 2,317,250 |
| | | | |
| WREGIS Fee Adjustment (Estimated Banked RECs) | 1,093 | (1,328) | (2,421) |
| | | | |
| Renewable Filing and Reproduction Costs | 25,000 | 25,000 | - |
| | | | |
| WREGIS Annual Registration Fee | 83 | $ 83 | - |
| | | | |
| Total Revenue Requirement | 58,688,073 | 67,769,085 | 9,081,012 |
| | | | |
| * 2020 Revenue Requirement is updated for PNM's February 28, 2020 Rider True-Up filing | | | |

**Q. PLEASE EXPLAIN THE DECREASE IN THE REVENUE REQUIREMENT FOR THE PNM-OWNED SOLAR FACILITIES IN 2021 COMPARED TO 2020.**

**A.** The estimated annual revenue requirements for PNM-Owned Solar Facilities will decline primarily due to the utilization of investment tax credits ("ITC") estimated to begin in 2021 when PNM is expecting to be out of a consolidated net operating loss ("NOL") position for income taxes. In addition to the anticipated utilization of ITC, the net book value of the investments decreased due to the on-going depreciation of the assets. A principal advantage of using a rate rider to recover the costs of owned renewable resources is that customers receive the benefit of the declining revenue requirements promptly through the annual reset of the rider rate. PNM Exhibit TSB-3, PNM Exhibit TSB-4, PNM Exhibit TSB-5, and TSB-6 present the calculation of the 2021 annual revenue requirement for the PNM-Owned 2011 Solar Facilities, PNM-Owned 2013 Solar Facilities, PNM-Owned 2014 Solar Facilities, and PNM-Owned 2019 Solar Facilities respectively. Cost of registering and retiring RECs in the Western Renewable Energy Generation Information System ("WREGIS") are also included in the 2021 revenue requirement for these facilities.

**Q. WHY IS THERE AN INCREASE IN THE REVENUE REQUIREMENT FOR THE PNM-OWNED 2011 SOLAR FACILITIES?**

**A.** The increase is caused by an update to the revenue requirements for the PNM-Owned 2011 solar facilities to reflect the elimination of the New Mexico production tax credit ("PTC"). The 2021 revenue requirement reflects the PTC rate of $0.00 per kWh produced in 2021 compared to the 2020 rate of $0.02 per kWh. The elimination of the PTC represents the end of the credit as set by the State of New Mexico Taxation and Revenue Department. The elimination of the tax credit increases state tax expense by $644,400 when compared to 2020, largely offsetting the lower return on rate base due to depreciation on existing assets as discussed earlier. This change is only applicable to the 2011 Solar Facilities, since the remainder of the PNM-Owned Solar Facilities were put in service after the state PTC program cap was reached and were therefore not eligible for the PTC.

**Q. HOW DOES THE 2021 REVENUE REQUIREMENT FOR THE PNM-OWNED 2019 FACILITIES COMPARE TO THE 2020 REVENUE REQUIREMENT?**

**A.** The projected 2021 revenue requirement for the PNM-Owned 2019 facilities is approximately $1.2 million lower than the projected 2020 revenue requirement. The lower revenue requirement is driven by the amortization of ITC and lower return on rate base. The lower return on rate base is caused by lower rate base as a result of normal ongoing depreciation and lower weighted average cost of capital.

**Q. WHY DOES PNM ONLY INCLUDE WREGIS FEES IN THE REVENUE REQUIREMENT FOR THE PNM-OWNED 2015 SOLAR FACILITIES?**

A. Pursuant to paragraph 2 of the stipulation approved by the Commission in Case No. 14-00158-UT, PNM recovers the majority of costs associated with the PNM-Owned 2015 Solar facilities through base rates. PNM has historically recovered the WREGIS fees on the RECs associated with these facilities through the renewable rider rather than base rates because these costs are necessary for demonstrating RPS compliance. Therefore, for the PNM-Owned 2015 solar facilities, the WREGIS fees are included in the Rider 36 annual revenue requirement.

**Q. PLEASE EXPLAIN THE CHANGE IN PPA REVENUE REQUIREMENTS BETWEEN THE 2020 RIDER AND THE 2021 RIDER.**

A. The amounts included in the 2021 Rider Revenue Requirement are based on PNM's current projections of purchases under the PPAs. These projections can be found in PNM Exhibit TSB-7. The change in the PPA revenue requirement is primarily due to the La Joya II PPA, which will begin at the end of December 2020. Please refer to PNM witness Shane Gutierrez's Direct Testimony for further discussion of the projected MWh of all PPA facilities.

**Q. PLEASE DESCRIBE THE CHANGE IN THE DG REC PURCHASE AMOUNTS BETWEEN THE 2020 RIDER REVENUE REQUIREMENT AND THE 2021 RIDER REVENUE REQUIREMENT.**

A. The amounts included in the 2021 Rider Revenue Requirement are based on PNM's current projections of DG REC purchases. As seen in PNM Table TSB-1, DG REC purchases in 2021 are projected to be $855,936 lower compared to 2020. The DG REC forecasts are described by PNM witness Shane Gutierrez. PNM Exhibit TSB-7 presents the estimated annual revenue requirement for the DG REC purchases.

**Q. IS THERE A CHANGE IN RENEWABLE FILING AND REPRODUCTION COSTS BETWEEN THE 2020 RIDER REVENUE REQUIREMENT AND THE 2021 RIDER REVENUE REQUIREMENT.**

A. No. PNM has estimated the costs for the 2021 filing to be $25,000, which is consistent with prior Renewable Plan filing costs.

**Q. BRIEFLY EXPLAIN THE WREGIS FEE ADJUSTMENT TO PNM'S PROJECTED 2021 REVENUE REQUIREMENT.**

**A.** PNM has estimated a surplus of RECs in 2021 that will allow PNM to bank approximately 331,995 RECs. As a result of banking the surplus RECs, PNM will not pay WREGIS fees to retire these RECs until they are utilized in 2022 for RPS compliance. The estimated cost to retire the banked RECs will be approximately $1,328 and will be included in PNM's 2022 Renewable Energy Rider revenue requirement. Please see the direct testimony of PNM witness Gutierrez for further discussion on the estimated 2021 banked RECs.

## III. ESTIMATED REVENUE REQUIREMENT FOR THE SKY BLUE REGULATORY ASSET

**Q. PLEASE DESCRIBE THE COMPONENTS OF THE SKY BLUE REGULATORY ASSET.**

**A.** As discussed further in the direct testimony of PNM Witness Alaric Babej, the Sky Blue regulatory asset is the accumulated under collection of program costs from the start of the Sky Blue program to December 2020. Program costs consist of the annual cost of the revenue requirement of 1.5 MW of PNM-Owned solar; energy purchases under the NMWEC PPA; education & marketing expenses; WREGIS fees associated with registering and retiring RECs; and carrying charges. Please see PNM Exhibit TSB-10 for the calculation of the Sky Blue regulatory asset.

**Q. AT WHAT RATE IS PNM ACCRUING CARRYING CHARGES FOR THE SKY BLUE REGULATORY ASSET?**

A. Pursuant to the final order in Case No. 10-00018-UT, carrying charges have been accrued at a rate of 8.64%. Since PNM is proposing to recover the Sky Blue regulatory asset through Rider 36 in this case, PNM Exhibit TSB-9 reflects carrying charges at 4.00% until the regulatory asset is fully amortized. The 4% carrying charge is consistent with the final order in Case No. 12-00007-UT.

**Q. WHAT IS THE AMORTIZATION PERIOD PNM IS PROPOSING FOR THE SKY BLUE REGULATORY ASSET?**

A. PNM is proposing to recover the Sky Blue regulatory asset over one year to allow PNM to minimize the carrying costs collected from customers.

**Q. WHAT IS THE ESTIMATED ANNUAL REVENUE REQUIREMENT OF THE SKY BLUE REGULATORY ASSET?**

A. PNM Exhibit TSB-9 reflect the estimated annual revenue requirement of $2,317,250 for the Sky Blue regulatory asset.

**Q. WILL THERE BE A TRUE-UP PROCESS FOR THE SKY BLUE REGULATORY ASSET?**

A. Yes. The actual regulatory assets that PNM will collect from customers will be based on actual costs incurred and actual revenue generated from the Sky Blue Program. This true-up will happen as part of the reconciliation process discussed later in my testimony.

**Q. HOW IS PNM PROPOSING TO RECOVER THE ANNUAL REVENUE REQUIREMENT OF THE SKY BLUE REGULATORY ASSET?**

**A.** PNM is proposing to recover the annual revenue requirement of the Sky Blue regulatory asset through Rider 36 beginning with the implementation of the 2021 Rider Rate.

## IV. OTHER MATTERS

**Q. PLEASE DESCRIBE THE TRUE-UP OR RECONCILIATION PROCESS FOR THE 2021 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, 2021 that will include the following items:

1. Reconciliation of actual 2020 Rider revenues to actual 2020 procurement costs, and
2. True-up of projected costs included in the 2021 Rider with actual costs to the extent available, including an update to the 2019 year-end Weighted Average Cost of Capital ("WACC") as shown in PNM Exhibit TSB-8, based on the 2020 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 2020 calendar year by April 1, 2021, 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 2021 Rider will be adjusted to refund the amount of PNM's earnings in excess of 50 basis points above its authorized ROE.

**Q. WHAT REQUIREMENT FROM CASE NO. 19-00159-UT ARE YOU ADDRESSING?**

**A.** The Commission's final order in Case No. 19-00159-UT adopted the Recommended Decision, which required, at Ordering Paragraph D, that the "revenues recovered in excess of the $8.7 million for the PNM-Owned 2019 Solar Facilities shall be accounted for in a regulatory liability the disposition of which shall be determined in PNM's next annual Renewable Energy Plan filing." The Recommended Decision stated, at page 55:

> The record indicates that the $9.3 million in costs that PNM seeks to recover exceeds PNM's $8.7 million cost estimate in Case No. 17-00129-UT [in which the 2019 solar facilities were approved]. But the evidentiary record in this case lacks evidence on the details of the cost estimate provided by PNM in Case No 17-00129-UT and the reasonableness of the cost overruns. Accordingly, the Commission should require PNM to provide in its next RPS filing evidence demonstrating the reasonableness of the cost overrun. The excess cost will be tentatively approved for recovery in this case, but the excess cost

should be accrued in a regulatory liability that will be subject to refund in the next case if the cost overruns are not proven to have been reasonably and prudently incurred.

**Q. WHAT WERE THE ESTIMATED AND ACTUAL CONSTRUCTION COSTS OF THE PNM-OWNED 2019 SOLAR FACILITIES?**

**A.** As PNM testified to in Case No. 17-00129-UT, the estimated construction costs were $72.3 million. Actual construction costs were $71.5 million as shown in PNM Exhibit TSB-6.

**Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE $8.7 MILLION IN 2020 REVENUE REQUIREMENTS ESTIMATED IN CASE NO. 17-00129-UT AND THE CURRENTLY PROJECTED 2020 REVENUE REQUIREMENTS.**

**A.** Actual 2020 annual revenue requirements for the PNM-Owned 2019 Solar Facilities will not be known until the end of the year. However, as described above, the current projection for the 2020 revenue requirements is $8.8 million.

**Q. WHAT FACTORS MAY CAUSE ACTUAL ANNUAL REVENUE REQUIREMENTS FOR A FACILITY TO DIFFER FROM PROJECTED ANNUAL REVENUE REQUIREMENTS?**

**A.** There can be various reasons why the actual revenue requirement for a facility can be different than the projected revenue requirement. This can include lower than projected capital costs, lower than projected operating expenses, change in tax law, lower debt rate, and timing of tax credits. Please see PNM Table TSB-2 below for the specific factors that caused the estimated PNM-Owned 2019 Solar facility 2020 revenue requirement to be slightly higher compared to the projection provided in Case No,. 17-00129-UT.

| PNM Table TSB-2 | | |
|---|---|---|
| PNM-Owned 2019 Solar Facilities (50MW) | | |
| Line No. | | 2020 |
| 1 | **Total Estimated Revenue Requirement (17-00129-UT)** | **$ 8,674,518** |
| 2 | | |
| 3 | Change to Projected Revenue Requirement: | |
| 4 | Savings on Capital Investment | (74,829) |
| 5 | Impacts of Tax Cuts and Jobs Act (Note 1) | (131,745) |
| 6 | Update to WACC Due to Lower Debt Rate | (192,954) |
| 7 | Refined Operating Expense Projection | (278,504) |
| 8 | Elimination of ITC Amortization (Note 2) | 762,133 |
| 9 | Total Change in Projected Revenue Requirement | 84,102 |
| 10 | | |
| 11 | **Updated Projected 2020 Revenue Requirement** | **$ 8,758,620** |
| 12 | **(Line 1 + Line 9)** | |
| 13 | | |
| 14 | Note 1: Tax Cuts and Jobs Act eliminated bonus depreciation for utilities and lowered the federal income tax rate from 35% to 21%. | |
| 15 | Note 2: PNM originally forecasted to begin amortizing ITC beginning 2020. PNM now estimates it will begin amortizing ITC beginning 2021. | |

**Q. PLEASE EXPLAIN THE SPECIFIC FACTORS THAT CAUSED THE UPDATED 2020 REVENUE REQUIREMENTS FOR THE PNM-OWNED 2019 SOLAR FACILITY TO BE HIGHER THAN ORIGINALLY PROJECTED IN CASE NO. 17-00129-UT.**

**A.** As shown in PNM Table TSB-2, the primary driver that caused the estimated 2020 revenue requirement to be higher is the timing of ITC amortization. When PNM provided an estimated 2020 revenue requirement in 2017 in Case No. 17-00129-UT, the assumption at that time was that PNM would be out of a consolidated NOL tax position in 2019 and thus could begin amortizing ITC beginning in January 2020. When PNM filed its 2020 Renewable Rider Plan in 19-00159-UT, PNM had a more accurate estimate that it would be out of a consolidated NOL tax position in 2020 and thus would be able to begin amortizing ITC beginning January 2021, one year later. This timing of ITC amortization caused the 2020 revenue requirement to be about $0.8 million higher. It is important to note that the total ITC available for this facility has not change, only the time period in which PMN can amortize the credit. The higher revenue requirement caused by the timing of ITC amortization was mostly offset by lower actual capital costs, impacts of the Tax Cuts and Jobs Act such as lower federal income tax rate from 35% to 21%, lower return on rate base caused by lower cost of debt, and refined estimates for operating expenses such as maintenance expense.

**Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE 2020 ESTIMATED $9.3M REVENUE REQUIREMENT AND THE 2020 ESTIMATED $8.8M REVENUE REQUIREMENT FOR THE PNM-OWNED 2019 SOLAR FACILITIES.**

**A.** The estimated $9.3M revenue requirement provided in Case 19-00159-UT is approximately $0.5M higher compared to the $8.8M updated 2020 estimated revenue requirement that PNM filed February 28, 2020 as part of the annual reconciliation process discussed earlier in my testimony. The reduction in the estimated revenue requirement is primarily driven by less O&M being allocated to the PNM-Owned 2019

Solar Facilities. PNM budgets total O&M to for all PNM-Owned solar facilities and does not budget O&M for each individual PNM-Owned solar facility recovered through Rider 36. In order to allocate O&M between each solar facility, PNM historically allocated O&M based on the capacity (MW) of each facility. After discussing this allocation method with PNM's Solar Planning department, PNM determined that a more accurate allocation method would be to base it on the number of inverters a facility has, which is a primary driver of O&M costs. This new allocation method shifts O&M dollars back to the other PNM-Owned Solar Facilities to be consistent with O&M levels prior to the construction of the PNM-Owned 2019 Solar Facilities.

**Q. WHAT IS PNM REQUESTING IN THIS CASE WITH REGARD TO THE REGULATORY LIABILITY?**

A. PNM is requesting the commission to terminate the requirement for PNM to record a regulatory liability because the costs incurred for the PNM-Owned 2019 Facilities are reasonable and approved by the commission.

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

A. Yes.

*GCG#526913*

**THOMAS S. BAKER**
**EDUCATIONAL AND PROFESSIONAL SUMMARY**

Name: Thomas S. Baker

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

Position: 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 Public Service Company of New Mexico since 2014.
Positions held within the Company include:

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.)*
- 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.)*

- 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 23, 2020 *(TNMP TCOS Update)*

**PNM Exhibit TSB-2**
**2021 Renewable Energy Rider**
**Summary 2021 Renewable Rider Revenue Requirement - Projected**



| Line No. | Description | 2021 Revenue Requirement | Reference |
|---|---|---|---|
| 1 | **PNM-Owned Facilities** | | |
| 2 | PNM-Owned 2011 Facilities Revenue Requirement - 22.5 MW | $ 4,939,312 | PNM Exhibit TSB-3, page 3, Column M, Line 124 |
| 3 | PNM-Owned 2013 Facilities Revenue Requirement - 20 MW | 3,163,054 | PNM Exhibit TSB-4, page 2, Column M, Line 82 |
| 4 | PNM-Owned 2014 Facilities Revenue Requirement - 23 MW | 3,576,112 | PNM Exhibit TSB-5, pg. 2, Column M, Line 82 |
| 5 | PNM-Owned 2019 Facilities Revenue Requirement - 50 MW | 7,535,886 | PNM Exhibit TSB-6, pg. 2, Column M, Line 78 |
| 6 | Total REC Fees for PNM-Owned 2015 facilities - 40 MW | 764 | Note 1 |
| 7 | **Total PNM Owned Facilities Revenue Requirement** | 19,215,128 | |
| 8 | | | |
| 9 | **Purchased Power Agreements** | | |
| 10 | Geothermal PPA | 7,380,239 | PNM Exhibit TSB-7, page 1, Line 9 |
| 11 | Red Mesa PPA | 6,547,875 | PNM Exhibit TSB-7, page 1, Line 20 |
| 12 | New Mexico Wind Energy Center (NMWEC) | 16,521,228 | PNM Exhibit TSB-7, page 1, Line 31 |
| 13 | La Joya II | 9,391,758 | PNM Exhibit TSB-7, page 1, Line 42 |
| 14 | **Total PPA Revenue Requirement** | 39,841,100 | |
| 15 | | | |
| 16 | **Renewable Energy Certificates** | | |
| 17 | DG Programs REC Purchases | 6,371,851 | PNM Exhibit TSB-7, page 2, Line 48 |
| 18 | 2019 Compliance REC Purchases | - | PNM Exhibit TSB-7, page 2, Line 58 |
| 19 | **Total REC Revenue Requirements** | 6,371,851 | |
| 20 | | | |
| 21 | **SkyBlue Regulatory Asset Revenue Requirement** | 2,317,250 | PNM Exhibit TSB-9, Line 16 |
| 22 | | | |
| 23 | **WREGIS Fee Adjustment (Estimated 2021 Banked RECs)** | (1,328) | PNM Exhibit SG-2 |
| 24 | | | |
| 25 | **Renewable Filing and Reproduction Costs** | 25,000 | |
| 26 | | | |
| 27 | **WREGIS Annual Registration Fee** | 83 | |
| 28 | | | |
| 29 | **Total 2021 Revenue Requirement** | $ 67,769,085 | |
| 30 | (Line 7 + Line 14 + Line 19 + Line 21 + Line 23 + Line 25 + Line 27) | | |

**Note 1: Retail share of REC costs associated with PNM-Owned 2015 facilities are estimated to be: 95,468 MWh * $.008/MWh = $764 REC Fee.**

PNM Exhibit TSB - 3
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 1 | **Plant In Service** | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | 22 MW Solar Facilities - Generation | | | | | | | | | | | | | |
| 4 | Land | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 | 4,042,329 |
| 5 | Generation | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 | 83,217,256 |
| 6 | Total Gross Plant - 22 MW Solar Generation | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 | 87,259,586 |
| 7 | Accumulated Depreciation | (28,772,843) | (29,007,431) | (29,242,018) | (29,476,606) | (29,711,194) | (29,945,782) | (30,180,369) | (30,411,968) | (30,618,784) | (30,825,601) | (31,032,417) | (31,239,233) | (31,239,233) |
| 8 | Net Plant In Service - 22 MW Solar Generation | 58,486,743 | 58,252,155 | 58,017,567 | 57,782,979 | 57,548,392 | 57,313,804 | 57,079,216 | 56,847,617 | 56,640,801 | 56,433,985 | 56,227,169 | 56,020,352 | 56,020,352 |
| 9 | | | | | | | | | | | | | | |
| 10 | Solar Facilities - Transmission & Distribution | | | | | | | | | | | | | |
| 11 | Total Gross Plant - T&D | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 | 911,679 |
| 12 | Accumulated Depreciation | (177,897) | (179,664) | (181,431) | (183,198) | (184,965) | (186,732) | (188,498) | (190,265) | (192,032) | (193,799) | (195,566) | (197,333) | (197,333) |
| 13 | Net Plant In Service - T&D | 733,782 | 732,015 | 730,248 | 728,481 | 726,714 | 724,948 | 723,181 | 721,414 | 719,647 | 717,880 | 716,114 | 714,347 | 714,347 |
| 14 | | | | | | | | | | | | | | |
| 15 | Energy Storage Project | | | | | | | | | | | | | |
| 16 | PV | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 | 3,564,859 |
| 17 | DOE Battery | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 | 2,814,484 |
| 18 | Total Gross Plant - Energy Storage | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 | 6,379,343 |
| 19 | Accumulated Depreciation | (3,777,942) | (3,811,436) | (3,844,929) | (3,878,423) | (3,911,916) | (3,945,410) | (3,978,903) | (4,012,397) | (4,045,890) | (4,079,383) | (4,112,877) | (4,146,370) | (4,146,370) |
| 20 | Net Plant in Service - Energy Storage | 2,601,400 | 2,567,907 | 2,534,413 | 2,500,920 | 2,467,427 | 2,433,933 | 2,400,440 | 2,366,946 | 2,333,453 | 2,299,959 | 2,266,466 | 2,232,972 | 2,232,972 |
| 21 | | | | | | | | | | | | | | |
| 22 | ***Total Net Plant In Service - Renewables*** | 61,821,925 | 61,552,077 | 61,282,229 | 61,012,381 | 60,742,533 | 60,472,685 | 60,202,837 | 59,935,977 | 59,693,901 | 59,451,824 | 59,209,748 | 58,967,671 | 58,967,671 |
| 23 | | | | | | | | | | | | | | |
| 24 | Accumulated Deferred Income Taxes | | | | | | | | | | | | | |
| 25 | ADIT Balance as of 12/31/2017 | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) | (21,890,280) |
| 26 | Liberalized Depreciation - 22 MW Solar | 1,839,429 | 1,889,129 | 1,938,829 | 1,988,529 | 2,038,229 | 2,087,929 | 2,137,629 | 2,186,570 | 2,229,215 | 2,271,861 | 2,314,506 | 2,357,152 | 2,357,152 |
| 27 | Liberalized Depreciation - T&D | 16,605 | 17,054 | 17,503 | 17,952 | 18,401 | 18,849 | 19,298 | 19,747 | 20,196 | 20,645 | 21,093 | 21,542 | 21,542 |
| 28 | Liberalized Depreciation - Energy Storage | 264,006 | 272,212 | 280,417 | 288,622 | 296,827 | 305,032 | 313,237 | 321,442 | 329,647 | 337,853 | 346,058 | 354,263 | 354,263 |
| 29 | Excess Deferred Federal Income Taxes (EDFIT) | 963,536 | 990,301 | 1,017,066 | 1,043,831 | 1,070,595 | 1,097,360 | 1,124,125 | 1,150,890 | 1,177,655 | 1,204,420 | 1,231,185 | 1,257,950 | 1,257,950 |
| 30 | Excess Deferred State Income Taxes (EDSIT) | 443,402 | 455,719 | 468,036 | 480,352 | 492,669 | 504,986 | 517,303 | 529,619 | 541,936 | 554,253 | 566,570 | 578,886 | 578,886 |
| 31 | Unamortized NM Advanced Energy Credit ADIT | 151,966 | 156,073 | 160,180 | 164,287 | 168,394 | 172,502 | 176,609 | 180,716 | 184,823 | 188,930 | 193,037 | 196,930 | 196,930 |
| 32 | ***Total Accumulated Deferred Income Taxes*** | (18,211,335) | (18,109,792) | (18,008,249) | (17,906,707) | (17,805,164) | (17,703,622) | (17,602,079) | (17,501,296) | (17,406,807) | (17,312,319) | (17,217,831) | (17,123,557) | (17,123,557) |
| 33 | | | | | | | | | | | | | | |
| 34 | Other Rate Base Additions (Deductions) | | | | | | | | | | | | | |
| 35 | Prepaid Insurance | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 | 17,075 |
| 36 | Unamortized ARRA Section 1603 Grant | (14,956,493) | (14,876,252) | (14,796,012) | (14,715,771) | (14,635,530) | (14,555,290) | (14,475,049) | (14,394,808) | (14,314,568) | (14,234,327) | (14,154,087) | (14,073,846) | (14,073,846) |
| 37 | Unamortized NM Advanced Energy Credit | (2,859,338) | (2,843,168) | (2,826,998) | (2,810,828) | (2,794,658) | (2,778,488) | (2,762,318) | (2,746,148) | (2,729,978) | (2,713,808) | (2,697,638) | (2,682,312) | (2,682,312) |
| 38 | ***Total Other Rate Base Additions (Deductions)*** | (17,798,756) | (17,702,345) | (17,605,935) | (17,509,524) | (17,413,113) | (17,316,703) | (17,220,292) | (17,123,881) | (17,027,471) | (16,931,060) | (16,834,649) | (16,739,083) | (16,739,083) |
| 39 | | | | | | | | | | | | | | |
| 40 | ***Total Rate Base*** | 25,811,834 | 25,739,940 | 25,668,045 | 25,596,150 | 25,524,255 | 25,452,360 | 25,380,466 | 25,310,801 | 25,259,623 | 25,208,445 | 25,157,268 | 25,105,032 | 25,105,032 |
| 41 | | | | | | | | | | | | | | |
| 42 | Operations & Maintenance Expenses | | | | | | | | | | | | | |
| 43 | ***Total Operations & Maintenance Expense*** | 14,662 | 72,824 | 151,868 | 29,904 | 25,833 | 198,411 | 25,880 | 54,962 | 141,219 | 76,440 | 37,043 | 159,592 | 988,638 |
| 44 | | | | | | | | | | | | | | |
| 45 | Depreciation & Amortization Expense | | | | | | | | | | | | | |
| 46 | Depreciation Expense - 22 MW Solar | 234,588 | 234,588 | 234,588 | 234,588 | 234,588 | 234,588 | 234,588 | 231,599 | 206,816 | 206,816 | 206,816 | 206,816 | 2,700,978 |
| 47 | Depreciation Expense - T&D | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 21,202 |
| 48 | Depreciation Expense - Energy Storage | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 33,493 | 401,921 |
| 49 | ***Total Depreciation & Amortization Expense*** | 269,848 | 269,848 | 269,848 | 269,848 | 269,848 | 269,848 | 269,848 | 266,859 | 242,076 | 242,076 | 242,076 | 242,076 | 3,124,101 |
| 50 | | | | | | | | | | | | | | |
| 51 | Property Taxes | | | | | | | | | | | | | |
| 52 | ***Total Property Taxes*** | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 46,782 | 561,380 |

PNM Exhibit TSB - 3
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 53 | **Other Allowable Expenses** | | | | | | | | | | | | | |
| 54 | Amortization - NM Advanced Energy Credit | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (15,326) | (193,196) |
| 55 | ***Total Other Allowable Expenses*** | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (15,326) | (193,196) |
| 56 | | | | | | | | | | | | | | |
| 57 | **Federal Income Tax** | | | | | | | | | | | | | |
| 58 | Total Net Original Cost Rate Base | 25,811,834 | 25,739,940 | 25,668,045 | 25,596,150 | 25,524,255 | 25,452,360 | 25,380,466 | 25,310,801 | 25,259,623 | 25,208,445 | 25,157,268 | 25,105,032 | 25,105,032 |
| 59 | Weighted Cost of Capital (PNM Exhibit TSB-8, line 4) | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% |
| 60 | Return on Rate Base | 149,278 | 148,863 | 148,447 | 148,031 | 147,615 | 147,199 | 146,784 | 146,381 | 146,085 | 145,789 | 145,493 | 145,191 | 1,765,156 |
| 61 | Less Return Adjustments | | | | | | | | | | | | | |
| 62 | Interest on Long Term Debt | (46,891) | (46,761) | (46,630) | (46,500) | (46,369) | (46,238) | (46,108) | (45,981) | (45,888) | (45,795) | (45,702) | (45,607) | (554,472) |
| 63 | Tax/Book Adjustments | | | | | | | | | | | | | |
| 64 | AFUDC Equity | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 227 |
| 65 | 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 |
| 66 | Flow Thru Item - ITC - Energy Storage | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 | 14,298 |
| 67 | Total Permanent Tax/Book Differences | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 481,673 |
| 68 | Depreciation | 229,054 | 229,054 | 229,054 | 229,054 | 229,054 | 229,054 | 229,054 | 226,065 | 201,283 | 201,283 | 201,283 | 201,283 | 2,634,578 |
| 69 | AFUDC Debt | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 654 | 7,850 |
| 70 | New Mexico Advanced Energy Credit | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (16,170) | (15,326) | (193,196) |
| 71 | Deferred State Income Tax | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,730) | (10,350) | (10,350) | (10,350) | (10,397) | (136,454) |
| 72 | Total Temporary Tax/Book Differences | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 198,819 | 175,417 | 175,417 | 175,417 | 176,214 | 2,312,778 |
| 73 | | | | | | | | | | | | | | |
| 74 | Total Return Adjustments | 194,890 | 195,020 | 195,151 | 195,282 | 195,412 | 195,543 | 195,673 | 192,977 | 169,669 | 169,762 | 169,854 | 170,746 | 2,239,979 |
| 75 | | | | | | | | | | | | | | |
| 76 | Net Taxable Equity Return | 344,168 | 343,883 | 343,598 | 343,313 | 343,027 | 342,742 | 342,457 | 339,358 | 315,753 | 315,550 | 315,347 | 315,937 | 4,005,134 |
| 77 | | | | | | | | | | | | | | |
| 78 | Federal Income Tax Adjustments | | | | | | | | | | | | | |
| 79 | 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) |
| 80 | Amortization of Excess Deferred Federal Taxes | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (321,179) |
| 81 | Deferred Federal Income taxes before NOL | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (41,752) | (36,838) | (36,838) | (36,838) | (37,005) | (485,683) |
| 82 | Total Federal Income Tax Adjustments before NOL | (149,350) | (149,350) | (149,350) | (149,350) | (149,350) | (149,350) | (149,350) | (148,758) | (143,843) | (143,843) | (143,843) | (144,011) | (1,769,750) |
| 83 | | | | | | | | | | | | | | |
| 84 | Adjusted Equity Return before NOL | 194,818 | 194,533 | 194,247 | 193,962 | 193,677 | 193,392 | 193,107 | 190,601 | 171,910 | 171,707 | 171,504 | 171,927 | 2,235,385 |
| 85 | Net Operating Loss Carryover | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 86 | NOL Deferred State Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 87 | NOL Deferred Federal Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 84 | Adjusted Current Equity Return After NOL | 194,818 | 194,533 | 194,247 | 193,962 | 193,677 | 193,392 | 193,107 | 190,601 | 171,910 | 171,707 | 171,504 | 171,927 | 2,235,385 |
| 85 | 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% |
| 86 | Current Federal Income Tax | 51,787 | 51,711 | 51,635 | 51,560 | 51,484 | 51,408 | 51,332 | 50,666 | 45,698 | 45,644 | 45,590 | 45,702 | 594,217 |
| 87 | Add: | | | | | | | | | | | | | |
| 88 | Amortization of Excess Deferred Federal Taxes | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (26,765) | (321,179) |
| 89 | Total Provision for Deferred Income Tax | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (42,345) | (41,752) | (36,838) | (36,838) | (36,838) | (37,005) | (485,683) |
| 90 | 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) |
| 91 | | | | | | | | | | | | | | |
| 92 | ***Net Allowable Federal Income Tax*** | (97,563) | (97,639) | (97,715) | (97,791) | (97,866) | (97,942) | (98,018) | (98,092) | (98,145) | (98,199) | (98,253) | (98,308) | (1,175,533) |
| 93 | | | | | | | | | | | | | | |
| 94 | **State Income Tax** | | | | | | | | | | | | | |
| 95 | Return on Rate Base | 149,278 | 148,863 | 148,447 | 148,031 | 147,615 | 147,199 | 146,784 | 146,381 | 146,085 | 145,789 | 145,493 | 145,191 | 1,765,156 |
| 96 | Less: Return Adjustments | | | | | | | | | | | | | |
| 97 | Interest on Long Term Debt | (46,891) | (46,761) | (46,630) | (46,500) | (46,369) | (46,238) | (46,108) | (45,981) | (45,888) | (45,795) | (45,702) | (45,607) | (554,472) |
| 98 | Permanent Tax/Book Adjustments | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 40,139 | 481,673 |
| 99 | Temporary Tax/ Book Adjustments | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 201,642 | 198,819 | 175,417 | 175,417 | 175,417 | 176,214 | 2,312,778 |
| 100 | Add: Net Allowable FIT | (97,563) | (97,639) | (97,715) | (97,791) | (97,866) | (97,942) | (98,018) | (98,092) | (98,145) | (98,199) | (98,253) | (98,308) | (1,175,533) |
| 101 | Production Tax Credits (PTC) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 102 | State Taxable Income | 246,605 | 246,244 | 245,883 | 245,522 | 245,161 | 244,800 | 244,439 | 241,267 | 217,608 | 217,351 | 217,094 | 217,629 | 2,829,602 |
| 103 | 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% |
| 104 | State Income Tax | 14,550 | 14,528 | 14,507 | 14,486 | 14,464 | 14,443 | 14,422 | 14,235 | 12,839 | 12,824 | 12,809 | 12,840 | 166,946 |
| 105 | Provision for Deferred State Income Tax | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,897) | (11,730) | (10,350) | (10,350) | (10,350) | (10,397) | (136,454) |
| 106 | Amortization of Excess Deferred Taxes | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (15,591) | (187,090) |
| 106 | Add: State Renewable ITC and PTC | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 107 | | | | | | | | | | | | | | |
| 108 | ***Net Allowable State Income Tax*** | (12,938) | (12,959) | (12,981) | (13,002) | (13,023) | (13,044) | (13,066) | (13,086) | (13,102) | (13,117) | (13,132) | (13,147) | (156,597) |

PNM Exhibit TSB-3
Page 3 of 3

PNM Exhibit TSB - 3
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2011 Facilities



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 109 | Revenue Requirement Summary | | | | | | | | | | | | | |
| 110 | Return on Rate Base | 149,278 | 148,863 | 148,447 | 148,031 | 147,615 | 147,199 | 146,784 | 146,381 | 146,085 | 145,789 | 145,493 | 145,191 | 1,765,156 |
| 111 | Total Operating Expenses | 315,122 | 373,284 | 452,327 | 330,364 | 326,293 | 498,871 | 326,340 | 352,432 | 413,907 | 349,128 | 309,732 | 433,125 | 4,480,923 |
| 112 | Net Allowable Federal Income Tax | (97,563) | (97,639) | (97,715) | (97,791) | (97,866) | (97,942) | (98,018) | (98,092) | (98,145) | (98,199) | (98,253) | (98,308) | (1,175,533) |
| 113 | Net Allowable State Income Tax | (12,938) | (12,959) | (12,981) | (13,002) | (13,023) | (13,044) | (13,066) | (13,086) | (13,102) | (13,117) | (13,132) | (13,147) | (156,597) |
| 114 | Total Revenue Requirements before Revenue Tax | 353,899 | 411,548 | 490,079 | 367,602 | 363,018 | 535,083 | 362,040 | 387,635 | 448,745 | 383,600 | 343,839 | 466,860 | 4,913,949 |
| 115 | Revenue Tax Factor | 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% |
| 116 | Revenue Tax | 1,800 | 2,093 | 2,492 | 1,870 | 1,846 | 2,721 | 1,841 | 1,971 | 2,282 | 1,951 | 1,749 | 2,374 | 24,991 |
| 117 | | | | | | | | | | | | | | |
| 118 | *Revenue Requirements* | 355,699 | 413,641 | 492,571 | 369,472 | 364,865 | 537,805 | 363,881 | 389,607 | 451,027 | 385,551 | 345,588 | 469,234 | 4,938,940 |
| 119 | | | | | | | | | | | | | | |
| 120 | MWh output expected in 2021 | | | | | | | | | | | | | 46,469 |
| 121 | WREGIS fee $/MWh | | | | | | | | | | | | | 0.008 |
| 122 | WREGIS Registration Fee | | | | | | | | | | | | | 372 |
| 123 | | | | | | | | | | | | | | |
| 124 | *Total Revenue Requirements* | | | | | | | | | | | | PNM Exhibit TSB-2, line 2 | 4,939,312 |

PNM Exhibit TSB - 4
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2013 Facilities



| Line No. | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 1 | | | | | | | | | | | | | | |
| 2 | Plant in Service | | | | | | | | | | | | | |
| 3 | 20 MW PV Solar | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 | 44,740,767 |
| 4 | Land | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 | 665,400 |
| 5 | Total Gross Plant in Service | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 | 45,406,167 |
| 6 | Accumulated Depreciation | (10,655,862) | (10,780,195) | (10,904,528) | (11,028,861) | (11,153,194) | (11,277,527) | (11,401,860) | (11,526,192) | (11,650,525) | (11,774,858) | (11,899,191) | (12,023,524) | (12,023,524) |
| 7 | Net Plant in Service | 34,750,305 | 34,625,972 | 34,501,639 | 34,377,306 | 34,252,973 | 34,128,640 | 34,004,307 | 33,879,975 | 33,755,642 | 33,631,309 | 33,506,976 | 33,382,643 | 33,382,643 |
| 8 | | | | | | | | | | | | | | |
| 9 | Accumulated Deferred Income Taxes | | | | | | | | | | | | | |
| 10 | Tax Depreciation | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) | (37,527,506) |
| 11 | | | | | | | | | | | | | | |
| 12 | Deferred | 28,769,050 | 28,664,111 | 28,559,171 | 28,454,231 | 28,349,291 | 28,244,352 | 28,139,412 | 28,034,472 | 27,929,532 | 27,824,593 | 27,719,653 | 27,614,713 | 27,614,713 |
| 13 | Flow- Through AFUDC Equity and ITC Basis Diff | 244,969 | 218,559 | 192,148 | 165,738 | 139,328 | 112,917 | 86,507 | 60,097 | 33,687 | 7,276 | (19,134) | (45,544) | (45,544) |
| 14 | ADIT Balance as of 12/31/2017 | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) | (12,374,365) |
| 15 | Excess Deferred Federal Income Taxes (EDFIT) | 544,678 | 559,808 | 574,937 | 590,067 | 605,197 | 620,327 | 635,457 | 650,587 | 665,717 | 680,847 | 695,977 | 711,107 | 711,107 |
| 16 | Excess Deferred State Income Taxes (EDSIT) | 250,651 | 257,614 | 264,576 | 271,539 | 278,501 | 285,464 | 292,426 | 299,389 | 306,351 | 313,314 | 320,276 | 327,239 | 327,239 |
| 17 | Deferred Tax - Plant | 714,174 | 740,828 | 767,483 | 794,138 | 820,793 | 847,447 | 874,102 | 900,757 | 927,411 | 954,066 | 980,721 | 1,007,375 | 1,007,375 |
| 18 | Total Accumulated Deferred Income Taxes | (10,864,863) | (10,816,116) | (10,767,368) | (10,718,621) | (10,669,874) | (10,621,127) | (10,572,380) | (10,523,633) | (10,474,885) | (10,426,138) | (10,377,391) | (10,328,644) | (10,328,644) |
| 19 | | | | | | | | | | | | | | |
| 20 | Other Rate Base Additions (Deductions) Prepaid Insurance | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 | 10,121 |
| 21 | | | | | | | | | | | | | | |
| 22 | Total Rate Base | 23,895,564 | 23,819,978 | 23,744,392 | 23,668,807 | 23,593,221 | 23,517,635 | 23,442,049 | 23,366,463 | 23,290,878 | 23,215,292 | 23,139,706 | 23,064,120 | 23,064,120 |
| 23 | | | | | | | | | | | | | | |
| 24 | Weighted Cost of Capital (PNM Exhibit TSB-8, line 4) | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% |
| 25 | | | | | | | | | | | | | | |
| 26 | Return on Rate Base | 138,196 | 137,759 | 137,322 | 136,885 | 136,447 | 136,010 | 135,573 | 135,136 | 134,699 | 134,262 | 133,825 | 133,387 | 1,629,501 |
| 27 | | | | | | | | | | | | | | |
| 28 | Operations & Maintenance Expense | 5,760 | 28,609 | 59,662 | 11,748 | 10,149 | 77,947 | 10,167 | 21,592 | 55,479 | 30,030 | 14,553 | 62,697 | 388,393 |
| 29 | | | | | | | | | | | | | | |
| 30 | Depreciation and Amortization Expense | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 124,333 | 1,491,995 |
| 31 | | | | | | | | | | | | | | |
| 32 | Property Taxes | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 26,276 | 315,306 |
| 33 | | | | | | | | | | | | | | |
| 34 | Federal Income Tax | | | | | | | | | | | | | |
| 35 | Return Adjustments | | | | | | | | | | | | | |
| 36 | Interest | (43,410) | (43,273) | (43,136) | (42,998) | (42,861) | (42,724) | (42,586) | (42,449) | (42,312) | (42,174) | (42,037) | (41,900) | (511,861) |
| 37 | Tax/Book Adjustments | | | | | | | | | | | | | |
| 38 | Flow Thru Item - ITC | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 25,421 | 305,051 |
| 39 | AFUDC Equity | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 989 | 11,873 |
| 40 | Investment Tax Credits | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (610,101) |
| 41 | Total Permanent Differences | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (24,431) | (293,178) |
| 42 | Depreciation & AFUDC Debt | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 104,940 | 1,259,277 |
| 43 | Deferred State Income Tax | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (70,158) |
| 44 | Total Temporary Differences | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 99,093 | 1,189,119 |
| 45 | Amortization of Excess Deferred Federal Income Taxes (EDFIT) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (181,559) |
| 46 | Deferred Federal Taxes before NOL | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (249,715) |
| 47 | Adjusted Current Equity Return before NOL | 133,508 | 133,208 | 132,908 | 132,609 | 132,309 | 132,009 | 131,709 | 131,409 | 131,109 | 130,810 | 130,510 | 130,210 | 1,582,307 |
| 48 | Net Operating Loss Carryover | | | | | | | | | | | | | - |
| 49 | NOL Deferred State Income Tax | | | | | | | | | | | | | - |
| 50 | NOL Deferred Federal Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | Net Current Taxable Equity Return | 133,508 | 133,208 | 132,908 | 132,609 | 132,309 | 132,009 | 131,709 | 131,409 | 131,109 | 130,810 | 130,510 | 130,210 | 1,582,307 |
| 52 | Federal Tax 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% |
| 53 | Total Current Federal Income Tax | 35,489 | 35,410 | 35,330 | 35,250 | 35,171 | 35,091 | 35,011 | 34,932 | 34,852 | 34,772 | 34,692 | 34,613 | 420,614 |
| 54 | Total Provision for Deferred Federal Income Tax | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (20,810) | (249,715) |
| 55 | Amortization of Excess Deferred Federal Income Taxes (EDFIT) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (15,130) | (181,559) |
| 56 | Investment Tax Credits | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (50,842) | (610,101) |
| 57 | Total Federal Income Tax | (51,292) | (51,372) | (51,451) | (51,531) | (51,611) | (51,690) | (51,770) | (51,850) | (51,929) | (52,009) | (52,089) | (52,169) | (620,762) |
| 58 | | | | | | | | | | | | | | |
| 59 | State Income Tax | | | | | | | | | | | | | |
| 60 | Net Current Taxable Equity Return | 168,997 | 168,618 | 168,238 | 167,859 | 167,479 | 167,100 | 166,720 | 166,341 | 165,961 | 165,582 | 165,202 | 164,823 | 2,002,921 |
| 61 | State Tax 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% |
| 62 | Total Current State Income Tax | 9,971 | 9,948 | 9,926 | 9,904 | 9,881 | 9,859 | 9,836 | 9,814 | 9,792 | 9,769 | 9,747 | 9,725 | 118,172 |
| 63 | Total Deferred State Income Tax | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (5,847) | (70,158) |
| 64 | Amortization of Excess Deferred Taxes | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (8,813) | (105,760) |
| 65 | Total State Income Tax | (4,689) | (4,711) | (4,734) | (4,756) | (4,779) | (4,801) | (4,823) | (4,846) | (4,868) | (4,891) | (4,913) | (4,935) | (57,746) |
| 66 | | | | | | | | | | | | | | |
| 67 | Revenue Requirement Summary | | | | | | | | | | | | | |
| 68 | Return on Rate Base | 138,196 | 137,759 | 137,322 | 136,885 | 136,447 | 136,010 | 135,573 | 135,136 | 134,699 | 134,262 | 133,825 | 133,387 | 1,629,501 |
| 69 | Total Operating Expenses | 156,368 | 179,218 | 210,271 | 162,357 | 160,757 | 228,556 | 160,776 | 172,200 | 206,087 | 180,638 | 165,161 | 213,305 | 2,195,695 |
| 70 | Net Allowable Federal Income Tax | (51,292) | (51,372) | (51,451) | (51,531) | (51,611) | (51,690) | (51,770) | (51,850) | (51,929) | (52,009) | (52,089) | (52,169) | (620,762) |
| 71 | Net Allowable State Income Tax | (4,689) | (4,711) | (4,734) | (4,756) | (4,779) | (4,801) | (4,823) | (4,846) | (4,868) | (4,891) | (4,913) | (4,935) | (57,746) |
| 72 | Total Revenue Requirements before Revenue Tax | 238,584 | 260,894 | 291,408 | 242,954 | 240,815 | 308,075 | 239,756 | 250,641 | 283,989 | 258,000 | 241,984 | 289,589 | 3,146,688 |
| 73 | Revenue Tax Factor | 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% |
| 74 | Revenue Tax | 1,213 | 1,327 | 1,482 | 1,236 | 1,225 | 1,567 | 1,219 | 1,275 | 1,444 | 1,312 | 1,231 | 1,473 | 16,003 |
| 75 | | | | | | | | | | | | | | |
| 76 | *Revenue Requirements for PNM Owned 2013 Facilities* | 239,797 | 262,221 | 292,890 | 244,190 | 242,040 | 309,641 | 240,975 | 251,916 | 285,433 | 259,313 | 243,215 | 291,062 | 3,162,692 |

**PNM Exhibit TSB-4**
**Page 1 of 2**

**PNM Exhibit TSB - 4**
**2021 Renewable Energy Rider**
**2021 Estimated Annual Revenue Requirement for the PNM-Owned 2013 Facilities**



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected Revenue Requirement |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | |
| 77 | | | | | | | | | | | | | | |
| 78 | MW in output expected in 2021 | | | | | | | | | | | | | 45,314 |
| 79 | WREGIS fee $/MW | | | | | | | | | | | | | 0.008 |
| 80 | WREGIS Annual Fee | | | | | | | | | | | | | 363 |
| 81 | | | | | | | | | | | | | | |
| 82 | *Total Revenue Requirements for PNM-Owned 2013 Facilities* | | | | | | | | | | | | PNM Exhibit TSB-2, line 3 | 3,163,054 |

PNM Exhibit TSB-5
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2014 Facilities



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 1 | | | | | | | | | | | | | | |
| 2 | **Plant In Service** | | | | | | | | | | | | | |
| 3 | 23 MW PV Solar | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 | 44,781,651 |
| 4 | Land | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 | 1,714,747 |
| 5 | **Total Gross Plant In Service** | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 | 46,496,398 |
| 6 | Accumulated Depreciation - 23 MW | (9,005,202) | (9,129,179) | (9,253,155) | (9,377,132) | (9,501,109) | (9,625,085) | (9,749,062) | (9,873,039) | (9,997,016) | (10,120,992) | (10,244,969) | (10,368,946) | (10,368,946) |
| 7 | **Net Plant In Service** | 37,491,196 | 37,367,220 | 37,243,243 | 37,119,266 | 36,995,289 | 36,871,313 | 36,747,336 | 36,623,359 | 36,499,383 | 36,375,406 | 36,251,429 | 36,127,452 | 36,127,452 |
| 8 | | | | | | | | | | | | | | |
| 9 | **Accumulated Deferred Income Taxes** | | | | | | | | | | | | | |
| 10 | Tax Depreciation | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) | (37,527,359) |
| 11 | | | | | | | | | | | | | | |
| 12 | Deferred | 30,189,684 | 30,085,072 | 29,980,459 | 29,875,847 | 29,771,234 | 29,666,621 | 29,562,009 | 29,457,396 | 29,352,783 | 29,248,171 | 29,143,558 | 29,038,946 | 29,038,946 |
| 13 | Flow- Through AFUDC Equity and ITC Basis Diff | (1,035,710) | (1,055,074) | (1,074,438) | (1,093,803) | (1,113,167) | (1,132,531) | (1,151,895) | (1,171,259) | (1,190,623) | (1,209,987) | (1,229,351) | (1,248,715) | (1,248,715) |
| 14 | ADIT Balance as of 12/31/2017 | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) | (12,054,527) |
| 15 | Excess Deferred Federal Income Taxes (EDFIT) | 530,599 | 545,338 | 560,077 | 574,816 | 589,555 | 604,294 | 619,033 | 633,772 | 648,510 | 663,249 | 677,988 | 692,727 | 692,727 |
| 16 | Excess Deferred State Income Taxes (EDSIT) | 244,172 | 250,955 | 257,738 | 264,520 | 271,303 | 278,085 | 284,868 | 291,650 | 298,433 | 305,216 | 311,998 | 318,781 | 318,781 |
| 17 | Deferred Tax - Plant | 115,536 | 142,108 | 168,680 | 195,251 | 221,823 | 248,394 | 274,966 | 301,538 | 328,109 | 354,681 | 381,252 | 407,824 | 407,824 |
| 18 | **Total Accumulated Deferred Income Taxes** | (11,164,219) | (11,116,125) | (11,068,032) | (11,019,939) | (10,971,846) | (10,923,753) | (10,875,660) | (10,827,567) | (10,779,474) | (10,731,381) | (10,683,288) | (10,635,195) | (10,635,195) |
| 19 | | | | | | | | | | | | | | |
| 20 | **Other Rate Base Additions (Deductions) Prepaid Insurance** | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 | 17,454 |
| 21 | | | | | | | | | | | | | | |
| 22 | **Total Rate Base** | 26,344,432 | 26,268,549 | 26,192,665 | 26,116,781 | 26,040,898 | 25,965,014 | 25,889,130 | 25,813,247 | 25,737,363 | 25,661,479 | 25,585,596 | 25,509,712 | 25,509,712 |
| 23 | | | | | | | | | | | | | | |
| 24 | Weighted Cost of Capital (PNM Exhibit TSB-8, line 4) | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% |
| 25 | | | | | | | | | | | | | | |
| 26 | Return on Rate Base | 152,359 | 151,920 | 151,481 | 151,042 | 150,603 | 150,164 | 149,725 | 149,287 | 148,848 | 148,409 | 147,970 | 147,531 | 1,799,339 |
| 27 | | | | | | | | | | | | | | |
| 28 | Operations & Maintenance Expense | 7,855 | 39,013 | 81,358 | 16,020 | 13,839 | 106,292 | 13,864 | 29,444 | 75,653 | 40,950 | 19,845 | 85,496 | 529,627 |
| 29 | | | | | | | | | | | | | | |
| 30 | Depreciation and Amortization Expense | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 123,977 | 1,487,721 |
| 31 | | | | | | | | | | | | | | |
| 32 | Property Taxes | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 28,340 | 340,084 |
| 33 | | | | | | | | | | | | | | |
| 34 | Federal Income Tax | | | | | | | | | | | | | |
| 35 | Return Adjustments | | | | | | | | | | | | | |
| 36 | Interest | (47,859) | (47,721) | (47,583) | (47,445) | (47,308) | (47,170) | (47,032) | (46,894) | (46,756) | (46,618) | (46,480) | (46,343) | (565,210) |
| 37 | Tax/Book Adjustments | | | | | | | | | | | | | |
| 38 | Flow Thru Item - ITC | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 24,338 | 292,054 |
| 39 | AFUDC Equity | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 1,031 | 12,370 |
| 40 | Investment Tax Credits | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (584,108) |
| 41 | Total Permanent Differences | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (23,307) | (279,684) |
| 42 | Depreciation & AFUDC Debt | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 104,613 | 1,255,351 |
| 43 | Deferred State Income Tax | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (69,939) |
| 44 | Total Temporary Differences | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 98,784 | 1,185,412 |
| 45 | Amortization of Excess Deferred Federal Income Taxes (EDFIT) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (176,866) |
| 46 | Deferred Federal Taxes before NOL | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (248,937) |
| 47 | Adjusted Current Equity Return before NOL | 144,493 | 144,192 | 143,891 | 143,590 | 143,289 | 142,988 | 142,687 | 142,386 | 142,085 | 141,784 | 141,483 | 141,182 | 1,714,054 |
| 48 | Net Operating Loss Carryover | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 49 | NOL Deferred State Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 50 | NOL Deferred Federal Income Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | Net Current Taxable Equity Return | 144,493 | 144,192 | 143,891 | 143,590 | 143,289 | 142,988 | 142,687 | 142,386 | 142,085 | 141,784 | 141,483 | 141,182 | 1,714,054 |
| 52 | Federal Tax 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% |
| 53 | Total Current Federal Income Tax | 38,410 | 38,330 | 38,250 | 38,170 | 38,090 | 38,010 | 37,930 | 37,850 | 37,770 | 37,690 | 37,610 | 37,529 | 455,635 |
| 54 | Total Provision for Deferred Federal Income Tax | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (20,745) | (248,937) |
| 55 | Amortization of Excess Deferred Federal Income Taxes (EDFIT) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (14,739) | (176,866) |
| 56 | Investment Tax Credits | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (48,676) | (584,108) |
| 57 | **Total Federal Income Tax** | (45,750) | (45,830) | (45,910) | (45,990) | (46,070) | (46,150) | (46,230) | (46,310) | (46,390) | (46,470) | (46,550) | (46,630) | (554,277) |
| 58 | | | | | | | | | | | | | | |
| 59 | State Income Tax | | | | | | | | | | | | | |
| 60 | Net Current Taxable Equity Return | 182,903 | 182,522 | 182,141 | 181,760 | 181,379 | 180,998 | 180,617 | 180,236 | 179,855 | 179,474 | 179,093 | 178,712 | 2,169,689 |
| 61 | State Tax 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% |
| 62 | Total Current State Income Tax | 10,791 | 10,769 | 10,746 | 10,724 | 10,701 | 10,679 | 10,656 | 10,634 | 10,611 | 10,589 | 10,566 | 10,544 | 128,012 |
| 63 | Total Deferred State Income Tax | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (5,828) | (69,939) |
| 64 | Amortization of Excess Deferred Taxes | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (8,586) | (103,026) |
| 65 | **Total State Income Tax** | (3,623) | (3,645) | (3,667) | (3,690) | (3,712) | (3,735) | (3,757) | (3,780) | (3,802) | (3,825) | (3,847) | (3,870) | (44,954) |
| 66 | | | | | | | | | | | | | | |
| 67 | **Revenue Requirement Summary** | | | | | | | | | | | | | |
| 68 | Return on Rate Base | 152,359 | 151,920 | 151,481 | 151,042 | 150,603 | 150,164 | 149,725 | 149,287 | 148,848 | 148,409 | 147,970 | 147,531 | 1,799,339 |
| 69 | Total Operating Expenses | 160,172 | 191,330 | 233,675 | 168,337 | 166,156 | 258,609 | 166,182 | 181,761 | 227,970 | 193,267 | 172,162 | 237,813 | 2,357,432 |
| 70 | Net Allowable Federal Income Tax | (45,750) | (45,830) | (45,910) | (45,990) | (46,070) | (46,150) | (46,230) | (46,310) | (46,390) | (46,470) | (46,550) | (46,630) | (554,277) |
| 71 | Net Allowable State Income Tax | (3,623) | (3,645) | (3,667) | (3,690) | (3,712) | (3,735) | (3,757) | (3,780) | (3,802) | (3,825) | (3,847) | (3,870) | (44,954) |
| 72 | **Total Revenue Requirements before Revenue Tax** | 263,158 | 293,775 | 335,579 | 269,700 | 266,977 | 358,888 | 265,920 | 280,958 | 326,625 | 291,381 | 269,735 | 334,845 | 3,557,540 |
| 73 | Revenue Tax Factor | 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% |
| 74 | Revenue Tax | 1,338 | 1,494 | 1,707 | 1,372 | 1,358 | 1,825 | 1,352 | 1,429 | 1,661 | 1,482 | 1,372 | 1,703 | 18,093 |
| 75 | | | | | | | | | | | | | | |
| 76 | ***Revenue Requirements for PNM-Owned 2014 Facilities*** | 264,496 | 295,269 | 337,285 | 271,071 | 268,335 | 360,713 | 267,272 | 282,387 | 328,287 | 292,863 | 271,106 | 336,547 | 3,575,633 |

**PNM Exhibit TSB-5**
**Page 1 of 2**

**PNM Exhibit TSB-5**
**2021 Renewable Energy Rider**
**2021 Estimated Annual Revenue Requirement for the PNM-Owned 2014 Facilities**



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 77 | | | | | | | | | | | | | | |
| 78 | MWh output expected in 2021 | | | | | | | | | | | | | 59,959 |
| 79 | WREGIS fee $/MWh | | | | | | | | | | | | | 0.008 |
| 80 | **WREGIS Registration Fee** | | | | | | | | | | | | | 480 |
| 81 | | | | | | | | | | | | | | |
| 82 | ***Total Revenue Requirements for PNM-Owned 2014 Facilities*** | | | | | | | | | | | | PNM Exhibit TSB-2, line 4 | 3,576,112 |

PNM Exhibit TSB-6
2021 Renewable Energy Rider
2021 Estimated Annual Revenue Requirement for the PNM-Owned 2019 Facilities



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 1 | | | | | | | | | | | | | | |
| 2 | **Plant In Service** | | | | | | | | | | | | | |
| 3 | 50 MW PV Solar | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 | 70,117,421 |
| 4 | Land | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 | 1,408,493 |
| 5 | **Total Gross Plant In Service** | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 | 71,525,914 |
| 6 | Accumulated Depreciation | (3,343,296) | (3,538,067) | (3,732,837) | (3,927,608) | (4,122,379) | (4,317,149) | (4,511,920) | (4,706,690) | (4,901,461) | (5,096,232) | (5,291,002) | (5,485,773) | (5,485,773) |
| 7 | **Net Plant In Service** | 68,182,618 | 67,987,848 | 67,793,077 | 67,598,306 | 67,403,536 | 67,208,765 | 67,013,995 | 66,819,224 | 66,624,453 | 66,429,683 | 66,234,912 | 66,040,141 | 66,040,141 |
| 8 | | | | | | | | | | | | | | |
| 9 | **Accumulated Deferred Income Taxes** | | | | | | | | | | | | | |
| 10 | Tax Depreciation | (30,033,232) | (30,939,184) | (31,845,136) | (32,751,089) | (33,657,041) | (34,562,993) | (35,468,946) | (36,374,898) | (37,280,850) | (38,186,803) | (39,092,755) | (39,998,708) | (39,998,708) |
| 11 | | | | | | | | | | | | | | |
| 12 | Deferred | 27,534,919 | 28,274,550 | 29,014,182 | 29,753,814 | 30,493,446 | 31,233,078 | 31,972,709 | 32,712,341 | 33,451,973 | 34,191,605 | 34,931,237 | 35,670,869 | 35,670,869 |
| 13 | Flow- Through AFUDC Equity and ITC Basis Diff | 32,457 | 4,006 | (24,444) | (52,894) | (81,344) | (109,794) | (138,244) | (166,694) | (195,144) | (223,594) | (252,044) | (280,494) | (280,494) |
| 14 | Deferred Tax - NOL | | | | | | | | | | | | | |
| 15 | Deferred Tax - Plant | (6,993,869) | (7,181,736) | (7,369,602) | (7,557,469) | (7,745,335) | (7,933,202) | (8,121,068) | (8,308,935) | (8,496,801) | (8,684,668) | (8,872,534) | (9,060,401) | (9,060,401) |
| 16 | **Total Accumulated Deferred Income Taxes** | (6,993,869) | (7,181,736) | (7,369,602) | (7,557,469) | (7,745,335) | (7,933,202) | (8,121,068) | (8,308,935) | (8,496,801) | (8,684,668) | (8,872,534) | (9,060,401) | (9,060,401) |
| 18 | | | | | | | | | | | | | | |
| 19 | **Other Rate Base Additions (Deductions) Prepaid Insurance** | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 | 37,945 |
| 20 | | | | | | | | | | | | | | |
| 21 | **Total Rate Base** | 61,226,693 | 60,844,056 | 60,461,419 | 60,078,782 | 59,696,145 | 59,313,508 | 58,930,871 | 58,548,234 | 58,165,597 | 57,782,960 | 57,400,322 | 57,017,685 | 57,017,685 |
| 22 | | | | | | | | | | | | | | |
| 23 | Weighted Cost of Capital (PNM Exhibit TSB-8, line 4) | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% |
| 24 | | | | | | | | | | | | | | |
| 25 | Return on Rate Base | 354,094 | 351,881 | 349,669 | 347,456 | 345,243 | 343,030 | 340,817 | 338,604 | 336,391 | 334,178 | 331,965 | 329,752 | 4,103,080 |
| 26 | | | | | | | | | | | | | | |
| 27 | Operations & Maintenance Expense | 5,236 | 26,009 | 54,238 | 10,680 | 9,226 | 70,861 | 9,243 | 19,629 | 50,435 | 27,300 | 13,230 | 56,997 | 353,085 |
| 28 | | | | | | | | | | | | | | |
| 29 | Depreciation and Amortization Expense | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 194,771 | 2,337,247 |
| 30 | | | | | | | | | | | | | | |
| 31 | Property Taxes | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 51,517 | 618,209 |
| 32 | | | | | | | | | | | | | | |
| 33 | Federal Income Tax | | | | | | | | | | | | | |
| 34 | Return Adjustments | | | | | | | | | | | | | |
| 35 | Interest | (111,228) | (110,533) | (109,838) | (109,143) | (108,448) | (107,753) | (107,058) | (106,363) | (105,668) | (104,972) | (104,277) | (103,582) | (1,288,864) |
| 36 | Tax/Book Adjustments | | | | | | | | | | | | | |
| 37 | Flow Thru Item - ITC | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 31,302 | 375,629 |
| 38 | AFUDC Equity | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 17,421 |
| 39 | Investment Tax Credits | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (751,258) |
| 40 | Total Permanent Differences | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (29,851) | (358,208) |
| 41 | Depreciation & AFUDC Debt | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (739,632) | (8,875,582) |
| 42 | Deferred State Income Tax | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 494,485 |
| 43 | Total Temporary Differences | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (698,425) | (8,381,097) |
| 44 | Deferred Federal Taxes before NOL | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 1,760,030 |
| 45 | Adjusted Current Equity Return before NOL | (338,740) | (340,258) | (341,776) | (343,294) | (344,811) | (346,329) | (347,847) | (349,365) | (350,883) | (352,400) | (353,918) | (355,436) | (4,165,058) |
| 46 | Net Operating Loss Carryover | | | | | | | | | | | | | |
| 47 | NOL Deferred State Income Tax | | | | | | | | | | | | | |
| 48 | NOL Deferred Federal Income Tax | | | | | | | | | | | | | |
| 49 | Net Current Taxable Equity Return | (338,740) | (340,258) | (341,776) | (343,294) | (344,811) | (346,329) | (347,847) | (349,365) | (350,883) | (352,400) | (353,918) | (355,436) | (4,165,058) |
| 50 | Federal Tax 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% |
| 51 | Total Current Federal Income Tax | (90,045) | (90,448) | (90,852) | (91,255) | (91,659) | (92,062) | (92,466) | (92,869) | (93,273) | (93,676) | (94,080) | (94,483) | (1,107,168) |
| 52 | Total Provision for Deferred Federal Income Tax | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 146,669 | 1,760,030 |
| 53 | Investment Tax Credits | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (62,605) | (751,258) |
| 54 | **Total Federal Income Tax** | (5,981) | (6,384) | (6,788) | (7,191) | (7,594) | (7,998) | (8,401) | (8,805) | (9,208) | (9,612) | (10,015) | (10,419) | (98,396) |
| 55 | | | | | | | | | | | | | | |
| 56 | State Income Tax | | | | | | | | | | | | | |
| 57 | Net Current Taxable Equity Return | (428,785) | (430,707) | (432,628) | (434,549) | (436,470) | (438,392) | (440,313) | (442,234) | (444,155) | (446,077) | (447,998) | (449,919) | (5,272,227) |
| 58 | State Tax 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% |
| 59 | Total Current State Income Tax | (25,298) | (25,412) | (25,525) | (25,638) | (25,752) | (25,865) | (25,978) | (26,092) | (26,205) | (26,319) | (26,432) | (26,545) | (311,061) |
| 60 | Total Deferred State Income Tax | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 41,207 | 494,485 |
| 61 | **Total State Income Tax** | 15,909 | 15,795 | 15,682 | 15,569 | 15,455 | 15,342 | 15,229 | 15,115 | 15,002 | 14,889 | 14,775 | 14,662 | 183,423 |
| 62 | | | | | | | | | | | | | | |
| 63 | **Revenue Requirement Summary** | | | | | | | | | | | | | |
| 64 | Return on Rate Base | 354,094 | 351,881 | 349,669 | 347,456 | 345,243 | 343,030 | 340,817 | 338,604 | 336,391 | 334,178 | 331,965 | 329,752 | 4,103,080 |
| 65 | Total Operating Expenses | 251,524 | 272,297 | 300,527 | 256,968 | 255,514 | 317,149 | 255,531 | 265,917 | 296,723 | 273,588 | 259,518 | 303,285 | 3,308,542 |
| 66 | Net Allowable Federal Income Tax | (5,981) | (6,384) | (6,788) | (7,191) | (7,594) | (7,998) | (8,401) | (8,805) | (9,208) | (9,612) | (10,015) | (10,419) | (98,396) |
| 67 | Net Allowable State Income Tax | 15,909 | 15,795 | 15,682 | 15,569 | 15,455 | 15,342 | 15,229 | 15,115 | 15,002 | 14,889 | 14,775 | 14,662 | 183,423 |
| 68 | **Total Revenue Requirements before Revenue Tax** | 615,547 | 633,589 | 659,090 | 612,801 | 608,618 | 667,523 | 603,175 | 610,832 | 638,908 | 613,043 | 596,243 | 637,281 | 7,496,649 |
| 69 | Revenue Tax Factor | 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% |
| 70 | Revenue Tax | 3,131 | 3,222 | 3,352 | 3,117 | 3,095 | 3,395 | 3,068 | 3,107 | 3,249 | 3,118 | 3,032 | 3,241 | 38,126 |
| 71 | | | | | | | | | | | | | | |
| 72 | ***Revenue Requirements for 50 MW Facilities*** | 618,677 | 636,812 | 662,442 | 615,918 | 611,713 | 670,918 | 606,243 | 613,938 | 642,157 | 616,161 | 599,275 | 640,522 | 7,534,775 |

PNM Exhibit TSB-6
Page 1 of 2

**PNM Exhibit TSB-6**
**2021 Renewable Energy Rider**
**2021 Estimated Annual Revenue Requirement for the PNM-Owned 2019 Facilities**



| | | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | | | | | | | | | | | 2021 Projected |
| Line No. | | January | February | March | April | May | June | July | August | September | October | November | December | Revenue Requirement |
| 73 | | | | | | | | | | | | | | |
| 74 | MWh output expected in 2021 | | | | | | | | | | | | | 138,950 |
| 75 | WREGIS fee $/MWh | | | | | | | | | | | | | 0.008 |
| 76 | **WREGIS Registration Fee** | | | | | | | | | | | | | 1,112 |
| 77 | | | | | | | | | | | | | | |
| 78 | ***Total Revenue Requirements for PNM-Owned 2019 Facilities*** | | | | | | | | | | | | PNM Exhibit TSB-2, line 5 | 7,535,886 |

**PNM Exhibit TSB - 7**
**2021 Renewable Energy Rider**
**2021 Estimated Annual Revenue Requirement for Purchased Power Agreements and Renewable Energy Certificate Purchases**

Page 1 of 2

| Line No. | Purchased Power Agreement | | Amount | |
|---|---|---|---|---|
| 1 | ***Geothermal PPA*** | | | |
| 2 | Annual Sales (MWh) | | 77,000 | |
| 3 | Price ($/MWh) | $ | 95.84 | |
| 4 | Energy/REC Cost | $ | 7,379,931 | |
| 5 | | | | |
| 6 | WREGIS cost per MWh | $ | 0.004 | |
| 7 | WREGIS fees | | $308 | |
| 8 | | | | |
| 9 | ***Total Geothermal PPA*** | | **$7,380,239** | PNM Exhibit TSB-2, line 10 |
| 10 | ***Total Geothermal PPA Cost per MWh*** | $ | 95.85 | |
| 11 | | | | |
| 12 | ***Red Mesa PPA*** | | | |
| 13 | Annual Sales (MWh) | | 208,223 | |
| 14 | Price ($/MWh) | $ | 31.44 | |
| 15 | Energy/REC Cost | $ | 6,547,042 | |
| 16 | | | | |
| 17 | WREGIS cost per MWh | $ | 0.004 | |
| 18 | WREGIS fees | | $833 | |
| 19 | | | | |
| 20 | ***Total Red Mesa PPA*** | | **$6,547,875** | PNM Exhibit TSB-2, line 11 |
| 21 | ***Total Red Mesa PPA Cost per MWh*** | $ | 31.45 | |
| 22 | | | | |
| 23 | ***New Mexico Wind Energy Center (NMWEC) PPA*** | | | |
| 24 | Annual Sales (MWh) | | 606,106 | |
| 25 | Price ($/MWh) | $ | 27.25 | |
| 26 | Energy/REC Cost | $ | 16,516,379 | |
| 27 | | | | |
| 28 | WREGIS cost per MWh | $ | 0.008 | |
| 29 | WREGIS fees | | $4,849 | |
| 30 | | | | |
| 31 | ***Total NMWEC PPA*** | | **$16,521,228** | PNM Exhibit TSB-2, line 12 |
| 32 | ***Total NMWEC PPA Cost per MWh*** | $ | 27.26 | |
| 33 | | | | |
| 34 | ***La Joya II Wind PPA*** | | | |
| 35 | *Annual Sales (MWh)* | | 537,163 | |
| 36 | *Price ($/MWh)* | | 17.48 | |
| 37 | *Energy/REC Cost* | $ | 9,389,609 | |
| 38 | | | | |
| 39 | *WREGIS cost per MWh* | $ | 0.004 | |
| 40 | *WREGIS fees* | | $2,149 | |
| 41 | | | | |
| 42 | ***Total La Joya II PPA*** | | **$9,391,758** | PNM Exhibit TSB-2, line 13 |
| 43 | ***Total La Joya II PPA Cost per MWh*** | $ | 17.48 | |

**PNM Exhibit TSB - 7**
**2021 Renewable Energy Rider**
**2021 Estimated Annual Revenue Requirement for Purchased Power Agreements and Renewable Energy Certificate Purchases**



| Line No. | | | | |
|---|---|---|---|---|
| 44 | | | | |
| 45 | **REC Purchases** | | | |
| 46 | ***DG Programs*** | | | |
| 47 | DG Annual Purchases (MWh) | | 102,156 | |
| 48 | ***Total DG Programs REC Purchases*** | | **$6,371,851** | PNM Exhibit TSB-2, line 17 |
| 49 | ***Total DG Programs REC Cost per MWh*** | $ | 62.37 | |
| 50 | | | | |
| 51 | ***2019 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 | | $0 | |
| 57 | | | | |
| 58 | ***2019 Compliance REC Purchases - True-Up*** | **$** | **-** | PNM Exhibit TSB-2, line 18 |

**PNM Exhibit TSB - 8**
**2021 Renewable Energy Rider**
**December 31, 2019 Year End Weighted Average Cost of Capital**



| Line No. | Capital Component | A<br>Total Capitalization Base Period | B<br>Percentage of Total Capitalization | C<br>Capital Component Cost | D<br>Weighted Average Cost |
|---|---|---|---|---|---|
| 1 | Long Term Debt | 1,465,845 | 50.09% | 4.36% | 2.18% |
| 2 | Preferred Stock | 11,529 | 0.39% | 4.62% | 0.02% |
| 3 | Common Equity | 1,449,379 | 49.52% | 9.575% | 4.74% |
| 4 | Total | 2,926,753 | 100.00% | | 6.94% |

| | |
|---|---|
| Composite Tax Rate: | 25.40% |
| | Tax Gross-Up |
| Debt | 2.18% |
| Preferred | 0.03% |
| Common | 6.35% |
| Total | 8.56% |

**PNM Exhibit TSB - 9**
**2021 Renewable Energy Rider**
**Estimated Annual Revenue Requirement for the Sky Blue Regulatory Asset**



**Amortization Period (Years)**: 1

| Line No. | | 2021 Revenue Requirement | |
|---|---|---|---|
| 1 | | | |
| 2 | **Reg Asset (TSB-10, line 15)** | 2,271,814 | |
| 3 | | | |
| 4 | **Accumulated Amortization** | (2,271,814) | |
| 5 | | | |
| 6 | **Reg Asset Balance** | - | |
| 7 | | | |
| 8 | **Average Reg Asset Balance** | 1,135,907 | |
| 9 | | | |
| 10 | **Carrying Charge** | 4.00% | |
| 11 | | | |
| 12 | **Carrying Charge on Average Rate Base Balance** | 45,436 | |
| 13 | | | |
| 14 | **Depreciation Expense** | 2,271,814 | |
| 15 | | | |
| 16 | **Total PNM Non-Fuel Revenue Requirement** | **2,317,250** | PNM Exhibit TSB-2, line 21 |

**PNM Exhibit TSB-10**
**2021 Renewable Energy Rider**
**Estimated Balance of the Sky Blue Regulatory Asset**

| Line No. | | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|---|
| | | 2013 Actuals | 2014 Actuals | 2015 Actuals | 2016 Actuals | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Projected |
| | | Revenue Requirement | Revenue Requirement | Revenue Requirement | Revenue Requirement | Revenue Requirement | Revenue Requirement | Revenue Requirement | Revenue Requirement |
| 1 | **Sky Blue Program Costs** | | | | | | | | |
| 2 | 1.5 MW Solar | - | 656,783 | 557,398 | 426,009 | 401,961 | 327,353 | 306,930 | 299,292 |
| 3 | NMWEC (Sky Blue portion) | 283,964 | 473,286 | 405,158 | 406,354 | 420,393 | 421,118 | 414,524 | 389,958 |
| 4 | Education & Marketing | 56,789 | 79,258 | 73,476 | 58,641 | 64,005 | 56,596 | 69,060 | 2,380 |
| 5 | WREGIS Fees | - | - | - | 1,187 | (44) | 231 | 228 | 228 |
| 6 | **Total Revenue Requirement** | 340,753 | 1,209,327 | 1,036,033 | 892,190 | 886,316 | 805,298 | 790,742 | 691,857 |
| 7 | | | | | - | | | | |
| 8 | **Sky Blue Program Revenue** | 530,701 | 846,537 | 758,127 | 561,285 | 617,311 | 590,146 | 552,373 | 533,433 |
| 9 | | | | | | | | | |
| 10 | (Over)/Under Collection | (189,948) | 362,790 | 277,905 | 330,905 | 269,006 | 215,152 | 238,369 | 158,424 |
| 11 | Beginning Balance | | | | | | | | |
| 12 | Carrying Charges - 8.64% | (471) | 2,346 | 22,560 | 54,481 | 86,489 | 117,883 | 145,692 | 180,232 |
| 13 | (Over)/Under Collection including Carry Charges | (190,419) | 365,137 | 300,465 | 385,386 | 355,495 | 333,034 | 384,060 | 338,656 |
| 14 | | | | | | | | | |
| 15 | Cummulative (Over)/Under Collection | (190,419) | 174,717 | 475,182 | 860,568 | 1,216,063 | 1,549,097 | 1,933,158 | 2,271,814 |
| 16 | | | | | | | | | |
| 17 | | | | | | | | | |
| 18 | Assumptions: | | | | | | | | |
| 19 | Carrying Charges | 8.64% | | | | | | | |

**PNM Exhibit TSB-10**
**Page 1 of 1**

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

| | | |
|---|---|---|
| **IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S RENEWABLE ENERGY ACT PLAN FOR 2021 AND PROPOSED 2021 RIDER RATE UNDER RATE RIDER NO. 36,** | ) | **Case No. 20-00____-UT** |
| **PUBLIC SERVICE COMPANY OF NEW MEXICO,** | ) | |
| **Applicant.** | ) | |

**SELF AFFIRMATION**

**THOMAS S. BAKER, Manager, Cost of Service,** upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **Direct Testimony of Thomas S. Baker** and it is true and correct based on my personal knowledge and belief.

GIVEN AND SIGNED this 29th day of May, 2020.

/s/ Thomas S. Baker
**THOMAS S. BAKER**

*GCG # 526914*