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August 27, 2015

Ms. Melanie Sandoval
Records Bureau Chief
New Mexico Public Regulation Commission
1120 Paseo De Peralta
Santa Fe, NM 87501-2013

Re: PNM Application for Revision to Rates in Case No. 15-00261-UT
And Advice Notice No. 513

Dear Ms. Sandoval:

Pursuant to the requirements of 17.1.210.11(B) and 17.9.530.9 NMAC, Public Service Company of New Mexico ("PNM"), hereby submits its request for an increase in retail electric rates. Included in this filing are the original plus six copies of PNM's Application for Revision of Retail Electric Rates, Proposed Form of Notice to Customers, Advice Notice No. 513, proposed Rate Schedules, required Rule 530 Schedules, PNM's Direct Testimony and Exhibits and a Certificate of Service.

An original and six copies of PNM's Advice Notice No. 513 are attached. Advice Notice No. 513 contains the proposed and revised base rate tariffs for PNM. PNM has filed Advice Notice No. 513 with an effective date of October 1, 2015 or as otherwise ordered by the Commission, in accordance with the provisions of Rule 210, 17.1.210.9 NMAC, and Rule 530, 17.9.530.7.L and 17.9.530.9 NMAC. PNM understands that the Commission will suspend the effective date of the new rates pending hearing in accordance with NMSA 1978, 62-8-7(C) (2011). In accordance with the initial suspension period of nine months set forth in 62-8-7(C), PNM expects that the proposed rate change will go into effect no later than the first day of PNM's July 2016 billing cycle. The rate schedules filed with the Advice Notice reflect the rates proposed to recover the full amount of the requested revenue requirements.

PNM's filing uses a twelve month Base Period ending March 31, 2015, and a twelve month test period beginning October 1, 2015 and ending September 30, 2016.

PNM filed a Motion for Entry of Protective Order (“Motion”) with the Commission on August 18, 2015. At the time PNM filed this motion, this case was identified as NMPRC Case No. 15-00261-UT, and the application fee of \$25.00 was paid. PNM understands that this Application will proceed under this case number with the caption.

PNM is requesting a rate increase to cover a deficiency in revenue of \$123,498,612, consisting of a \$121,704,111 increase related to non-fuel revenue and an increase of \$1,794,501 related to fuel revenue for an approximate 14.39% increase. The average increase related to non-fuel and fuel revenues for residential customers is approximately 15.83%. This increase is based on a test period for the 12-month period beginning October 1, 2015. This does not reflect certain other changes that may occur prior to proposed new rates beginning in July 2016. PNM is seeking changes in its generation resource portfolio in a pending case that would provide for a new coal supply contract commencing January 1, 2016; if implemented, customers would see a fuel savings benefit from a new coal supply agreement for the San Juan Generating Station. The proposed new rates when combined with these anticipated fuel savings, an expected change in the FPPCAC factor related to the collection of previously deferred fuel, and changes to the Renewable Energy Rider and Energy Efficiency Rider, could result in a bill impact as low as 7.91% for the residential class, and 5.42% for the overall system average bill. The filing seeks a return on equity of 10.50%.

Notice of the proposed changes will be given as required by NMAC 17.1.210 and 17.9.530. Additional documents submitted in support of the proposed rate increases are as follows:

- Executive Summary, Application, Form of Notice to Customers and Advice Notice
- Rule 530 Schedules A - Q
- Direct Testimony and Exhibits of PNM witnesses Ortiz, Monroy, Hevert, Olson, Johnson, Watson, Mendez, Faruqui, Taylor, Eden, Peters, Buchanan, Vavruska-Marcum, Sanchez, Larsen, Harland, Chan, Aguirre, Hansen

In compliance with 17.2.210.11(B) NMAC, PNM is serving a copy of this Application, including the Advice Notice, on the Attorney General and all counsel of record and pro se parties in PNM’s last electric rate case which was Case No. 14-00332-UT. PNM is providing those specifically identified in the Certificate of Service with a hard copy of the entire filing. Additionally, three DVD’s are being provided: 1) DVD of the Transmittal letter, Executive Summary, Application, Advice Notice, Form of Notice to Customers, Rule 530 Schedules, Testimony and Exhibits and Certificate of Service; 2) DVD of PNM Exhibits HEM-3 and HEM-4 (revenue requirements and workpapers) in fully functional electronic format consistent with 17.1.3.11 NMAC as well as PNM’s ECCOSS and rate design models; and 3) DVD of certain 530 Schedules that are available in Excel format and, for ease of review and navigation, electronic versions of select large PNM Witness Exhibits.

All notices, pleadings, documents and other communications regarding this case should be sent to:

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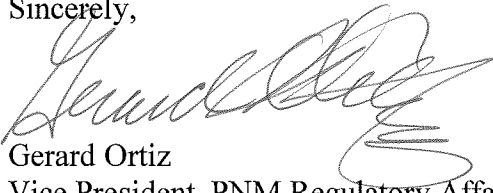
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Please conform the sixth copy of the Application and the Advice Notice for our files and return it with our courier. If you have any questions, please contact me at 505-241-2561.

Ms. Melanie Sandoval
New Mexico Public Regulation Commission
August 27, 2015
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Sincerely,

A handwritten signature in black ink, appearing to read "Gerard Ortiz". The signature is fluid and cursive, with a large initial "G" and "O".

Gerard Ortiz
Vice President, PNM Regulatory Affairs

Enclosures