PNM Stakeholder Outreach

FERC Order 898











AGENDA

- Opening/Welcome
- Background of FERC Order No. 898
- FERC Order No. 898 In Relation to PNM
- Additions to FERC Form 1
- Question and Answer

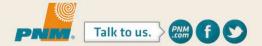


BACKGROUND ON FERC ORDER NO. 898

FERC issued Order No. 898 on June 29, 2023. This Order:

- Amends the Uniform System of Accounts.
- Creates new accounts to properly functionalize wind, solar, and other renewable generating and energy storage assets
- Adds new accounts for computer hardware, software, and communication equipment
- Codifies accounting treatment for environmental credits
- Updates relevant FERC forms to reflect these changes

Went into effect on January 1, 2025



FERC ORDER NO. 898 IN RELATION TO PNM

PNM implemented Order No. 898 accounting in January 2025

- Will impact PNM's Formula Rate update in 2026
- A 205 filing will be made with FERC in Q1 of 2026



FERC ORDER NO. 898 IN RELATION TO PNM (CONT.)

- New Accounts for Solar, Wind and Other Renewables
 - Summarized in Production Plant
 - No modification to FERC Formula Template
- New Functional Class for Energy Storage
 - Creates new sub-category of Plant on FERC Forms
 - Requires a modification to FERC Formula Template Schedule 1
- Addition of new accounts for computer hardware, software, and communication equipment
 - Functionalization of certain General & Intangible Plant to Production,
 Distribution, Transmission Plant, and Energy Storage



ADDITIONS TO FERC FORM 1/FORM 3Q

Additional lines will be needed on the FERC Form 1/Form 3Q to accommodate the new functional class and accounts per the FERC 898 Order, which will result in additional inputs to the FERC Formula Template

- Electric Plant in Service (FERC Page 204)
- Accumulated Provisions for Depreciation of Electric Utility Plant (FERC Page 219)
- Will update all references in the FERC Formula Template to the FERC Form 1 accordingly



Questions?



